

# ESG Report

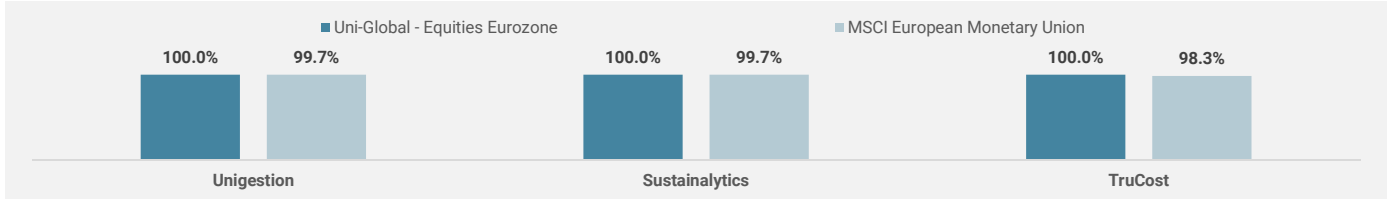


Portfolio: Uni-Global - Equities Eurozone  
Benchmark: MSCI European Monetary Union

As of: 2020-09-30

## Data coverage

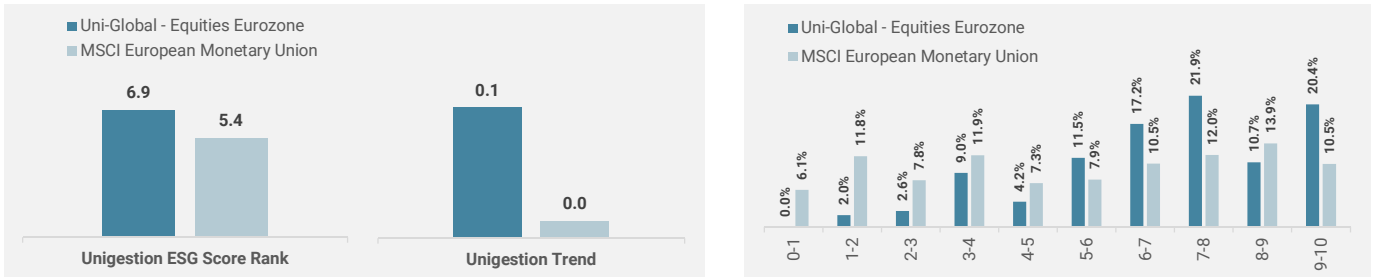
Data coverage is defined as the sum of the weight in portfolio and index with available data for each vendor.



## Unigestion ESG Score

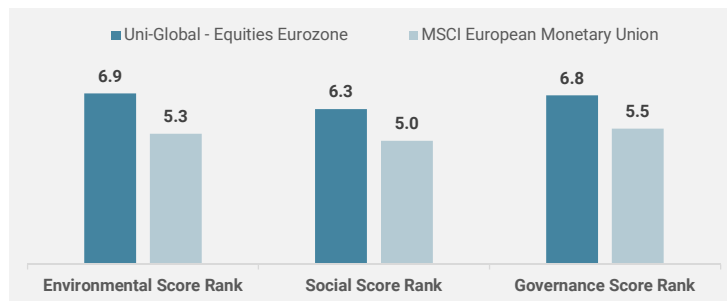
Unigestion ESG Score is a proprietary computation shown in decile. 10 is the best in class and 0 the worst in class.  
Unigestion Trend is the difference between the average improvement of the company over the short term (6 months) and the long term (24 months).  
Source: Unigestion, Sustainalytics, Trucost.

### Score Distribution



### Score Segregation

Unigestion ESG score is comprised of 35% environmental criteria, 15% social criteria and 50% governance criteria.  
ESG score rank is used in portfolio construction and the building blocks are as below:



### Top/Bottom Stocks

#### Top Contributors - Portfolio

Company Name	Weight	ESG Score Rank
Vonovia SE	4.21%	10.0
Wolters Kluwer NV	3.08%	9.9
Gecina	0.91%	9.8

#### Top Contributors - Benchmark

Company Name	Weight	ESG Score Rank
Icade	0.04%	10.0
Vonovia SE	0.81%	10.0
Getlink SE	0.14%	9.9

#### Worst Contributors - Portfolio

Company Name	Weight	ESG Score Rank
Kerry Group PLC	1.21%	2.0
Hera SPA	0.26%	1.7
Sodexo	0.50%	1.4

