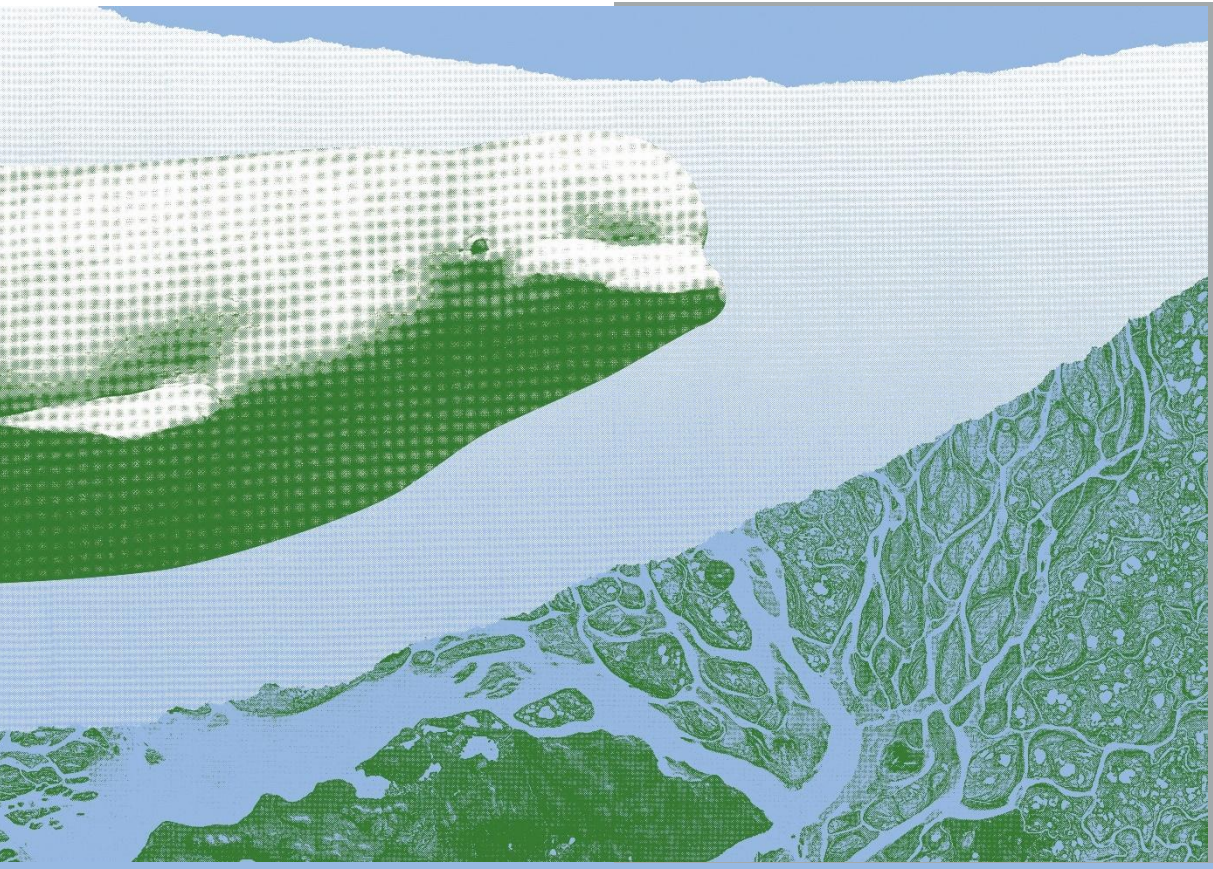


anaxas

ANNUAL SUSTAINABLE INVESTMENT REPORT

Released on 25 March 2026

31 December 2025

STRATEGIC INDEPENDENCE, democratic freedom, economic resilience and social responsibility all argue in favour of sustainable management. Such management is reflected in investments that promote the development of renewable energy and the circular economy. It must also ensure adherence to best practices in governance and equity.

To safeguard our future, we must direct investment flows in a rational and forward-looking manner — one that takes full account of all identified threats and strengthens our capacity for adaptation and transformation.

Considerable financial resources must be mobilised in a spirit that is both bold and thoughtful. Our investment strategies are designed to contribute to support this endeavour, complementing policy initiatives that seek to establish a renewed framework and embed economic activity within a long-term perspective.

Pierre Giai-Levra

Chairman

A. General approach

This annual report as at 31 December 2025 sets out how sustainability factors are incorporated into our investment policy. These factors concern environmental, social and personnel matters, respect for human rights and the fight against corruption[1]. Throughout this report, we will be following the provisions of article D533-16-1 of the French Monetary and Financial Code. The results presented relate to our entire portfolio management business. Investors looking for further information on this topic can consult the "Responsible approach" section of our website www.anaxis-am.com.

Products concerned

Our ethical management policy is applied differently to each of the following groups of UCITS, all of which are governed by French law.

Group 1

Anaxis Short Duration
Anaxis Income Advantage
European Bond Opp. 2027
EM Bond Opp. 2028
Diversified Bond Opp. 2029
Defensive Bond Opp. 2030

€1,020.7 million – 90.6% of AUM

UCITS that take sustainability factors into consideration and have adopted sustainable investment objectives focused on the climate transition in addition to financial objectives.

Group 2

Defensive Bond Opp. 2026
AAM Family Values

€110.5 million – 9.4% of AUM

UCITS that apply an enhanced sector exclusion policy and fall within the scope of activities for which global climate objectives have been defined. These objectives have not yet filtered down to the level of the funds' management policy.

[1] As required under article 2 (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

Summary of the approach

Exclusions

We exclude companies belonging to the fossil fuel segment, as well as the weaponry, tobacco and non-therapeutic GMO sectors. Moreover, companies with significant operations in the field of fertilisers, pesticides or packaging plastics are ruled out owing to their negative impact on the European Union's sustainability objectives. Key causes of concern are global warming, pollution, as well as the damage caused to aquatic resources and biodiversity.

Environment

We assess companies on their environmental policies and their commitment to the transition to carbon neutrality. Scores are assigned to the companies. Stricter criteria are applied when the activities in question are likely to have a larger impact on the environment or the climate, as is the case for transport and cement production. The approach favours companies that are making the most effort in a given field.

Aquatic environments

In addition to our climate commitment, we apply an environmental policy aimed at protecting aquatic environments and water resources. Aquatic environments are particularly fragile and poorly protected by national policies. This is why we identify the economic activities likely to have a major impact on aquatic environments, fish stocks, the quantity and quality of available water reserves, access to drinking water and other water-related topics. Investments in companies with such sensitive activities are subject to specific rating criteria based on an approach that rewards best efforts.

Fundamental rights

We ensure that the companies we select comply with ethical standards in terms of human rights and social responsibility. The OECD Guidelines for Multinational Enterprises and the principles of the United Nations Global Compact are used as a guide for this analysis. The approach entails excluding companies with unacceptable practices.

Social responsibility and governance

Corporate social responsibility and governance are a key parts of the risk analysis performed by our management team. The analysts use a table of factors to identify the main risks associated with an issuer and measure their intensity. The selected approach in this area favours best practice in each sector.

Controversies

We assess controversies affecting the issuers in the portfolio. Concerning events are analysed impartially by our ethics committee. They are assessed in relation to their seriousness, impact and frequency, and the company's response. If a company is excluded from our investment universe because of a controversy, the exclusion only applies for a set period, after which the case will be reassessed.

Adverse sustainability impacts

In order to mitigate the negative impact of the funds, we apply an analysis method designed to ensure that the investments selected do not significantly harm sustainability objectives. We incorporate various impact indicators into our selection process (including, to the extent that information is available, those required under the SFDR regulation). For example, some indicators aim to limit damage to biodiversity.

Managing sustainability risks

We believe that sustainability risks could have a major impact on the performance of the portfolios we manage. Sustainability risks are derived from factors such as meteorological events (physical risks), the need for companies to adapt swiftly (transition risks) and dependence on ecosystems (biodiversity risks). Social aspects (human rights, discrimination, labour relations, accident prevention, etc.) and governance shortcomings are also sources of sustainability risk. This is why we have incorporated those sustainability risks we deem to be the most significant into our investment selection process.

Publication of information

anaxis-am.com

We inform investors about how sustainability factors are taken into account in the management of our portfolios by means of our *Annual sustainable investment report*, which is supplemented by a *Sustainable investment policy* and a *Statement on principal adverse impacts of investment decisions on sustainability factors*. These documents are freely available on our website www.anaxis-am.com in the "Responsible approach" section. Further information can be obtained by e-mail.

→ info@anaxis-am.com

In addition, for each fund that includes a sustainable investment objective (i.e. more than 90% of our assets under management), more specific information on how sustainability factors are taken into account in the management of the product can be found:

- in the main body of the prospectus (in the 'Investment Strategy' section),
- in an appendix to the prospectus specifically dedicated to these aspects,
- in the appendix to the annual report dedicated to the implementation of the product's sustainable investment strategy,
- in the appendix to the annual report dedicated to the principal adverse impacts of the product,
- in the monthly reports made available to investors.

Collective initiatives

ANAXIS ASSET MANAGEMENT is a member of the Institutional Investors Group on Climate Change (IIGCC). We have also been committed to the Net Zero Asset Managers (NZAM) initiative since its launch. The aim is to ensure that investment portfolios are carbon neutral by 2050. Furthermore, Anaxis is a signatory to the United Nations Principles for Responsible Investment (PRI) and a member of the Task Force on Climate-related Financial Disclosures (TCFD). Our aim is to take collective action to ensure that companies release specific, transparent data on climate-related issues.

PRI	Signatories to the Principles for Responsible Investment form a network of investors working together to implement six development principles with support from the United Nations. The aim of this network is to understand the implications of sustainable development for investors and to help them incorporate these questions into their investment decisions. By adhering to these principles, the signatories are contributing to the development of a more sustainable global financial system.
IIGCC	The Institutional Investors Group on Climate Change aims to mobilise capital for the transition towards a low-carbon economy, and ensure resilience to the consequences of climate change, by working with businesses, policymakers and investors.
NZAM	The Net Zero Asset Managers initiative brings together a group of international asset managers who support the aim of achieving carbon neutrality no later than 2050, in line with international efforts to limit global warming to 1.5°C. The initiative encourages investments aligned with this objective.
TCFD	The FSB Task Force on Climate-related Financial Disclosures produces data on the financial risks linked to climate change. Businesses use this data to provide information to investors, lenders, insurers and other stakeholders.

B. Internal resources

Dedicated resources

Financial resources

In 2025, the budget allocated to incorporating sustainability criteria into our investment strategy was approximately €329,000 (excluding variable remuneration), representing approximately 12% of general expenses (as defined for the calculation of regulatory capital) and 0.031% of assets under management.

Human resources

During 2025, the sustainable investment process mobilised the equivalent of 2.5 full-time jobs, representing 23.5% of the company's workforce.

Technical resources

The following data suppliers are used:

- Lucror Analytics for analysis of governance risks, in particular on issuers from emerging markets,
- ISS for controversy monitoring and compliance with ethical standards,
- Carbon Disclosure Project (CDP) for information on companies' greenhouse gas emissions, their climate strategy and their consideration of water-related issues,
- the Urgewald NGO for identification of activities and controversial projects in the fossil fuel sector.

Actions taken

Introduction of sustainable investment objectives

We have decided to include sustainable investment criteria in all products in our range. In 2025, six of our eight UCITS pursued an objective that complies with the requirements of Article 9 of the SFDR, bringing the assets under management covered by such objectives to over 90%.

Taxonomy

New data has been collected to determine the proportion of portfolios invested in activities compliant with the European taxonomy. Figures have been obtained for 38% of the issuers in which we hold positions, enabling us to publish, for the first time, indicators relating to the alignment of our portfolios.

Monitoring of ESG indicators

We have introduced comprehensive weekly reports to enable closer monitoring of ESG indicators and commitments, in addition to the existing monthly reports. The format is identical. It includes a summary table and alerts covering the thresholds set out in our sustainable investment policy.

Climate trajectories

We have developed a model to project the expected evolution of greenhouse gas emissions intensity across portfolios. This model uses the targets announced by companies, particularly those validated by the SBTi (Science-Based Targets initiative). The model also compares the announced targets with the actual progress made by companies since the year chosen as the baseline.

Accounting for principal adverse impacts

New tools are currently being developed to gather and integrate more extensive data on companies' adverse impacts on sustainability objectives. The aim of this project is to enhance portfolio coverage and strengthen the representativeness of the indicators. Additional data could potentially be retrieved for around 40% of positions, for a selected set of indicators disclosed by companies.

Commitment

In 2025, we signed an appeal to the European Union institutions to emphasise the importance of maintaining the ambitions of its sustainability policy regarding transparency, reporting and due diligence. This appeal (*Omnibus initiative: Sustainability rules are essential for European competitiveness*) was issued against the backdrop of discussions surrounding the Omnibus initiative and various proposals to simplify and defer the obligations imposed on companies. The appeal was supported in particular by the IIGCC and the PRI, of which we are members, and was signed by 475 companies.

Ethics Committee

During the 2025 financial year, our ethics committee reviewed seven cases of controversy. One exclusion that had reached its expiry date was extended, and three new exclusions were imposed.

Financial sector companies

With a view to expanding our investment universe, we have developed specific rating frameworks for companies in the financial sector (banks and insurers) on issues of social responsibility, governance and climate strategy.

Analytical tools

We have automated the extraction of information from companies' annual reports using artificial intelligence tools to speed up the rating process and the review cycle for ratings assigned to companies in the areas of social responsibility, governance, climate and water management (including the protection of aquatic and marine environments).

Internal training

An internal training programme raises staff awareness of sustainable investment issues and familiarises them with regulatory developments as well as the organisation, procedures and tools deployed internally. Updates are provided weekly during a meeting attended by the entire team. Furthermore, members of our sales team have obtained the AMF certification in sustainable finance following intensive preparation with the assistance of an external training firm.

C. Internal governance

Governance bodies

Strategic commitment

The Chairman of Anaxis Asset Management, Pierre Giai-Levra, personally monitors every aspect of the implementation and operation of our responsible investment policy. Our level of conviction, involvement and willingness is what makes all the difference. We view sustainable investment as an imperative.

Ethics committee

Our ethics committee comprises the Chairman (Pierre Giai-Levra), Compliance Officer (Fatima Guirrati), Delegate Risk Officer (Ariel Agranat) and, depending on the topics discussed, one or more representatives of the management team. Fatima Guirrati holds the ESG Analyst certification issued by EFFAS.

Audit and internal control

Monitoring the formalisation and application of procedures for taking sustainability factors into account is part of internal controls, periodic controls (carried out by an independent firm), the audit programme of the UCITS' auditors and the audit programme of the custodian.

Remuneration policy

The extent to which sustainability risks are taken into account is identified in our remuneration policy as one of the criteria on which team members are individually assessed. Moreover, as our development strategy is explicitly focused on sustainable investment, our incentive system is designed to encourage the incorporation of sustainability factors into our activities. Our approach entails defining quantified sustainable investment objectives (in addition to financial objectives) and implementing specific procedures. As a result, the share of managers' remuneration determined in relation to performance achieved and compliance with procedures includes, in practice, a large component linked to sustainability.

Supervisory bodies

Anaxis Asset Management is managed by a three-person management committee. Due to the entrepreneurial nature of the structure, there is currently no supervisory board or board of directors for which it would be necessary to establish rules specifying how they would integrate sustainability factors into the decision-making process.

D. Engagement strategy

Companies concerned

Our goal is to have an engagement system covering investee companies that are engaged in sensitive activities as regards greenhouse gas emissions and yet to introduce a credible transition policy in line with the aims of the Paris Agreement. For the sake of efficiency, issuers whose securities never represent more than 0.5% of a portfolio are not taken into account in our engagement targets.

Voting policy

This report primarily concerns our fixed income segment, which represents 98.3% of assets under management and is not covered by the voting policy. For investors interested in our equity segment specifically, a document describing our shareholder engagement policy is available at the following link:

https://www.anaxis-am.com/wp-content/uploads/2023/09/Politique-des-droits-de-vote_160425_FR.pdf

Summary of our engagement strategy

1	As of the date of this report, engagement discussions are ongoing with a single issuer. Furthermore, two companies with which we had engaged were removed from the list of eligible investments during 2025 due to a lack of conclusive results. Finally, we have concluded our engagement with two other companies after noting progress that we deemed satisfactory.
0.1%	The positions currently covered by our engagement strategy account for 0.10% of total assets under management as at the end of December 2025.

Themes

Our engagement approach focuses primarily on climate transition. It requires companies to: (i) publish reliable and relevant indicators, particularly with regard to greenhouse gas emissions, (ii) analyse the potential impact of their activities on the climate, (iii) set medium- and long-term targets aligned with the ambitions of the Paris Agreement, (iv) define a credible roadmap, (v) implement appropriate governance for its climate strategy, and (vi) integrate climate concerns into the executive compensation structure. The results achieved and investments made must also be consistent with the stated ambitions.

Monitoring

The engagement process is monitored by our chairman, who personally contacts the companies with which a dialogue needs to be established. We aim to engage with the highest possible level of company management. The engagement must result, within twelve months, in sufficient progress to lead to an improvement in the company's climate rating. Otherwise, the case is referred to the ethics committee with a view to excluding the company from the list of investments eligible for our portfolios.

Voting policy summary

Our efforts so far have entailed engaging with individual bond issuers. At present, we do not seek to use our position as a shareholder to influence strategy at the companies in which we hold shares. The percentages in question fall below the thresholds stipulated in our voting policy. Equity investments account for 1.7% of our assets under management.

Sectoral disengagement

Fossil energy

We have decided to divest our funds from all companies with substantial operations in the fossil fuel industry. This decision applies to all segments, from exploration to electricity generation and gas distribution. The decisive criterion is the proportion of turnover derived from such activities, which must not exceed 5%.

Case of coal: absolute thresholds

In the case of coal, we also apply absolute thresholds: 10 million tonnes extracted or 5 gigawatts of capacity installed for the purpose of generating electricity. Exclusion is total when the production of fuel or electricity is intended for commercial purposes.

New projects

We also exclude companies with new projects in areas that are particularly environmentally harmful.

excluded non-conventional activities

- coal extraction
- construction of coal-fired power stations
- shale gas exploitation
- oil sands exploitation
- hydraulic fracking
- deep-water drilling
- Arctic drilling

Other sector exclusions

Our sectoral disengagement strategy targets other activities including fertilisers and pesticides. Further details about the reasoning for and implementation of this strategy can be found in the document describing our sustainable investment policy, which is available to investors on our website.

E. Taxonomy, fossil fuels

Taxonomy-aligned share

8.6%

Data published by companies shows that at least 8.6% of assets under management at the end of 2025 are invested in activities that comply with the criteria of the European green taxonomy (as set out in Regulation (EU) 2020/852). Details are provided below (categories may overlap).

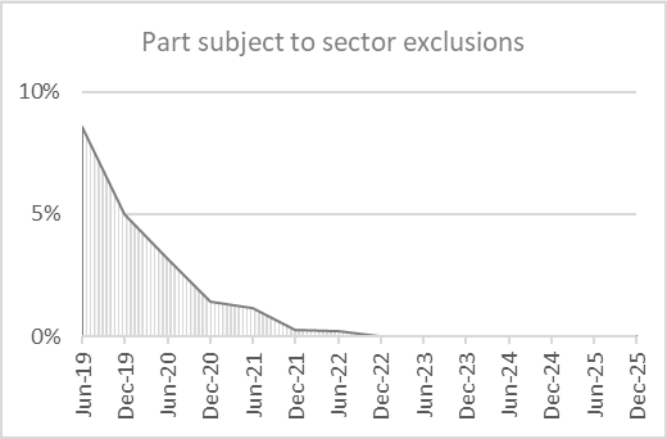
Green Bonds	**6.6%**
Turnover	**2.6%**
Mitigation	**1.8%**
Adaptation	**0.0%**
Transition	**0.2%**
Enabling	**0.6%**
Mitigation / Enabling	0.6%
Adaptation / Enabling	0.0%
Capex	**3.1%**
Mitigation	**2.1%**
Adaptation	**0.1%**
Transition	**0.2%**
Enabling	**0.9%**
Mitigation / Enabling	0.8%
Adaptation / Enabling	0.0%
Opex	**2.4%**
Mitigation	**1,9%**
Adaptation	**0.1%**
Transition	**0.1%**
Enabling	**0.8%**
Mitigation / Enabling	0.8%
Adaptation / Enabling	0.0%

A distinction is drawn between activities that may help to mitigate global warming, such as data processing and hosting services, and activities enabling adaptation to the expected effects of climate change, such as education. However, a significant proportion of the activities concerned appear in both categories. This is the case for wind or solar electricity generation, for example. The compliant portion of investments can be determined by allocating companies' activities according to turnover, Capex or Opex. The overall alignment percentage shown above favours the Capex method, which is more consistent with the nature of the bond asset class. However, the figure is understated due to a lack of available data.

