

# Publication of sustainability information

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## Ofi Invest ESG Ethical European Equity

### ■ Summary

Ofi Invest ESG Ethical European Equity (the “Sub-Fund”) promotes environmental or social characteristics but does not have a sustainable investment objective.

The Sub-fund's investment strategy is to select assets with a view to sustainability and socially responsible investment. To this end, the Sub-Fund will invest primarily in equity securities, including ordinary shares, convertible bonds and warrants listed or traded on regulated markets or other regulated markets in Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. Securities may be denominated in euros or any other European currency.

The promotion of social and environmental characteristics depends on the product's strategy and its own investment processes. They are systematically promoted by obtaining a minimum ESG score within a universe and by monitoring 4 indicators for labelled funds, and by managing negative impacts by monitoring controversies and adopting sectoral or normative exclusion policies, for example.

These characteristics are monitored by the Compliance Department on an ongoing basis, while the Internal Control Department carries out annual audits.

As the Sub-Fund is subject to a proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings and a commitment process with issuers on certain issues (climate, biodiversity, social). Finally, management constraints are subject to post-trade control.

### ■ No sustainable investment objective

This product promotes environmental and social characteristics but does not have a sustainable investment objective.

### ■ Environmental or social characteristics of the financial product

The Sub-Fund is invested in equity securities and multi-managed. This therefore involves management mandates entrusted to Investment Multi-Managers selected by the Investment Advisor's Multi-Management team. Currently, three Investment Multi-Managers have been selected: Kempen Capital Management, Ofi Invest Asset Management and De Pury Pictet Turretini. These three Investment Multi-Managers have complementary SRI management styles. In order to integrate all of these Sustainability Risks into this Sub-Fund's investment process, each of the three Investment Multi-Managers applies different methods in terms of its ESG analysis.

### ■ Investment strategy

The Sub-Fund's investment strategy is to select assets with a view to sustainability and socially responsible investment. To this end, the Sub-Fund will invest primarily in equity securities, including ordinary shares, convertible bonds and warrants listed or traded on regulated markets or other regulated markets in Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands,

Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom. Securities may be denominated in euros or any other European currency.

Consideration of material ESG issues is integrated into investment analysis and decision-making processes to better assess investment opportunities and manage risks with a view to generating long-term sustainable returns. ESG refers to environmental, social and governance factors relevant to an investment that can have a financial impact on that investment and affect portfolio performance (to varying degrees across companies, sectors, regions, asset classes and over time).

In addition, the following activities are excluded from the investment universe:

- weapons and ammunition;
- gambling, casinos and equivalent companies;
- pornography, prostitution;
- tobacco;
- alcoholic beverages (except beer and wine);
- thermal coal mining;
- energy producers developing coal-fired power stations;
- nuclear power and radioactive materials;
- oil sands, shale gas, Arctic drilling.

The policy for monitoring good governance<sup>1</sup> uses a variety of methods to assess investee companies:

#### **Mandate managed by Ofi Invest AM**

Firstly, for each Issuer, the ESG analysis includes an analysis of the company's governance and weekly monitoring of ESG controversies, covering themes and issues specific to good governance.

Secondly, Issuers are encouraged to comply with the exclusion policy of the United Nations Global Compact, in particular principle 10, "fight against corruption in all its forms", including money laundering and tax evasion. In the event of controversies of high or very high severity relating to principle 10 of the Global Compact, if an issuer does not provide information or evidence of corrective or remedial measures in place, it may be placed on an exclusion list.

Finally, Ofi Invest AM's voting and shareholder engagement policy for securities invested in equities is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.).

#### **Mandate managed by Van Lanschot Kempen Investment Management**

An internal review of the company's exposure to past controversies and future ESG opportunities.

The investment manager applies appropriate due diligence measures when selecting assets, and these due diligence measures consider ESG-related risks to the extent that they can contribute to enhancing long-term risk-adjusted returns for investors, in line with the Sub-Fund's investment objectives.

#### **Mandate managed by De Pury Pictet Turrettini & Cie**

Firstly, good governance is specifically considered on the basis of several criteria used as part of the investment manager's ESG assessment.

