

OFI Invest RS Ethical European Equity

SRI process and assessment



SRI policy

P. 03

Exclusion policy

P.04

And for each of the mandates

P. 5/11/20



KEMPEN CAPITAL MANAGEMENT



DE PURY PICTET TURRETTINI & CIE SA

- SRI analysis and selection process
 - Monitoring portfolio SRI quality
 - Engagement activities
 - Portfolio details
-

SRI policy of OFI Invest RS Ethical European Equity

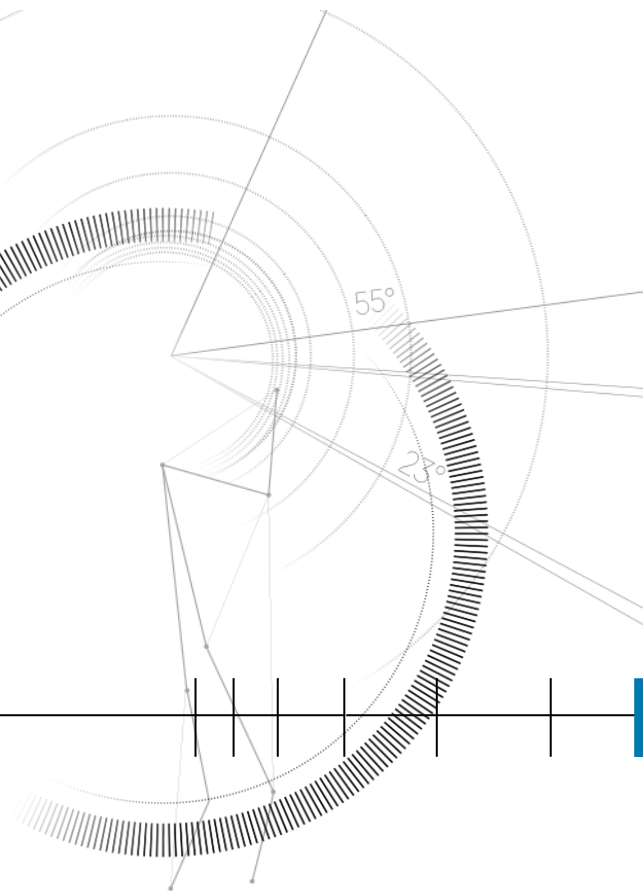
- **OFI Invest RS Ethical European Equity has investments in European equities. The fund consists of 3 management mandates delegated to partners with complementary SRI management styles:**
 - Kempen Capital Management ("Best in Class", small and mid caps)
 - OFI Asset Management ("Best in Class" large caps)
 - De Pury Pictet Turrettini & Co ("Active Engagement" large caps)
- **All securities selected are analysed and assessed in accordance with ESG criteria. To be selected, the securities must comply with the principles of the UN Global Compact and with international standards for Human Rights and the Environment. Furthermore, they must not be involved in activities that are contrary to the fund's exclusion principles as set out in the document under "Exclusion Policy".**
- **The 3 mandates**
 - Integrate ESG within their investment decisions in accordance with the first principle of the PRI, of which they are a signatory. A full description of the ESG integration process is available in the document "Code of Transparency" available on the ofi-am.fr website under "Documentation"
 - Apply exclusion criteria as set out on the following page
 - Apply a policy of active engagement which constitutes an essential element of the analytical process

Exclusion policy of OFI Invest RS Ethical European Equity

- **Excluded from all three mandates are:**
 - Companies involved in the following activities
 - Ammunitions and weapons
 - Gambling, casinos and equivalent enterprises
 - Pornography, prostitution
 - Tobacco
 - Alcoholic beverages
 - Thermal coal mining
 - Coal Plant Developpers
 - Nuclear energy and radioactive materials.
 - Tar sands, shale gas, artic drilling
 - Also excluded are companies that make use :

Products, services or activities involving human trafficking, forced labour or child labour as defined by the International Labour Organisation (ILO) conventions Products, services or activities deemed illegal under international conventions and agreements.

- **The detailed exclusion policy of the fund is available on the www.ofi-am.fr website in the "Products" tab, followed by " OFI Invest RS Ethical European Equity "**
- **The forementioned exclusion criteria are common to all three mandates. Each fund manager reserves the right to apply additional exclusion criteria to those set out in the OFI Invest RS Ethical European Equity exclusion policy**



