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ESG Letter
H1 2026

NEW REGIME ?

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EDITORIAL

Richard Pandevant

HEAD OF ESG
CO-PM OF LONG-ONLY FUNDS

The second half of 2025 and the start of 2026 were marked by significant developments in the economic, energy and technological spheres, against a backdrop that remains complex.

In the United States, the first few months of Donald Trump's new term have confirmed a clear shift in ESG priorities. The emphasis on energy sovereignty, industrial competitiveness and the reduction of regulatory constraints continues to weigh on certain sectors, particularly those renewable energy sectors most reliant on incentive schemes. Nevertheless, economic and physical realities remain: energy demand remains strong, investment needs are considerable, and diversifying the energy mix still appears to be a necessity, regardless of short-term political directions, especially in light of the ongoing geopolitical upheavals and conflicts.

In Europe, the past year has been one of trade-offs. Juggling competitiveness imperatives, budgetary constraints and climate ambitions, the new Commission is settling into office with a clear commitment to regulatory simplification. Initial policy directions suggest a more pragmatic approach, aimed at reconciling transition objectives with economic sustainability for businesses.

At the same time, geopolitical developments – whether the conflicts in Ukraine and the Middle East or international trade dynamics – continue to have a direct impact on energy markets and certain key supply chains.

Beyond the major macroeconomic trends, consumer behaviour is also undergoing gradual changes that are worth highlighting.

The rapid rise of treatments such as Ozempic and Wegovy, which belong to the GLP-1 agonist class, is beginning to have a tangible impact on eating habits. Reduced appetite, changing nutritional preferences, and lower consumption of certain processed foods: these developments could, in the long term, have significant consequences for many sectors—from agri-food to retail, including catering, healthcare and agricultural supply chains.

At the same time, the rise in popularity of high-protein diets, the search for functional foods and the increased focus on nutritional quality reflect a broader shift in consumer expectations, at the intersection of public health and sustainability issues.
These changes raise key questions for ESG investors:

- **Who will be the winners and losers in these changes?**
- **How can we anticipate the impact on business models, value chains and, more broadly, on companies' environmental and social externalities?**

We have chosen to make these questions the central theme of this ESG newsletter.

In this rapidly changing environment, our approach remains unchanged: to conduct in-depth analysis, sector by sector and company by company, of the dynamics at play in order to identify both risks and opportunities. True to our philosophy, over the past year we have continued to roll out and strengthen our ESG framework across our entire range. This is why we joined the FIR at the end of 2025. Furthermore, all our funds, classified as SFDR Article 8, continue to incorporate a minimum sustainable investment rate of 20%, a target which we have, once again, significantly exceeded.
You will find at the end of this document a summary of the key ESG characteristics of each of our funds, as defined in their prospectuses. As always, we remain at your disposal for any further enquiries regarding our portfolios.

In the meantime, we wish you happy reading!

OUR APPROACH TO INTEGRATING ESG CRITERIA

Incorporating criteria that remain true to our core values.

Since the first half of 2019, we have formalised our policy of integrating non-financial criteria into our long-only range, starting with Exane Equity Select Europe. Then, in 2020, this approach was implemented in our long/short management. ESG criteria are now systematically taken into account within our investment process for 100% of the funds in our range. When it comes to ESG, Exane Asset Management's ("Exane AM") approach is based on three pillars:

An approach to the INTEGRATION of E, S and G risks that is consistent with our commitment to investing across all sectors, whilst prioritising, within each of these sectors, those companies that best address the risks they face and are able to adapt their business models and strategies to these new challenges.

Indeed, the management company considers it essential to take into account the impact of environmental, social and governance criteria when analysing a company, modelling its fair value and making the resulting investment decisions. A deep understanding of ESG factors creates value within the investment process.

Exane AM's portfolio managers primarily make their investment decisions following a fundamental analysis process based on their own selection criteria, on traditional external financial analysis provided by financial intermediaries or research providers, as well as on numerous meetings with the companies' management teams.

These analyses are systematically supplemented by an ESG integration process, for which the Management Company relies on a market-leading tool in this field, Sustainalytics©, adopting a sector-based risk approach consistent with its investment philosophy, and on a proprietary tool, developed in-house by the Exane AM teams, for analysing and monitoring investments in line with key Environmental, Social and Governance (i-ESG). Risk ratings are entered when the profile is created, and with each update, the profile is supplemented by qualitative assessments on various points (ratings from 1 to 5 stars, or binary Yes/No fields). The main topics addressed by our internal i-ESG tool when analysing a company are:

- ESG risk
- Management performance in this area
- Our assessment of governance
- The company's consideration of E issues relative to its sector
- The company's consideration of S issues relative to its sector
- The integration of ESG into this investment, from both a performance-seeking and a risk-management perspective
- Valuation in relation to ESG aspects
- Our dialogue and engagement activities with the company

For all funds, the ESG team works with each sector specialist manager on a monthly basis to produce a report on every long position that does not meet a number of quantitative criteria relating to ESG risk. These reports are classified and archived to maintain a record and ensure follow-up.

As at 31 December 2025, our internal ESG tool identified nearly 640 securities, which is more than the number of securities currently held across all our funds, due to portfolio turnover.

A pragmatic and non-dogmatic EXCLUSION policy: see the article ‘Exane AM Exclusion List’.

Our ENGAGEMENT approach takes the form of an ongoing, documented dialogue with company management. Through direct dialogue and by participating in industry-wide initiatives, we aim to encourage issuers to be more transparent and to ensure greater comparability regarding their ESG issues. Furthermore, we pay close attention to the medium- and long-term objectives they may set themselves in relation to environmental, social and governance issues.

Exane AM is convinced that good governance enables a better understanding of risks and improves a company’s performance in the medium to long term. This implies a responsibility for the management company, as an investor acting on behalf of third parties, which translates into the need to take into account, in its investment decisions, all financial and non-financial factors that may influence the value of the investments. We therefore engage in regular dialogue with the management teams of the companies in which we invest to gain a better understanding of all these aspects. As we aim to invest across all sectors, we pay particular attention to the concept of transparency and quantified commitments from issuers regarding the progress envisaged over the coming years, ideally based on scientifically measurable criteria that contribute materially to improved practices.

