Acting as a responsible investor

2023 Sustainability Report

(Article 29-LEC)

June 2024

An affiliate of NATIXIS INVESTMENT MANAGERS

Combining conviction and reason within an integrated approach for a positive long-term impact

Since 2021, when France implemented article 29 of the Energy Climate Act[1], it has emphasised its pioneering role in sustainable finance. By going beyond the transparency requirements set by European regulations, this decree sets out strong ambitions in terms of climate, biodiversity and ESG (Environmental, Social and Governance) risk management, while driving the continuous improvement dynamic from the Paris financial centre.

This sustainability report goes beyond a mere compliance exercise, and is intended to demonstrate that the creation of social and environmental value, which is intrinsically linked to long-term financial performance, is at the heart of all Mirova's activities and projects[2].

As a mission-driven company[3], certified B Corp[4,5], Mirova is a responsible investor, guided by a deep conviction as much as by reason. Since our creation more than 10 years ago, this philosophy has dictated our objectives and is reflected in our global strategy, our governance, our analysis methodologies and our investment processes, all designed to create value for all our stakeholders.

To make this vision a reality, Mirova and its affiliates rely on more than 231 employees[6] who deploy their expertise around four main pillars which include: investment in companies in transition and in projects and solutions that help solve the environmental crisis ; extra-financial analysis and research to optimise investment selection and explore new investment areas and themes ; engagement with companies and regulators ; and advocacy within the financial community.

Faced with the many challenges presented by the proliferation of data, regulatory work on extra-financial accounting and the recurrence of controversies, Mirova believes that sustainable finance needs to strengthen its theoretical and methodology corpus. That is why in 2023, we launched an initiative with a group of financial institutions to create a standard for quantifying, comparing and auditing the CO_2 emissions avoided by companies and projects. This collective initiative should encourage the redirection of financial flows towards assets that promote decarbonisation, such as renewable energy production, electrification of transport, low-carbon real estate, but also towards recycling or the rare metals needed for the transition. Mirova also supports academic research and is strengthening its partnerships with universities to enhance impact research.

In the biodiversity field, Mirova will continue its efforts by strengthening its methodologies and impact measurements on listed and unlisted assets. We are also committed to reporting on our management of the most significant impacts on biodiversity and dependence on nature, as well as on the risks and opportunities, in line with the recommendations of the Taskforce on Nature-related Financial Disclosure » (TNFD) from 2024. In 2023, Mirova also launched an international equity strategy dedicated to biodiversity, with the aim of making a positive impact by investing in companies that help to reduce pressures on biodiversity.

I hope you enjoy reading this new edition of our "Acting as a responsible investor" report, which looks at our activities and methodologies for 2023.◆

Mathilde Dufour

Head of Sustainability Research

1. For further information : LAW no. 2019-1147 of 8 November 2019 on energy and the climate
2. This LEC (French Energy and Climate law) report includes all Mirova entities, in particular Mirova US and Mirova UK. The same processes are applied to all entities
3. Article 176 of the law of 22 May 2019 on the growth and transformation of businesses, known as the Pacte law, introduces the quality of a company with a mission. It allows a company to publicly state that it is a mission-driven company by specifying its raison d'être and one or more social and environmental objectives that the company has set itself to pursue in the course of its business.
4. Since 2006, the B Corp movement has been promoting strong values for change throughout the world, with the aim of making companies "a force for good" and singling out those that reconcile profit (for profit) and collective interest (for purpose). B Corp's objective is to certify companies that integrate social, societal and environmental objectives into their business model and operations. For more details, click here.
5. References to rankings, labels, prizes and/or ratings are not indicative of future results of the fund or manager.
6. Source : Mirova at 29/12/2023.

Contents

Mirova, investing for a sustainable and inclusive economy

Mirova is a responsible investor by conviction as much as by reason. There is no such thing as a sustainable investment, offering financial returns and positive long-term impacts, that does not take account of social, environmental and governance issues.

Mirova[1], an asset management company created within Natixis 10 years ago, fully embraces this philosophy. Since our creation, our objectives have been guided by this principle, which informs our investment strategies and mobilises all our teams.

This philosophy is reflected in Mirova's governance and strategy. This was formalised in 2020 by adopting the status of a mission-driven company[2].

Our raison d'être, "to contribute to a more sustainable and inclusive economy", is expressed through five objectives:

1. **To systematically embed positive impact as an objective in our investment strategies**
2. **To increase the breadth and depth of our social and environmental expertise**
3. **To continually innovate with our products and approaches for greater impact**
4. **To accompany our stakeholders on the path to a sustainable economic and financial model**
5. **To put into practice the same environmental and social standards that we promote**

To achieve this vision, Mirova relies on a team of 231[3] employees who focus their energies in four areas:

- Investment in companies in transition and in projects and businesses that provide solutions to the environmental crisis and social issues ;
- Research, to optimise our management and identify new areas and investment themes ;
- Individual and collective shareholder engagement with companies and regulators ;
- Influence of the financial community.

1. Up until 2014, Mirova was part of Ostrum AM, formerly Natixis AM. Mirova is a subsidiary of Natixis Investment Managers based in Paris. Mirova began operating in the U.S. (and managing the Global Sustainable Equity strategy) through Ostrum Asset Management U.S., LLC (Ostrum AM U.S.), followed by Mirova US LLC (a wholly owned U.S.-based subsidiary of Mirova) as of 28 March 2019.
2. For more information, please see Mathilde Dufour's editorial on page 2..
3. As at 29/12/2023, including only people on permanent contracts

- **1994** – Social impact investing
- **2002** – Energy transition infrastructure
- **2007** – Thematic equities - Environment
- **2012** – Mirova department created within Natixis AM
- **2014** – Creation of the asset management company Mirova[2]
- **2015** – Carbon footprint methodology - Green bonds
- **2016** – Creation of the Mirova US division, creation of Natural Capital
- **2018** – Creation of the Mirova Natural Capital division
- **2019** – Creation of the management company Mirova US, creation of the Gender Equality strategy
- **2021** – Creation of the Private Equity division
- **2022** – Creation of the Emerging Energy Transition division - Private Debt[3]
- **2023** – Thematic equities - Climate, Biodiversity and Food

Our KPIs

7 capabilities

231 multidisciplinary experts[4]

29.7 € bn assets under management

17 projects supported by Mirova Foundation, worth €2 million

100 % classified as Article 9 under SFDR regulations, for all funds managed by Mirova[5]

2°C targeted global warming scenario[6]

Source : Mirova, as of 29/12/2023

1. Singapore is a division of Mirova hosted by Natixis Investment Managers in Singapore.
2. Until 2014, the Mirova department was part of Ostrum AM, previously Natixis AM. Mirova is an affiliate of Natixis Investment Managers based in Paris. Mirova began to operate in the US (and manage the Global Sustainable Equity Strategy globally) through Ostrum Asset Management U.S., LLC in 2014, and then through Mirova US LLC (a wholly owned subsidiary of Mirova as of March 28, 2019.)
3. On the 20th of June 2022, Mirova announced the acquisition of SunFunder, a private debt management company that finances renewable energy projects in Africa and Asia.
4. As at 29/12/2023, including only people on permanent contracts.
5. With the exception of certain dedicated funds and funds delegated by management companies outside the BPCE Group. The Sustainable Finance Disclosure Reporting (SFDR) Regulation aims to provide greater transparency in terms of environmental and social responsibility within the financial markets, notably through the provision of sustainability information on financial products (integration of risks and negative impacts in terms of sustainability). Applies only to funds managed exclusively by Mirova / Mirova US, with the exception of certain dedicated funds and funds delegated by management companies outside the BPCE Group. For more information on SFDR, please refer to the final section of this document.
6. Corresponds to the action plan put in place to respect the Paris Agreement, that is to say the increase that should not be exceeded for the average temperature of the planet between 1850 and 2100. Internal limits non-binding at the date of this document, subject to change by Mirova without prior notice. The carbon impact of investments (excluding Social impact Private Equity and Natural capital funds) is calculated using a proprietary methodology that may involve bias.

Over and above everything we do as an investor, we are committed to continuing what we have been doing for more than 10 years : providing our clients with sustainable high impact investments across all asset classes, whether listed or private. Thanks to these levers - Research & Innovation, Investment and moreover our engagement – we are constantly seeking to innovate and enrich our approach by making data more accessible while improving our methodologies with a view to transparency and integrity.

Research and Innovation

With the proliferation of data, work on extra-financial accounting and audits, we believe that sustainable finance needs to reinforce its theoretical and methodological corpus. Mirova supports academic research by participating in a process that brings together public and private stakeholders, strengthening our partnerships with universities to enhance impact research.

In addition, in 2023 together with a group of financial institutions, under the aegis of Mirova and Robeco, we launched an initiative to enable :

- The creation of a shared database of avoidance factors which can be accessed worldwide
- The estimation of avoided emissions by companies over a broad investment universe of listed companies by applying the database of avoidance factors to the activity data of the companies concerned.

During 2024-2025, Mirova will also continue its efforts in the field of biodiversity by proposing a methodology and market data on the impact of listed companies on biodiversity.

Impact-oriented investment solutions for all asset classes

2023 saw the launch of the international equity strategy dedicated to biodiversity. It seeks to finance companies that contribute, through their solutions or good practices, to mitigate the loss of biodiversity in their value chain, by promoting an active theme-based approach based on 4 major investment themes : sustainable land use, sustainable water management, circular economy and waste management, as well as climate solutions.

Mirova has also launched new impact solutions for unlisted assets :

- a 4th strategy dedicated to the energy transition in emerging countries (Africa, Latin America, Middle East, Asia),
- a 6th dedicated to financing the infrastructure for energy transition in OECD[1] countries,
- a new Natural Capital strategy aimed at mobilising the resources of major companies in all sectors wishing to intensify their positive impact on the Earth and the climate.

Commitments to change company practices

Mirova continues to encourage companies to take concrete action on the most pressing sustainable development issues. In 2023, our efforts are focused on :

- Climate change mitigation ;
- Biodiversity conservation ;
- Promotion of the circular economy ;
- Socio-economic development ;
- Health and well-being ;
- Diversity and inclusion ;
- Sustainability governance ;
- Equity.

1. Organisation for Economic Co-operation and Development.

Biodiversity will undoubtedly be a key theme over the next two years, and we will continue to work on the following initiatives :

- Assess and identify the most material impacts of biodiversity and nature dependencies, and where they occur in the value chain, at least for high-stake industries.
- Understand and prioritise the different areas within the company's spheres of influence where action is possible.
- Measure, set targets for mitigating biodiversity risks and disclose these targets, methodologies and benchmark levels in accordance with the TNFD[1] directive.

Mirova Foundation's philanthropic activities

In 2023, the Mirova Forward endowment fund became Mirova Foundation. Its objective remains the same : to support projects of public interest with a high potential for environmental or social impact, in France or internationally. Echoing Mirova's raison d'être, philanthropy is one of the constituent elements of our stature as a company with a mission, and enables us to finance projects that address issues that are often interconnected in 3 areas of intervention : the restoration of ecosystems and the preservation of biodiversity, adaptation to and the fight against climate change, and social inclusion and the well-being of populations.

In 2023, 17 projects have been supported, including 13 multi-year projects over 3 years, as well as various public awareness initiatives, at a cost of €2 million. Since 2020, a total of 28 partnerships have been set up, focusing on equal opportunities, the fight against poverty, the protection of forests and oceans, and the transformation of agricultural practices etc.

As well as providing long-term, structured funding, the endowment fund team creates the conditions for a people-centred partnership with project promoters, in particular through exchanges, field visits and networking.

Through raising awareness, providing information and advocacy, Mirova Foundation also acts as a sounding board for project promoters, the causes they defend and the solutions they propose. The common objective is **to amplify the movement towards ecological and social transition[2].**

We don't engage in philanthropy to correct or compensate for anything. We do it to make a commitment that is fully consistent with our activities.

Philippe Zaouati

The B CORP™ label

In keeping with this mission, Mirova embarked on the B Corp™ certification process in 2020. The internationally recognised B Corp[3] label is proof of our environmental and social commitment. It is also a tool for identifying our strengths and areas for improvement, which will fuel the drive for continuous improvement in terms of responsibility.

With a score of 113.9 out of 200, Mirova has surpassed the minimum of 80 points required by the label, certifying that we are demanding of ourselves and exemplary in our dealings with all our stakeholders, whether they are our customers, suppliers and partners, the companies and projects we finance, our ecosystem, our employees or our shareholders.

In 2021, Mirova received the "Best For the World B Corp award" in the Client category. Best for the World™ companies are B Corp companies which, in one or more of the five areas of impact assessed, have achieved a score in the top 5% of companies worldwide. Mirova was recognised under the "Clients" pillar for developing high-impact investment solutions for investors.

In 2023, Mirova was audited again with a view to re-certification for the 2022 year. At the time of publishing this report, the results were not available. They will be published shortly.

1. Taskforce on Nature-related Financial Disclosures
2. For more details, visit the Mirova Foundation website : https://mirova-foundation.org/
3. B Corp - Mirova's overall score in the Impact B Corp evaluation questionnaire (2020). B Corp's objective is to certify companies that integrate social, societal and environmental objectives into their business model and operations. For further details https://bcorporation.eu/what-is-a-b-corp/what-does-b-corp-certification-mean/
References to a ranking, prize or label are not indications of the future results of the fund or the manager.

Mirova's 2023 awards and distinctions[1]

Award	Description
Finance Environmental Impact Awards	• Private Equity Fund of the Year - Mirova Environment Acceleration Capital* • Fund of the Year, Listed Assets - Mirova Global Sustainable Equity Fund* • Personality of the Year - Mathilde Dufour
Funds Europe Awards	A special mention for Mirova in the European Fixed Income Fund Manager of the Year category
Investment Week Sustainable Investment Awards	Best global sustainable equity fund - Mirova Global Sustainable Equity Fund*
Corbeille awards presented by the "Mieux Vivre Votre Argent" magazine	Certificate for the best equity management over five years
Grand prix de la finance - H24	• Favourite ESG Company Category • Climate Category for Mirova Climate Solutions Equity Fund* • Impact Fund Category for Mirova Global Sustainable Equity Fund* • Solidarity Fund category (Finansol Label) for Insertion Emplois Dynamique • Environment category for Mirova Europe Environmental Equity Fund*. • Philanthropic initiatives category - Mirova Foundation • "ESG Personality of the Year" category for Philippe Zaouati
50 most influential people in sustainable finance	Philippe Zaouati named one of the 50 most influential people in sustainable finance by Financial News (London)
Mainstreet partners ESG Champions 2023	"Best ESG boutique/specialist" award Best European ESG equity fund - Stratégie Mirova Euro Sustainable Equity*
Impactassets 50™	Mirova has again been recognised in Impact Assets 50™ (IA 50), an annual review that highlights the impact fund managers to watch
H&K Responsible Brand Index[2]	• Mirova's results in this annual survey demonstrate its ability to embed its responsible approach at the heart of its brand: • Ranked 7th out of 10 of the world's best-rated asset management companies • Mirova once again among the "Avant-Gardistes": a highly elitist status, since only 19% of participants obtain it • Ranked 2nd out of 10 among the best French asset management companies with the highest ratings • Ranked 4th out of 10 among the best-rated continental asset management companies (excluding the UK)

1. References to a ranking, prize or label are not indications of the future results of the fund or the manager.
2. The Responsible Investment Brand Index (RIBI™) identifies asset management companies that act as responsible investors and are committed to sustainable development insofar as they place it at the heart of their identity. It combines the analysis of nearly 600 asset managers worldwide.
** For more details on fund characteristics, please refer to page 68.*

Information pursuant to LEC Article 29

01 The entity's general approach to environmental, social and governance criteria

Asset classes[1]

Equities (€18.4bn). Mirova offers funds covering the full range of sustainable development issues in the Eurozone, Europe and the rest of the world. Mirova also offers its clients strategies targeting specific themes such as the environment, climate, biodiversity, employment in France and access for women to management positions.

Bonds (€6.2bn). Mirova is one of the pioneers in investing in green and social bonds. Our bond strategies, which cover the Eurozone and the rest of the world, place the selection of issuers at the heart of their investment process.

Multi-Assets (€0.1bn). Our diversified strategy targets mainly European companies whose products, services and practices contribute to the development of a sustainable economy. We invest in equities and bonds within these companies, varying the allocation but ensuring that, as a long-term investor, we maintain a stable capital allocation.

Energy Transition Infrastructure (€3.8bn). Mirova offers investors a range of funds dedicated to financing energy transition. These funds finance renewable energy projects that are not listed on the stock exchange and are positioned in mature technologies in Europe (wind, solar, biomass, etc.). These funds also finance energy storage and mobility projects.

Social impact investing (€0.3bn). The aim of this strategy is to finance players in the Social and Solidarity Economy (SSE) and, more broadly, financing entrepreneurs developing impact solutions either directly or indirectly.

Natural capital and impact capital-investment (€0.9bn). Mirova offers its clients investment strategies based on "Nature-based solutions". These solutions aim to protect, sustainably manage and restore ecosystems, while delivering benefits to human well-being, biodiversity and climate. These include investments in reforestation, sustainable agriculture, ocean conservation and land restoration.

1. Outstanding loans granted as of 31/12/2023. Source : Mirova and its affiliates as of Decembre, 31st of 2023. Mirova US LLC had $10.7 billion / €9.7 billion under management as of Decembre, 31st of 2023.

ESG criteria and sustainability risks taken into account in investment policy and strategy

In September 2015, the United Nations adopted the 2030 Agenda. This programme is based on the 17 Sustainable Development Goals (SDGs), broken down into 169 targets, all designed to address the main environmental and social issues of our time. Since 2016, we have chosen to use this programme to define our responsible investment approach.

