Mirova Europe Environmental Equity

A sub-fund of the Luxembourg SICAV Mirova Funds

Sustainability-related website disclosure

Article 10 (SFDR)

June 2024

This document is issued to disclose sustainability-related information on this product, in relation to the Article 10 of the EU Sustainable Finance Disclosure Regulation (SFDR). Please refer to the prospectus of the fund and to the KIID before making any final investment decisions. Mirova Europe Environmental Equity is a sub-fund of the Luxembourg SICAV Mirova Funds, approved by the Luxembourg Commission for the Supervision of the Financial Sector (the "CSSF"). Natixis Investment Managers International is the management company and has delegated financial management to Mirova.

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A. Summary

General Information on the sustainable investment approach :

The sustainable investment objective of the product is to allocate the capital towards companies:

- that provide positive innovative solutions to tackle issues related to key environmental themes such as renewable energy, industrial energy efficiency, sustainable waste and water management, sustainable land use, clean transportation, green building, and
- that contribute positively through their products, services and/or practices to the achievement of one or more of the United Nations Sustainable Development Goals (the "SDGs").

The product aims at investing in sustainable investments as defined under article 2(17) SFDR and achieves this by investing at least 90% of its net assets in sustainable investments, having a minimum of 60% with an environmental objective and a minimum of 1% with a social objective. All exposure to sustainable investments is via direct equity exposures in investee entities. The product may hold up to 10% of cash or cash equivalents and derivatives (such as money market instruments, money market funds) for currency risk management purposes.

The product commits to invest at least 12% of its assets in companies whose economic activities are aligned with the EU Taxonomy objectives. The alignment with the EU Taxonomy of the economic activities is based on revenues directly reported by the issuers or equivalent data collected or estimated by third party data provider based on publicly available information. Data reported directly by companies take prevalence on estimated data.

Mirova's proprietary sustainable impact assessment framework has been developed to assess the overall impact of assets on sustainability and to retain investments targets that contribute to the SDGs while having no significant negative impact on other SDGs. The assessment of good governance practices is integrated into Mirova's extra-financial and financial assessment and described in the section D. Investment Strategy.

The sustainability assessment framework aims at identifying companies that contribute positively through their products, services or practices to environmental and social themes defined by Mirova: i.e climate stability, biodiversity, circular economy, socio-economic development, health & wellness, and diversity & inclusion.

The analysis systematically includes review of the relevant residual environmental and social risks originating from companies' activities and practices and assesses the quality of the company's measures to mitigate these risks (the "DNSH test"). Such analysis considers notably the degree of exposure of the investee company to certain sectors or activities that may be considered to be damaging for the environment and/or the society and exposure to relevant environmental or social controversies.

As a result of this qualitative analysis, Mirova issues a binding opinion based on which companies whose economic activities or practices are deemed to have a significant negative impact on the achievement of one or more of the UN SDGs are systematically excluded from the investment universe regardless of their otherwise positive contribution.

The product is actively managed, combining investment team views on sustainable themes and stock picking based on a deep fundamental analysis of companies combining both financial and sustainability considerations.

Monitoring of sustainable investment objective :

The sustainable investment objective of the product is continuously monitored by Mirova's Sustainability Research team to ensure that the company meets the sustainable investment criteria, and by Mirova's Risk Management team to monitor compliance with the minimum commitment and binding elements of the product.

Methodologies used to measure the attainment of the sustainable investment objective :

The attainment of the sustainable investment objective of this product is measured by both qualitative and quantitative indicators such as but not limited to the following :

- the percentage of the product's assets aligned with sustainable investment objectives measured according to the sustainability opinion framework developed in-house demonstrating net positive impact of the portfolio towards achievement of the SDGs;

- the percentage of the product's assets contribution per SDG;

- the estimated impact of the product's investee companies on global average temperature,

- the exposure of the product to activities contributing to energy and ecological transition such as renewable energy, industrial energy efficiency, sustainable waste and water management, sustainable land use, clean transportation, green building.

Data sources and processing :

Assessments are mainly based on internal review of public documents and on direct contact and discussions with companies. Mirova also relies on various sources of information (ESG rating agencies, sell-side financial analysts, news databases, etc.). In-house (primarily qualitative) analysis is conducted by members of Mirova's Sustainability Research team, who may use external providers as main data sources, in particular ISS ESG.

