Article 10 (SFDR)

Website disclosure for Article 8 funds

Indosuez Funds - Naos

Product name: Naos (“Sub-Fund”)	Legal entity identifier: 9845004T142C55B09B43
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 are considered environmentally sustainable under the EU taxonomy ☐ in economic activities that are not considered environmentally sustainable under the EU taxonomy	☐ It **promotes environmental and social (E/S) characteristics** and, although it does not have the objective of sustainable investment, will contain a minimum proportion of % of sustainable investments ☐ having an environmental objective in economic activities that are considered environmentally sustainable under the EU taxonomy ☐ having an environmental objective in economic activities that are not considered environmentally sustainable under the EU taxonomy ☐ with a social objective
☐ It will make a minimum **of sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make sustainable investments**

A. Summary

The promotion of environmental and social characteristics by the Sub-Fund consists of promoting, within each of the business sectors, companies that best address the environmental and social risks and factors they face and are able to adapt their models and strategies to these new challenges.

The Manager analyses each company from the perspective of environmental (E), social (S) and governance (G) issues prior to any investment based on external data supplemented by an internal analysis based on the Manager's specific expertise. The management team is particularly vigilant to the progress made by companies, the commitments they make for the future and to any emerging controversies that could lead to rapid divestment.

External data includes ESG ratings and analyses provided by a recognised market benchmark in the area of ESG analysis, indicators developed by specialist players and ESG research provided by brokers.

ESG characteristics and Sustainability Risks associated with investments are assessed by the investment manager through:

1. **An INTEGRATION approach** favouring, within each business sector, companies that, based on the ESG ratings provided by the external source supplemented by internal analysis, best address the sustainability criteria or risks they face and adapt their models and strategies to these new challenges. The assessment is done on a case-by-case basis and on an intra-sector basis.

   At least 90% of the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) is covered by an ESG analysis.

2. **An EXCLUSION policy consisting** of a list based on strict exclusions for companies that do not comply with international conventions (Oslo/Ottawa and OFAC), a list based on country exclusions and a stock exclusion list defined based on ESG considerations.

   The latter stems from both an initial list of sub-sector exclusions related to controversial activities (tobacco, gambling, pornography, mining in particular from coal) and a second discretionary list, linked to the internal analysis of the company's ESG characteristics, this second list being reviewed every six months to take into account any progress made or disappointments observed.

   The ESG exclusion applies only to long positions in the portfolio.

3. **A COMMITMENT approach** reflected in a continuous and documented dialogue with the managers of the companies. Within this framework, the Manager aims to encourage issuers to increasingly transparency and comparability on ESG issues and the specific objectives they can set on these issues in the medium and long term through direct dialogue and by partnering with market initiatives.

   The ESG commitment applies to both long and short positions in the portfolio.

On an exceptional basis, the Manager may select an investment opportunity even if its ESG rating is low (risk score greater than 30 depending on the external source), as certain investment decisions may therefore not comply with ESG criteria.

However, this selection must remain exceptional and meet the following criteria:

- the internal analysis carried out by the Manager concludes that the company in question is subject to a high discount on its ESG rating;
- the company's management is committed to making the necessary changes to significantly improve its ESG risk score, without this being at the expense of the company's profitability;
- regular discussions with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Manager.

Finally, the Manager actively engages in its investments, through a continuous and documented dialogue with companies invested and formalised in an engagement policy.

No benchmark has been designated for the purpose of achieving the Environmental or Social characteristics promoted by the Sub-Fund.

The binding criteria used to select the Sub-Fund's investments include the following key elements:
- Ensure that none of the Sub-Fund’s (long) positions violate the Sub-fund’s exclusion policies.
- Ensure that the average of the ESG risk scores of the long portfolio is better than that of its investment universe, which is defined by the global equity market, with a preponderance over Europe.

Potential inconsistencies or the unavailability of ESG data, particularly when provided by an external service provider, constitute methodological limits to the ESG rating process used. These are detailed in section 7, point 14 of the Prospectus.

Finally, the sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted are the following:
- Average ESG rating of the portfolio;
- Average ESG rating of the initial universe;
- Difference between the portfolio's average ESG rating and the average ESG rating of the initial universe.