SDG	
1 No poverty	Eliminating poverty in all its forms, everywhere in the world
2 Zero hunger	Eliminating hunger, ensuring food security, improving nutrition and promoting sustainable agriculture
3 Good health and well-being	Enabling everyone to live in good health and promoting well-being at all ages
4 Quality education	Ensuring equitable, inclusive and quality education and lifelong learning opportunities for all
5 Gender equality	Gender equality : achieving gender equality and empowering all women and girls
6 Clean water and sanitation	Guaranteeing access for all to sustainably managed water supply and sanitation services
7 Affordable and clean energy	Guaranteeing access for all to reliable, sustainable and modern energy services at affordable costs
8 Decent work and economic growth	Promoting sustained, shared and sustainable economic growth, full and productive employment and decent work for all
9 Industry, innovation and infrastructure	Building a resilient infrastructure, promoting sustainable industrialisation that benefits everyone and encourages innovation
10 Reduced inequalities	Reducing inequalities within and across countries
11 Sustainable cities and communities	Ensuring that cities and settlements are inclusive, safe, resilient and sustainable
12 Responsible consumption and production	Establishing sustainable consumption and production patterns
13 Climate action	Taking urgent action to combat climate change and its repercussions
14 Life below water	Conserving and sustainably using the oceans, seas and marine resources for sustainable development
15 Life on land	Preserving and restoring terrestrial ecosystems, ensuring that they are used sustainably, managing forests sustainably, combating desertification, halting and reversing the process of land degradation and halting the loss of biodiversity.
16 Peace, justice and strong institutions	Promoting peaceful and inclusive societies for sustainable development, ensuring access to justice for all and building effective, accountable and inclusive institutions at all levels.
17 Partnerships for the goals	Strengthening the means to implement the Global Partnership for Sustainable Development and revitalising it

This choice seemed obvious to us because the SDGs are aligned with Mirova's philosophy, which was developed with the following ambition :

- Integrate environmental and social issues within a comprehensive framework that applies to all economies, regardless of their level of development ;
- Apply this reference framework to all sustainable development issues and to all stakeholders : it applies not only to governments, but also to companies and investors ;
- Give pride of place to new forms of governance that prioritise the "public interest" ;
- Encourage reflection on the contribution of our investments to the development of new solutions and economic models.

In this way, all our asset classes contribute to achieving the SDGs.

Because we believe that the SDGs have the potential to transform our economies, we believe that acting as a responsible investor means taking a step back from the interactions that may exist around these issues between investors and the assets they finance.

These interactions are commonly expressed through the notion of dual materiality, i.e. :

- Financial materiality : in other words the financial risks posed by sustainability factors on our assets ;
- Impact : how investors can play a role in the emergence of a more sustainable economy while limiting any negative impacts that the activities financed may produce.

Mirova uses a proprietary research methodology which results in the rating of each investment on a Mirova specific scale, allowing the identification of investments eligible for the strategies managed by Mirova and its affiliates.

Mirova has chosen to use the Sustainable Development Goals (SDGs) to assess issuers' contributions to the transition to a more sustainable economy.
At Mirova, the analysis of any asset makes it possible to establish an overall qualitative opinion, described using a five-point scale, to determine whether the value of the asset is in line with the achievement of the SDGs.
This evaluation is carried out in accordance with our three main principles :

1. Positive impact / residual risk approach

Contributions to the SDGs can be grouped in two main categories, which are often complementary.
- The "activities" of entities (i.e. the products and services offered) that make different positive contributions to achieving the SDGs.
- As part of the way they operate, entities can also contribute through their "practices" to the achievement of SDGs, ie. by contributing to create sustainable and inclusive jobs, or by having strong commitments to net zero targets beyond their green products offerings, etc.

Contributing to some SDGs cannot be done at the expense of other environmental and social issues. Therefore, identifying and minimising ESG risks linked to our investments is equally important in our assessments. We therefore analyse the residual risk of each asset, i.e. the risk linked to the sector in which the companies assessed operate or the risk linked to their internal practices. It is classified into four levels : low, medium, high or significant damage. These residual risks associated with each asset are monitored and analysed on an ongoing basis via our OCTAVE platform. They give rise to a notification to the company and an engagement phase, which may lead to disinvestment.

2. A life cycle approach

In order to measure an asset, the analysis of environmental and social issues must consider its entire life cycle, from the extraction of raw materials to products' end of life.

3. Differentiated issues

Different players face vastly different challenges from one sector to another and issues can even vary significantly within a sector. Criteria for analysis must be adjusted to meet the specificities of each asset studied.That's why our analysis of risks and opportunities varies according to 8 economic sectors and 21 sub-sectors.

For example, while in the textile sector the focus is on working conditions at suppliers' sites, in car production we pay more attention to energy consumption during the product use phase. All the sector-specific methodologies can be viewed here.

Quantitative analysis

Our method also relies on quantitative indicators as a complement to our qualitative views. These indicators vary according to sustainable development issues (biodiversity, governance, human rights, diversity, etc.) and asset classes. The latter can take several forms :

- Physical indicators : tons of CO_2 equivalent, number of jobs created, proportion of women in management positions, etc ;
- Level of exposure : proportion of investments in climate solutions, human rights controls, etc.
- Level of alignment with the European Taxonomy

The indicators are analysed at two levels :

- At the asset level, they are taken into account in investment decisions and serve as a basis for exchange with counterparties during the holding phase,
- At the fund level, they are used to ensure that performance objectives are met.

Impact assessment

At the investment decision stage, the application of these principles results in the issuance of an overall qualitative opinion, based on five levels, making it possible to assess the asset's suitability for achieving the SDGs.

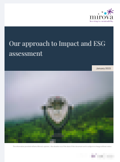
- If significant harm is proven or likely : companies are rated "Negative Impact", regardless of the positive impacts that may be generated, and are not eligible for investment.
- Companies generating insignificant positive and negative impacts are considered to have a "Negligible Impact".
- Securities rated 'Negative Impact' and 'Negligible Impact' are excluded from our investment universe, ensuring that sustainability risks are strongly integrated into all our investment processes.
- Mirova only invests in assets with a positive impact rating (low positive impact, moderate positive impact and high positive impact).

This approach is in line with the definition of "sustainable investment" according to the European SFDR regulation, covering the following three aspects : positive contribution, DNSH (Do No Significantly Harm) and good governance. It ensures that sustainability risks are soundly integrated into all investment processes and limits the potential negative impact of these investments.
It also guarantees that Mirova's strategies meet the criteria for "significant engagement" as defined in AMF recommendation DOC-2020.

Mirova does not exclude any sector as a matter of principle and carries out an in-depth analysis of the environmental and social impacts of each investment.
For some sectors, this analysis may lead to the exclusion of all or some of the players. In the energy sector, for example, no company involved in the extraction of coal and oil is currently considered a "sustainable investment". Companies in the renewable energy sector are likely to be considered as having a positive impact, unless they fail to mitigate negative effects on other aspects of the environment or society.

Mirova excludes any company involved in the manufacture, trade and stockpiling of anti-personnel mines and cluster bombs from the funds it manages directly. Certain activities such as tobacco, oil, coal, military activities, dangerous pesticides, gambling, adult entertainment and sugary drinks are also ineligible for Mirova's portfolios.

More information available at :


Our approach to Impact and ESG assessment

➜ [Our approach to ESG assessment]

In January 2023, Mirova strengthened its ESG analysis methodology with 3 main objectives : to refine the monitoring and measurement of the impact of our investments, to strengthen the management of controversial risks, and to ensure that our investments comply with our definition of sustainable investment and common market practices.

The sustainable impact opinion has therefore been adapted to reflect the nature and extent of the sustainable impact of each security : investments are now assessed on a rating scale ranging from “Negative Impact” to “Strong Positive Impact”.

Strengthening our methodology has led to changes in the way we report on companies.
Further information is available in the explanatory note on the strengthening of our ESG methodology.

Further information is available at :

➜ Strengthening of the ESG rating methodology

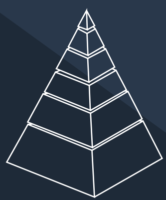
Sustainability Impact Opinion

Contribution to the SDGs		SUSTAINABLE INVESTMENT		
NEGATIVE IMPACT	NEGLIGIBLE IMPACT	LOW POSITIVE IMPACT	MODERATE POSITIVE IMPACT	HIGH POSITIVE IMPACT
Hinders the achievement of the SDGs	Does not significantly harm and only marginally contributes to the achievement of the SDGs	Contributes to achieving certain SDGs, but impacts are limited	Contributes significantly to achieving one or more of the SDGs	Contributes very significantly to achieving one or more of the SDGs

High residual ESG risk | Medium residual ESG risk | Low residual ESG risk

Eligible opinions include a Risk flag, which automatically trigger targeted engagements in order to improve the investees over time

For more information on our methodologies, please refer to our Mirova website: www.mirova.com/en/research.
The information provided reflects Mirova's opinion / the situation as of the date of this document and are subject to change without notice. *Source : Mirova*



What is a sustainable activity as stated in the Taxonomy?

The Taxonomy defines 6 environmental objectives :
1. Climate change mitigation ;
2. Climate change adaptation ;
3. Sustainable use and protection of water and marine resources ;
4. Transition to a circular economy ;
5. Pollution prevention and control ;
6. Protection and restoration of biodiversity and ecosystems.

To be considered sustainable, an activity must meet the following three technical review criteria :

- Contribute substantially to one or more environmental objectives
- Cause no significant harm to any of the environmental objectives
- Be carried out in compliance with minimum social guarantees

Since January 2023, financial players are required to publish the proportion of their investments aligned with the Taxonomy, i.e. the proportion of their investments considered as financing sustainable activities as defined by the Taxonomy.

Content, frequency and means used to inform customers about the ESG criteria taken into account in the investment policy and strategy

Our engagement also extends into transparent communication with our customers and stakeholders. All our documents relating to the inclusion of ESG criteria in our investment policy and strategy can be accessed via the following means :

Documents	Frequency of publication	Means of publication
Acting as a responsible investor report	Annually	Website
Acting as a mission-driven company report	Annually	Website
Our approach to Impact and ESG assessment	For each update	Website
Impact report (for certain funds)	Annually	Website
Periodic SFDR reports (by fund)	Annually	Website
SFDR pre-contractual appendix (per fund)	For each update	Website
Publication of sustainability information (by fund)	For each update	Website
Minimum standards	For each update	Website
Engagement and voting policy	Annually	Website
Engagement and voting reports	Annually	Website
Natural capital - ESG policy	For each update	Website
Remuneration policy	For each update	Website
Methodology for measuring the temperature alignment of listed portfolios	For each update	Website
Transparency codes	For each update	Website

List of financial products classified as Articles 8 and 9 SFDR and proportion of outstanding amounts taking ESG criteria into account

100% of the funds managed by Mirova[1] are classified as Article 9 under the SFDR regulation. The list of funds is detailed in this report and on our website. Consequently **100% of our assets under management take ESG criteria into account.**

ESG criteria taken into account when allocating new mandates

Mirova does not delegate the management of its assets via mandates. We do however, manage funds on behalf of third parties. Our ESG regulations and policy that are applied to the funds are also applied to the mandates : the assets excluded from the investment universe of the funds are also excluded from the mandates, unless there are specific constraints required by the client.

1. With the exception of certain dedicated funds and funds delegated by management companies outside the BPCE Group. The Sustainable Finance Disclosure Reporting (SFDR) Regulation aims to provide greater transparency in terms of environmental and social responsibility within the financial markets, notably through the provision of sustainability information on financial products (integration of risks and negative impacts in terms of sustainability).

Participation of the entity and its financial products in a charter and market initiatives.

International

Europe

France

Green and social bonds

Non-listed investments

Low-carbon investissement

Non-listed investments

* via Mirova's parent company

Mirova is a member of a number of local climate-related bodies. Our most concrete and symbolic engagement includes participation in the following bodies :

Ceres : Mirova is a member of CERES and the network of climate risk investors. CERES is a global organisation that works to encourage companies to take action on climate change. The investor network on climate risk brings together over 175 institutional investors who are tackling the challenge of climate change.

CPIC : Member of the Coalition for Private Investment in Conservation, which brings together players from the private sector and NGOs and seeks to solve the problem of the lack of investment in conservation efforts by identifying possible investments in this field.

IIGCC : Member of the Institutional Investors Group on Climate Change, a collaborative forum on climate change that brings together nearly 120 institutional investors.

CBI : Member of the Climate Bonds Initiative, an organisation that supports the development of the green bond market to reduce the cost of capital for climate change projects.

CDP : A signatory, through Natixis, of the Carbon Disclosure Project, which aims to improve the quality of carbon/climate information published by issuers.

IETA : through its Mirova UK subsidiary, Mirova is a member of the International Emissions Trading Association (IETA), a not-for-profit association established in 1999 to serve companies committed to market-based solutions to climate change.

Climate 100+ : an initiative launched at the One Planet Summit and aimed at obtaining commitments from boards of directors and governing bodies to implement a robust governance framework that clearly sets out the board's responsibility and oversight in relation to the risks and opportunities associated with climate change ; they take actions to reduce greenhouse gas emissions throughout their value chain, in line with the objective of the Paris Agreement ; they provide better corporate information in line with the final recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

GFANZ : The Glasgow Financial Alliance for Net Zero is an initiative launched by Mark Carney as part of COP 26 and the United Nations Race To Zero initiative. It brings together all the market initiatives aimed at aligning the sector with a carbon-neutral trajectory. Mirova participates in the working groups on sectoral trajectories (group no. 2) and on the alignment of portfolios (group no. 4).

NZAM : Mirova is a signatory of the Net Zero Asset Manager Initiative, which brings together asset managers committed to achieving the global goal of carbon neutrality.

Investor Decarbonisation Initiative (Share Action): the Investor Decarbonisation Initiative aims to promote the power of the investment system to accelerate action on climate by companies. Bringing together pension funds, charitable trusts and asset managers, the initiative mobilises investor support for science-based emissions targets and complementary commitments to renewable electricity (RE100), energy efficiency (EP100) and electric mobility (EV100).

Finance for Biodiversity Pledge : it is a commitment by financial institutions to protect and restore biodiversity through their financial activities and investments. It consists of 5 initiatives that financial institutions are committing to : collaboration and knowledge sharing, engagement with businesses, impact assessment, target setting, and public reporting on the above by 2025.

Sustainable Market Initiative Natural Capital Investment Alliance : Launched at the One Planet Summit for Biodiversity in January 2021, the Alliance for Investing in Natural Capital aims to engage with the asset management industry and mobilise this private capital in a concrete and effective way in favour of opportunities linked to Natural Capital.

Taskforce on Nature-related Financial Disclosures (TNFD) : this international initiative is working to develop a common framework for financial institutions and businesses to assess, monitor and disclose the financial risks associated with biodiversity loss.

Source : Mirova 2023.

02 Internal resources deployed by the entity

Mirova stands out for the scale and quality of the resources dedicated to taking ESG criteria into account, for its active participation in the development of tools and for its continuous improvement approach.

Financial, human and technical resources dedicated to taking ESG criteria into account in the investment strategy

Human resources

By its very nature, all of Mirova's resources are allocated to taking ESG criteria into account in its investment strategy. As a responsible investor, all the employment created by Mirova is ultimately driven by responsible investment. ESG criteria are taken into account by all our teams : management, research, risk control, marketing, etc., **bringing the percentage of FTEs dedicated to ESG to 100%.**

A key feature of our engagement is the close link between the management team and the Sustainability Research team. It is made up of more than 20 Impact & ESG[1] analysts, divided between listed and unlisted companies. Each analyst is also a specialist in one or two sectors and a particular theme. Completely independent of the management team, Mirova's Impact & ESG analysts are involved in producing the Sustainability Impact Opinion, which is the first stage in the investment process and, in particular, defines the eligible universe. During this phase, managers and financial analysts can discuss and exchange views with Impact & ESG analysts. They have the final say on the impact assessment and can therefore exclude an investment.

Technical resources

Mirova is unique in that it is both a user and a creator of technical resources. We have developed two tools in partnership with Carbon4 Finance and Iceberg Datalab :

- The **Carbon Impact Analytics (CIA)**, tool, which provides a measure of induced emissions, avoided emissions, a qualitative analysis of future decarbonisation performance and an overall score for each asset ;
- The **Corporate Biodiversity Footprint (CBF)**, one of the two main tools, along with the Global Biodiversity Score (GBS), enabling financial institutions to measure the biodiversity impact of financial portfolios.

More recently, with a group of financial institutions, under the aegis of Mirova and Robeco, an initiative has been undertaken to enable :

- The creation of a shared database of avoidance factors which can be accessed worldwide
- The estimation of the emissions avoided by companies over a broad investment universe of listed companies, by applying the database of avoidance factors to the activity data of the companies concerned.

1. As at 29/12/2023.

External data sources are checked and cross- referenced with our internal opinions. Mirova has developed its own research framework and relies on external research only for data collection and comparison purposes. We use the CIA methodology developed by Carbone 4 Finance, which incorporates a multiple-counting approach to avoid the risk of double-counting, specifically in relation to induced and avoided GHG emissions.

In addition, the Sustainability Research team has a number of technical resources at its disposal to carry out its analyses. All this data has already been or will be integrated into OCTAVE, an internally-developed data-sharing tool. It is a proprietary tool at the heart of the management process, centralising all the ESG and financial analyses produced by the Research and portfolio management teams, as well as monitoring news, company meetings, voting and appointments. It is also an investment decision-making tool, through the use of financial databases built up on the stocks in the universe, which feed into a range of dashboards to support management committee meetings. Finally, it is a tool for producing financial and extra-financial reports.