#### Worst Contributors - Benchmark

Company Name	Weight	ESG Score Rank
Rwe AG	0.55%	0.2
Thyssenkrupp AG	0.05%	0.1
Volkswagen AG	0.81%	0.1

### Carbon Footprint

Carbon Intensity is the total carbon emissions divided by revenues (in tons of CO2 equivalent by USD millions of sales). It includes direct and first tier indirect emissions, i.e. Scope 1 emissions (Direct Emissions) + Scope 2 Emissions (Emissions of Energy suppliers) + Direct Upstream Scope 3 Emissions (Emissions of other direct suppliers).  
Source: TruCost, Unigestion

	Portfolio	Benchmark
Total footprint (direct and first tier indirect)	135	246
Scope 1 intensity (Own emissions)	51	138
Scope 2 intensity (Emissions of energy suppliers)	35	35
Scope 3-Upstream intensity (other indirect emissions)	133	169

### Product Involvement

Product involvement is an approximate percentage of total revenue of companies' involvement in a range of products and business activities for screening purposes. The total levels for each involvement below is the weighted average of involvement levels in percentage of revenue and weight of the portfolio or benchmark. We consider the revenue exposure material when above 10%.  
Source: Sustainalytics, Unigestion

	Portfolio (%)	Benchmark (%)	Active
Restricted			
Adult Entertainment			
Controversial Weapons		2.0%	-2.0%
Thermal Coal		0.5%	-0.5%
Tobacco Products			
Predatory Lending			
Monitored			
Abortion		0.5%	-0.5%
Alcoholic Beverages	3.1%	3.5%	-0.4%
Animal Testing	24.4%	23.6%	0.8%
Contraceptives	2.7%	4.0%	-1.3%
Small Arms		0.0%	0.0%
Fur and Specialty Leather			
Gambling	0.2%	0.6%	-0.4%
Genetically Modified Plants and Seeds			
Military Contracting		0.5%	-0.5%
Nuclear		0.9%	-0.9%
Pesticides		0.3%	-0.3%
Palm Oil	0.0%	0.0%	0.0%
Pork Products			
Human Embryonic Stem Cell and Fetal Tissue	5.3%	4.0%	1.3%
Oil Sands			
Arctic Oil & Gas Exploration			
Shale Energy			
Oil & Gas	3.7%	4.0%	-0.3%
Whale Meat			
Cannabis			
Riot Control			

### Controversies

Controversies identify involvement in incidents that may negatively impact the shareholders, the environment or company's operations.  
It is the weighted average of controversy scores (1=low, 2=moderate,3=significant, 4=high, 5=severe) and weight of portfolio and benchmark.  
Source: Sustainalytics, Unigestion

	Portfolio	Benchmark	Active
Environmental			
Operations Incidents	<div><div></div></div> 0.2	<div><div></div></div> 0.5	-0.3
Environmental Supply Chain Incidents	<div><div></div></div> 0.2	<div><div></div></div> 0.2	0.0
Product & Service Incidents	<div><div></div></div> 0.2	<div><div></div></div> 0.4	-0.2
Social			
Employee Incidents	<div><div></div></div> 0.8	<div><div></div></div> 1.2	-0.4
Social Supply Chain Incidents	<div><div></div></div> 0.3	<div><div></div></div> 0.5	-0.2
Customer Incidents	<div><div></div></div> 1.3	<div><div></div></div> 1.6	-0.3
Society & Community Incidents	<div><div></div></div> 0.5	<div><div></div></div> 1.0	-0.5
Governance			
Business Ethics Incidents	<div><div></div></div> 1.0	<div><div></div></div> 1.4	-0.4
Governance Incidents	<div><div></div></div> 0.2	<div><div></div></div> 0.5	-0.2
Public Policy Incidents	<div><div></div></div> 0.1	<div><div></div></div> 0.2	-0.1

### Highest Controversies

Portfolio				Benchmark			
Company Name	Weight	Level	Controversy Subject	Company Name	Weight	Level	Controversy Subject
Sanofi	2.7%	4	Customer Incidents	Atlantia SPA	0.2%	5	Customer Incidents
Adidas AG	1.4%	3	Social Supply Chain Incidents/Business Ethics Incidents	Bayer AG	1.4%	5	Society & Community Incidents
Axa	2.6%	3	Customer Incidents	Volkswagen AG	0.8%	5	Product & Service Incidents/Business Ethics Incidents

## Fund-Specific ESG Objectives

The fund has additional ESG objectives.