We view dialogue as a constructive process through which we seek to understand and analyse corporate issues and practices. Exane AM is constantly expanding its dialogue and engagement activities with issuers, including through industry-wide initiatives such as our work with CDP since 2020 and with Club 30% since 2023.

The primary aim of these initiatives is to encourage companies to improve their ESG practices. In particular, these initiatives contribute to the development of tools and methodologies designed to facilitate the integration of ESG issues into corporate governance and asset management. Exane AM contributes to this collaborative effort by offering its ESG expertise and providing logistical support. We have decided to structure our engagement approach around three pillars: E, S and G. We then choose to engage with issuers based on the most material issues within each pillar or the controversies affecting them. This allows us to be more specific and seems to us the most effective way to positively influence the activities of the issuer in question.

We therefore adhere to the principle of double materiality and seek to achieve positive societal and environmental impacts through our investments and engagement activities. We manage 100% of our own engagement initiatives. This means we do not rely on third parties to manage these activities, enabling us to ensure direct oversight and accountability in our interactions. We support the view that investors can influence market participants not only through capital allocation decisions, but also through individual and collaborative engagement actions with their investments. Whilst this approach cannot, on its own, form the core of a responsible investment strategy, it certainly plays a significant role. With this in mind, we have developed a common engagement policy across all our funds, recognising that promoting best ESG practices is essential to contributing to long-term value creation.

EXANE EQUITY SELECT EUROPE

Since January 1, 2025, we have continued to apply the rules that enabled the fund to meet the requirements of the previous version of the SRI Label. Thus, in addition to an ESG Risk score that is consistently better than that of its MSCI Europe benchmark, and the exclusion of more than 20% of the investment universe on ESG grounds, we monitor a number of indicators across the E / S / G / HR pillars, in line with our ESG policy.

Under the environmental pillar, we monitor the portfolio’s carbon intensity.

Under the social pillar, we monitor the indicator (provided by our data provider Sustainalytics) relating to freedom of association policy and consistently aim to outperform the investment universe on this criterion.

Under the governance pillar, we track the indicator (provided by our data provider Sustainalytics) relating to anti-corruption policy (as we believe this element is essential to business ethics) and consistently aim to outperform the investment universe on this criterion.

Finally, regarding the human rights (HR) pillar, we monitor the proportion of the portfolio categorised as being on a watchlist for one or more principles of the Global Compact (our exclusion policy already covers non-compliant securities as well as those not signed up to the Global Compact). More detailed information is available in the Fund’s Transparency Code.

CENTRAL THEME

NEW REGIME ?

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CENTRAL THEME

New dietary trends: far-reaching impacts across multiple sectors

Abstract:

Several structural trends are beginning to reshape the value chains in the consumer goods, healthcare and chemical ingredients sectors, including the development of GLP-1 agonists, growing interest in healthy nutrition (skepsis towards ultra-processed foods [UPF, Ultra-Processed Foods] and a preference for high protein and fibre intake), as well as changing patterns of alcohol consumption.

Whilst these dynamics manifest themselves at varying rates and in different ways, they nevertheless reflect gradual shifts in consumer preferences. For investors sensitive to ESG themes, they call for a more nuanced analysis of the exposed segments, whilst opening up opportunities for repositioning towards players in tune with evolving consumer expectations, particularly regarding nutritional density, naturalness, simplicity and functionality.

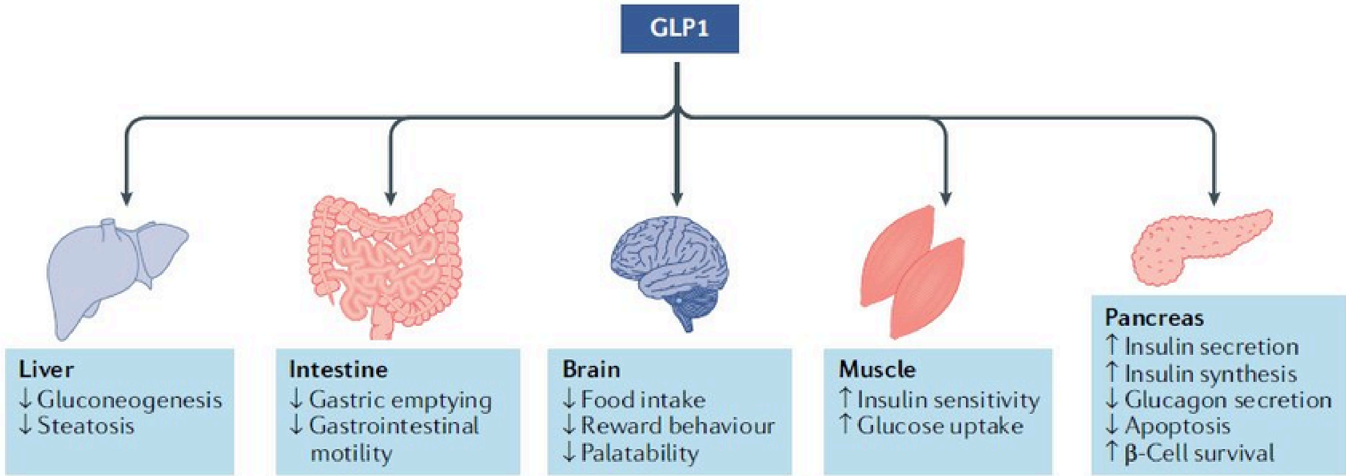
Some key figures

−$11.6 billion **Maximum impact of GLP-1 on US food sales**	**+8.4% p.a** **Protein market growth to 2034**	**58%** **of French people drink no more than one glass a week**

I. GLP-1 agonists: beyond medication, a potential factor in changing eating habits?

Originally developed for the treatment of type 2 diabetes, GLP-1 receptor agonists have gradually established themselves as a major therapeutic option in the management of obesity, a major scourge in developed countries, and particularly in the United States. Their mode of action is based on several complementary physiological mechanisms, including improved blood glucose control, a slowing of gastric emptying and an enhanced feeling of satiety. In practice, this combination promotes significant weight loss and is accompanied, to some extent, by changes in eating behaviour. As such, the effects of GLP-1 may extend beyond the therapeutic context alone and, in the long term, influence certain consumption habits.