We also use the following data for research, analysis and management purposes :

Supplier	Data
Carbon4 Finance	Climate data (induced and avoided emissions, overall score) for listed assets
I Care	Carbon data for unlisted assets
Iceberg Datalab	Biodiversity impact data for financial portfolios
ISS-ESG	Sustainable development rating & quantitative ESG data (water use, composition of Board of Directors, proportion of women on management bodies, income from controversial activities, etc.)
RepRisk	Monitoring controversies
ISS	Voting analytics
Fitch Ratings	Quantitative ESG data on Green and Social Bonds
Equileap	Data on gender equality
EU Tax Observatory	Research into taxation issues
Stakeholders	Regular exchanges with the various stakeholders : issuers, the scientific community, trade unions, NGOs, brokers, etc.
Mines Paris Tech	Voting policy informed by the work of the Academic Chair "Theory of the Enterprise ". Models of Governance and Collective Creation"
École des Ponts Business School	Funding of the UNESCO Academic Chair for the Systemic Integration of Anticipation in the Finance Sector (ISA)
Utrecht University & University of Sussex	Funding for the "Deep Transition Lab" research project
Public data	Corporate annual/sustainable development reports, university research, NGO reports, press, etc.
Proxinvest	Voting analytics

Financial resources

The table below summarises the financial commitment made by Mirova and its affiliates in 2023 in terms of human and technical resources.

Resources	By %	By number
Full-time equivalent jobs (FTE) of which	100 %	219.3
Investment professionals	45 %	99.4
Of which ESG Research	16 %	15.9

Investment in Research	By %	In thousands of euros
The amount invested in Research, including :		**3 310**
1. Research payroll in France only (as a % of total payroll)	4.3 %	3 098
2. Octave project (as a % of total Mirova costs, excluding payroll costs)	**0.5 %**	**212**
Data suppliers (as a % of Mirova's total expenses, excluding payroll expenses)	**2 %**	**732**
Academic partnerships (as a % of total Mirova costs, excluding payroll costs)	0.4 %	175

Actions taken to strengthen internal capabilities

In order to better respond to market demand and offer new solutions, Mirova is constantly seeking to strengthen its internal capabilities (skills, tools, data, etc.) and develop new financial products.

Enhancing the skills of all Mirova teams

As a mission-driven company developing the expertise of our employees is one of the five stated objectives that Mirova has set itself : "To increase the breadth and depth of our social and environmental expertise".

To this end, Mirova employees are encouraged to undertake training in CSR and/or ESG, both to improve the skills they will be able to use in their professional activities, and to enable us to collectively achieve our internal objectives in terms of controlling our direct environmental and social impacts (reducing our carbon footprint, strengthening diversity and inclusion within the workforce, etc.).

We will ensure that we continue our efforts to train all Mirova staff, both investment and support teams, on all our investment themes as well as on topics more relevant to our direct impacts.

The Natixis training platform provides employees with access to a range of training courses on CSR in the broadest sense and more specifically on diversity and inclusion, thereby contributing to the development and strengthening of our internal community (gender bias and stereotypes, intercultural training, integration of disabled people, etc.).

The implementation of this type of module is encouraged by a bonus system for the amount of profit-sharing granted to employees (in France), proportional to the number of employees who take eligible training in the field of CSR.
Mirova also arranges preparation for the CFA®[1] exam "Investing in ESG" and funds it for all employee volunteers, enabling around twelve of them each year to develop their knowledge of responsible investment and sustainable finance.

In addition, we regularly invite all our employees to take part in workshops directly linked to our investment strategies (climate, biodiversity, ocean, mobility, sexism, 2-tonnes, etc.) to familiarise themselves with the various themes related to Mirova's business.
Mirova organised the "Mission Fortnight" in 2023 for the first time. This was an opportunity to discover or rediscover some of the key issues of the ecological and solidarity-based transition, to strengthen collaborative expertise and to create opportunities for exchange between employees. It should be noted that this section does not include certain training courses carried out directly by the teams and specifically adapted to their commercial needs (e.g. energy transition topics - wind energy indices, etc.).

For more information on our training courses, please refer to our report

➜ Acting as a Mission-driven company 2023

1. *CFA® and Chartered Financial Analyst® are trademarks of the CFA Institute.*

Continuous improvement plan : our training objectives

- 100% of new arrivals on permanent or fixed-term contracts in France and abroad are enrolled in the Sustainable Finance training course. (3 sessions / year)
- 1 promotion per year on CFA ESG open to all on a voluntary basis.
- Deepening Mirova's expertise in understanding social issues / the transition to social impact investing

An ever-expanding range of responsible products

In 2023, Mirova accelerated the development of its financial offering by launching the following investment solutions :

- The **Mirova Biodiversity strategy**, launched in December 2023, aims to invest in companies offering products or services that contribute directly to reducing pressure on biodiversity. The fund will help to achieve 3 objectives of the Kunming-Montreal Convention by 2030 : reducing the footprint of businesses, mobilising funds for biodiversity, and mitigating climate change through nature-based solutions.
- The **Mirova Gigaton Fund**[1], with its first closing date in March 2023 and a target size of €500m, aims to accelerate the energy transition in Africa, Latin America, the Middle East and Asia by means of private debt granted mainly to companies active in the fields of domestic solar energy systems, agriculture, telecommunications and industry, mini-grids and other promising sectors such as clean mobility, storage, climate-adapted food systems and energy efficiency.
- The **Mirova Energy Transition 6**[2] **(MET6)** fund, the sixth strategy dedicated to energy transition infrastructure in OECD countries, was launched in October 2023 with the aim of supporting the decarbonisation of our economies by raising a target of €2 billion. This new strategy aims to finance proven technologies (onshore and offshore wind power, photovoltaics, hydroelectricity, storage, energy efficiency) while continuing to support the development of electric mobility and low-carbon hydrogen.

1. MIROVA GIGATON FUND is structured in the form of a SICAV RAIF (Société d'Investissement à Capital Variable, Reserved Alternative Investment Fund) under Luxembourg law, open to subscription to eligible investors as defined in the regulatory documents. Mirova is the management company and Mirova SunFunder East Africa acts as Investment Advisor to Mirova. The supervisory authority approval is not required for this fund.
2. MIROVA ENERGY TRANSITION 6 (MET6) is a French limited partnership (Société de Libre Partenariat), open to new subscription. Mirova is the management company. The supervisory authority approval is not required for this fund.

In addition, Mirova continues to strengthen the development of its existing strategies, in particularly through :

- **Mirova Environment Acceleration Capital (MEAC)**[1], which aims to support the environmental transition of the economy. This impact strategy focuses on five themes : agri-agro technologies, natural resources, circular economy, clean energy and sustainable cities. By the end of 2023, this €197m fund had invested in nine companies that are active in these key sectors of environmental transition.
- **Mirova Gigaton Fund**[2] is dedicated to infrastructure investment for energy transition in emerging countries. After its interim closing date, this $282 million fund was invested by the end of 2023 in 3 infrastructure projects to accelerate access to clean energy and combatting climate change in emerging markets, thanks to a subscription by the European Investment Bank (EIB) at the end of 2023.
- **Climate Fund for Nature**[3], which exceeded 195 million euros due to the engagement of new partners. CAPGEMINI, UNIBAIL-RODAMCO-WESTFIELD and the MANE Group have joined forces with the fund set up by KERING and the L'OCCITANE Group to provide long-term financing for projects with a strong environmental and social impact that support the preservation and restoration of nature.
- **Land Degradation Neutrality Fund**[4], is a Natural capital fund dedicated to sustainable land use. In 2023, the fund completed its roll out through three final investments in Koa, a Swiss-Ghanaian company that helps to add value to the entire cocoa value chain ; Pamoja, a benchmark in the sustainable production of macadamia nuts in Kenya and Tanzania ; and Terrasos in Colombia, which conserves and preserves biodiversity-rich land through Habitat Banks.
- **Sustainable Ocean Fund**[5], a Natural capital strategy dedicated to investing in projects for the sustainable management of maritime resources and the preservation of the oceans. The fund completed its investment period, adding Bureo Inc. to its portfolio, a project designed to support the expansion of its used fishing net recycling programme in Latin America.

1. Mirova Environment Acceleration Capital is a Société de Libre Partenariat (SLP) under French law (FPS, FIA) composed of several distinct sub-funds (MEAC 1 and MEAC 2), open to subscription by eligible investors as defined in its regulations.
Mirova is the management company. Approval from the supervisory authority is not required for this fund.
2. MIROVA GIGATON FUND is structured in the form of a SICAV RAIF (Société d'Investissement à Capital Variable, Reserved Alternative Investment Fund) under Luxembourg law, open to subscription to eligible investors as defined in the regulatory documents. Mirova is the management company and Mirova SunFunder East Africa acts as Investment Advisor to Mirova. The supervisory authority approval is not required for this fund.
3. The Climate Fund For Nature is a "société par actions simplifiée à capital variable", governed by article L. 214-24 III of the French Code monétaire et financier and open to subscription to eligible investors as defined in the regulatory documents. The supervisory authority approval is not required for this fund.
4. LAND DEGRADATION NEUTRALITY FUND is a Luxemburg Special Limited Partnership (Société en Commandite Spéciale), closed to new subscription.
Mirova is the management company. The supervisory authority approval is not required for this fund.
5. Sustainable Ocean Fund is a Luxemburg SICAV-SIF (the Fund) authorised by the Commission de Surveillance du Secteur Financier ("CSSF"), closed to new subscription.
Mirova is the Alternative Investment Fund Manager (AIFM) of the Fund and as delegated the portfolio management to Mirova UK

03 ESG criteria in the entity's governance

As an asset management company dedicated to responsible investment, ESG criteria permeate all aspects of Mirova's governance.

Knowledge, skills and experience of governance bodies in taking decisions on integrating ESG criteria into investment policy and strategy

As an asset management company dedicated to responsible investment and impact, the consideration of ESG criteria guides all of Mirova's governance, which is overseen by four bodies, the Management Committee, the Board of Directors, the Mission Committee and the International Dialogue Forum. The aim of this configuration is to ensure a balance in the roles and composition of each body, to ensure that all our stakeholders are properly represented and to improved dialogue between them, owing to the closer links between the various bodies that have been established over the course of 2023.

The composition of these bodies offers multidisciplinary experience, covering the full range of ESG issues :

- The Executive Committee brings together the heads of Mirova's various departments : Chief Executive Officer, Deputy Chief Executive Officer, Director of Sustainability Research, Director of Compliance, Legal and Risks, Head of Business Development, Directors of Investment Management, Human Resources, CSR and Culture, etc. It is Mirova's strategic and operational governance body. To guarantee the independence of controls, the compliance, internal control and risk departments are independent of the investment teams and the finance department.

Executive Committee

Philippe Zaouati
Chief Executive Officer

Hervé Guez
Head of Listed Assets

Anne-Laurence Roucher
Head of Natural Capital and Private Equity

Raphaël Lance
Head of the Energy Transition Infrastructure Department

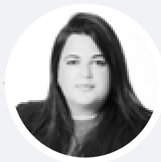
Aude Rouyer
Head of HR, CSR and Culture

Guillaume Abel
Deputy CEO

Jens Peers
Chief Investment Officer Sustainable Equities

Jérôme Lelu
Head of Compliance, Legal and Risk

Mathilde Dufour
Head of Sustainability Research



Zineb Bennani
Head of Business Development, CEO of Mirova US

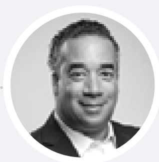
Source : Mirova, as of 29/12/2023

- The Board of Directors is responsible for approving Mirova's strategic direction and overseeing its activities. It is chaired by Christophe Lanne. Alongside him are Nathalie Bricker, Alain Bruneau and Alix Boisaubert.

The Board of Directors

Christophe Lanne
Chairman

Nathalie Bricker
Deputy CEO of NIM[1]



Alain Bruneau
General Secretary of NIM

Alix Boisaubert
Head of Strategy, BPCE Networks and Corporate Savings

Source : Mirova, as of 29/12/2023

- The Mission Committee has 9 members, all recognised experts in environmental, social, societal and sustainable finance issues. It is representative of Mirova's stakeholders : academics, experts on Mirova's investment themes, representatives of sustainable finance, shareholders and employees. It is chaired by Alexis Masse, former Chairman of FIR (Forum for Responsible Investment), Financial Inspector, Strategy Director of GRDF and Chairman of France Active investments. Its role is to monitor the practical implementation of Mirova's mission, and to provide guidance on all Mirova's strategic issues.

Mission Committee

Alexis Masse
Ex-president of FIR (Forum for responsible Investment), Financial Inspector, Strategy Director of GRDF, Chairman of France active investments

Blanche Segrestin
Co-coordinator of the Chair in Theory of the Firm, Models of Governance and Collective Creation at Mines ParisTech

Arnaud Leroy
Former Chairman of the The French Agency for Ecological Transition (ADEME), Director of Sustainable Development at Sphère

Amina Zakhnouf
Co-founder of the public policy SPHERE - Leading the way in responsible packaging innovation

Pierre-René Lemas
Chairman of France active

Christophe Lanne
Director of Administration, Natixis Investment Managers

Camille Maclet
Responsible for engagement with the financial sector, Secretariat of the Convention on Biological Diversity (until January 2024)

Witold Marais
Investment Director, Mirova Energy Transition Infrastructure Fund (Paris)

Manon Salomez
Impact and ESG analyst, Mirova

Source : Mirova, as of 29/12/2023

- The international dialogue forum was created in October 2023. Its purpose is to organise exchanges between Mirova's various locations on economic, financial, strategic and social issues. The international dialogue body, whose members were elected in October 2023, also makes it possible to capitalise on local entities and best practices, and to encourage a diversity of views and points of view. The Committee is made up of seven members representing the teams from each of the geographical entities.

International dialogue forum

Arnaud Grapin
Head of IT and Transformation

Nicole Morlé
RFP Manager

Brian Chege
Financial analyst

Jonela Menesson
Expert product engineer

Kevin Whittington Jones
ESG & Impact Specialist

Jean-François Hay
Financial analyst

François-Adrien Ollivier
Senior Management Controller

Source : Mirova, as of 29/12/2023

These governance bodies are the guarantors of Mirova's strategy and ensure that we carry out our mission as a responsible investor. In addition to the control exercised by the Board of Directors, internal audits are regularly carried out by Natixis and BPCE. The Executive Committee is responsible for defining the growth strategy, which includes product development, climate trajectory policy and so on. A board of governors including members of Mirova's Executive Committee (General Management, Business Director, Research Director, Development Director), is also responsible for approving any new product creation.

Diversity

Mirova pays particular attention to gender balance in the composition of its governance bodies. For example, the introduction of the compilation of gender parity lists as part of the elections for internal employee representatives on the Mission Committee.

Inclusion of sustainability risks in remuneration policies

Established in accordance with the provisions of the SFDR regulation, the remuneration policy encourages all Mirova employees to contribute to the success of our responsible investment policy.

Specific criteria incorporating ESG issues are defined for all employees, especially the management teams. The members of the latter are assessed differently, depending on the type of portfolios they manage. The materialisation of a major sustainability risk that would have a significant and lasting negative impact on the value of the funds / products under management could lead to the individual variable remuneration package being reduced or even cancelled, along with, where applicable, the deferred variable remuneration in the process of vesting. The [Mirova's remuneration policy] is public and can be consulted on our website.

Our objective of continuous improvement

Starting from 2024, the variable remuneration of employees will include criteria linked to the achievement of objectives set in the context of the mission.

In addition to the existing approach at fund (portfolio manager) level, the notion of sustainability risk will be extended to all employees/functions of the company. This concept will be integrated through the evaluation of the achievement of objectives linked to Mirova's quality as a company with a mission by the OTI (an independent third-party organisation), on a two-year cycle.

This new system will be applied differently depending on the employee profile :

1. Any increase or decrease will be applied unilaterally to the members of the Management Committee and the Executive Board,
2. For employees outside the Executive Committee, the upward or downward variation will depend on the evaluation of the individual contribution to the Mission as assessed by the managers (achievement of Mission-related objectives set at the beginning of the year as part of the objective-setting meetings), on the basis of a grid of criteria provided by the CSR/Mission team.

Incorporating ESG criteria in the internal regulations of the Board of Directors

Natixis Investment Managers has undertaken a review of its governance rules and the integration of environmental, social and governance quality criteria into the internal regulations of its Board of Directors. Article 1.1 currently states that "The Board of Directors determines the direction of the Company's business and oversees its implementation in accordance with its corporate interests, taking into account the social and environmental challenges facing its business".

In 2023, the links and interactions between the Mission Committee and the Board of Directors were strengthened, in order to further reinforce the role of the mission as a strategic compass for Mirova and to experiment with a new approach to governance. The Chairman of the Mission Committee is now invited to attend all meetings of the Board of Directors, and the two bodies will meet at least once a year for an extraordinary meeting. These changes have been incorporated into the internal regulations of the Mission Committee and the Board of Directors.

04 Strategy for engagement with issuers or management companies and its implementation

Mirova firmly believes that a financial player must have an impact on the economy, not only through capital allocation, but also through collective and individual engagement, targeting companies and regulators alike. Such an approach alone cannot form the core of a responsible investment approach, but it certainly plays a role. This is why Mirova has developed a strong engagement policy for all asset classes, believing encouraging and promoting better environmental, social and governance (ESG) practices, directly and indirectly, is the key to creating long-term value for society as a whole.

The team of sustainable development analysts ensures that engagement actions are consistent with Mirova's investment policy and maintains an ongoing dialogue with each company and project. We also participate in market engagement initiatives, for example on the themes of gender equality in the workplace and the need to measure the impact of listed companies on biodiversity.

Scope and objective of our engagement policy

The figure below summarises our engagement policy.

