



ESG report

- IVO Capital Partners - 2024

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Scope of the report

Socially Responsible Investment is an important part of IVO Capital Partners’ strategy and the management of IVO EM Corporate Debt, IVO EM Corporate Debt Short Duration SRI, IVO 2028, IVO Global Opportunities and IVO IG 2030 funds. This ESG report applies to these five collective management funds and covers the period January 2024 – December 2024.

I. Introduction

Message from the partner

How do you see ESG at IVO?

Economic development brings its share of positive aspects but also its share of negative aspects, some of which are unquestionably dramatic. If we do not want to contribute to decline, it is essential that things change for the better. ESG is probably the initiative that was missing to move towards the better. It seems that capitalism fails to produce excesses, but that it has the quality of self-correcting. The acceleration of ESG is neither a coincidence nor a trend; it is part of the famous mechanism of self-correction necessary for the survival of the capitalist model. It is therefore no coincidence either that the link in which ESG is transmitted from philosophy to economy is: the cost of capital/access to capital.

At IVO, we asked ourselves on three levels about the integration of ESG into our management processes: i) how to take into account the specificities linked to the great heterogeneity of emerging markets ii) how to reconcile environmental and social issues iii) how to deploy ESG management consistent with one of the main prerogatives of the asset manager: the forward-looking vision. Just as, in order to create value, we work to anticipate a company's financial trajectory over the coming years, we must be able to invest in ESG trajectories for which we see positive developments and therefore a probable reduction in their cost of capital. For this purpose, it is not possible to make only an ESG "of the present" and it is becoming essential to be able to invest in a present that has not yet been optimised but with good potential for improvement. Change must be made abruptly where possible. That's true, otherwise things don't change fast enough... On the other hand, it must be supported where necessary. We must therefore go beyond norm-based exclusion because it is by taking into account the realities of the countries in which our companies operate that we encourage a coherent positive change dynamic. We are convinced that a global approach to valuing positive ESG trajectories will become widespread over the coming years.

Similarly, our companies are not fully exposed to the same extra-financial risks that the developed country views may reveal. We need to adopt analytical reflexes specific to emerging ESG management. Thus, in some sectors, we pay particular attention to the presence of anti-corruption measures. In other areas, we analyse in detail the management of relationships with local communities, as the associated incidents can have a material impact on business operations. The discussions that we have initiated as part of our engagement policy confirm this observation: sometimes, local regulations and infrastructure are the first obstacle to the implementation of an ambitious energy transition policy. Engaging with these companies allows us to set a level of requirement that is relevant and compatible with the capacity of a company in a specific sector in a specific country.

How does this impact your UCITS funds?

We want to apply and promote an approach to ESG management that reconciles sustainable development goals with our investors' goals. We therefore apply a responsible investment policy to all our bond funds based on 3 pillars: exclusion, integration and engagement.

For us, integration is the central lever of this SRI policy: we are aware that the credit risk profile is no longer the main factor and that ESG risk also influences the cost of capital. This change has led us to develop expertise in ESG risk assessment, in order to identify which financial risks are associated with non-financial issues. We also adjust the rate of return that we require from a company if the risk associated with managing its material ESG issues is high: we thus ensure that our clients receive adequate remuneration for the ESG risk that we tolerate in our portfolios.

As part of a continuous improvement approach, we implemented a more demanding approach on the IVO EM Corporate Debt Short Duration SRI fund. In addition to the 3 pillars of our SRI policy, we apply a Best-in-Universe strategy in order to gradually disengage from issuers that have an ESG quality that is much lower than best practices. For this fund, we exclude from our investment universe issuers whose ESG quality is less than at least 75% of the issuers in the universe.

Michael Israel, Managing Partner at IVO Capital Partners

II. Responsible investment at IVO Capital Partners in 2024

Our progress and engagements

- We have implemented and enhanced our new responsible investment policy, which covers our approach to ESG exclusion, integration and engagement.
- We continued to review our portfolio companies and implement our methodology of ESG analysis, in order to issue a binding ESG analysis for all our bonds.
- We have been audited on the SRI label for our IVO EM Corporate Debt Short Duration SRI fund, on which we use a Best-in-Universe approach: in addition to our exclusion and integration policies, we exclude issuers whose ESG quality is less than 75% of the universe (data provided by Sustainalytics).
- We have integrated the ESG data provided by Sustainalytics into our InFin Portfolio Management System to have permanent control of compliance with our responsible investment policy and our ESG ratios.
- We engaged with 21 companies through Sustainalytics and acted as an active collaborator in the 4 engagement coalitions to which we belong under the Climate Action 100+ initiative (Vale, Sasol, Suzano, AES).
- We continued to support several SRI promotion initiatives: the International Integrated Reporting Initiative, the TCFD Membership List, Climate Action 100+, the UN Global Compact and the Carbon Disclosure project
- For the fourth year, we publish several ESG reports in line with our transparency approach:
 - Across the asset management company
 - Annual Report on the Principles for Responsible Investment;
 - UNPRI assessment report;
 - Annual ESG report;
 - Annual carbon footprint report, with data provided by Trucost, as per TCFD recommendations.
 - Main Adverse Impact Report
 - Across the IVO EM Corporate Debt Short Duration SRI fund
 - Transparency code in accordance with the Code designed by the French Financial Management Association, the Forum for Responsible Investment and Eurosif.
 - Annual impact report measuring
 - The overall ESG performance of the portfolio relative to a benchmark index;
 - The portfolio's environmental, social, governance and human rights performance.
 - The outperformance of the fund compared to its benchmark index on 2 ESG criteria.
- We have maintained the concept of sustainable investment within the meaning of the European taxonomy. Thus, our funds invest at least 1% (IVO EM Corporate Debt, IVO Global Opportunities, IVO 2028 and IVO IG 2030) and 3% (IVO EM Corporate Debt Short Duration SRI) in companies aligned with the European taxonomy.
- We decided to keep the SRI label on the IVO EM Corporate Debt Short Duration SRI fund following its reform in 2024.