Diagram illustrating the effects of GLP-1 agonists on metabolism

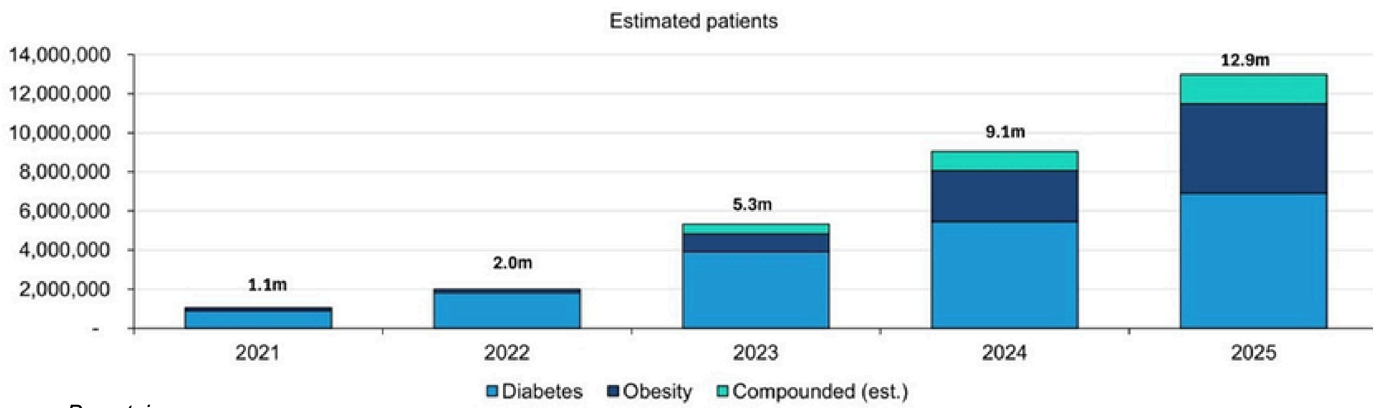


Source : Nature Drug Discovery March 2022

1.1 Market dynamics

GLP-1 treatments have seen rapid uptake in recent years. According to Bernstein's estimates, nearly 13 million US adults were receiving treatment by the end of 2025. Half of this growth is attributable to the increasing use of GLP-1s in the treatment of obesity.

The market potential remains significant, given the high prevalence of obesity worldwide. Current prospects focus, in particular, on the expansion of medical coverage to Medicare in the United States and the launch of tablet formulations on the international market.



Source : Bernstein

1.2 Financial impacts

The agri-food sector in the United States: a tangible impact, but one that must be viewed in the context of the wider market

Early studies suggest that GLP-1-based treatments may be associated with a significant shift in eating habits, notably through a reduction in spending on food for home consumption and groceries. This shift calls into question some of the traditional drivers of growth for major food groups (snacks, ready meals, ice cream, etc.) and beverage groups (beer, spirits, soft drinks).

To appreciate the economic significance of this phenomenon, however, it is important to distinguish between the intensity of the effect observed in certain individuals and its actual impact at market level.
A simple way to estimate this aggregate impact is to combine three factors: the prevalence of obesity, the treatment rate within this population, and the average reduction in food expenditure among treated patients.

Taking, for illustrative purposes, an obesity prevalence of 40% in the United States, a treatment rate of 20%, and an average reduction in grocery expenditure of 5.3% among those receiving treatment, the aggregate effect amounts to approximately 0.42% of the US Food at Home market at maturity.

Based on a market estimated at around $1.09 trillion, this would represent an absolute impact of around $4.6 billion. From this perspective, the challenge for the sector does not appear to be one of a sudden collapse across the entire Food & Beverage sector, but rather one of a gradual erosion of certain consumer categories, particularly those most exposed to snacking, large portions and impulse buying.

Conversely, categories more aligned with nutrition, functionality, controlled portions or protein density could be relatively better positioned in this environment. Nestlé has anticipated this trend by launching its 'Vital Pursuit' range as early as 2024, explicitly positioned for GLP-1 users.

1.2 ESG Analysis

Environment

The environmental footprint of GLP-1 agonists is assessed from the perspective of pharmaceutical production: semaglutide is a complex peptide whose synthesis is energy-intensive and water-intensive. Novo Nordisk has held a CDP A+ rating for the past seven years and has committed to achieving net-zero Scope 1, 2 and 3 emissions by 2045.

The group is also developing bio-based plastics made from e-methanol for its pen injectors and is piloting take-back schemes in four countries — key factors in light of the 'single-use plastic' risk that characterises the category. The gradual transition to oral semaglutide (Rybelsus 2G, 2025) significantly reduces the API content and thus the footprint per patient per year.

Nevertheless, pharmaceuticals in the environment (PiE) remain an emerging regulatory blind spot, closely monitored by Eli Lilly through its LAEG (Lilly Aquatic Exposure Guideline) programme.

Social

The social pillar is the most significant for GLP-1 drugs and poses a structural reputational risk for Novo Nordisk and Eli Lilly. Two social issues are therefore worth noting:

- The usage paradox: The main user profile consists of people with high socio-economic status, whereas the prevalence of obesity is highest among the most disadvantaged groups, suggesting that use is partly for cosmetic reasons among populations least at risk
- The federal litigation MDL 3094 ("GLP-1 RAs Products Liability Litigation") had 3,546 claimants in April 2026, alleging gastroparesis, vascular and ocular disorders. The black box warning regarding the risk of medullary thyroid cancer (MTC) remains in place. These risks constitute a material provision risk for the manufacturing companies.

