



## Transparency Code

LBPAM ISR Actions Europe	LBPAM ISR Actions France
Federis ISR Euro	Federis ISR France
LBPAM ISR Actions Environnement	LBPAM ISR Actions Euro
LBPAM ISR Actions Euro Focus Emergent	LBPAM ISR Actions Small Cap Euro
LBPAM ISR Actions Value Euro	LBPAM Responsable Actions Euro
LBPAM Responsable Actions Europe	Tocqueville Mid Cap Euro ISR
Tocqueville Dividende ISR	Tocqueville Finance ISR
Tocqueville France ISR	Tocqueville Global Tech ISR
Tocqueville Megatrends ISR	Tocqueville Silver Age ISR
Tocqueville Small Cap Euro ISR	Tocqueville Technology ISR
Tocqueville Value Europe ISR	

November 2021

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### SRI transparency code:

“This Transparency Code is the English version of the European Transparency Code that was designed and approved by the AFG, FIR and EUROSIF at their Board meetings held on 13 December 2012 (AFG), 20 December 2012 (FIR) and 3 October 2012 (Eurosif), respectively. It is mandatory for all SRI retail funds managed by management companies that are members of the AFG or FIR.”

### Statement of commitment:

Socially Responsible Investment is an essential part of the strategic positioning and behaviour of our funds.

Our parent company, LA BANQUE POSTALE ASSET MANAGEMENT, has been involved in SRI since 1997 and we welcome the implementation of the Code.

Our full response to the SRI Transparency Code can be accessed below and is available on our website.

### Compliance with the Transparency Code:

Tocqueville Finance and LBP AM are committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the State in which we operate.

The funds covered by this document meet the full recommendations the Code.



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**4.2 Comment les critères relatifs au changement climatique sont-ils pris en compte dans la construction du portefeuille ?.....**Erreur ! Signet non défini.

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**4.4 Le process d'évaluation ESG et / ou processus de gestion a-t-il changé dans les douze derniers mois ?.....**Erreur ! Signet non défini.

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Erreur ! Signet non défini.

**4.6 Le ou les fonds pratiquent-ils le prêt / emprunt de titres ? .....**Erreur ! Signet non défini.

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**6.3 Quels sont les supports media permettant d'informer les investisseurs sur la gestion ISR du ou des fonds ? .....**Erreur ! Signet non défini.

**6.4 La société de gestion publie-t-elle les résultats de sa politique de vote et de sa politique d'engagement ?.....**Erreur ! Signet non défini.

## 1 List of funds covered by this Transparency Code

Name of the fund	Legal form	AMF Classification	SRI approach	Assets at end-October 2021 (€m)	Links to fund documents
<b>Funds managed by LBP AM and feeder funds managed by Tocqueville Finance</b>					
<b>LBPAM ISR Actions Europe</b> <i>(feeder fund of the Tocqueville Megatrends ISR fund)</i>	Mutual fund (FCP)	International equities	Best-in-universe rating	235	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=QW8&amp;isin=FR0010305490&amp;laoste=">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=QW8&amp;isin=FR0010305490&amp;laoste=</a>
<b>LBPAM ISR Actions France</b> <i>(feeder fund of the Tocqueville France ISR fund)</i>	Mutual fund (FCP)	Equities of eurozone countries	20% of the universe excluded (stocks on the exclusion list + stocks with the lowest ratings)	306	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=AMF&amp;isin=FR0010302695&amp;laposte=">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=AMF&amp;isin=FR0010302695&amp;laposte=</a>
<b>LBPAM ISR Actions Small Cap Euro</b> <i>(feeder fund of the Tocqueville Small Cap Euro ISR fund)</i>	French SICAV (open-ended investment company)	Equities of eurozone countries		269	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=PML&amp;isin=FR0000934325">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=PML&amp;isin=FR0000934325</a>
<b>Funds managed by LBP AM with financial management delegated to Tocqueville Finance</b>					
<b>Federis ISR Euro</b>	Mutual fund (FCP)	Equities of eurozone countries		1,070	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=IFO&amp;isin=FR0011462696">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=IFO&amp;isin=FR0011462696</a>
<b>Federis ISR France</b>	Mutual fund (FCP)	French equities	Best-in-universe rating	293	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=IFF&amp;isin=FR0007021936">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=IFF&amp;isin=FR0007021936</a>
<b>LBPAM ISR Actions Environnement</b>	Mutual fund (FCP)	International equities	20% of the universe excluded (stocks on the exclusion list + stocks with the lowest ratings)	1,029	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=RAE&amp;isin=FR0010748368">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=RAE&amp;isin=FR0010748368</a>
<b>LBPAM ISR Actions Euro</b>	French SICAV (open-ended investment company)	Equities of eurozone countries		861	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=ETH&amp;isin=FR0000008963">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=ETH&amp;isin=FR0000008963</a>
<b>LBPAM ISR Actions Euro Focus Emergent</b>	Mutual fund (FCP)	Equities of eurozone countries		172	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=AFE&amp;isin=FR0011133453">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=AFE&amp;isin=FR0011133453</a>