III. Taking ESG criteria into account in our activities

Fund management

As an asset manager, IVO Capital Partners aims to provide its investors with above-market returns while meeting its fiduciary obligations. We believe that responsible investment and the integration of environmental, social and governance (ESG) risks into our investment analyses are an integral part of these obligations.

Since 2017, IVO Capital has been a signatory of the “Principles for Responsible Investment”, a charter put in place by the United Nations for the widespread application of non-financial criteria by all financial business lines. Non-financial criteria are of major importance to our decisions and investment monitoring: issuers in our universe regularly face environmental, social and governance issues. Often, an ESG risk results in a sharp fall in the price of a bond, a restructuring or even a default in payment.

The analysis of ESG risks therefore contributes to our objective of improving the risk-adjusted return of our portfolios over the long term. We use three levers to integrate ESG into our investment strategy:

- **Exclude from our investment universe** companies and sectors subject to ESG controversies;
- **Assess the quality of companies by integrating the ESG risks and opportunities** that impact them in our decisions and our investment monitoring;
- **Engage with our portfolio companies** to help them adopt ESG best practices.

ESG integration process

To ensure the proper application of our responsible investment policy, we fully integrate ESG analysis into the investment process:

- The manager first ensures that the companies proposed in the investment committee belong to the eligible investment universe and are not involved in the sectors excluded by our exclusion list.
- When initiating an investment idea and before entering the financial and extra-financial analysis phase, the manager consults the ESG analyst, who may or may not pre-validate the company in question according to the result of his preliminary analysis.
- Preliminary analysis of the indicators provided by our ESG service providers allows us to rank our potential issuers according to their ESG quality: A, B, C or D.
- In order to have a systematic view of the impact of an issuer’s ESG quality on its credit quality, we carry out an additional analysis. This non-financial analysis is carried out in parallel with the financial analysis of the issuer.
- Once the additional ESG analysis has been carried out, the issuer is assigned a (green, orange, red or black) flag and we adjust the position according to the recommendation of our analyst.

Sustainalytics Score Internal analysis	A 0 – 32	B 32 – 50	C 50 – 60	D 60+
Green flag	Company eligible for investment			
Orange flag	Investment if spread is greater than average CEMBI spread with similar rating +15%		Investment if spread is greater than average CEMBI spread with similar rating +30%	
Red flag	Investment if spread is greater than average CEMBI spread with similar rating +30%			
Black flag	Companies excluded from our investment universe regardless of their ranking			

IV. Our approach to engagement

IVO Capital Partners believes that dialogue with its issuers is an essential element of its fiduciary responsibility. Discussions with companies are also a key element of our investment approach and we frequently organise meetings with management. **We now want to initiate a constructive dialogue with companies in order to encourage them to protect themselves against non-financial risks that may arise in the course of their activities.**

The growth potential of companies in emerging countries is significant, but so are the associated ESG risks. Regulations in these countries are generally less restrictive and corruption issues and environmental and social challenges can be significant. Most emerging countries are also less advanced on ESG communication and risk management issues. **Our engagement policy aims to help these companies better manage ESG risks and support them in a positive change approach.**

In 2024, IVO Capital Partners engaged with 2 companies (4.68%) in the IVO EM Corporate Debt fund, 0 companies in the IVO EM Corporate Debt Short Duration SRI fund, 1 company (3.39%) in the IVO Global Opportunities UCITS fund, 3 companies in the IVO 2028 fund (7.82%), and 4 companies in the IVO IG 2030 fund (5.09%).

Collaborative engagement

In June 2020, IVO Capital Partners joined the Climate Action 100+ investor initiative, launched in December 2017 during the One Planet Summit and considered one of the most relevant initiatives to address the challenges of climate change.

Climate Action 100+ aims to ensure that the world's largest greenhouse gas emitters take the necessary steps to combat climate change. These include 100 "systemically important issuers", which account for two-thirds of the world's annual industrial emissions, as well as more than 60 others which have the potential to support the clean energy transition. **Climate Action100+ brings together investors to urge these companies to improve their governance on climate change, reduce their greenhouse gas emissions and strengthen their climate-related financial communication.**

Investors who join Climate Action 100+ as participants commit to participate in at least one engagement group with one of the companies on the list each year. IVO Capital Partners is an active member of four investor coalitions that engage with 4 portfolio companies: Sasol, Vale SA, AES and Suzano.

We do not exclude the possibility of joining other coalitions engaged with companies in our portfolios to increase our impact.

In 2023, Climate Action 100+ harmonised and overhauled these criteria. As such, we find the criteria below.

