



TRANSPARENCY CODE

July 2021

Signatory of:





Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of **Unigestion SA**. We have been involved in SRI since 2004 and welcome the European SRI Transparency Code ('the Code'). This document forms our first statement of commitment and covers the calendar year 2019. Our full response to the European SRI Transparency Code can be accessed below and is available on our website.

Compliance with the Code

Unigestion SA is committed to being fully transparent according to the Code, within the competitive and regulatory parameters that exist in the countries in which we operate. **Unigestion SA** strives to meet the full recommendations of the European SRI Transparency Code.



Table of Contents

- 1. LIST OF FUNDS COVERED BY THE CODE..... 4
- 2. GENERAL INFORMATION ABOUT THE FUND MANAGEMENT COMPANY..... 5
- 3. GENERAL INFORMATION ABOUT THE SRI FUND(S) THAT COME UNDER THE SCOPE OF THE CODE..... 9
- 4. INVESTMENT PROCESS..... 14
- 5. ESG CONTROLS.....25
- 6. IMPACT MEASURES AND ESG REPORTING26
- 7. IMPORTANT INFORMATION28



1. LIST OF FUNDS COVERED BY THE CODE

Uni-Global Equities Eurozone

Dominant/Preferred SRI Strategy: ESG integration & Exclusions

Asset Class: Equities of companies listed in member states of the Eurozone

Exclusion standards and norms

Controversial Weapons

Tobacco producers

Human Right / Labour Rights

Adult entertainment production

CO2 intensive (including coal)

Predatory Lending

Total Fund AuM: EUR 71m as at 30.06.2020. Source: Unigestion.

Other Labels:

Current application for SRI label.

Morningstar Sustainability Rating 5 (SA-EUR share class as at 31 May 2020).

Relevant documents

KIID

Prospectus

Management Report

Financial Reporting

Non-Financial Reporting

Corporate Presentation

Others:

Responsible Investment in Direct Liquid Assets policy



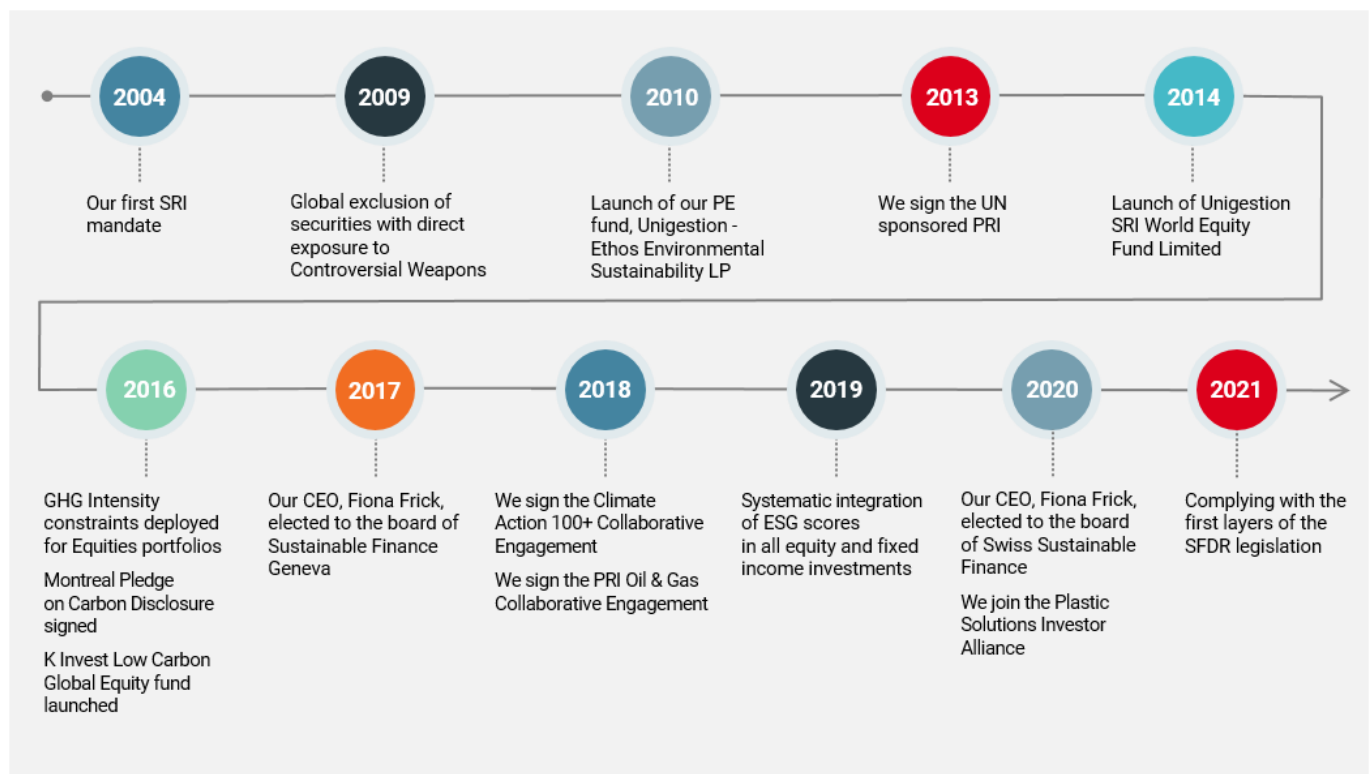
2. GENERAL INFORMATION ABOUT THE FUND MANAGEMENT COMPANY

2.1. Name of Management Company to which this code applies

Unigestion SA
Avenue de Champel 8C
Case Postale 387
1211 Genève 12
Switzerland

2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Unigestion has been an active proponent of responsible investing since 2004 when we launched our first Socially Responsible Investing (SRI) mandate for a Nordic investor. Since then, we have introduced a number of initiatives and products, signed the United Nation's Principles for Responsible Investment (UN PRI) in 2013 and significantly accelerated our SRI-related activities since 2016. Please find below a summary timeline for the implementation of Responsible Investment at Unigestion.



Source: Unigestion

Today, SRI is incorporated into everything we do, from the integration of the UN PRI into our investment processes for both standard and bespoke portfolios, to the promotion of the principles both internally and externally.

More information is available on the Responsible Investment section of our website:

<https://www.unigestion.com/responsible-investment/>

2.3. How does the company formalise its sustainable investment process

Our Responsible Investment Committee leads the development and integration of RI principles into all our investment processes across the firm. Composed of senior management, including our CEO, Fiona Frick, the committee has formulated our responsible investment policy, which states our corporate mission and establishes the following three principles to guide our activities:



- ▶ We integrate Environmental, Social and Governance (ESG) criteria into our investment decision-making processes.
- ▶ We actively exercise investors' rights as shareholder by voting at shareholder meetings through our external proxy voting policy, and engaging directly with investee companies whenever necessary.
- ▶ We promote SRI best practices by aligning our investment policy with the philosophy of the UN PRI and by being an active member of industry-wide movements such as Swiss Sustainable Finance.

In addition to guiding and monitoring ESG implementation across all investment activities, the Committee is also responsible for validating companywide policies on sector and activity exclusion. We want exclusions to be applied across the firm and across all assets, we manage for our clients. As a result, the Committee has established a number of policies, which help to provide structure, and guidance on the implementation of Responsible Investment practices throughout the firm.

- ▶ Sustainable Investment policy
- ▶ Voting Rights policy
- ▶ Engagement policy

2.4. How are ESG risks and opportunities – including those linked to climate change understood/taken into account by company?

As mentioned above, our RI Committee leads the development and integration of RI principles into all our investment processes across the firm. Below is a list of exclusions applied across all investment lines since 2019. Each exclusion is systematically considered but our team of fundamental equity analysts determines the relevance of the issue.