Secondly, governance controversies are constantly monitored as part of voting practice. Companies that fail to comply with basic governance practices will be excluded from the investment universe.

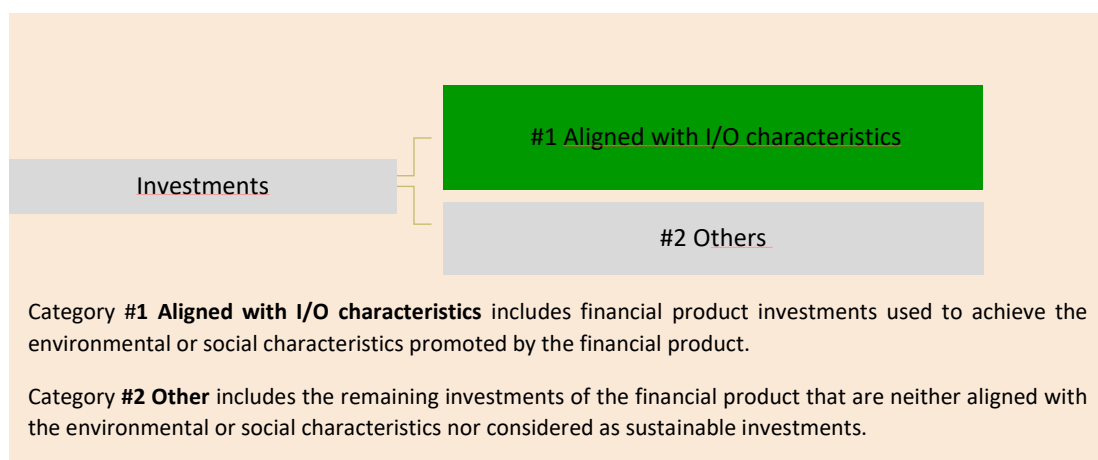
Finally, the investment manager analyzes the efficiency with which company management allocates capital, and the strength of corporate governance.

For more information on the investment strategy and good governance practices, please refer to the pre-contractual appendix to the prospectus.

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<sup>1</sup> Cette politique est disponible sur le site internet d'Ofi Invest AM à l'adresse suivante : [https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-de-bonne-gouvernance\\_ofi-invest-AM.pdf](https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-de-bonne-gouvernance_ofi-invest-AM.pdf)

## ■ Proportion of Investments



The Sub-Fund has at least 80% of its investments used to attain the environmental and social characteristics promoted (**#1 Aligned with E/S characteristics**).

A maximum of 10% of its investments in equity securities may not be subject to an ESG or SRI rating (**#2 Other**).

A maximum of 10% of the investments of the financial product will be derivatives and cash held for liquidity purposes (**#2 Other**).

## ■ Monitoring of environmental or social characteristics

### **Mandate managed by Ofi Invest AM**

Environmental and social characteristics are checked at several levels. A first-level control ensures compliance with the constraints relating to these characteristics. Second-level controls are carried out as follows: the Compliance Department carries out ongoing controls and the Internal Control Department carries out annual checks.

### **Mandate managed by Van Lanschot Kempen Investment Management**

The holdings are screened quarterly for compliance with Van Lanschot Kempen's ESG criteria. The screening process allows Kempen to monitor the ESG performance of all companies in the fund. It also encourages engagement on potential issues identified. Furthermore, the results of the screening feeds into quarterly challenging sessions between ESG specialists and portfolio managers. These sessions are used to assess whether ESG risks and opportunities are sufficiently reflected in the investment decision making process of Van Lanschot Kempen.

### **Mandate managed by De Pury Pictet Turrettini & Cie**

The Investment Manager uses the following ex-post strategies to foster further progress on the sustainability characteristics of the underlying emitters:

- Proxy Voting
- Engagement on PAI, DNSH and key ESG parameters
- Engagement to foster positive social impacts through partnerships in particular regarding peace and stability. Supported by a network of experts in the field of "Peace and Stability", the sub-Fund maintains a shareholder dialogue aimed at encouraging companies to strengthen their strategies for adapting to the complex and conflictual environments in which they operate. By assessing and supporting these strategies, the Investment Manager believes that it cannot only strengthen the position and impact of its portfolio companies, but also contribute to strengthening the fragile communities in which they operate.