Mandate managed by



KEMPEN CAPITAL MANAGEMENT





Main features of the mandate

Kempen Capital Management

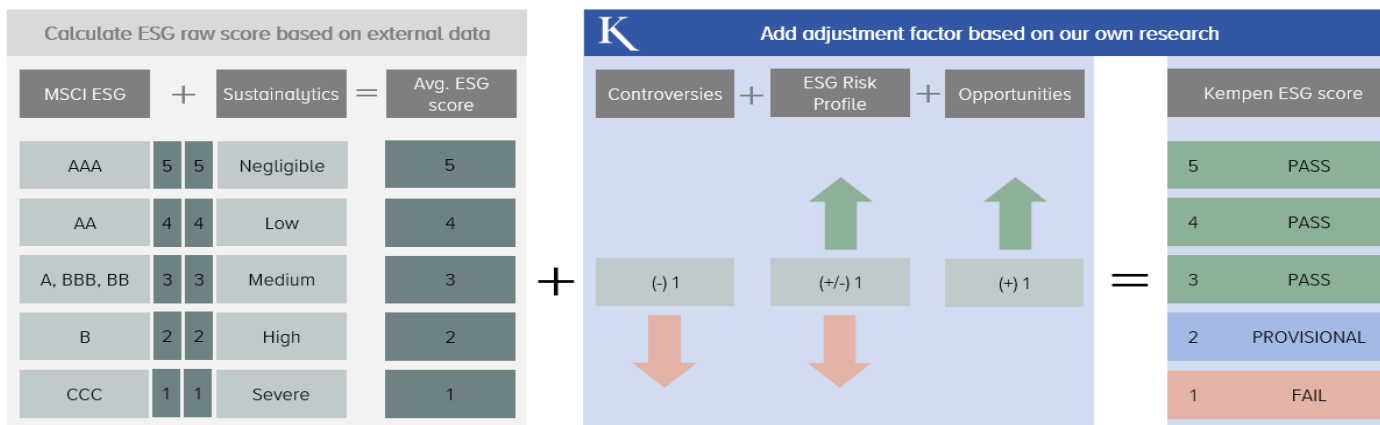
Mandate covering 28,7% of the assets at 03/07/20

- 1 Independent management company created in 1991, a subsidiary of the Dutch investment bank Kempen & Co
- 2 SRI approach "Best in Class" for European small and mid caps
- 3 Bottom-up process combining fundamental analysis of the securities and analysis based on ESG criteria

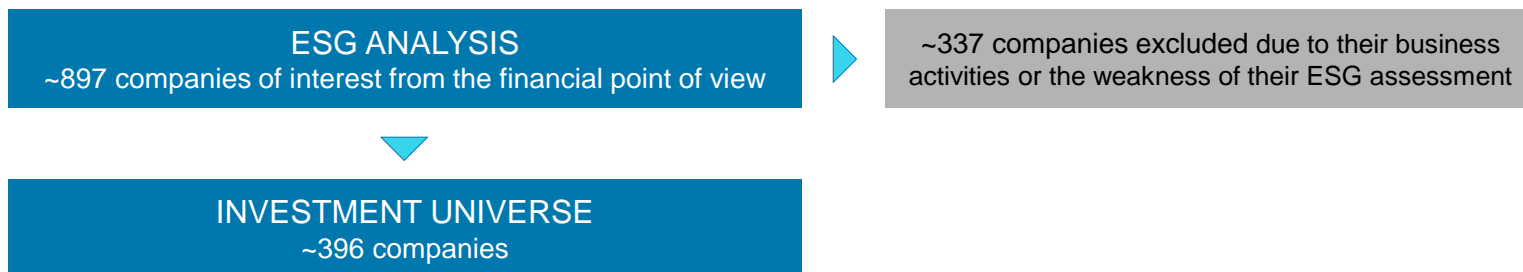
Mandate SRI process



Company ESG assessment



Definition of the investment universe

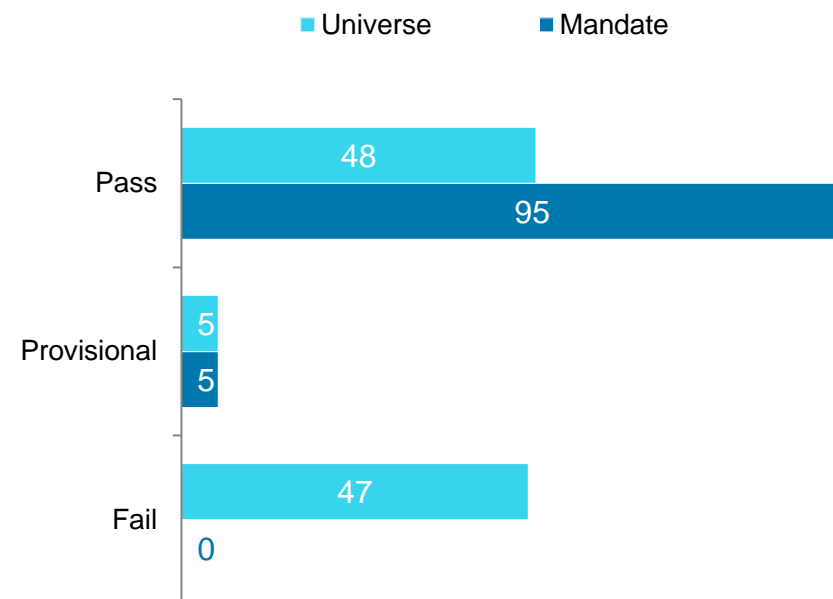


Mandate SRI quality monitoring



Company classification

- PASS status
 - Companies with advanced CSR practices
 - Provisional status
 - Companies only partially meeting the highest CSR standards, included in the investment universe for a period of one year and with which active engagement has commenced
 - Failed status
 - Companies with an unsatisfactory level of CSR practices or with controversial business activities
- Controversial activities leading to exclusion : nuclear energy, weapons, military hardware, tobacco, alcohol, animal tests, pornography and genetic engineering.