The fund monitors and provides information on other sustainability performance objectives considered as follows:

### >>Environmental Performance

- Improve carbon footprint (tCO2e/USD m revenues), **relative to the benchmark**.

This metric includes Scope1, Scope2 and Scope3 first tier upstream.

Action: Maintain at worst 20% below the market reference level.

Exclude companies with excessive carbon footprint (3'000 tCO2e/USD m revenues).

Engage with companies and participate in collaborative engagement initiatives to promote carbon emissions disclosure and setting/monitoring on emissions reductions targets.

Carbon footprint intervals	0- 525	525-1051	1051-1576	1576-2102	2102-2627	2627-3153	3153-3678	3678-4203	4203-4729	4729-5254	5254+	Coverage
Portfolio	92.96%	5.00%	2.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Benchmark	87.86%	4.89%	5.88%	0.19%	0.00%	0.22%	0.20%	0.00%	0.21%	0.00%	0.55%	97.98%

### >>Social Performance

- Fairness ratio (Average Executive Pay as Percent Average Personnel Expense)

- Frequency and severity of Employee incidents/controversies (Controversy range is from 0 to 5, 5 is the most severe controversy)

Action: Companies with a fairness ratio in the worst decile of the universe or with considerable employee incidents controversies will be reviewed as potential engagement cases.

Fairness Ratio	# companies in worst decile	% Weight	Coverage
Universe	30	13.57%	67.89%
Portfolio	8	14.13%	87.32%

Employee Incidents	# companies with considerable	% Weight	Highest severity	Coverage
Universe	9	2.72%	3	95.55%
Portfolio	3	2.62%	3	100.00%

### >>Governance Considerations

- Percentage of independent board members

According to Sustainability Policy Recommendations obtained from ISS, the boards of "Non-controlled" companies are expected to comprise of over 50 percent independent members (excluding employee shareholder representatives), while "Controlled" companies are expected to comprise of at least one-third independent board members (some exceptions may apply in different countries. For these we follow ISS recommendations).

Action: Companies with a lower level of board independence than described above will be reviewed as potential engagement cases. Unigestion systematically votes against the appointment of directors which prevents the achievement of a sufficient board independence level as described above. Please note the companies below are only chosen based on independence level below 50%, in many cases this may be justified.

	# companies with insufficient	% Weight	Coverage
Universe	73	17.70%	73.69%
Portfolio	13	17.77%	97.18%

### >>Human Rights Considerations

- Compliant Status or Improvement of compliance status according to UN Global Compact definition of human rights (Compliant, WatchList, In Breach)

- Frequency and severity of controversies concerning human rights at work (Controversy range is from 0 to 5, 5 is the most severe controversy)

Action: Companies that are considered non-compliant according to UNGC principles are directly excluded.

Companies that are put on WatchList for UNGC compliance are targeted for engagement to have more clarity on the issue raised, and enquire and monitor about the measures taken and the progresses achieved to get out of the WatchList.

Companies with considerable human rights controversies will be reviewed as potential engagement cases.

UNGC	Portfolio	Universe
Coverage # stocks	100.00%	95.55%
Coverage % weight	100.00%	97.38%
Compliant (# Stocks)	70	487
Watchlist (# Stocks)	1	6
Non-Compliant (# Stocks)	0	1
Compliant (% Weight)	97.34%	93.50%
Watchlist (% Weight)	2.66%	3.70%
Non-Compliant (% Weight)	0.00%	0.18%

Human Rights	# companies with considerable	% Weight	Highest severity	Coverage
Universe	2	0.74%	4	95.55%
Portfolio	1	0.94%	3	100.00%

## Investment Universe Exclusions

In line with our "Responsible Investment" policy, we have 2 Pillars of bottom-up considerations starting with initial investment universe of the fund:

**Pillar I: Norm-based Screening**  
Norm-based screening is the process of excluding companies associated with key social or environmental issues. According to the European Sustainable Investment Forum, it is the "screening of investments according to their compliance with international standards and norms".

**Pillar II: Exclusionary Screening**  
Negative or exclusionary screening is the process of excluding companies from an investment universe based on our expectations regarding specific ESG-related risks.

This section does not include any client-specific exclusions.