## ■ Methodologies

### **Mandate managed by Ofi Invest AM**

The promotion of social and environmental characteristics depends on the fund strategy and investment processes specific to each fund. The approaches used may consist of obtaining a minimum ESG score within a universe, adopting a rating improvement strategy or excluding a percentage of the worst-performing issuers on ESG factors. For labelled funds, four indicators (environmental, social, governance or human rights) are also tracked, and funds must commit to beating their benchmark universe or index for two of them. Some thematic funds may track more specific indicators (e.g. % green sales).

The promotion of social and environmental characteristics also involves the management of negative impacts through the monitoring of controversies and the adoption of sectoral or normative exclusion policies, for example.

### **Mandate managed by Van Lanschot Kempen Investment Management**

The methodologies used include the following:

- Principal Adverse Impact Indicators are monitored at individual holding level and at the portfolio level.
- Van Lanschot Kempen ESG Score serves as input throughout the investment process (exclusion, integration in the valuation models, engagement). Scores are based on 21 ESG risk factors, which are selected based on their materiality per industry.
- Carbon emission intensity is used as the key carbon metric. We calculate carbon intensity based on revenues (weighted average carbon intensity), which we use for our commitment, ambition, and objectives. We also calculate carbon intensity based on Enterprise Value, which is also used by the EU Benchmarks.
- EU Taxonomy alignment is measured by turnover, for which we use a combination of actual data from investee companies and estimates on EU Taxonomy alignment made by a third-party provider.
- Engagement Milestones are used in order to measure engagement success. All engagement contacts are recorded and classified: Milestone 1 (company is informed), Milestone 2 (company acknowledges request), Milestone 3 (company commits to improve), up until Milestone 4 (proof of improvement).

### **Mandate managed by De Pury Pictet Turrettini & Cie**

The methodology used to measure the attainment of that sustainable investment objective is called Buy & Care. The Buy (pre-investment) component is based on an in-depth fundamental analysis. The Investment Manager embraces the concept of double materiality, which distinguishes between the impact of sustainability on the business model and the impact of the business model on sustainability for all investment decisions. Investment decisions are taken on the basis of the overall quality of companies and a sustainability analysis. The Care (post-investment) component is a key component of this strategy and involved exercising the shareholder rights in a systematic way. Voting decisions are taken by the portfolio managers with the support of dedicated internal and external staff. Engagement meetings are held with a dedicated support to clearly address the most important observed gaps. With the support of internal and external specialists, the Investment Manager suggests tangible improvement recommendations. These recommendations can be tracked and are followed through every year.

## ■ Data sources and processing

### **Mandate managed by Ofi Invest AM**

The MSCI data provider is our main supplier of data on ESG ratings, certain controversies, and raw tracking indicators. We also use it for certain exclusion lists.

We also use the following providers: Moody's ESG solutions (ESG rating of unlisted issuers, exclusions on controversial weapons), RepRisk (controversy monitoring, Global Compact exclusion policy), Urgewald (exclusion policy on coal, oil and gas), CDP/ Climate 100+ (climate indicator).

For historical reasons linked to the Ofi Invest Asset Management entity, created by the merger between OFI AM and Abeilles AM on 1 January 2023, depending on the fund, the data may or may not be restated.

1. For funds applying proprietary rating methodologies, the data is retrieved and repatriated in a proprietary rating tool, quality control may be performed to measure the confidence interval. Once the data has been reprocessed according to proprietary methodologies, it is then disseminated in our systems (Référentiel internal database) and made available to users via Excel and the PMS for fund

management. Data not integrated into our systems (such as data from CDP, Climate 100+ or Urgewald, for example) may be subject to manual checks.

2. For funds that do not use a proprietary methodology, MSCI ESG Research data is automatically integrated into the portfolio management system and is used by the ESG team and portfolio managers without reprocessing. If an anomaly is detected in the quality of the data, it is sent as soon as possible to MSCI ESG Research for correction.