1. Net-zero GHG Emissions By 2050 (Or Sooner) Ambition
2. Long-term (2036-2050) GHG Reduction Target(s)
3. Medium-term (2027-2035) GHG Reduction Target(s)
4. Short-term (Up To 2026) GHG Reduction Target(s)
5. Decarbonisation Strategy
6. Capital Allocation
7. Climate Policy Engagement
8. Climate Governance
9. Just Transition
10. TCFD Disclosure
11. Historical GHG Emissions Reductions

In order to determine the state of progress on these various criteria, we have a 3-level scale:

- Achieved
- Partially achieved
- Not reached

Engagement with Sasol

The coalition of which IVO Capital Partners is a member initiated the engagement process in October 2020.

1. Achieved
2. Partially achieved
3. Partially achieved
4. Partially achieved
5. Partially achieved
6. Partially achieved
7. Partially achieved
8. Partially achieved
9. Partially achieved
10. Achieved
11. Partially achieved

Engagement with Vale SA

The coalition of which IVO Capital Partners is a member initiated the engagement process in February 2020.

1. Partially achieved
2. Partially achieved
3. Partially achieved
4. Partially achieved
5. Partially achieved
6. Partially achieved
7. Not reached
8. Partially achieved
9. Not reached
10. Partially achieved
11. Not reached

Engagement with AES

The coalition of which IVO Capital Partners is a member initiated the engagement process in August 2020.

1. Achieved
2. Achieved
3. Partially Achieved
4. Not reached
5. Partially achieved
6. Partially achieved
7. Partially achieved
8. Partially achieved
9. Partially achieved
10. Partially achieved
11. Partially achieved

Engagement with Suzano

The coalition of which IVO Capital Partners is a member initiated the engagement process in December 2019.

1. Not Achieved
2. Not Achieved
3. Achieved
4. Partially achieved
5. Not reached
6. Not reached
7. Not reached
8. Partially achieved
9. Not reached
10. Achieved
11. Achieved

Engagement with Sustainalytics

IVO Capital Partners has decided to subscribe to the Sustainalytics engagement service focused on material risks, i.e. the ESG risks to which companies are most exposed and which may have a significant impact on their financial performance. **Sustainalytics initiates a constructive dialogue with the companies most exposed in terms of ESG risks to help them better manage these risks and implement best practices.**

The purpose of this engagement is to help investors protect their long-term value by engaging with high-risk companies on their financially material ESG risks. Sustainalytics provides collaborative and constructive engagement to help the high-risk companies in our portfolios better identify, understand and manage their ESG risks. The aim is to close their gaps in ESG risk management, so that the target company can improve its ESG performance

a) Participation in engagement actions

IVO Capital Partners wishes to get involved as closely as possible in the engagement process conducted by Sustainalytics. We have therefore decided to participate in engagement meetings and calls with representatives of all companies held in the portfolio. This availability gives us the opportunity to be the only investor on a regular basis alongside Sustainalytics, allowing us to interact directly with our issuers' teams and share our questions about their material ESG risk management. In this way, we want to strengthen our ESG risk mitigation strategy by obtaining additional information on the progress of these companies and informing them of our investor interest in the financial risks associated with ESG risks.

We also attend meetings for several companies where we have held bonds in the past. In this way, we want to engage with companies whose issues we know well and that we want to encourage to implement good practices for managing material ESG risks. This approach is part of a broader drive for activism among emerging market companies, which face specific ESG risks and are often less mature in their approach to identifying and mitigating these risks.

During the period January 2024 – December 2024, IVO Capital Partners participated in 12 engagement meetings with 12 companies, including 6 portfolio companies and 6 former investments. We are also following the engagement process initiated by Sustainalytics with 9 companies in our universe that did not give rise to an engagement meeting during the period.

Name	Topics addressed												
	Held at 31/12/24	Carbon	Emissions,	Land Use &	E&S Impact of	Community	Occupational	Resource Use	ESG Integration in	Corporate	Risk assessment	ESG disclosure	Product
Compañía de Minas Buenaventura	No							X					
Sasol	Yes	X						X					
Sibanye	No					X	X						
Bidvest	No										X	X	
Vale	No		X			X							
Vedanta	Yes		X				X						
Türkiye Sise ve Cam Fabrikalari AS	No											X	
Petroleo Brasileiro	No	X			X								
Petróleos Mexicanos	No	X				X							
Companhia Siderurgica Nacional	Yes									X	X		
BRF	No			X	X								
China Railway	No						X						
Cosan	No			X									
JBS	No			X									
Adani Enterprises	No					X		X					
Alfa SAB de CV	No										X	X	
Koç Holding A.S.	No												X
Saudi Arabian Mining Co.	No										X	X	
Saudi Arabian Oil Co.	Yes		X			X							
Saudi Electricity Co.	Yes		X	X									
Gerdau	Yes		X				X						

*Engagement with **Gerdau SA** – Focus on Occupational Health & Safety ● Emissions, Effluents & Waste ●
Participation in 1 engagement meeting*

Actions suggested by Sustainalytics

- Expand the Board to include more independent members, especially those with ESG/sustainability experience, in the Strategy and Sustainability Committee. Gerdau should also indicate how board and director powers align with strategic priorities, including reducing carbon emissions.
- Implement a reporting practice among the senior management and Board, with regular (at least quarterly) and consistent reporting on material ESG performance indicators. These reports allow management and board members to identify trends in the data and reinforce accountability for ESG and risk.
- Develop and disclose the GHG emissions reduction strategy (absolute emissions) to close the emissions gap to achieve carbon neutrality by 2050. This includes setting medium- and long-term GHG emission reduction targets and validating these targets with the SBTi (Science Based Targets initiative).
- Ensure that investors receive comparable statistics on air emissions such as SOx and NOx. Gerdau should use industry best practices, not just minimum regulatory compliance, to define reduction targets and strategies in this area.
- Provide investors with a comprehensive overview of compliance and complaint management systems, including employee complaints and cases reported through whistleblowing channels. Relevant data include the total number of complaints/cases, broken down by category and severity, as well as the number of cases leading to disciplinary action.