Limitations to methodologies and data :

Mirova sustainability analysis approach is based on a qualitative analysis of the environmental, social and governance practices of each company and seeks to capture their overall level of compatibility with the achievement of the UN SDGs. Methodologies and data are subject to limitations including dependency on the quality of data provided by investee companies, the potential for the key issues identified for each sector not to be exhaustive and the difficulties associated with anticipating future controversies.

Please refer to the section I. for more information.

Due diligence :

The Sustainability Research team gathers information on investee company's business model, processes and practices and may engage in direct discussion with the company management in order to identify the most significant sustainability issues a company is facing, both from a positive angle (potential to generate positive impact) and a negative angle (risk of obstructing the achievement of the SDGs).

Mirova may engage with companies as part of its sustainable investment approach.

Engagement policies :

Mirova's engagement strategy seeks to improve companies' products and practices from an environmental, social, and governance point of view. As a result, one of the core functions of the Sustainability Research team is engagement, both on individual and collaborative levels. Mirova also engage with regulators or labels to share its vision of sustainable investment to improve standards and regulations across the financial sector and to foster sustainable investment.

B. No significant harm to the sustainable investment objective

How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The sustainability analysis aims to identify the relevant residual environmental and social risks originating from companies' activities and practices and assesses the quality of the company's measures to mitigate these risks (the "DNSH test"). Such analysis considers notably the degree of exposure of the investee company to certain sectors or activities that may be considered to be damaging for the environment and/or the society and exposure to relevant environmental or social controversies.

As a result of this qualitative analysis, Mirova issues a binding opinion based on which companies whose economic activities or practices are deemed to have a significant negative impact on the achievement of one or more of the UN SDGs are systematically excluded from the investment universe regardless of their otherwise positive contribution.

How the indicators for adverse impacts are taken into account?

As part of the analysis of residual ESG risks conducted on each investee company, Mirova systematically assesses and monitors indicators that are deemed to indicate the presence of principal adverse impact (including consideration of data relating to the mandatory PAI indicators referred to in the consolidated Regulatory Technical Standards for assessment of sustainable investment in accordance with art. 2 (17) SFDR). When the data necessary for the calculation of certain PAI indicators are not available, Mirova may use qualitative or quantitative proxies that cover themes similar to the PAI indicators in question.

Adverse impacts are prioritized according to the specificities of sectors and business models of companies considered for investment by using a combination of criteria based on:

- analysis of the company's exposure to environmental impacts based on science-based data from international organisations (e.g. energy intensity, impacts on biodiversity, etc),
- analysis of the company's exposure to labour rights and employee matters through its locations, business model and supply chain organization (e.g. exposure to health and safety risks, exposure to countries with specific human rights risks, etc),
- analysis of the company's footprint on local communities and consumers,
- screening of on-going or potential controversies.

Where Mirova deems the investee company's processes and practices are insufficient to mitigate environmental, social and governance risks, notably with regards to the relevant PAIs, the company's impact is deemed as negative which makes it ineligible for investment.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Mirova screens investee companies against adherence with OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

Mirova continuously reviews companies' track records and news flows to identify significant controversies. Companies' involvement and resolving measures are taken into account. Risks of potential breach may be monitored through engagement to obtain additional assurance.

Companies determined by Mirova to be in serious breach of OECD Guidelines for Multinational Enterprises or UN Guiding Principles on Business and Human Rights are recognized as doing significant harm and are therefore rendered non-eligible.

C. Sustainable investment objective of the financial product

What is the sustainable investment objective of the financial product?

The sustainable investment objective of the product is to allocate the capital towards companies:

- that provide positive innovative solutions to tackle issues related to key environmental themes such as renewable energy, industrial energy efficiency, sustainable waste and water management, sustainable land use, clean transportation, green building, and
- that contribute positively through their products, services and/or practices to the achievement of one or more of the United Nations Sustainable Development Goals (the "SDGs").

Furthermore, considering the importance of a stable climate, Mirova aims at building an investment portfolio that represents an economy in which which the world is expected to warm by no more than 2 degrees Celsius, in line with the mitigation and temperature reduction objective of the 2015 Paris Agreement.