Source :

100% of securities held directly are subjected to ESG analysis

More information on the website: www.kempen.nl



Engagement activities

- **Example of ESG assessment and engagement Coats Group**

Beazley is an insurer, specialist in cyber security, which had a low MSCI ESG score on privacy & data security and ESG disclosure.

ENGAGEMENT OBJECTIVES

- x Better understand what Beazley is doing with respect to cyber security.
- x Request that the company improves its disclosure on ESG
- x Recommend to the company that it improves policies and operations where needed

ENGAGEMENT RESULTS

- x Beazley already did a lot on its own cyber security but also planned to do more on ESG disclosure. Subsequently, the company mentioned in its 2018 annual report that ESG risks have become part of the investment process. While this improvement has not been reflected in the MSCI ESG rating yet, this could lead to an improvement in a future rating.
- x In the 2018 annual report Beazley mentions the company is GDPR compliant

NEXT STEPS

- x Evaluate how ESG rating agencies will react to the steps taken by Beazley
- x Further engage on privacy & data security, with regards to rights provided to individuals to control their data, external independent audits and company's executive body responsible for this item

More information at: http://www.kempfen.nl/asset_management.aspx?id=25151

Portfolio details

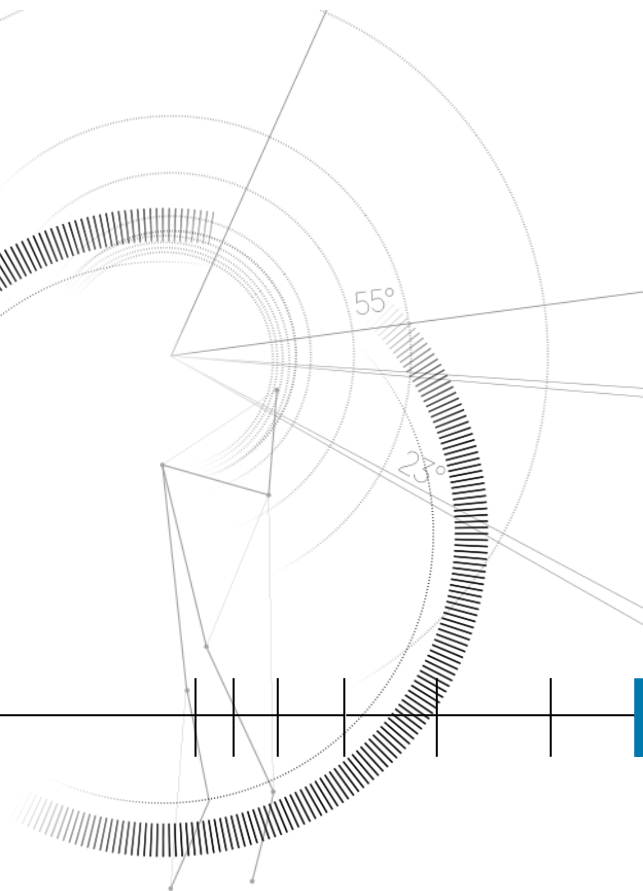


KEMPEN CAPITAL MANAGEMENT

- **Mandate managed by Kempen Capital Management (at 03/07/20) : 28% of assets**

COMPANY	% ASSETS
ADDTECH AB-B SHARES	0,6
ALTEN	0,2
ARCADIS	0,94
ASR NEDERLAND	0,95
AURELIUS	0,01
BAKKAFROST P/F	0,88
BAWAG GROUP AG	0,83
BE SEMICONDUCTOR INDUSTRIES	0,72
BEAZLEY	0,72
BILBAO MIDCO	0,73
BRAVIDA HOLD	0,86
BRENTAG	0,74
BUNZL	0,9
CIE AUTOMOTIVE	0,61
CLOETTA AB	0,44
DIALOG SEMICONDUCTOR	1,05
DUERR	0,38
EMIS GROUP PLC	0,28
EURONEXT	0,68
FABEGE	0,65
FAGRON	0,62
GRAINGER PLC	0,24
GREGGS PLC	0,42
GRAINGER PLC	0,24
GREGGS PLC	0,42

