Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: BDL Rempart **Legal entity identifier:** 969500L2EOTZZ1PAML74

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- ☐ **Yes**
- ☒ **No**

- ☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It will make a minimum of **sustainable investments with a social objective:** ___%
- ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The Fund BDL Rempart promotes environmental and social characteristics and qualifies as product in accordance with Article 8 of SFDR. A majority of securities within the portfolio's investment universe are subject to a prior analysis of their profile with regards to ESG criteria. The non-financial ratings are primarily sourced from an external non-financial research data provider: Sustainalytics. The Fund integrates ESG sustainable investment criteria trough Sustainalytics ESG Risk Ratings as well as criteria from BDL Capital Management's proprietary scoring methodology called QIRA.

The Sub-Fund does not target any specific thematic focus.

No benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

Sustainalytics Risk Ratings :

Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG-related risks within their investment portfolios and how those risks might affect performance. The ESG Risk Ratings, combined with qualitative analyses, provide investors with a differentiated risk signal and deeper insights into the materiality of certain ESG issues for a company and what the company is or is not doing to manage them effectively.

BDL Capital Management's proprietary scoring methodology "QIRA":

BDL Capital Management uses an internal scoring system called QIRA. QIRA measures the long-term sustainability of companies and is the most important pillar of BDL Capital Management's fundamental company quality rating.

The QIRA score is an ESG score out of 20.

This score is split into Environmental ("E"), Social ("S") and Governance ("G") components with the following weightings:

- E approximately 40%.
- S approximately 20%.
- G approximately 40%.

QIRA takes into account around thirty ESG indicators and uses around ten questions to rate companies.

These questions address the ESG issues that are priorities for BDL Capital Management as a long-term shareholder of these companies.

The Environmental questions focus on the company's climate strategy and more specifically the reduction of its greenhouse gas (GHG) emissions.

Social questions focus on gender equality and the company's societal role.

The Governance issues are mainly based on transparency, the quality of management and governance and take into account the level of controversy of the company.

The sources for the QIRA rating are multiple: meetings with companies, reports published by companies, data providers, place-based initiatives, etc.

The QIRA rating is reviewed as soon as necessary (e.g. when a controversy arises) and at least once a year.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To determine the sustainability of an investment, BDL Capital Management has designed a 4-step process.

Step 1: Normative and sector exclusions, monitoring of controversies

BDL Capital Management has defined a policy of sector exclusions, i.e. companies active in controversial sectors, as well as normative exclusions, i.e. companies in violation of one or more of the 10 principles of the United Nations Global Compact.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Companies in BDL Capital Management's initial investment universe that do not meet the criteria and thresholds below are considered non-investable for BDL Capital Management funds.

Exclusion criteria	Company excluded from
Cluster munitions and anti-personnel mines	From the 1st euro of turnover

Controversial weapons	From the 1st euro of turnover
Civilian weapons	Strictly above 25% of turnover
Tobacco	Producer: Strictly above 5% of turnover Distributor: Strictly over 15% of turnover
Coal	Strictly above 25% of turnover
Pornographic activities	Strictly above 25% of turnover
Palm Oil	Strictly above 10% of revenue
Unconventional fossil fuels	Strictly above 10% of revenue
Biocides	Strictly above 10% of revenue Controversy level above 4
UN Global Compact	Non-compliant companies are excluded
Controversial jurisdictions	Excluded

This exclusion policy allows us to avoid supporting the negative social and/or environmental impact of these companies by not financing certain sectors. The data on which the exclusions are based comes from several sources (company reports, external data providers such as Sustainalytics, BDL Capital Management's own analyses) and is updated regularly.

In addition, companies that are guilty of very severe controversies according to Sustainalytics (Controversies Research) will not be considered sustainable. More information on Sustainalytics' Controversies Research can be found at: https://www.sustainalytics.com/investor-solutions/esg-research/controversies-research

Step 2: Taking into account the Principals Adverse Impacts (PAI)

As part of its responsible investment policy, BDL Capital Management relies on the list of mandatory sustainability indicators published by the European authorities under the SFDR Regulation. This list covers 14 mandatory indicators and also includes 2 additional indicators.