Grey share

zero

Our portfolios' exposure to activities linked to fossil fuels is calculated using both an internal issuer classification system (applying a 5% turnover threshold) and the lists published by the Urgewald NGO. Our portfolios do not have any significant exposure in this area.



Including exclusions aimed at packaging plastic, fertilisers, pesticides, weaponry, etc.

F. Climate alignment

Quantitative 2030 objective

We have set ourselves the goal of reducing the carbon intensity of all portfolios under management. We aim to achieve a reduction of 60% by 2030, relative to the level at the end of 2018. This target implies an average fall in carbon intensity of 7.5% per year. We are gradually incorporating this into our UCITS documentation in the form of sustainable investment objectives within the meaning of article 9 of the SFDR regulation. Over the longer term, our ambition is to reach carbon neutrality by 2050.

Internal methodology

General approach

Our climate alignment strategy draws on the principles recommended by the Net Zero Asset Managers (NZAM) initiative. It consists in targeting, as a priority, companies operating in sectors considered sensitive owing to their potential contribution to global warming. The sectors selected are those recommended by NZAM, as well as those identified by Anaxis on the basis of their greenhouse gas emission intensity (in tonnes expressed as a function of turnover).

The reduction in the portfolios' carbon intensity is to be achieved through a combination of two specific actions. The first concerns portfolio alignment: investments in sensitive sectors must be allocated to companies that are neutral, aligned or on track to achieve alignment. The second takes the form of an engagement programme with companies that have yet to meet all our alignment criteria with a view to making significant progress over a one-year period.

The extent to which companies are aligned and incorporating climate issues into their strategy is assessed by means of an internal rating system using eight groups of environmental criteria to rank companies on a scale of A to E.

More detailed information on our methodology can be found in our sustainable management policy.

Level of coverage and aggregation method

We are targeting a coverage level of 100% of assets under management, with a tolerance threshold of 10% necessitated by portfolio rotation and the arrival of new issuers on the primary market. The selected aggregation method uses the funds' AUM and the market values of the positions. At the end of the year, the coverage level was 100%. Indeed, the potential impact was assessed for all issuers in our portfolios and all those identified as sensitive were rated. Overall, environmental ratings were assigned to 97.4% of positions (sensitive and non-sensitive combined).

Selected time horizon for the assessment

Our analysis combines two time horizons. A long-term horizon was set for 2050 for us to ensure that the companies are compliant with the objectives of the Paris Agreement and seeking to achieve carbon neutrality within a reasonable timeframe.

A medium-term horizon of 2030 has also been set. We felt that this was important to prevent the necessary efforts being pushed too far into the future, making the transition more difficult and more expensive.

We apply these two horizons to our own management activities. As each company we study has its own climate strategy, we carry out a case-by-case assessment to determine whether this strategy is consistent with the efforts we deem necessary, depending on the sector in question, to achieve our medium- and long-term objectives.

Assumptions made, energy-climate scenario

We have decided not to apply an energy-climate scenario when assessing companies' degree of alignment. Such scenarios can be useful as a contribution to the definition of regulations or public policies. But our aim is to encourage companies to engage with the climate transition by adopting ambitious strategies.

For example, we do not assume that the greenhouse gas intensity of an industrial group will fall because of expected changes to the energy mix in the countries in which the group has a presence. It must have a clear transition plan to develop renewable energy sources or buy electricity from suppliers with a commitment to this approach.

Our estimates rely on sector emissions data as at 31 December 2019. This prevents the results obtained by companies that are making progress towards climate transition and embracing transparency by publishing their figures from indirectly benefiting companies for which information is missing.

Adjusting projections to portfolios

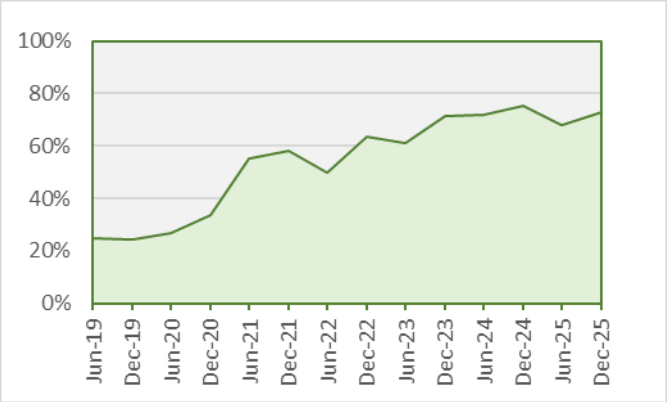
In the absence of explicit climate impact reduction targets from companies, we assume that no reductions will be achieved in the coming years. It is important to note that the alignment analysis method assesses each investment individually within sectors that have a high potential climate impact.

The advantage of this method is that it does not allow for offsetting at the overall portfolio level (e.g. investments in ambitious companies combined with tolerance for lax emitters). Its disadvantage is that it gives secondary importance to lower-emitting sectors, even though they represent a significant portion of allocations and, taken together, can have a significant impact on the climate.

We have therefore added a limit on the proportion of portfolios that have not obtained sufficient climate ratings (with thresholds set at B for sensitive sectors, C for moderately sensitive sectors and D for less sensitive sectors). The allocation limit is 20%. At the end of the year, the level reached was 8.5% for our entire management activity, with no individual portfolio exceeding the specified limit.

Methodological limitations

- The environmental analysis is primarily based on information provided by companies. The figures are not always audited. The methodologies used and scopes considered may vary, meaning that comparisons and aggregations should be treated with caution.
- It is necessary to use estimates and assumptions in certain cases, for instance where data on greenhouse gas emissions is unavailable or incomplete.
- There is too little data available currently to assess indirect greenhouse gas emissions, such as those linked to the use of products or services provided by companies.
- Certain assessment criteria are based on the forecasts, commitments or strategies published by companies. The reality may turn out to be different.
- Certain criteria are based on internal procedures or policies published by companies. Such procedures and policies may not be applied, or may be applied only partially.
- Certain information may not be recent enough to reflect the current situation for the company in question. This may be the case when information is taken from an annual report, for example, or when major changes have taken place within the company.
- No analysis, however rigorous, can predict controversies or future events that may have a major negative impact.



73%

Share of portfolio companies publishing data on their greenhouse gas emissions

Selected scope

Types of emissions

We use three different scopes to calculate greenhouse gas emissions. These scopes are used by the companies to report their annual emissions.

Scope 1	Direct emissions from sources held or controlled by the company.	
Scope 2	Indirect emissions linked to the energy consumption required to manufacture the products or provide the services offered by the company.	
Scope 3	**Upstream**	**Downstream**
	Emissions resulting from the manufacture of purchased goods and raw materials.	Emissions resulting from the use of the products by clients.

The emissions taken into account in monitoring the reduction in the carbon intensity of portfolios are those from scopes 1 and 2. These are direct emissions from sources held or controlled by the company (scope 1) or linked to the energy consumption (electricity, heat, steam) required to manufacture the products or provide the services offered (scope 2).

Indirect emissions (scope 3) resulting from the manufacture of purchased goods and raw materials (upstream) or from the use of the products by customers (downstream) are included in the analysis of companies' climate alignment when the nature of their activity makes this a determining factor: for example, in the automotive, transport and logistics sectors.

Avoided or negative emissions

We do not use the concept of avoided emissions or negative emissions in our greenhouse gas emissions calculations. Some companies use CO_2 capture or reforestation programmes to reduce published net emissions, but this effect remains very marginal. It does not cast doubt on the quality of the aggregated data.

Nature of emissions

Several different greenhouse gases must be taken into account for their environmental impact. The main gas emissions measured are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Other gases resulting from industrial processes, such as halogenated hydrocarbons, can also have a significant greenhouse effect. However, it is estimated that carbon dioxide and methane are responsible for 74% and 17%, respectively, of the climate impact of gas emissions linked to human activity.

Aggregation of emissions

We aggregate various types of gas emission by converting the volumes into their CO_2 equivalent. To that end, we consider the greenhouse effect caused by the gas in question. Methane, for example, has a greenhouse effect 25 times as powerful as that of CO_2. As such, the volumes of methane released into the atmosphere are multiplied by 25 before they are added to CO_2 emissions. The results are expressed in tonnes of CO_2 equivalent (t CO_2e).

Concept of intensity

Annual emissions are expressed as a function of each company's turnover. This ratio, referred to as "CO_2 intensity", indicates the volume of gas emitted into the atmosphere resulting in €1 million of sales. CO_2 intensity varies widely from sector to sector depending on the nature of the activity.

Financed emissions

Another way to measure CO_2 intensity is to express each company's annual emissions as a function of its stock market capitalisation (rather than its turnover). Intensity can then be interpreted as the volume of greenhouse gases associated with an investment of €1 million in the company. This approach is relatively intuitive for equity investors, but it is harder to apply to bonds. It depends on the company's debt level. It is possible to overcome this issue by using enterprise value, which we define as its market capitalisation + debt + available cash. The enterprise value is a better reflection of its economic reality in that it demonstrates how much money is actually used for its activities.

Use of estimates

It may be necessary to estimate missing data using figures published by companies with comparable business activities. The method using the carbon intensity as a function of turnover yields good results when companies are similar in terms of products, production processes, energy sources and sale prices. Carbon intensity to enterprise value ratios can be more variable because they depend on the share price, which is in turn a function of factors such as growth and profits.

At the end of 2025, scope 1 and 2 intensity figures were available for approximately two-thirds of issuers in the portfolio. Estimates were used to supplement the available data. For scope 3, we obtained intensity data for 47% of positions and used estimated figures for an additional 15%. Coverage in terms of financed emissions was 41%.

Forward-looking estimate

The forward-looking aspect of our approach involves analysing:

- companies' environmental objectives,
- how they are taking ecological and climate risks into account,
- the investment plans that should enable them to achieve their objectives and manage the identified risks,
- projects linked to the development of new "green" technologies, and
- governance of this transition.

The key is to assess companies' ambition, commitment and credibility in the climate sphere, then determine how this should affect portfolio allocation. If the entire asset management industry were to follow this approach, we could create a strong incentive to effect meaningful change. We hope to contribute to this effort so that the most ambitious scenarios play out in reality rather than being left on the drawing board.

The emission reduction targets announced by companies can be used to project the greenhouse gas intensity of portfolios in the coming years. These projections should be treated with caution. They assume that the allocation remains unchanged, whereas we manage funds with defined maturities and invest primarily in bonds with relatively short maturities. Furthermore, there are few guarantees that the results actually achieved by companies will match their stated ambitions.

Despite these reservations, we have developed a model to forecast the emissions trajectory of our portfolios based on, on the one hand, the commitments made by companies (as reflected in the targets validated by the SBTi or in the CDP questionnaires) and, on the other hand, the history of actual emissions. Results point to a trajectory close to scenarios compatible with the 1.5°C target of the Paris Agreement. Indeed, the expected rate of reduction in average greenhouse gas emissions (scopes 1 and 2) is -6.7% per year by 2030.

Granularity

Time granularity

Where possible, we use data reported by the companies themselves. These figures are typically published on an annual basis. Their availability in the selected databases is verified on a quarterly basis. The monitoring of the portfolios' sustainable investment objectives is carried out on a monthly basis, as is the updating of the impacts based on changes in allocations.

Sector granularity

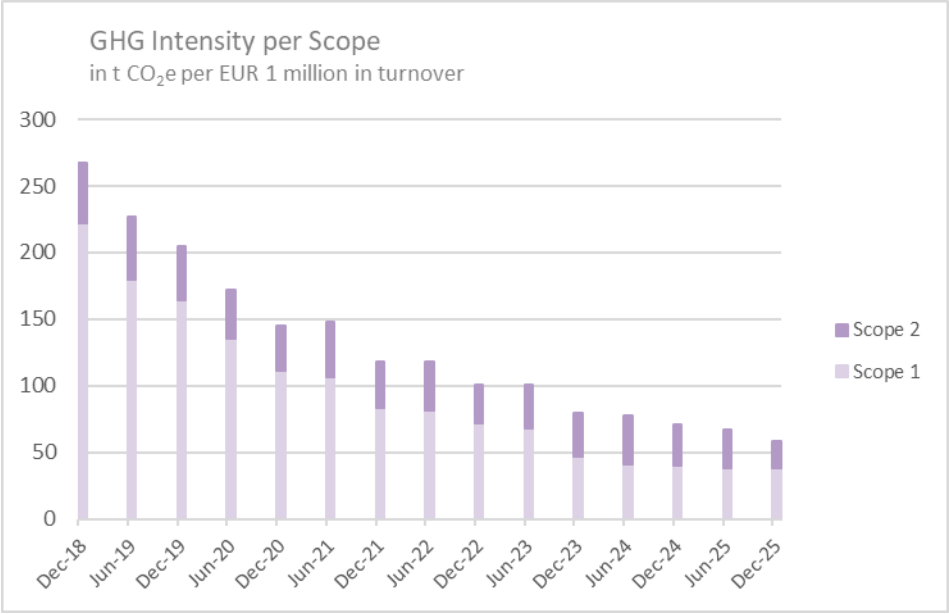
Some companies do not provide information on their greenhouse gas emissions. In such cases, we analyse the company's business sector and use the sector's median carbon intensity. While carbon intensities are more relevant than absolute quantities, there may be distortions linked to a company's size, turnover, national standards and individual performance. The sector-based classification used represents a compromise between the need to categorise companies' business activities as precisely as possible and the need to have enough examples within each sector. Ultimately, we divided the companies among 69 business sectors. Some of these are broken down even further, though. For these

estimates, we felt that it was preferable to use medians rather than means. Medians are less sensitive to extreme values and errors. The median figure splits the companies in the sector into two equal groups: those that published lower figures and those that published higher figures.

Geographical granularity

Our analysis of how companies in our portfolio align with our global warming mitigation goals does not use aggregates or geographical averages. However, companies themselves often publish scope 2 emissions data based on the energy mix of the national or regional grids from which they source their electricity.

Results



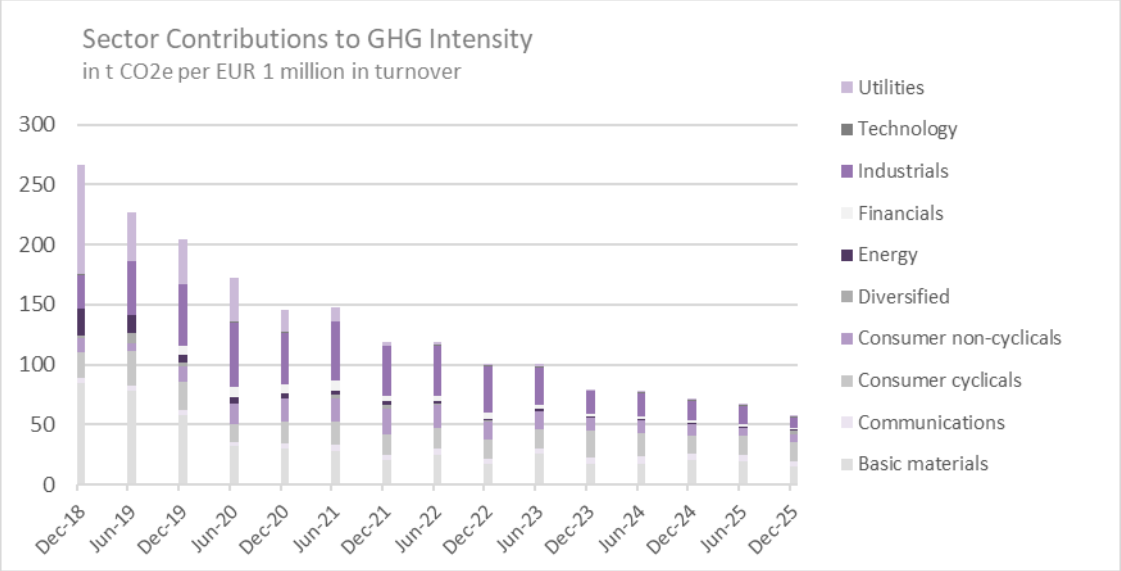
The management policy adopted by Anaxis has allowed us to significantly reduce the greenhouse gas emissions linked to the investments. Viewed collectively, and weighted as per their size, the estimated intensity of our funds has fallen significantly since 2018, having dropped from 266.9 to 58.0 tonnes of CO_2 equivalent per million euro of turnover. For comparison, the intensity was 71.1 at the end of 2024. This change corresponds to a fall in intensity of 18.4% in one year, and 19.6% per year on average over the last seven years.

Scope 1 (direct emissions from sources held or controlled by the companies) accounts for 56% of the emissions linked to portfolio positions. This is also the area in which the clearest progress has been made (-22.2% per year versus -11.1% for scope 2).

-78%

The average CO_2 intensity of investments held on behalf of our clients was reduced by 78% in seven years (i.e. close to 20% per year).

The exclusion of the fossil fuel sector helped us to achieve this goal. Moreover, the reduction observed largely came from the basic materials and infrastructure sectors, as shown by the graph below. Allocation to these two sectors explained two-thirds of the intensity measured at the end of 2018. Their share had fallen to 16.5% (14.9% for materials and 1.7% for utilities) by the end of 2025.



Role and usage of the climate assessment

Principles

The aim of the climate assessment is to reduce the greenhouse gas intensity of our investments. It involves a company rating system. The ratings are used to adapt the allocations and target our engagement efforts.

This assessment is an integral part of our sustainable investment process, which has two pillars:

- firstly, managing the risks experienced by individual companies – and by the portfolios collectively – because of their exposure to certain environmental, social or governance factors;
- and secondly, reducing the harmful effects that companies' activities may have on the environment (including the climate, aquatic environments, water resources and biodiversity) and society.

The table on the following page shows how the chosen assessment methodology in relation to climate complements the other environmental, social and governance quality indicators used more broadly in our investment strategy.

A combination of complementary indicators

1	**Classification of issuers by business sector and identification of issuers that, due to the nature of their operations, could have a substantial impact on the climate, water resources or aquatic environments.**
2	**Identification and exclusion of issuers whose business activities do not meet the requirements of our sector exclusion policy.**
3	**Environmental analysis and rating of issuers using criteria dependent on the intensity of potential impacts on the climate and the water theme.**
4	**Exclusion of issuers that have received inadequate ratings due to their potential environmental impacts, or implementation of individual engagement efforts over a one-year period. Quantified alignment and engagement objectives have been set for sectors deemed sensitive. These objectives are detailed in our sustainable investment policy.**
5	**Monthly alert to managers about low-scoring positions exceeding certain allocation thresholds, so as to favour the reduction of impacts across all sectors.**
6	**Rating of issuers based on social responsibility and governance criteria: transparency, organisation, consideration of stakeholders, diversity, integrity, tax policy; exclusion of the issuers with the lowest scores.**
7	**Systematic controversy monitoring; decisions of our ethics committee on excluding issuers involved in violations of the UN Global Compact principles or other ethical standards.**
8	**Identification of economic ties to political authorities; exclusion of companies controlled by authoritarian States, or political entities or individuals linked to such States.**

Changes to the investment strategy

July 2019 – We implemented a strategy to withdraw from fossil fuels from July 2019. An exclusion policy was drawn up. It targeted sectors including coal and oil. An exclusion threshold of 20% of turnover was applied. This covered producing, refining and transporting fuels and using fuels to generate electricity.

June 2021 – The exclusion scope was extended to include natural gas and the threshold was reduced to 5% for exploration, extraction, production and refining of fossil fuels, as well as the generation of electricity, heat or other forms of energy using fossil fuels.

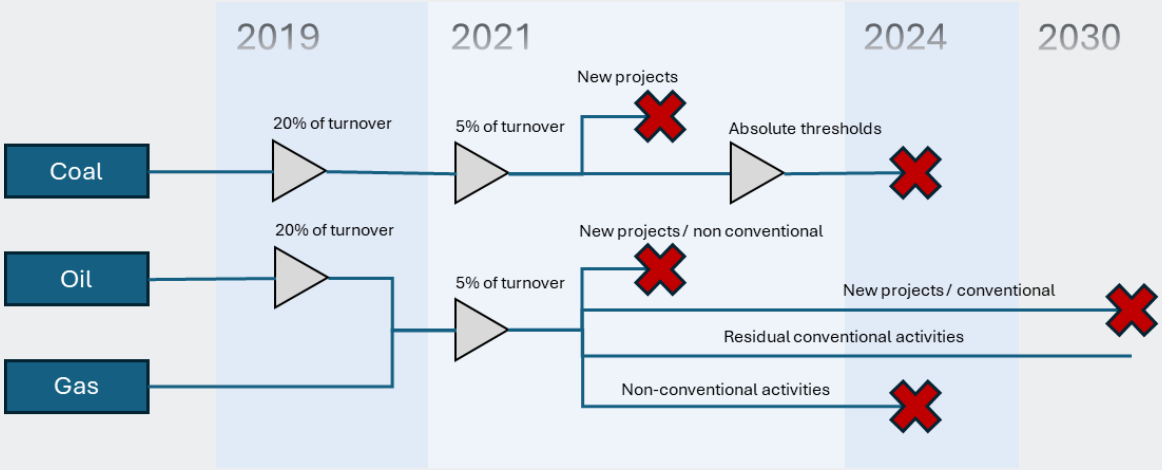
We also excluded companies developing controversial new projects, even where they were compliant with the 5% threshold: coal mining, shale gas exploitation, tar sands extraction, hydraulic fracking, Arctic drilling or deep-water drilling.