Exclusion	Description
Human Rights*	Businesses that do not support and respect the protection of internationally recognised human rights or are complicit in human rights abuses
Labour Rights*	Businesses that do not uphold: <ul style="list-style-type: none"> ▶ the freedom of association and the effective recognition of the right to collective bargaining ▶ the elimination of all forms of forced and compulsory labour ▶ the effective abolition of child labour ▶ the elimination of discrimination in respect of employment and occupation
Environmental Issues*	Businesses that do not: <ul style="list-style-type: none"> ▶ support a precautionary approach to environmental challenges ▶ undertake initiatives to promote greater environmental responsibility ▶ encourage the development and diffusion of environmentally friendly technologies
Business Ethics*	Businesses with any corruption allegation, including extortion and bribery
Controversial Weapons**	Businesses that manufacture, distribute or sell controversial arms or ammunitions such as cluster bombs, landmines, depleted uranium, etc.
Adult Entertainment Producers***	Businesses principally engaged in the production of pornography
Tobacco Producers***	Businesses principally engaged in the manufacturing of, or trading in, tobacco
Thermal Coal***	Businesses with more than 10% of their total revenue derived from thermal coal
Predatory Lending***	Businesses directly involved in unethical lending practices that impose unfair and abusive loan terms on borrowers.

* As described by UN Global Compact (UNGC), Source: Sustainalytics

** Sources: NBIM, Sustainalytics

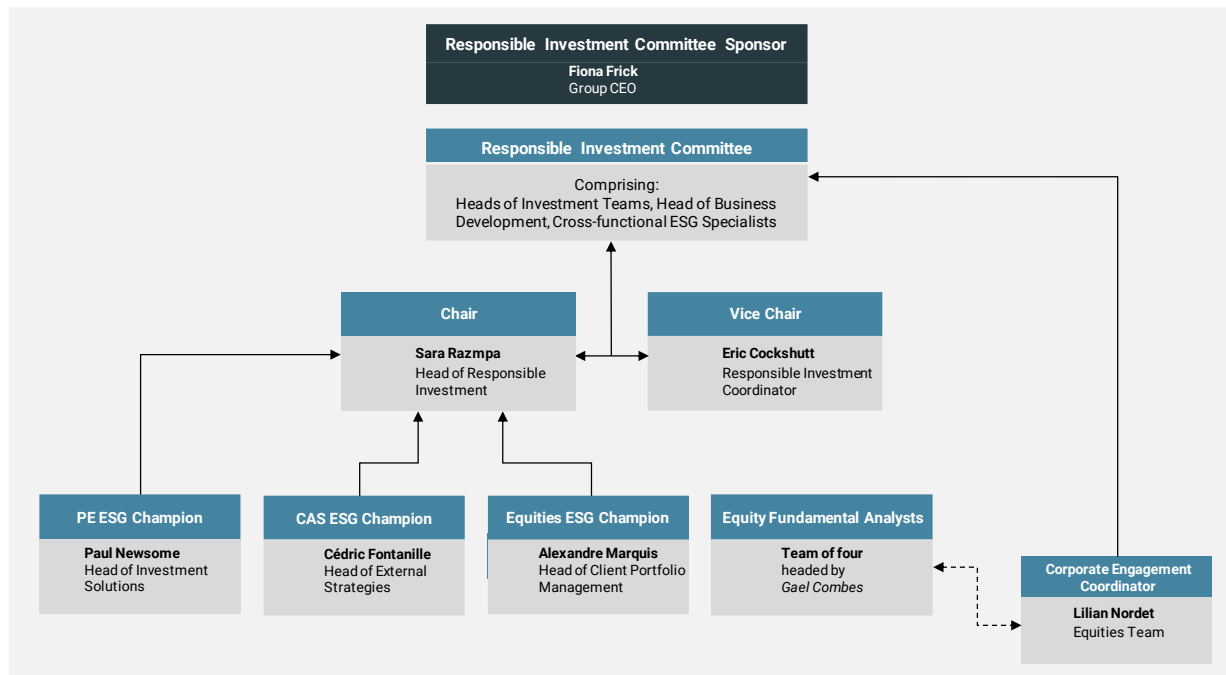
*** Source: Sustainalytics

2.5. How many employees are directly involved in the company's sustainable investment activity?

Unigestion has mandated that those employees directly involved in the management of client assets are ultimately responsible for the application of the firm's Responsible Investment principles. This includes ESG research on companies considered for investment as well as integration of those companies into the portfolios.

Unigestion does not have a team of dedicated ESG analysts. Rather, within each investment line, there are ESG champions responsible for leading ESG implementation, ensuring the compliance of portfolios with the firm's principles, and reporting to the

Responsible Investment Committee on the current situation and any progress made regarding the integration of Responsible Investment criteria. Below is an organisation chart of our RI Committee:



Source: Unigestion, as at 30 June 2020

2.6. Is the company involved in any RI initiatives

Yes. We are members of Swiss Sustainable Finance, an organisation created to promote sustainability in the Swiss financial market and to strengthen Switzerland's position as a leading centre worldwide for sustainable finance. Our CEO is a member of the board of Sustainable Finance Geneva.

Further, we strive to actively drive engagement by promoting our views on ESG topics at industry events, including:

- ▶ PRI in Person, London, September 2015
- ▶ PRI, Stockholm, June 2017
- ▶ "Switzerland, Home of the Green Economy?", Geneva, February 2018
- ▶ Geneva Forum for Sustainable Investment, Geneva, May 2018
- ▶ Building the Bridges Summit, Geneva, October 2019



2.7. What is the total number of SRI assets under the company's management?

We believe that ESG factors can have a material impact on the risk/return profile of our investments and therefore integrate ESG considerations into our investment processes as a matter of course.

We define Integration as the following:

- ▶ A clear inclusion of ESG criteria within the investment process
- ▶ Active modification of investment holdings given ESG criteria

The concept of integrating of ESG considerations within our investment processes is applied to direct investments. That is, we currently consider physical asset classes (Equity, Fixed Income, and Private Equity) and the external investment within these asset classes. We do not apply ESG criteria to derivatives, short positions or cash (as at December 2019).

According to this definition, our total assets under management by investment team is provided below alongside the AUM according to ESG criteria managed by these respective teams:

Investment Team	AUM USDm	ESG AUM USDm	ESG as %
Cross Asset Solutions	2'269.0	666.2	29%
Equities	13'461.5	11'348.7	84%
Private Equity	7'216.0	665.1	9%
Total Firm AUM	22'946.4	12'680.0	55%

Source: Unigestion, as at 31 December 2019

3. GENERAL INFORMATION ABOUT THE SRI FUND(S) THAT COME UNDER THE SCOPE OF THE CODE

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors

Managing risk lies at the heart of Unigestion's investment philosophy. We believe that integrating ESG criteria into our investment processes is essential to better managing the risk of our investments and thus provides a positive influence on the long-term risk-adjusted returns of our portfolios.

