



CLIMATE TRANSPARENCY REPORT 2019

DNCA Finance

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-A865D600-2C7E-40D3-BCA2-F66CC9106CD1/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

| Strategy and Governance - CC | | | TCFD Recommendation | | | |
|------------------------------|----------|------------|---------------------|----------|-----------------|-------------------|
| Indicator | Reported | Disclosure | Governance | Strategy | Risk Management | Metrics & Targets |
| SG 01.1 | ✓ | Public | | | | |
| SG 01.2 | ✓ | Public | | | | |
| SG 01.3 | ✓ | Public | | | | |
| SG 01.4 | ✓ | Public | | | | |
| SG 01.5 | ✓ | Public | | | | |
| SG 01.6 CC | ✓ | Public | | | | |
| SG 01.7 CC | ✓ | Public | | | | |
| SG 01.8 CC | - | Public | | | | |
| SG 01.9 CC | ✓ | Public | | | | |
| SG 01.10 CC | ✓ | Public | | | | |
| SG 01.11 CC | - | Public | | | | |
| SG 01.12 CC | ✓ | Public | | | | |
| SG 02.2 | ✓ | Public | | | | |
| SG 07.5 CC | ✓ | Public | | | | |
| SG 07.6 CC | ✓ | Public | | | | |
| SG 07.7 CC | ✓ | Public | | | | |
| SG 07.8 CC | - | Public | | | | |
| SG 13.1 | ✓ | Public | | | | |
| SG 13.2 | ✓ | Public | | | | |
| SG 13.4 CC | ✓ | Public | | | | |
| SG 13.5 CC | ✓ | Public | | | | |
| SG 13.6 CC | ✓ | Public | | | | |
| SG 13.7 CC | ✓ | Public | | | | |
| SG 13.8 CC | ✓ | Public | | | | |
| SG 14.1 | ✓ | Public | | | | |
| SG 14.2 | ✓ | Public | | | | |
| SG 14.3 | ✓ | Public | | | | |
| SG 14.4 | - | Public | | | | |
| SG 14.5 | ✓ | Public | | | | |
| SG 14.6 CC | ✓ | Public | | | | |
| SG 14.7 CC | ✓ | Public | | | | |
| SG 14.8 CC | ✓ | Public | | | | |
| SG 14.9 CC | ✓ | Public | | | | |
| SG 15.1 | ✓ | Public | | | | |
| SG 15.2 | ✓ | Public | | | | |
| SG 15.3 | ✓ | Public | | | | |

| Symbol | Status |
|--|---|
| ✓ | The signatory has completed this sub-indicator |
| - | The signatory did not complete this sub-indicator. |
| | This indicator is relevant to the named TCFD recommendation |
| Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete. | |

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

| MAIN CHARACTERISTICS | |
|---|---------------------------------------|
| Name | DNCA Finance |
| Signatory Category | Fund Management - Majority |
| Signatory Type | Investment Manager |
| Size | US\$ 10 - 29.99 billion AUM |
| Main Asset Class | >50% Listed Equity Internally Managed |
| Signed PRI Initiative | 2017 |
| Region | Europe |
| Country | France |
| Disclosure of Voluntary Indicators | 100% from 38 Voluntary indicators |

DNCA Finance

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

| Policy components/types | Coverage by AUM |
|--|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2) | <input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

ESG reporting

Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

SRI naturally focuses on long-term performance, factoring in all the risks and opportunities to which businesses are exposed. We strongly believe that sustainable development must be one of the main criteria used to identify the winners of today and tomorrow. ESG factors lie alongside financial analysis at the heart of our Responsible Investment approach and provide valuable insights to our investment decisions.

We aim to offer an innovative and differentiating approach that can adapt to integrate new factors as they emerge. Consequently, our Responsible Investor policy distinguishes two concepts: Corporate Social Responsibility (CSR) and the Transition to a Sustainable Economy. This is the result of an in-depth analysis of economic and social trends combined with recognized SRI expertise.