Furthermore, to reflect the danger posed by certain existing operations, we made a commitment to exclude these activities entirely by 2030. By the same date, new investments in conventional fossil fuels will no longer be tolerated from companies.

November 2021 – We introduced absolute thresholds for coal in order to better cover mining or energy giants with significant operations in this area. We now exclude mining companies that extract more than 10 million tonnes of coal per year, as well as electricity producers having an installed capacity of more than 5 gigawatts in coal-fired power stations. We also confirmed that the exclusion of controversial new projects covered the construction, extension or modernisation of coal-fired power stations. Lastly, we clarified that we use the definition of the Arctic published by the AMAP (Arctic Monitoring and Assessment Programme), which is an Arctic Council working group.

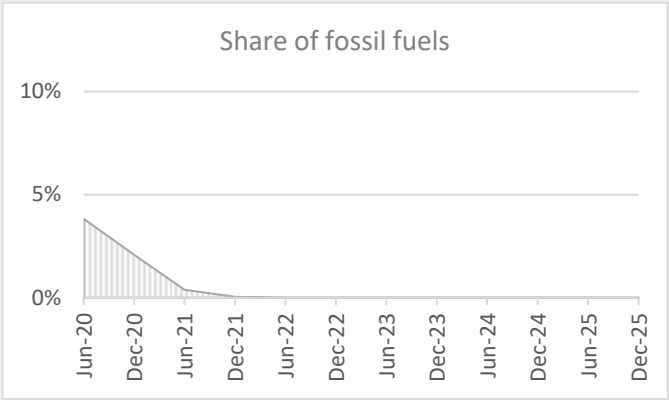
June 2023 – We made a distinction between social responsibility and governance ratings and introduced a more refined rating scale to take better account of the diversity of companies' situations.

April 2024 – We have decided to ban all commercial activities related to coal or unconventional fuels without waiting until 2030.



Monitoring results

As at the date of this report, we do not hold any significant positions in the fossil fuels sector. None of the companies in our portfolio is involved in controversial projects or commercial activities relating to coal or unconventional fuels.



Assessment frequency

Climate assessments are reviewed on an annual basis. They are based on the greenhouse gas emissions data and annual reports published by companies. The factors used to assess climate change are those used to assign climate ratings to companies, as summarised above (section 'Themes', p. 12). The compliance of our portfolios with our exclusion policy is monitored on a weekly basis.

G. Biodiversity

Contribution to biodiversity preservation objectives

Sector exclusions

We have adopted a range of measures aimed at protecting biodiversity when investment decisions are made. The first consists in identifying activities that are liable to do the most damage to biodiversity, then excluding these activities from our portfolios when they are not essential and alternatives exist. The table below shows the links between excluded activities and the damage we seek to avoid.

Fossil fuels	**Global warming; acidification of the oceans, rising sea levels, fires**
Fertilisers and pesticides	**Poisoning of ecosystems, especially for insects and amphibians, lack of pollination, eutrophication**
Plastic packaging	**Pollution of marine environments, suffocation of animals**
Non-therapeutic GMOs	**Invasion of genetically modified species, disruption of ecosystems**
Weapons	**Destruction of ecosystems, poisoning, lighting of fires**

Water rating

We assign a water rating to companies whose activities are classified as risky due to their potential impact on water supplies (irrigation or drinking water), fish stocks or aquatic ecosystems. The most sensitive positions from this perspective must have a rating of C- or higher.

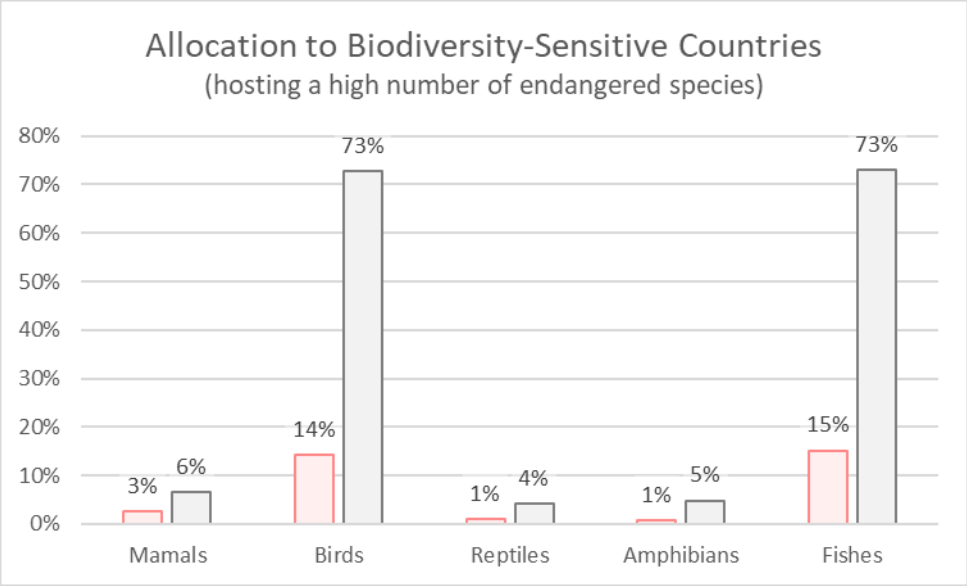
Impact monitoring

We specifically monitor four biodiversity impact indicators, with the objective of keeping them at zero:

High impact on biodiversity	**Share of investments in companies with sites or facilities located in or near biodiversity-sensitive areas, if the activities of these companies have a negative impact on these areas** (according to the method described in our *Statement on Material Adverse Impacts*)
Exclusion of fertilisers and pesticides	**Share of investments in companies with significant activities in the production of pesticides or other agrochemicals** (according to the criteria described in our *Sustainable Management Policy*)
Inadequate procedures on water	**Share of investments in companies with management or impact reduction procedures deemed inadequate given the nature of their activities** (in accordance with the principles of our water rating)
Absence of appropriate management of water stress	**Share of Investments in companies located in areas of high water stress that do not apply a water management policy**

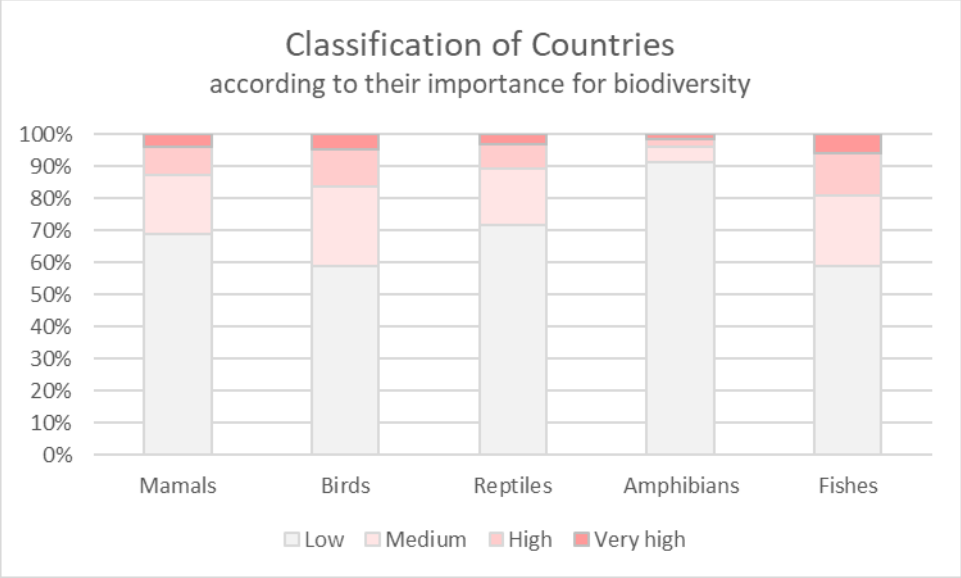
Indicators relating to endangered species

We used data collected by the International Union for Conservation of Nature (IUCN) to rank countries according to the number of endangered species (Red List) they host. Five taxonomic classes of animals were examined separately, and four categories of countries were defined for each. We then calculated the share of our assets allocated to countries most critical to the preservation of these animal classes, based on the main place of activity of the companies in which we invest. A reference universe specific to our asset class was also constructed to serve as a benchmark. The results are shown in the chart below.



In pink: overall exposure of Anaxis Asset Management
In grey: exposure of our main investment universe

For information purposes, the following chart shows the results obtained after classifying countries according to the number of animal species threatened with extinction that they are home to. Countries have been divided into four categories according to their importance for the preservation of biodiversity in each of the taxonomic classes considered.



Contribution to reducing ecosystem pressures

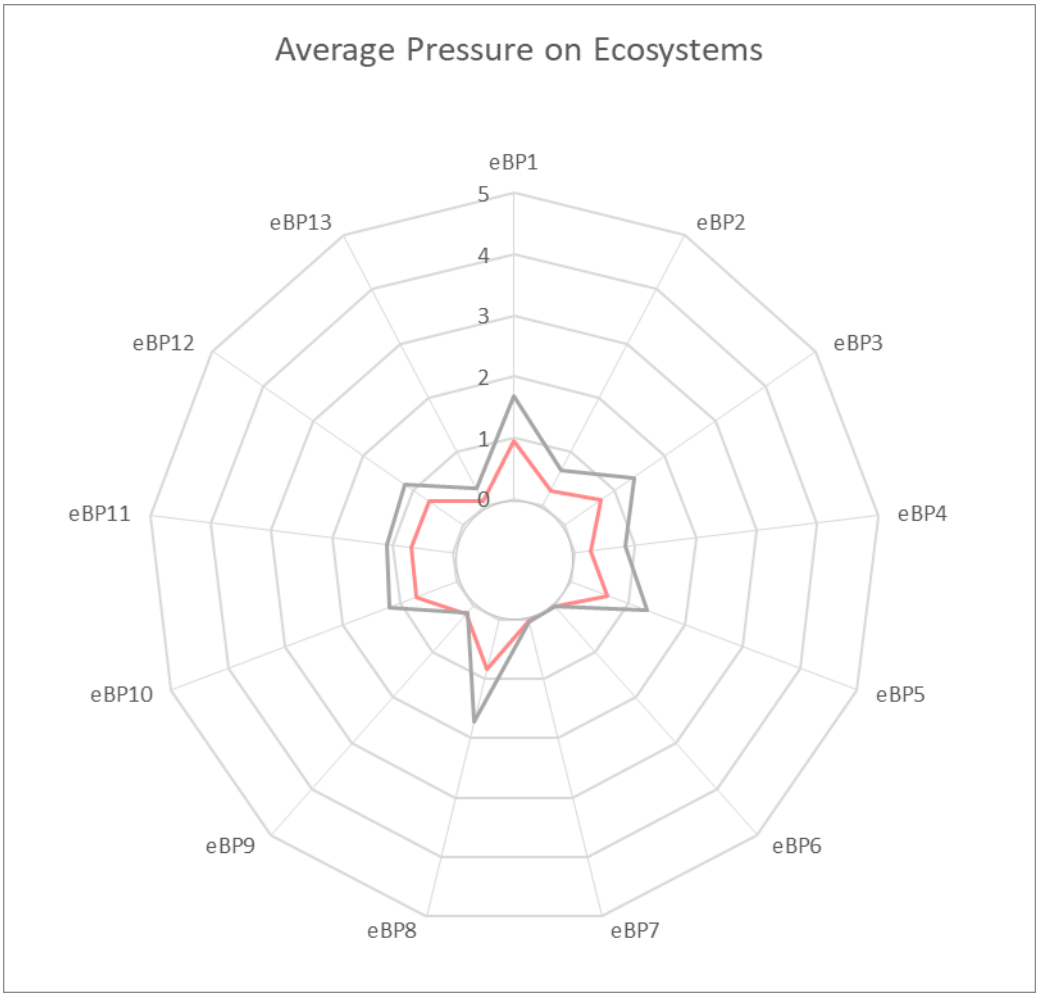
We have assessed the intensity of pressures on biodiversity exerted by the companies in which we invest. To do this, we applied the ENCORE database analysis, which identifies 13 ecosystem pressures and assigns them a degree of intensity based on the nature of the companies' activities.

ENCORE is a tool developed by Global Canopy and the United Nations Environment Programme (UNEP), specifically UNEP-FI (Finance Initiative) and UNEP-WCMC (World Conservation Monitoring Centre).

In order to report on the effectiveness of the measures implemented to reduce the ecosystem pressures associated with our management, we have:

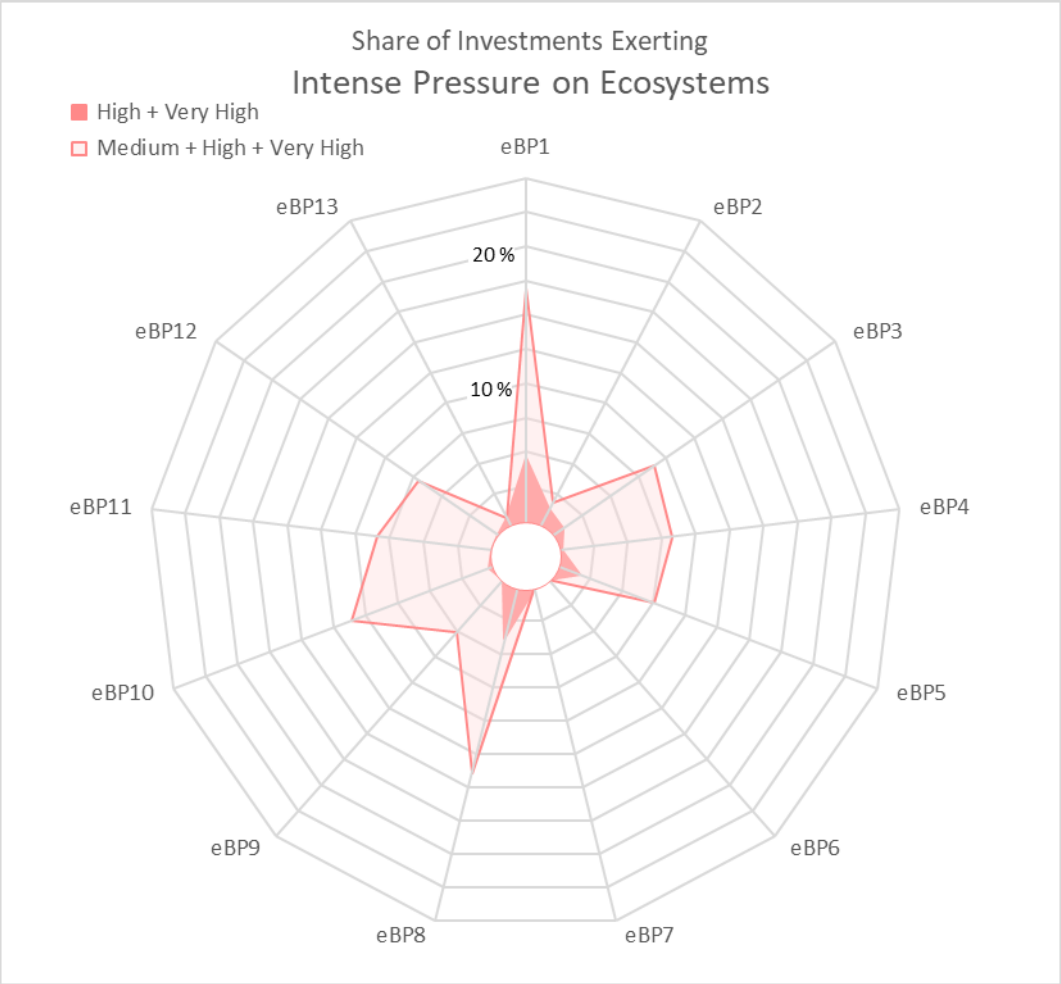
- translated these pressures onto a scale of zero to five;
- calculated a weighted average for each of them based on the size of our investments;
- compared them with the pressures corresponding to a benchmark portfolio consisting of the main bond issues in our investment universe. This universe comprises 241 securities.

The results are presented in the first chart below. They show that our investment process contributes to the preservation of biodiversity, thanks to a reduction in the intensity of pressures on ecosystems compared with our core investment universe.

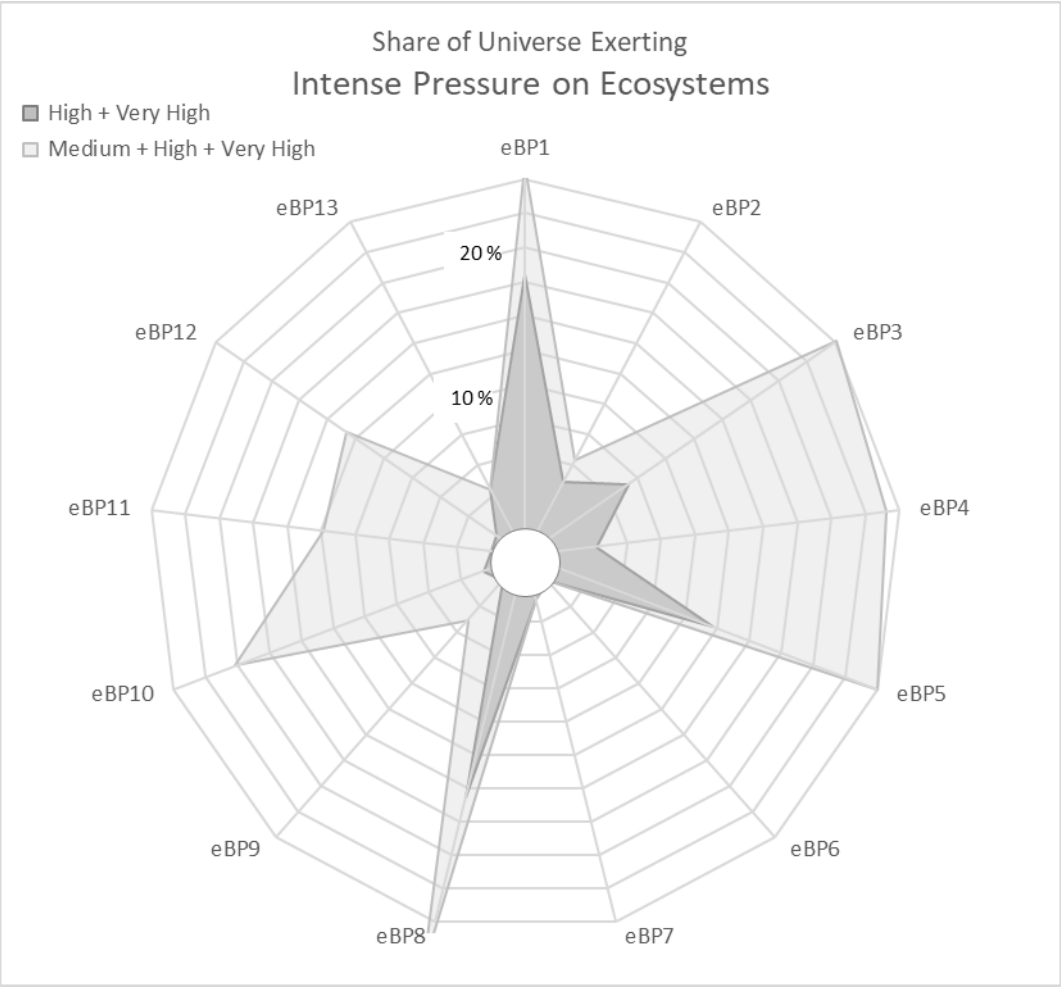


eBP1	Disturbances (e.g. noise, light)
eBP2	Area of freshwater use
eBP3	Emissions of GHG
eBP4	Area of seabed use
eBP5	Emissions of non-GHG air pollutants
eBP6	Other biotic resource extraction (e.g. fish, timber)
eBP7	Other abiotic resource extraction
eBP8	Emissions of toxic soil and water pollutants
eBP9	Emissions of nutrient soil and water pollutants
eBP10	Generation and release of solid waste
eBP11	Area of land use
eBP12	Volume of water use
eBP13	Introduction of invasive species

We refined this analysis by looking more closely at activities that exert intense pressures on ecosystems. The chart below shows, for each type of pressure, the percentage of our holdings invested in the sectors with the highest potential impact on biodiversity. For comparison purposes, this chart is supplemented by a similar chart for our core investment universe.