B. No sustainable investment objective

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

C. Environmental or social characteristics of the financial product

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

The promotion of environmental and social characteristics by the Sub-Fund consists of promoting, within each of the business sectors, companies that best address the environmental and social risks and factors they face and are able to adapt their models and strategies to these new challenges.

The Manager analyses each company from the perspective of environmental (E), social (S) and governance (G) issues prior to any investment based on external data supplemented by an internal analysis based on the Manager's specific expertise. The management team is particularly vigilant to the progress made by companies, the commitments they make for the future and to any emerging controversies that could lead to rapid divestment.

External data includes ESG ratings and analyses provided by a recognised market benchmark in the area of ESG analysis, indicators developed by specialist players and ESG research provided by brokers.

ESG characteristics and Sustainability Risks associated with investments are assessed by the investment manager through:

1. **An INTEGRATION approach** favouring, within each business sector, companies that, based on the ESG ratings provided by the external source supplemented by internal analysis, best address the sustainability criteria or risks they face and adapt their models and strategies to these new challenges. The assessment is done on a case-by-case basis and on an intra-sector basis.

   At least 90% of the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) is covered by an ESG analysis.

2. **An EXCLUSION policy consisting** of a list based on strict exclusions for companies that do not comply with international conventions (Oslo/Ottawa), a list based on OFAC country exclusions and a stock exclusion list defined based on ESG considerations.

   The latter stems from both an initial list of sub-sector exclusions related to controversial activities (tobacco, gambling, pornography, mining in particular from coal) and a second discretionary list, linked to the internal analysis of the company's ESG characteristics, this second list being reviewed every six months to take into account any progress made or disappointments observed.

   The ESG exclusion applies only to long positions in the portfolio.

3. **A COMMITMENT approach** reflected in a continuous and documented dialogue with the managers of the companies. Within this framework, the Manager aims to encourage issuers to increasingly transparency and comparability on ESG issues and the specific objectives they can set on these issues in the medium and long term through direct dialogue and by partnering with market initiatives.

   The ESG commitment applies to both long and short positions in the portfolio.

On an exceptional basis, the Manager may select an investment opportunity even if its ESG rating is low (risk score greater than 30 depending on the external source), as certain investment decisions may therefore not comply with ESG criteria.
However, this selection must remain exceptional and meet the following criteria:

- the internal analysis carried out by the Manager concludes that the company in question is subject to a high discount on its ESG rating;
- the company's management is committed to making the necessary changes to significantly improve its ESG risk score, without this being at the expense of the company's profitability;
- regular discussions with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Manager.

Finally, the Manager actively engages in its investments, through a continuous and documented dialogue with companies invested and formalised in an engagement policy.

No benchmark has been designated for the purpose of achieving the Environmental or Social characteristics promoted by the Sub-Fund.

D. Investment strategy

What investment strategy does this financial product follow and how is it implemented continuously in the investment process?

The Manager analyses each company from the perspective of environmental (E), social (S) and governance (G) issues prior to any investment based on external data supplemented by an internal analysis based on the Manager's specific expertise. The management team is particularly vigilant to the progress made by companies, the commitments they make for the future and to any emerging controversies that could lead to rapid divestment.

External data includes ESG ratings and analyses provided by a recognised market benchmark in the area of ESG analysis, indicators developed by specialist players and ESG research provided by brokers.

ESG characteristics and Sustainability Risks associated with investments are assessed by the investment manager through:

1- **An INTEGRATION approach** favouring, within each business sector, companies that, based on the ESG ratings provided by the external source supplemented by internal analysis, best address the sustainability criteria or risks they face and adapt their models and strategies to these new challenges. The assessment is done on a case-by-case basis and on an intra-sector basis.

   At least 90% of the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) is covered by an ESG analysis.

2- **An EXCLUSION policy consisting** of a list based on strict exclusions for companies that do not comply with international conventions (Oslo/Ottawa), a list based on OFAC country exclusions and a stock exclusion list defined based on ESG considerations.

   The latter stems from both an initial list of sub-sector exclusions related to controversial activities (tobacco, gambling, pornography, mining in particular from coal) and a second discretionary list, linked to the internal analysis of the company's ESG characteristics, this second list being reviewed every six months to take into account any progress made or disappointments observed.