COMPANY	% ASSETS
GUINNESS PEAT GROUP PLC	0,82
HIBERNIA REIT	0,77
HIKMA PHARMACEUTICALS	0,74
HILL & SMITH HOLDINGS PLC	0,62
HILTON FOOD GROUP	0,32
HUHTAMAKI	0,89
JC DECAUX	0,49
KRONES	0
Rotork	0,8
SHURGARD SELF STORAGE SA	0,45
SIMCORP	0,49
SKANDIABANKEN ASA	0,88
SOFTWARE	0,67
SSP GROUP	0,26
SUBSEA 7	0,48
TAG IMMOBILIEN	0,59
TAKKT	0,59
TATE & LYLE	0,79
TGS NOPEC GEOPHYSICAL CO	0,47
TKH GP	0,62
TRYG	0
VESUVIUS PLC	0,61
VISCOFAN	0,27
WAREHOUSES DE PAUW	0,43
DISPOS	0,89



Mandate managed by



Asset
Management



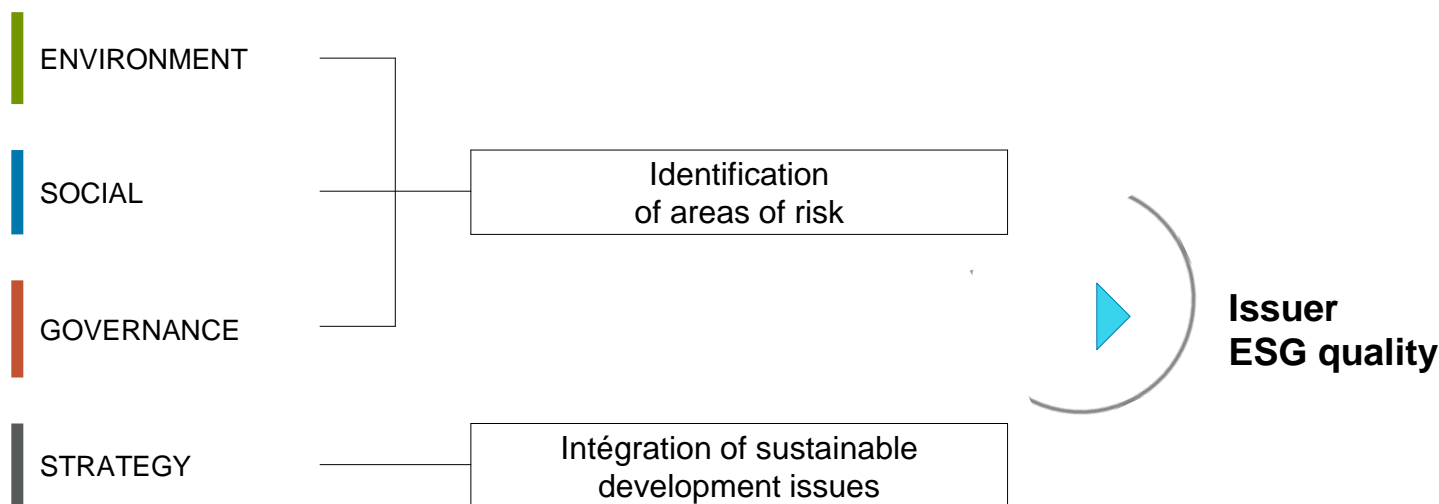
Principales caractéristiques du mandat

OFI Asset Management **Mandate covering 33,3% of total assets**

- 1 The OFI Group has a 15-year track record in responsible investment
- 2 SRI approach "Best in Class" for European large caps (Eurostoxx index)
- 3 Non-financial analysis carried out by an internal team of 5 analysts, based on multiple external information sources (MSCI, Vigéo...)

• **Our conviction : issuers integrating sustainable development issues within their strategy offer better long-term prospects**

- SRI analysis complements traditional financial analysis by including non-financial risks which may have an impact on issuers' results
- The integration of sustainable development issues within their strategy can support issuers' development



3-stage esg analysis methodology

- 1 | Identification of the Environmental, Social and Governance issues based on reference documents (e.g. Universal Declaration of Human Rights, UN Global Compact, ILO...)
 - 2 | Determination of sector-specific key issues
 - 3 | Issue management analysis by the company
- On completion of this phase,
an ESG score out of 10 is allotted to the company**

Process analyse, calcul note ESG

Sector reference

Construction
of a sector reference document
of key issues
and weightings

Issuer evaluation

Calculation of ESG score
from the key issue scores
for each issuer

+

Inclusion of qualitative elements
Controverses
Analysis of CSR management

ESG score by issuer

Score
Out of 10



SRI score by issuer

Company classification

- **"Best-In-Class"** classification of issuers according to their ESG score
- Calculation of an **SRI Score** reflecting the classification on a scale of 0,5 to 5
- Companies divided into **SRI categories** within the Eurostoxx index