Mirova's proprietary sustainability assessment framework has been developed to assess the overall impact of portfolio holdings on sustainability and to identify investments targets that contribute to the SDGs while having no significant negative impact on any other SDGs. Under this framework, a company is considered as a sustainable investment if it contributes to the achievement of one or more SDGs through its activities (i.e. products or services) and/or its practices (i.e., the way it operates), and demonstrates a sufficient capacity to mitigate its environmental, social and governance risks throughout its value chain. Assets qualifying as sustainable investment are counted as fully contributing to either an environmental or social objective (pass or fail approach).

For each investee company, the Sustainability Research Team produces a sustainability opinion based on the rating scale below, which assesses whether and to what extent the investment contributes to the achievement of the UN Sustainable Development Goals (SDGs) and can be considered as a "sustainable investment".

Figure 1: The 5 levels of the "Sustainability Opinion"

When assessing positive contribution to environmental and social themes, Mirova evaluates the alignment of each company with the theme by considering primarily the product and services offered by the company and the associated revenues that support the achievement of the relevant SDGs. Typically, Mirova applies the following revenues thresholds to evaluate companies' contribution to sustainable development issues:

- companies generating from 10 to 20% of their revenues from activities that provide solutions to sustainable development issues will usually be rated as having a "Low" impact towards achievement of SDGs,
- companies generating from 20 to 50% of their revenues from activities that provide solutions to sustainable development issues will usually be rated as having a "Moderate" impact towards achievement of SDGs,
- companies generating more than 50% of their revenues from activities that provide solutions to sustainable development issues will usually be rated as having a "High" impact towards achievement of SDGs.

If the revenue threshold is not the most relevant indicator to assess the contribution of companies operating in a specific sector (such as financial services, media, telecommunications), Mirova may consider other relevant quantitative indicators, such as capital expenditure (CapEx) or research and development (R&D) expenses.

When assessing contribution from practices, which cannot be translated in revenues, Mirova uses a combination of quantitative and qualitative criteria to determine the contribution to the theme. Considering that the absolute impact of a company's operations may vary strongly by sector, an impact classification is assigned to each entity and each of the themes. The impact classification for each entity is determined based on a combination of criteria including the relevance of the theme to the sector and the size of the entity (measured in terms of revenues for environmental issues and in terms of size of the workforce for social issues).

Once included in the investment universe, every investee company is continuously monitored to ensure it meets the sustainable investment criteria.

This product makes investments in economic activities that contribute to the environmental objectives set out in the Article 9 of the Regulation (EU) 2020/852 (the "Taxonomy Regulation"): (a) climate change mitigation and climate change adaptation, (b) sustainable use and protection of water and marine resources, (c) the transition to a circular economy, (d) pollution prevention and control, (e) the protection and restoration of biodiversity and ecosystems.

The alignment of the economics activities of each company with the above objectives is identified and measured to the extent that data is available to Mirova and of an adequate quality. Depending on the investment opportunities available, the product may contribute to any of the above environmental objectives and may not at all times contribute to all of the objectives.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

D. Investment Strategy

What investment strategy does the financial product follow?

The product follows a thematic sustainable investment and aims at identifying European companies that provide sustainable eco-solutions to environmental issues and contribute positively to the achievement of one or more of the SDGs.

The product is actively managed, combining strong views on sustainable themes and stock picking based on a deep fundamental analysis of companies combining both financial and sustainability considerations.

The sustainable investment strategy combines:

- a thematic approach (assessment of positive contribution of each company to sustainability objectives based on impact/obstruction indicators identified for each sector. Only companies contributing to one or more of the sustainability objectives defined by Mirova are eligible in the investment universe);
- a best-in-universe approach (selection of companies based on their ESG quality regardless of their business sector, within the broad equity market represented by the product's reference index i.e., the "MSCI Europe Net Dividends Reinvested" which is a broad market index);
- an exclusion approach: the product does not use exclusions as a central tenet of its sustainability approach. However, the product applies Mirova's minimum standards policy which sets out criteria for determining exclusions in case of companies exposed to controversial activities (such as fossil fuel, palm oil, tobacco, military equipment etc).

More information on the general investment policy of the product can be found in the Investment Policy section of the prospectus.