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- the internal analysis carried out by the Manager concludes that the company in question is subject to a high discount on its ESG rating;
- the company's management is committed to making the necessary changes to significantly improve its ESG risk score, without this being at the expense of the company's profitability;
- regular discussions with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Manager.

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?

The binding criteria used to select the Sub-Fund's investments include the following key elements:

1. Ensure that none of the Sub-Fund’s (long) positions violate the Sub-Fund’s exclusion policies.
2. Ensure that the average of the ESG risk scores of the long portfolio is better than that of its investment universe, which is defined by the global equity market, with a preponderance over Europe.

Potential inconsistencies or the unavailability of ESG data, particularly when provided by an external service provider, constitute methodological limits to the ESG rating process used. These are detailed in point 14 of the Investment Risks section of the Prospectus.

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

First, governance practices are taken into account in the Sub-Fund's integration policy, through the analysis of governance notes, particularly in terms of corporate governance (including: Board structure, remuneration policy, treatment of minority shareholders). In addition, the Manager engages in regular dialogue with the management teams of the companies in which the Sub-Fund is invested to better understand all these aspects. This dialogue is a constructive approach by which the Manager seeks to understand and analyse companies' issues and practices.

With the aim of investing in all sectors, the Manager is particularly vigilant to the notion of transparency and quantified commitments by issuers regarding the progress envisaged over the coming years, ideally based on criteria that can be measured scientifically and that contribute materially to improving practices.

The Manager has formalised its engagement policy in order to strengthen its approach to dialogue with the companies within its scope.

Does this financial product take into account indicators concerning the principal adverse impacts on sustainability factors?

☒ Yes, the Manager takes into account the principal adverse impacts (PAI) applicable to the Sub-Fund's strategy. This integration of PAIs is reflected in the integration and exclusion approaches (normative and sectoral):

Integration: The purpose of conducting ESG analysis is to mitigate the principal adverse impacts on sustainability. Particular attention is paid to mitigating PAIs covering the trajectory of lower GHG emissions (PAI 1) and the working conditions of employees and in the value chain (PAI 10 and 11).

As regards GHG emissions, the reduction targets are analysed, their validation by an independent body (SBTi), the associated capital expenditure and the level of communication (reflected by the CDP rating) supporting their credibility.

With regard to working conditions, the Manager is closely monitoring the international standards respected by companies (UNGP, OECD texts and the ILO) and their inclusion in a code of conduct, training provided for this purpose and due diligence practices, particularly in sectors most prone to forced labour and child labour problems (such as food production or clothing).

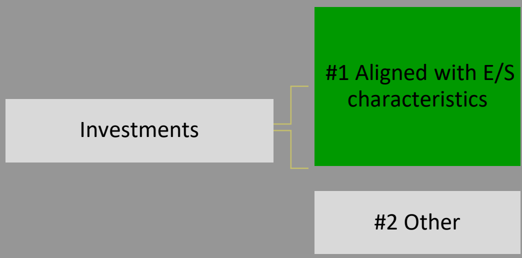
Exclusion: The exclusion policy covers the most significant risks related to sustainability factors and is applied in a binding and continuous manner. In particular, the exclusion policy targets many controversial weapons as well as companies that do not comply with the United Nations principles in the Global Compact, in connection with PAIs 10, 11 and 14 covering these aspects. The discretionary exclusion list is also updated regularly so that PAIs can be taken into account dynamically.

☐ No

E. Proportion of investments

What is the asset allocation planned for this financial product?

A minimum of 85% of the portfolio's long exposure (long positions) will be invested in issuers aligned with the E/S characteristics promoted (#1 Aligned with the E/S characteristics). The remainder, i.e. at most 15% of the portfolio's long exposure, the portfolio of short positions and the money market segment may consist of issuers that are not aligned with the E/S characteristics promoted (#2 Other).



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

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

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

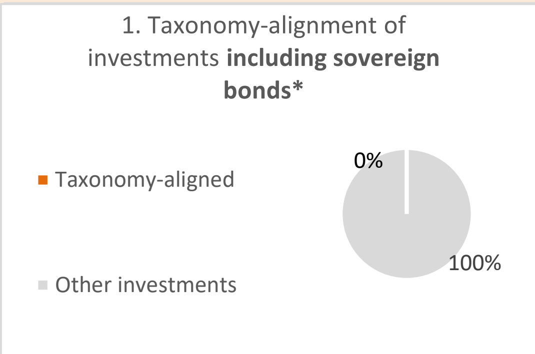
Derivatives are required to implement the long/short strategy of the Sub-Fund.