Name of the fund	Legal form	AMF Classification	SRI approach	Assets at end-October 2021 (€m)	Links to fund documents
<b>LBPAM ISR Actions Value Euro</b>	Mutual fund (FCP)	Equities of eurozone countries		1,316	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=FAV&amp;isin=FR0013230059&amp;laposte=">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=FAV&amp;isin=FR0013230059&amp;laposte=</a>
<b>LBPAM Responsable Actions Euro</b>	French SICAV (open-ended investment company)	Equities of eurozone countries		284	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=EMG&amp;isin=FR0000286320">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=EMG&amp;isin=FR0000286320</a>
<b>LBPAM Responsable Actions Europe</b>	Mutual fund (FCP)	International equities		20	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=REA&amp;isin=FR0010940882">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=REA&amp;isin=FR0010940882</a>
<b>Tocqueville Mid Cap Euro ISR</b>	Mutual fund (FCP)	Equities of eurozone countries		135	<a href="https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=FAE&amp;isin=FR0011304278&amp;laposte=">https://www.labanquepostale-am.fr/nos-fonds/detail-fonds/id/1116?fund=FAE&amp;isin=FR0011304278&amp;laposte=</a>
<b>Funds managed by Tocqueville Finance</b>					
<b>Tocqueville Dividende ISR</b>	Mutual fund (FCP)	Equities of European Union countries		239	<a href="https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-dividende/part-c">https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-dividende/part-c</a>
<b>Tocqueville Finance ISR</b>	Mutual fund (FCP)	International equities		22	<a href="https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-actions-finance/part-r">https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-actions-finance/part-r</a>
<b>Tocqueville France ISR</b>	Mutual fund (FCP)	Equities of eurozone countries		340	<a href="https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-france-isr/odyssee-part-c">https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-france-isr/odyssee-part-c</a>
<b>Tocqueville Global Tech ISR</b>	Mutual fund (FCP)	International equities	Best-in-universe rating 20% of the universe excluded (stocks on the exclusion list + stocks with the lowest ratings)	196	<a href="https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-global-tech-isr/part-r">https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-global-tech-isr/part-r</a>
<b>Tocqueville Megatrends ISR</b>	Mutual fund (FCP)	International equities		310	<a href="https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-megatrends-isr/part-c">https://www.tocquevillefinance.fr/fr/nos-fonds/tocqueville-megatrends-isr/part-c</a>

Name of the fund	Legal form	AMF Classification	SRI approach	Assets at end-October 2021 (€m)	Links to fund documents
Tocqueville Silver Age ISR	Mutual fund (FCP)	International equities		422	<a href="https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-silver-age-isr/part-r">https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-silver-age-isr/part-r</a>
Tocqueville Small Cap Euro ISR	Mutual fund (FCP)	Equities of eurozone countries		545	<a href="https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-small-cap-euro-isr/part-c">https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-small-cap-euro-isr/part-c</a>
Tocqueville Technology ISR	Mutual fund (FCP)	International equities		163	<a href="https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-technology-isr/part-r">https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-technology-isr/part-r</a>
Tocqueville Value Europe ISR	Mutual fund (FCP)	International equities		439	<a href="https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-value-europe/part-p">https://www.tocquevillefi.nance.fr/fr/nos-fonds/tocqueville-value-europe/part-p</a>

Exclusion list: regulatory (controversial weapons), norm-based (breach of the Principles of the Global Compact), sectoral (coal, tobacco and gambling), theme-based (biodiversity and deforestation) and specific (serious breaches of any of the 4 pillars of the GREaT philosophy) exclusions.

## 2 General information about the management company

### 2.1 Name of the management company that manages the funds to which this Code applies

Tocqueville Finance is the management company of:

- Tocqueville Dividende ISR
- Tocqueville Finance ISR
- Tocqueville France ISR
- Tocqueville Global Tech ISR
- Tocqueville Megatrends ISR
- Tocqueville Silver Age ISR
- Tocqueville Small Cap Euro ISR
- Tocqueville Technology ISR
- Tocqueville Value Europe ISR

LBP AM has delegated financial management to Tocqueville Finance for the following funds:

- Federis ISR Euro
  - Federis ISR France
  - LBPAM ISR Actions Environnement
  - LBPAM ISR Actions Euro
  - LBPAM ISR Actions Europe
  - LBPAM ISR Actions Euro Focus Emergent
  - LBPAM ISR Actions Midcap
  - LBPAM ISR Actions Value Euro
  - LBPAM Responsable Actions Euro
  - LBPAM Responsable Actions Europe
  - Tocqueville Mid Cap Euro ISR

The LBPAM ISR Actions Europe and LBPAM ISR Actions France funds, managed by La Banque Postale Asset Management, are feeder funds of funds managed by Tocqueville Finance.

<b>LA BANQUE POSTALE ASSET MANAGEMENT</b> 34, rue de la Fédération 75015 Paris cedex 15 Tel.: +33 1 57 24 21 00 <a href="http://www.labanquepostale-am.fr">www.labanquepostale-am.fr</a>	<b>TOCQUEVILLE FINANCE</b> 34, rue de la Fédération 75015 Paris Cedex 15 Tel.: +33 1 56 77 33 00 <a href="http://www.tocquevillefinance.fr">www.tocquevillefinance.fr</a>
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### 2.2 What are the company's track record and principles when it comes to integrating SRI into its processes?

Tocqueville Finance and its parent company, LA BANQUE POSTALE ASSET MANAGEMENT ("LBP AM"), are convinced that socially responsible investment (SRI) practices are an essential lever in enabling the financial markets to play a more virtuous role in the economy. Our membership of the La Banque Postale group gives us social responsibility to which we are committed.

Tocqueville Finance has thus chosen to develop SRI investments, guided both by major international laws, by the commitments of its Group, by its historical values of working closely with companies over the past 30 years and responsibility, and, lastly, by its essential role in supporting the financing of the real economy (strong investment in small- and mid-cap companies).

In March 2018, LBP AM made a choice to launch a range of open-ended funds that would be 100% SRI-labelled by 2020. The challenge was met. LBP AM is now the leader in socially responsible investment in terms of the number of SRI-labelled funds it offers.

We offer our clients the opportunity to give meaning to their investment and to seize opportunities for long-term growth, thanks to a range of funds managed by combining financial performance requirements with high-quality non-financial analysis.

In response to the major challenges facing our society - demographic growth, urbanisation, the environment, the climate, agriculture, food and public health - we have developed an innovative and integrated approach to SRI analysis and management at Tocqueville Finance.