What is the objective ?	**Improving the practices of companies and project leaders**		**Contributing to the development of the responsible investment market**
Which target ?	COMPANIES & PROJECT DEVELOPERS		RI MARKET REGULATOR
What type of engagements?	**Individual engagement**	**Collaborative engagement**	**Advocacy**
With which stakeholders?	• At company level • At project level	• Several companies in the sector • Sector / Professional associations • Regulators • Relevant stakeholders (NGOs, etc.)	• Sector RI / Professional associations • Public decision-makers / public regulators • Relevant stakeholders (international organisations, NGOs, etc.)
By what means?	• Voting • Ongoing dialogue with the company and project leaders	• Investor groups • Stakeholder campaigns	• Investor statement • Working groups

SUSTAINABLE DEVELOPMENT GOALS

2023 priorities

Each year, Mirova defines priority themes. Our engagement priorities are communicated to all our portfolio companies at the beginning of the year.

For 2023, our efforts focus on :

- Climate change mitigation ;
- Biodiversity conservation ;
- Promotion of circular economy ;
- Socio-economic development ;
- Health and well-being ;
- Diversity and inclusion ;
- Sustainability governance ;
- Fairness.

2023 figures

100% of our assets are covered by our engagement initiatives	
Listed assets	74 advanced dialogues, including : • 39 Environmental • 42 Social • 34 Governance
Exercising voting rights	33% of resolutions and 96% of companies received an opposition vote
Climate-dedicated engagements	26 individual engagements
Collaborative engagement	Participation in 7 collaborative projects
Green and social bonds	21 targeted issuers
Unlisted assets	100% of projects targeted by engagement initiatives

Our engagement policy

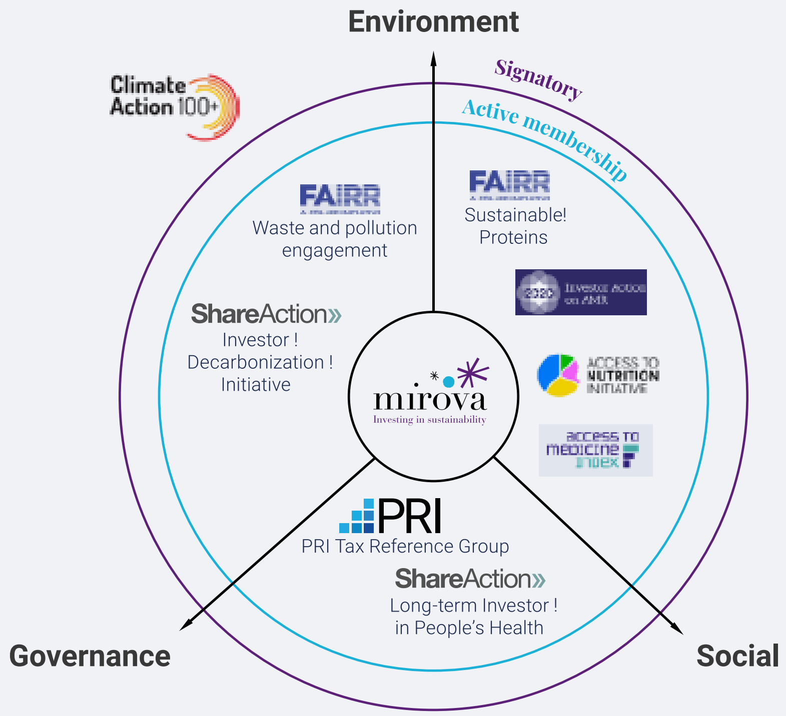
In order to achieve our objectives, we have taken steps to involve all our asset classes :
On our listed assets investments, we held 74 advanced dialogues. 39 addressed the environmental pillar, 42 covered social issues and 34 governance issues.
- 21 issuers of green and social bonds are engaged ;
- 26 individual engagements were carried out more specifically on climate.

In general, Mirova sought details of the scope of greenhouse gas emissions, the extent to which carbon offsetting would be used, the timetable for implementing decarbonisation measures, etc.
In order to inform our assessment of whether or not the objectives are achievable, we require information demonstrating the robustness of the transition plans in terms of implementation and risks.
For our non-listed investments, 100% of the companies and projects invested in are subject to a dialogue at least annually, and often quarterly, once an ESG action plan is being implemented as part of the involvement. Our engagement takes different forms, ranging from ongoing dialogue to the collaborative development and monitoring of action plans, using a monitoring sheet and binding environmental and social plans which have been integrated into contractual documentation.

For example, in 2023 our requirements for energy infrastructure projects notably included the following :

- Obtaining quantitative information (number of jobs created, GHG emissions avoided, etc.) demonstrating the environmental and social impacts of a project or company ;
- The inclusion of ESG criteria, such as working conditions or pollution prevention, in the selection process for suppliers of goods and services ;
- Monitoring the application of mitigation and compensation measures.

In 2023, we participated in the work of **8 collaborative engagement initiatives**, presented below :



Engaging with regulators and advocacy initiatives

We have continued to make an active contribution to the discussions of regulators and market players, with the aim of promoting a framework and tools favourable to the development of sustainable finance. This was reflected in two comments made as part of the consultation on changes to the Socially Responsible Investment (SRI) label :

- We were disappointed by the lack of ambition of the label, which promotes the "best in class" investment strategies and only excluded 20% of issuers from the investment universe[1] ;
- While we welcomed the inclusion of the dual materiality approach, we expressed our high expectations in terms of the label's level of ambition and exclusion policies.

In the United States, we participated in the consultation set-up by the Securities and Exchange Commission (SEC) to combat greenwashing by strengthening ESG transparency requirements for funds and investments. In particular, we have asked the SEC to ensure consistency between the classifications in the SFDR regulation and the three categories it has proposed : "ESG Impact", "ESG Focused" and "ESG Integration".

Monitoring the effectiveness of our engagement policy

Although it is difficult to measure the success of an engagement policy, in so far as isolating the part attributable to Mirova's actions, we keep a record of our progress in terms of discussions and communications via a proprietary platform. This will enable us to track qualitative progress made by companies over time.

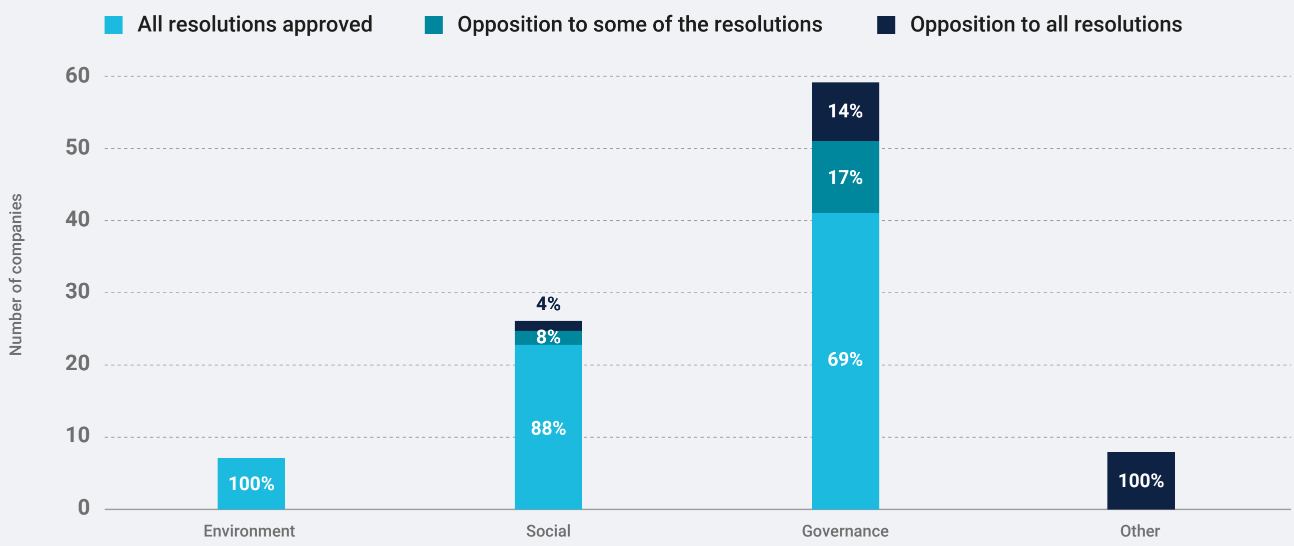
1. Mirova responds to the consultation on the SRI label: for an ambitious label with a European vocation, 07/06/2023.

Voting policy

External resolutions

The majority of external resolutions put to the vote at Mirova in 2023 concerned governance (64%*), followed by social issues (23%*) and finally the environment. The resolutions relating to governance concerned the independence of the Chairman of the Board of Directors, diversity within the Board and among employees, and the inclusion of extra- financial criteria in the remuneration policy for senior executives. Mirova voted in favour of all of these resolutions in the case of 69%* of companies and in approval of some of them in the case of 17%* of companies. Resolutions on social issues also covered a wide range of subjects, such as reducing the gender pay gap, compagnies' lobbying activities or tax practices. 88%* of companies received positive votes from Mirova on all resolutions ; 8%* received our approval on only some of the resolutions. The environmental resolutions called for transparency in the fight against climate change, but also on other environmental issues such as the protection of biodiversity. We voted in favour of all 6 resolutions. Mirova is in favour of the submission of "Say on Climate" resolutions enabling shareholders to express an opinion on a company's transit We see them as a good way of exchanging and promoting best practice. A favourable vote at a "Say on Climate" meeting does not, however, constitute Mirova's definitive approval of a company's strategy, which will continue to be reviewed.

Shareholder resolutions



* Source: Mirova's 2023 Voting Report, published in March 2024. For more information on Mirova's voting policy, please refer to the following link: www.mirova.com/sites/default/files/2024-04/Report_exercise_voting_rights_2023.pdf

2023 also marked the third consecutive year in which Mirova participated in the tabling of a shareholder resolution in one of our portfolio companies' Annual General Meetings. We consider tabling a resolution in our portfolio companies to be one of the strongest forms of engagement.

In 2023, Mirova and a group of sixteen European investors representing 1.5% of Engie's issued share capital tabled a shareholder resolution at the company's 2023 Annual General Meeting of Shareholders with the dual purpose of ❶ obtaining sufficient information to assess the company's current strategy under a 1.5°C scenario throughout its emissions scope, and ❷ to ask the company to commit to adding a three-year "Say on Climate" consultative vote to the agenda of the shareholders' general meeting. The resolution received 25% in favour. During the tabling of the resolution, numerous discussions took place between investors and Engie. We are satisfied with a number of measures 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 additional information on capital expenditure.

Investment strategy decisions, particularly with regard to sectoral divestments

As regards our listed assets, we always give priority to dialogue and support for companies. However, if during the escalation process the company's progress and/or practices prove insufficient to maintain eligibility, divestment may be considered as a last resort.

In 2023, we did not divest any companies in response to inconclusive engagements.

Continuous improvement plan

- Improved targeting of companies benefiting from engagement initiatives (in line with the update of the ESG evaluation method, where future engagement efforts could prioritise companies with a high residual ESG risk) ;
- Implementation of a formalised procedure to monitor all engagement procedures undertaken (success rate of procedures, etc.).
- Developing a roadmap during 2024, in close collaboration with members of Mirova's management team, in order to define the objectives and the courses of action of our advocacy strategy.
- Monitoring the impact of our advocacy and awareness campaigns (publications and press coverage in France and abroad, speeches at events organised by distributors, impact finance training, etc.).

For further information, please refer to our engagement report :

➜ Engagement Report

05 Alignment with the European Taxonomy and fossil fuel policy

Mirova, which has worked to promote an ambitious European Taxonomy, strives to maximise alignment, while its analytical method is reflected in a highly demanding policy of fossil fuel exclusion.

Green share

The list of environmental targets published in delegated acts (EU) 2020/852 and 2023/2486 is :

1. Climate mitigation
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition towards a circular economy
5. Pollution prevention and control
6. Protecting and restoring biodiversity and ecosystems

We are presenting our portfolios' alignment with the EU Taxonomy for the second year running.

As the data reported by companies remain limited, the proportion of eligible and non-eligible assets may be based on estimates. In the event that a company has postponed its eligibility for the EU Taxonomy, estimates cannot be taken into account.

Information	Percentage
Total Taxonomy-Eligible revenues *	32.28 %
Total Taxonomy- non Eligible revenues *	67.72 %
Total Taxonomy - Aligned revenues	19.07 %
Total Taxonomy - Aligned capex	19.83 %

The eligibility and alignment data includes the 2 climate objectives as well as the 4 environmental objectives.

** Voluntary ratio reflecting estimates of the level of counterparty alignment*
Source: Mirova and affiliates as of 29/12/2023

Share of assets invested in companies active in the fossil fuel sector

Mirova has built its business around taking environmental issues into account in its overall investment strategy. As a result, Mirova applies an exclusion policy in the fossil fuel sector which is [available on its website.](#)

This targets companies :

- Involved in developing new coal-related projects or increasing existing capacity, for mining, power generation, infrastructure (coal transport, other assets) and dedicated services ;
- Involved in the exploration, production, processing, transport, storage, gas liquefaction and trading of non-conventional oil and gas and generating more than 5% of their sales from these activities ;
- Generating more than 50% of their sales through the sale of equipment or services dedicated to the fossil fuel sector ;
- Generating electricity (more than 20% of electricity sales), with an energy mix dominated by coal and a carbon intensity of more than 300 gCO_2/kWh.

As per the delegated act under Article 4 of the SFDR Regulation, the proportion of our exposure to the fossil fuel sector is 3.72%. Conventional natural gas has not been ruled out, as this is a complex subject. Although it can be used as a transitional fuel in certain circumstances, practically complete decarbonisation will be necessary in the long term to limit warming to 2°C. New gas infrastructures could help to reduce emissions in the coming years, but they could also lead to lock-in effects, prolonging the use of fossil fuels. In addition, the gas supply chain, particularly unconventional gas, is particularly dangerous and difficult to control, as it can have a negative impact on the local environment and emit high levels of fugitive greenhouse gas emissions, which can cancel out its climate benefits. We do not apply this exclusion policy to green bonds.

In fact, we consider that a green bond is not equivalent to financing the issuer itself, but rather the green projects for which the funds are intended. To be eligible for our investments, a green bond must demonstrate :

- Positive contribution by funded projects to environmental objectives ;
- Management of the environmental and social risks associated with projects throughout their life cycle ;
- Alignment with the company's overall approach to the transition to a low-carbon economy.

Continuous improvement plan

Following the adoption of the delegated act concerning the Taxonomy regulation relating to the four other environmental objectives, Mirova will endeavour to maximise its investments in eligible activities relating to the sustainable use and protection of marine and aquatic resources, the protection and restoration of biodiversity and ecosystems, the prevention and control of pollution and the transition to a circular economy.

For further information, please refer to our policy :

→ [Minimum standards](#)

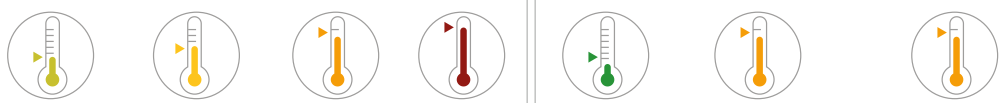
06 Alignement strategy with the Paris Agreement

Since its creation in 2014, Mirova has set itself the goal of using the leverage of investments to serve the fight against global warming. We are now aligned with the Paris Agreement, due in particular to a demanding investment strategy based on an alignment methodology we developed in partnership with Carbon4 Finance.

A quantitative target set for 2030 and reviewed every five years until 2050.

Mirova aims, for all its investments (excluding Social impact, Impact Private Equity and Natural Capital funds), to align its current portfolios with an average temperature increase of 2°C, in order to contribute to achieving carbon neutrality by 2050, as stipulated in the Paris Agreement. We believe that, at the management company level, this positioning enables us to target alignment with the most ambitious climate scenarios.