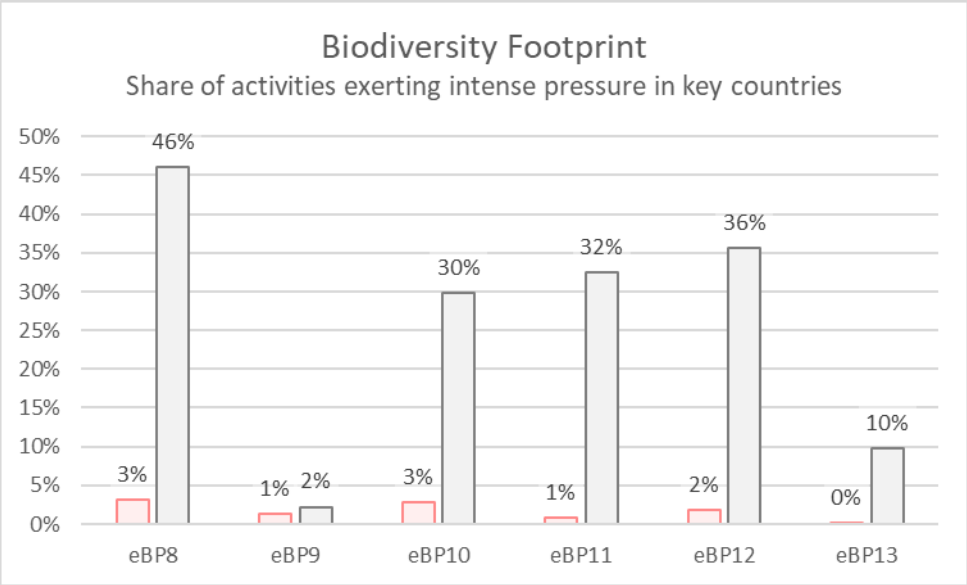


The decision (i) to exclude certain activities that are harmful to biodiversity and (ii) to apply selection criteria that limit investments in sectors with the highest expected impact leads to a very significant reduction in the potential impact of our portfolio management process.



Biodiversity footprint indicator

We have determined, for all of our portfolios and, for comparison purposes, for our core investment universe, the share allocated to sectors with high potential pressure on biodiversity in countries that are key to the protection of endangered species. To do this, we have used and cross-referenced the sector and geographical classifications described above. The chart below summarises the results for six ecosystem pressures. The following tables provide details of our portfolios' exposures in each case.



In pink: overall exposure of Anaxis Asset Management
In grey: exposure of our main investment universe

eBP8 Emissions of toxic soil and water pollutants
eBP9 Emissions of nutrient soil and water pollutants
eBP10 Generation and release of solid waste
eBP11 Area of land use
eBP12 Volume of water use
eBP13 Introduction of invasive species

Emissions of toxic soil and water pollutants

Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
1	1	-	-	0	-	-	5
2	1	1	1	0	-	-	4
10	4	2	1	3	-	-	3
16	6	4	4	2	-	-	2
5	1	3	1	1	-	-	1
54	16	14	14	9	-	-	0
89	12	7	6	5			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Emissions of nutrient soil and water pollutants

Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	4
5	2	2	0	1	-	-	3
1	-	0	1	0	-	-	2
0	0	-	-	-	-	-	1
82	27	22	20	14	-	-	0
89	2	2	1	1			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Generation and release of solid waste

Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
-	-	-	-	-	-	-	5
0	0	0	-	0	-	-	4
11	3	3	2	3	-	-	3
11	3	3	2	3	-	-	2
15	8	4	3	1	-	-	1
52	15	14	14	9	-	-	0
89	7	6	4	5			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Area of land use

Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	4
8	2	4	1	1	-	-	3
17	6	3	3	4	-	-	2
11	6	3	2	0	-	-	1
53	15	14	15	10	-	-	0
89	9	8	4	5			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Volume of water use

Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	4
7	3	2	0	2	-	-	3
19	6	5	4	4	-	-	2
11	6	3	2	0	-	-	1
52	15	14	14	9	-	-	0
89	9	7	4	5			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Introduction of invasive species

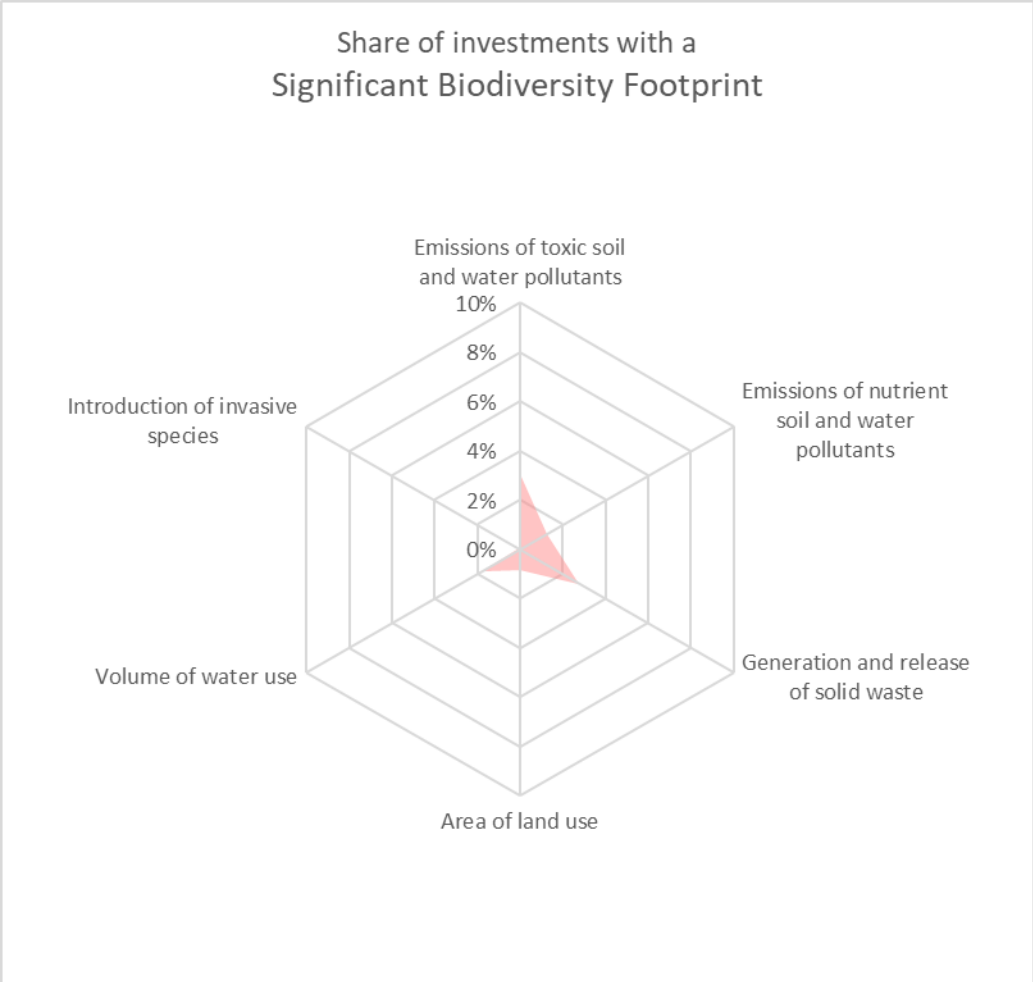
Importance of the country for the preservation of endangered species
by increasing importance (maximum between the five animal classes selected)

Tot.	0	1	2	3	4	5	
1	0	0	0	0	-	-	5
-	-	-	-	-	-	-	4
-	-	-	-	-	-	-	3
3	0	1	1	1	-	-	2
1	-	1	-	-	-	-	1
85	29	23	19	14	-	-	0
89	0	1	1	1			Tot.

Potential pressure
of the sector on biodiversity
by increasing intensity

Summary of significant footprints

The following chart shows, in aggregate form, the proportion of our portfolios with a footprint considered significant in terms of biodiversity, due to investments in companies whose activities may have an impact in countries that are important for the preservation of endangered species. For example, 3.1% of our assets are invested in companies operating in sectors that are relatively intensive in toxic emissions to soil and water (with intensities rated 3 to 5 on a scale from zero to 5) in countries with a relatively high number of endangered animal species (countries ranked 3 to 5 on a scale from zero to 5).



H. Managing sustainability risks

Process implemented

CLIMATE

Identification	The analysis table for climate risks follows the recommendations of the TCFD. It offers a shared framework allowing for detailed analysis and homogenous comparisons. Within two broad categories – transition risks and physical risks – we distinguish six types of risk. The analysis covers 17 different themes in total. Details are provided below.
Evaluation	The issuer's exposure to climate factors is analysed on two levels. The first evaluation takes into account the nature of the company's business activities and assigns a score for each factor on a scale of 0 (no significant risk) to 3 (high risk). A second analysis of climate risks, focused on the specifics of each company, is conducted by the management team and taken into consideration in investment recommendations.
Prioritisation	Managers receive a monthly summary of climate risks, enabling them to prioritize and effectively manage this aspect of investment risk. Moreover, the main risks associated with the securities reviewed by the management committee are set out in a section of the summary.
Management	In general, climate risks are taken into account in our investment process through the implementation of three complementary policies: sector exclusions, analysis of issuers' exposure to climate factors and assessment of their contribution to the efforts required for the transition to a sustainable economy (climate rating).

BIODIVERSITY

Identification	A specific analysis table has been designed for biodiversity-related risks. This analysis distinguishes 10 specific themes grouped into 4 broader types. A description of these risk factors is given below. This approach based on an internal method is complemented by an analysis of ecosystem dependencies according to the 25 factors defined by the international ENCORE initiative.
Evaluation	An issuer's exposure to biodiversity-related risk factors is analysed according to the nature of the company's business. Each internal risk factor is assigned a score between 0 and 3. At the same time, each dependency factor is assigned an intensity score between 0 and 5.
Prioritisation	Each month, managers are provided with a summary of biodiversity-related risks. This summary draws their attention to aspects that are not clearly apparent in traditional financial analyses. It also highlights possible concentrations of risk at the portfolio level.
Management	The analysis of biodiversity-related risks has led to some specific sector exclusions. In addition, these risks are taken into account in our management process, both in the selection of securities and in the construction of portfolios, insofar as the analysis reveals that these risks can significantly affect the expected performance.

SOCIAL ASPECTS

Identification	The social aspects taken into account include the ten UN Global Compact principles and criteria about respect for stakeholders. Concerning situations are identified through internal monitoring of issuers, by subscribing to the services of the ISS agency and by reviewing NGO reports.
Evaluation	The investment committee assesses corporate social responsibility using an analysis grid, assigning scores ranging from 1 to 4. In parallel, serious controversies are referred to the ethics committee, which comprises the Chairman, the Compliance Officer, the Risk Officer and at least one representative of the management team.
Prioritisation	A score of more than 3.5 automatically triggers a decision to sell. In addition, issuers with a controversy rated between 8 and 10 by ISS are systematically examined by the ethics committee, as are those for which the committee receives an internal alert (e.g. from the management or sales team).
Management	Management of the risk linked to violations of fundamental rights or shortcomings in terms of social responsibility is integrated into the investment process. Positions are systematically reviewed during investment committee meetings specifically dedicated to corporate social responsibility and governance. In addition, serious controversies lead to exclusions decided at meetings of our ethics committee.

GOVERNANCE

Identification

Governance risks are identified on the basis of a grid that include the following themes: transparency, organisation, balance of economic interests, probity, tax policy. Points requiring special attention from managers are defined for each theme. This stage in our process also relies on analyses from Lucror Analytics (in Europe and Latin America) and monitoring by the agency ISS. We also look for any links with authoritarian regimes guilty of human rights violations.

Evaluation

The evaluation takes place at the level of the management committee, which reviews each of the positions, as well as any company being considered for investment. Governance quality is scored on a scale of 1 to 4 and the beneficiaries of investee companies are systematically identified.

Prioritisation

A score of more than 3.5 automatically triggers a decision to sell. Portfolios' exposure to governance risk is assessed on an aggregate basis every month. Individual positions warranting special attention are flagged to the management committee.

Management

Managing governance risk is just as much an integral part of our investment process as financial analysis. Positions are systematically reviewed during investment committee meetings specifically dedicated to corporate social responsibility and governance.

INCORPORATION

INTO THE CONVENTIONAL RISK MANAGEMENT FRAMEWORK

Managing corporate debt is at the core of our process. It is based on an in-depth analysis of issuers and seeks to build diversified portfolios, without reference to market indices. We assess the yield on offer in light of the risks incurred. The expected return is compared with the various sources of risk identified by the team.

Our sustainable investment policy takes this into account. It identifies the points requiring careful observation according to the three areas of environment, social responsibility and governance. When they are considered significant, these risks are discussed in detail in the analysis reports which serve as support for investment decisions and for monitoring the securities in the portfolio.

Moreover, we have decided to incorporate sustainability factors into our overall risk management process while also developing specific resources and tools. These risks are therefore the subject of reports and alerts just like financial ratios and market risks. The information circuit and the procedures followed are the same in both cases, but different resources are used for the production of reports.

The management committee monitors the various risk types on the same terms, under the supervision of the Risk Officer and the Chairman. The periodic and permanent control plans include sustainability risks as essential parts of the management process.

Segmentation of environmental risks

POLICY AND LEGAL RISKS

P1. Increased pricing of greenhouse gas emissions

The portfolios under management have relatively little exposure to this factor, due to the exclusion of certain high-emission sectors (fossil fuels in particular). But there is room for improvement, notably due to the presence of investments in the basic materials and infrastructure sectors. What is more, the transport, tourism and leisure sectors may be affected by the introduction of environmental taxes (on air transport, for instance) or the tightening of applicable standards. Sea freight, which consumes heavy fuel oil, is also implicated.

SECTORS MOST AT RISK: Energy, Materials, Transport, Tourism, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / HIGH PROBABILITY / HIGH INTENSITY / MEDIUM TERM

P2. Enhanced emissions reporting obligations

We do not see such obligations as a risk but rather as desirable progress. We believe that the costs associated with setting up internal procedures, measurement tools and additional resources are easily offset by the expected benefits in terms of operational efficiency and competitiveness in markets subject to ever more demanding standards.

SECTORS MOST AT RISK: Industry, Transport, Consumer Goods, Tourism

COUNTRIES MOST AT RISK: developed countries

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / MEDIUM INTENSITY / SHORT TERM

P3. Mandates on and regulation of existing products and services

Such risks may affect the automotive and maritime freight sectors, as well as the transport sector more broadly. The construction sector has exposure to changes in technical standards that could increase the cost of buildings. The agri-food sector is affected by concerns about deforestation.

SECTORS MOST AT RISK: Energy, Materials, Transport, Freight, Agri-food

COUNTRIES MOST AT RISK: developed countries

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / SHORT TERM

P4. Exposure to litigation

Certain companies may be accused of causing damage to the environment or having a negative impact on public health. We analyse the risk associated with proceedings that may follow an industrial accident, a breach of environmental or public health standards, or the identification of negative long-term effects. The portfolios invest in sectors including the agri-food, chemicals and pharmaceutical sectors, which appear to be specifically affected by this type of risk; the same applies to mining companies, owing to the seriousness of certain accidents and their impact on natural environments. Our decision to exclude the fertiliser and pesticide sectors helps to reduce portfolio exposure to this risk.

SECTORS MOST AT RISK: Chemicals, Agriculture, Mining, Metals, Energy, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / HIGH INTENSITY / SHORT TERM

TRANSITION RISKS

TECHNOLOGY

T1. Substitution of existing products and services with lower emissions options

This concern mainly applies to energy generation and transport. Excluding coal, oil and other fossil energy sources helps reduce this risk substantially. However, this risk remains significant in the case of materials, transport and certain industrial processes.

SECTORS MOST AT RISK: Chemicals, Media, Automobile, Leisure, Energy, Transport, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS AND ENDOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TERM

T2. Unsuccessful investment in new technologies

Our management team pays very close attention to the possibility of such technological failure. Companies issue debt to finance their activities, especially when making new investments, building factories, developing new products, taking over other companies, etc. These projects are studied in detail before any purchase decision is made and existing positions are constantly monitored. Therefore, we consider this risk to be well controlled.

SECTORS MOST AT RISK: Chemicals, Automobile, Transport, Materials, Packaging, Industry, Leisure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS AND ENDOGENOUS / HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TERM

T3. Costs to transition to lower emissions technology

This aspect appears to us to be particularly important for the sectors mentioned above. We complete the analysis of potential substitutions by integrating into our financial models the evolution in companies' expenses and investments when they have to change their products, modify their industrial processes or reduce the carbon intensity of their purchasing (energy, materials, intermediate products, etc.).

SECTORS MOST AT RISK: Chemicals, Automobile, Transport, Materials, Packaging, Industry, Leisure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS AND ENDOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / SHORT TO MEDIUM TERM

MARKETS

M1. Changing customer behavior

In our portfolios, this risk is mainly present in the transport, cruises, tourism and leisure sectors. It may affect air transport because of its excessive carbon dioxide emissions and extend to a reduction in travel, or a preference for local leisure activities. Another change is under way in food, clothing and consumer staples. Environmental concerns are increasingly central for people with strong purchasing power.

SECTORS MOST AT RISK: Automobile, Leisure, Tourism, Transport, Agriculture, Consumer Goods

COUNTRIES MOST AT RISK: developed countries

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / MEDIUM INTENSITY / MEDIUM TERM

M2. Uncertainty in market signals

It is difficult to assess this risk in a context where the fight against global warming encourages rapid adaptation of our economies. Our preference for sectors offering the best predictability protects the portfolios against excessive volatility.

SECTORS MOST AT RISK: Leisure, Lodging, Agriculture, Metals, Freight, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / LOW PROBABILITY / LOW INTENSITY / MEDIUM TERM

M3. Increased cost of raw materials

We need to consider the impact of more responsible policies on deforestation and land use, for sectors such as wood, paper, agriculture, livestock or ethanol as an alternative to petroleum. In addition, the need for batteries and the construction of new power generation infrastructure increases the demand for certain metals, causing price pressures.

SECTORS MOST AT RISK: Timber, Paper, Textiles, Agri-food, Metals, Electronic Components, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / SHORT TO MEDIUM TERM

REPUTATION

R1. Shifts in consumer preferences

We maintain a broad portfolio diversification, both across sectors and individual issuers. We believe that this method is effective at preventing the risks of a change in consumers' attitude towards a product or a company. This general approach is supplemented by an analysis of market trends, the competitive position of the issuer, the dynamics of its sales and its margins. Consumer preferences rarely change overnight. An in-depth knowledge of the issuers makes it possible to mitigate those risks. However, controversies can arise as a result of events or disclosures, turning customers away from certain products.

SECTORS MOST AT RISK: Chemicals, Paper, Mining, Metals, Transport, Tourism, Leisure, Consumer Goods, Agri-food, Packaging, Energy

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS AND ENDOGENOUS / HIGH PROBABILITY / HIGH INTENSITY / SHORT TO MEDIUM TERM

R2. Stigmatisation of sector

Some sectors are the source of legitimate concerns. Several of them are excluded from our portfolios because we consider that it is unnecessary – and even harmful for the environment or public health – to finance additional investments in these sectors. Others such as air transport or sea freight are retained, but in limited proportions. Overall, according to our analysis, the risk of the stigmatisation of a sector is very low within Anaxis portfolios.

SECTORS MOST AT RISK: Chemicals, Paper, Timber, Transport, Clothing, Automobile, Leisure, Tourism, Agri-food, Packaging, Energy, Infrastructure

COUNTRIES MOST AT RISK: developed countries

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / MEDIUM INTENSITY / LONG TERM

R3. Increased stakeholder concern or negative stakeholder feedback

This risk must be taken seriously, especially with regard to the sources of financing available to companies with high levels of debt. If a company is judged harshly because of the climate impact of its activities, it could (i) have difficulty renewing its debt with new issues on the markets, (ii) be refused loans by financial institutions applying an ESG policy, or (iii) suffer an increase in its debt burden (paying higher coupons becoming necessary to attract more reluctant or fewer investors). This risk seems to us to be well contained by our sector exclusion policy and our diversification rules.

SECTORS MOST AT RISK: Chemicals, Automobile, Leisure, Tourism, Transport, Agri-food, Biotechnology, Industry, Energy, Infrastructure

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / HIGH PROBABILITY / MEDIUM INTENSITY / MEDIUM TERM

PHYSICAL RISKS

ACUTE

A1. Increased severity of extreme weather events such as cyclones and floods

It is not a significant risk in our portfolios. The companies whose debt we buy are large in size, and their facilities are generally spread over many geographic locations. However, we keep a close eye on organisations that have a small number of critical physical assets (for example a mine, factory, port, hotel, ship, terminal, data centre or infrastructure).

SECTORS MOST AT RISK: Leisure, Agriculture, Insurance

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TERM

CHRONIC

C1. Changes in precipitation patterns and extreme variability in weather patterns

Agro-food, tourism and leisure are the sectors most directly affected. There are fears of lower agricultural yields and the diminishing attractiveness to tourists of certain regions or certain services such as cruises. Droughts also affect the use of rivers to transport goods when the water level is too low for barges to pass.

SECTORS MOST AT RISK: Leisure, Agriculture, Insurance, Freight

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TERM

C2. Rising mean temperatures

The analysis of this risk is similar to that described above. In addition, extreme heatwaves can disrupt certain businesses, slow down household consumption or have a negative impact on public health to an extent that is still difficult to assess. Large-scale fires are also on the rise, causing extensive damage.

