AXIOM
ALTERNATIVE INVESTMENTS

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SFDR PRODUCT DISCLOSURES
AXIOM OBLIGATAIRE

(a) Summary

ESG strategy. The objective of this Compartment is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%).

The Compartment considers companies Environmental, Social and Governance (ESG) and climate scores as a non-binding element. Exclusion policies are used to prohibit investments in companies involved in forbidden activities. These policies include sectoral exclusions responding to social and ethical considerations such as tobacco, gambling, cannabis and adult entertainment, and as well exclusions responding to environmental, and in particular, climate considerations such as coal power and mining production, conventional and unconventional oil & gas. More on these policies can be found in Axiom's AI thematic and sectoral policies handbook and related exclusion list.

Bi-annual stock takes are carried out to monitor the funds' performance on the following indicators:

i. ESG score;
ii. the Axiom Climate Readiness Score (ACRS)[1];
iii. the Implied Temperature Rise (ITR);
iv. the gender diversity ratio; and
i. the exposure to companies involved in social litigation cases.

At least 55% of the Compartment's investment (excluding derivatives used for non ESG related hedging purposes, cash and cash equivalents) are used to promote environmental and social characteristics. The remaining 45% is in companies or instruments for which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data.

Monitoring. The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system control for breaches regarding our exclusion list and the ESG coverage.

Although the fund is not constraint to have a minimum performance in its ESG score or any of these Environmental or Social indicators, bi-annual stock takes are carried out to review changes in the performance. When the fund's performance is lower or has decreased, the specific indicator(s) are discussed at the ESG committee and corrective measures taken when deemed relevant.

Data and data quality. The ESG scores and the social indicator on board gender diversity are sourced from our data provider S&P. The ITR is estimated using company level ITRs from data provider Iceberg Data Lab and financial data from data provider Dealogic, and when required, sectoral data from the European Banking Authority. Insurer's ITRs are sourced directly from

[1] More information can be found here: https://axiom-ai.com/web/data/documentation/Axiom-Climate-Rediness-Score-note.pdf

the issuer, and when the data is not available, the sector average is used. In the case of the ACRS the quantitative data sources are the same as for the ITR, while the qualitative data sources include company's own disclosures, CDP and NGO reports, among others.

Consistency checks are carried out to identify potential data issues, this includes looking at outliers and changes from one reporting year to another. Despite these, there are several limitations on the methodologies used these include: i. reliance of self-reported data; ii. data gaps regarding banks corporate lending portfolios; iii. high dependence of assumptions to estimate the climate data of banks clients'; iv. difficulties in the data allocation from subsidiary to parents; and v. challenges in the aggregation ITR at portfolio level.

Engagement. This fund does not have a specific engagement policy, engagement with the issuers of this fund can take place as part of company-wide engagements or on an ad-hoc basis as a result of monitoring exercises.

Benchmark. No ESG reference benchmark has been designated to meet the Environmental and Social characteristics of the fund.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

The Compartment promotes the following environmental and social characteristics:

Environmental:

- Financial institutions: factors relating to both the direct and indirect impact of their activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score provides a much more robust assessment of banks' climate performance (see box below).

  The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays has a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a needs to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

- Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on operational eco-efficiency, climate strategy, environmental policy and management systems and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including biodiversity and water related risks. Likewise, there are general and sector specific indicators used to assess all these areas. For example in the case of operational eco-efficiency, GHG emissions and waste disposal are assessed for all sectors and complemented with energy and water indicators relevant for the sector (e.g. use or consumption). Sector specific indicators include, among others, data center efficiency and renewable energy share for companies in telecommunication services, and emissions of acidifying substances in the oil & gas and chemical sectors.

Social:

- Financial institutions: The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as, among others, it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.
- Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on human capital development, occupational health & safety, talent attraction & retention, corporate citizenship & philanthropy, human rights, labor practice and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including stakeholder engagement and social impact on communities.