Positive developments reported since the initiation of engagement in 2018

- Gerdau has reported since 2023 as part of the CDP Climate Change.
- Gerdau has significantly expanded the disclosure of its ESG information and is now more focused on material issues.
- Gerdau has established a strategy and sustainability committee at the Board level to oversee and guide ESG issues. It provides significant reporting on ESG issues to management and the Board. The 2021 Sustainability Report presents a broad and relevant sustainability strategy, addressing the right issues. The company also detailed new initiatives at the meeting with Sustainalytics, and visible progress was made on topics such as health and safety as well as relationships with communities.

*Engagement with **Koç Holding A.S.** – Focus on Product Governance ●
Participation in 1 engagement meeting*

- No concrete actions suggested, but a dialogue has begun on the company's rating and its levers for improvement

Positive developments reported since initiation of engagement in 2022

- Entek, a subsidiary of the group, has developed a solar business to reach 80% renewable energy to offset Koç's ESG environmental risks. It has also started investing in green hydrogen via Tupras.
- In 2022, scope 3 data were collected from subsidiaries Ford Otosan and Arcelik, well ahead of national expectations in all industries. This data will reduce environmental and governance risks by anticipating which suppliers are not meeting national targets or standards-based expectations.

*Engagement with **Saudi Arabian Mining Co.** – Focus on Risk Assessment ● ESG Disclosure ●
Participation in 2 engagement meetings*

- No concrete actions suggested, but a dialogue has begun on the company's rating and its levers for improvement

Positive developments reported since engagement initiation in 2020

- In 2024, Maaden completely ceased the use of crude oil and all liquid fuels for energy production. Oil is now only used for petrochemicals. It was mainly used for boilers, which now run on natural gas only

- The proportion of women increased by 50% between 2021 and 2022. Maaden has set a target of 6% women in its workforce by 2030, and the company is well ahead of forecasts, increasing from 3% to 5% during this period. Maaden has also joined the International Global Women in Mining (IGIM) programme, while acknowledging that the mining industry is historically not the most attractive or sought-after in the Kingdom
- From 2025, several CO₂ emission reduction targets are underway, including a reduction of 600,000 t CO₂ thanks to the GlassPoint concentrated solar panel project and 450,000 t CO₂ thanks to the Gulfcryo project (capturing and using CO₂). Many other projects are underway to decarbonise the company and achieve carbon neutrality by 2050

Engagement with **Saudi Arabian Oil Co.** – Focus on Emissions, Effluents & Waste • Community Relations •
Participation in 1 engagement meeting

Actions suggested by Sustainalytics

- Implement and report formal policies, programmes and key performance indicators on material ESG issues

Positive developments reported since engagement initiation in 2020

- Carbon capture grew faster than expected by Aramco in 2023, increasing by more than 40% from the previous year, with a target to capture up to 11 million tonnes of CO₂ (MMtCO₂) annually by 2035.
- Aramco has defined its own control limits on human rights issues to address concerns related to ESG risks associated with human capital. The company published its first sustainability report at the end of 2020 and is committed to pursuing the targets it has set, some of which are confirmed and others still in development

Engagement with **Saudi Electricity Co.** – Focus on Emissions, Effluents & Waste • Land Use and Biodiversity •
Participation in 1 engagement meeting

Actions suggested by Sustainalytics

- No concrete actions suggested, but a dialogue has begun on the company's rating and its levers for improvement

Positive developments reported since engagement initiation in 2020

- New colleagues in charge of environmental performance have been appointed in each business unit and each subsidiary. They have been appointed by the ESG department.
- An ESG committee has been created, reporting directly to the CEO and Chairman

Engagement with **Adani Enterprises** – Focus on Resource Use • Community Relation •
No engagement meeting over the period

- No concrete actions suggested, but a dialogue has begun on the company's rating and its levers for improvement

Engagement with **CV Alfa SAB** – Focus on Risk Assessment • ESG Disclosure •
Participation in 1 engagement meeting

Actions suggested by Sustainalytics

- Implement reports of formal policies, programmes and key performance indicators on material ESG issues

Positive developments reported since the initiation of the engagement in 2013

- In the 2022 annual report, ALFA provides an excellent overview of material ESG issues for the group and the three subsidiaries, highlighting the main mitigation strategies.