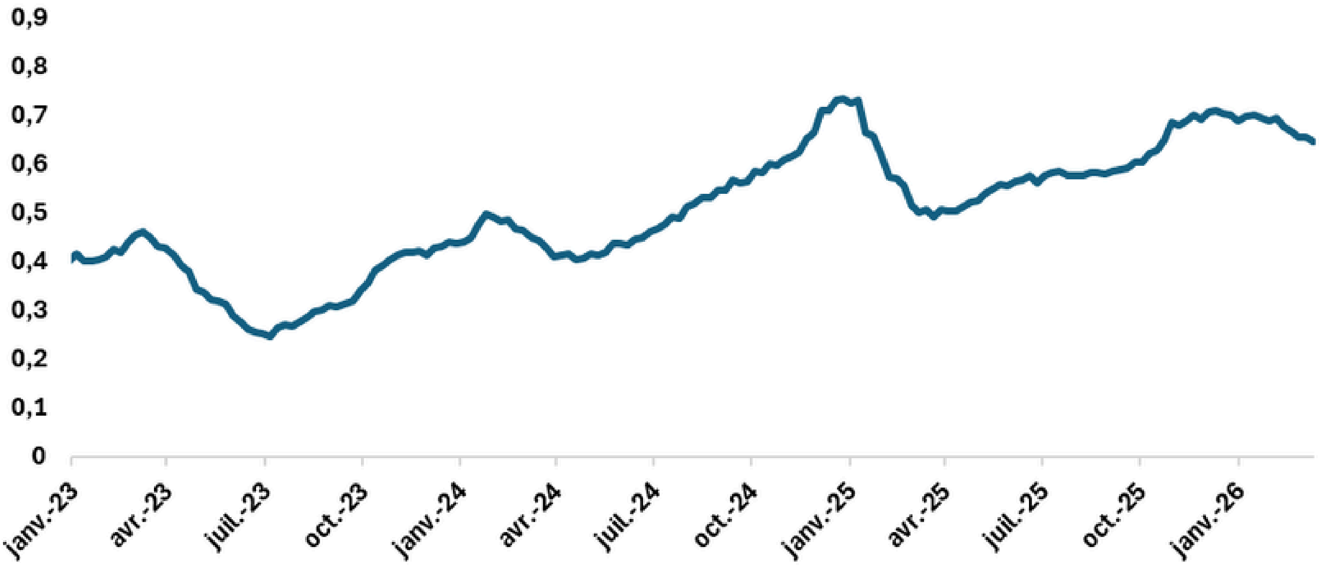
II. From calories to nutrition: reshaping value chains

Alongside GLP-1 agonists, healthy eating has emerged as a major trend in its own right, driven by several complementary factors: the rise in fitness activities and a greater focus on physical well-being, the strengthening of official nutritional guidelines, and, to some extent, the indirect influence of GLP-1 agonist treatments. These treatments tend, in particular, to encourage some users to consume more protein in order to limit the loss of muscle mass, and fibre in particular.

2.1 Market dynamics

In France, turnover for high-protein products has increased more than fivefold between 2020 and 2024. In the United States, protein-enriched pasta already accounts for 7% of the pasta aisle, with volume growth of 20% per year. The dairy sector is directly affected: the wholesale price of whey, which is rich in protein, has jumped by more than 60% since 2023, illustrating the pressure on high-protein animal-based ingredients.

Changes in the price of whey (USD/lb)



Source : Exane AM, Bloomberg

The Trump administration's new dietary guidelines (due in early 2026) suggest doubling the recommended daily protein intake and reducing added sugars — a policy shift that could further accelerate this trend in school meal programmes and US food aid.

This rise in protein consumption is not the only dietary shift underway. We are also seeing a widespread decline in alcohol consumption, a trend linked to a convergence of factors: Generation Z, mental wellbeing, chosen sobriety, and now the amplifying effects of GLP-1.

2.2 Financial impacts

Agri-food sector: a booming market for healthy food

The price signal speaks for itself: studies show that more than two-thirds of consumers are willing to pay 5–30% more for products marketed as high in protein. This price premium has a positive impact on the margins of manufacturers operating in this segment.

At the same time, functional drinks are experiencing strong growth. Players such as Celsius are capturing a growing share of demand thanks to a positioning focused on energy, fitness and low-sugar formulations. Major manufacturers are responding by stepping up their innovation efforts and strengthening their health-focused product ranges. At the same time, regulatory pressure continues to mount: taxes on sugary drinks, marketing restrictions, stricter nutritional labelling requirements and increased scrutiny of ultra-processed products.

The yoghurt and protein-rich dairy products segment is emerging as one of the major beneficiaries of these developments. Consumers, and particularly users of GLP-1, are seeking more protein to promote satiety and preserve muscle mass. Greek yoghurt, protein drinks and whey-rich products are thus experiencing strong growth, particularly in the United States. In this context, Danone is in a particularly favourable position. With brands such as Oikos, HiPRO, GetPRO and Activia, the group is well-positioned to capitalise on several structural trends: functional nutrition, weight management, digestive health and protein consumption. Its presence in both the dairy and plant-based sectors also constitutes a significant strategic advantage in the face of changing consumer preferences. More broadly speaking, protein is gradually becoming as key a marketing selling point as low sugar was in the previous decade.

Whilst some companies are investing, others are divesting certain businesses; this is the case with Unilever, which sold 80.1% of its stake in Magnum by floating it on the stock market, in order to refocus on four business groups in the fields of beauty and wellness, personal care, home care and nutrition.

Alcoholic beverages sector: a shift in consumption

For the drinks sector, we anticipate a negative financial impact driven by several converging factors:

- Greater economic pressure on customers' wallets.
- At the same age, Generation Z consumes around 20% less alcohol per capita than Millennials. The 'sober-curious' movement — driven by social media, wellness influencers and alcohol-free bars — lends a social legitimacy to abstinence that did not exist before.
- Furthermore, 60% of GLP-1 users reduce their alcohol consumption by an average of around 50%. This results in a net reduction in alcohol consumption of 30% among GLP-1 users.