In this step, the following negative impacts are addressed

- Environmental and climate
- Social, including human resources
- Respect for human rights

Companies with too high levels of negative impacts will not be considered sustainable.

The data on negative impacts is provided by our service provider Sustainalytics and is updated on an ongoing basis. More information on Sustainalytics' controversy research can be found at https://www.sustainalytics.com/investor-solutions/esg-research/eu-sustainable-finance-action-plan-solutions#sfdr

More information on BDL Capital Management's consideration of negative impacts can be found at https://www.bdlcm.com/documents/politique-investissement-durable

Step 3: ESG analysis

Internal ESG analysis (QIRA):

In the event that a company has been subject to an internal ESG analysis at BDL Capital Management, i.e. has a QIRA score, that company will not be considered sustainable if its score is strictly below 10 out of 20.

External ESG analysis (Sustainalytics Risk Rating):

If a company does not have a QIRA rating, but has undergone an external ESG analysis, i.e. has a Sustainalytics Risk Rating, the company cannot be considered sustainable if its rating is strictly above 25 out of 100.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

No ESG analysis:

If the company is not subject to ESG analysis, i.e. does not have a QIRA or Sustainalytics rating, the company cannot be considered sustainable.

Step 4: Looking for greenhouse gas reduction targets

This final step is to ensure that companies have set greenhouse gas reduction targets.

If the company has validated the first three steps and has set a greenhouse gas reduction target, then the company is considered sustainable.

If, on the other hand, the company has validated the first three steps but does not have a greenhouse gas reduction target, then the company cannot be considered sustainable.

The search for greenhouse gas reduction targets is carried out in several ways:

- The company has had its greenhouse gas reduction targets validated or committed to validation by Science Based Targets (SBT). SBT is an initiative that provides companies with an independent assessment and validation of their greenhouse gas reduction targets (https://sciencebasedtargets.org/). The list of companies engaged with SBT is public
- ESG research provided by the service provider Sustanalytics indicates that the company has set a greenhouse gas reduction target, including through the additional PAI "companies without carbon reduction initiatives".

Internal ESG research conducted by BDL Capital Management

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The sustainable investment objectives that the fund intends to partially achieve are the search of greenhouse gas reduction targets that investible companies have set for themselves as described in step 4 above.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Steps 1 and 2 as described above, namely the normative and sector exclusion filters and the analysis of 16 principal adverse impacts indicators, verify that investible companies do not cause significant environmental or social harm.

The exclusion policy makes it possible to avoid supporting the negative social and/or environmental impact of these companies by not financing certain sectors. The consideration of principal adverse impacts indicators is part of the assessment of the level of sustainability of companies.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principal adverse impacts indicators are taken into account as described in step 2 of the definition of a sustainable investment above.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

The OECD Guidelines and the UN Global Compact principles are relatively similar. They share the same ethical values, including human rights, labour and industrial relations, the environment and anti-corruption.

In Step 1, as described above, a normative exclusion filter is applied to companies in violation of one or more of the 10 UN Global Compact principles.

Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes, indicators relating to principal advser impacts on sustainability factors are taken into account as described in step 2 of the definition of a sustainable investment above. More information on the principal adverse impacts can be found on the following website: https://www.bdlcm.com/documents/politique-investissement-durable

No

What investment strategy does this financial product follow?

The Fund BDL Rempart follows a "best effort" approach. This approach consists of favouring issuers that demonstrate improvement or good prospects in their ESG practices and performance over time.

The ESG performance of companies is measured mainly through the internal ESG rating tool QIRA.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In addition to the process of identifying sustainable investments as described above, the fund applies the following investment constraints:

Sustainalytics Risk Ratings :

Coverage rate : The proportion of portfolio positions analysed on the basis of ESG criteria will be greater than :

- 90% in the number of companies with a capitalisation of more than €10 billion;
- 75% in number of companies with a capitalisation of less than €10 billion;

Binding elements : The average Sustainalytics Risk Rating (by number of companies) of the Master Fund will be higher than the average ESG rating of the investment universe as described above.