As well as taking environmental, social and governance (ESG) criteria into account, Tocqueville Finance benefits from the contribution made by LBP AM's "GREaT" investment philosophy on four main pillars that provide solutions and help to manage risks:

- Responsible **G**overnance;
- Sustainable **R**esource Management;
- **E**nergy & Economic Transition
- Development of **T**erritories.



**Helping companies to make their practices more sustainable is our ambition and at the heart of our philosophy. Tocqueville Finance's reputation, proximity and knowledge of the fabric of French and international companies of all sizes, over the past 30 years, have been genuine assets in this process.**

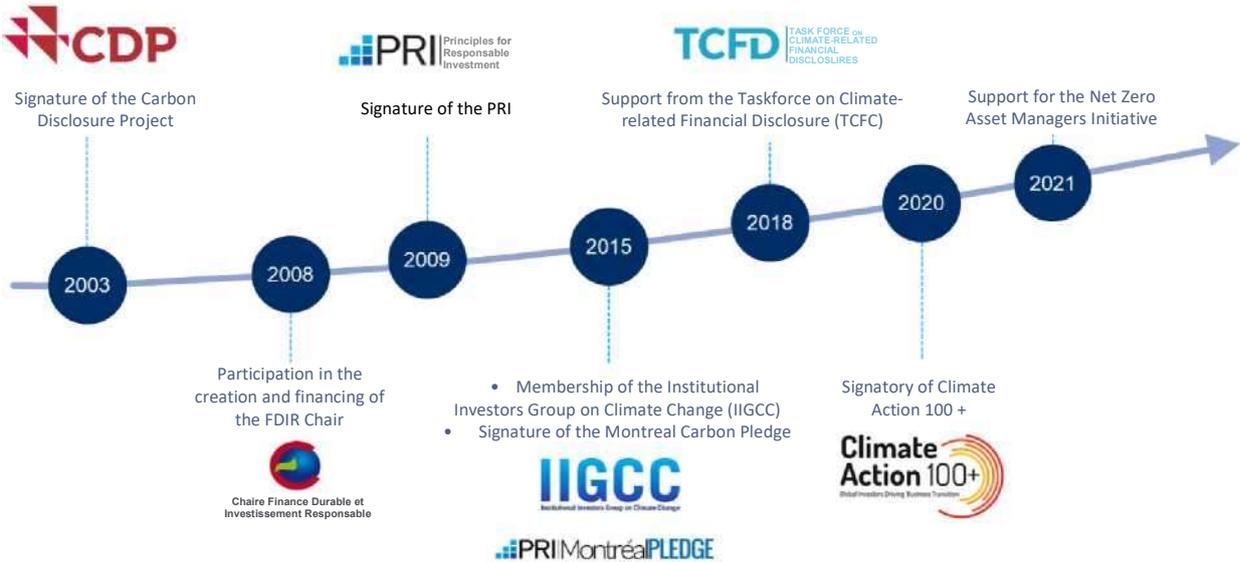
LBP AM Group has been a member of the Principles for Responsible Investment (PRI) since 2009. Tocqueville Finance, as a subsidiary of the LBP AM group, is integrated into the LBP AM PRI scope. This initiative, supported by the United Nations, works to improve practices in 6 main areas:

1. We integrate ESG issues into investment analysis and decision-making processes.
2. We are active owners and incorporate ESG issues into our ownership policies and practices.
3. We ask the entities in which we invest to provide appropriate information on ESG issues.
4. We promote the acceptance and implementation of the Principles within the investment industry.
5. We work together to improve our effectiveness in implementing the Principles.
6. Each of us reports on our activities and the progress achieved in implementing the Principles.

**Lobbying policy**

Our parent company LBP AM is the first French asset management company to commit to becoming 100% SRI by 2020 for its entire range of open-ended funds. Tocqueville Finance shares this unique commitment, which confers responsibility for making progress on SRI practices. We regularly share our experiences with LBP AM's E.S.G. teams, which are themselves in contact with the General Directorate of the Treasury or the Financial Markets Authority. LBP AM and Tocqueville Finance are also active in industry organisations such as the AFG, Finance for Tomorrow and the FIR with a view to promoting the group’s SRI positions.

History (non-exhaustive) of LBP AM’s participation in market initiatives:



**Commitment to the climate**

Commitment to the climate also means raising awareness among our customers about the most sustainable and environmentally-friendly investments. To do this, the team of manager-analysts at Tocqueville Finance shares with its customers - at performance monitoring meetings - their knowledge and convictions with a view to investing in companies that are ethical today (or that are working to find solutions for the future). Tocqueville Finance also provides its investors with dedicated reports on the energy transition so that they are able to review their assets: carbon intensity, exposure to coal, solutions companies (companies that provide solutions to facilitate the energy transition).

**Partnerships**

Tocqueville Finance's approach seeks to make Finance more useful to Society. The company's intention is to implement "sponsorship" partnerships. Tocqueville Finance launched a unit in the Tocqueville France ISR fund, sharing management fees with the Louvre museum, aimed at financing projects focused on the knowledge and dissemination of art and culture in the regions.

The next two priority areas are health financing and heritage restoration.

## 2.3 How does the company formalise its sustainable investment process?

Our approach as a responsible investor is at the heart of our conviction-based management philosophy. It seeks to satisfy our customers' performance requirements while providing meaning to their investments.

### Exclusion policy

Tocqueville Finance has established an Exclusion Committee that makes decisions in respect of the exclusions proposed and applied at LBP AM and at some of our investors. Tocqueville Finance keeps a list of exclusions applicable to all funds under management as well as applicable subsidiary lists.

For States, we are particularly vigilant about systematic breaches of human rights, structural corruption practices and the excessive use of natural resources.