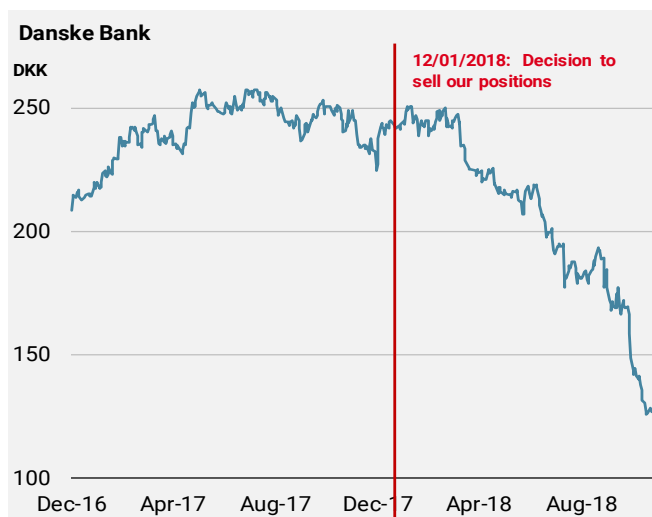
A 360° approach to risk assessment is at the heart of our process. ESG criteria is naturally integrated as a source of risk and it affects the way we select investments and build portfolios. In addition to traditional risk measures such as fundamentals, volatility and liquidity, key considerations within our risk assessment also include ESG characteristics of companies, their carbon footprint as well as potential controversies. We firmly believe that SRI is key to protecting investors' assets against the emergence of these new risks.

Responsible Investing Issues Are Key to Unigestion's 360° Risk Assessment



Paying attention to ESG criteria has historically been beneficial to our strategies, allowing us to identify risks before they materialise in the market. An example is Danske bank.

In early December 2017, our analysts began to closely monitor investigations into allegations of money laundering by Danske Bank's Estonian affiliate. After detailed analysis, we concluded that the level of risk associated with this governance problem was too high and we divested our assets in Danske Bank as a result.



Source: Unigestion

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Unigestion uses a combination of both internal and external research to assess the issuers within the investment universe of the fund. As well as investment professionals applying ESG criteria at a stock level when considering investments, we also use the following external providers:

- ▶ Sustainalytics
- ▶ Trucost
- ▶ ISS

Furthermore, our team of fundamental analysts use a mosaic methodology by applying proprietary research methods ("Risk Map") to detect ESG risks that are not captured by our external data providers, also using external broker research.

3.3. What ESG criteria are taken into account by the fund(s)

We require the fund to maintain an ESG score that is significantly higher than the market reference on an ongoing basis. This is achieved through a combination of both systematic and qualitative scoring to find companies with better ESG scores than the benchmark whilst avoiding those with the worst ESG scores.

ESG criteria are applied as follows:

▶ Systematic ESG

Scoring of companies, based on Environmental, Social and Governance indicators sourced from and scored by specialist external data providers. The team systematically screen companies and monitor the aggregated score of the fund in order to improve the overall ESG level of the portfolio:

▶ Qualitative Analysis

A bottom-up analysis of the candidate company's ESG criteria is performed before inclusion in the portfolio and on an ongoing basis thereafter. Companies having a material direct link to controversial weapons and tobacco production are systematically excluded from the list of candidate companies, together with those companies demonstrating little evidence of improvement, and companies with the worst carbon intensity score. The ESG integration methodology is reviewed on a regular basis.

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

▶ Environmental Considerations

- Carbon footprint (tCO₂e/USD m revenues), relative to the benchmark.

Action: Remain 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	92.33%	5.37%	2.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Benchmark	87.89%	5.01%	5.85%	0.19%	0.00%	0.18%	0.20%	0.00%	0.19%	0.00%	0.49%	98.38%

As of June 2020.

▶ Social Considerations

- Fairness ratio (Average Executive Pay as Percent Average Personnel Expense)
- Frequency and severity of Employee incidents/controversies

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	# of companies in worst decile	% Weight	Coverage
Universe	30	13.72%	72.18%
Portfolio	9	14.43%	86.30%

As of June 2020.

Employee Incidents	# of companies with considerable controversies	% Weight	Highest severity	Coverage
Universe	9	3.56%	3	94.35%
Portfolio	2	2.11%	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.

	# of companies with insufficient board independence	% Weight	Coverage
Universe	73	18.09%	78.02%
Portfolio	13	17.06%	97.26%

As of June 2020.

► 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

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%	94.15%
Coverage % weight	100.00%	97.30%
Compliant (# Stocks)	72	461
Watchlist (# Stocks)	1	5
Non-Compliant (# Stocks)	0	1
Compliant (% Weight)	97.74%	93.23%
Watchlist (% Weight)	2.26%	3.88%
Non-Compliant (% Weight)	0.00%	0.19%

As of June 2020.

Human Rights	# of companies with considerable controversies	% Weight	Highest severity	Coverage
Universe	2	0.81%	4	94.35%
Portfolio	1	1.01%	3	100.00%

3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?

Unigestion follows the principles of the UN Global Compact when considering environmental impact and climate change. More specifically, we commit to the following principles:

- ▶ Principle 7: Businesses should support a precautionary approach to environmental challenges;
- ▶ Principle 8: undertake initiatives to promote greater environmental responsibility; and
- ▶ Principle 9: encourage the development and diffusion of environmentally friendly technologies.

As a result, we apply the following exclusions, restrictions and constraints, which targets more specifically the risks linked to climate change:

▶ Environmental Consideration

The fund provides information on its environmental performance using direct greenhouse gas (GHG) emissions (in tonnes), relative to the benchmark.

▶ Exclusion of Thermal Coal Exposure

In line with the aims of the Paris Agreement to reduce greenhouse gas emissions, we exclude companies with considerable revenue exposure to thermal coal, i.e. generating more than 10% of their revenue from this activity.

▶ High Carbon Emitters

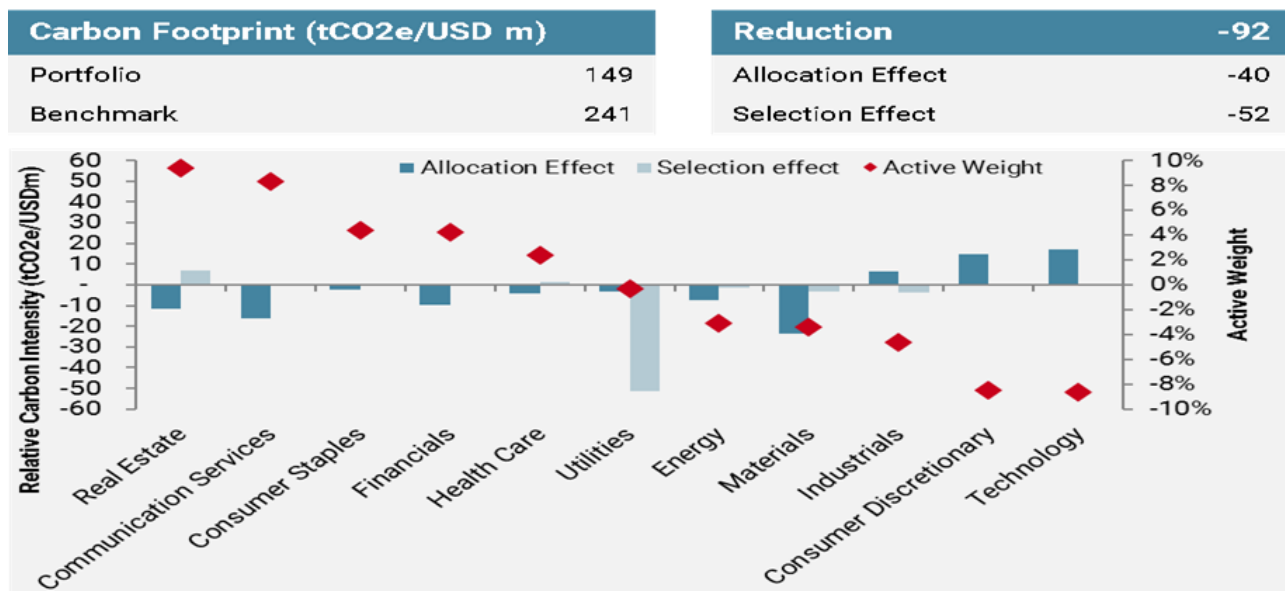
International mobilisation against climate change is leading to growing public and regulatory pressure to limit carbon emissions. Excessive carbon emitters are likely to face regulatory and pricing headwinds, and some activities may simply not be viable under strict scenarios.