Leaders

Companies most advanced in the inclusion of ESG issues

Committed

Companies actively incorporating ESG issues

Followers

Companies with an average level of ESG issue management

Unclears

Companies with a low level of ESG issue management

Under review

Companies lagging behind as far as ESG issue management is concerned (at least 20% of the companies in the investment universe) These companies are excluded from the investable universe

SRI selection process

Mandate managed by OFI AM

UNIVERSE OF EQUITIES
ON THE EUROSTOXX INDEX
~290 securities

SRI FILTER
Exclusion of at least 20% of the companies
most lagging behind in their sector
~230 securities

Exclusion of controversial activities
In accordance with fund policy

1 FINANCIAL ANALYSIS
NON-FINANCIAL ANALYSIS

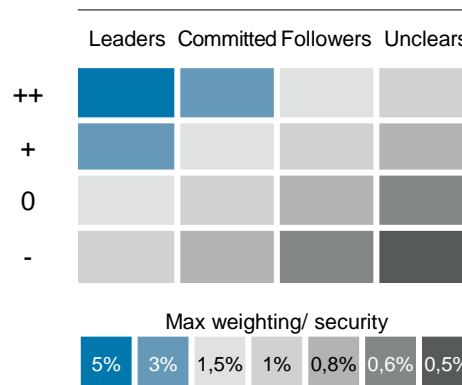
2 SECURITY SELECTION
Decision-making matrix

3 PORTFOLIO CONSTRUCTION

MANDATE MANAGED BY OFI AM
~70 securities

FINANCIAL ASSESSMENT

ESG ASSESSMENT



COMPANY CLASSIFICATIONS:

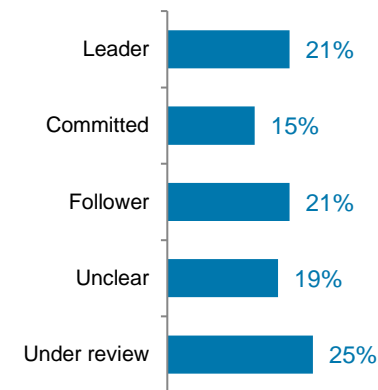
- Leaders: Companies most advanced in the inclusion of ESG issues
- Committed: ESG issues actively incorporated
- Followers: ESG issues moderately managed
- Unclears: ESG issues poorly managed

Tracking error <5%
Maximum sector variance vs index: 20%

CONTROL OFI RISK
Position monitoring and control of risks
by an independent Risk Management team