*Engagement avec **Cosan** – Focus on Land Use and Biodiversity in Supply Chain ●*
No engagement meeting over the period

Actions suggested by Sustainalytics

- Develop more quantitative targets related to the “10 sustainability commitments”.
- Develop a consistent approach to assessing materiality within the group, to enable the holding company to report on the most material topics.
- Provide information to investors on the use and results of the Ethics Chain and any other complaint mechanism.
- Develop policies for managing relationships with communities at group level, in particular for the indigenous groups.
- Provide investors with an overview of water risks in Raizen and mitigation plans for challenges related to erratic rains due to climate change.
- Begin disclosing information in accordance with the TCFD framework.
- Full alignment with the Paris Agreement and ultimately net reduction to zero.
- Recognise that biodiversity is material for the group

Positive developments reported since initiation of the engagement in 2011

- Reporting on the Carbon Disclosure Project and rating of C for this first report.
- Definition of “10 sustainability commitments” for the group.
- Cosan has started sharing statistics on reports received as part of the whistleblowing system.

*Engagement avec **JBS** – Focus on Land Use and Biodiversity in Supply Chain ●*
No engagement meeting over the period

Actions suggested by Sustainalytics

- Establish publications for investors in line with the TCFD framework (without necessarily waiting for a full publication of the TCFD to start publishing certain sections). It is important that the analysis of the physical risk and transition risk scenario also covers the supply chain.
- Provide investors with an overview of product quality and safety management systems and performance
- Accelerate the process of developing greater consistency of management systems and performance indicators for the quality and safety of products
- Publish real-time updates on risk assessment and progress in mitigating the most critical ESG issues such as deforestation, business ethics and safety on the website.

Positive developments reported since the initiation of the engagement in 2012

- Implementation of an effective monitoring system for a fragmented and complex supply chain exposed to high risks of environmental and human rights violations.
- Selection of JBS as beef supplier for McDonald’s Sustainable Burger programme.
- Systematic review of issues related to methane emissions and deforestation, a result of the production of beef from suppliers.
- Publication of more detailed information on the use and function of the complaint system.
- Allocation of \$100 million to research and development, particularly for the decarbonisation of livestock farming

*Engagement with **Petrobras** - Focus on Carbon ● E&S Impact of Products and Services ●*
No engagement meeting over the period

Actions suggested by Sustainalytics

- Specifically define the skills and experience required for the Board of Directors to be able to oversee and lead the transition of Petrobras.
- Publish the conclusions of the annual performance review of the board of directors. These conclusions should include relevant performance indicators and be followed up by an action plan to address the issues raised by the evaluation.
- Adopt a long-term perspective in the strategy and projects dedicated to mitigating risks related to climate change. Senior management to form the Petrobras of the future low (zero) carbon economy

- with tangible and significant investments in energy diversification based on renewable energies.
- Extend the “net zero” commitment to scope 3.
- Develop an energy diversification strategy for own consumption, in order to reduce carbon emissions much faster than current targets and improve resilience to risks associated with the physical impact of climate change.

Positive developments reported since initiation of the engagement in 2011

- The ombudsman function has been revitalised and works with much better transparency and a number of credible reports.
- Defining climate change as a strategic theme that will influence all investments and strategic decisions.
- Considerable strengthening of the strategy and communication on climate change.
- Petrobras has improved its reporting on oil theft so investors can follow the trend in terms of scope and recurrence.
- The magnitude of thefts decreased by 30% in 2020 compared to 2019. Petrobras has implemented various monitoring mechanisms to manage this risk.
- In its 2020 Sustainability Report, Petrobras gives investors a much better view of the risks associated with water and its mitigation strategies.
- The carbon reduction targets are ambitious and now extended to 2030.
- Petrobras shows a positive trend in illegal pipeline operations, with a 49% decrease in the number of incidents.

*Engagement with **Sasol** - Focus on Carbon ● Resource Use ●*
Participation in 1 engagement meeting

Actions suggested by Sustainalytics

- Move directly to the “transition phase” (and thus skip the “reset phase”) by capitalising on the significant availability of financing for green investments and pushing for new trade agreements with independent electricity producers
- Consider alignment at 1.5 degrees as a mandatory objective to pursue, and adapt the objectives and the strategies accordingly.
- Make available to investors, as part of a faster transition aligned with the 1.5 degree scenario, a calculation of capital expenditure net of carbon tax savings and its associated costs.
- Adopt a strategy with the various stakeholders to overcome scale issues related to the new opportunities offered by green hydrogen and CDAs on the demand side and the availability of renewable energy on the supply side.

Positive developments reported since initiation of engagement in 2019

- Sasol has decided not to invest in new CTL facilities.
- Sasol gives investors a much better insight into its performance in terms of air pollution.

*Engagement with **The Bidvest Group** - Focus on Risk Assessment ● ESG Disclosure ●*
Participation in 1 engagement meeting

Actions suggested by Sustainalytics

- Develop a more granular material risk assessment at the division level and implement a related reporting structure.
- Develop group-wide policies and management systems in areas such as compliance, human capital and data privacy/IT security.
- While monitoring carbon emissions at group level, develop a more detailed risk assessment, set targets and mitigation strategies, including scope 3 for branches.
- Integrate security performance into the performance dashboard impacting variable compensation.

Positive developments reported since engagement initiation in 2020

- Bidvest provides analysts with additional ESG performance data on its website.
- Bidvest publishes information on product-related incidents within the group.

- Bidvest has developed group-wide quantitative targets for several ESG parameters including carbon, water and diversity.
- Bidvest now shows the scope of coverage of environmental management systems.
- As of fiscal year 2024, the number of deaths has been included as a performance indicator in the incentive tracking tables for the freight division.