We incorporate climate-related risks as part of each company's risk profile and exclude any company with a carbon footprint of more than 3,000 tons of CO₂/USD millions in revenues.

▶ Control of portfolio Carbon Footprint

We ensure that the total carbon footprint is, at worst, 20% lower than the market reference.

Sample Portfolio Carbon Footprint Analysis



Source: Trucost, Unigestion, MSCI, as of 30.06.2020

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

In 2019, Unigestion developed a proprietary ESG scoring methodology to further integrate ESG criteria into the equity investment process. The score provides a comprehensive measure of companies' efforts in terms of ESG criteria. We believe that using a quantitative approach provides consistency in our analysis across companies and portfolios as well as transparency in our choices. Unigestion's scoring methodology incorporates the following:

- ▶ Industry-specific factors: In line with the Sustainability methodology, our analysis is not focused on performance, rather on how companies manage ESG-related issues at a subindustry level. We measure the proportion of a company's exposure to

ESG risks that are effectively managed and take into account the vulnerabilities of the industry and the competence of management.

- ▶ A broad range of indicators: For this purpose, we use the full scope of indicators provided by Sustainalytics and complement that with available indicators from Trucost for Environmental issues. We apply an internal weighting to these indicators, incorporating our view within each dimension of E, S and G while considering the subindustry exposure to each one of the issues. Finally, all of our data and the final score are updated on a monthly basis.
- ▶ Regional disparities: We account for varying standards and degrees of maturity between emerging and developed countries when calculating our bottom-up scores.
- ▶ Sector disparities: We recognise differences between sectors and account for our varying expectations of each when calculating our scores at a subindustry level considering the materiality of indicators.
- ▶ Minimal lag: We accommodate the impact of fast-evolving controversies as well as their severity by penalising the overall ESG score.
- ▶ Efforts to improve: We recognise companies' gradual improvements despite low base levels by assessing the trend of their ESG scores in addition to their absolute levels.

Environmental, Social and Governance allocations:

- ▶ We view all of the issues as important but, globally, we are in position to have a material impact on Environmental and Governance issues more than Social criteria.
- ▶ Governance Allocation (50%): We manage mainly low-risk strategies; we are sensitive to market risk. We therefore think Governance is the most relevant and important issue for companies based on our criteria
- ▶ Environmental Allocation (35%): We have a corporate-level commitment to climate change and improving environmental risks is part of our DNA. In addition to our considerations within the ESG scoring methodology, we currently have bottom-up and top-down guidelines on carbon footprint as well as an exclusion for thermal coal producers. Therefore, at a global scale, we believe that we control for Environmental issues at least as much as Governance issues and probably more.
- ▶ Social Allocation (15%): We are least able to control Social criteria and hence position them as secondary objectives. However, they remain important and we therefore allocate to them but with a lower dimension weight.
- ▶ The global allocation remains as explained but, as we have more than 100 indicators, each indicator carries different weightings depending on their importance and their relevance to the subindustry of each company.

Trend:

- ▶ We recognise companies' efforts to improve, especially those in our lowest ESG score decile. However, observable improvement needs to be stable over the long term. We therefore look at the difference between the average improvement of the company over the short term (6 months) and the long term (24 months).

Controversies:

- ▶ Controversies refer to ESG-related situations involving a company that could negatively affect shareholders, the environment or the company's operations. We regard these situations as material and we have therefore built a separate controversy indicator, which combines and ranks all of the controversies for each company in light of the numbers of incidents and their severity. This indicator is used to penalise the overall ESG score for each company from zero to 200%.

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed

The ESG score of every company in our investment universe is refreshed on a monthly basis. For controversies, our data providers update the data on a bi-monthly basis and we will discuss any actions required accordingly.

4. INVESTMENT PROCESS

4.1. How are the results of the ESG research integrated into portfolio construction?

Our investment process for equities consists of three main steps, starting with the broad investment universe and resulting in the final portfolio as illustrated in the diagram below:

Investment Process Overview



Source: Unigestion

Below, we explain how each of the three steps of the process integrate ESG criteria. Our ESG process has four pillars, as outlined below. Pillar I and II are implemented in the bottom-up screening stage. Pillar III is implemented in the top-down risk guidelines while Pillar IV is an ongoing addition to our investment process.

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”.

Unigestion considers three such exclusions: controversial weapons, tobacco producers and adult entertainment producers.

Exclusion of Controversial Weapons

Unigestion does not invest in companies that are involved in the production or distribution of controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium ammunitions, nuclear weapons) as defined by UN conventions. These weapons are recognised as illegal by international conventions such as the Ottawa Treaty, which prohibits landmines.

We believe these companies represent high financial, compliance and reputational risks. Consequently, we exclude the companies below from our investment universe of UGEURO fund.

Company	Sector (Level 4)	Weight in UGEURO investment universe (%)
Dassault Aviation SA	Aerospace & Defence	0.06
Leonardo SPA	Aerospace & Defence	0.07

Company	Sector (Level 4)	Weight in UGEURO investment universe (%)
Thales	Aerospace & Defence	0.21
Safran SA	Aerospace & Defence	0.67
Airbus SE	Aerospace & Defence	0.94
Total weight		1.94

Source: Sustainalytics, Vigeo Eiris, NBIM, Unigestion, as of June 2020.

Exclusion of Tobacco Producers

We view the sector as unethical because it profits from harmful activities. There is growing pressure from the World Health Organisation Framework Convention on Tobacco Control and other institutions to develop legislation to reduce the number of smokers. The UN Global Compact excluded tobacco companies in 2017.

From a business point of view, tobacco is suffering from declining sales in combustibles (traditional cigarettes). Next-generation products are failing to offset this trend despite lower margins and they also carry potential health risks.

Given high reputational and litigation risk, and acknowledging that engagement is not likely to lead to any changes, we decided to exclude all tobacco producers from our investment universe.

Company	Weight in UGEURO investment universe (%)
Industria Macchine Automatiche Ima SPA	0.04
Mayr-Melnhof Karton AG	0.05
Total weight	0.09

Source: Unigestion, MSCI, Sustainalytics, as of June 2020.

Exclusion of Adult Entertainment Producers

We recognise that the sector is deemed unethical in many instances and it may profit from harmful activities. However, in this case we only exclude the producers with more than 10% of their revenue coming from this activity, not the so-called distributors.

Currently, there are no stocks recognised as such for exclusion from the investment universe.

Exclusion of Thermal Coal Exposure

In line with the aims of the Paris Agreement to reduce greenhouse gas emissions, we exclude any companies with considerable revenue exposure to thermal coal, i.e. with more than 10% of their revenue coming from this activity.

Excluded Companies	Sector (Level 4)	Weight in UGEURO investment universe (%)
Endesa SA, Madrid	Electric Utilities	0.19
EDP-Energias de Portugal SA	Electric Utilities	0.29
Enel Ente Nazionale Per L'Energia Elettrica SPA, Roma	Electric Utilities	1.48
Total weight		1.96

Source: Unigestion, MSCI, Sustainalytics, as of June 2020.



Exclusion of Companies Involved in Predatory Lending

Predatory Lending refers to any lending practice that imposes unfair and abusive loan terms on borrowers. We therefore exclude any lending organisation that engages in such practices.

Currently, there are no stocks recognised as such for exclusion from the investment universe.

Exclusion of Non-Compliant Companies According to the UN Global Compact

Launched in 2000, the UN Global Compact (UNGC) is the largest supranational sustainability initiative in the world.