Temperature focus of our listed assets

	Mirova's consolidated equity portfolio	CAC 40	MSCI Europe	MSCI World	Mirova's consolidated Bond portfolio	Barclays Euro Aggregate 500	Barclays Euro Aggregate Corporates
	< 2° C	2 - 2.5° C	2.5 - 3° C	3 - 3.5° C	1.5° C	2 - 2.5° C	2 - 2.5° C
Induced emissions (tCO_2/€M)	81	186	169	124	102	140	168
Avoided emissions (tCO_2/€M)	-32	-19	-13	-6	-79	-7	-17
Coverage rate	99 %	100 %	100 %	99 %	64 %	93 %	92 %

Source : Mirova as of 29/12/2023

Our in-house methodology

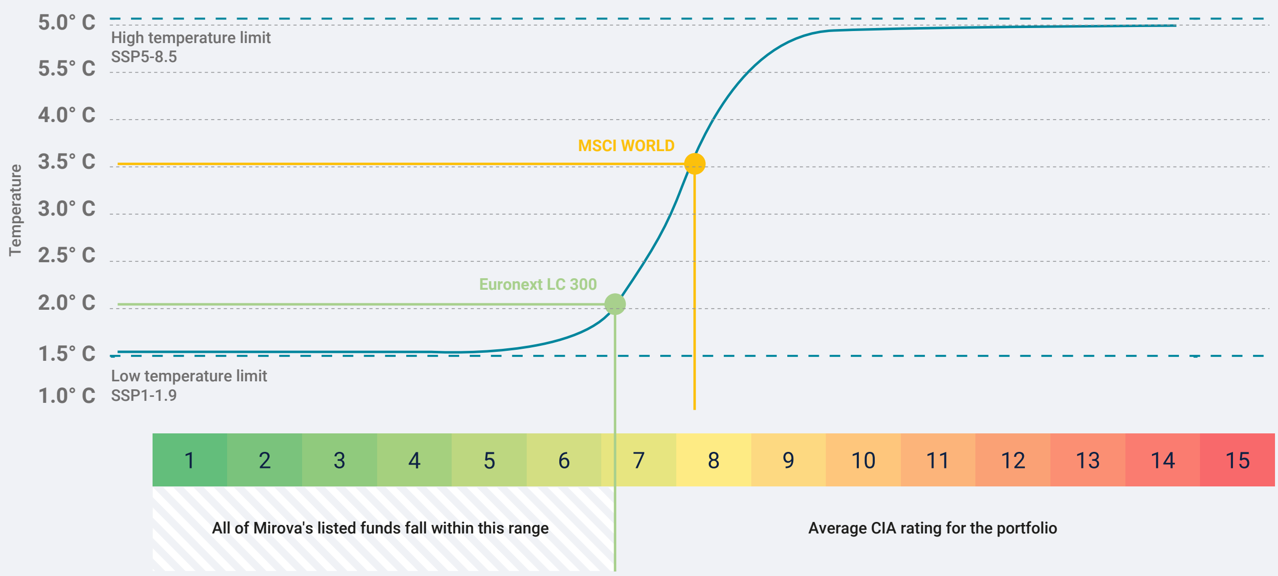
In 2016, Mirova developed an internal methodology for measuring the temperature of listed assets in partnership with Carbon4 Finance (C4F), with which it has been associated since 2014, using the Carbon Impact Analytics (CIA) methodology. Firstly, the methodology calculates induced and avoided lifecycle emissions for all the companies in the listed investment universe, using a bottom-up approach for the sectors with the greatest climate challenges. This calculation is supplemented by a qualitative assessment of the policies implemented by the companies, such as :

- The decarbonisation targets set for certain timeframes, e.g. as part of initiatives such as the Science-Based Targets initiative (SBTi)
- Investments made with the aim of achieving an ambitious energy transition - either operating expenditure (OPEX) , or capital expenditure (CAPEX).

Secondly, at portfolio level, Mirova uses the aggregated CIA rating to deduce the portfolio temperature, based on the following principles :

- We assign a temperature of 3.5°C to the average CIA rating of the portfolio, which is the temperature of the MSCI World, a traditional market index weighted by market capitalisations ;
- The second calibration point in the formula is set at 2°C, the upper limit set by the Paris Agreement. The Euronext Low Carbon 300 index has been chosen to represent an economy aligned with a 2°C scenario. The LC300 is a Paris-Aligned benchmark in accordance with the Benchmark Regulation and is unique in that it is optimised on the basis of the CIA rating ;
- An S-shaped curve, as shown below, connects the two calibration points described above and moves towards the extreme scenarios (1.5°C and 5°C).

Graph translating the average CIA rating into temperature at portfolio level

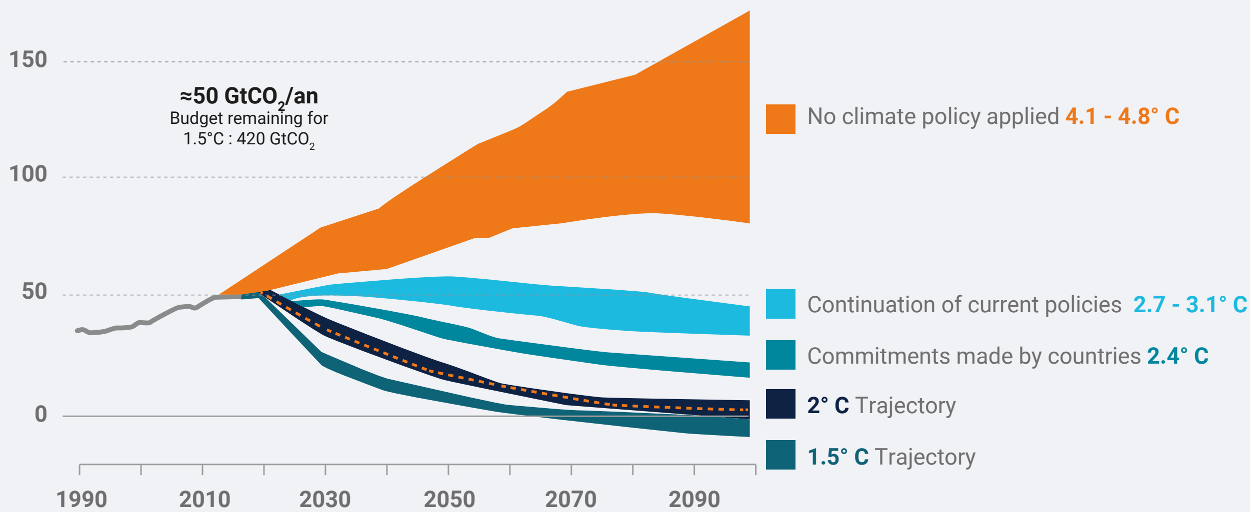


Source : Mirova as of 29/12/2023

This methodology is explained in more detail in our document Temperature alignment of listed investment portfolios. Mirova continues to measure and understand the alignment of its investments with the climate objectives as accurately and relevantly as possible. Mirova's temperature alignment measurement methodology will undoubtedly continue to evolve in the future, particularly in line with :

- Data accessibility and quality ;
- The evolution of greenhouse gas emissions, which could follow one or other of the scenarios presented below and thus require more or less drastic efforts in order to respect the global carbon budget. With regard to the risks of double-counting that specifically relate to induced and avoided GHG emissions, the C4F CIA methodology that we use incorporates a multiple-counting approach.

Greenhouse gas emission scenarios and rising temperatures

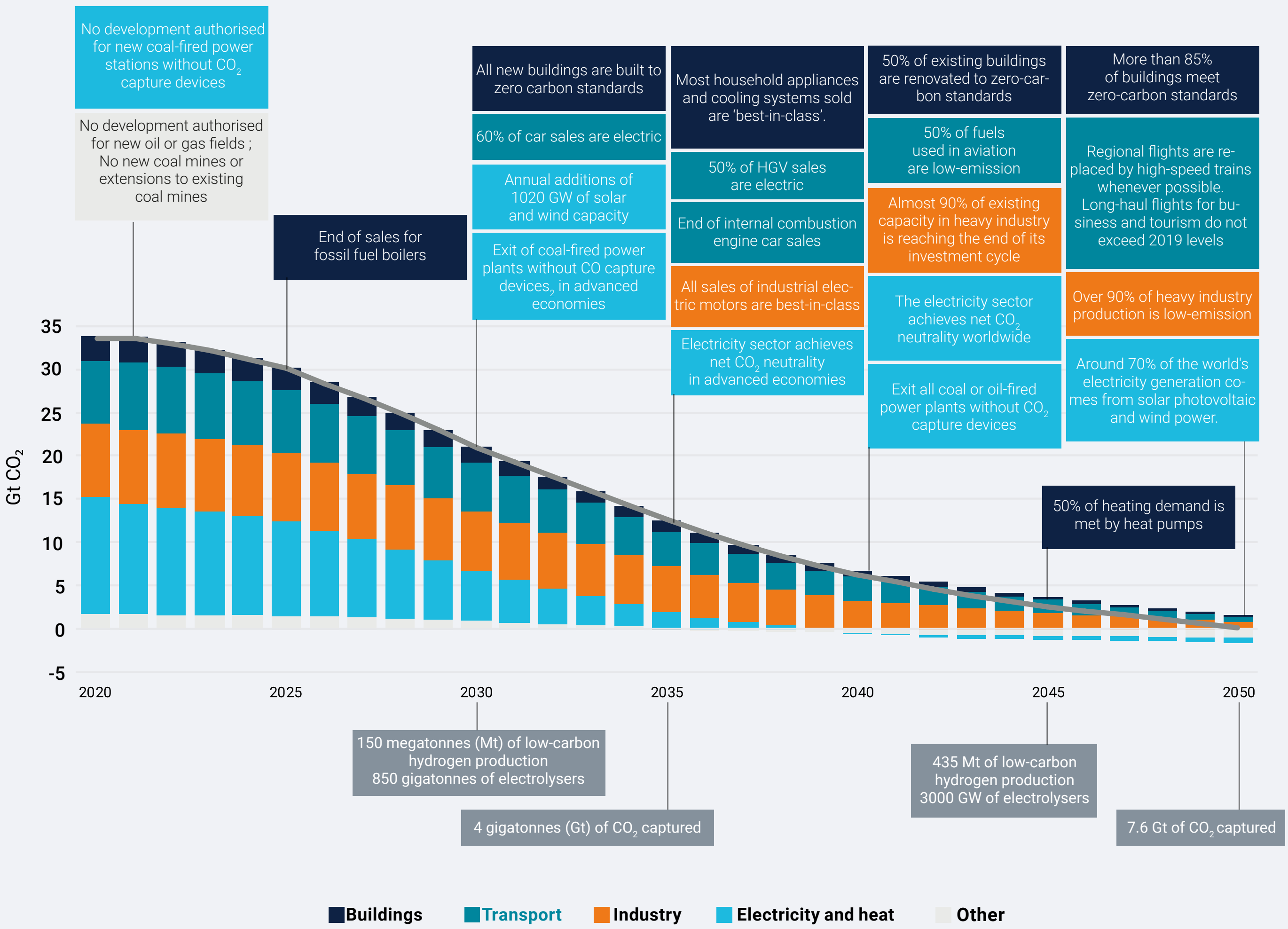


Source : Mirova as of 29/12/2023

Purpose and use of evaluation in the investment strategy and its complementarity with other ESG indicators

Given our objective of alignment and our desire to produce a positive environmental impact, Mirova has identified the sectors that contribute the most and the measures to be implemented. To this end, we based ourselves on the scenario « **Net Zero by 2050** » of the International Energy Agency (IEA). The IEA's work shows that the climate challenge primarily involves structural changes in the energy production, transport, building and industry sectors. Drastically reducing emissions also requires profound changes in the agriculture, livestock and forest management sectors, which account for almost a quarter of global emissions. Finally, achieving carbon neutrality will require a transformation of current practices to make nature an ally against climate change, by increasing natural carbon sinks. On the basis of this analysis, Mirova takes into account the transition commitments of issuers in all its investment strategies. We are also committed to allocating our capital to solution providers.

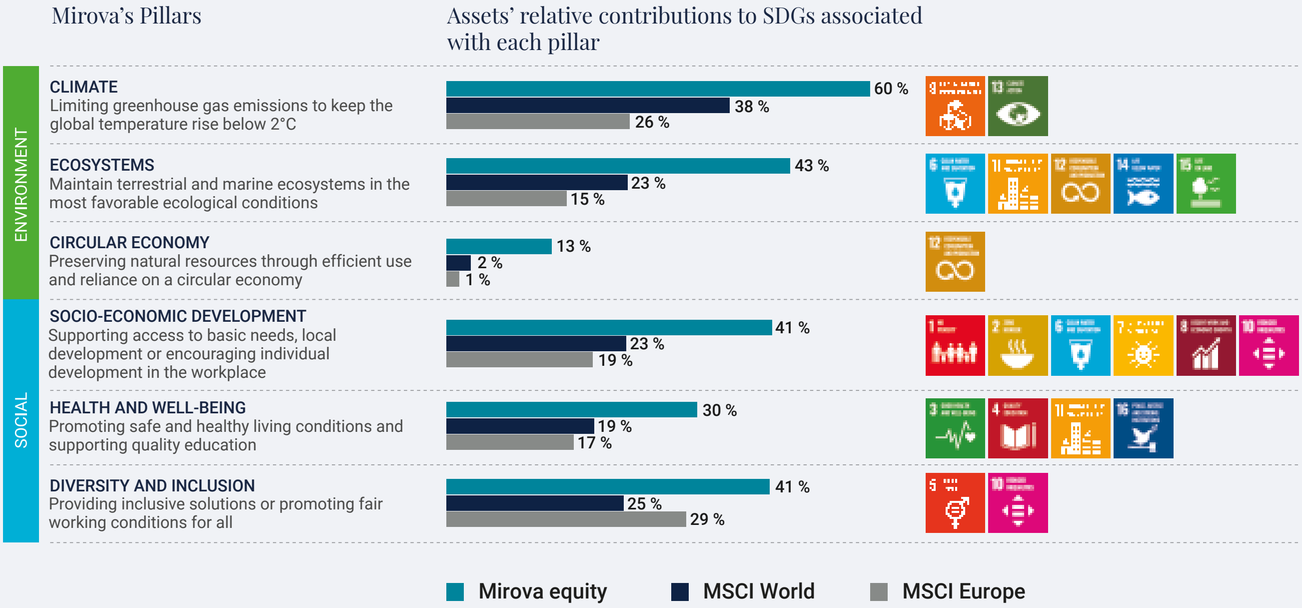
Key milestones in the IEA's path to net CO_2 neutrality



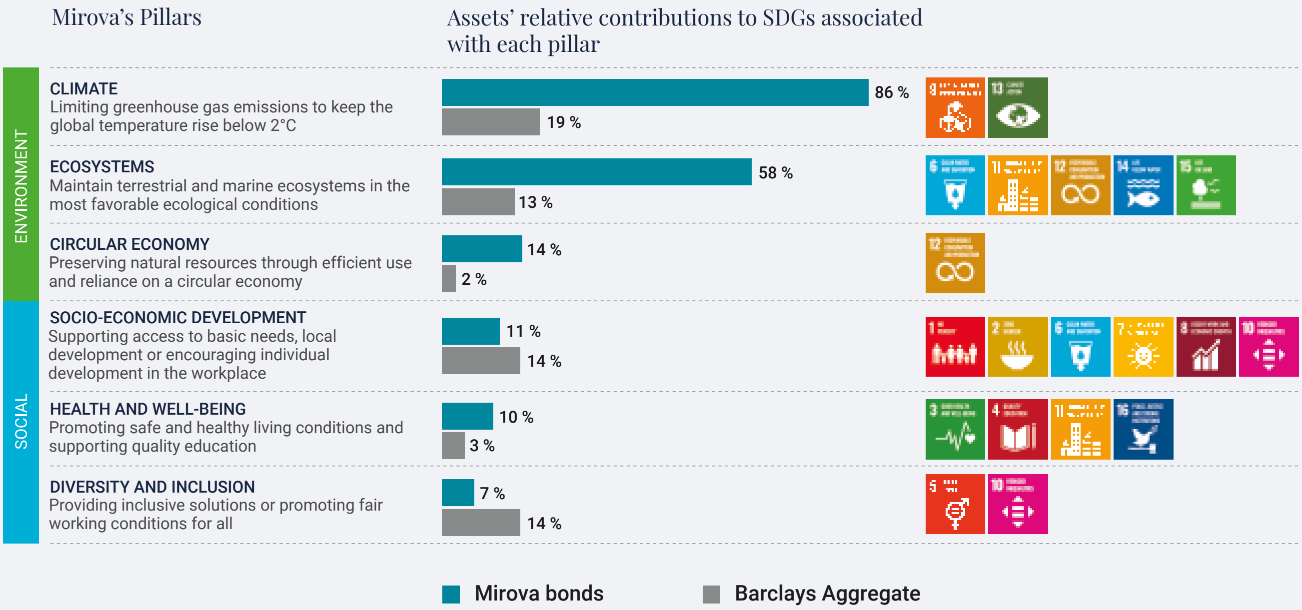
Source : Mirova as of 29/12/2023

The tables below show that, through our equity and bond investments, we place a large emphasis on assets that have a positive impact on the climate.

Mirova Equity - Share of high and moderate positive impact investments by impact pillar as of 29/12/2023



Mirova Bonds - Share of high and moderate positive impact investments by impact pillar as of 29/12/2023



Source : Mirova as of 29/12/2023

Thanks to the CIA method described in the report, we have access to carbon data (induced and avoided emissions, temperature) for listed assets. We also have data on unlisted assets through our work with I Care. Mirova stands out in particular for the high proportion of its green bonds, which represent 80.06% of our assets in of our fixed income strategies class.

Monitoring results

Carbon data (scope 1, scope 2, scope 3 and avoided emissions) is verified to ensure compliance with the 1.5/2°C trajectory promoted in all Mirova portfolios. We publish the portfolio alignment in our monthly reporting.

Continuous improvement plan

- Continue to develop the internal methodology for temperature ratings ;
- Review our decarbonisation target every five years at the latest ;
- Continue to develop our Natural Capital and Impact Private Equity platforms.

07 Alignement strategy with long-term biodiversity objectives

In 2020, we published our first biodiversity roadmap. In 2023 we were able to not only update it but also align it with the 2030 objectives set by the Kunming-Montreal Agreement. As a financial institution, we are particularly aware of target 19, which aims to mobilise $200 billion a year by 2030. This section explains how Mirova intends to contribute to achieving the targets of the Kunming-Montreal Accord and to continue developing the Corporate Biodiversity Footprint (CBF) tool.

Compliance with the objectives of the Convention on Biological Diversity (CBD)

The Convention on Biological Diversity, adopted in 1992, has several objectives : the conservation and sustainable use of biodiversity, access to genetic resources and the fair and equitable sharing of the benefits arising from their use.