SECTORS MOST AT RISK: Leisure, Agri-food, Insurance

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TO LONG TERM

C3. Rising sea levels

We ensure that our portfolios do not have long-term exposure to assets located in areas sensitive to a rise in sea levels, such as infrastructure or facilities by the ocean. When companies with coastal assets are considered, the bond issues in question have maturities much shorter than those where scenarios of global warming-related melting ice and expanding oceans have been taken into account.

SECTORS MOST AT RISK: Leisure, Tourism, Lodging, Real Estate, Agriculture, Insurance, Infrastructure

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / LONG TERM

BIODIVERSITY-RELATED RISKS

POLICY AND LEGAL

BP1. Siting restrictions

This risk particularly affects the agriculture and livestock sectors, forestry products and mining, but also more broadly activities that use extensive areas, large amounts of water or that may produce polluting waste. This theme is linked to the issues of natural resource use, deforestation and pollution. It is particularly important in water-stressed areas and in the vicinity of nature reserves, areas sheltering endangered species or areas of high biodiversity.

SECTORS MOST AT RISK: Timber, Paper, Mining, Agri-food, Leisure, Energy, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / HIGH INTENSITY / SHORT TERM

BP2. Ban on certain harmful products

Some products may be banned in certain countries in order to reduce the impact of mass consumption on the natural environment. Such an example is single-use plastic objects. Synthetic materials and chemical compounds are especially targeted. In the case of our portfolios, the exclusion of hydrocarbons, fertilisers, pesticides and plastic packaging reduces this risk, but does not totally exclude it. We also rule out the production and use of non-therapeutic GMOs because of their controversial effects on biodiversity.

SECTORS MOST AT RISK: Chemicals, Agriculture, Biotechnology, Consumer Goods, Packaging, Energy

COUNTRIES MOST AT RISK: developed countries

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / SHORT TO MEDIUM TERM

BP3. New standards and obligations

In the industrial and agricultural sectors, standards are being tightened to better protect biodiversity against chemical pollution, but also against artificial light, noise, waves, vibrations, stress and physical obstacles to movement. Companies are also required to assess their environmental impacts, put in place plans to mitigate them and report on them in a more transparent way. Most sectors are therefore affected by the tightening of measures to protect biodiversity, whether directly (production) or indirectly through obligations of good governance (distribution, trade, control of suppliers).

SECTORS MOST AT RISK: Chemicals, Agriculture, Timber, Paper, Mining, Clothing, Textiles, Agri-food, Biotechnology, Consumer Goods, Packaging, Materials, Infrastructure

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / HIGH INTENSITY / SHORT TERM

TECHNOLOGY

BT1. Substitution of existing products and services with less harmful options

The exclusions mentioned above (hydrocarbons, fertilisers, pesticides, plastic packaging, non-therapeutic GMOs) make it possible to reduce this risk very significantly. However, the extent of pollution is such that certain products, processes and consumption patterns (e.g. in leisure activities) will have to be abandoned. It is therefore necessary to monitor this risk in detail for each sector of activity.

SECTORS MOST AT RISK: Chemicals, Media, Leisure, Textiles, Packaging, Agri-food, Biotechnology, Energy

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / HIGH PROBABILITY / HIGH INTENSITY / MEDIUM TERM

BT2. Costs and timeframes of the transition to less harmful technologies

The development of technologies that cause less harm to biodiversity can offer a significant competitive advantage to companies that invest in this area. Conversely, if adaptation efforts are too late or insufficient, the cost of adaptation may become difficult to bear. The energy, materials, chemical, clothing and agricultural sectors are particularly sensitive. The theme of the digitalisation of the economy is also important from this point of view.

SECTORS MOST AT RISK: Chemicals, Timber, Mining, Materials, Leisure, Textiles, Agri-food, Energy, Infrastructure

COUNTRIES MOST AT RISK: all

EMERGING / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TO LONG TERM

BUSINESS MODEL

BM1. Changing customer behaviour

Today, consumers' concerns relate more particularly to food, clothing, hygiene products, transport and, though to a lesser extent, leisure activities. There is also a search for more natural products in construction and furnishing. Some products may be rejected by consumers because of their impact on biodiversity. More generally, environmental issues (e.g. the origin of the materials used) may be a factor in the selection of certain suppliers as companies seek to maintain a good image with their end-customers.

SECTORS MOST AT RISK: Chemicals, Media, Leisure, Textiles, Clothing, Hygiene, Cosmetics, Consumer Goods, Agri-food, Packaging, Materials, Maintenance, Transport, Energy

COUNTRIES MOST AT RISK: developed countries

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / MEDIUM INTENSITY / MEDIUM TERM

BM2. Availability and cost of supplies

The strengthening of biodiversity measures and changing practices may slow down the growth of certain activities, for example the production of food, wood or metals, but also of renewable energy (due to controversies over the siting of wind turbines or the production of ethanol from crops for example). Some materials may become more difficult to obtain and more expensive, for example recycling products or those needed to make batteries, if demand rises sharply relative to production capacity.

SECTORS MOST AT RISK: Timber, Paper, Furniture, Textiles, Agri-food, Materials, Batteries

COUNTRIES MOST AT RISK: all

CURRENT / EXOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / SHORT TO MEDIUM TERM

BM3. Increased operational costs

This risk affects more specifically the polluting sectors that have to reduce their impact on biodiversity by treating the waste they release into the environment (e.g. agriculture or chemicals) or by implementing mitigation, compensation or remediation measures, as is the case with mining operations.

SECTORS MOST AT RISK: Chemicals, Timber, Paper, Mining, Materials, Waste Management, Agri-food, Textiles

COUNTRIES MOST AT RISK: all

CURRENT / ENDOGENOUS / VERY HIGH PROBABILITY / VERY HIGH INTENSITY / MEDIUM TERM

CONTROVERSIES

BR1. Legal and regulatory risks

Some sectors are exposed to the risk of accidents that can cause serious pollution. This is the case for the production, storage and transport of chemicals. Past pollution may also give rise to claims for compensation or contributions to the often very high costs of restoring the affected environments, as in the case of mines or former industrial sites. In addition, chemicals can be found to be toxic and the companies that produce or use them can be blamed for their negligence. Our policy of excluding fertilisers, pesticides and activities related to the production of energy from fossil fuels helps to reduce this risk, which nevertheless remains present.

SECTORS MOST AT RISK: Chemicals, Mining, Metals, Pharmaceuticals, Agriculture, Biotechnology, Industry, Energy

COUNTRIES MOST AT RISK: all

CURRENT / ENDOGENOUS / VERY HIGH PROBABILITY / HIGH INTENSITY / SHORT TERM

BR2. Reputation

Certain issues related to biodiversity are the focus of particular attention and can give rise to public controversy: massive pollution, deforestation, drying up of wetlands, desertification, soil erosion, destruction of habitats hosting threatened or emblematic species, depletion of fisheries resources, etc. In addition, devastating accidents (oil spills, fires, tank explosions, dyke failures) severely damage the reputation of companies deemed guilty of negligence.

SECTORS MOST AT RISK: Chemicals, Timber, Paper, Mining, Materials, Waste Management, Agri-food, Textiles, Clothing, Energy, Infrastructure

COUNTRIES MOST AT RISK: all

EMERGING / ENDOGENOUS / HIGH PROBABILITY / MEDIUM INTENSITY / MEDIUM TERM

ECOSYSTEM DEPENDENCIES

We have adopted the definition of ecosystem dependencies from the ENCORE initiative.

PROVISIONING SERVICES

eBD1. Biomass provisioning

Crop provisioning services

Crop provisioning services are the ecosystem contributions to the growth of cultivated plants that are harvested by economic units for various uses including food and fibre production, fodder and energy.

Grazed biomass provisioning services

Grazed biomass provisioning services are the ecosystem contributions to the growth of grazed biomass that is an input to the growth of cultivated livestock. This service excludes the ecosystem contributions to the growth of crops used to produce fodder for livestock (e.g., hay, soybean meal). These contributions are included under crop provisioning services.

Livestock provisioning services

Livestock provisioning services are the ecosystem contributions to the growth of cultivated livestock and livestock products (e.g., meat, milk, eggs, wool, leather), that are used by economic units for various uses, primarily food production.

Aquaculture provisioning services

Aquaculture provisioning services are the ecosystem contributions to the growth of animals and plants (e.g. fish, shellfish, seaweed) in aquaculture facilities that are harvested by economic units for various uses.

Wood provisioning services

Wood provisioning services are the ecosystem contributions to the growth of trees and other woody biomass in both cultivated (plantation) and uncultivated production contexts that are harvested by economic units for various uses including timber production and energy.

Wild fish and other natural aquatic product provisioning services

Wild fish and other natural aquatic biomass provisioning services are the ecosystem contributions to the growth of fish and other aquatic biomass that are captured in uncultivated production contexts by economic units for various uses, primarily food production.

Wild animals, plants and other biomass provisioning services

Wild animals, plants and other biomass provisioning services are the ecosystem contributions to the growth of wild animals, plants and other biomass that are captured and harvested in uncultivated production contexts by economic units for various uses. The scope includes non-wood forest products (NWFP) and services related to hunting, trapping and bio-prospecting activities.

SECTORS MOST AT RISK: Agriculture, Forestry, Fishing, Aquaculture

eBD2. Genetic material

Genetic material services are the ecosystem contributions from all biota (including seed, spore or gamete production) that are used by economic units, for example (i) to develop new animal and plant breeds.

SECTORS MOST AT RISK: Agriculture, Forestry

eBD3. Water supply

Water supply services reflect the combined ecosystem contributions of water flow regulation, water purification, and other ecosystem services to the supply of water of appropriate quality to users for various uses including household consumption.

SECTORS MOST AT RISK: Agriculture

eBD4. Other provisioning services – Animal-based energy

Physical labour is provided by domesticated or commercial species, including oxen, horses, donkeys, goats and elephants. These can be grouped as draught animals, pack animals and mounts.

SECTORS MOST AT RISK: n/a

REGULATING AND MAINTENANCE SERVICES

eBD5. Global climate regulation

Global climate regulation services are the ecosystem contributions to the regulation of the chemical composition of the atmosphere and oceans that affect global climate through the accumulation and retention of carbon and other GHG (e.g., methane) in ecosystems and the ability of ecosystems to remove (sequester) carbon from the atmosphere.

SECTORS MOST AT RISK: Agriculture, Forestry, Fishing

eBD6. Rainfall pattern regulation (at sub-continental scale)

Rainfall pattern regulation services are the ecosystem contributions of vegetation, in particular forests, in maintaining rainfall patterns through evapotranspiration at the sub-continental scale. Forests and other vegetation recycle moisture back to the atmosphere where it is available for the generation of rainfall. Rainfall in interior parts of continents fully depends upon this recycling.

SECTORS MOST AT RISK: Agriculture, Forestry, Fishing, Aquaculture, Mining, Construction, Freight, Transport, Electrical Installations, Leisure

eBD7. Local (micro and meso) climate regulation

Local climate regulation services are the ecosystem contributions to the regulation of ambient atmospheric conditions (including micro and mesoscale climates) through the presence of vegetation that improves the living conditions for people and supports economic production. Examples include the evaporative cooling provided by urban trees ('green space'), the role of urban water bodies ('blue space') and the contribution of trees in providing shade for humans and livestock.

SECTORS MOST AT RISK: Agriculture, Forestry

eBD8. Air filtration

Air filtration services are the ecosystem contributions to the filtering of air-borne pollutants through the deposition, uptake, fixing and storage of pollutants by ecosystem components, particularly plants, that mitigates the harmful effects of the pollutants.

SECTORS MOST AT RISK: n/a

eBD9. Soil quality regulation

Soil quality regulation services are the ecosystem contributions to the decomposition of organic and inorganic materials and to the fertility and characteristics of soils, e.g., for input to biomass production.

SECTORS MOST AT RISK: Agriculture, Forestry

eBD10. Soil and sediment retention

Soil erosion control services

Soil erosion control services are the ecosystem contributions, particularly the stabilising effects of vegetation, that reduce the loss of soil (and sediment) and support use of the environment (e.g., agricultural activity, water supply).

Landslide mitigation

Landslide mitigation services are the ecosystem contributions, particularly the stabilising effects of vegetation, that mitigates or prevents potential damage to human health and safety and damaging effects to buildings and infrastructure that arise from the mass movement (wasting) of soil, rock and snow.

SECTORS MOST AT RISK: Agriculture, Forestry, Fishing, Aquaculture

eBD11. Solid waste sanitation

Solid waste remediation services are the ecosystem contributions to the transformation of organic or inorganic substances, through the action of micro-organisms, algae, plants and animals that mitigates their harmful effects.

SECTORS MOST AT RISK: Fishing, Aquaculture

eBD12. Water purification

Retention and breakdown of nutrients

Water purification services are the ecosystem contributions to the restoration and maintenance of the chemical condition of surface water and groundwater bodies through the breakdown or removal of nutrients and other pollutants by ecosystem components that mitigate the harmful effects of the pollutants on human use or health.

Retention and breakdown of other pollutants

SECTORS MOST AT RISK: Agriculture, Forestry, Fishing, Aquaculture, Food, Pharmaceuticals, Healthcare, Mining, Hospitality, Leisure, Tourism, Catering, Service Residences

eBD13. Water flow regulation

Baseline flow regulation services

Water regulation services are the ecosystem contributions to the regulation of river flows and groundwater and lake water tables. They are derived from the ability of ecosystems to absorb and store water, and gradually release water during dry seasons or periods through evapotranspiration and hence secure a regular flow of water.

Peak flow mitigation services

Water regulation services are the ecosystem contributions to the regulation of river flows and groundwater and lake water tables. They are derived from the ability of ecosystems to absorb and store water, and hence mitigate the effects of flood and other extreme water-related events.

SECTORS MOST AT RISK: Agriculture

eBD14. Flood mitigation

Coastal protection services

Coastal protection services are the ecosystem contributions of linear elements in the seascape, for instance coral reefs, sand banks, dunes or mangrove ecosystems along the shore, in protecting the shore and thus mitigating the impacts of tidal surges or storms on local communities.

River flood mitigation services

River flood mitigation services are the ecosystem contributions of riparian vegetation which provides structure and a physical barrier to high water levels and thus mitigates the impacts of floods on local communities.

SECTORS MOST AT RISK: n/a

eBD15. Storm mitigation

Storm mitigation services are the ecosystem contributions of vegetation including linear elements, in mitigating the impacts of wind, sand and other storms (other than water related events) on local communities.

SECTORS MOST AT RISK: n/a

eBD16. Noise attenuation

Noise attenuation services are the ecosystem contributions to the reduction in the impact of noise on people that mitigates its harmful or stressful effects.

SECTORS MOST AT RISK: n/a

eBD17. Pollination

Pollination services are the ecosystem contributions by wild pollinators to the fertilization of crops that maintains or increases the abundance and/or diversity of other species that economic units use or enjoy.

SECTORS MOST AT RISK: Agriculture

eBD18. Biological control

Pest control services

Biological control services are the ecosystem contributions to the reduction in the incidence of species that may prevent or reduce the effects of pests on biomass production processes or other economic and human activity.

Disease control services

Disease control services are the ecosystem contributions to the reduction in the incidence of species that may prevent or reduce the effects of species on human health.

SECTORS MOST AT RISK: n/a

eBD19. Nursery population and habitat maintenance

Nursery population and habitat maintenance services are the ecosystem contributions necessary for sustaining populations of species that economic units ultimately use or enjoy either through the maintenance of habitats (e.g., for nurseries or migration) or the protection of natural gene pools.

SECTORS MOST AT RISK: Fishing

eBD20. Dilution by atmosphere and ecosystems

Water, both fresh and saline, and the atmosphere can dilute the gases, fluids and solid waste produced by human activity.

SECTORS MOST AT RISK: n/a

eBD21. Mediation of sensory impacts (other than noise)

Vegetation is the main (natural) barrier used to reduce light pollution and other sensory impacts, limiting the impact it can have on human health and the environment.

SECTORS MOST AT RISK: n/a

CULTURAL SERVICES

eBD22. Recreation-related services

Recreation-related services are the ecosystem contributions, in particular through the biophysical characteristics and qualities of ecosystems, that enable people to use and enjoy the environment through direct, in-situ, physical and experiential interactions with the environment. This includes services to both locals and non-locals (i.e. visitors, including tourists). Recreation-related services may also be supplied to those undertaking recreational fishing and hunting.

SECTORS MOST AT RISK: Freight, Leisure, Tourism, Hotels, Restaurants, Car Rental, Agricultural Equipment, Education, Sports

eBD23. Visual amenity services

Visual amenity services are the ecosystem contributions to local living conditions, in particular through the biophysical characteristics and qualities of ecosystems that provide sensory benefits, especially visual. This service combines with other ecosystem services, including recreation-related services and noise attenuation services to underpin amenity values.

SECTORS MOST AT RISK: Freight, Recreation, Tourism, Hotels, Restaurants, Car Rental, Agricultural Equipment Rental, Education, Sports, Publishing, Cinema, Photography, Real Estate, Healthcare, Service Residences

eBD24. Education, scientific and research services

Education, scientific and research services are the ecosystem contributions, in particular through the biophysical characteristics and qualities of ecosystems, that enable people to use the environment through intellectual interactions with the environment.

SECTORS MOST AT RISK: Agriculture, Fishing, Textiles, Pharmaceuticals, Aeronautics, Leisure, Publishing, Cinema, Radio, Photography, Technical Services, Veterinary Services, Agricultural Equipment Rental, Education, Sports, Healthcare

eBD25. Spiritual, artistic and symbolic services

Spiritual artistic and symbolic services are the ecosystem contributions, in particular through the biophysical characteristics and qualities of ecosystems, that are recognised by people for their cultural, historical, aesthetic, sacred or religious significance. These services may underpin people's cultural identity and may inspire people to express themselves through various artistic media.

SECTORS MOST AT RISK: Agriculture, Fishing, Glassmaking, Stone Carving, Musical Instruments, Toys, Recreation, Catering, Education, Healthcare, Service Residences, Leisure

Review frequency of the risk management framework

The risk management framework is reviewed on an annual basis in order to:

(i) incorporate the new risk factors identified in relation to the environment, social responsibility or corporate governance,

(ii) improve risk analysis through constant progress as regards the availability of information and the publication of reports by companies,

(iii) guarantee the suitability of the management and risk control processes, and ensure that they are effectively incorporated into the portfolio management activity,

(iv) reassess the services rendered by the external agencies used to enhance or supplement our risk management tools,

(v) adapt our methods to regulatory changes or comply with the recommendations issued by collective initiatives.

Action plan

Identifying and assessing risks

The aim of our action plan is to ensure better coverage of the full range of sustainability risks and establish more granular measures allowing for the identification of circumstances that could lead to a significant fall in the value of the investments present within the portfolios. We are currently considering how risks should be quantified and the principles on which allocations should be adjusted based on the intensity of the sustainability risks. The question of information is a vital one as regards its availability, reliability, homogeneity and cost.

Forward-looking data

As soon as the necessary data become available and climate simulation models can be linked to the concrete situation of companies, it will be possible to carry out sustainability risk assessments on a forward-looking basis. This means taking into account the likely evolution of environmental conditions and their effects on corporate operations (and therefore on the value of their securities). Progress has nevertheless been made by introducing, into the stress scenario used to estimate the impact of an insufficient transition, differentiated effects according to the degree of companies' preparedness—specifically by distinguishing those that have not announced a credible climate transition strategy aligned with the ambitions of the Paris Agreement. In addition, a forecasting model for portfolio greenhouse gas emission intensity has been developed on the basis of companies' commitments and projected trajectories.