*Engagement with **Vale SA** – Focus on Emissions, Effluents & Waste • Community Relations • Participation in 2 engagement meetings*

Actions suggested by Sustainalytics

- Include the risk materiality matrix in the integrated report and provide an overview of the material risks, associated performance measures and improvement targets.
- Provide investors with an overview of assets exposed to the physical risks of climate change, with an estimate of the risks and associated mitigation strategies.
- Highlight alternative strategies for reducing carbon emissions in scopes 1 and 2, in the event that bioenergy becomes too expensive or unavailable.
- Present statistics on safety in the community and highlight key strategies as well as the budget allocated to risk mitigation.

Positive developments reported since the initiation of the engagement in 2012

- 2015: Memorandum of Understanding with the Government of Mozambique to settle relocation disputes.
- 2016: Improved communication on water-related risks in the sustainable development report of 2015, which indicates a reuse rate of more than 80%.
- Migration of actions to comply with the high governance requirements of Novo Mercado.
- Annual filing of a tax report for each country.
- Publication of a more ambitious carbon reduction target, now aiming for carbon neutrality by 2050.
- Vale has pledged to spend at least \$2 billion to achieve carbon neutrality by 2050. This includes an interim commitment to reduce carbon emissions by 33% by 2030.
- In August 2020, a new Global Industry Standard on Tailings Management was published. Although this standard is voluntary, the members of the ICMM have committed themselves to implementing it. Vale is a member of the ICMM.
- Vale now provides much better information on the use and results of the whistleblowing system.
- The integrated report now includes statistics on deaths and injuries in communities, associated with the presence of Vale, and this measure has been included in the variable pay structure for all executives
- In the 2023 Integrated Report, Vale provides a good overview of material ESG performance and targets

*Engagement with **Vedanta** – Focus on Occupational Health & Safety • Emissions, Effluents & Waste • No engagement meeting over the period*

Actions suggested by Sustainalytics

- Business partners (labour suppliers) should be subject to stricter selection processes for tenders, including their health and safety practices, and be subject to more expeditious termination clauses based on social criteria.
- Coal should be phased out through a more aggressive transition with more clear indicators (short term, 2030), and commitments and initiatives taken to date should be better communicated.
- An annual scope 3 development plan should already be published and the progress made should be made public: the publication of baseline data and progress is encouraged, rather than waiting until 2025 for full development.
- Continue the development and exploration of alternatives to coal, including through more international alliances, accessing and contributing to local innovative technologies.
- Defend with the government – along with other mining, oil and gas companies – the implementation of an accelerated regulatory environment.
- Include business partners (subcontractors) in gender quotas and targets.
- Engage more with international NGOs, the United Nations and civil society at district and panchayat level on community engagement before any site reopening.

- Vedanta has set a goal of phasing out coal use by 2040 and achieving net zero consumption by 2050, using various levers, including i) increasing its renewable energy capacity; by the end of 2023, Vedanta has signed Power Delivery Agreements (PDAs) for 788 MW of renewable energy, representing 32% of its 2,500 MW or RERTC (eq.) energy usage target by 2030. To coordinate these efforts, Vedanta has set up a Renewable Energy Steering Committee. ii) switching to low-carbon and non-carbon fuels, replacing 5 % of coal used by biomass in thermal power plants. Lever 3: improvement of energy and efficiency of operations, e.g. graphitisation with copper, use of natural gas in some plants, ESL gas recovery projects, etc. Lever 4: purchase of carbon offsets for residual emissions.

Positive developments reported since engagement initiation in 2020

- In 2024, important milestones were reached: 20% gender diversity across operations, ahead of target; 32% women among new hires; first all-female mine rescue team in India at HZL site. 93% of total waste volume is now recycled (HVL). Biodiversity assessment completed on 100% of sites.
- In 2023, the objective is set to phase out the use of coal by 2040 and achieve carbon neutrality by 2050, based on several levers:
 - Increase in renewable energy capacity: at the end of 2023, Vedanta signed power delivery agreements (PDAs) for 788 MW of renewable energy, representing 32% of its target of 2,500 MW of RERTC equivalent electricity by 2030. To coordinate these efforts, Vedanta has set up a Renewable Energy Steering Committee.
 - Switch to low/zero carbon fuels, in particular by replacing 5% of coal used in thermal power plants with biomass.
 - Improving the energy efficiency of operations through initiatives such as copper graphitisation, the use of natural gas in some plants and ESL gas recovery projects.
 - Purchase of carbon offsets for residual emissions.

*Engagement with **BRF** – Focus on E&S Impact of Products and Services • Land Use and Biodiversity •
No engagement meeting over the period*

Actions suggested by Sustainalytics

- Expand water risk analysis to cover key suppliers operating in areas where BRF is not present.
- Provide investors with a better overview of management systems and performance (over time) in terms of product quality and safety.
- Provide investors with TCFD compliant reports and a decarbonisation roadmap in line with the Paris Agreement.
- Develop a materiality analysis that gives investors a comprehensive view of all material ESG issues, with some sort of ranking or assessment of relative materiality.
- Pay particular attention to the risk of deforestation in the supply chain and provide investors with an overview of key risk mitigation strategies and performance metrics.
- Provide investors with additional information on the Transparency Channel and other complaint mechanisms.
- Publish voluntary staff turnover as well as overall staff turnover and remove temporary agency workers from these turnover rates.