Conservation and sustainable use of biodiversity

At the 15th Conference of the Parties to the CBD in December 2022, the Kunming-Montreal Accord set **4 objectives and 23 targets to be achieved by 2030 and beyond** for the conservation and sustainable use of biodiversity. Mirova is committed to making a significant contribution to achieving several of these objectives by using action levers that can be measured using verifiable indicators :

Alignment of our objectives with the Convention on Biological Diversity

#2
By 2030, at least 30% of degraded areas are being restored
Hectares restored

#3
By 2030, at least 30% of key ecosystems are protected
Hectares conserved

#8
Limiting climate change through nature-based solutions
Carbon credits

#10
Farming and fishing areas are managed sustainably
Biodiversity certificates

#15
Reducing the risks associated with the nature of businesses and improving their positive impact
MSA km²

#19
Aligning our investments with Taxonomies on Diversity
Taxonomy alignment

17 other objectives in the Global Biodiversity Framework
DNSH approach

- **Target 2 : Restore**
  To ensure that by 2030 at least 30% of degraded areas are effectively restored.
  ➜ Examples of indicators used by Mirova : restored hectares

- **Target 3 : Protecting land and marine areas**
  Protect at least 30% of land and sea by 2030.
  ➜ Examples of indicators used by Mirova : conserved hectares

- **Target 8 : Mitigating the impacts of climate change through nature-based solutions**
  Minimising the impact of climate change and ocean acidification on biodiversity and increasing its resilience by funding nature-based solutions that reduce GHG emissions from the land sector.
  ➜ Examples of indicators used by Mirova : carbon credits

- **Target 10 : Ensuring the sustainable management of agricultural and fishing areas**
  Ensure that agriculture, aquaculture, fisheries and forestry are managed in a sustainable manner (sustainable intensification, agro-ecology, etc.).
  ➜ Examples of indicators used by Mirova : area under sustainable productive use, certified production of marine commodities.

- **Target 15 : Reducing the risks associated with the nature of businesses and improving their positive impact**
  Encourage companies to regularly assess and disclose their risks, dependencies and impacts on biodiversity throughout their operations, supply and value chains and portfolios ; provide consumers with the information they need to promote sustainable consumption patterns.
  ➜ Examples of indicators used by Mirova : MSA[1]. km² and engagement with invested companies to encourage them to adopt the TNFD framework.

- **Target 19 : Mobilising financial resources in support of biodiversity**
  ➜ Examples of indicators used by Mirova : amount of our biodiversity investments in listed and unlisted assets and alignment of our investments with biodiversity taxonomies.

In addition, we will continue to ensure that nothing significantly impedes the achievement of the other targets through dedicated risk management policies.

1. For further information please refer to page 56 of this document.

Contributing to reducing the main pressures and impacts on biodiversity through our investment strategies

Our overall approach

Since first publishing our roadmap, "Mirova for Nature", in 2020, we have continued to roll out our initiatives in three areas :

- accelerate our investment in biodiversity through direct investment in Natural capital, but also across all our asset classes ;
- develop dedicated measurement indicators ;
- strengthen our commitments to our stakeholders by contributing to a process bringing public and private players together in order to develop tools that will help the financial sector protect nature.

In order to identify the assets that can help reduce the pressures on biodiversity, we have developed an internal Taxonomy that enables us to describe the solutions and good practices relating to the various pressures identified by the IPBES[1].

Sustainable land use

- Alternative proteins
- Fermentation of bio-waste
- Technologies for agriculture
- Sustainable forestry
- Eco-tourism
- Conservation
- Restoration

Sustainable water management

- Wastewater treatment and recycling systems
- Intelligent solutions for management and consumption
- Innovative irrigation products
- Sustainable agriculture

Circular economy, pollution and waste

- Waste recycling
- Functional economy
- CCU
  Carbon capture and utilisation

Climate / biodiversity solutions

- Low-carbon energy
- Low-carbon transport
- Low-carbon buildings

An asset is considered to be contributing when it meets all of the following conditions :

- Contribution to pressure reduction
  1. Share of minimum sales aligned with eco-activities in Mirova's internal taxonomy that are designated as contributing to the reduction of pressures, restoration and conservation of biodiversity
  2. Practices considered virtuous because they promise to reduce pressures on biodiversity in the value chain based of credible frameworks (SBTi-FLAG, etc.)
- Mitigation of environmental and social risks associated with economic activity along the value chain and verification of the "do no harm" principle.

1. IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services is an international group of experts on biodiversity.

Updating our minimum standards policy

In order to respond more effectively to biodiversity issues, we have strengthened our minimum standards policy, which includes an exclusion policy, so that activities whose impact is considered harmful are excluded from our investment universe at the outset.

Mirova has implemented a minimum standards policy which means that we do not invest in assets engaged in activities that have been identified as harmful to biodiversity conservation objectives, unless there is an intention to make a transition. These minimum standards are enhanced as our knowledge of the risks increases. They exclude assets located in high-risk countries with negative impacts and without adequate mitigation measures, as well as the following activities :

Deforestation risk :

Producers of major commodities at high risk of deforestation without zero- deforestation targets, robust audit and remedial processes and governance, including :

- soya producers without zero-deforestation targets and producers located in the Amazon and Cerrado regions ;
- palm oil producers who are not members of the RSPO (Roundtable on Sustainable Palm Oil) and who do not have all their production certified ;
- beef producers without zero-deforestation targets and producers in the process of expanding their herd (the exclusion applies to companies that embark on the expansion of their beef production capacity without a convincing strategy for the protection of ecosystems and without being able to provide a solid justification of the benefits of this strategy for the environment).
- tropical wood producers and plantation wood producers established in areas of high conservation value.

Chemical pollution risk :

- manufacturers of per- and poly-fluoroalkylated substances ;
- manufacturers of substances banned under international conventions or Annex 14 of the REACH (Registration, Evaluation and Authorisation of Chemicals) regulations , with no intention of ceasing production ;
- manufacturers of pesticides classified as very dangerous by WHO, which account for more than 5% of their sales and have no plans to cease production and companies using these pesticides without any commitment to stop doing so ;
- users of pesticides classified as very dangerous by WHO, for Natural capital projects.

Plastic pollution risk :

- manufacturers of polymers intended mainly for single-use plastics without targets for increasing the rate of recycled input ;
- PET polymer manufacturers exposed to >10% of sales demonstrating a low level of recycled input ;
- manufacturers of single-use tableware and fishing nets without targets for increasing the rate of recycled input and effective recyclability.

Aquaculture and fisheries risk :

- Companies without a commitment to reduce fishing of critical species such as Antarctic krill
- Companies without a commitment to reduce fishing in fish stocks subject to or at risk of overfishing.

Fossil fuel risk :

- oil, gas and coal companies for their indirect effects on biomes through global warming

Mirova's bioethics, minimum standards policy requires companies to be transparent about the techniques used to select organisations.

For further details on our policy, please refer to :

➜ Minimum standards

Investment strategies

Biodiversity is a theme that is taken into account in all asset classes, either through contributions or by mitigating the risks associated with the activities of companies and projects. We present below examples of contributing funds :

REAL ASSETS

Our Natural capital asset class aims to finance projects that contribute to the protection and restoration of nature, and is therefore fully focused on achieving a positive biodiversity impact. Through this asset class, we support :

- Land restoration and rehabilitation activities, with a focus on the sustainability of value chains. These investments are made via our Land Degradation Neutrality fund[1]. They aim to support the transition and decarbonisation of agricultural and forestry value chains, with a view to generating financial gains and a positive impact in terms of climate change adaptation and mitigation, biodiversity preservation and social inclusion, particularly for women in emerging countries.
- Sustainable fish consumption (fishing and aquaculture), the circular economy and the conservation of marine and aquatic environments. These activities are supported by the Sustainable Ocean Fund[2] ;
- Environmental assets : payments for ecosystem services, conservation of biodiversity-rich areas, carbon credits, biodiversity credits. The Climate Fund for Nature strategy mobilises major companies to decarbonise their supply chains. It aims to support high-quality projects dedicated to protecting and restoring nature, and in so doing to support farmers in their transition to regenerative practices, deliver carbon credits and generate co-benefits for communities, with a particular focus on empowering women.

1. Land Degradation Neutrality Fund is a SCSp (special limited partnership) under Luxembourg law, closed to subscription. Mirova is the management company. This fund is not subject to approval by a supervisory authority.
2. Sustainable Ocean Fund is an SCA SICAV SIF (Limited corporate partnership with the form of an open ended investment company and subject to SIF law) governed by Luxembourg law, approved by the Commission de Surveillance du Secteur Financier ("the CSSF") and closed to subscription. Mirova is the AIFM and Mirova UK is the delegated fund manager.

We support the environmental transition of the economy across all themes including biodiversity through our private equity impact activities, and more specifically the Mirova Environment Acceleration Capital (MEAC)[1] fund. This impact strategy focuses on five themes : agri-agro technologies, natural resources, circular economy, clean energy and sustainable cities.

Finally, our energy transition infrastructure asset class looks at biodiversity from the angle of reducing climate pressures.
Climate change is recognised as the fastest-growing pressure point, threatening marine biodiversity in particular.

With regard to risk mitigation, Mirova systematically analyses both the positive and negative potential impacts of projects, using international biodiversity standards such as the International Finance Corporation (IFC) Performance Standards as a framework for minimum requirements.

Should these analyses, which are often based on robust environmental and social impact studies conducted by independent third parties, highlight the risk of significant negative externalities, the project will not be selected for investment. In cases where biodiversity issues have been identified but are considered to have been dealt with satisfactorily, they are subject to regular qualitative and quantitative monitoring, as well as a engaging with the developers.

LISTED ASSETS

Listed assets can help reduce pressure on biodiversity and make a positive contribution to biodiversity.

THREE NEW STRATEGIES FOR LISTED SHARES TO MEET THE CHALLENGES OF BIODIVERSITY

Over the course of 2023, Mirova has developed a comprehensive approach to biodiversity in the field of listed equities, and is now proposing three other dedicated theme-based strategies that respond to the challenge of sustainable development through an approach highlighting the interactions between biodiversity and two other related dimensions : food and climate.

For each strategy, Mirova adopts an investment philosophy aligned with the definition of "sustainable investment" according to the European regulation on Sustainability Reporting in the Financial Services Sector (SFDR) and which is based partly on an internal Taxonomy of activities that are positive for nature, and partly on ensuring that companies' risk mitigation frameworks prevent significant harm to other dimensions of sustainability through their value chain.

1. Mirova Environment Acceleration Capital is a SLP (similar toe a limited partnership) made up of several separate sub-funds, open to new subscriptions from eligible investors, as defined by the fund regulations. Mirova is the management company. The approval of the supervisory authority is not required for this fund.

THE FOOD SECTOR : BETWEEN IMPACT AND DEPENDANCE ON BIODIVERSITY

Food is the economic activity with the greatest impact and dependence on biodiversity. Current models of intensive agriculture require large-scale use of land to produce food, feed and biofuels, destroying habitat for wildlife. Artificial inputs such as pesticides pollute soils and waterways, and livestock and fertilisers generate greenhouse gases (GHGs) such as methane and nitrous oxide. **We believe that a theme-based investment strategy dedicated to food should focus on companies able to demonstrate their positive impact across the entire value chain, including production, handling, delivery and recycling, in order to encourage a synchronous transition in agricultural practices and nutritional balance.** The companies selected must contribute to the transition in a variety of ways, by increasing the resilience of the food sector, reducing environmental impacts and improving the health impact of food.

A THEME-BASED STRATEGY DEDICATED TO POSITIVE IMPACTS ON BIODIVERSITY

The biodiversity strategy launched at the end of 2023 aims to contribute to the objective of the Convention on Biological Diversity : **halting and reversing the loss of biodiversity by 2030 to help restore nature, in line with a warming scenario of less than 2°C reflecting the international climate targets set by the Paris Agreement.**

Our strategy is based on the sources of pressure on biodiversity identified by the experts of the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) and selects companies on the basis of their ability to respond to these principal pressures.

We are therefore looking to finance companies that contribute, through their solutions or good practices, to mitigating the loss of biodiversity in their value chain, by promoting an active theme-based approach based on 4 major investment themes :

- Sustainable land use
- Sustainable water management
- Circular economy and waste
- Climate solutions

CLIMATE AND BIODIVERSITY : INTERCONNECTED ISSUES

Mirova's climate strategy uses a theme-based approach aimed at investing in companies providing solutions or services that contribute to energy transition.

The fund's investment themes are divided into four categories, all contributing to the fight against global warming :

- Clean transport (electric vehicles, batteries and associated materials)
- Renewable energy (developers, renewable energy operators and equipment manufacturers)
- Energy efficiency (industrial energy efficiency, green construction and insulation)
- Best practices and facilitators (companies in all sectors that are leading the way in the energy transition through their efforts to reduce their environmental impact).

MEETING THE BIODIVERSITY CHALLENGE WITH GREEN BONDS

Among other things, Mirova bond strategies help to have a positive impact on biodiversity through targeted investments in green corporate bonds, financing various nature-based solutions and the use of smart technologies.

Bond funds such as Global Green Bond Fund[1] can help finance land restoration or forestry companies that are developing sustainable land management activities. They also do so through sovereign bonds offering reforestation and certification of public forests. The fund also finances drinking water distribution companies committed to restoring catchment areas and rivers, thereby improving ecosystem services such as water retention and filtration, and setting up recycling facilities for car batteries to reduce the pressures associated with refining virgin metals.

Our Mirova Euro High Yield Sustainable Bond Fund[2] finances the transition to a circular economy, in particular via producers of packaging such as cardboard and aluminium alternatives to plastic, thus avoiding ocean pollution ; it also finances sustainable chemistry for waste water treatment and the production of substitutes for persistent pollutants such as PFAS (Per fluorinated and Polyfluorinated Alkyls).

Engagement, support for research and employee training to encourage the fight against biodiversity loss

Since the fight against biodiversity loss does not stop at the boundaries of investment, Mirova implements various internal policies. These cover three different types of policy: individual commitment, collaborative commitment, and research support for various initiatives.

INDIVIDUAL ENGAGEMENT

Mirova engages individually with the companies in its portfolios to improve the impact, risk, dependency and the opportunity profile of companies on biodiversity issues ;

Mirova has led an engagement initiative with companies in the chemical sector to encourage them to assess their chemical footprint using the Chemical Footprint Project methodology, to disclose the persistent substances they produce or use, and to publish a policy committing them to reduce, substitute or eliminate these substances. or eliminate substances of very high concern that are candidates for REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals).

Mirova has conducted an engagement initiative with companies dependent on agricultural or forestry commodities

1. Mirova Global Green Bond Fund is a sub-fund of the Luxembourg Mirova Fund, authorised by the Commission de Surveillance du Secteur Financier ("CSSF"). Natixis Investment Managers International is the management company and Mirova is the delegated financial manager.
2. Mirova Euro High Yield Sustainable Bond Fund is a sub-fund of the Luxembourg Mirova Fund, authorised by the Commission de Surveillance du Secteur Financier ("CSSF"). Natixis Investment Managers International is the management company and Mirova is the delegated financial manager.

to ask them to set targets for reducing land-related greenhouse gas emissions using the Science Based Target Initiative - Forestry Land use and Agriculture (SBTi-FLAG) methodology.
In 2023, Mirova carried out 13 individual engagement initiatives with companies on the theme of biodiversity and/or exerting pressure.

Our engagement policy with businesses aims to reduce pressures on biodiversity in line with the approach proposed by the SBTN and TNFD :

- By asking companies to identify the most substantial impacts
- Interpret and prioritise the points in the value chain where action is possible
- Measure, set targets for and mitigate risks to land and water in accordance with SBTN guides
- Disclose impacts, dependencies, risks and opportunities in line with TNFD recommendations
- Take action by calling for zero-deforestation commitments, assessing water dependency and taking operational measures to reduce risk.

COLLABORATIVE ENGAGEMENT

Mirova uses collaborative engagement to broaden its investment universe by partnering with other investors to help higher-impact global companies improve their profile in managing biodiversity-related risks and opportunities on the core issues of water and deforestation. The main collaborative actions in which Mirova has participated are highlighted below :

- **The CERES Valuing Water** initiative. This initiative requires companies to refrain from degrading ecosystems, water quality and the quantity of water available throughout their value chain, to support local communities' access to water, and to consider water issues in their decision-making.
- **The PRI Spring** initiative. This initiative requires companies to commit to zero-deforestation in the value chain and to put robust risk mitigation processes in place, prioritising commodities at stake and also complying with local regulations as part of virtuous advocacy.

Other collaborative commitments have been put in place to tackle pollution from livestock farming, and declarations have been signed calling for an ambitious treaty to reduce the use of plastics and a moratorium on the mining of the seabed.

SUPPORT FOR RESEARCH & INITIATIVES

In addition to its own activities, Mirova will also continue to contribute to raising awareness in world's investment and business communities by :

- Inviting companies to adopt a positive approach to nature by setting science-based targets (through the SBTN guidance report) ;
- Using dedicated reporting frameworks such as the TNFD ;
- Improving impact measurement by measuring biodiversity in the field using biodiversity certificates, in particular by supporting Verra's work on biodiversity credits ;
- Using credible methodologies such as the One Planet for Business & Biodiversity (OP2B) framework for regenerative agriculture ;

- Applying the mitigation hierarchy by sector through reference frameworks such as the pillars of the circular economy, the principles of cascading biomass use, the zero pollution hierarchy, the "source to sea" framework for plastic waste prevention, the food waste hierarchy and the circular and resilient frameworks for water ;
- Contributing to the dissemination of best practice among other investors by chairing Finance for Biodiversity Foundation working groups on positive impact.

In order to gain a better understanding of the connections between the activities we support and biodiversity, Mirova also funds research, with the aim of advancing the ecosystem as a whole. For example, we have signed a partnership agreement in 2022 with the Foundation for Research on Biodiversity (FRB) to strengthen our knowledge and understanding of the interactions between renewable energies and biodiversity. More details on our biodiversity policy can be found in the document Mirova for Nature 2023, published in April 2023, which provides a progress report on our activities in support of biodiversity.