SRI Classification of Eurostoxx

% nb of securities

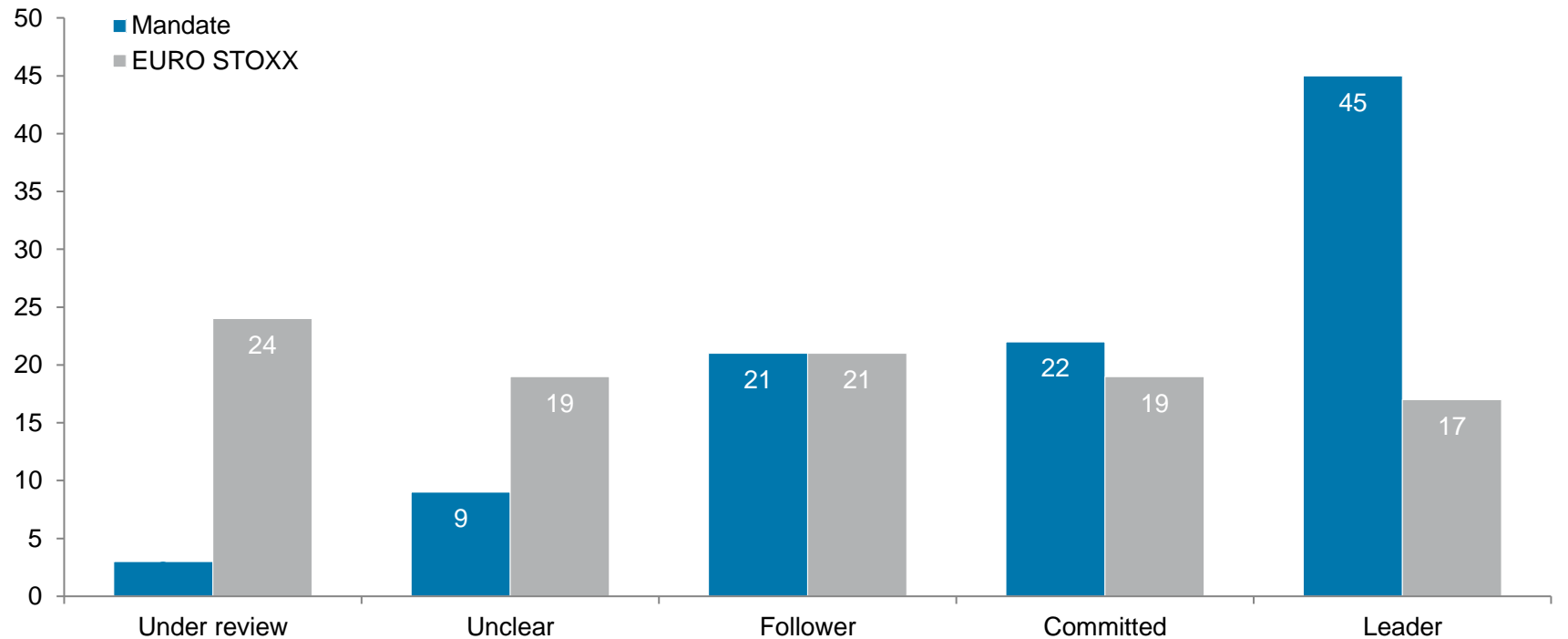


Within the framework of its fund management objectives, the mandate incorporates the result of the SRI analysis at two levels:

- At least 20% of the companies most lagging behind in terms of CSR risk management are excluded from the investment universe (SRI category "Under review")
- The maximum investment in a company depends on its SRI category and financial assessment as per the investment matrix opposite
- Finally, 100% of the companies in the portfolio must be analysed.

SRI analysis of the mandate and of the Eurostoxx index at 03/07/2020

Mandate managed by OFI AM and Eurostoxx index at 03/07/2020

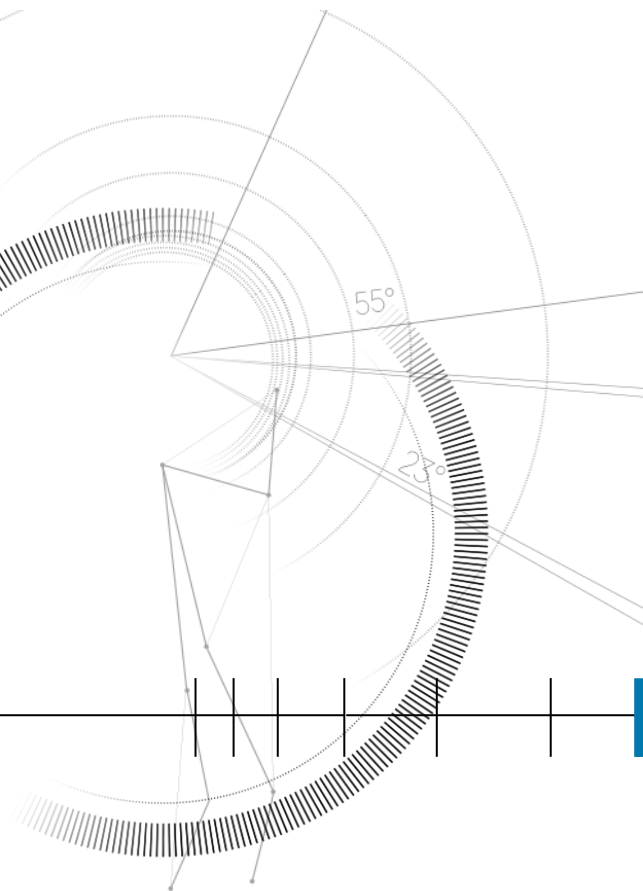


100% of securities held directly are subjected to ESG analysis

Portfolio details

Mandate managed by OFI AM (au 03/07/2020) : 40% of assets

COMPANY	% ASSETS	COMPANY	% ASSETS
ADIDAS	0,28	KERING	0,41
AHOLD DELHAIZE	0,24	KONINKLIJKE DSM	0,61
AIR LIQUIDE	0,44	KONINKLIJKE KPN NV	0,56
AKZO NOBEL	0,54	L OREAL	1,57
ALLIANZ	0,95	LEGRAND	0,37
AMADEUS IT HLDG	0,4	MERCK KGAA	0,67
ANHEUSER BUSCH INBEV	0,29	MICHELIN-B	0,35
ARKEMA	0,32	MUENCHENER RUECKVER	0,49
ASML	1,55	NESTE OIL OYJ	0,55
ATOS	0,45	NOKIA	0,47
AXA	1	OFI RS LIQUIDITES C/D	0,93
BANCO SANTANDER	0	ORANGE	0,29
BAYERISCHE MOTOREN WERKE AG	0,29	ORPEA	0,39
BBVA	0,53	PEUGEOT	0,29
BEIERSDORF	0,29	PHILIPS	0,47
BNP PARIBAS	0,47	PUMA	0,39
BRENNTAG	0,74	REPSOL	0,43
CAIXABANK	0	REPSOL DO20	0,02
CAPGEMINI	0,31	REXEL	0,22
CRH PLC	0,99	SANOFI	0,27
DAIMLER	0,01	SAP	1,14
DANONE	0,43	SCHNEIDER ELECTRIC	0,76
DEUTSCHE BOERSE	0,54	SEB	0,35
ENEL	1,52	SIEMENS	0,48
ENGIE	0,31	SIEMENS GAMESA RENEWABLE ENERGY	0,25
ESSILORLUXOTTICA	0,9	SMURFIT KAPPA GROUP	0,31
GALP ENERG	0,25	TELEFONICA	0,24
GERRESHEIMER	0	TELEFONICA DS2020	0,01
HEINEKEN	0,46	TELEPERFORMANCE	1
HENKEL	0,36	UCB	0,32
INDITEX	0,76	UNICREDIT	0,16
ING GROUPE	0,21	UNILEVER	0,83
INTESA SANPAOLO	0,75	VINCI	0,32
ISHARES CORE EURO STOXX 50	0,51	VIVENDI	0,13
KBC GROEP	0,51	WOLTERS KLUWER	0,12
		DISPOS	0,03