Source: Sustainalytics, MSCI, Unigestion

		Number of excluded companies	Excluded weight as percentage
<b>Pillar I</b>	<b>Controversial Weapons</b>	5	1.83%
	<b>Tobacco Producers</b>	2	0.11%
	<b>Adult Entertainment Producers</b>	0	0.00%
	<b>Thermal Coal</b>	5	2.20%
	<b>Predatory Lending</b>	0	0.00%
	<b>UNGC non-compliant</b>	3	0.84%
<b>Pillar II</b>	<b>High carbon emitters</b>	7	0.95%
	<b>Non-covered companies</b>	22	2.61%
	<b>Worst-in-class companies</b>	23	4.91%
<b>Others</b>	<b>Discretionary ESG exclusions</b>	3	0.24%
	<b>Total (unique)</b>	64	12.38%
	<b>Universe</b>	517	100.00%
	<b>% Universe</b>	12.38%	12.38%

## Engagement Summary

5 most recent engagement of the account. More detailed information is available on request.  
Source: ISS, Unigestion

Last Update	Criteria	Company	Engagement Status	Voting Script	Company Reply
Oct 2020	S	Industria de Diseno Textil (INDITEX)	No response received when after AGM	Concerned about the current situation the company is facing in terms of its fairness ratio. The company has a low assessment on fairness ratio by ESG - data providers such as Sustainalytics.	
Oct 2020	S	Kesko Oyj	Letter acknowledged with explanations	Concerns about the current situation the company is facing in terms of board independence and its fairness ratio. Board of Directors is currently composed of 43% independent members. The company has a low assessment on its fairness ratio by ESG data providers such as Sustainalytics	They replied partially on 25 September, Hanna Jaakkola, VP IR confirmed by email that our letter was forwarded to the CEO. They also made a note that tindependence of board members is no longer below 50% and sent us a link to board members' independence as of 1 July 2020. We should hear back from them on the other subject of fairness ratio in the coming weeks.
Oct 2020	S	Heineken NV	Letter acknowledged	Concerns about the current situation the company is facing in terms of employee incidents, human rights and its fairness ratio: the company faced employee-related issues in the past, such as sexual exploitation connected to Heineken's beer promotion activities in Africa. The company has a low assessment on its fairness ratio by ESG data providers such as Sustainalytics	They replied on 28 September, Katerina Eksteen IR Coordinator confirmed by email that our letter was forwarded internally and that we will hear from them in due course.
Sep 2020	G/S	Ageas SA/NV	Satisfactory explanation, discussion closed	Concerns about the supervision of Environmental and Social issues in the core business strategy by the Board Committee. The company lacks a comprehensive responsible investment programme, as well as initiatives to incorporate environmental and social issues into its practices. We believe that failure to include Environmental and Social matters can signal inadequate accountability to investors as well as to the public. This could increase risks for customer satisfaction and company reputation, which in turn may result in decreased revenues	They replied on 11 February and thank us for our letter. They refer us to their 3-year strategic plan named Connect21, which aims at creating value for stakeholders. They explained that, as an insurance group, Ageas is at the heart of number of societal themes, they commit to adhere to UN SDGs and subscribed to the UN PRI and implemented its principles. They also mention their efforts in putting in place a stakeholders action plan to respond to various regulations and focus on implementation of the UN SDGs within the business. They intend to substantially improve their
Sep 2020	G	Nokian Tyres Oyj	Satisfactory explanation, discussion closed	Vote 1: Approve auditors: tenure exceeds 7 years (25 years) Vote 2: A vote AGAINST is warranted because:- The non-audit fees exceed 25 percent of the total fees paid to the auditor (i.e. 71.8 percent).	They replied on 30 April and thank us for our message. They have forwarded the letter to the CEO Hille Korhonen and she replied to us by email on 20 April. She explained that 2020 re-elected the authorized public accountants KPMG as the auditor of Nokian Tyres plc for the financial year 2020 and KPMG designated APA Mr. Lasse Holopainen as the responsible auditor. Under the EU regulation, KPMG may continue as the auditor of Nokian Tyres plc until 2023 after which it is mandatory to appoint a new audit firm. The statutory auditor rotation is mandated at least every seven

## Sustainable Development Alignment (SDG)

SDG score indicates to what extend the portfolio or benchmark are aligned with 17 UN defined goals in terms of production and operation/management. Scores are from 0 to 100, the higher the score the higher the alignment. It is the weighted average of the scores.  
Source: Sustainalytics, Unigestion