Source : Mirova as of 29/12/2023

EMPLOYEE TRAINING

In order to ensure that issues relating to biodiversity and nature are better integrated into Mirova's activities, training was provided throughout 2023 :

- Organisation and implementation of several "fresco" type workshops (collaborative interactive project workshop) during the 2023 year on biodiversity and nature (or related issues) : biodiversity, ocean, forest and climate ;
- Between 2022 and 2023, at least 13 employees obtained the "Sustainable Investing" certificate issued by the CFA, following training financed by Mirova. This certification is directly linked to Mirova's core business and includes (among other things) courses on methods for integrating biodiversity and nature issues into investment and management strategies.

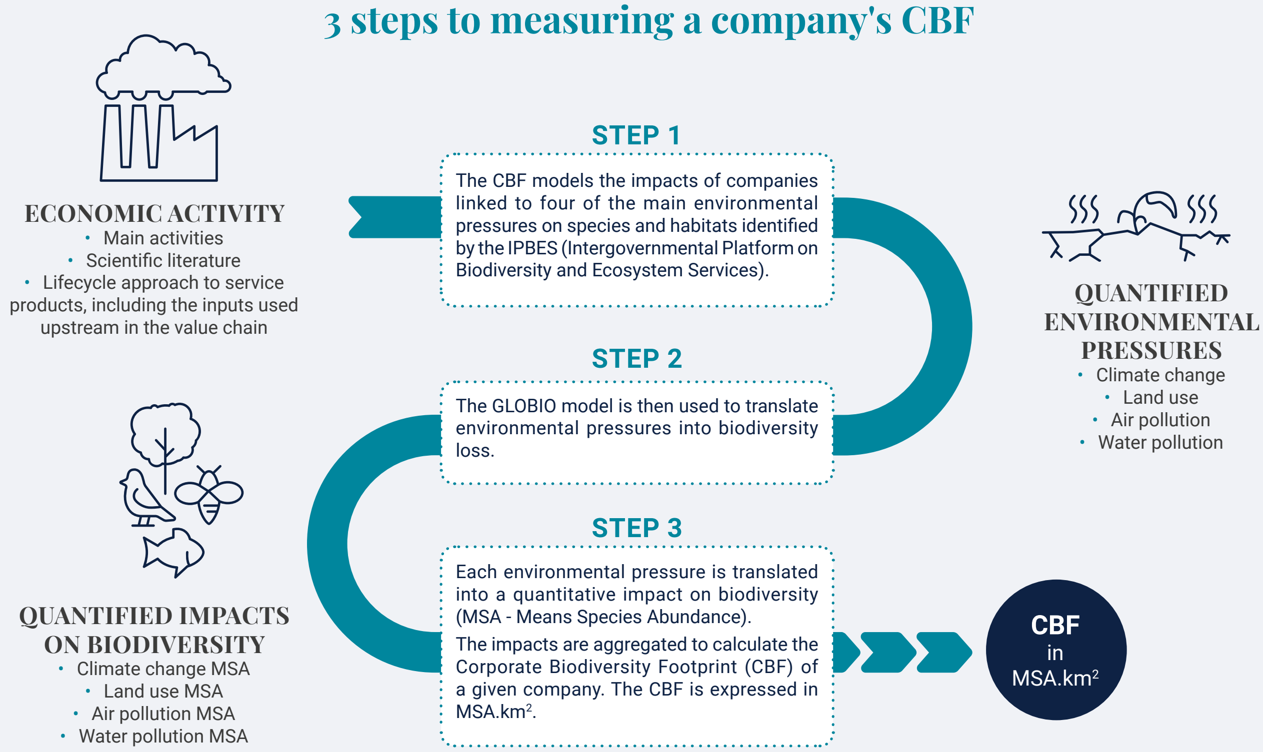
Development and use of the Corporate Biodiversity Footprint indicator

Our method also uses quantitative indicators to provide a better assessment of the pressures and impacts on biodiversity. The analysis of listed assets takes into account the CBF methodology which was co-developed by Mirova and Iceberg Datalab on the pressures exerted by companies on biodiversity).

THE CORPORATE BIODIVERSITY FOOTPRINT

In partnership with Iceberg Datalab and the I Care consulting company, Mirova has contributed to the development of a tool for modelling the impact of listed companies on biodiversity: the Corporate Biodiversity Footprint (CBF). The CBF translates data on company activities into environmental pressures (land use change air/ water pollution and greenhouse gas emissions). These pressures are calculated using a lifecycle approach, which considers the impact of companies' products and services as well as upstream inputs. Each environmental pressure then gives rise to a quantified impact on biodiversity. The metric used to express the impact is MSA.km^2, or Mean Species Abundance per km^2. The CBF is continuing to develop and should eventually also cover the following pressures: invasive alien species, exploitation of resources, impact on marine and river species.

3 steps to measuring a company's CBF

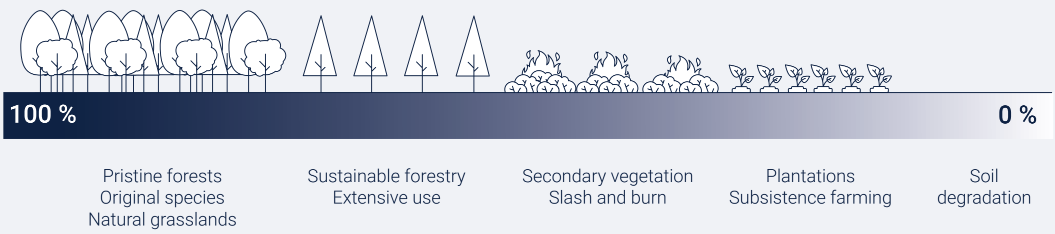


Source: based on Iceberg Datalab methodology

What is the MSA?

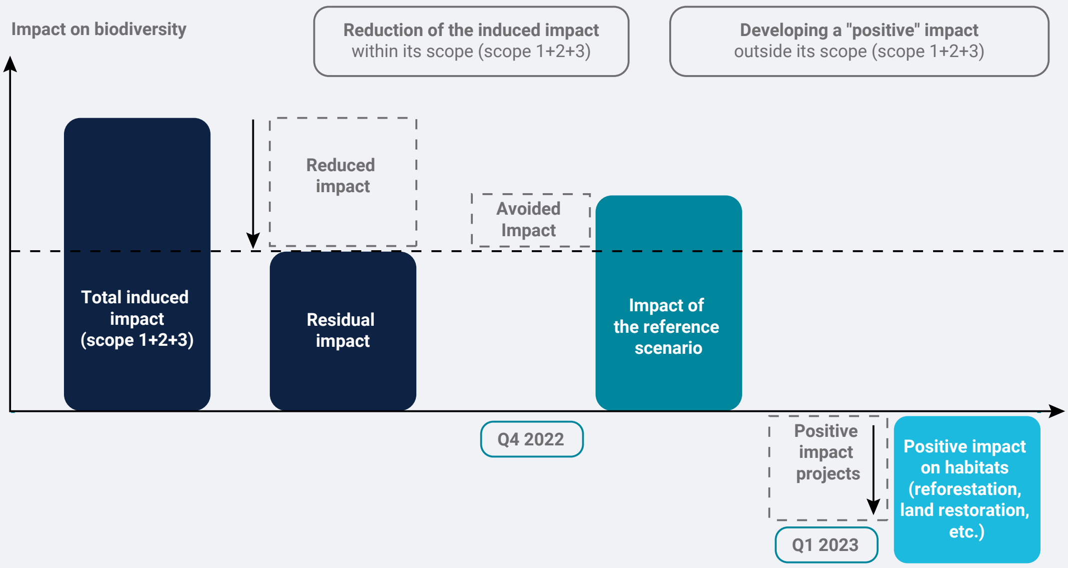
Mean Species Abundance (MSA) is a biodiversity indicator that expresses the average abundance of native species in an ecosystem compared to their abundance in pristine ecosystems. This is an indicator that measures the state of conservation of an ecosystem in relation to its original state, undisturbed by human activities and pressures. For example, an area with an MSA of 0% will have completely lost its original biodiversity (or will be colonised exclusively by invasive species), whereas an MSA of 100% reflects a level of biodiversity equal to that of an original, undisturbed ecosystem. Mean Species Abundance (MSA) is proposed by many data providers, such as CDC Biodiversité and Iceberg Datalab, and is becoming a standard in Europe and in the United States.

Average abundance of indigenous species



The CBF can also be used to measure positive impacts, according to the methodology described in the figure below:

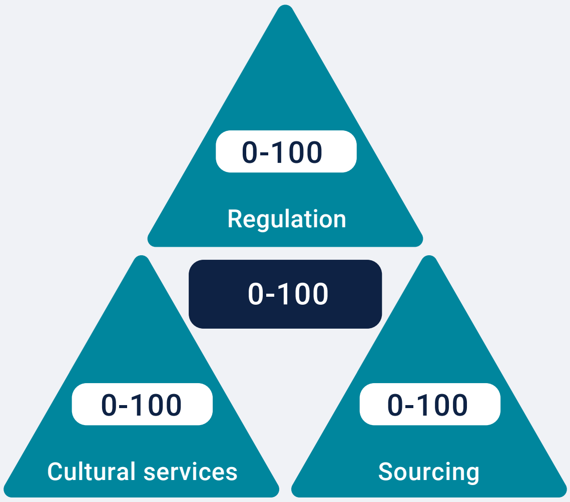
Positive impact indicators within the CBF methodology



Source : Iceberg Datalab

For unlisted assets, our teams of analysts systematically assess the following quantitative indicators in particular: hectares under conservation or restoration activities ; hectares managed productively and sustainably, which are particularly relevant for all investments in Natural capital.

CBF methodology dependency score



Source: Iceberg Datalab

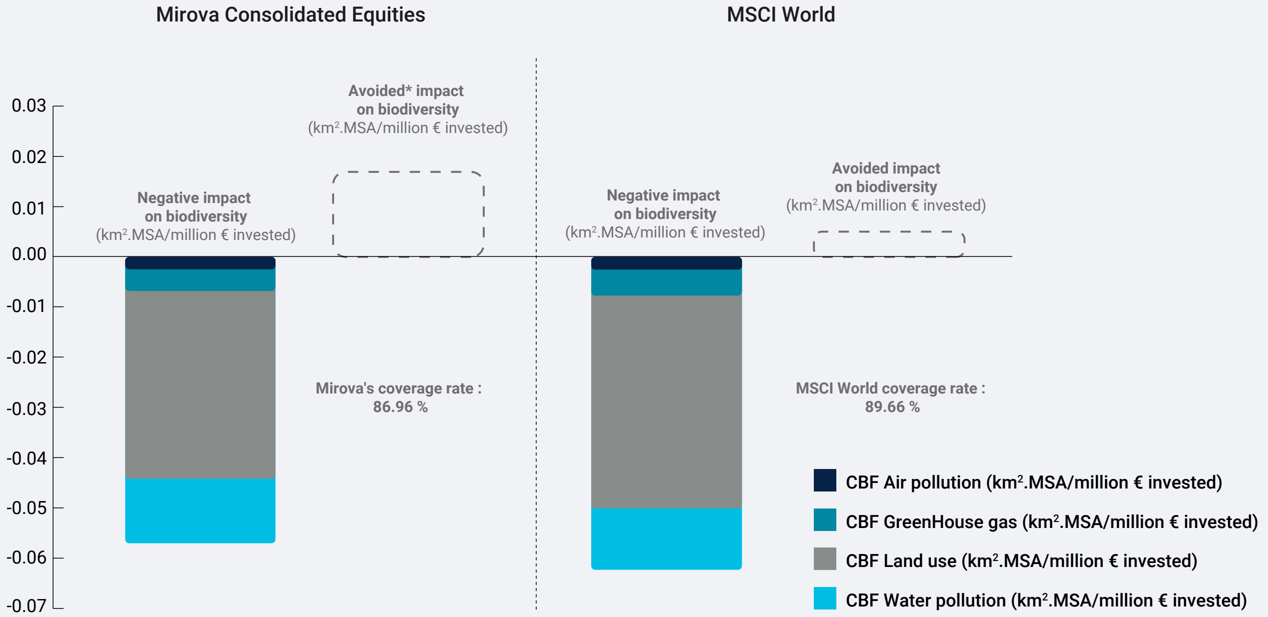
ICEBERG DATALAB AND MIROVA DEVELOPED A TOOL TO MEASURE DEPENDENCE ON ECOSYSTEM SERVICES

Mirova is currently working with Iceberg Datalab to develop a dependency score. This will take account of supply regulation and cultural services. It will be based on companies' sectoral and geographical exposures. It will therefore make it possible to assess the risks incurred by companies, to have comparable data and, ultimately, to contribute to the reallocation of capital towards activities that are favourable to biodiversity.

The biodiversity impact of our investments

OUR EQUITY INVESTMENTS

Aggregated negative CBF intensity as of 29/12/2023



**The "avoided impact" is defined as the impact on biodiversity that a company or financial institution will have avoided over time compared with a reference scenario established for biodiversity and for each main sector.*

Source : Mirova as of 29/12/2023

The graph above give an estimate of the negative impact on biodiversity of Mirova's consolidated portfolio of listed equities, compared with the MSCI World, on the basis of their intensity. As can be seen from the graph, we have selected companies in our portfolios whose impact on nature in relation to their economic value is less than that of the index. In fact, this impact is given in the form of intensity in MSA.km² per million euros of enterprise value and thus corresponds to the surface area artificialized and retained artificialized for 1 million euros invested. *The "avoided impact" is defined as the impact on biodiversity that a company or financial institution will have avoided over time compared with a reference scenario established for biodiversity and for each main sector.

▸ Continuous improvement plan

Mirova intends to improve its approach to biodiversity on the following bases

- ➜ Target setting: setting quantified biodiversity targets
- ➜ Disclosures: produce a nature disclosure report in line with the recommendations of the approved TNFD and TCFD
- ➜ Scenario: building scenarios for the medium-term development of its business based on assumptions about changes in the state of global biodiversity and the extent to which the market and regulators take this issue into account
- ➜ Indicators: develop footprint indicators to assess avoided and reduced impacts
- ➜ Asset class: demonstrating a positive approach to nature by opening a new biodiversity asset class
- ➜ Risks: quantitatively assess the physical risks to which Mirova is exposed

The impact of our unlisted investments

The table below shows Mirova's indicators demonstrating its contribution to the selected objectives :

CDB objective	Indicator	2023 Data	Data source	Perimeter
#2	Restored surface areas	1,642 ha	Collection from companies and projects	Natural capital
#3	Conserved surface area	345,085 ha	Id.	Natural capital
#10	Area under productive sustainable use	65,793 ha	Id.	Natural capital
#10	Production of certified marine commodities	12,750 t	Id.	Natural capital

** equivalent to the responsible production of seafood products, for which we take certified production + the production of fish from FIP[1] into account.*

Mirova intends to make a greater contribution to achieving the world's biodiversity objectives by participating in new initiatives.

- Mirova is a founding member of the Organisation for Biodiversity Certificates (OBC), which aims to establish a robust market for biodiversity credits.
- Mirova is a member of the High-Level working group on innovative financing mechanisms to meet the financing needs of biodiversity, launched ahead of the One Forest Summit, organised by Gabon and France in March 2023.
- Mirova also participates in Verra's Nature Framework Advisory Group. As part of its biodiversity policy, Mirova is working to develop an investment strategy that contributes to the 2030 objectives, by selecting companies that have adopted positive impact objectives consistent with the framework developed by Science-Based Targets for Nature (SBTN).
- Mirova will conduct a review of alignment with the European Taxonomy following the publication of the 4 other climate and environmental objectives.
- Finally, we will be continuing to develop the Corporate Biodiversity Footprint, in order to refine the tool and include all five of the main pressures identified by IPBES, and to provide a score for dependence on ecosystem services.

1. Fisheries Improvement Project: these are fisheries that are not yet MSC certified but are aiming for certification in the future. In this case, they carry out a gap analysis, establish a register and implement a plan to close the gaps over time. Progress is independently monitored and the results made public.

Direct impact

While Mirova produces indirect impacts that lead to the degradation of biodiversity and ecosystem services, mainly through the exposure of its investments to these issues, Mirova also produces direct impacts that are considered to be insubstantial due to our 'services' business, which has little impact on biodiversity. The direct impacts are mainly related to:

- Land use in buildings: our offices are located in Paris, Boston, London, Singapore[1] and Nairobi. In this respect, the deployment of flexible workspaces and the BPCE group's property master plan have helped to reduce the amount of floor space occupied.
- Greenhouse gas emissions from buildings and employee transport and digital emissions: from this point of view, BREEAM, LEED and WELL certification of buildings reduces the energy footprint. In addition, Mirova's transport policy encourages increased use of alternatives to air travel. The Group ensures that 80% of its electricity comes from renewable sources and >40% of the energy in its data centres comes from wind power. The Group trains its employees in digital responsibility, including Mirova employees.
- The production of waste linked to the life cycle of IT equipment. The BPCE Group's responsible purchasing charter includes sustainability clauses that count for 20% of the supplier's score. The Group also monitors equipment throughout its life cycle, and is committed to circularity, with a total of 70% of screens, mice and keyboards reused by the time the Group moved in 2022.

1. Singapore is a division of Mirova hosted by Natixis Investment Managers in Singapore.

08 ESG criteria in risk management and methodology

As Mirova is an asset management company dedicated to ESG investment, ESG risks are at the heart of our conventional risk management framework, at both the investment and holding stages. In addition to a very demanding risk and opportunity analysis policy, which may lead to exclusion from the investment universe, we have put a residual risk management policy in place. Most notably, this policy incorporates the Sustainability Research team, the management and financial analysis teams and the Risk Department.