### **Mandate managed by Van Lanschot Kempen Investment Management**

External data providers include (but are not limited to):

- Institutional Shareholder Services (ISS), used for proxy voting, governance research, carbon data and Sustainable Development Goals data;
- MSCI ESG Research: used for company ESG Ratings, product involvement data, principal adverse indicators and to assess the degree to which the investments are in environmentally sustainable economic activities under the EU Taxonomy, measured by turnover;
- Sustainalytics: used for ESG Risk Ratings and product involvement data.

Internal as well as external data is collected and processed in several data analytics (including FactSet, PowerBI, Tableau) and internal compliance systems (including ThinkFolio)

### **Mandate managed by De Pury Pictet Turrettini & Cie**

-We collect both qualitative and quantitative data relating to financial, ESG and impact data from various sources. We start from our network of brokers, financial data sources who increasingly integrate financial and ESG data directly into their analysis and recommendations. We currently source detailed ex-ante ESG data through four dedicated and distinct sources. One provider provides a broad coverage of all relevant ESG and Impact oriented data including climate scenarios. We are CDP signatory since 2012 and appreciate this environmental database for its in-depth quantitative and qualitative perspective. Another provider together with its ESG partners provide in-depth governance and proxy voting research coupled with specific ESG data. Finally, we also source data from an innovative crowdsourced impact-oriented database providing a unique perspective on the companies' externalities. Finally, our most precious data source stems from our regular company visits and engagement meetings. For our engagement meetings, we conduct our primary research with the support of another external company. These engagement assessments and the feedback obtained through them feedback into our ex-ante ESG and impact evaluations.

When the Investment Manager does not have ESG data available on an investee company, he will rely first on the data published by the company directly. He will also attempt to meet or engage with the company and at last resort by rely on the data provided by companies operating in a similar industry or environment.

To ensure data quality, the Investment Manager will first operate cross-comparison with different data providers. Moreover, the Investment Manager will also strive to meet or engage with the company directly.

Data are processed through an internal database and shared with the Investment Managers on a continuous basis. The data is disseminated and coordinated by the Chief Sustainability Officer but always defined and validated within the investment team.

Proportion of data estimated is low and represents less than 10% of companies except for smaller listed equities. Nevertheless, the data is mostly produced by the companies themselves and rarely completely assured. Hence the interpretation must be adapted.

## **■ Limitations to methodologies and data**

### **Mandate managed by Ofi Invest AM**

The methodological limitations linked to supplier data are as follows:

- A problem of missing or incomplete publication by certain companies of information used for ESG ratings
- A problem linked to the quantity and quality of ESG data to be processed by our suppliers
- A problem relating to the identification of information and factors relevant to ESG analysis
- A problem linked to the failure to consider scope 3 (indirect emissions) in the calculation of the carbon intensity used as an input for the MSCI ESG Research ESG rating model, due to a lack of available data.
- Problems linked to methodological changes that complicate the historical comparison of data over time

For funds that apply the proprietary analysis model, it is possible to overcome certain limitations, by providing, at the request of management, for the possibility of ad hoc ratings for unrated companies. Commitments with issuers

also make it possible to obtain information from companies that rarely publish it. A bonus/malus system is also provided for in the event of a difference in assessment between the analysis and the rating agency.

Par mesure de prudence, le scope 3 n'est pris en compte qu'à titre informatif à ce stade en attendant une plus grande disponibilité d'information à l'avenir afin de prévenir tout risque de volatilité.

#### **Mandate managed by Van Lanschot Kempen Investment Management**

Externally provided ESG data is far from perfect. Therefore, we conduct rigorous due diligence of the data used in our ESG processes to ensure the limitations will not affect the environmental and social characteristics. To ensure data quality we regularly engage with portfolio companies and third-party vendors. Limitations include, but are not limited to discrepancies between company reported data and data provided by third parties, inconsistencies across data vendors, market cap bias and modelling assumptions.

#### **Mandate managed by De Pury Pictet Turrettini & Cie**

All ESG assessments can be subject to limitations due to the variations in methodology between data vendors, the lack of corporate disclosure and the quality and robustness of the underlying data used to derive a score or calculate an environmental or social metric. In addition, data maturity varies based on industries and geographies. Low data maturity translates into lack of data and low reporting standardization. As such, main limitations of data translate into varying data availability and comparability.