For companies, we exclude companies that breach the Principles of the Global Compact materially, repeatedly and without corrective measures. We draw up a list of companies that are implicated in the most serious controversies, such as corruption or pollution, and for which no appropriate response has been provided.

This approach has an impact on our investment decisions.

The Exclusion Committee assesses each case from three angles:

- Exclusion of the security: results in the security being sold;
- Suspension: leads to purchases being suspended;
- Alert: requires enhanced due diligence.

The exclusion list covers several types of exclusion:

- **Regulatory:** Companies involved in the production and/or marketing of controversial and unconventional weapons, such as anti-personnel mines, cluster munitions, and biological, chemical, nuclear, depleted uranium, blinding and incendiary weapons.
- **Sector-based:** Tobacco, gambling and coal (specific policy, see below).
- **Theme-based:** Biodiversity and deforestation
- **Norm-based:** Exclusion of companies that violate the Principles of the Global Compact materially, repeatedly and without corrective measures.
- **Specific:** Identification of material breaches of any of the 4 pillars of the **GREaT** philosophy.

### Innovative coal exclusion policy

Tocqueville Finance's investments in the mining and power generation sectors are limited to companies that have announced a controlled exit from coal, and which are aligned with the Paris Agreement.

Tocqueville Finance systematically excludes companies involved in projects to extend mines or thermal power plants as well as companies that have not stated that they are committed to exiting the coal sector.

Our coal policy is innovative in the sense that it factors in the relevance of the company's strategy, particularly in view of the challenges of a "just transition", such as taking into account social impacts or the consequences on a worldwide scale.

## Engagement and voting policy

Convinced that SRI is essential aspect of enabling financial markets to play a virtuous role in the economy, we consider that the approach based on our 4 GREaT pillars must also involve engagement with companies.

Tocqueville Finance has agreed to comply with the voting policy of its parent company, LBP AM, and delegates the exercise of its voting rights to LBP AM.

LBP AM and Tocqueville Finance's voting policy is [available here](#).

LBP AM and Tocqueville Finance's engagement policy is [available here](#).

### 2.4 How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by the management company?

We consider that understanding material ESG risks (e.g. by monitoring controversies) and the early identification of long-term investment opportunities can improve the risk profile of our investments and act as a source of alpha for our clients.

Tocqueville Finance and its parent company, LBP AM, wish to ensure that the trajectory of their management is compatible with the objective of the Paris Agreement aimed at limiting global warming to 1.5°C by the end of the century. We are reviewing the achievement of carbon neutrality in our portfolios by 2050 and the implementation of an appropriate climate strategy. There are three aspects to this strategy:

1. Reducing our exposure to assets with high carbon intensity;
2. Optimising the choice of companies and sectors in the portfolio;
3. Strengthening investments in companies that provide a solution to the energy transition and contribute to tackling global warming.

By focusing on these three areas, we are able to structure a consistent approach and apply a robust methodology to control risks and increase climate-related opportunities in our investment decisions.

### 2.5 Which teams are involved in the management company's sustainable investment activity?

All Tocqueville Finance's teams play a role in responsible investment to varying degrees. All manager-analysts play a role by participating in ESG research and managing at least one SRI-labelled portfolio.

Other teams are also involved, such as the sales and marketing teams, through explaining our responsible investment approach to our clients, and those in charge of compliance and risks, through ensuring that SRI management rules are properly applied.

Tocqueville Finance also benefits from a research service provided by LBP AM. This is carried out by the following teams:

- SRI solutions, which is responsible for the SRI GREaT analysis methodology and the GREaT 360 quantitative rating platform.
- Fundamental and Sustainable Analysis, which contributes to enhancing the qualitative ESG analysis.

## 2.6 How many SRI analysts and SRI managers are employed by the management company?

Tocqueville Finance’s management team consists of twelve analyst-managers, all involved in SRI research and management.

## 2.7 In which Responsible Investment initiatives is the management company a stakeholder?

LBP AM Group has been a member of the Principles for Responsible Investment (PRI) since 2009. Tocqueville Finance, as a subsidiary of the LBP AM group, is integrated into the LBP AM PRI scope.

LBP AM promotes the advancement of academic research, social engagement and climate engagement. This is illustrated by its active participation in working and focus groups, in a wide range of areas.

Tocqueville Finance and its teams, which are in constant contact with LBP AM's teams on ESG issues, have benefited from these efforts.

Initiatives in which LBP AM participates:



## 2.8 What is the total number of SRI assets managed by the management company?

At the end of June 2021, Tocqueville Finance was managing €9.9 billion in assets with the SRI label.

#### 3.1 What is (are) the fund(s) aiming to achieve by integrating ESG factors?

Tocqueville Finance and its parent company, LBP AM, are convinced that socially responsible investment practices are an essential lever in enabling the financial markets to play a more virtuous role in the economy.

Our investment objective is to **finance and invest in companies that:**

- Control non-financial risks through their best practices in terms of governance and the sustainable management of resources;
- Offer opportunities through the development of new economic models linked to the Energy and Economic Transition and to Regional Development.

**A second objective is to participate in the improvement of practices**, particularly in the small- and mid-cap segment, a sub-section of the stock market on which Tocqueville has a certain level of seniority and credibility.

#### 3.2 What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

The non-financial analysis is carried out by Tocqueville Finance's collective management team with the support of the LBP AM's SRI research team (SRI Solutions team). The approach is integrated: all manager-analysts cover the stocks that are monitored from both a financial and non-financial perspective. They are responsible for assessing the materiality of non-financial issues in their investment recommendations to the managers.

Tocqueville Finance's non-financial analysis also relies on internal and external systems. It is fed by meetings with companies and by proprietary quantitative tools (for example, the Tocqueville Finance summary sheet) which summarise the evaluations of the various recognised internal (LBP AM) and external information providers.