Axiom's Climate Readiness Score

The Axiom Climate Readiness Score (ACRS) uses both quantitative and qualitative analysis to assess financial institutions' climate performance based on three pillars:

1. **Corporate engagement.** This pillar seeks to identify the level of priority given to climate change by a company by looking at its governance (e.g., involvement of the board and top management on the decision-making), its climate strategy and related targets, and its disclosure on the activities and means deployed to better integrate climate change.
2. **Climate risk and opportunities management.** This pillar assesses the issuers' processes and tools used to identify, measure and mitigate their exposure to climate related risks as well as their approach to seize the opportunities arising from the energy transition. In addition, a methodology is applied to assess the exposure to physical and transition risks of banks' corporate lending portfolios based on company level syndicated loan data.
3. **Contribution to the low-carbon transition.** This pillar seeks to understand the contribution the issuer may have to the energy transition through their investments or lending activities with corporates, as well as through thematic products. A methodology is applied to assess the compatibility of their corporate lending portfolio temperature (Implied Temperature Rise) with the well below 2°C temperature objective of the Paris Agreement.

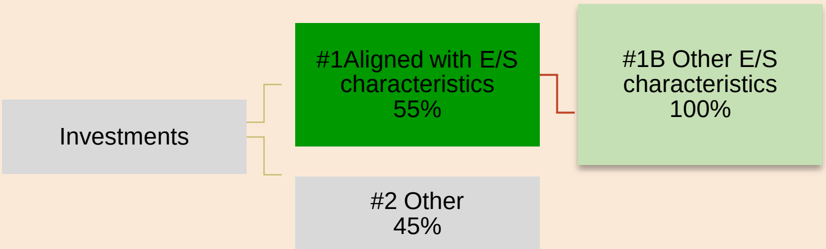
(d) Investment strategy

The objective of this Compartment is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%).

The Compartment considers companies Environmental, Social and Governance (ESG) and climate performance as a non-binding element. Exclusion policies are used to prohibit investments in companies involved in forbidden activities. These policies include sectoral exclusions responding to social and ethical considerations such as tobacco, gambling, cannabis and adult entertainment, and as well exclusions responding to environmental, and in particular, climate considerations such as coal power and mining production, conventional and unconventional oil & gas. More on these policies can be found in Axiom's AI thematic and sectoral policies handbook and related exclusion list.

In addition to the Environmental and Social characteristics described above, Governance practices are considered through the ESG ratings in different levels, including: i. at management level looking at the board (e.g. gender diversity, structure (executive/non-executive), effectiveness, diversity policy, average tenure, industry experience) and the executive management (e.g. CEO to Employee Pay Ratio, CEO compensation, management ownership); ii. at policy level as well as systems in place to enforce those policies, for example code of business conduct, anti-corruption and bribery policy; and iii. Actual practices, looking at the fines and settlements arising from anti-competitive practices, their involvement in corruption & bribery cases, and their disclosure on breaches to the different good governance policies.

(e) Proportion of investments



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

At least 55% of the Compartment's investment (excluding derivatives used for non ESG related hedging purposes, cash and cash equivalents) are used to attain the environmental and social characteristics promoted by the Compartment. The remaining 45% of investment is in companies or instruments for which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies. The Management Company's sectoral and thematic policies addresses companies in the coal power and mining sector, conventional and unconventional oil & gas, violations to United Nations Global Compact and the OECD Guidelines on multinational enterprises, and gender equality and diversity.

(f) Monitoring of environmental or social characteristics

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list. In addition, at least a bi-annual stock take of the environmental and social indicators listed below is carried out.

- Environmental:

  Financial Institutions:
  - Axiom Climate Readiness Score (ACRS): Score from 0 to 100%, the higher the score the better the climate performance of the Compartment.

  All sectors:
  - Implied Temperature Rise (ITR): The ITR provides an indication of how the Compartment aligns to global climate targets. The lower the ITR the better the climate performance of the Compartment. Banks' corporate lending portfolio temperature is estimated by Axiom through the use of syndicated loan data. ITRs of other financial institutions are taken from their own reporting when available, otherwise they are sourced from a data provider. ITRs of corporates are sourced from a data provider.