Both methodologies and data depend on the quality of data provided by the investee companies and by data providers. Although there can be no guarantee that data used is complete and accurate, the Investment Manager applies a thorough assessments with various data sources involved to mitigate data limitation. Through a combination of internal and external assessments, the Investment Manager aims, and expects, to detect incomplete or inaccurate data and prevent it from affecting the environmental or social characteristics promoted by the Compartment.

### **■ Due diligence**

#### **Mandate managed by Ofi Invest AM**

For funds not subject to a proprietary analysis model, the choice of MSCI ESG Research was the subject of a rigorous selection process taking into account, for example, the coverage of the investment universe, the quality of the data and the ability to monitor this data at the level of the ESG and Management teams.

For funds subject to the proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings that may be subject to a bonus or a penalty where applicable, engagements with issuers on certain issues (climate, biodiversity, social), or to obtain more information on CSR issues, indicators, or the management of controversies.

Management constraints are subject to post-trade control (control of exclusion thresholds for issuers with the worst ESG performance for the funds concerned, control of constraints linked to sectoral and normative exclusions).

#### **Mandate managed by Van Lanschot Kempen Investment Management**

Before a company is invested in, Portfolio Managers perform a due diligence on potential ESG risks and principal adverse impact indicators, opportunities, as well as potential past controversies. ESG due diligence is integrated in the different stages of the investment process (screening of the investable universe, fundamental research and portfolio management). ESG specialists within Van Lanschot Kempen challenge the portfolio managers on the implementation of the ESG process on a quarterly basis.

#### **Mandate managed by De Pury Pictet Turrettini & Cie**

The Investment Manager has incorporated the sustainability aspects of the investment strategies into its investment due diligence process. For the selection and monitoring of investments an in-depth analysis is performed on all investee companies. This analysis includes Financial, Non-Financial and environmental or social characteristics.

### **■ Engagement policies**

#### **Mandate managed by Ofi Invest AM**

The commitment policy is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.). It also involves dialogue with certain companies, not only to obtain additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance. This policy of engagement is subject to an escalation process, which may also result in the tabling of a resolution or a dissenting vote where appropriate.

#### **Mandate managed by Van Lanschot Kempen Investment Management**

As active long-term investors we engage with our portfolio companies with the objective to unlock value and reduce risk. Our engagement process defines clear objectives of which the progress and result is tracked and well documented. If at any stage the company refuses to cooperate, divestment is considered. To support the Fund's objective to decarbonize we focus on the most carbon intensive companies. We aim to support improvement of disclosure, actions and policies that should contribute to a reduction in carbon intensity and steer the companies towards a Paris aligned economy.

#### **Mandate managed by De Pury Pictet Turrettini & Cie**

Through proactive, direct, and expert-driven engagement meetings with our portfolio companies, the Investment Manager promotes continuous ESG progress and tangible SDG impacts. These in-depth dialogues strengthen the investment convictions and reduce portfolio turnover. The Investment Manager is mirroring its double materiality fundamental analysis with a double engagement approach.

Engagement for ESG Progress: All dialogues and engagement meetings are designed to motivate companies to further increase the integration of key environmental, social, governance, and peace-related topics into the strategy and communication.

Engagement for SDG Impacts: All dialogue with portfolio companies are also geared to achieving dedicated additional social impact and making the SDGs a source of business value. The Investment Manager introduce to selected companies specialized SDG Impact Engagement Partners. Their expertise support portfolio companies to contribute to peace (SDG 16) and harness partnerships (SDG 17) to advance the SDGs at a greater pace and more effectively than they could alone.

### **■ Designated reference benchmark**

#### **Mandate managed by Ofi Invest AM**

No benchmark has been designated for the environmental or social characteristics promoted by the financial product.

#### **Mandate managed by Van Lanschot Kempen Investment Management**

Although there has been no index designated as a reference benchmark, by 2025 the Sub-Fund aims to have a carbon intensity that is below the EU Climate Transition Benchmark (EU CTB) pathway. This pathway assumes a carbon intensity that is 30% lower than the MSCI European Small-cap Index (the "Benchmark") in 2019 with a subsequent 7% annual reduction.

#### **Mandate managed by De Pury Pictet Turrettini & Cie**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Compartment.