Impact assessment

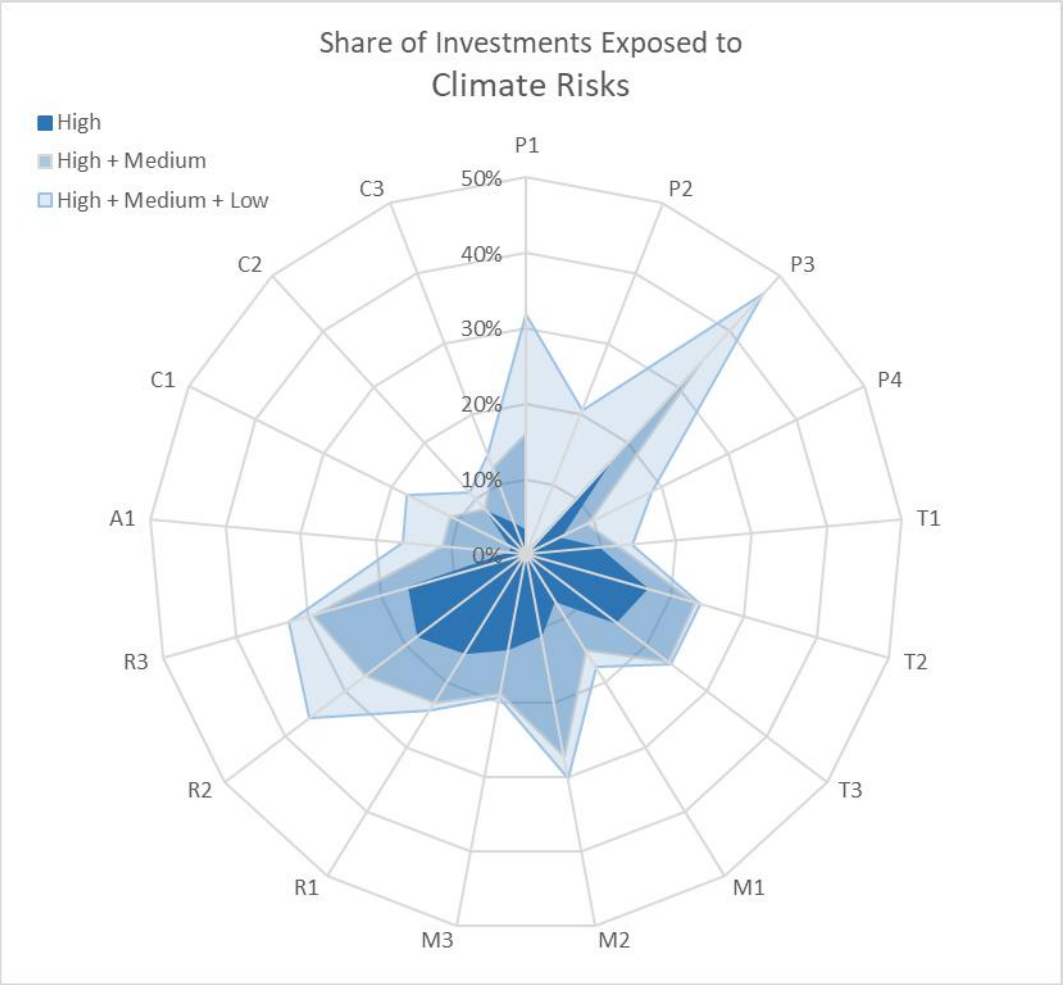
CLIMATE RISKS

Summary

We believe that our portfolios have relatively limited exposure to climate risk, partly as a result of our sectoral exclusions on fossil fuels and the implementation of a strategy to reduce portfolio carbon intensity. The most significant climate-related exposures within our portfolios are found in the basic materials, industrials and real estate sectors.

The chart on the next page shows the share of investments most exposed to each of the 17 climate risk factors identified above. The risks are divided into three categories: political and legal risks, transition risks (technology, markets, reputation) and physical risks (acute or chronic).

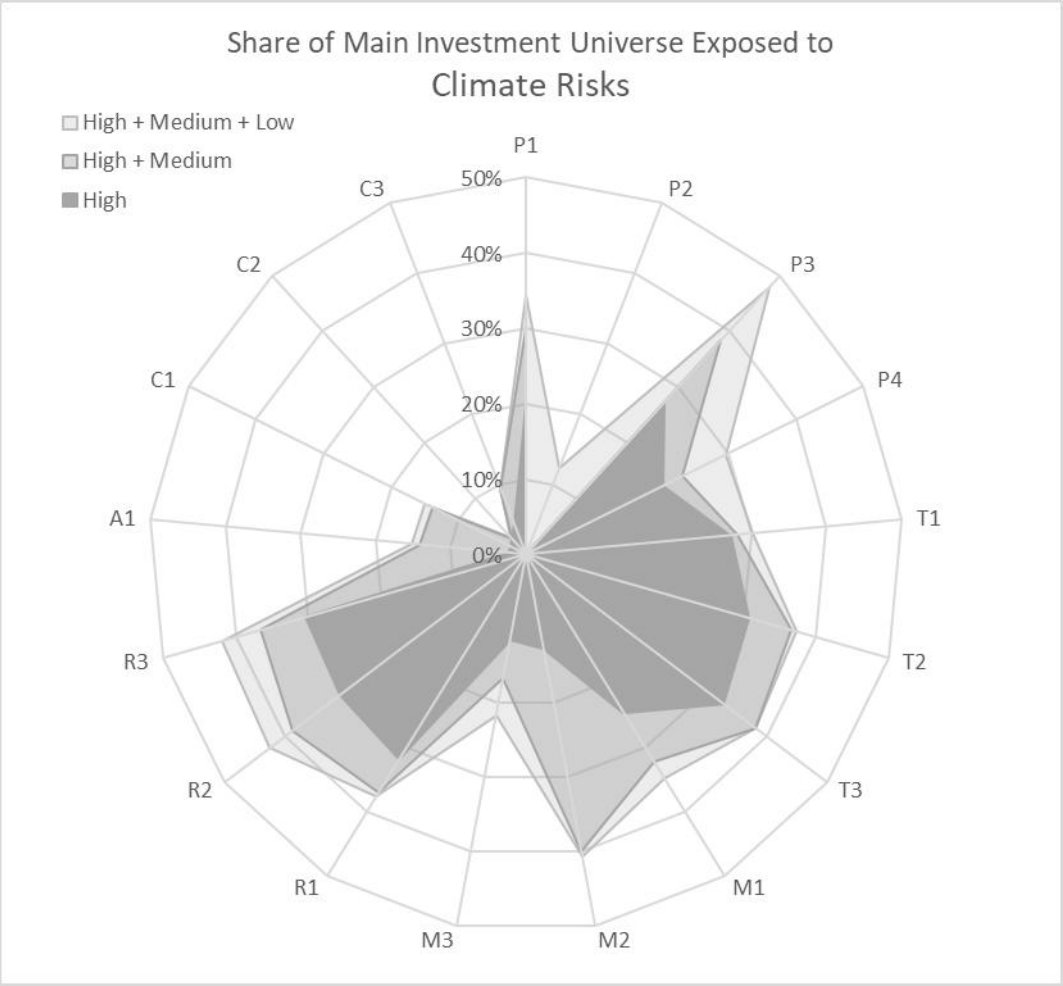
Exposure by risk factor



P1	Increased pricing of greenhouse gas emissions
P2	Enhanced emissions reporting obligations
P3	Mandates on and regulation of existing products and services
P4	Exposure to litigation
T1	Substitution of existing products and services with lower emissions options
T2	Unsuccessful investment in new technologies
T3	Costs to transition to lower emissions technology
M1	Changing customer behaviour
M2	Uncertainty in market signals
M3	Increased cost of raw materials
R1	Shifts in consumer preferences (reputation)
R2	Stigmatisation of sector
R3	Increased stakeholder concern or negative stakeholder feedback
A1	Increased severity of extreme weather events such as cyclones and floods
C1	Changes in precipitation patterns and extreme variability in weather patterns
C2	Rising mean temperatures
C3	Rising sea levels

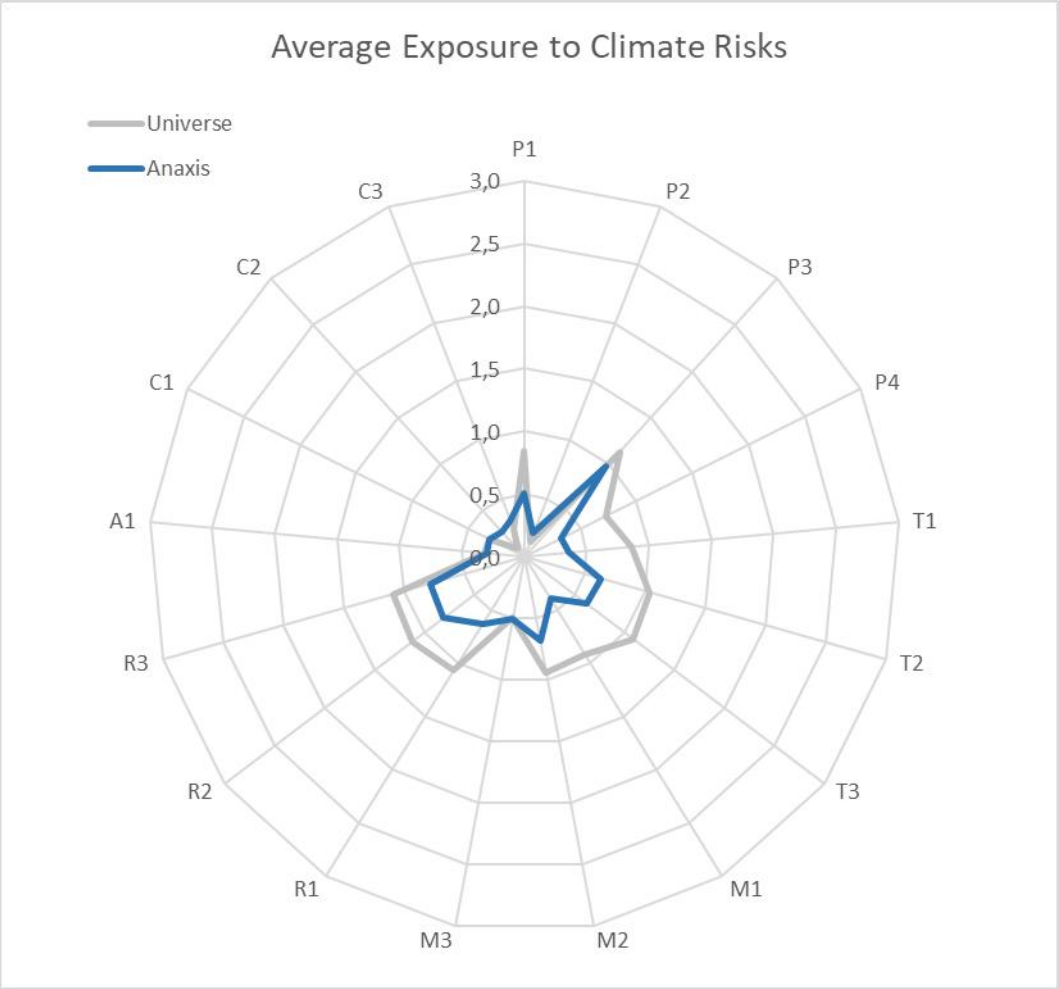
Effectiveness of measures taken

In relation to the investment universe (significant exposures)



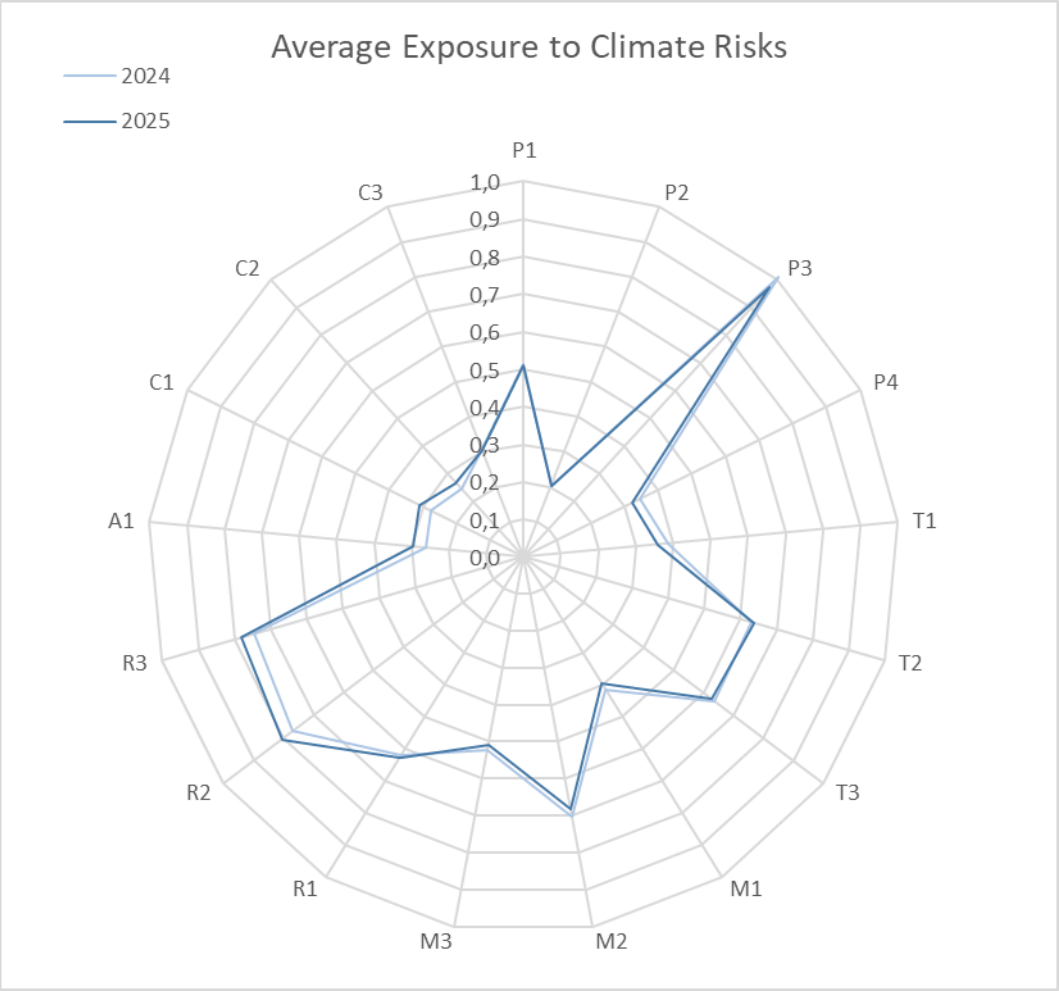
This chart, presented on the same scale as the previous one, shows the same risk factors for our main investment universe. This universe comprises 241 corporate bonds denominated in euros or US dollars, selected using maturity, size and credit quality ranges. A comparison of the two charts shows the reduction in climate risk exposure achieved by applying our sustainable investment process.

In relation to the investment universe (average exposures)



We calculated the average intensity (weighted by allocation percentages) of each of the 17 climate risks considered in our analysis and compared it with that observed in our core investment universe (based on the business sectors of bond issuers). The results show that our sustainable investment process significantly reduces risks in the first two categories: political and legal risks and transition risks. For example, the intensity of the risk arising from possible product substitution (T1) falls from 0.86 to 0.36.

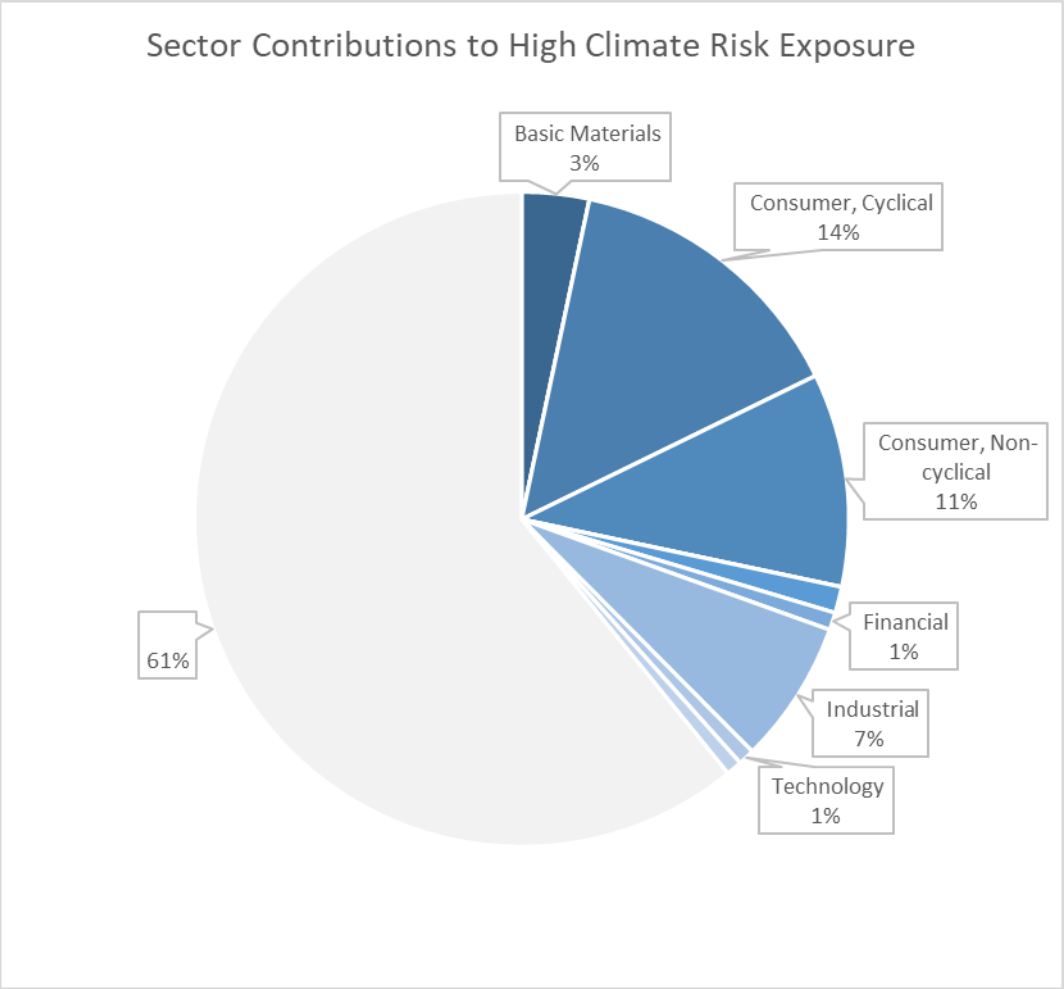
In relation to previous years



As our process has been stable and rigorously applied for several years, we have not observed any significant variation in the average intensity of climate risks. However, it should be noted that the intensity of the risk associated with the stigmatisation of certain sectors of activity (R2) has increased from 0.77 end of 2024 to 0.81 end of 2025. Air transport is an example of a sector exposed to this risk.

Sector contributions

We estimate that 39% of assets under management are highly exposed to at least one of the 17 identified climate risk factors. The sectors that contribute most to this exposure are specified below.



FOCUS ON PHYSICAL RISKS

Principles

We introduced a more detailed analysis of the physical climate risks within our portfolios. To this end, we employed a set of indicators covering storms, floods, rainfall, temperature, and sea level.

The risk assessment is based on a synthesis of projections for each indicator and each region of the world with sufficiently comparable climate characteristics. For each of the five themes and across the 47 identified regions, the assessment of risk intensity takes into account the projected direction of change, the level of probability, and the presence of any already perceptible trends, as indicated by climate models. The scale ranges from 0 (no significant exposure) to 5 (very high exposure). This information is cross-referenced with:

1. The geographical location of companies in the portfolio.

   The criterion used is the geographical origin of revenue (based on financial disclosures by companies) or, where unavailable, the main country of operation.

2. The business sector of companies in the portfolio.

   The aim is to factor in the relative sensitivity of the companies' activities. While a company may be located in a region highly exposed to the effects of global warming, it may not be directly affected by all of them. For instance, a telecommunications company will be less impacted than a farming operation.

The results obtained are presented below in cross-tabulation form. The figures in the last row correspond to geographical exposures. They are broken down according to the sensitivity of companies to the risk factor in question. The orange rectangle shows the allocation to companies with highly sensitive activities located in regions that are highly exposed to the risk in question.

Storms

Country exposure
by increasing risk intensity

Tot.	0	1	2	3	4	5	
2	-	0	0	2	0	-	3
9	-	1	1	8	-	-	2
5	-	0	0	5	0	-	1
73	-	2	5	65	1	-	0
89		3	6	79	1		Tot.

Potential sensitivity of the business sector
by decreasing intensity

Floods

Country exposure
by increasing risk intensity

Tot.	0	1	2	3	4	5	
2	-	-	-	0	0	2	3
9	-	-	0	0	2	7	2
5	-	0	0	-	0	5	1
73	-	0	0	4	15	53	0
89		0	0	4	17	67	Tot.

Potential sensitivity of the business sector
by decreasing intensity

Rainfall

Country exposure
by increasing risk intensity

Tot.	0	1	2	3	4	5	
2	-	-	-	1	1	0	3
9	-	0	1	2	1	5	2
7	-	-	0	4	1	1	1
71	-	0	0	30	16	24	0
89		0	1	38	19	31	Tot.

Potential sensitivity of the business sector
by decreasing intensity

Temperature

Country exposure
by increasing risk intensity

Tot.	0	1	2	3	4	5	
7	-	-	-	-	-	7	3
1	-	-	-	-	-	1	2
3	-	-	-	-	-	3	1
78	-	-	-	-	-	78	0
89						89	Tot.