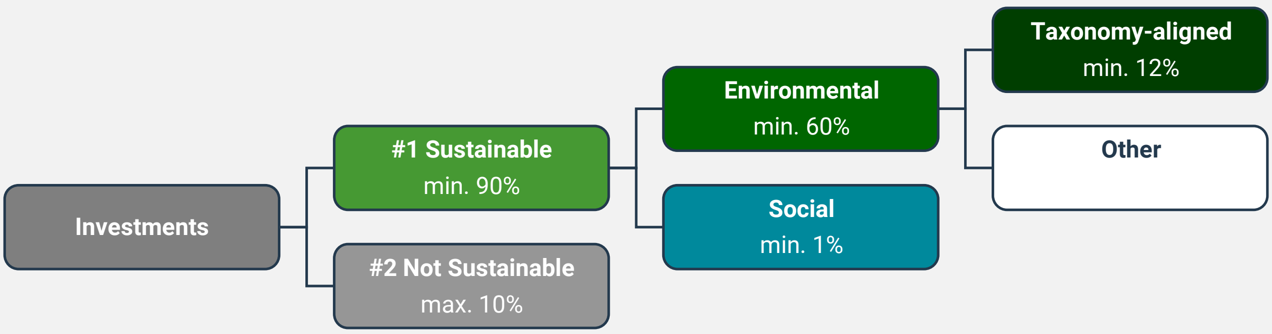
What is the policy to assess good governance practices of the investee companies?

The assessment of good governance practices is integrated into Mirova's extra-financial and financial assessment and includes:

- the sound monitoring of environmental and social issues (such as employee relations) and the integration of sustainability in the scope of responsibility of the board and executive team;
- sound business ethics practices;
- the fair distribution of value between stakeholders (notably vis a vis remuneration of staff) and tax compliance;
- analysis of the quality of company management;
- alignment of the company's governance with a long-term vision;
- the balance of power between the executive body, the supervisory body and the shareholders of the issuer;
- the compensation package relevant to company management;
- an analysis of the quality and independence of the board, or of respect for the interests of minority shareholders.

E. Proportion of investments

What is the asset allocation planned for this financial product?



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

The product aims at investing in sustainable investments as defined in article 2(17) SFDR, thus the percentage of sustainable investments is set at 90% of the net assets of the product. All exposure to sustainable investments is via direct equity exposures in investee entities.

The product aims at investing only in equity securities qualifying as sustainable investment but may hold up to 10% of cash or cash equivalents and derivatives for currency risk management purposes. Due to the technical and neutral nature of the asset, such instruments are not considered as investments and thus no minimum safeguards have been put in place.

The product will invest a minimum of 60% in sustainable investments with environmental objective.

The product will invest a minimum of 1% in sustainable investments with a social objective. The product commits to invest at least 12% of its assets in companies whose economic activities are aligned with the EU Taxonomy objectives. The alignment with the EU Taxonomy of the economic activities is based on revenues directly reported by the issuers or equivalent data collected or estimated by third party data provider based on publicly available information. Data reported directly by companies take prevalence on estimated data.

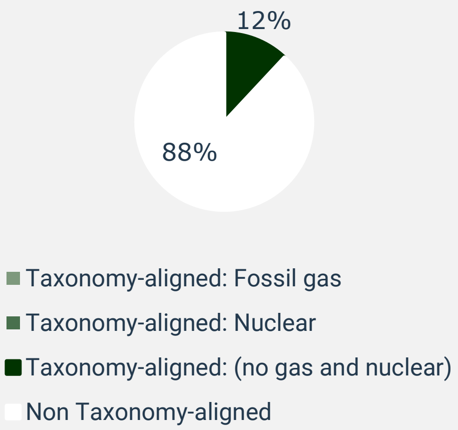
The product does not intend to have exposure to sovereign investments.

The minimum taxonomy-aligned investments are not subject to an assurance by an auditor or review by a third-party.

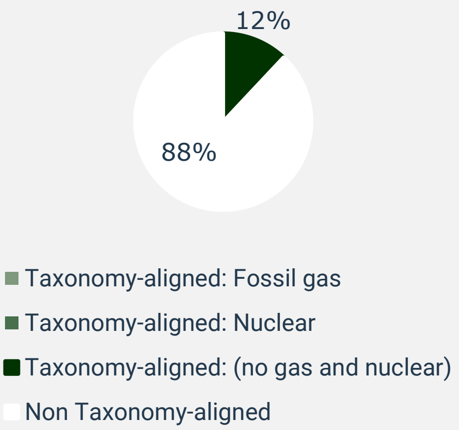
The product does not commit to investments in transitional and enabling activities within the meaning of the Taxonomy Regulation. The minimum share is therefore set at 0%.