LBP AM's SRI Solutions team is responsible for developing methodologies and sales pitches on non-financial matters that are fed into LBP AM's proprietary "GREaT" method. It is also responsible for defining the climate policy. Lastly, it coordinates the implementation of the voting and engagement policy for all LBP AM funds and acts as a service provider on behalf of Tocqueville Finance in these two areas.

##### Specific resources

- **Non-financial rating agencies:**
  - For analysing issuers and monitoring controversies:



- For sector-based exclusions:



- 2 governance analysis firms:



- suppliers of data on companies' environmental impacts:



- ESG analysis offices of investment banks appointed by LBP AM as service providers.

### 3.3 What ESG criteria are taken into account by the fund(s)?

The determination of the eligible investment universe is carried out based on the evaluation criteria of companies grouped in the four pillars of our **GREaT** philosophy:

- Responsible **G**overnance;
- Sustainable **R**esource Management;
- **E**nergy & Economic Transition;
- Development of **T**erritories.

**Responsible governance**

Encourage the dissemination of **best practices** in terms of corporate governance and business ethics

**Sustainable Resource Management**

Long-term management of **human or natural resources**: respect for Human Rights, development of labour law, sustainable relationships with suppliers, and protection of the environment

**Energy Transition**

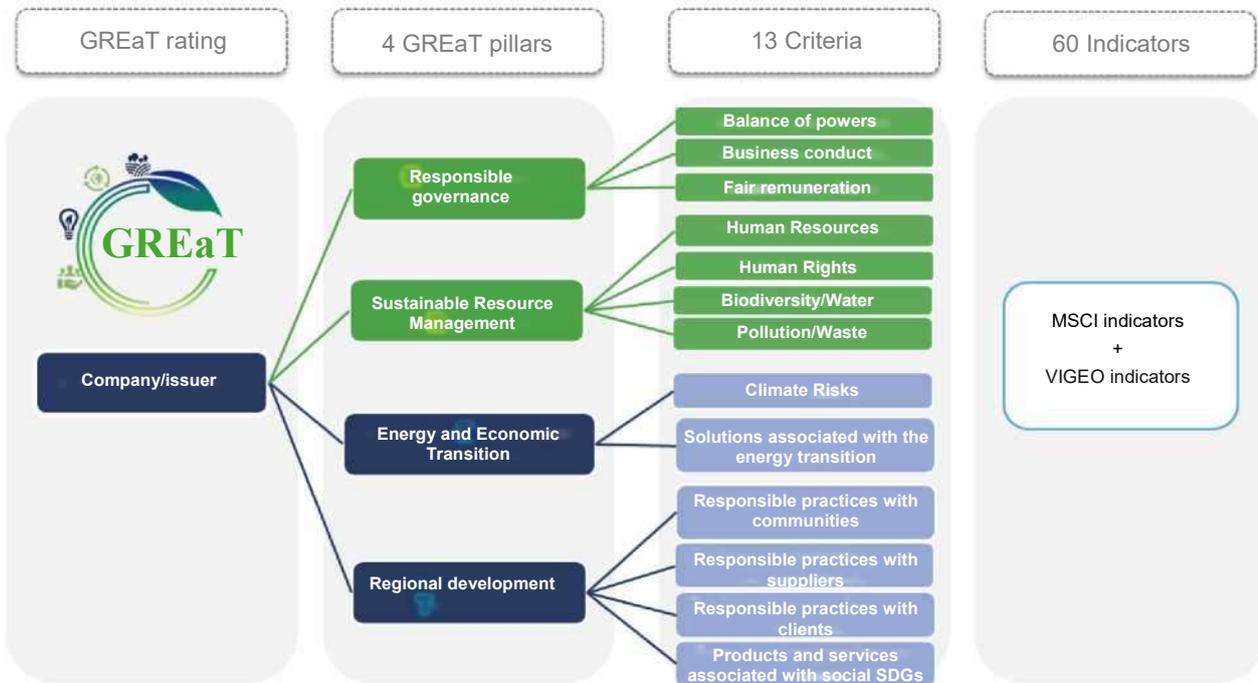
Control climate risks while support the transition from a high carbon intensity **model to a more efficient and sustainable model**

**Regional development**

Promote **responsible practices** that meet social SDGs and that create value for all **stakeholders** in the **value chain**

LBP AM has selected the criteria supplied by the VigeoEiris and MSCI agencies to better meet these four analysis areas.

**Proprietary analysis grid - GREaT methodology**



To establish the ESG rating, the 4 GREaT pillars have a weighting that is specific to each sector, thereby highlighting the issues identified as key in each sector (e.g. responsible governance in the banking sector or energy and economic transition in the automotive sector).