According to the UNGC, "corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption".

Its mission is to support companies to do business responsibly by aligning their operations and strategies with 10 principles:

Human Rights

- ▶ Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- ▶ Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- ▶ Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ▶ Principle 4: the elimination of all forms of forced and compulsory labour;
- ▶ Principle 5: the effective abolition of child labour; and
- ▶ Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- ▶ Principle 7: Businesses should support a precautionary approach to environmental challenges;
- ▶ Principle 8: undertake initiatives to promote greater environmental responsibility; and
- ▶ Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- ▶ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We consider these principles to be standards to which all our investee companies must adhere. We will therefore exclude any non-compliant company that, after careful deliberation by our team of fundamental equity analysts, is held to be in violation of these principles. Current excluded companies are listed below:

Company	Weight in UGEURO investment universe (%)
Atlantia SPA	0.19
Volkswagen AG	0.65
Total weight	0.84

Source: Unigestion, MSCI, Sustainalytics, as of June 2020.

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.

Further to norm-based screening, Unigestion considers three such exclusions: non-covered companies, worst-in-class companies and high carbon emitters.



Non-covered Companies

We exclude from the investment universe companies that are not covered by our ESG score as outlined below. Hereafter, 'ESG score' refers to Unigestion's score.

Excluded Companies	Sector (Level 4)	Weight in UGEURO investment universe (%)
Pharmagest Interactive, Ludres	Health Care Technology	0.02
Terveystalo Oyj	Health Care Services	0.02
NH Hotel Group SA	Hotels, Resorts & Cruise Lines	0.03
Secunet Security Networks AG, Essen	IT Consulting & Other Services	0.03
Laboratorios Farmaceuticos ROVI SA	Pharmaceuticals	0.03
New Work SE	Interactive Media & Services	0.03
Voltaia	Renewable Electricity	0.03
KUKA AG	Industrial Machinery	0.03
Rothschild and Co SCA	Diversified Capital Markets	0.03
STE L.D.C. SA	Packaged Foods & Meats	0.03
Argan	Specialized REITs	0.03
Comdirect Bank AG, Quickborn	Diversified Banks	0.04
Solvac SA, Bruxelles	Commodity Chemicals	0.04
Robertet SA	Specialty Chemicals	0.04
Flughafen Wien AG	Airport Services	0.04
Brederode SA	Asset Management & Custody Banks	0.04
Vidrala SA, Alava	Metal & Glass Containers	0.04
Lotus Bakeries NV, Lembeke	Packaged Foods & Meats	0.04
VGP N.V.	Real Estate Operating Companies	0.04
Strabag SE	Construction & Engineering	0.05
SCR-Sibelco NV	Diversified Metals & Mining	0.05
TietoEVRY Corp	IT Consulting & Other Services	0.05
Neoen S.A	Renewable Electricity	0.06
Infrastrutture Wireless Italiane SpA	Integrated Telecommunication Services	0.06
DMG MORI AG	Industrial Machinery	0.06
Somfy SA	Electrical Components & Equipment	0.06



La Francaise Des Jeux SA	Casinos & Gaming	0.06
Financiere de Tubize S.A.	Pharmaceuticals	0.07
Colas SA, Boulogne	Construction & Engineering	0.07
Financiere De L'Odet SA	Air Freight & Logistics	0.08
McKesson Europe AG	Health Care Distributors	0.10
Man SE	Construction Machinery & Heavy Trucks	0.12
Teamviewer AG	Application Software	0.17
Kabel Deutschland Holding AG	Cable & Satellite	0.17
Audi AG (Vormals Audi-Nsu Auto Union AG), Ingolstadt	Automobile Manufacturers	1.28
Total weight		3.16

Source: Unigestion, MSCI, Sustainalytics, as of June 2020.

Worst-in-class Companies

We favour companies with good or improving ESG scores. In general, we aim to exclude companies with ESG scores ranked in the worst decile of the universe. However, we value the efforts made by companies in the worst decile of the universe to improve their ESG score and we do not exclude companies that show improvements over the last couple of years.

Excluded Companies	Sector (Level 4)	Weight in UGEURO investment universe (%)
Nv Bekaert Sa, Zvevegem	Steel	0.02
Rhoen Klinikum AG	Health Care Facilities	0.02
Italmobiliare SPA	Industrial Conglomerates	0.02
Solaria Energia Y Medio Ambiente SA	Renewable Electricity	0.03
Anima Holding SPA	Asset Management & Custody Banks	0.03
OCI NV	Fertilizers & Agricultural Chemicals	0.04
SPIE	Diversified Support Services	0.04
Koninklijke Boskalis Westminster NV	Construction & Engineering	0.05
Imerys	Construction Materials	0.05
Suedzucker AG Mannheim/Ochsenfurt	Packaged Foods & Meats	0.05
Bankia SA	Diversified Banks	0.06
Fomento De Construcciones Y Contratas SA Fcc, Barcelona	Construction & Engineering	0.06
Andritz AG, Graz	Industrial Machinery	0.06
Thyssenkrupp AG, Duisburg/Essen	Steel	0.07



Lanxess AG	Diversified Chemicals	0.08
Omv Ag	Integrated Oil & Gas	0.12
Volkswagen AG	Automobile Manufacturers	0.65
Acs, Actividades De Construccion Y Servicios SA	Construction & Engineering	0.13
Uniper SE	Independent Power Producers & Energy Traders	0.16
Arcelormittal SA	Steel	0.18
Heidelbergcement AG	Construction Materials	0.18
Umicore SA	Specialty Chemicals	0.19
Veolia Environnement, Paris	Multi-Utilities	0.22
Rwe AG	Multi-Utilities	0.36
Engie SA	Multi-Utilities	0.51
BASF SE	Diversified Chemicals	0.87
Anheuser-Busch InBev SA/NV	Brewers	0.91
Bayer AG	Pharmaceuticals	1.24
Total weight		6.40

Source: Unigestion, MSCI, Sustainalytics, as of June 2020.

High Carbon Emitters

International mobilisation against climate change is leading to growing public and regulatory pressure to limit carbon emissions. Excessive carbon emitters are likely to face regulatory and pricing headwinds, and some activities may simply not be viable under strict scenarios.

Unigestion recognises climate-related risks as part of each company's risk profile and excludes any company with a carbon footprint of more than 3'000 tons of CO₂e/USD millions in revenues.

Excluded Companies	Sector (Level 4)	Weight in UGEURO investment universe (%)
Sa Des Ciments Vicat-Vicat	Construction Materials	0.02
Carmila	Retail REITs	0.03
OCI NV	Fertilizers & Agricultural Chemicals	0.04
Buzzi Unicem SPA	Construction Materials	0.06
Heidelbergcement AG	Construction Materials	0.18
Fortum Corp	Electric Utilities	0.20
Rwe AG	Multi-Utilities	0.36
Total weight		0.89