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

1.Taxonomy-alignment of investments **including sovereign bonds***



2.Taxonomy-alignment of investments **excluding sovereign bonds***



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

The product does not commit to investments in transitional and enabling activities within the meaning of the Taxonomy Regulation. The minimum share is therefore set at 0%.

The product may use derivatives for hedging and investment purposes (authorized but very rarely used).

F. Monitoring of sustainable investment objective

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

In line with the product's sustainable investment objective, Mirova impact metrics aim at measuring, monitoring and reporting the contribution of the product to the achievement of the UN Sustainable Development Goals (SDGs). Such metrics include, but are not limited to, the assessment of the contribution to the achievements of the UN SDGs, evaluation of the alignment of the product with the Paris Agreement.

In parallel, the sustainable investment objective and the bindings elements of the investment strategy are continuously monitored by Mirova at two levels:

- At the level of Mirova's Sustainability Research team: the analysts responsible for evaluating an investee company monitor news flows and alerts concerning the activities and practices of each investee company to ensure that the company meets the sustainable investment criteria.

- At the level of Mirova's Risk Management team: the team monitors not only the regulatory and financial constraints of the product

G. Methodologies

What are the methodologies used to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective are used?

Mirova's proprietary sustainable impact assessment framework has been developed to assess the overall impact of assets on sustainability and to retain investment targets that contribute to the UN SDGs while having no significant[1] negative impact on other UN SDGs.

The attainment of the sustainable investment objective of this product is measured by both qualitative and quantitative indicators such as but not limited to the following:

- the percentage of the product's assets aligned with sustainable investment objectives measured according to the sustainability opinion framework developed in-house demonstrating net positive impact of the portfolio towards achievements of SDGs;
- the percentage of the product's assets contribution per SDG;
- the estimated impact of the product on global average temperature increase taking into account carbon footprint of each investee company throughout its full lifecycle (i.e. emissions scope 1, 2 and 3) and focuses on two main indicators:
  - «induced» emissions arising from the « lifecycle » of a company's activities, taking into account both direct emissions and those of suppliers and products.
  -«avoided» emissions due to improvements in energy efficiency or «green » solutions.
- the exposure of the product to activities contributing to energy and ecological transition such as renewable energy, industrial energy efficiency, sustainable waste and water management, sustainable land use, clean transportation, green building.

H. Data sources and processing

What are the data sources used to attain the sustainable investment objective including the measures taken to ensure data quality, how data is processed and what is the proportion of estimated data?

To carry out its assessments, Mirova relies on its in-house Sustainability Research team. Assessments are mainly based on internal review of documents published by issuers and on direct exchanges with company. Mirova also relies on various sources of information (ESG rating agencies, proxy voting, sell-side financial analysts, news databases, etc.). In-house (primarily qualitative) analysis is conducted by members of the Sustainability Research team, who use external sources, in particular ISS-ESG.

For carbon impact assessment, Mirova has partnered with Carbone 4 (and its subsidiary Carbon4 Finance) to develop methodologies capable of providing climate measurements in line with the challenges of a low-carbon economy. The databases and models developed through this partnership are the main solutions used for climate integration within the product.

[1] Such analysis considers notably the degree of exposure of the investee company to certain sectors or activities that may be considered to be damaging for the environment and/or the society and exposure to any environmental or social controversies.

To ensure data robustness, our Data and Sustainability research teams work closely together to assess the data quality and consistency before its implementation into Mirova's systems.

Systematic controls and specific analysis are performed on external ESG data, and an annual quality review is performed. To that extent, Mirova's ESG analysts are in ongoing contact with the data providers to challenge their views.

At the moment, the combination of multiple external data providers, the numerous quantitative and qualitative metrics does not allow to calculate and provide the proportion of estimated data.

I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources?

Mirova's sustainability analysis approach is based on a qualitative analysis of the environmental, social and governance practices of each company and seeks to capture their overall level of compatibility with the achievement of the UN SDGs. Several limitations related to the methodology used, as well as more broadly to the quality of the information available on these subjects, can be identified.

The analysis is largely based on qualitative and quantitative data provided by the companies themselves and is therefore dependent on the quality of this information. Although constantly improving, ESG reporting by companies is still very heterogeneous.