Potential sensitivity of the business sector
by decreasing intensity

Sea level

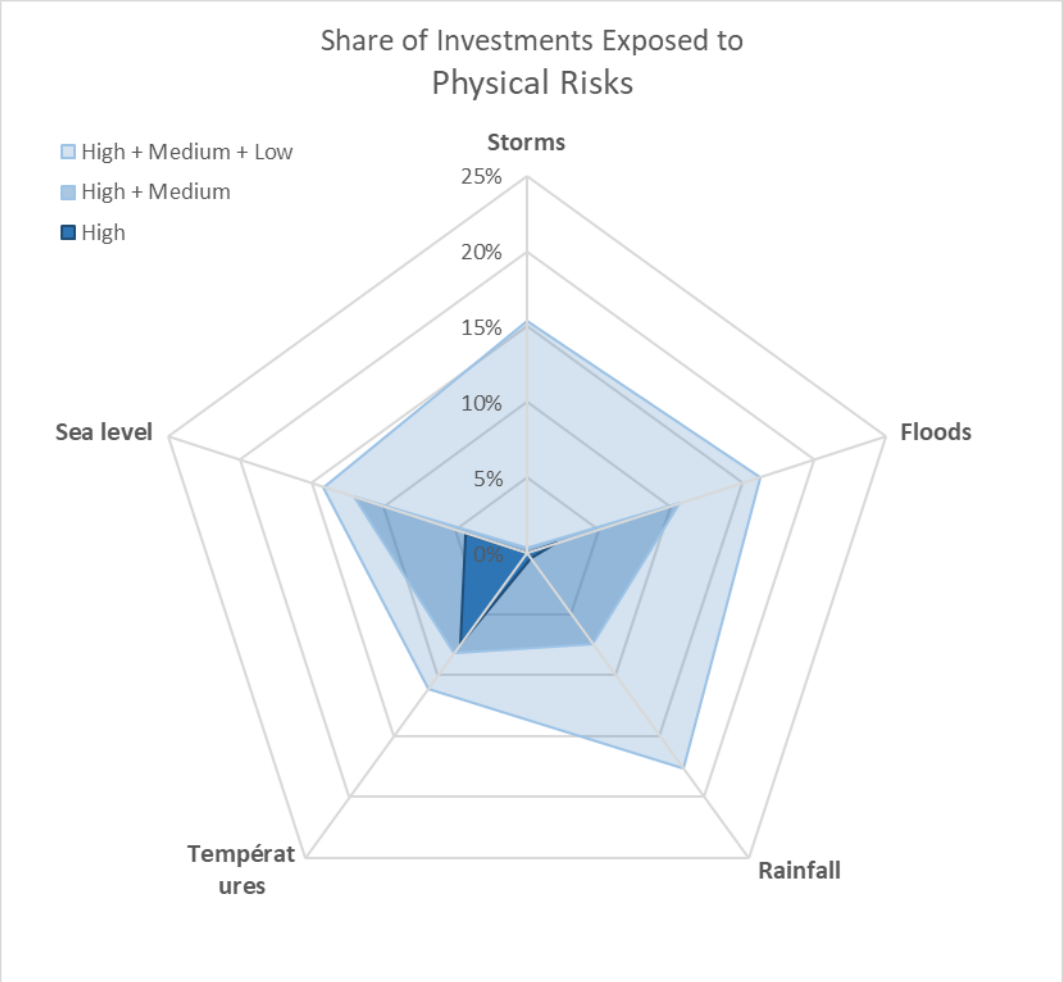
Country exposure
by increasing risk intensity

Tot.	0	1	2	3	4	5	
4	0	-	-	-	0	4	3
8	0	-	-	0	0	7	2
2	-	-	-	-	-	2	1
75	0	-	-	0	6	68	0
89	0			1	6	82	Tot.

Potential sensitivity of the business sector
by decreasing intensity

Summary of main exposures

The chart below shows, in aggregate form, the proportion of portfolios significantly exposed to each of the five physical risks mentioned above. For example, 10.6% of our assets are invested in companies whose activities are moderately or highly exposed (with a sensitivity rating between 2 and 3 on a scale from 0 et 3) to rainfall variation risks in countries where this risk is high (with an intensity rating between 4 and 5 on a scale from 0 to 5).



FINANCIAL IMPACT

Quantification

According to our estimates, the average annual loss incurred as a result of our portfolio's exposure to climate risks is 0.28% (2024: 0.28%) by 2030 and 0.36% by 2035.

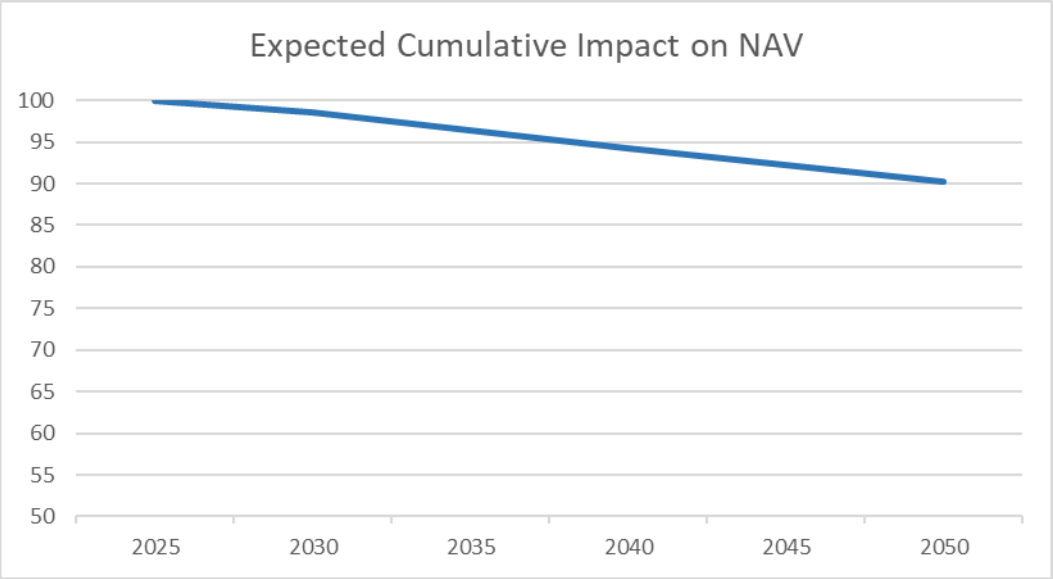
Value at risk modelling

Our model is based on quantified assumptions consistent with the characterisation of environmental risks presented above. These assumptions vary according to (i) the nature of the instruments (bonds or equities), (ii) their credit quality or degree of resilience, (iii) the investment horizon (short or medium term), (iv) the sensitivity of the business sector to the consequences of global warming, and (v) the degree of preparedness of companies for this prospect.

We use a stress scenario that includes a 15% loss with a 22% probability by 2030 and a certain 20% loss by 2050 for highly exposed and poorly prepared companies (in a hypothetical context of climate transition policy failure). Factors are applied to modulate the impact of the scenario according to the characteristics of the investments (in accordance with the principles outlined above). In the absence of hindsight and a recognised methodology, the results presented should be viewed with caution.

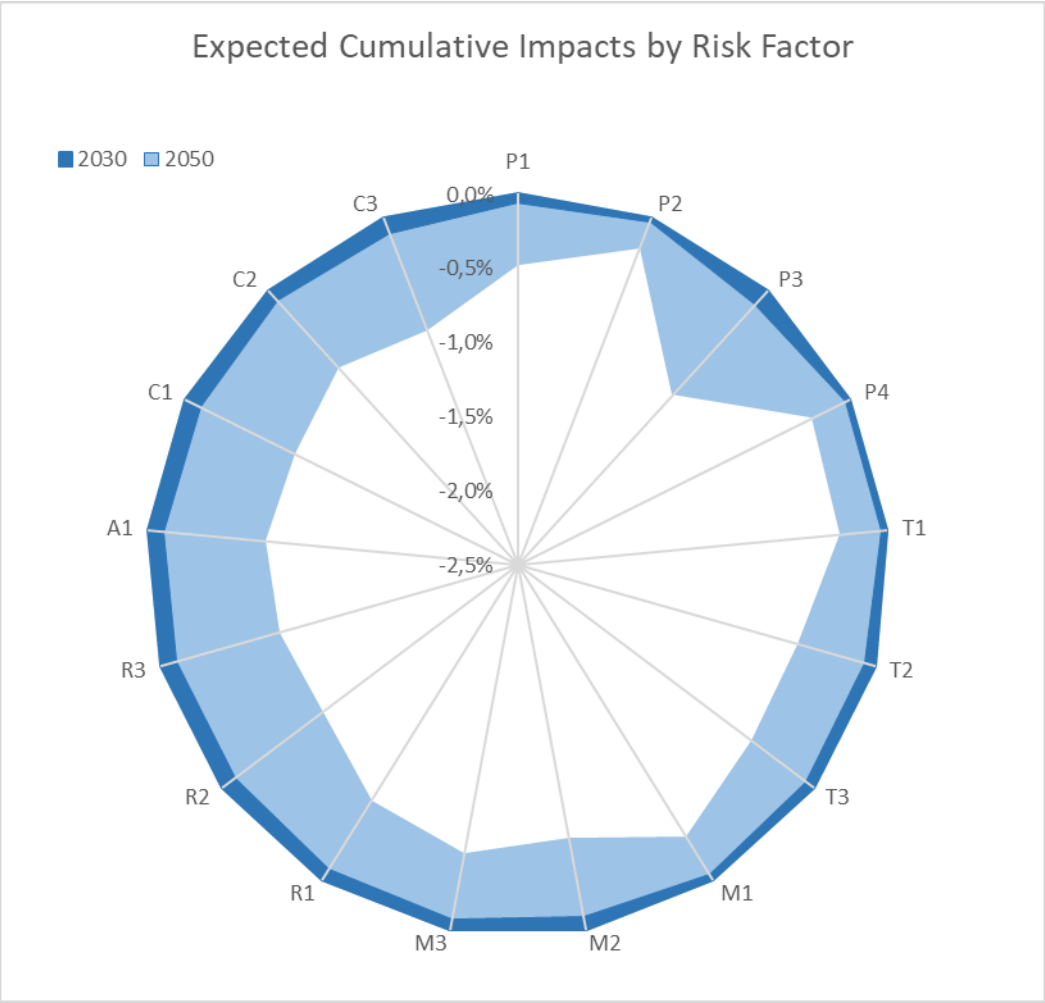
Change in portfolio value under the stress scenario

The following curve shows the expected change in the value of all our investment portfolios under the climate stress scenario (base 100 in 2025). The expected decline in value under this scenario is 1.4% by 2030 and 9.8% by 2050.



Contribution of climate risk factors to cumulative losses under the stress scenario

In addition to the information displayed above, we provide a detailed breakdown of the contribution of each of the 17 identified climate risk factors to the cumulative losses projected for 2030 and 2050. The figures for each factor should be added together to obtain the total expected loss under this scenario.



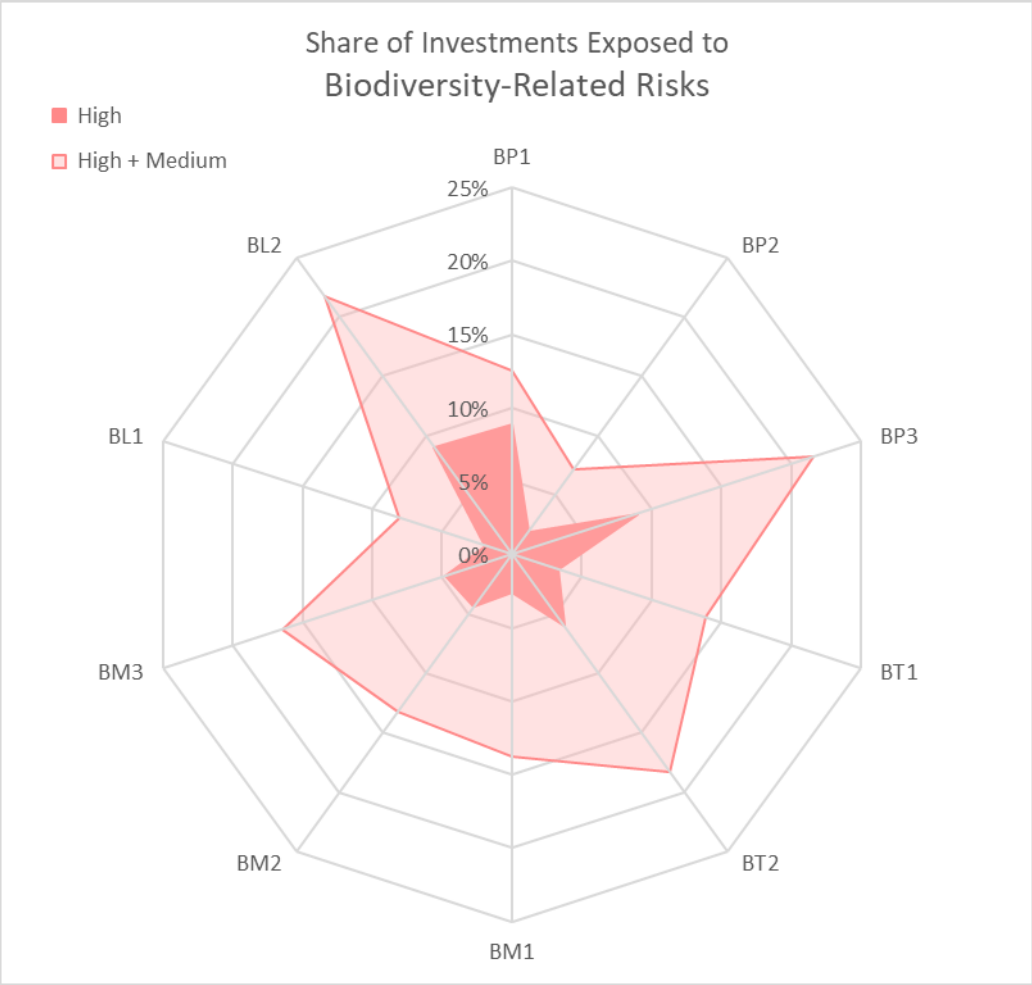
BIODIVERSITY-RELATED RISKS

Summary

The sector exclusions that apply to the fertiliser, pesticide, plastic packaging and non-therapeutic GMO sectors help to limit the risks to biodiversity. The portfolio sectors with the greatest exposure are consumer cyclicals, materials and industry. Companies within these sectors are likely to incur additional costs or lose turnover if their practices are shown to be too harmful to biodiversity and this provokes a reaction from the public, clients or regulators.

In a previous section, we presented the 10 biodiversity-related risk factors that we have identified as potentially harmful to our investments. These risks fall into four categories: (1) political and legal risks, (2) technological risks, (3) business model risks, and (4) controversy risks. The chart on the following page shows the share of investments most exposed to each of the 10 biodiversity-related risk factors.

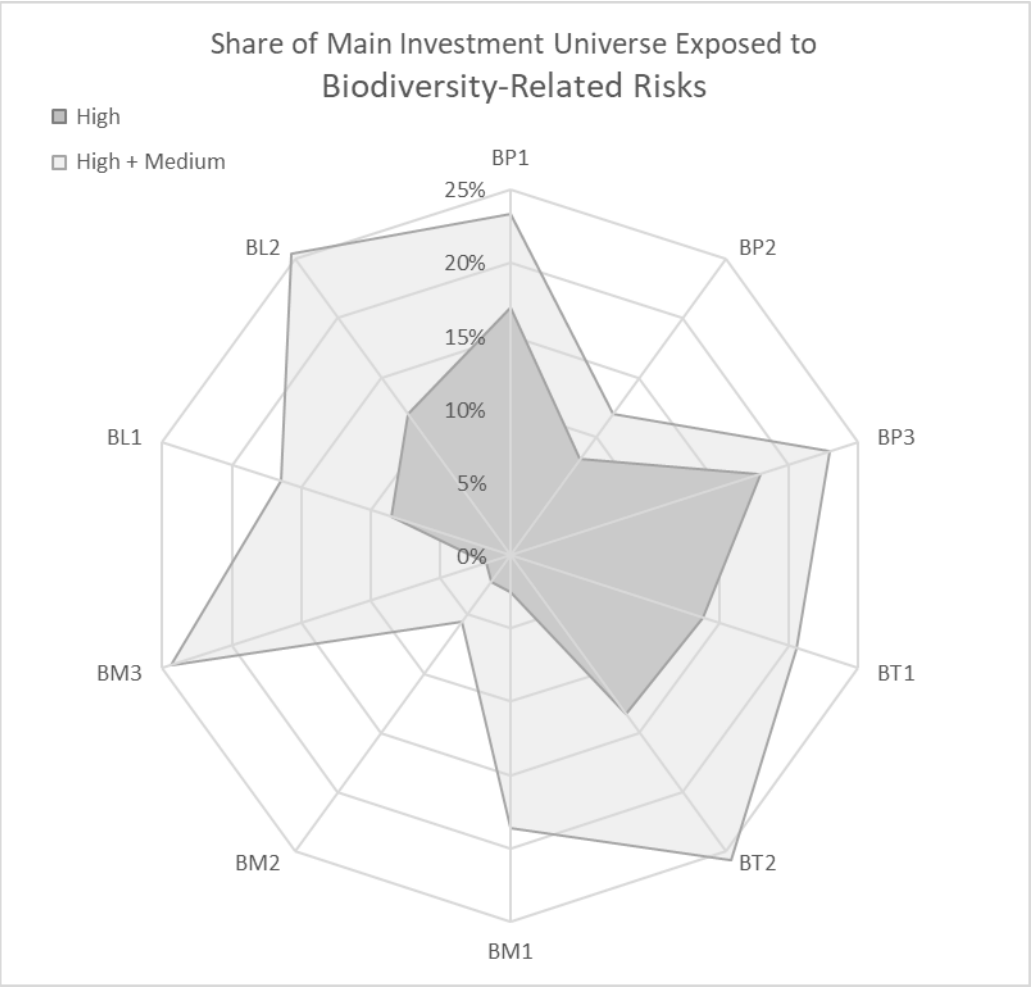
Exposure by risk factor



BP1	Siting restrictions
BP2	Ban on certain harmful products
BP3	New standards and obligations
BT1	Substitution of existing products and services with less harmful options
BT2	Costs and timeframes of the transition to less harmful technologies
BM1	Changing customer behaviour
BM2	Availability and cost of supplies
BM3	Increased operational costs
BR1	Legal and regulatory risks
BR2	Reputation

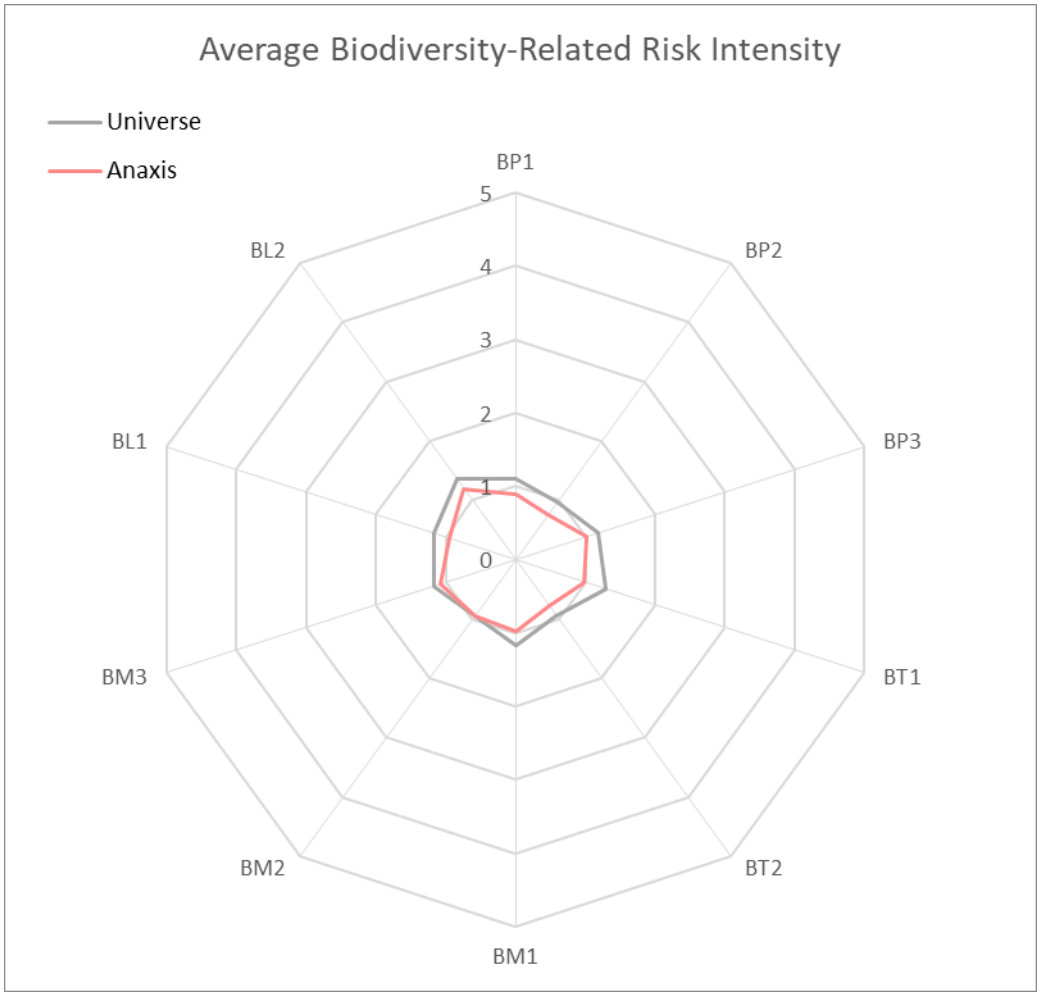
Effectiveness of measures taken

In relation to the investment universe (significant exposures)