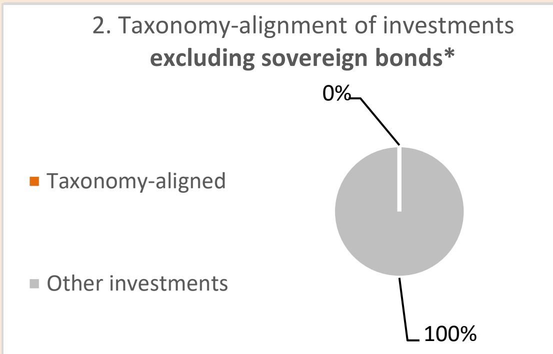
These derivatives are therefore either directly linked to an underlying asset (CFD on equities) thus enabling the integration of ESG characteristics in investment decisions, or associated with an index representative of the investment universe or of a given sector, in each case using a transparent approach for rating needs. Long and short positions are not offset in terms of ESG data (rating, CO2, carbon intensity).

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? (Include the methodology used to calculate alignment with the EU taxonomy and why; and minimum share in transitional and enabling activities)

This Sub-Fund currently does not undertake to invest in any sustainable investment within the meaning of the EU taxonomy. However, this position will be reviewed as the underlying rules will be finalized and the availability of reliable data will increase over time.

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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

This Sub-Fund promotes environmental and social characteristics but is not committed to making sustainable investments. Therefore it does not undertake to realise a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

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

Investments in the "#2 Other" segment may be (i) instruments relating to the money market segment (debt securities and money market UCITS), (ii) cash on an ancillary basis, (ii) securities in a long position issued by issuers that are not aligned with the E/S characteristics promoted and (iii) securities constituting short positions.

The money market segment and the securities making up the portfolio's short allocation are subject to an ESG analysis, but they are not subject to any specific minimum commitment.

F. Control of environmental or social characteristics

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

The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted are the following:

- Average ESG rating of the portfolio;
- Average ESG rating of the initial universe;
- Difference between the portfolio's average ESG rating and the average ESG rating of the initial universe.

How are environmental or social characteristics and sustainability indicators monitored throughout the life cycle of the financial product and what is the associated internal/external control mechanism?

To verify compliance with environmental and social characteristics throughout the fund's life cycle, exclusion lists are subject to pre-trade configuration in the order placement tool, with strict blocking of any purchase order on one of the securities included therein. The environmental or social characteristics are systematically documented in the Manager's proprietary i-ESG system during the investment process and sustainability indicators are applied and monitored on a regular basis by the ESG team.

Second-level controls are carried out:
- with regard to quantitative constraints, by the Manager's Risk Department; these controls are reported to the Risk Committee, which is monthly;
- with regard to qualitative constraints, including the review of exclusion lists, by the Manager's Compliance Department, as part of the annual control plan.

G. Methods

What is the method used to measure the achievement of environmental or social characteristics promoted by the financial product using sustainability indicators?

The various sustainability indicators, such as the ESG risk ratings on the Sub-Fund's portfolio and the investment universe, used to measure the achievement of the promoted environmental and social characteristics, are attributed by the external source indicated below.

The Manager has also developed a proprietary "i-ESG" tool, which analyses and monitors investments based on environmental, social and governance issues. This internal system is based on a process that requires sector Managers to respond to a range of ESG issues before investing. Based on the Manager's ESG analysts, the management team prepares a rating-based quantitative assessment and a qualitative assessment of each security. These assessments are then regularly updated according to new developments and exchanges with the companies in question.

The exclusion lists refer to securities that do not comply with the United Nations principles in the Global Compact or on strict country exclusions or subsectorial exclusions related to controversial activities, resulting from international conventions such as Oslo/Ottawa or OFAC. A third list of stock exclusions is defined based on ESG considerations. The latter discretionary list is reviewed every six months by the ESG team and is monitored by the Compliance Department.