Positive developments reported since the initiation of the engagement in 2014

- Application of the GRI4 format to reporting in 2013.
- Fundraise of €500 million with a green bond in 2015 and commitment to invest in sustainable projects.
- Increase in water recirculation rate from 25% in 2015 to 38% in 2016.
- Communication on the number of reports sent to *whistleblower channels*.

*Engagement with **China Railway Group** – Focus on Risk assessment ● ESG disclosure ●
No engagement meeting over the period*

Actions suggested by Sustainalytics

- Improve the current compliance policy by including clear definitions of bribery and facilitation payments.
- Provide more detailed data on health and safety performance by breaking down these statistics between employees and contractors.
- Indicate the (voluntary and involuntary) total employee turnover rate for the most recent three years.
- Strengthen the ongoing whistleblowing and grievance mechanism, including allowing anonymous reports, including a non-retaliation policy for whistleblowers and proactively communicating the mechanism to employees.
- Demonstrate the processes in place to formally consult local communities and stakeholders throughout project development in company publications.
- Indicate that all CREC entities have received external certifications regarding quality management, environmental management and health and safety management systems.
- Define measurable and time-limited occupational health and safety objectives to support the overall goal of “zero incidents and zero damage”.

Positive developments reported since initiation of engagement in 2017

- CREC has published its compliance policy (in Chinese) on its website, covering the company’s expectations for employees and business partners regarding bribery, corruption and business ethics.
- Since the 2017 dialogue, a whistleblowing and grievance mechanism available to internal and external stakeholders has been in place and is offered in local languages.
- CREC has published its accident and death results for the first time for the past three years.
- CREC published for the first time its voluntary staff turnover rate (2.67%), broken down by gender, age group and foreign employees.
- CRC has committed to carbon reduction measures and has recorded a decrease in CO₂ emissions density (tonnes per 10,000 RMB) of 3.26% YoY (2022-2023), despite an increase in fuel consumption.

*Engagement with **Companhia Siderurgica Nacional** - Focus on Risk assessment ● ESG disclosure ●
No engagement meeting over the period*

Actions suggested by Sustainalytics

- Create a clear and formal governance structure for ESG risk management.
- Increase the independence of the Board of Directors to a minimum of 50% independent members and separate the roles of Chief Executive Officer and Chairman of the Board of Directors.
- Carry out a study facilitated by a third party on the effectiveness of the Board, in particular its questioning of management and its performance in terms of supervision and guidance.
- Apply broader integration of ESG into variable compensation schemes - more ESG measures and broader coverage of the organisation.
- Develop a decarbonisation roadmap for each business line, which clearly shows the expected contribution of each carbon reduction measure, what is based on existing technologies and what is based on technologies to be developed, as well as the planned capex.
- Define public water consumption targets at the UPV and integrate these targets into the system of variable remuneration.

Positive developments reported since engagement initiation in 2020

- CSN has updated the materiality analysis to focus more on the most material ESG issues.
- CSN has started to provide a detailed overview of the use of the whistleblower mechanism.
- The CSN has further improved transparency in compliance management, including statistics on disciplinary actions taken.

*Engagement with **Compañía de Minas Buenaventura** - Focus on Resource Use ●
No engagement meeting over the period*

Actions suggested by Sustainalytics

- Formalise the assessment of material ESG issues based on stakeholder engagement.

- Develop performance measures for all material ESG issues identified and set targets accordingly.
- Provide investors with a better insight into the use of resources, including water.
- Enrich current information on key waste management strategies to include, for example, data on performance, objectives, adopted tailings design/management standards and their respective fields of application, company policy on cyanide management, etc.
- Use locally applied good community relationship management practices to develop enterprise-wide policy and advice on own operations, joint ventures and/or other relevant operating models.
- Strengthen climate risk assessment to inform the setting of reduction targets and mitigation actions.

Positive developments reported since initiation of engagement in 2021

- Buenaventura conducted a formal materiality analysis in consultation with internal and external stakeholders. The results were presented to the Board of Directors and will be used to guide sustainability reporting as well as the development of various action plans to address material issues.

*Engagement with **Petróleos Mexicanos** - Focus on Carbon ● Community Relations ●
Participation in 1 engagement meeting*

Actions suggested by Sustainalytics

- Provide investors with timely ESG information in English, in which PEMEX addresses all material ESG issues.
- Implement a more focused performance management system, where fewer performance indicators aligned with material ESG issues can be monitored consistently across the organisation. The most important ESG indicators should also be incorporated into the performance assessment of senior executives.
- Separate the transition to decarbonisation from the five-year planning process and apply the TCFD framework to report on climate change risk mitigation.
- Expand information on how it handles the results of security audits.
- Provide information on level 1 and 2 leaks and spills from its onshore pipeline network.

Positive developments reported since engagement initiation in 2020

- PEMEX has managed to reduce oil theft by around 90% since the peak of losses in 2018.
- PEMEX tripled pipeline rehabilitation and maintenance expenses in 2019 compared to 2020.
- PEMEX has expanded its ESG information in English for investors
- In 2024, PEMEX began publishing its reports under the TCFD framework.