To make the analysis as relevant as possible, Mirova concentrates on those sustainability issues most likely to have a concrete impact on the reviewed assets and on the company. These key issues are defined by sector and are regularly reviewed. They are, however, not exhaustive.

By using ESG criteria in the investment policy, the objective of the product is in particular to better manage sustainability risk and generate sustainable and long-term returns. ESG criteria can be generated using proprietary models, models and third-party data or a combination of both. Evaluation criteria may change over time or vary depending on the industry or sector in which the company is operating. Applying ESG criteria to the investment process may lead Mirova to invest or exclude securities for non-financial reasons, regardless of available market opportunities. ESG data received from third parties may be incomplete, inaccurate or unavailable from time to time. As a result, there is a risk that Mirova may incorrectly evaluate a security or issuer, resulting in the improper direct or indirect inclusion or exclusion of a security in a fund's portfolio.

Lastly, although the analysis methodology aims to incorporate forward-looking elements to ascertain the environmental and social quality of the selected companies, anticipating the occurrence of controversies remains a difficult exercise and may result in a retroactive revision of Mirova's opinion of the ESG quality of an asset.

J. Due Diligence

What due diligence is carried out on the underlying assets of the financial product?

Mirova carries out due diligence processes on each selected issuers which aims at identifying and assessing that each company contributes to the achievement of one or more SDGs through their products and services and/or their processes while having no significant negative impact on other UN SDGs.

To begin with, the Sustainability Research team gathers information on the company's business model, processes and practices and may engage in direct discussion with the company representatives in order to identify the most significant sustainability issues a company is facing, both from a positive angle (potential to generate positive impact) and a negative angle (risk of obstructing the achievement of the SDGs).

This analysis encompasses review of the entire life cycle of products and services provided by the company, from raw material extraction to consumer use and disposal. Positive impact assessment involves the analysis of a company's exposure to sustainability solutions (sales, capex, etc.) and the existence of advanced sustainability practices (ambitions tested against legal requirement and market practice), but also the analysis of the performance delivered.

Sustainability risk involves assessment of company's ability to address material risks with robust operational processes and transparency on the measures implemented to mitigate the sustainability risks.

Based on this due diligence, Mirova's Sustainability Research team submits a sustainability opinion into a proprietary tool centralizing the financial and non-financial analyses produced by Mirova's Sustainability Research and Investment teams, as well as any news about the company, and details of company meetings, voting and engagement.

K. Engagement policies

Is engagement part of the sustainable investment objective ?

☒ Yes ☐ No

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

Engagement activity forms an integral part of Mirova's responsible investment approach.

Mirova's engagement strategy seeks to improve companies' products and practices from an environmental, social, and governance point of view. As a result, one of the core functions of the Sustainability Research team is engagement, both on individual and collaborative levels:

- **Individual engagement:** in which Mirova's ESG analysts interact one-on-one with the companies to encourage improvement in their sustainability practices. This purpose of this type of engagement is not only to promote better ESG practices, but also to encourage the development of solutions for the major environmental and social challenges associated with each sector.
- **Collaborative engagement:** Mirova joins with other investors and representatives of civil society to identify controversial practices, encourage greater transparency and demand, where necessary, that companies change their practices.

Mirova also engage with regulators to share its vision of sustainable investment to improve standards and regulations across the financial sector and to foster sustainable investment. Mirova is committed to promoting regulations, including legislative changes, standards or labels, and practices that support sustainable investment and create long-term value.

Further information in relation to engagement priorities and engagement policy carried out by Mirova can be found on the website at https://www.mirova.com/en/research/voting-and-engagement

L. Attainment of the sustainable investment objective

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective

MIROVA
French Public Limited liability company with board of Directors
Regulated by AMF under n°GP 02-014
RCS Paris n°394 648 216
Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris
Mirova is an affiliate of Natixis Investment Managers.

MIROVA US
888 Boylston Street, Boston, MA 02199; Tel: 857-305-6333
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NATIXIS INVESTMENT MANAGERS
French Public Limited liability company
RCS Paris n°453 952 681
Registered Office: 43, Avenue Pierre Mendes France – 75013 – Paris
Natixis Investment Managers is a subsidiary of Natixis.

NATIXIS INVESTMENT MANAGERS INTERNATIONAL
French Public Limited liability company
Regulated by AMF under n° GP 90-009
RCS Paris n°329 450 738
Registered Office: 43, Avenue Pierre Mendes France – 75013 – Paris
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