H. Data sources and processing

What data sources are used to achieve each of the environmental or social characteristics, including the measures taken to ensure the quality of the data, how they are processed and the proportion of estimated data?

For data sources that are made up of broad based data (such as commonly distributed ESG data and ratings), the Manager relies on Sustainalytics©, which takes a risk-based sector approach, consistent with its investment philosophy. These data are used for the purpose of measuring quantitative binding elements.

The Manager also relies on various sources of information, including analysts from financial institutions (such as brokers), ESG research providers and the financial press to complement these data sources. Sustainalytics© data are analysed and cross-referenced with these other sources of information and then discussed by ESG analysts and the management team for the purpose of analysing and monitoring potential and current investments. This analysis is documented in the proprietary i-ESG tool.

All ESG data is centralised by the Manager's ESG team, which ensures the quality of the data.

The Manager performs qualitative and quantitative analyses of the selected ESG sources and has a preference for data published as it becomes available. However, corporate communication can be sporadic, making it necessary to use estimated data. The Manager may therefore be required to use estimated data as provided by the external source, even if this use remains ancillary to the Sub-Fund's investment universe (mainly European large caps).

I. Limitations to methodologies and data

What are the limitations to methodologies and data sources? (Include how these limitations do not affect the achievement of environmental or social characteristics and the measures taken to address these limitations)

Method limitations are by nature linked to the use of ESG data in the selection process. These ESG data may potentially be inconsistent, missing or inaccessible, particularly when provided by external service providers:

- Publications with missing or incomplete ESG information from companies issuing securities,
- Occasional difficulty identifying information and factors relevant to the ESG analysis of the provider's model.

These points constitute methodological limits to the ESG rating process used.

ESG data are subject to an internal analysis, in order to mitigate these limitations to the extent possible.

J. Due diligence

What is the due diligence performed on the underlying assets and what are the internal and external controls in place?

Prior to any investment, the Manager's ESG analysts systematically review the stocks selected by sector experts. Consultation of the company's ESG Risk Rating© (ESG Risk Rating) is a preliminary step that, after cross-checking with the internal ESG analysis, results in the suspension of the investment project in the event of a breach of the set threshold (e.g. Sustainalytics ESG Risk Rating above 30 and above the sector average). The ESG team conducts an in-depth review of the non-financial risks incurred by the securities in question and their sectors, in collaboration with the sector experts covering these securities, in order to confirm or invalidate the risk rating assigned by the database.

In addition, control systems, which block any long investment in securities included in the various applicable exclusion lists, have been put in place.

Finally, it should be noted that before making any investment, potential ESG events that could compromise the investment project must be analysed in the internal i-ESG system. This process allows sector managers to conduct a prior analysis of ESG issues impacting companies in their sector, ensuring that all investments are made in awareness of these issues.

At the same time, ESG analysts constantly monitor ratings downgrades and controversies that may have an impact on the securities held in the portfolios as well as on the broader investment universe. This analysis may also lead to the removal of a security from the Sub-Fund in the event of proven risks related to non-financial items. ESG analysts communicate the insights from their analysis to sector experts in real time and thus improve their knowledge of their respective investment universes.

K. Engagement policies

Is engagement part of the environmental or social investment strategy?

☒ Yes
☐ No

If so, what are the engagement policies? (Including management procedures for sustainability-related controversies in investee companies)

First, governance practices are taken into account in the Sub-Fund's integration policy, through the analysis of governance notes, particularly in terms of corporate governance (including: Board structure, remuneration policy, treatment of minority shareholders).

In addition, the Manager engages in regular dialogue with the management teams of the companies in which the Sub-Fund is invested to better understand all these aspects. This dialogue is a constructive approach by which the Manager seeks to understand and analyse companies' issues and practices.

With the aim of investing in all sectors, the Manager is particularly vigilant to the notion of transparency and quantified commitments by issuers regarding the progress envisaged over the coming years, ideally based on criteria that can be measured scientifically and that contribute materially to improving practices.

Finally, ESG analysts constantly monitor ratings downgrades and controversies that may have an impact on the securities held in the portfolios as well as on the broader investment universe.

The Manager has formalised its engagement policy in order to strengthen its approach to dialogue with the companies within its scope.

L. Designated benchmark

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?

☐ Yes
☒ No