QIRA rating :

Coverage rate : 90% of the securities portfolio (in exposure).

Binding elements : The ESG QIRA score must be greater than or equal to 10/20.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no minimum commitment rate to reduce the scope of investments.

Asset allocation describes the share of investments in specific assets.

What is the policy to assess good governance practices of the investee companies?

Good governance practices are assessed in step 3 as described above.

In the QIRA internal rating, good governance practices represent a significant part of the rating. The analysis of governance practices is based mainly on transparency, management quality, accounting practices and the level of controversy of the company.

In the Sustainalytics Risk Ratings, the final contribution of corporate governance practices is about 20% on average. More information on the Sustainalytics methodology at: https://www.sustainalytics.com/

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

The fund BDL Rempart is divided into two portfolios, one portfolio says a lot and the other says a short. The long portfolio has a minimum sustainable investment estimated at 30%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The short portfolio does not take into account environmental or social characteristics. Other assets to be invested are mainly derivatives (for exposure and hedging), liquidity, deposits and units of other UCITS. These other assets do not promote, such as shorts, environmental or social characteristics

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

The derivatives of the long portfolio are used to attain the environmental or social characteristics promoted by the Fund. They are used on an ad hoc basis to gain exposure to selected companies.
The derivatives of the short portfolio are not used to attain the environmental or social characteristics promoted by the Fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund promote environmental characteristics but does not target investments that take into account the EU criteria for environmentally sustainable economic activities as set out in article 9 of the Taxonomy Regulation (0% Taxonomy Regulation alignment).

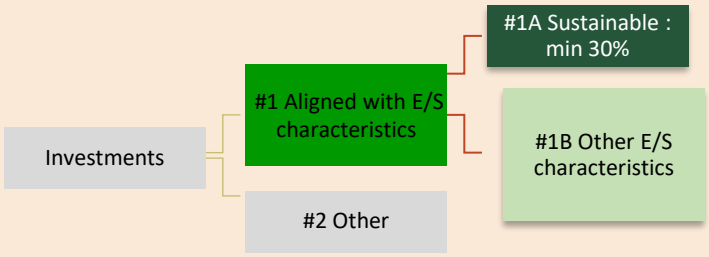
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.



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

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

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

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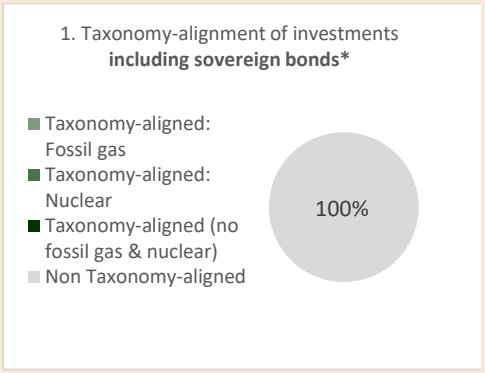
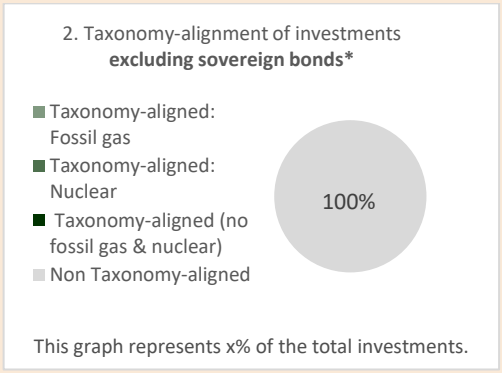
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

Not applicable

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable

What is the minimum share of socially sustainable investments?

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" category primarily contains derivative instruments for short positions (including currency derivatives) and for exposure and hedging purposes, debt instruments, bank deposits and other liquid instruments.

The Fund does not consider any minimum environmental or social safeguards on these remaining investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no a specific index designated as a reference benchmark for the purpose of attaining the environmental or social characteristics.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

BDL Capital Management website: https://www.bdlcm.com/fonds/rempart

BDL Capital Management ESG approach : https://www.bdlcm.com/esg

BDL Capital Management sustainable investement policy : https://www.bdlcm.com/documents/politique-investissement-durable