Process for identifying, assessing, prioritising and managing ESG risks

Risk identification and assessment begins with an ESG analysis. Our analysis methodology enables us to identify and minimise the risks associated with our investments. As a result, we now analyse the residual risk of each asset, i.e. the risk linked to the sector of activity from which the companies assessed come or to their internal practices. It is classified into four levels : low, medium, high or significant damage. To ensure the robustness of the ESG risk analysis, our assessment is also based on quantitative indicators, as presented in section 1) (page 13) : physical indicators, level of exposure, PAI, alignment with the European Taxonomy. Quantitative indicators are monitored at different levels : asset, fund and asset class.

At asset level, this results in the production of an ESG opinion, which is updated at a maximum frequency of 18 months. Asset performance and ESG risks are monitored on an ongoing basis during the holding phase.

The verification of the portfolios' carbon data (Scope 1, Scope 2, Scope 3 and avoided emissions) is carried out to ensure that all Mirova's portfolios are in line with the 2°C Paris scenario.

In addition to the verification of ESG ratings carried out as part of the investment constraints, additional verifications are carried out as part of certain investment processes, and generally on all Mirova portfolios. In the event of a sudden downgrading of a security's ESG rating, the Risk Department guarantees the independence of the Research team decisions and is involved in decisions to remove the downgraded issuer from the portfolios. The ESG risks of our real assets are managed proactively upstream of the investment decision and during the holding period, for example by monitoring the implementation of environmental and social action plans. Risk management is also based on our exclusion and engagement policies.

The frequency at which the risk management framework and methodologies are reviewed

The risk management framework is not subject to a predetermined review frequency, but follows a continuous improvement process. Mirova is constantly seeking to improve its internal practices, to strengthen and formalise its processes or to identify any blind spots.

Description of the main ESG risks

As explained in section I) of this report, our ESG analysis methodology is extremely rigorous. It enables us to identify ESG risks at an early stage, significantly reduce our exposure and control residual risks.

CLIMATE-RELATED RISKS

These analyses take full account of the specific risks and opportunities associated with climate change. As a result, we are not invested in assets that contribute significantly to climate change, such as coal or oil extraction, or coal-fired power generation. We are also seeking to increase our investments, across all our asset classes, in assets that will help to promote a low-carbon economy, such as renewable energies and energy efficiency. In addition to **transition risks**, we are also seeking to assess the impact of ongoing climate change on the sustainability of our assets' business models. This analysis of the physical risks associated with climate change is incorporated into investment decisions. Today's transition risks can be assessed, since achieving the goal of carbon neutrality by 2050, for example, implies very rapid transition for companies involved in high-stake sectors. Companies that are unable to make this transition and remain over-dependent on fossil fuels face the transition risk today, and the associated financial risks are immediate. The **physical risks** can also be assessed today, but their realisation will take place in the longer term (>10 years), depending on whether or not a pessimistic climate scenario occurs in which the average temperature rises by more than 2°C. The approach adopted consists of a qualitative review that seeks to cross-reference the distribution of production sites and value chains of invested assets with our understanding of the areas likely to be affected by climate change, with phenomena such as an increase in extreme weather events, rising sea levels, more frequent droughts and greater risk of heatwaves. Our energy transition infrastructures are more exposed to physical risks, both acute and chronic, which are nonetheless monitored during the investment and ownership phases. The analysis is based on a global warming scenario of between 5°C and 6°C, to ensure that the analysis is exhaustive. Data on the location of these assets is one of the reasons why physical risks can be analysed in greater detail.

ECONOMIC AND GEOGRAPHICAL RISKS

Our proprietary ESG rating method takes sector-specific factors into account. It focuses on the relevant risks and opportunities for 8 economic sectors and 21 sub-sectors (energy, mobility, consumption, etc). As our analysis is qualitative and specific to each asset, the significance of the risks is assessed on a case by case basis. Risk is finely characterised and segmented at this ESG rating stage, as well as through residual risk analysis. Lastly, for sovereign bonds that are considered Green Bonds, Mirova takes geographical specificities into account in order to update its valuation on an annual basis. The ESG criteria are identical for all countries, but the analysis is differentiated based on income level. This method also incorporates three of the six global governance indicators published by the World Bank : regulatory quality, respect for the rule of law and control of corruption.

CONTROL OF RESIDUAL RISKS

The purpose of the sustainability analysis is to identify the relevant residual environmental and social risks arising from a company's activities and practices, and to assess the quality of the measures taken by the company to mitigate these risks (the "DNSH test"). This analysis takes particular account of the extent to which the investee company is involved in certain sectors or activities that may be considered harmful to the environment and/or society and its exposure to relevant environmental or social controversies. Based on this qualitative analysis, Mirova issues a binding opinion to companies whose business activities or practices are considered to have a significant negative impact on the achievement of one or more of the UN's SDGs and are systematically excluded from the investment universe, regardless of their other positive contributions.
Companies remaining eligible after this review are monitored on an ongoing basis through daily news updates and at least annual updates of their ESG profile.

BIODIVERSITY RISKS

Mirova has used the TNFD categorisation, to identify 7 risks related to its business, consisting of 5 transition risks and 2 physical risks. Mirova considers the risks to which its investments are exposed throughout the value chain, with the exception of chronic physical risk. The categorisation and mitigation measures are as follows :

With respect to transition risks
- **Political risk** – relating to the emergence of new regulations motivated by the protection of biodiversity, leading, for example, to investments by the companies in our portfolios, reducing our profitability. The most significant risks identified by Mirova are legislation relating to the reduction of pressures, such as legislation banning the import of commodities linked to deforestation ; legislation requiring the circularity of materials ; legislation banning hazardous chemical substances ; and legislation relating to the conservation and restoration of nature, requiring the protection of land and seas. These risks are mitigated by:
  1. our minimum standards policy, which excludes from investment those companies that are most exposed to, or developing activities in sensitive biodiversity areas ;
  2. our individual commitment policies, which call for targets to be set for reducing exposure to these risks, and our collective commitment policies, which make it possible to reach companies outside the portfolio ;
  3. our ESG sector analysis methodology, which describes risk mitigation frameworks that meet our level of requirements, such as initiatives to reduce exposure to raw materials, risk mapping and traceability of raw materials.

- **Market risk** – notably related to changes in market dynamics, supply and demand for goods, which could adversely affect the sales of companies in our portfolios and therefore our profitability. The most significant risks identified by Mirova relate to changes in consumer habits, leading to changes in the main pressures. These risks are mitigated by
  1. our investment policy, which favours megatrends informed by market research.
  2. our ESG methodology, which assesses both environmental and social issues, such as consumer health.
- **Technology Risk** – relating to the emergence of a new technology with a superior environmental performance in terms of use of resources and pollution, which could reduce our profitability. The risks identified affect all sectors. Mirova mitigates this risk through :
  1. its financial assessment of the competitiveness of the products and services offered by the company in which it invests ;
  2. its exclusion policy, which sets minimum performance and certification standards for certain sectors ;
  3. its ESG policy, which refers to the impact hierarchy by business sector, prioritising solutions and services that avoid impact, ahead of solutions that reduce it, and also requires certification rates.
- **Reputational risk** – relating to the emergence of biodiversity-related controversy affecting an asset in which Mirova invests. The risks identified affect all sectors. Mirova mitigates this risk through (i) Mirova's use of a controversy data provider used pre-investment (ii) post-investment monitoring.
  1. a controversy risk management policy involving monitoring by the Risk Department, handling of the controversy by the Research Department and then an escalation process to the highest levels of governance of the offending company ;
  2. an engagement policy in the event of controversy aimed at ensuring that the company takes sustainable remedial measures that could lead to a downgrading of the company's extra-financial rating, which could make it ineligible for investment after 18 months ;
- **Legal Risk** – relating to a dispute arising from non-compliance with a law on the protection of biodiversity or the reduction of pressures such as pollution or deforestation. The risks identified affect all sectors. Mirova mitigates this risk through :
  1. our policy of minimum standards that exclude companies that clearly do not conform to the UN Global Compact or the OECD Guidelines for Multinational Enterprises ;
  2. our systematic demand that the Sustainable Forestry Initiative (SFI) performance standards be applied to the assets financed by Natural Capital ;
  3. the application of sustainability standards in our financing contracts for non-listed assets.

The assessment of biodiversity-related transition risks is mainly qualitative. A quantitative assessment is currently being developed by Mirova's data provider, Iceberg Datalab.

With regard to physical risks :

- **Acute risk** – relating to the degradation of financed assets by natural disasters caused by events whose frequency or magnitude is amplified by the loss of biodiversity. Over the last two decades, the leading causes of natural disasters in terms of economic losses - excluding storms linked to climate and earthquakes linked to geological activity - have been floods, followed by droughts and then forest fires. Most of the damage caused by drought occurs in the agricultural sector. Mirova mitigates the risks by :
  1. An ESG methodology : assessment of water-related risk for the sectors concerned and engagement activities aimed at implementing management plans at sites with a high water risk. With regard to drought in particular, Mirova is calling for the implementation of a water risk assessment in the upstream agricultural value chain and engagement with suppliers to disclose their impacts on CDP-Water1, as well as support for small farmers in the transition to water-efficient practices. With regard to forest fires, Mirova is asking forestry companies to disclose their practices for improving forest resilience through diversification of tree species towards a set of resilient species, preventive fires, and the establishment of fire corridors ; as for the construction sector, Mirova is asking companies to assess the exposure risk to areas at high risk of forest fires.

- **Chronic risk** – relates to a loss of profitability due to a long-term reduction in the ecosystem services on which the financed asset depends. The ecosystem services identified are provisioning, regulation and cultural. Mirova does not seek to mitigate risk but to monitor dependency :
  1. In terms of our ESG methodology, Mirova monitors the direct dependence of its investments on the three ecosystem services identified using the tool developed by Iceberg Datalab - the Corporate Biodiversity Footprint, which provides a direct dependence score for each of these services using the ENCORE[2] typology.
  2. In terms of financial management, Mirova monitors dependence on certain ecosystem services, such as supply, by tracking the price of raw materials and their impact on company profitability.

The direct physical risks associated with Mirova's services activity are generally limited to the acute risks of floods, droughts and storms affecting buildings. With regard to floods and storms, risk mitigation is carried out in compliance with local legislation, and with regard to drought risks, the BPCE group intends to start by consolidating the group's water consumption from 2024.

Mirova does not quantify the physical risks associated with biodiversity because there is no satisfactory methodology for assessing acute risks. Furthermore, there is no scientific consensus on the main chronic risks.

1. The CDP water programme is the only global platform for corporate disclosure and action on water to address the global water crisis.
2. Exploring Natural Capital Opportunities, Risks and Exposure

Actions to reduce the entity's exposure to the main ESG risks

The role of reducing exposure to ESG risks is performed first and foremost by the Sustainability Research team, which applies an entry filter via our ESG rating method. As explained above, this is based, among other things, on an analysis of risks and opportunities. If an asset is classified as having a "Negative Impact" or "Negligible Impact", the opinion produced by the Sustainability Research team may lead to its exclusion from the eligible investment universe. As explained in section 1) of this report, since we updated our ESG evaluation method, we also analyse the residual risk of each asset, i.e. the risk linked to the sector in which the companies evaluated operate or to their internal practices. It is classified into four levels : low, medium, high and significant damage. These residual risks are monitored and analysed on an ongoing basis via our OCTAVE platform. They give rise to a notification to the company and an engagement phase, which can lead to disinvestment. During the holding phase, reducing exposure to the main risks is also achieved through our controversy management policy, implemented jointly by the Risk Department and the Sustainability Research team. Controversy management takes the form of a commitment to the company, which can lead to divestment in the case of listed assets. The portfolio managers also take part in reducing our exposure to risk by monitoring the investment strategy. Inadequate measures to mitigate negative impacts, in particular PAI, may lead to the withdrawal of a security.

The Risk Department carries out a secondary control on financial and ESG risks, using data from external service providers and a review by Mirova's Research teams.
In addition to traditional indicators (Value at Risk, Tracking Error, etc.), internal limits specific to ESG factors are monitored, and breaching these ESG thresholds triggers an alert and leads to an escalation similar to a financial breach. At the same time, when a rating is downgraded significantly, the security is delisted.

Risks are communicated to the relevant bodies at the following intervals :
- Risk monitoring reports are sent to Mirova management on a weekly basis ;
- A quarterly Risk Committee meeting is held to review all ESG and reputational risk issues from the previous period.

Finally, our engagement policy is a lever for reducing our exposure to the main ESG risks.

Quantitative estimate of the financial impact of the main ESG risks, proportion of assets exposed and time horizon

Our exposure to ESG risks, both in financial terms and as a proportion of assets, is minimal, thanks to our rigorous asset selection and risk management process. We carry out a sector-specific risk analysis for each asset, whether listed or unlisted. If assets appear to be too risky, the Research department issues a no-go as part of the investment decision, thereby preventing investment in securities considered to be too risky. In the case of significant residual risks, the Research department implements engagement methods within the companies to reduce these risks. Furthermore, on the listed side, in our models of anticipated value creation, the very fact of having invested in companies that are well positioned on the subject of environmental and social transition could reduce risks, and therefore create value in the medium and long term. However, we do not currently calculate the financial impact of ESG risk management. For bonds we have specifically developed Greenium, a valuation model that tracks the green premium of different assets. For non-listed assets, we follow a specific process for real assets (idiosyncratic risks may lead to an increase in the discount rate).

09 List of financial products covered by Articles 8 and 9 of the Disclosure Regulation (SFDR)

For all funds managed by Mirova and affiliated as a financial management delegatee or management company, 100% are classified as Article 9 according to the SFDR regulations. The list of our open-ended funds as of 29 December 2023 is shown below.

Listed funds	
Mirova Global Sustainable Equity Fund	Mirova Actions Euro
Mirova US Sustainable Equity Fund	Mirova Actions Europe
Mirova Europe Sustainable Equity Fund	Mirova Actions Monde
Mirova Euro Sustainable Equity Fund	Insertion Emplois Dynamique
Mirova Climate Solutions Equity Fund	Mirova Emploi France
Mirova Europe Environmental Equity Fund	Impact ES - Actions Europe
Mirova Future of Food Fund	Abeille la Fabrique Impact ISR
Mirova Biodiversity Solutions Equity Fund	Afer Actions Emploi
Mirova Women Leaders & Diversity Equity Fund	Mirova Obli Euro
Mirova Global Green Bond Fund	Impact ES - Oblig Euro
Mirova Euro Green and Sustainable Bond Fund	Mirova Solidaire
Mirova Euro Short Term Sustainable Bond Fund	SG Mirova Actions Monde Durable ISR[1]
Mirova Euro Green and Sustainable Corporate Bond Fund	SG Mirova Obligations vertes[1]
Mirova Euro High Yield Sustainable Bond Fund	SG Mirova Actions Environnement Durable[1]
Mirova Europe Sustainable Economy Fund	SG Mirova Actions Monde Climat[1]
Mirova Europe Environnement	Mirova Global Sustainable Credit
Private assets	
Mirova Eurofideme 3	Mirova Environment Acceleration Capital 2
Mirova Renewables Co-Investment 1	Nature + Accelerator Fund SLP
Sustainable Ocean Fund	Climate Fund for Nature
Land Degradation Neutrality Fund	Mirova Gigaton Fund
Mirova Eurofideme 4	MET5 Magi Co-Investmet
Mirova Renewables Co-Investment 2	Mirova Energy Transition 6
MEF4 Monet Co Invest SLP	Land Degradation Neutrality Catalytic Fund 1*
Mirova Energy Transition 5	Land Degradation Neutrality Catalytic Fund 2*
Mirova Environment Acceleration Capital	

Each fund may be subject to restrictions in respect of certain persons or in certain countries by virtue of national regulations applicable to such persons or in such countries. It is therefore the responsibility of each investor to ensure that they are authorised to invest in this Fund. For more information, please refer to the Mirova website.
1. SG29 Haussmann is the management company. ***For more information, please refer** to the website*

** Land Degradation Neutrality Fund feeder funds*

ESG INVESTING METHODOLOGICAL LIMITS

By using ESG criteria in the investment policy, the relevant Fund's objective would in particular be to better manage sustainability risk. ESG criteria may be generated using the Delegated Investment Manager's proprietary models, third party models and data or a combination of both. The assessment criteria may change over time or vary depending on the sector or industry in which the relevant issuer operates. Applying ESG criteria to the investment process may lead the Delegated Investment Manager to invest in or exclude securities for non-financial reasons, irrespective of market opportunities available. ESG data received from third parties may be incomplete, inaccurate or unavailable from time to time. As a result, there is a risk that the Delegated Investment Manager may incorrectly assess a security or issuer, resulting in the incorrect direct or indirect inclusion or exclusion of a security in the portfolio of a Fund.

DISCLAIMER

DISCLAIMER

An affiliate of NATIXIS INVESTMENT MANAGERS

ABOUT MIROVA

Mirova is a management company dedicated to sustainable investment and an affiliate of Natixis Investment Managers. Through conviction management, Mirova's goal is to combine long-term value creation and sustainable development. Pioneers in many areas of sustainable finance, Mirova's talents aim to continue innovating in order to offer their clients solutions with high environmental and social impact. Mirova and its affiliates manage €29 billion as of March 31, 2023. Mirova is a mission-driven company, labeled B Corp*.

** Reference to a ranking, a label and/or an award does not indicate the future performance of the UCITS/AIF or the fund manager.*

MIROVA
Portfolio management company - French Public Limited liability company
Regulated by AMF under n°GP 02-014
RCS Paris n°394 648 216
Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris
Mirova is an affiliate of Natixis Investment Managers.
Website – LinkedIn

NATIXIS INVESTMENT MANAGERS
French Public Limited liability company
RCS Paris n°453 952 681
Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris
Natixis Investment Managers is a subsidiary of Natixis.

NATIXIS INVESTMENT MANAGERS INTERNATIONAL
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