**At the end of the process, an overall score and a score per “area” are awarded to each company.**

**Ratings are between 1 and 10. 1 being the highest SRI rating and 10 the lowest.**

### 3.4 What principles and criteria linked to climate change are taken into account by the fund(s)?

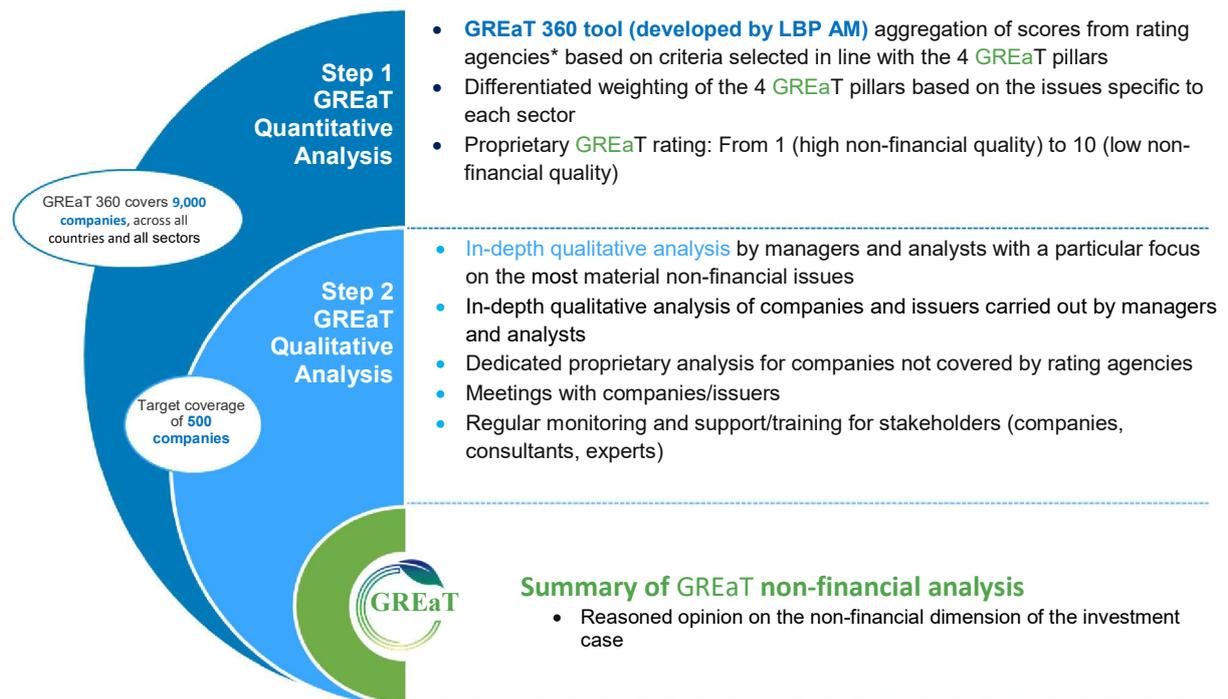
Our analysis fully integrates specific risks and opportunities related to climate change. The risks associated with the transition to a low-carbon economy are taken into account in our ESG rating (GREaT) of issuers. In respect of coal, Tocqueville Finance’s investments in the mining and power generation sectors are limited to companies that have announced a controlled exit from coal, and which are aligned with the Paris Agreement. We are also seeking to strengthen our investments in assets that promote a low-carbon economy, such as renewable energies or energy efficiency.

This analysis is supplemented by quantitative indicators included in the non-financial reports of all our funds:

- Carbon intensity: number of tonnes of greenhouse gas generated (scope 1 + 2) per €1 million invested.
- Water consumption in m<sup>3</sup> for each \$1 million of revenue.

### 3.5 What is the ESG analysis and evaluation methodology (construction, rating scale, etc.)?

The SRI analysis process for issuers is illustrated below:



\* VigeoEiris, MSCI ESG Research.

GREaT: Responsible governance, sustainable management of resources, energy and economic transition, regional development

#### 1) Quantitative analysis

The GREaT 360 proprietary tool, developed by LBP AM, is used to calculate, and carry out twice yearly reviews of, an SRI Quant Rating, derived from data from rating agencies with the integration of a sectoral effect.

The universe consists of issuers from the four geographical regions (Developed Europe, Asia Pacific, America and Emerging Countries) that are assessed by the rating agencies VigeoEiris and MSCI ESG Research, i.e. more than 9,000 issuers.

VigeoEiris and MSCI provide indicators that feed the relevant criteria with a view to assessing the conduct of companies within the four areas of analysis.

This data feeds the GREaT 360 proprietary rating tool.

The analysis carried out by these agencies results in the award of ratings for each company in the universe in each of the 4 GREaT pillars.

These ratings are the result of the analysis and evaluation of the criteria and sub-criteria defined in answer 3.3.

If a stock is not monitored by MSCI/Vigeo/GREaT (low market capitalisation, recent IPO), Tocqueville Finance's portfolio managers/analysts carry out their own non-financial ratings and submit them for validation by LBP AM's Fundamental and Sustainable Analysis team, to be fed into the GREaT 360 tool.

As a result of its close working relationships with companies, Tocqueville Finance also has a detailed understanding of the ESG issues of the companies under review, which enables it to provide LBP AM's proprietary method with further insight. The data that feed the GREaT 360 tool does not, therefore, always reflect (or imperfectly reflects) the latest developments implemented by the companies. In its research process, Tocqueville Finance helps to refine the analysis, which may ultimately lead to a change in the final rating, either upwards or downwards. The changes to the GREaT rating proposed by Tocqueville Finance are ultimately validated by LBP AM's SRI analysts.

## **2) Qualitative analysis**

A qualitative ESG analysis component is systematically integrated into our financial analysis.

In addition to relying on quantitative scores from the GREaT database and additional data from Sustainalytics, Gaïa Rating (Ethifinance), Bloomberg and independent brokers, Tocqueville Finance draws up a precise list of questions to ask during interactions with the companies under review. The portfolio managers/analysts summarise their non-financial research in ESG fact sheets, prepared for each stock reviewed.

### **3.6 How often is the ESG evaluation of the issuers reviewed? How are controversies managed?**

#### **1) Quantitative scoring**

On average, the external agencies VigeoEiris and MSCI ESG Research update their analysis of companies every 12 to 24 months, but this may alter at any time depending on events and includes controversies and alerts that may positively or negatively affect a company's rating.

We receive data from the VigeoEiris and MSCI agencies on a monthly basis.

LBP AM's proprietary scoring tool, GREaT 360, is updated twice a year at a meeting of the scoring committee that validates the qualitative adjustments.

#### **2) Qualitative scoring**

It is updated on an ongoing basis, as a result of meetings and contacts with the relevant companies.