Mandate managed by

DE PURY PICTET TURRETTINI & CIE SA



Main features of the mandate

De Pury Pictet Turrettini 38% of mandate

- 1 An independent company founded in 1996
- 2 SRI approach "Active Engagement"
with European large caps in excess of €5b capitalisation
- 3 Original SRI approach supported by BHP in Zurich, a
mandate advisor appointed by PPT, a leading consulting
firm based in Zurich and specialized in sustainability.
BHP assesses companies' progress in terms of the
effective implementation of the Global Compact and
establishes dialogue with the companies accordingly

- **ESG analysis carried out by PPT is based on compliance with the principles of the Global Compact with a focus on material issues**
- **Reminder of the principles of the Global Compact**

Human rights

- Companies are invited to promote and protect international law relating to human rights within their sphere of influence
- They must ensure that their own companies are not complicit in any infringement of human rights

Labour law

- Companies are invited to respect freedom of association and to recognise the right to collective bargaining
- To eliminate of all forms of forced or compulsory labour
- To effectively abolish child labour
- To eliminate discrimination in employment and occupation

Environment

- Companies are invited to apply a precautionary approach to environmental challenges
- To undertake initiatives to promote environmental responsibility
- To encourage the development and diffusion of environmentally friendly technologies.

Fight against corruption

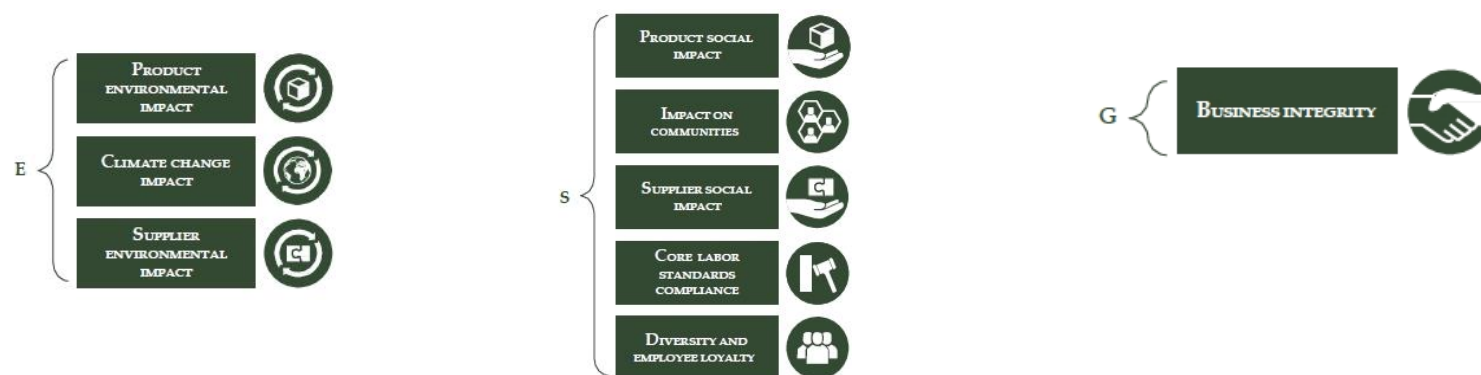
Companies are invited to work against corruption in all its forms, including extortion and bribery

Mandate SRI analysis process

- PPT assesses company performance in terms of the principles of Buy&Care strategy , in two stages :

1 Analysis of completeness of information

This analysis aims to define the implementation of 3 criterias among 9 durability stakes :



2 Analysis of quality of information

This analysis aims to define whether or not the information provided by the company is credible. 6 criteria - with varying weightings - are taken into account to judge the quality of the information provided:

- | | |
|------------------|-----|
| 1) Accessibility | 15% |
| 2) Clarity | 15% |
| 3) Comparability | 10% |
| 4) Accuracy | 25% |
| 5) Reliability | 25% |
| 6) Integration | 10% |

- The various analyses are subsequently used as a basis to establish dialogue with the companies

- **Portfolio management is based on a medium to long-term strategy. The turnover rate of the portfolio is very low**

On average each company is retained in the portfolio for 4 years against a market average of around 2 years for all SRI funds
- **The engagement approach is fully consistent with this type of management: all the companies within the portfolio are subject to engagement over a minimum period of 3 years**