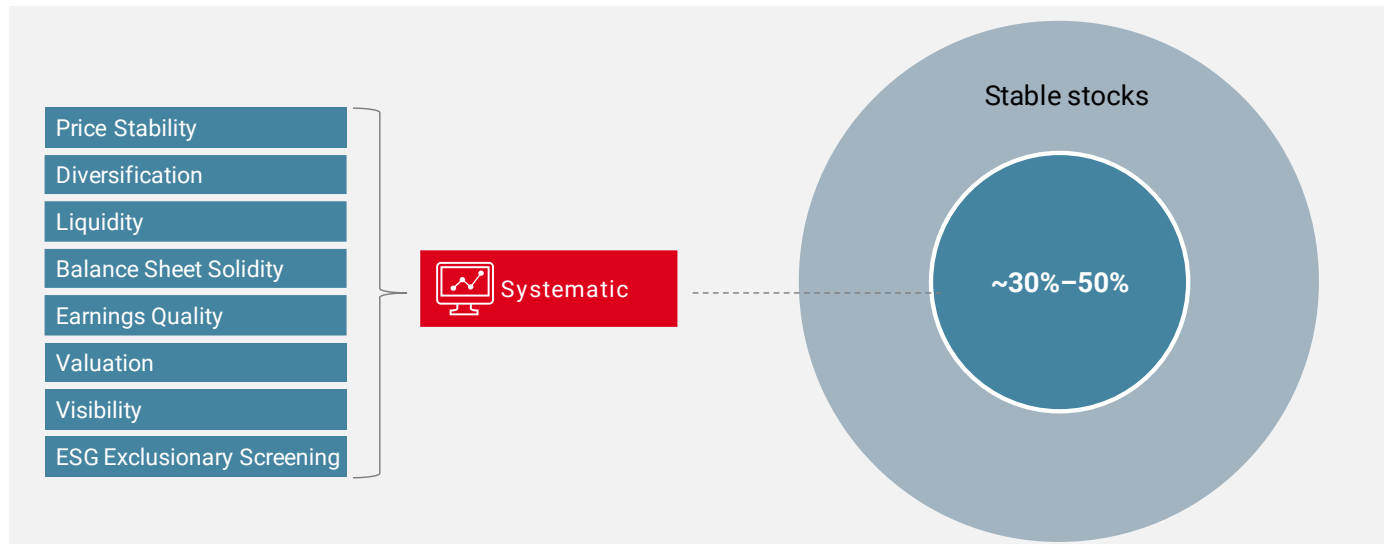
Source: Unigestion, MSCI, Sustainalytics, as of June 2020.

Role of Pillar I and Pillar II in Bottom-up Screening

Starting from a broad investment universe, we incorporate the norm-based exclusions and exclusionary screening mentioned in pillars I and II as bottom-up filters on the investment universe, alongside screenings based on financial criteria such as liquidity and valuation.

The bottom-up filtering process reduces the investment universe to between 30% and 50% of the initial number of stocks.

Bottom-up Screening



Source: Unigestion

Exclusion Summary

	Number of excluded companies	Excluded % weight
Controversial Weapons	5	1.95
Tobacco	2	0.09
Adult Entertainment	0	0
Thermal Coal	3	1.96
Predatory Lending	0	0
UNGC non-compliant	2	0.84
Non-covered Companies	35	3.16
Worst-in-class Companies	29	6.4
High carbon emitters	7	0.89
Discretionary ESG exclusions	9	1.00
Total excluded (unique)	87	15.30
Initial Universe size	505	100.00
% universe	17.23	15.30

Source: Unigestion, as of June 2020.

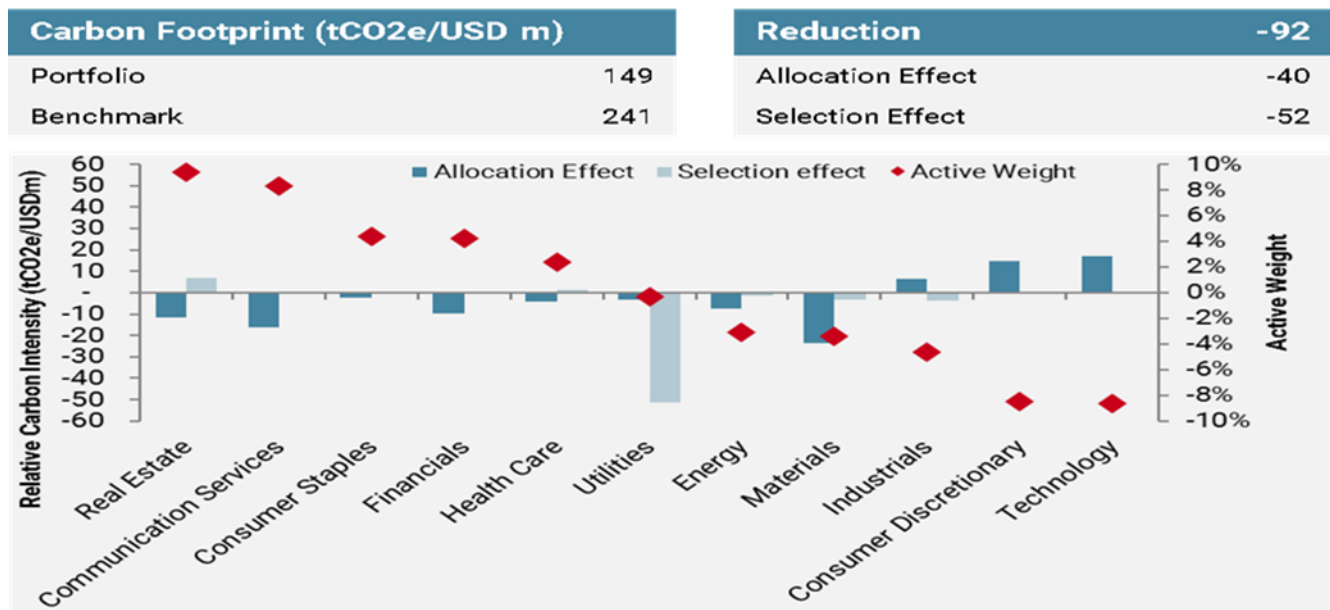
Pillar III: ESG Risk Controlling

We require our portfolios to maintain an ESG score that is higher than the market reference on an ongoing basis. This is achieved through a positive tilt to equities with better ESG scores and a negative tilt to the ones with the worst ESG scores.

Top-down Risks

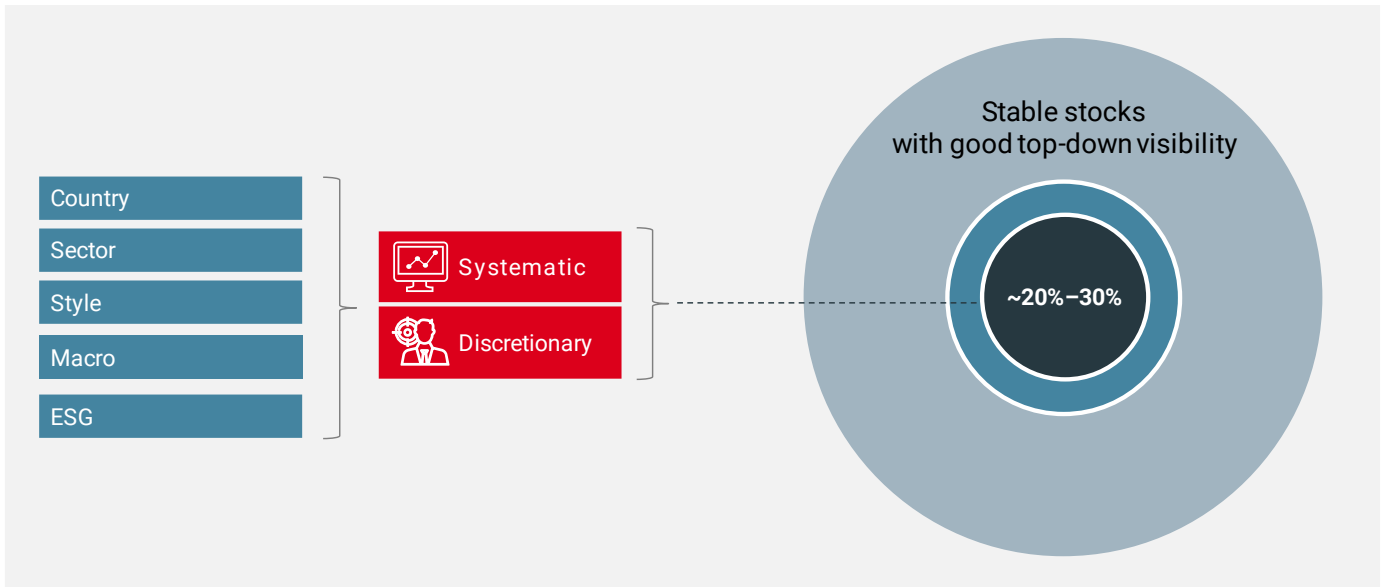
Portfolio construction is then performed through an optimisation process on the remaining, stable universe to produce a candidate portfolio that aims at minimising risk while considering a range of top-down guidelines. These guidelines reflect investment views such as country and sector risks as well as the ESG score of the aggregated portfolio. At this stage, by effectively favouring investments with higher ESG scores, we ensure an overall ESG score that is at least one decile higher than the market reference based on rankings from our internal scoring methodology.