#### 4.1 How are the results of the ESG research integrated into portfolio construction?

ESG analysis is based on the internal expertise of Tocqueville Finance's, a rating developed and provided by LBP AM, and on external resources (brokers, academic research, meetings with companies).

Securities are selected in two steps: the first is to filter a universe of securities based on socially responsible investment (SRI) criteria; the second aims to select securities based on their financial and non-financial characteristics.

##### 1. Analysis of the investment universe and application of an SRI filter

In accordance with the SRI Label specifications, each fund's investment universe is reduced by 20% using an exclusion method. This is done in 2 stages:

###### a. Stocks entered onto the exclusion list:

Securities included on the exclusion list for the reasons set out below are first removed from the investment universe:

- **Regulatory:** Companies involved in the production and/or marketing of controversial and unconventional weapons, such as anti-personnel mines, cluster munitions, and biological, chemical, nuclear, depleted uranium, blinding and incendiary weapons.
- **Sector-based:** Tobacco, gambling and coal
- **Theme-based:** Biodiversity and deforestation
- **Norm-based:** Exclusion of companies that violate the Principles of the Global Compact materially, repeatedly and without corrective measures.
- **Specific:** Identification of material breaches of any of the 4 pillars of the GREaT philosophy.

###### b. Stocks with the lowest ratings

Tocqueville Finance's parent company, LBP AM, provides it with access to its GREaT 360 rating platform. Each stock has a GREaT synthetic rating that covers the various ESG issues, and a rating by pillar and sub-pillar. The highest rating is 1 and the lowest is 10.

A pivot rating is calculated for each investment universe or benchmark index: this is defined such that 80% of stocks will have a better rating than the pivot rating and 20% of stocks will have a worse rating than the pivot rating.

Following these two stages, the investment universe is reduced by at least 20%, through the exclusion of stocks on the exclusion list and through the exclusion of stocks with a GREaT rating above (and therefore worse than) the pivot rating.

##### 2. Qualitative non-financial analysis

Within the reduced investment universe, the managers-analysts select securities **by reference to their financial and non-financial characteristics**. They carry out their own quantitative and qualitative due

diligence (via their contacts with companies or using external research provided by brokers). The securities are chosen after the financial and non-financial research work (according to the three ESG criteria) carried out internally by the relevant teams at Tocqueville Finance.

Sustainable Theme funds

Funds covered:

- Federis ISR Euro
- Federis ISR France
- Federis Pro Actions ISR Euro
- LBPAM ISR Actions Environnement
- LBPAM ISR Actions Euro
- LBPAM ISR Actions Europe
- LBPAM Responsable Actions Euro
- LBPAM Responsable Actions Europe

For the funds referred to above, when selecting securities the portfolio managers/analysts pay particular attention to companies offering products and services that meet the identified sustainable themes (i.e. at least 20% of their turnover or EBITDA related to sustainable themes) in order to reduce the portfolio's carbon intensity.

Indeed, LBP AM and Tocqueville Finance aim, as a priority, to select companies that provide solutions to the main sustainable development issues and thereby participate in achieving the United Nations Sustainable Development Goals (SDGs) by 2030:



**4.2 How are criteria specific to climate change integrated into portfolio construction?**

Climate change criteria are taken into account at three levels when defining the investment universe and building the portfolio:

1. Investments in the mining and power generation sectors are limited to companies that have announced a managed exit from coal, and are aligned with the Paris Agreement. Otherwise, the companies are placed on Tocqueville Finance’s exclusion list.
2. Greenhouse gas emissions are factored into the GREaT rating, more specifically in the Energy

and Economic Transition pillar, and funds may not invest in issuers with the lowest ratings (20% of the universe excluded).

3. The managers/analysts monitor the carbon intensity of their portfolios against their benchmark indices/investment universes.

#### **4.3 How are the issuers that are present in the portfolio, but not subject to ESG analysis, evaluated (not including mutual funds)?**

If a stock is not monitored by MSCI/Vigeo/Gaia Rating (low market capitalisation, recent IPO), Tocqueville Finance's portfolio managers/analysts may carry out their own non-financial ratings and submit them for validation by LBP AM's SRI analysts, to be fed into the GREaT 360 tool.

The ESG rating must cover at least 90% of the portfolios' net assets, calculated by reference to the securities eligible for ESG analysis.

#### **4.4 Has the ESG evaluation and/or investment process changed in the last 12 months?**

These processes have not changed in the last twelve months.

#### **4.5 Is a part of the fund(s) invested in entities that pursue strong social goals/social enterprises?**

The funds do not invest in entities that pursue strong social goals/social enterprises.

#### **4.6 Do the funds engage in securities lending/borrowing activities?**

SRI funds managed by Tocqueville Finance are not permitted to engage in securities lending and borrowing.

SRI funds managed by LBP AM and those under delegated management are permitted to engage in securities lending and borrowing. This activity is supervised in order that it complies with the responsible approach of the funds.

LBP AM has put in place a specific mechanism to limit lending transactions during the AGM period.

- Temporary purchases and sales of securities may be carried out for certain funds. These transactions are in particular intended to achieve the investment objective and to optimise cash management.
- As voting rights are transferred to the borrower of the securities, these lending and borrowing transactions may conflict with voting activities.
- In order to avoid having to repossess the securities loaned, LBP AM has put in place a specific mechanism to limit lending transactions during the AGM period.
- If securities have nevertheless been temporarily transferred before an AGM, LBP AM systematically repossesses securities for SRI funds.

- For other funds, LBP AM determines whether it is in the interests of shareholders/unitholders to repossess the securities based on the following factors, since actual repossession may also depend on operational constraints:
  - whether LBP AM knows that the holder of the lent securities will vote against the voting policy, and therefore against the interests of our shareholders/unitholders;
  - resolutions submitted to the AGM that are particularly important in defending the interests of our shareholders/unitholders and in view of the values defended by LBP AM.