- Social:

  Financial institutions :

  - Number of social litigation cases: the indicator includes both confirmed litigation cases and controversies that could result in a litigation case. The lower the indicator the better.

  All sectors:

  - Average ratio of female to male board members in investee companies. A higher ratio indicates higher diversity.

The overall ESG score of the Compartment is as well monitored and compared against its universe.

(g) Methodologies

The fund is not constraint to have a minimum performance in its ESG score or any Environmental or Social indicators. However, when their performance is lower, the specific indicator(s) are discussed at the ESG committee and corrective measures taken when deemed relevant.

The methodologies of the ESG score can be found here, while the methodology of the climate performance indicators can be found here.

(h) Data sources and processing

i. Data sources

The ESG scores and the social indicator on board gender diversity are sourced from our data provider S&P. The other indicators are estimated by Axiom AI and the sources of information are multiple.

The ITR is estimated using company level ITRs from data provider Iceberg Data Lab and financial data from data provider Dealogic, and when required, sectoral data from the European Banking Authority.

The ACRS uses both quantitative and qualitative data sources, the quantitative data sources are the same as for the ITR, the qualitative data sources include company's own disclosures, CDP and NGO reports, among others.

Finally, the indicator on social litigation cases sources data from media outlets, brokers, sell side analysts and/or financial supervisory authorities, among others.

ii. Data quality and processing

Consistency checks are carried out to identify potential data issues, this includes looking at outliers and changes from one reporting year to another. Axiom AI's abstains from using sector averages to allocate missing ESG/Climate data points to an issuer.

Data processing differs according to the type of data. In the case of the ESG scores, these are updated monthly in our internal IT system using S&P's XpressFeed. The process is fully automated. In the case of the climate data, the data is processed by Risk Department updates our internal database and the IT departments makes in available to all portfolio managers and sales colleagues.

(i) Limitations to methodologies and data

- **Self-reported data**: Data disclosed directly by financial institutions, which is generally not audited, although this practice is becoming more common. The data provided is most of the time qualitative. Even if quantitative estimates are given, their use for comparisons with other financial institutions is very limited either because methodologies differ or because the disclosure on the scope and assumptions used is poor. This is particularly important for the ESG scores and the qualitative analysis of the ACRS.
- **Financial data providers:** Investee level data is needed to carry out a more accurate bottom-up analysis on financial institutions' climate performance. Our methodology focuses on corporates as main contributors to global GHG emissions. Thus, in the case of banks, we are interested in having better visibility on their corporate lending portfolio. The only data at the corporate level that can be sourced is syndicated credit data. Thus the coverage of the loan book is partial as corporate level data on other types of credit (e.g. revolving, instalment, open) cannot be sourced.
- **Climate data:** The shortcomings of the data varies depending on the type of assessment, however, among the common points we find are: reliance on self-reported data, use of sector averages when company disclosure is non-existent or insufficient, lack of forward looking data that is reliant on more than company commitments, and uncertainties related to the climate/scenario data modelled and related assumptions.

- **ESG/Climate data allocation:** ESG/Climate data is allocated to parent companies, this means that in the case of an investment in a subsidiary, the data used for the analysis would be that of its parent companies. Depending on the type of indicator, this can have a negative or a positive impact in the score. The impact at fund level is generally quite low as positions in subsidiaries are rather rare.

(j) Due diligence

As mentioned in point f. and h.) Axiom AI has processes in place to ensure that the asset allocation at fund level and at issuer level companies with the fund's minimum standards.

(k) Engagement policies

This fund does not have a specific engagement policy, engagement with the issuers of this fund can take place as part of company-wide engagements or on an ad-hoc basis as a result of the monitoring exercises.

(l) Designated reference benchmark

No ESG reference benchmark has been designated to meet the Environmental and Social characteristics of the fund.