In addition, at the aggregated portfolio level, we ensure that the total carbon footprint is, at worst, 20% lower than the market reference. Below is a sample Portfolio Carbon Footprint analysis:



Source: Trucost, Unigestion, MSCI, as of 30.06.2020

Top-down Risks

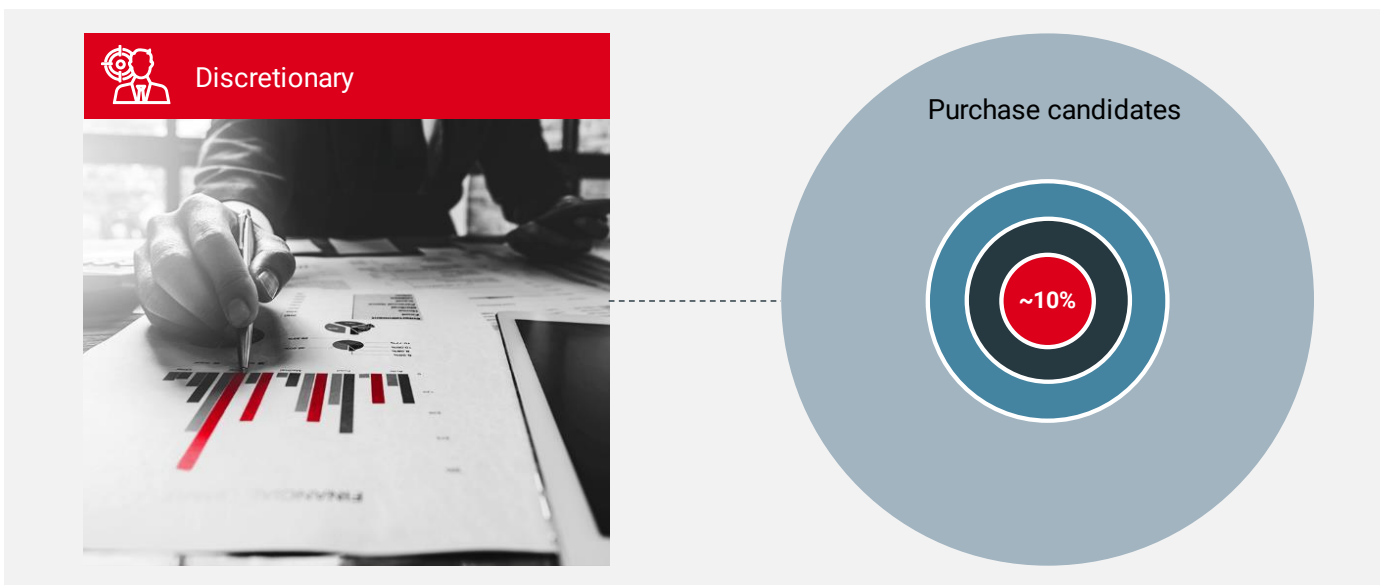


Source: Unigestion

Fundamental Review

The resulting portfolio leads to a list of purchase candidates, which is then reviewed thoroughly by our portfolio managers and fundamental analysts. This review, although discretionary by nature, is highly disciplined and ESG is an integral part of the broader criteria used for validating the stocks within the portfolio. As this review may result in further exclusions, the last step may need to be repeated multiple times in order to find the optimal solution.

Our fundamental analysts cover all major positions held within the portfolios, as well as any stocks that may present certain risks over time. They assign a rating to these positions, which determines a maximum weight of the position in the portfolio. The analysts use ESG criteria at different levels in their SWOT analysis and closely monitor where a company stands relative to its peer group. They also pay close attention to corporate governance and communication transparency.



Source: Unigestion

Pillar IV: Active Ownership

Unigestion aims to be an active owner of companies on SRI issues where we have a reasonable chance of influencing their behaviour and positioning positively.



We believe that in the long term, this process will contribute positively to our portfolios' risk/return profile.

Proxy Voting

Unigestion's proxy voting is carried out by ISS, using a customised version of their International Sustainable Proxy Voting policy that incorporates strict rules for director and auditor independence as well as ISS's Climate Voting Services, which uses their climate Scorecard. The equity investment team and the Responsible Investment Committee monitor the voting guidelines to ensure they are aligned with our approach to stewardship.

Individual Direct Engagement

Since 2016, Unigestion has engaged with companies on a variety of issues relating to directorship, reorganisation and mergers, health and environment, and social and corporate governance. Naturally, we raised these issues shortly before respective AGMs.

We usually initiate the process by writing letters to corporate management, indicating that we are voting against them on a specific issue, voicing our concerns and formally requesting that they be addressed.

Recently, within the framework of our ESG integration process, we have defined and incorporated a rule to identify companies within the worst decile that have also shown signs of improvement over the last three years. We have decided to keep these companies in the portfolio on the evidence that they are trying to improve, while engaging with them based on our internal evaluations of their issues. We believe that engaging with these companies can be constructive as we already own them and value them in other aspects.

Collaborative Corporate Engagement

Unigestion believes collective action by investors with mutual interests can enhance engagement efforts:

- ▶ **Corporate Carbon Footprint Disclosure Engagement** in 2016: together with 30 other PRI signatories, we engaged with 130 large global corporations that did not disclose carbon emission.
- ▶ **Climate Action 100+** in 2017: together with 373 signatories representing USD 35 trillion of investments, we engaged with 161 companies on climate-related issues.
- ▶ **PRI-lead Oil & Gas Collaborative Engagement** in 2018: together with 125 signatories representing approximately USD 6.3 trillion of investments, we engaged with companies active in the Oil & Gas industry.
- ▶ **PRI-lead Climate Change Engagement for Airlines and Aerospace Companies** in 2019: together with 122 investors representing USD 6.4 trillion of investments, we publicly endorsed an investor expectations statement outlining actions that airline and aerospace companies should take to manage their climate change-related risks and opportunities.
- ▶ **Plastic Solutions Investor Alliance** in 2020: an international coalition of over 45 investors that engages with publicly traded consumer goods companies on the threat posed by plastic waste and pollution.

4.2. How are criteria specific to climate change integrated into portfolio construction?

Climate change criteria are integrated through a combination of exclusion criteria, plus adherence to the UN Global Compact. Please refer to Question 4.1 for further detail.

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?

We exclude from the investment universe companies that are not covered by our ESG score. Please refer to Question 4.1 for further detail.

4.4. Has the ESG evaluation or investment process changed in the last 12 months?

Yes. We have made a number of significant improvements relating to ESG integration over the last 12 months. In late 2019, we implemented the exclusion of thermal coal producers following a decision carried by our internal Responsible Investment Committee.