It should be noted that actual repossession may also depend on operational restrictions (cost, operating systems, deadlines).

At present, collateral by way of security is only received in the form of cash. SRI analysis is therefore not feasible on such collateral.

Counterparties involved in the securities lending and borrowing process fall under the “[Order execution policy](#)” and by the “Selection and monitoring of brokers and counterparties” procedure (internal document). Since 2010, this selection procedure has taken account of non-financial criteria, via a specific questionnaire sent to all counterparties listed by LBP AM.

#### 4.7 Do the funds use derivative instruments?

The following derivative financial instruments may be used in order to implement hedging or exposure strategies:

- **Equity index derivatives:** These instruments will be used to hedge equity risk. They may also be used temporarily to expose portfolios. LBP AM considers that index derivatives are not used to manage the ESG performance of funds.
- **Single name equity derivatives:** The purchase or sale of single name equity derivatives is permitted for hedging or temporary exposure purposes, provided that the same level of ESG performance requirements is met for the portfolio before and after the single name derivatives are taken into account. To do that, the security underlying the derivative will be valued using the same ESG methodology as the physical securities. Temporary means a period of less than 1 year (including roll). The short selling of securities, either directly or synthetically, is not permitted. At least 50% of the portfolio will comprise physical securities, a limit of 20% will be placed on single name derivative hedges and exposure will be capped at 150%.
- **Foreign exchange derivatives on French and/or foreign regulated and/or OTC markets:** these instruments will be used to manage the portfolio's foreign exchange risk and may therefore result in long or short transactions.

#### 4.8 Do the funds invest in mutual funds?

The funds may invest on an ancillary basis in collective investment schemes, including money market funds, if they have obtained the SRI Label.

The LBPAM ISR Actions Europe, LBPAM ISR Actions France and LBPAM ISR Actions Small Cap Euro funds, which are feeder funds, invest by nature in collective investment schemes (in their master fund).

**5.1 What internal and external auditing procedures are in place to ensure that the portfolio complies with the ESG rules applicable to the management of the funds?**

A monitoring system is applied at various levels:

- Prior to transactions being carried out, a pre-trade blocking system prevents orders being placed in respect of issuers/instruments that are not eligible for the portfolio.
- As a second level, managers can use the proprietary GREaT 360 platform to check that all of a fund's SRI constraints are complied with.
- As a third level, the risk control department checks on an ongoing basis that the portfolio consists solely of authorised issuers/instruments under the SRI management rules.
- An external auditor may check every quarter or half-year that the portfolio complies with predefined SRI management rules.

## 6 Impact metrics and ESG reporting

### 6.1 How is the ESG quality of the fund(s) assessed?

The ESG quality of the funds is assessed against their benchmark indices/investment universe. Each monthly report sets out the fund's GREaT rating against its benchmark index/investment universe, and the same applies to carbon intensity. Each year, a non-financial report presents 8 ESG indicators (carbon intensity, water consumption, integration of ESG criteria into executive remuneration, signature of the Global Compact, a health and safety indicator, a training indicator, the percentage of independent board members and breakdown by sustainable theme).

#### New SRI label frame of reference (V2)

*Funds covered: Tocqueville Mid Cap Euro ISR, Tocqueville Small Cap Euro ISR, Tocqueville Dividende ISR and Tocqueville Value Europe ISR*

The above funds must achieve a better carbon intensity than their initial investment universe and at least 90% of issuers must have the SRI label. A second indicator will be introduced before the end of 2021.

### 6.2 What ESG indicators are used by the fund(s)?

The ESG impact indicators used by the funds are as follows:

- Carbon intensity (number of tonnes of greenhouse gas generated per €1 million invested);
- Water consumption (in m<sup>3</sup> for each \$1 million of revenue);
- The integration of ESG criteria into executive remuneration;
- The percentage of independent board members;
- Signature of the Global Compact;
- A health and safety indicator;
- A training indicator.

### 6.3 What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Our parent company LBP AM is a leader in this area and guides us on ESG-related communications. In the "[Sustainable investment](#)" section of LBP AM's website, investors can find regularly updated information on our non-financial analysis method and our expertise in SRI management.

The following documents are available on LBP AM's website:

- Voting and engagement policy of LBP AM and Tocqueville Finance;
- LBP AM and Tocqueville Finance's report on the conditions for exercising voting rights;
- Engagement report;
- Exclusion policy;
- Climate policy;
- LTE (French law on energy transition) report;
- CSR report;
- PRI report.

For funds managed by LBP AM, the following documents are available on the page of LBP AM's website specific to each fund:

- Transparency Code;
- Monthly reports;
- SRI inventory of the companies in the Fund with their GREaT rating;
- All the regulatory documentation for the funds (KIID, complete Prospectus, annual report, etc.). The annual report contains non-financial reports.

For funds managed by Tocqueville Finance, the following documents are available on the page of Tocqueville Finance's website specific to each fund:

- Monthly reports;
- SRI inventory of the companies in the Fund with their GREaT rating;
- All the regulatory documentation for the funds (KIID, complete Prospectus, annual report, etc.). The annual report contains non-financial reports.

Tocqueville Finance's transparency codes are available in the [Regulatory](#) section.

#### 6.4 Does the fund management company publish the results of its voting and engagement policies?

The report on the exercise of voting rights by LBP AM and Tocqueville Finance is [available here](#).

The engagement report is [available here](#).

**Tocqueville Finance is solely responsible for the answers to the questions set out in the AFG's and the FIR's Transparency Code, and undertakes to update its answers at least once a year (as evidenced by the publication date). This document has been produced for information purposes only and does not constitute an offer, a personal recommendation or a solicitation to invest.**

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*The information is considered to be accurate as at 29 October 2021.*

### **TOCQUEVILLE FINANCE**

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