*Engagement with **Sibanye** - Focus on Occupational Health & Safety ● Community Relations ●
No engagement meeting over the period*

Actions suggested by Sustainalytics:

- No concrete actions have been taken but a dialogue is starting to take place around working conditions and particularly in terms of safety.

*Engagement with **Türkiye Sise ve Cam Fabrikalari AS** - ESG Disclosure ●
No engagement meeting over the period*

Actions suggested by Sustainalytics:

- No concrete actions suggested, but a dialogue has begun on the company's rating and its levers for improvement

Positive developments reported since initiation of engagement in 2022

- Siseecam has reached 23.6% women in its workforce, within its target of 25% by 2030 (a sector historically dominated by men in Turkey, particularly in glass manufacturing and

mining). In addition, the company has implemented 100% of its “Women Expressions” programme for the empowerment of women.

- Sisecam is on track to reach 43 MW of renewable energy and has launched the **New South Marmara** project, focused on hydrogen. These initiatives help to reduce environmental risks from emissions and demonstrate the company’s commitment to renewable technologies.
- The entire 430 truck fleet has been hydrogen-based since 2023, illustrating the company’s commitment to environmental investment, reducing the risks associated with lack of ESG engagement or awareness.

V. Collaborations and promotion of SRI

IVO is committed to promoting responsible initiatives by participating in international and national ESG initiatives and making donations to foundations and associations.

Participation in international and national initiatives in favour of ESG

Since February 2017, IVO has been a signatory to the charter put in place by the United Nations, the “**Principles for Responsible Investment**”. At the time of the 2019 annual assessment report, IVO received an A rating for the Strategy & Governance category for its reporting on its responsible investment activities. Adherence to this charter has 6 major implications:

1. We will consider ESG issues in investment analysis and decision-making processes.
2. We will be active investors and incorporate ESG issues into our shareholder policies and practices.
3. We will require the entities in which we invest to disclose appropriate information on ESG issues.
4. We will promote acceptance and application of the Principles among asset managers.
5. We will work together to increase our effectiveness in applying the principles.
6. We will report individually on our activities and progress in implementing the Principles.

In 2024, IVO Capital Partners continued to implement these 6 principles by improving its responsible investment policy and ESG internal control processes in order to implement the integration of ESG issues into our investment analysis and decision-making process and to initiate a relevant engagement dialogue with the companies in our portfolios.

IVO Capital Partners also supports **the International Integrated Reporting Council**. IIRC is a global coalition of players convinced that corporate reporting must evolve towards communication on value creation. The IIRC has developed a reference framework that structures a common base of guiding principles, key concepts and building blocks of the Integrated Report, with the following objectives:

- Improve the quality of the information made available to financial capital providers, in order to allocate the capital in a more efficient and productive way;
- Promote a more consistent and efficient reporting approach that builds on a variety of information sources to reflect the full range of factors that significantly impact the organisation’s ability to create value over time;
- Improve accountability and promote responsible management of all (financial, manufacturing, intellectual, human, social and societal, and environmental) capital through a better understanding of their interdependencies;
- Encourage Integrated Management, decision-making and actions focused on creating value in the short, medium and long term.

IVO is also a supporter of the **Task-Force on Climate-related Financial Disclosures**. This working group created by the G20 Financial Stability Board published in 2017 a set of recommendations aimed at encouraging consistent and reliable financial reporting that allows investors to take due account of climate-related financial risks. These recommendations are based on 3 observations:

- Climate change will be very expensive for the economy (\$2.3 trillion);
- Reporting is an essential element to reduce this risk as it allows shareholders, banks and financial players to assess the cost;

- Companies must publish 2°C scenarios and assess the financial impact of climate change on their activities.

IVO became a signatory of the UN Global Compact in 2023. The United Nations Global Compact is an initiative that encourages companies to adopt sustainable and responsible business practices, respecting ten universally accepted principles related to human rights, labour, the environment and anti-corruption. Thousands of businesses, organisations and governments are participating in this initiative by committing to upholding these principles and reporting on their progress each year.

IVO became a signatory of the Carbon Disclosure Project in 2023. The Carbon Disclosure Project (CDP) is an organisation that encourages companies and governments to disclose their greenhouse gas emissions and actions against climate change. Its objective is to promote transparency and stimulate measures to reduce carbon emissions and mitigate the impacts of climate change.

These recommendations are now widely recognised by governments, investors and finance officials and serve as best practices in climate reporting.

In 2024, IVO Capital Partners supported the recommendations of the Task Force on Climate-related Financial Disclosures by being an active member of the Climate Action 100+ initiative in order to communicate our investor interest in climate-related financial risks to the most polluting companies. We also continue to report annually on the carbon footprint and the 2°C alignment of our portfolios.

Donations to foundations and associations

In order to encourage social progress, IVO Capital financially supports the following foundations and associations:

- *Alpha Omega Foundation* – foundation of Venture Philanthropy to accelerate the development of social businesses whose objective is to give disadvantaged people their economic and financial autonomy, through education or access to employment.
- *Imagine for Margo* – Association for the fight against childhood cancer: financing and mobilisation of players in research, raising awareness of children's cancer, improving the well-being of sick children.
- *Gustave Roussy* is the first cancer centre in Europe, located in Villejuif. The Institute brings together medical, scientific and technological excellence at the service of patient treatment, with the main missions of care, research and teaching