Furthermore, we improved our internal ESG scoring methodology in March 2020 by:



- ▶ Ensuring that all companies would receive an E, S and G Score, when our main data provider would not provide such for the three pillars.
- ▶ Smoothen the trend scores to make our scoring methodology is less sensitive to methodology changes from data providers.

The correlation between our previous score methodology and our new scoring methodology remains high (above 0.8).

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

We do not target this aspect currently in the portfolio. However, we do have some such as the most recent Danone with adopted status of “corporate with social purpose”.

4.6. Does (do) the fund(s) engage in securities lending activities?

No.

4.7. Does (do) the fund(s) use derivative instruments?

The fund is permitted to use derivatives to hedge against currency risk, and for efficient portfolio management purposes, but chooses not to do so. Please refer to the fund prospectus for further information.

4.8. Does (do) the fund(s) invest in mutual funds?

The fund is permitted to hold a maximum of 10% of its net asset value in units of UCITS or other UCIs, but chooses not to do so. Please refer to the fund prospectus for further information.

5. ESG CONTROLS

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?

The portfolio management team reports on a monthly basis to the Responsible Investment Committee on the current state of Responsible Integration:

- ▶ Carbon Intensity Levels
- ▶ ESG scoring Methodology Application
- ▶ Proxy Voting statistics
- ▶ Corporate Engagement Activity

In parallel, the risk department monitors the application of the various screens and the top down controls on the ESG scoring methodology on an ongoing basis. The Risk team is also represented at the RI Committee to address any issues which may arise.

More specifically, the risk department controls daily the strict application of the Norm 3.1) c) (ii) of the French SRI Label which stipulates that the fund demonstrates that the result of the implementation of its ESG strategy is measurable. The fund has an average ESG rating for the portfolio that is significantly higher (i.e. better) than the average ESG rating of the initial universe. The portfolio's weighted average ESG rating may not under any circumstances be lower than the weighted ESG rating of the fund's initial investment universe, the benchmark or the benchmark index after eliminating the worst 20% of shares.

Finally, our external auditor reviews the application of controls on proxy voting, as highlighted in our ISAE 3402 report on an annual basis.

6. IMPACT MEASURES AND ESG REPORTING

6.1. How is the ESG quality of the fund(s) assessed

We monitor the average ESG score of the fund versus our benchmark.

We also evaluate the performance of the fund on environmental, governance, social and labour rights criteria.

In parallel, also monitor the external scoring of our portfolio on public platforms such as Morningstar Direct. Any unexpected bad scores are reported to the Responsible Investment Committee and the Executive Committee, which will then instruct the investment team to carry out further analysis as required. As previously mentioned, the fund currently has a Morningstar Sustainability Rating of five as at 31 May 2021.

6.2. What ESG indicators are used by the fund(s)?

Environmental Considerations:

Improve GHG Intensity (tCO₂e/USD m revenues).
This metric includes Scope1, Scope2 and Scope3.

Action:

Maintain at worst 20% below the market reference level.
We exclude companies with excessive GHG Intensity (8'000 tCO₂e/USD m revenues).

Ensure the apportioned emissions of the portfolio does not exceed a 2°C trajectory.

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

Social Considerations:

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

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

Action:

Aim to have an average fairness ratio better than the market reference, or a portion of the portfolio allocated to the worst decile below the market reference weight

Aim to have an average incident controversy score better than the market reference.

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 on those topics.

Governance Considerations

Improve Independence of boards.

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:

Aim to have at least 80% of the portfolio invested in companies with at least 50% of independent board members

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. .

Human Rights Considerations

Enhance practices of companies towards Human Rights and improve severity of controversies concerning human rights (Controversy range is from 0 to 5, 5 is the most severe controversy)

Action:

Exclude companies that are considered non-compliant according to UNGC principles.

Seek to allocate a lower portion of the portfolio weight to companies in Breach or on the WatchList than the market reference portion.

Aim to have an average human rights at work controversy score lower than the market reference.

Target for engagement Companies that are put on WatchList for UNGC compliance 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.

6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Clients can request ESG risk reports for the fund, and detailed reporting on our proxy voting and engagement activity across all companies in which we invest is available on our website. Furthermore, the Responsible Investment section of our website provides investors with access to the following information:

- ▶ ESG Strategy and Beliefs
- ▶ ESG Integration
- ▶ Active Ownership
- ▶ Supporting RI Initiatives
- ▶ Policies and Reporting
 - Responsible Investment Policy
 - PRI Transparency Report
 - RI Annual Report – Unigestion SA
 - RI Policy for Direct Liquid Assets
 - RI Assessment Report
 - RI Annual Report – Unigestion UK
 - UK Stewardship code
 - Unigestion Engagement Policy
 - Unigestion Proxy Voting Policy
 - Unigestion Corporate Social Responsibility Policy
 - Unigestion RI Roadmap
 - Uni-Global Equities Eurozone transparency code (This document)
 - Unigestion ESG Scoring Methodology



7. IMPORTANT INFORMATION

This document is provided to you on a confidential basis and must not be distributed, published, reproduced or disclosed, in whole or part, to any other person.

The information and data presented in this document may discuss general market activity or industry trends but is not intended to be relied upon as a forecast, research or investment advice. It is not a financial promotion and represents no offer, solicitation or recommendation of any kind, to invest in the strategies or in the investment vehicles it refers to. Some of the investment strategies described or alluded to herein may be construed as high risk and not readily realisable investments, which may experience substantial and sudden losses including total loss of investment.

The investment views, economic and market opinions or analysis expressed in this document present Unigestion's judgement as at the date of publication without regard to the date on which you may access the information. There is no guarantee that these views and opinions expressed will be correct nor do they purport to be a complete description of the securities, markets and developments referred to in it. All information provided here is subject to change without notice. To the extent that this report contains statements about the future, such statements are forward-looking and subject to a number of risks and uncertainties, including, but not limited to, the impact of competitive products, market acceptance risks and other risks.

Data and graphical information herein are for information only and may have been derived from third party sources. Although we believe that the information obtained from public and third party sources to be reliable, we have not independently verified it and we therefore cannot guarantee its accuracy or completeness. As a result, no representation or warranty, expressed or implied, is or will be made by Unigestion in this respect and no responsibility or liability is or will be accepted. Unless otherwise stated, source is Unigestion. Past performance is not a guide to future performance. All investments contain risks, including total loss for the investor.

Unigestion (UK) Ltd. is authorised and regulated by the UK Financial Conduct Authority (FCA) and is registered with the Securities and Exchange Commission (SEC). Unigestion Asset Management (France) S.A. is authorised and regulated by the French "Autorité des Marchés Financiers" (AMF). Unigestion Asset Management (Canada) Inc. is registered as a portfolio manager and/or exempt market dealer in nine provinces across Canada and also as an investment fund manager in Ontario, Quebec and Newfoundland & Labrador. Its principal regulator is the Ontario Securities Commission ("OSC"). This material may also be distributed by Unigestion SA which has an international advisor exemption in Quebec, Saskatchewan and Ontario. Unigestion SA's assets are situated outside of Canada and, as such, there may be difficulty enforcing legal rights against it. Unigestion Asia Pte Limited is authorised and regulated by the Monetary Authority of Singapore. Unigestion Asset Management (Düsseldorf) SA is co-regulated by the "Autorité des Marchés Financiers" (AMF) and the "Bundesanstalt für Finanzdienstleistungsaufsicht" (BAFIN). Unigestion SA has an international advisor exemption in Quebec, Saskatchewan and Ontario. Unigestion SA is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Unigestion SA's assets are situated outside of Canada and, as such, there may be difficulty enforcing legal rights against Unigestion SA.