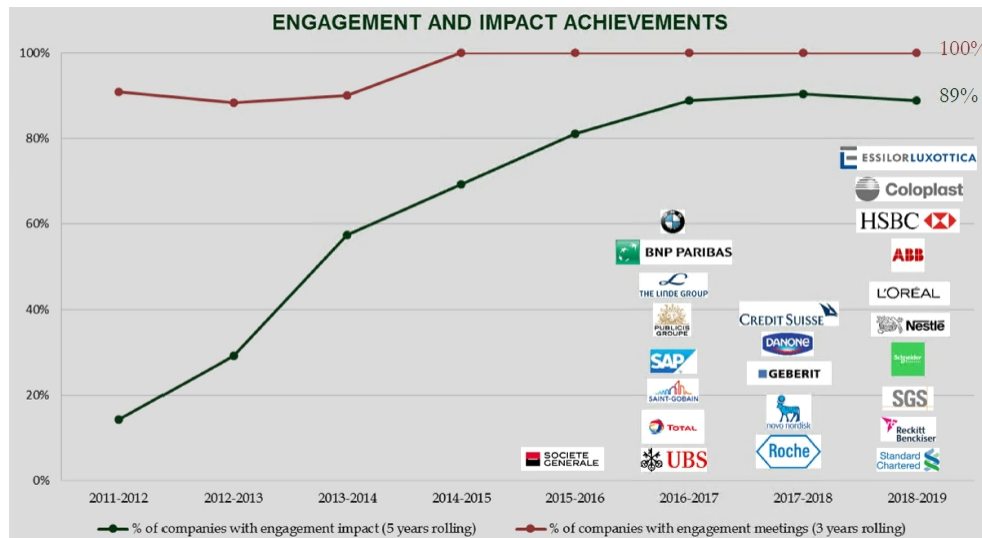
The companies are the subject of a detailed analytical report, reviewed annually
- **A disinvestment process for extra-financial reasons**

Fund managers may decide to sell their holdings in companies

 - With which dialogue is difficult or impossible
 - Which continue to refuse to sign the Global Compact or to improve the adoption of its principles
 - Which are at risk from the ESG issues they face, either generally or in response to major controversies
- **Voting rights exercised for the entire portfolio**

Engagement activities

- Twenty-eight of the portfolio's companies have implemented PPT recommendations and improved on at least one weak point raised in the past five years :



- **SGS's example of ESG assessment and engagement :**

- In early 2017, the company showed great interest on their behalf in developing, as a collaboration with us, innovative solutions specifically adapted to their business model.
- → SGS has been quick to set up a pilot training program for unemployed youth in South Africa through its SGS Academy business line in which half of the trainees were employed in other companies after 6 months.
- → In 2018, we followed-up with SGS in order to scale this first pilot project. We initiated a meeting with the Swiss State Secretariat for Economic Affairs (SECO) and SGS to present the project, potentially to join forces and discuss on how to structure a build-up. Other meetings are planned before the end of the year with SGS on how to scale up this powerful project to reach a significant social and economic impact.

More information on the website: www.ppt.ch

100% of securities held directly are subjected to ESG analysis

Portfolio details

DE PURY PICTET TURRETTINI & CIE SA

Mandate managed by De Pury Pictet Turrettini (at 03/07/2020) : 39% of assets

COMPANY	% ASSETS	COMPANY	% ASSETS
ADIDAS	0,99	L OREAL	1,35
ALLIANZ	0,89	LEGRAND	0,97
ANHEUSER BUSCH INBEV	1	LINDE	0,01
ASML	1,22	LINDE US	1,03
ASSA ABLOY	0,92	LVMH	0,89
ATLAS COPCO	0,88	NESTLE	1,04
AXA	1,07	NOVO NORDISK	0,01
BAYERISCHE MOTOREN WERKE AG	0,01	NOVOZYMES	1,26
CAPGEMINI	1,03	PARTNERS GROUP	1,11
CHRISTIAN HANSEN HLDG	1,28	PHILIPS	1,09
COLOPLAST	0,99	PRUDENTIAL	0,83
COMPASS GROUP	0,88	RECKITT BENCKISER GROUP	1,17
DANONE	0,94	ROCHE HOLDING	0,97
DASSAULT SYSTEMES	1,15	SAP	1,25
DEMANT	0,95	SCHNEIDER ELECTRIC	1,19
FRESENIUS MEDICAL CARE	0	SGS	0,73
GEBERIT	1,09	STRAUMANN HLDG	1,02
HENNES & MAURITZ	0,01	UBISOFT ENTERTAINMENT	1
HEXAGON	1,07	UNILEVER	1,03
INFINEON TECHNOLOGIES	1,17	VESTAS WIND SYSTEMS	0,94
KERRY GROUP	0,98	DISPOS	0,44

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