From this, the potential impact on the market can be estimated using a simple formula. Using our previous assumptions of a 40% prevalence of obesity in the United States, a treatment rate of 20% and a 30% reduction in alcohol consumption among those treated, the aggregate effect amounts to approximately –2.4% in the long term on alcohol consumption by volume in the United States linked to GLP-1.

This analysis suggests that GLP-1s play only a relatively minor role among the factors that have led to an 11% decline in per capita alcohol consumption compared with 2019, and that general health awareness, changes in drinking habits among young adults, and economic pressures have had a far greater impact.

In response to this decline, the sector has diversified, now offering a wide range of non-alcoholic and low-alcohol products. This market is expected to reach over USD 150 billion globally by the end of 2026 and grow by 50% by the end of 2030 compared to 2025. As a result, AB InBev has significantly expanded its range of non-alcoholic beverages to capitalise on the trend towards moderation, building a global portfolio that now includes 80 distinct non-alcoholic or low-alcohol brands. The company's investments in cutting-edge brewing technologies, such as the SmartYeast 0.0 process, have enabled it to launch non-alcoholic versions of flagship brands such as Corona Cero, Budweiser 0.0 and Stella Artois 0.0 across 70 different markets.

Meanwhile, Heineken has officially incorporated this trend into its 'EverGreen 2030' corporate strategy. The company's portfolio of low-alcohol and non-alcoholic products has recently seen double-digit growth, largely driven by the global expansion of Heineken 0.0 and regional brands such as Maltina in Nigeria.

Chemistry is no exception

Alongside the rise of plant-based proteins, we are therefore witnessing the emergence of the 'agency over health' movement, in which consumers are demanding foods that have specific, functional benefits for them. Consumers are increasingly scrutinising ingredient lists and actively avoiding synthetic additives, thereby transforming clean labels from a premium differentiator into a basic expectation.

Ingredient suppliers play a vital role in this transition. Ingredion has established itself as a leader in the field of 'clean label' texturising agents, using proprietary technologies to extract functional fibres from natural sources such as citrus peel. Novonesis is targeting the plant-based drinks market with its Vertera Velvet biosolution, which modifies proteins to improve mouthfeel and nutritional value whilst reducing the use of artificial additives.
For its part, Corbion is leveraging its expertise in fermentation to develop natural preservation systems that extend the shelf life of bakery products and meat without resorting to conventional synthetic preservatives.

This environment is therefore challenging but promising; indeed, despite a downturn in the chemical industry in 2025–2026 — with production growth forecasts revised down to around 2% per year and persistent overcapacity — segments linked to new consumer expectations are significantly outperforming. Chemical companies with 'greener' portfolios are delivering higher returns to shareholders than their peers. The regulatory framework (REACH in Europe, the FDA's phasing out of petroleum-based dyes in the US, the EU's 'Safe and Sustainable by Design' approach) further intensifies the pressure for transformation, aligning market imperatives and regulatory constraints towards a single goal: a cleaner, more transparent and more functional chemical industry.

2.3 ESG Analysis

Environment

The environmental pillar is the most conducive to the transition observed, but with significant caveats. The production of meat and dairy proteins accounts for around 20% of global food energy but uses 70% of agricultural land and 40% of arable land, and generates over 70% of food-related GHG emissions.

According to the Good Food Institute, plant-based protein production uses up to 93% less land and 99% less water than animal-based protein. This is a major driver of food decarbonisation for ESG investors, aligned with SDGs 12, 13, 14 and 15.

Social

Access to high-quality protein remains unequal: low-income households struggle to access premium protein sources (whey, plant-based alternatives). The rise of affordable fortified products is a social issue.

Reducing alcohol consumption represents a major social benefit: the global cost of alcohol-related harm is estimated at over USD 1.5 trillion per year (WHO). For ESG impact investors, financing companies' transition towards low- or non-alcoholic products makes a positive contribution to the SDGs (particularly SDG 3).

Finally, the social and health challenges posed by UFP, MAHA policies and regulatory scrutiny of UFP are transforming brand risk for players still exposed to portfolios that have undergone significant transformation. Unilever's strategic repositioning (exit from Magnum, refocus on beauty/wellness/nutrition) illustrates this logic of portfolio de-risking.

Governance

Regulations (EU Novel Food, FDA) impose strict controls on new sources of protein. Companies operating in this sector must demonstrate regulatory transparency and robust innovation processes. Clean labelling and ingredient traceability are becoming key criteria for product governance.

The following people contributed to this analysis:

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PM specialized in the chemical and construction sectors

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ESG Analyst

ESG EXCLUSIONS

Exane AM has developed a responsible approach by incorporating, from the outset, an exclusion policy covering issues identified as critical from a sustainable development perspective. Exane AM believes that more sustainable management also serves as a driver of growth. Exane AM's exclusion policy has been developed gradually, with the aim of avoiding exposure to the ethical, reputational and, ultimately, financial risks associated with certain activities.

In 2025, Exane AM updated its ESG exclusion policy. This policy now sets out two levels of exclusions that apply to different scopes:

- **An exclusion policy covering all direct investments made by Exane AM in the long positions of all managed funds ('Exane AM Policy').**

- **A specific exclusion policy that supplements the Exane AM Policy for the "Long Only" fund range ("Long Only Policy"), concerning the electricity generation, unconventional oil & gas sectors and issues related to biodiversity.**

These exclusion criteria are summarised in the diagram:

Exane AM exclusion policy

	Exclusions	Description	Threshold	Unit	Sources
Norms	UN Global Compact / OECD Guidelines for Multinational Enterprises	Concerns companies in violation of the Principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	Yes	Yes/No	Sustainalytics
Sectorial	Controversial weapons	In line with the Ottawa and Oslo Conventions. Concerns all companies involved in the manufacture, distribution, sale and stockpiling of anti-personnel mines, cluster munitions, and chemical, biological or incendiary weapons	0	% Turnover	Sustainalytics
	Tobacco	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics
	Gambling	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics
	Pornography	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics
	Thermal coal	Relative threshold: Concerns all companies active in the extraction or production of energy from coal when the coal share of turnover is exceeding 5%	> 5	% Turnover	GCEL
		Absolute threshold: Concerns companies with an annual thermal coal extraction of 10MT or more with no reduction target. Concerns companies with a coal-fired electricity generation capacity exceeding 5GW	10/5	MT/GW	GCEL
		Coal developer: Concerns companies developing new thermal coal mines or thermal coal power generation projects	Yes	Yes/No	GCEL
	Electricity generation	Concerns companies whose main activity is the production of electricity and whose carbon intensity of the activity is not compatible with the Paris Agreement	scalable	gCO2/kWh	CDP/Sustainalytics
	Unconventional oil & gas	Concerns companies active in the exploration, extraction, distribution or sale of equipment/services	> 30	Of the total production of fossil energy	GOGEL
	Biodiversity	Concerns companies active in the production or distribution of palm oil	> 5	% Turnover	Sustainalytics/CDP Forest
		Palm oil certification by the RPSO label	< 50	%	Sustainalytics/CDP Forest

This list is reviewed every six months by the Management Company's team of ESG analysts and is subject to verification by the Compliance Department. As at 31 December 2025, the funds affected by the above ESG exclusion rules accounted for 100% of assets under management at Exane AM.

Below is a summary of the impact of the ESG exclusion phase on the authorised ESG risk quality on a fund-by-fund basis, compared with the initial investment universe:

	% of ESG exclusions	ESG risk (excluding equities)	Long portfolio ESG Risk (31 December 2025)
Exane Pleiade	10,9%	32,6	17,1
Exane Overdrive	6,8%	31,7	17,2
Exane Ceres	23,5%	27,5	15,5
Exane Patrimoine Solution	17,7%	30,3	17,9
Exane Equity Select Europe	20,0%	29,3	16,7
Exane Equity Select Focus Euro	15,9%	28,9	15,8

Source: Exane AM, Sustainalytics, Data as at 31 January 2026

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MONITORING OF KEY ESG INDICATORS ACROSS OUR RANGE OF OPEN-ENDED FUNDS

On this page, you will find the average figures for the 2025 financial year for the ESG indicators set out in the prospectus for the main open-ended funds in our range (excluding funds of funds).

Long/Short Equity Funds

Exane Pleiade	Exane Overdrive	Exane Ceres	Exane Patrimoine Solution
ESG analysis coverage rate			
100%	100%	100%	100%
Sustainable Investment Rate			
35,8%	37,1%	38,4%	36,4%
Improvement in ESG Risk Score (long portfolio)			
-2,9 vs Univers d'investissement	-3,1 vs Univers d'investissement	16,0 vs 18,5 for MSCI Europe	-3,1 vs Univers d'investissement
		Carbon intensity (CO_2 eq/M$ sales)	
		52,2 vs 81,2 for MSCI Europe	

Source : Exane AM, Sustainalytics

Long-only equity funds

Exane Equity Select Europe	Exane Equity Focus Euro
ESG analysis coverage rate	
100%	100%
Sustainable Investment Rate	
35,80%	38,30%
Improvement in ESG Risk Score	
18,1 vs 18,5 for MSCI Europe	16,9 vs 17,2 for MSCI EMU

Source : Exane AM, Sustainalytics

EXAMPLE OF NON-FINANCIAL ANALYSIS FOR A LONG POSITION

Danone

Analysis sector	Staples
Country	France

MORNINGSTAR | SUSTAINALYTICS

ESG Risk Rating	12,8
p.i. Sector	32,9
Max controversy	Category 2
Governance	89,8

GHG Intensity

T CO2 eq./M€ sales (Scope 1&2)	46,6

Our ESG risk assessment ★★★★☆

ESG Risk Rating: 12.8, 1st percentile in its category.

Danone operates in a sector that is raising an increasing number of questions and facing significant structural challenges (improving agricultural practices, conserving natural resources, packaging, healthy nutrition). These issues are, in fact, identified as the most impactful and significant in the company's materiality matrix.
In the 2025 financial year, Danone generated revenue of €27.3 billion thanks to its portfolio of products focused on healthy nutrition.

The company operates in three main high-growth categories: dairy and plant-based products (EDP), specialised nutrition and water. EDP is the largest segment, accounting for 48% of revenue in 2025. The Specialised Nutrition division, which encompasses infant formula and medical nutrition, accounts for 34% of revenue.
The Waters division generates the remaining 18% of revenue.

ESG performance relative to the sector ★★★★☆

The group is regarded as best-in-class in its sector. In practice, however, the assessment is more nuanced, particularly when it comes to packaging and, in particular, the role of plastic.

Our assessment of the company's governance ★★★★☆

Corporate governance has had a significant impact on the share price in recent years. The separation of the roles of Chairman and Chief Executive Officer was a welcome move.
The appointment of Gilles Schnepp as Chairman of the Board in 2021 has led to a fundamental change in the way the board operates (from 16 to 11 members by the end of 2025). The independence rate stands at 89% and the proportion of women at 44%.

Regarding the executive committee, we appreciate the significant weighting of ESG KPIs in Antoine de Saint-Affrique's remuneration, accounting for 20% and 30% of his short-term incentive (STI) and long-term incentive (LTI) respectively.
These criteria provide a financial incentive for management to achieve a 10% reduction in sugar content, a 10% reduction in greenhouse gas (GHG) emissions and a 10% increase in coverage of the Dan'Life programme for employees by 2028.
The total remuneration is perfectly balanced and in line with what one would expect for the CEO of a leading FMCG company.

In 2020, Danone became the first listed company to adopt the French legal status of 'Société à Mission', thereby incorporating social and environmental objectives directly into its articles of association. Progress against these statutory objectives is rigorously monitored by an independent Mission Committee.