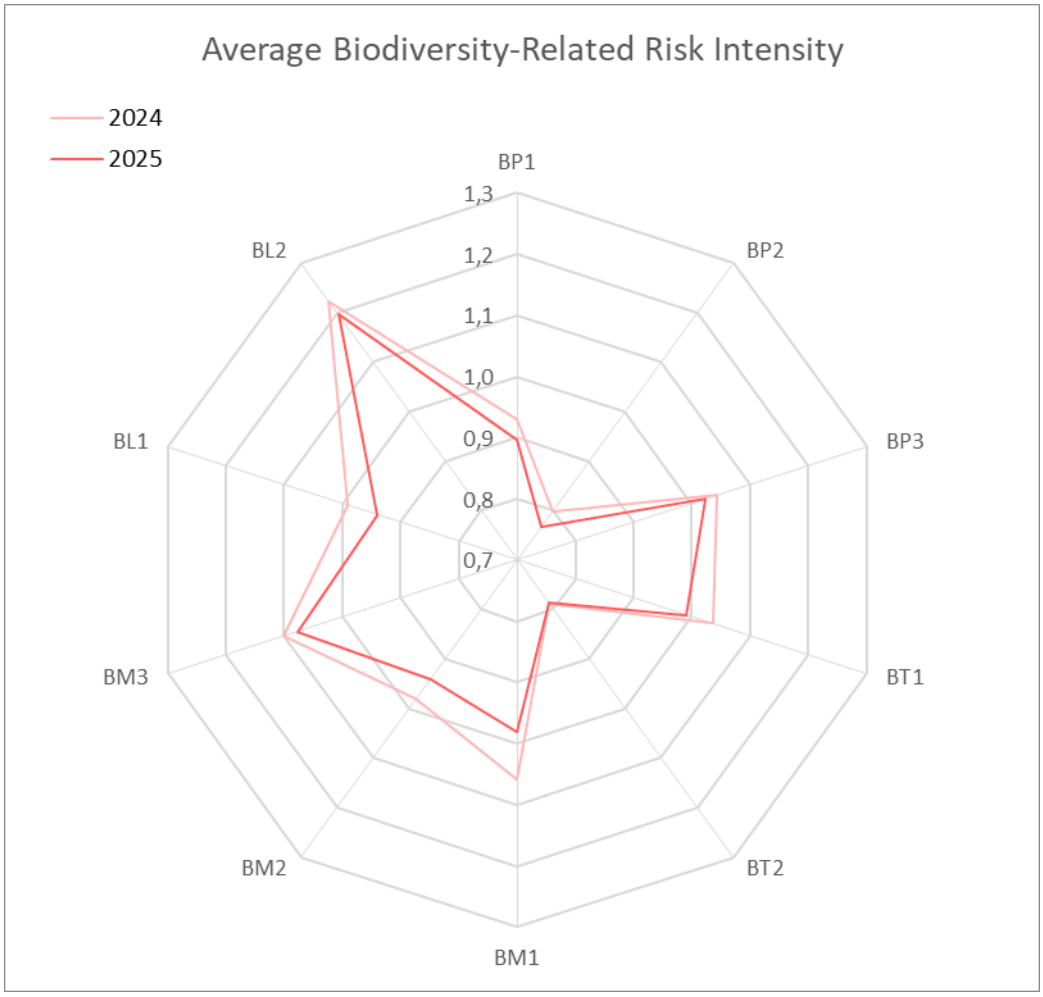
This chart, presented on the same scale as the previous one, shows the same risk factors for our main investment universe. It clearly shows the risk reduction achieved by our sustainable investment process, particularly through the exclusion of sectors that are most harmful to biodiversity, the rating of companies' strategies on water issues and the consideration of certain key impacts.

In relation to the investment universe (average exposures)



We calculated the average intensity (weighted by allocation percentages) of each of the 10 biodiversity-related risks considered in our analysis and compared it with that observed in our core investment universe (based on the business sectors of bond issuers). The results show that our sustainable investment process reduces risks. By way of illustration, the risk arising from the possible substitution of existing products and services by less harmful alternatives (BT1) falls from 1.18 to 0.99.

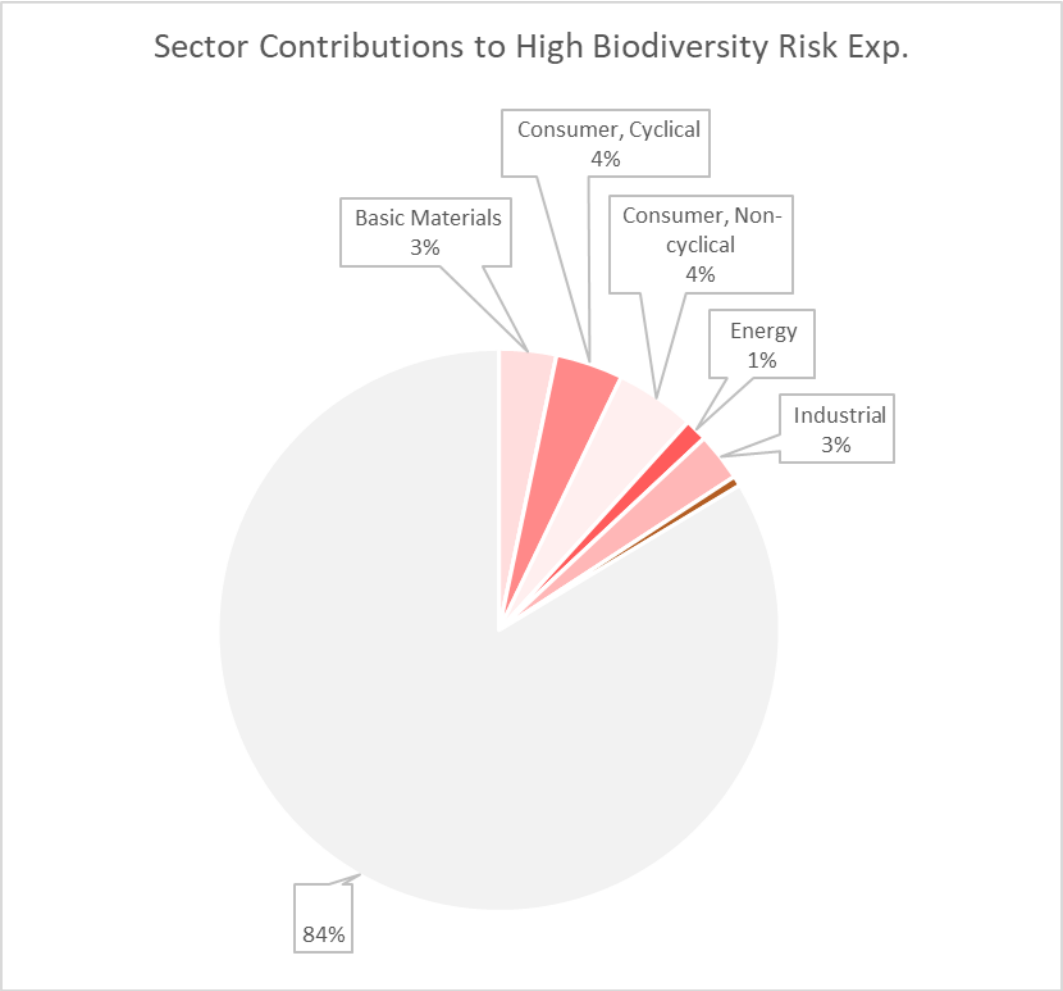
In relation to previous years



Our process has been rigorously applied for several years. In 2025, we observed a significant decline in certain average biodiversity risk scores. In particular, the risk of changes in customer preferences (BM1) has fallen from 1.06 to 0.98 over the course of a year. Similarly, the risk of product substitution (BT1) has fallen from 1.04 to 0.99. The risk scale ranges from zero to five. The graph zooms in on a narrow range to highlight small differences.

Sector contributions

We estimate that 16% of assets under management are highly exposed to at least one of the 10 identified biodiversity-related risk factors. The sectors that contribute most to this exposure are specified below.



ECOSYSTEM DEPENDENCIES

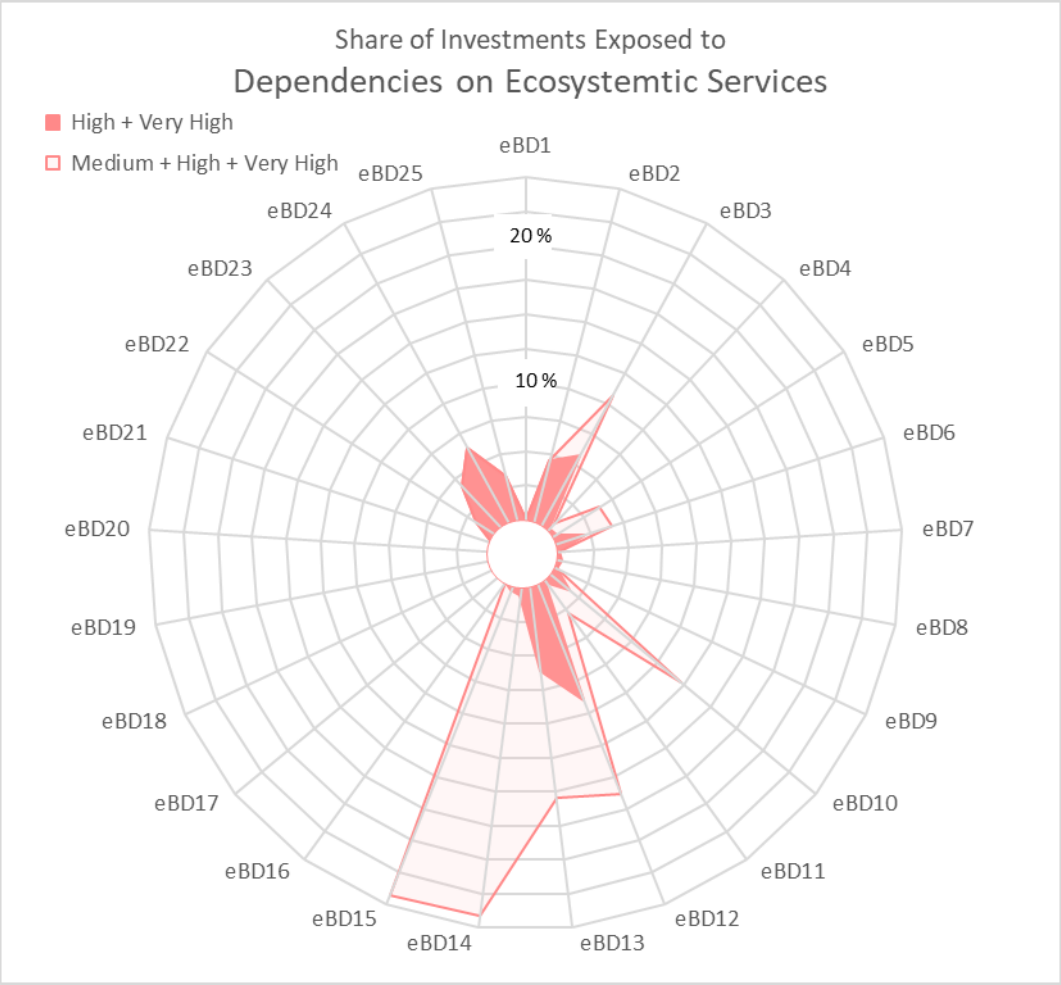
Assessment

In addition to (i) the characterisation of ecosystem pressures, (ii) biodiversity footprint indicators, and (iii) the assessment of biodiversity-related risks (including political, legal, technological, business model, and reputational risks), this section focuses on ecosystem dependencies as defined by the international ENCORE initiative.

A total of 25 potential dependencies have been identified and grouped into three main categories: (i) provisioning services, (ii) regulation and maintenance services, and (iii) cultural services. The nature of these dependencies has been described above, along with the main sectors concerned.

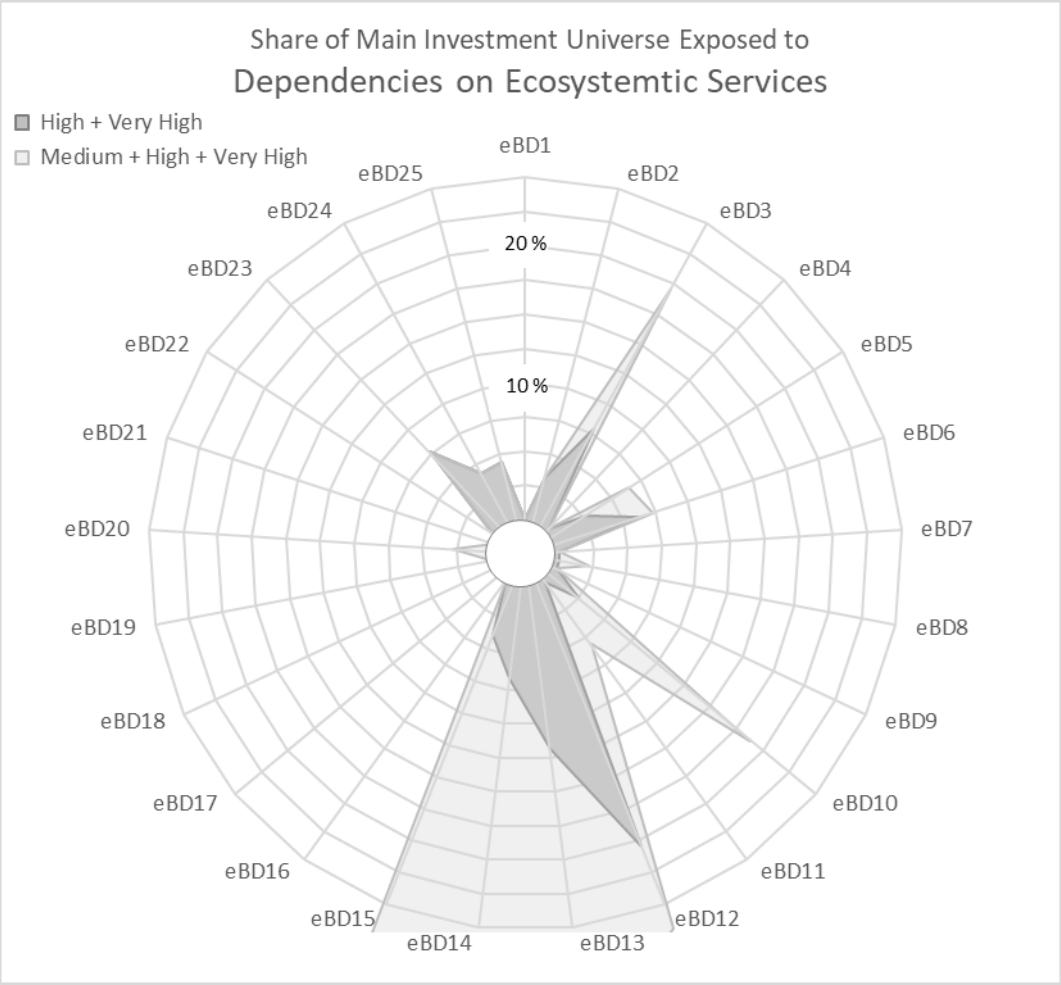
The chart on the following page shows the share of assets under management that are moderately or highly exposed to the various ecosystem services identified. Disruption to these services — for instance due to pollution or climate change — would have a significant impact on the activities of the companies concerned and would likely lead to considerable financial losses. For example, 9% of our fund investments are allocated to sectors that are highly dependent on access to good quality water (dependency eBD12 below).

Exposures by dependency factor



eBD1	Biomass provisioning	eBD14	Flood control
eBD2	Genetic material	eBD15	Storm mitigation
eBD3	Water supply	eBD16	Noise attenuation
eBD4	Animal-based energy	eBD17	Pollination
eBD5	Global climate regulation	eBD18	Biological control
eBD6	Rainfall pattern regulation	eBD19	Nursery population and habitat maintenance
eBD7	Local (micro and meso) climate regulation	eBD20	Dilution by atmosphere and ecosystems
eBD8	Air Filtration	eBD21	Mediation of sensory impacts (excl. noise)
eBD9	Soil quality regulation	eBD22	Recreation related services
eBD10	Soil and sediment retention	eBD23	Visual amenity services
eBD11	Solid waste remediation	eBD24	Education, scientific and research services
eBD12	Water purification	eBD25	Spiritual, artistic and symbolic services
eBD13	Water flow regulation		

Effectiveness of measures taken



This chart, presented on the same scale as the previous one, shows the same ecosystem dependency factors for our main investment universe. It clearly illustrates the reduction in risk achieved by our sustainable investment process. The improvement in portfolio resilience is particularly evident for dependencies on water and the regulation of certain extreme weather events.

Evolution of methodological choices and results

Analysis

Following the numerous improvements made to our analytical method in 2024, the past year has enabled us to consolidate the process and test its effectiveness. Reports containing indicators relating to climate risks, biodiversity risks (or ecosystem dependencies) and impacts on natural environments have been distributed to management teams on a monthly basis. A summary table has been introduced. It sets out the indicators defined for each product in our range. Alert thresholds (non-binding) have been set to draw the management committee's attention to the main risks to which the portfolios are exposed.

Results

According to the indicators we use, there have been no changes in environmental, social and governance risk exposures that warrant particular attention. We are continuing on our path to reduce greenhouse gas intensity, with results ahead of our targets.

Data quality

We are seeing a marked improvement in the transparency provided by companies. The proportion of issuers publishing greenhouse gas emissions data has risen from under 60% in 2021 to 73% today, reducing the need to rely on estimates based on sectoral or geographical averages. The situation is improving even more significantly for scope 3 data. We also note that companies have indeed begun to publish actionable figures regarding the alignment of their activities with the criteria of the European taxonomy. This progress is very recent and is nevertheless proving insufficient. Impact indicators remain difficult to obtain. Some of them are very rarely available or do not adhere to a standardised format, making them difficult to use and compare.

Use of scenarios for climate risks

We plan to make greater use of forward-looking data. One of the approaches under consideration involves constructing scenarios to quantify the materialisation of a risk factor (such as the introduction of a tax on greenhouse gas emissions or the increasing scarcity of water resources) and then estimating the impact of this factor on the value of the instruments in the portfolio (using hybrid models designed to translate these environmental concerns into financial consequences). A first model has been developed to simulate the financial losses resulting from a tax on greenhouse gas emissions. This model has been tested on one of our funds with encouraging results. We intend to implement it systematically during 2026.

We plan to supplement our climate risk analysis (physical and transition) by incorporating scenarios proposed by recognised experts in the field of climate transition, including at least one 1.5°C or 2°C scenario and at least one trend-based or disordered transition scenario, taking into account the national climate contributions of the Parties to the United Nations Framework Convention on Climate Change. The availability of tools suitable for this purpose is currently being studied.

At this stage, we are using a stress scenario to consider the consequences of an inadequate policy response and estimate the decline in value that our portfolios could experience over different time

horizons. We believe that stress scenarios are the most useful for assessing the resilience of investments from a risk management perspective. We also note that current policies and past commitments have not been sufficient to reverse worrying trends in climate, extreme weather events, natural resource availability and biodiversity.

Individualised physical risks

We aim to incorporate more accurate data into our assessment of exposure to physical climate risks and biodiversity-related risks. This requires gathering specific information on the nature and location of companies' activities and combining it with maps, statistics, or scenarios relevant to the different types of risks under consideration. The data currently available to us remains too limited. We are exploring various ways to enhance our models, either by using third-party data providers or by automating the internal processing of company disclosures.

Improvement plan

Strategy and concrete actions

The strategy implemented has three main components: (i) collecting company-specific information (e.g. on geographical locations, business segmentation, main impacts and compliance with taxonomy criteria); (ii) selecting transition scenarios that include concrete assumptions that can be translated into financial impacts, (iii) building models to assess these impacts over different investment horizons.

Strategic and operational changes

Our tools have been strengthened without any significant strategic changes since we decided to commit to the transition to responsible investment. Operational changes are intended, on the one hand, to enhance our capacity for information gathering and processing, and on the other hand, to ensure the effective implementation of our commitments through more transparent monitoring that is better integrated into our management process.

I. List of financial products

The following financial products comply with the provisions of Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (known as the SFDR regulation):

- ✓ Anaxis Short Duration
- ✓ Anaxis Income Advantage
- ✓ Diversified Bond Opp. 2029
- ✓ European Bond Opp. 2027
- ✓ EM Bond Opp. 2028
- ✓ Defensive Bond Opp. 2030

These products represent the following percentage of our total assets under management:

90.6%

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We have committed to reducing greenhouse gas emissions, in line with the spirit of the Paris Agreement. As a management company making investment choices, our desire is to help protect the environment and public health. We have set ourselves the specific target of defining a trajectory that entails reducing the intensity of our portfolios by 60% by 2030.

Anaxis Asset Management

9, rue Scribe - 75009 Paris - France

info@anaxis-am.com

www.anaxis-am.com