How do you rate the company's response to environmental issues, relative to its sector ? ★★★★☆

Danone holds B Corp certification. B Corps are companies that combine commercial success with the public good. This is a legal commitment enshrined in the company's articles of association.

A triple A rating from the CDP, demonstrating the group's robust management of key environmental issues (climate, water, forests) for the seventh consecutive year.

Danone is committed to achieving carbon neutrality across its entire supply chain by 2050 (-90% in absolute terms). It is, in fact, one of the few packaged food companies to have SBTi-validated targets aligned with the 1.5°C pathway (rather than +2°C like Carrefour). The group is working to develop a portfolio of low-carbon and plant-based products and is assessing the GHG emissions from its sourcing in order to reduce them.
This plan relies heavily on the dairy supply chain.

In practice, this translates into reductions in GHG emissions by 2030 compared to 2020 of:

- 47% in absolute terms for Scopes 1 & 2
- 42% for Scope 3
- 30% for FLAG (Scopes 1 & 3)

Overall, this represents a targeted reduction of 34.8%.
By the end of 2025, emissions (across all scopes) are down by 21% compared to 2020.

The group also aimed for zero deforestation by 2025; this is a key point given that 60% of emissions come from agriculture (the final rate was 97.9%).

The main area of concern is plastic. Although Danone is a member of the Ellen MacArthur Foundation (which we welcome), 49% of the packaging it uses is plastic, one of the highest rates in the sector.
In 2022, Danone unveiled new targets for its circular economy strategy. Whilst the company had committed to designing all its packaging to be 100% recyclable, reusable or compostable by 2025, this deadline has been pushed back to 2030. In 2025, 84.9% of Danone's packaging was reusable, recyclable or compostable (stable for the past four years; for example, this rate stood at 84% at the end of 2023).

Danone has announced a new target to halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 (compared to 2019). By the end of 2025, this reduction stood at 8.1%.
This also involves increased use of recycled plastic; Danone was targeting 50% by 2025, whereas in practice this figure stood at just 18.6% (compared to 16.8% at the end of 2024).

While the announcements are ambitious, it must be acknowledged that, in practice, implementation does not always follow through.

How do you rate the way social/societal issues are taken into account in relation to your sector ?

★★★★☆

The nutritional profile of the products sold by Danone is very good. 88% of the volume of products sold has a Nutriscore of A or B, and 80% of the volume contains no added sugar. Danone ranks first in the overall Access to Nutrition Initiative ranking and second for its product portfolio.

The main reputational and regulatory risk under Pillar S relates to the marketing of infant formula ('Breast Milk Substitutes', BMS). Aptamil, Nutrilon and Cow & Gate generate around €8–9 billion in revenue (Specialised Nutrition Infant), making it the Group's most profitable division (~25% EBIT). Any regulatory restrictions on infant marketing therefore have a direct material impact on the highest-margin segment.

The WHO Code of Marketing of Breast-milk Substitutes (1981) is applied inconsistently across countries. Save the Children, Changing Markets and the Access to Nutrition Initiative regularly highlight Danone (along with Nestlé) for aggressive marketing practices in certain emerging markets — notably through the implicit promotion of 'follow-on milks' that circumvent the Code's restrictions. ATNI's BMS Marketing Index 2024 ranks Danone in the middle of the pack — not the worst, not the best.

Is ESG (at least partly) a criterion in the choice of this stock (long or short) ?

Yes, we consider Danone to be the most advanced and committed food and beverage company when it comes to ESG issues (though there is a particular focus on plastic).
We also believe that a radical improvement in the company's governance, notably through a change in management and the separation of the roles of Chairman and CEO, will help the group create value for shareholders and stakeholders in the future.

Furthermore, some of the products sold by the group meet the demand for healthier products and alternative proteins.

Are there any ESG issues that make you question this investment ?

LThe most serious risk recently materialized within the Specialty Nutrition division following a contamination incident attributable to a supplier. The company was forced to recall certain batches of infant formula across Europe and the Middle East due to the presence of cereulide, a potent cytotoxin linked to contaminated arachidonic acid oil.

This health alert had a direct impact on financial performance, weighing on the Group's like-for-like sales growth in the first quarter of 2026 by an estimated 50 to 100 basis points. Infant nutrition is a category inherently based on trust, and such contaminations pose a serious threat to brand loyalty and market share.

Furthermore, the unfavorable structural environment linked to declining global birth rates is increasing the pressure on this high-margin division. Beyond supply chain contamination, Danone faces significant structural ESG risks within its Waters division due to a heavy reliance on single-use plastics.

At current valuations, do you see upside or potential risk in taking ESG issues into account ?

★★★★☆

We believe the company has a product catalog perfectly suited to new food trends. The recent acquisition of Huel (a specialist in nutritionally balanced solutions) is proof of this.

Have we initiated a dialogue and/or engagement with the company on ESG issues identified ?

Questions about the group's plastics policies with indicators that are stagnating.

exane asset management

EXAMPLE OF NON-FINANCIAL ANALYSIS FOR A SHORT POSITION

Pernord Ricard

Analysis sector	Staples
Country	France

MORNINGSTAR | SUSTAINALYTICS

ESG Risk Rating	18,1
p.i. Sector	26,5
Max controversy	Category 2
Governance	60,9

GHG Intensity

T CO2 eq./M€ sales (Scope 1&2)	23,2

Our ESG risk assessment ★★★☆☆

ESG Risk Rating: 18.1.

Pernod Ricard is the world's second-largest spirits group, with a comprehensive portfolio of over 240 premium brands distributed in more than 160 countries.

The company's main revenue streams come from its "strategic international brands," which account for approximately 61% of total sales. This portfolio includes global brands such as Absolut vodka, Jameson Irish whiskey, Chivas Regal, and Ballantine's.

Geographically, the group operates across three main segments: the Americas, Asia/Rest of World, and Europe. Key markets for Pernod Ricard include the United States, India, China, and the global travel retail channel. In fiscal year 2025, Pernod Ricard's consolidated sales amounted to nearly €11 billion.

ESG performance relative to the sector ★★★☆☆

The company is positioned in the middle of its spirits sector, although it should be highlighted that it maintains its ambitions, particularly regarding climate, unlike some peers.

Our assessment of the company's governance ★★★☆☆

Pernod Ricard's corporate governance offers a stable, long-term strategic vision, even if it exhibits structural imperfections common among European family-owned businesses. The governance framework successfully reconciles the family legacy with modern sustainability requirements, resulting in consistent operational efficiency. However, the concentration of executive power and the unequal distribution of voting rights are important considerations for minority investors.

For example, Alexandre Ricard has jointly held the positions of Chairman and CEO since 2015. This is an atypical arrangement within the sub-sector (Diageo, Campari, Brown-Forman, and Treasury Wine have all separated these roles) and a potentially negative structural signal for some investors.

The board consists of 14 members, two of whom represent employees. The independence rate is 58%, and the percentage of female members is 47%.

The implementation of the company's strategy is closely linked to its shareholder structure, which provides for double voting rights for long-term registered shares. Société Paul Ricard, the family holding company, owns approximately 14.3% of the share capital but controls 20.6% of the voting rights. This stable shareholder base allows management to implement multi-year cost-containment initiatives, such as the recently completed €900 million operational efficiency program and the subsequent €1 billion "Fit for Future" savings target. However, this concentration of voting power can also significantly influence capital allocation and major M&A decisions.

Regarding the Russian controversy, we believe it is behind the company, even if the management and communication were not effective.

How do you rate the company's response to environmental issues, relative to its sector ?

★★★★☆

Pernod Ricard has a "S&R 2030" roadmap that guides its ESG implementation. The company has validated SBTi targets on a 1.5°C trajectory: a 54% reduction in Scope 1 & 2 emissions per unit of production by 2030 (compared to 2018) and approximately a 50% reduction in Scope 3 intensity per unit over the same period.

The company also has targets for 2050 with an overall reduction of its GHG emissions by 90% in absolute terms.

Upstream Scope 3 (agricultural materials + glass + transport) represents approximately 90% of the carbon footprint, dominated by glass (heavy Cognac/Champagne/Premium bottles) and agriculture (wheat, barley, agave, grapes, sugarcane). Reducing the weight of glass is a lever for both operating expenses and carbon (transport savings + emissions reduction). Pernod Ricard has announced programs for lighter bottles (-15-20% weight on certain Absolut and Chivas references) — directly reducing logistics costs. Quantitatively: at €1/kg of glass and an average spirits bottle weight of ~400g, a 10% weight reduction on 1 billion bottles equates to approximately €40 million in potential annual operating expense savings. This metric should be monitored.

Water usage remains a major challenge for the spirits sector. Pernod Ricard has committed to reducing its water consumption intensity in its distilleries by 20.9% by 2030. To achieve this, the company is deploying mechanical steam recompression technology, which recycles water vapor and minimizes the use of cooling towers.

In terms of agricultural sourcing, the group is moving towards regenerative practices to protect biodiversity and strengthen the resilience of the supply chain. The company has successfully implemented regenerative agriculture pilot programs across all of its wine-growing regions.

How do you rate the way social/societal issues are taken into account in relation to your sector ?

★★★★☆

LResponsible consumption is undoubtedly the most financially significant ESG issue for the spirits sub-sector.

Indeed, regulatory pressure is increasing, notably with the WHO's "Global Alcohol Action Plan 2022-2030," which aims for a 20% reduction in per capita consumption by 2030. This is accompanied locally by tax increases (UK, Ireland, etc.), advertising restrictions (the Evin Law in France), and health warnings on labels.

More than 95% of the company's packaging now features logos promoting responsible alcohol consumption, including warnings against drinking and driving and drinking alcohol during pregnancy.

Furthermore, Pernod is structurally disadvantaged because its spirits-to-beer sales ratio is unfavorable, especially given that spirits are structurally more heavily taxed and more targeted by public health policies than beer (the market segment in which Heineken and AB InBev, for example, are positioned).

From a human resources perspective, with approximately 19,000 employees spread across more than 70 countries, Pernod Ricard has a stable and highly valued workforce, fostered internally through a strong culture of conviviality. Internal KPIs (employee engagement, workplace safety) are robust. The "Responsib'All Day" program engages employees one day a year in community service. No material social controversies have been identified to date.

Is ESG (at least partly) a criterion in the choice of this stock (long or short) ?

It's not.

Are there any ESG issues that make you question this investment ?

- A coordinated acceleration of public health policies: simultaneous increase in excise duties in the main OECD markets (UK, FR, DE, US state by state, AUS, NZ), expansion of European-style health warnings (Irish model 2026 to Spain/Netherlands/Norway/Canada), introduction of mandatory emergency measures (MUPs) in the EU. Triggers to monitor: (i) extension of health warnings beyond Ireland, (ii) WHO classification of an alcohol-specific cancer beyond the liver, (iii) EU directive coordinating alcohol taxation policies.
- Controversy surrounding digital marketing targeting young people.
- An extreme weather event in the Charente region (heatwave + severe drought 2026-2027, or severe spring frost during the 2026 harvest) impacting Ugni Blanc yields by more than 20%. Ripple effect on the value of brandy stocks (aging), on the Martell cost, and on the execution of the Hors d'Âge premium programs. Combined with the weakness

At current valuations, do you see upside or potential risk in taking ESG issues into account ?

★★☆☆☆

In our view, Pernod Ricard is poorly positioned (even with such an attractive PE) with negative regulatory scenarios, governance that has penalized the merger with Brown-Forman and an evolution of preferences and consumption in the world.

Have we initiated a dialogue and/or engagement with the company on ESG issues identified ?

Discussions held in early 2026 regarding the effects of GLP-1 on the product mix in the United States and long-term growth prospects. We also discussed their decarbonization trajectory, particularly the Net Zero target, in a context where the company's main competitors have lowered their ambitions.

A team at your service

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