We are fully committed to developing proprietary models built on our own expertise, and to ensuring that we add tangible value when we pick stocks. DNCA's proprietary ESG analysis model is true to this principle, and has been developed to offer ratings constructed entirely internally and under our control. These ratings are for the most part based on information collected from companies. Discussions with directors and site visits deepen our understanding of companies and constitute a great source of added value.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

We believe that ESG factors act as a crucial early-warning system. The numerous ESG indicators presented in annual and sustainability reports offer a complementary way to assess the health of a company and its corporate culture. ESG factors often act as a good proxy to evaluate the quality of the company's management and the effectiveness of risk management systems. They are now directly comparable, within a sector and over time. Changes in certain indicators offer additional information which often has yet to filter through to the financial statements. In this context, we view ESG indicators as an outstanding source of information to help us foresee the risks and opportunities companies face and/or will face, in particular in their interactions with their stakeholders: employees, suppliers, customers, local communities, governments, shareholders, etc., regardless of the sector in which they operate.

We have divided our ESG analysis into 2 dimensions: Corporate Social Responsibility and Sustainable Transition, which reflects our risk/opportunity approach to Responsible Investment.

Our methodology: assessing Corporate Social Responsibility through 4 pillars

1- RESPONSIBILITY TO SHAREHOLDERS

- Protection of the interests of minority shareholders
- Independence of the Board and its committees
- Accounting risks
- Management quality
- CEO remuneration
- Quality of the financial communication

2- ENVIRONMENTAL RESPONSIBILITY

- Environmental management
- Regulation and certification
- Climate policy and energy management
- Impacts on biodiversity and externalities

3- SOCIAL RESPONSIBILITY

- Corporate culture and HR management approach
- Labour relations and working conditions
- Health and safety
- Attractiveness and recruitment

Training and career management
Promotion of diversity

4- SOCIETAL RESPONSIBILITY

Product quality, safety and traceability
Supply chain management
Respect for local communities and human rights
Innovation capacity and pricing power
Customer satisfaction and market positioning
Data privacy
Corruption and business ethics
Coherence of the tax strategy

We believe it is crucial to take a long-term view when financing the economy. As responsible fund managers, our role is to select the companies that are best placed, both strategically and economically, to meet the challenges of today and tomorrow. We are convinced that companies' ability to foresee market changes is crucial to establishing or maintaining their leadership on the long run.

It is our view that the sustainable economic transition generates a tremendous number of investment opportunities. Our work focuses on identifying these relevant investment themes and selecting the companies that are best positioned to benefit from these opportunities. Societal trends evolve constantly, and we therefore review our list of sustainable investment themes every year. By taking a pragmatic and innovative approach to the sustainable transition, we aim to maintain a comprehensive understanding of growth and performance drivers on the long run.

Assessing the contribution to the Transition to a Sustainable Economy: 5 sustainable transition themes, 38 activities

We assess the exposure of each company to the relevant sustainable transition themes. This exposure is calculated as the percentage of revenues derived from these sustainable activities.

1- DEMOGRAPHIC TRANSITION

Inclusion of senior people
Inclusion of emerging populations, Bottom of the Pyramid strategies
Access to education
Access to housing and comfort
Security
Public transport, traffic management
At-home services

2- HEALTHCARE TRANSITION

Enhanced nutrition, sport
Medical diagnostics
Fight against endemic diseases
At-home care
Medical robotics
Access to healthcare, Bottom of the Pyramid strategies
Cutting-edge medical care and research

3- ECONOMIC TRANSITION

Sustainable infrastructure
Digital transformation
Certification, quality and traceability of products
Smart logistics
Sustainable tourism
Access to connectivity
Transparency and security of flows and exchanges
Access to financial services, Bottom of the Pyramid strategies

4- LIFESTYLE TRANSITION

Product lifecycle extension
Eco-design
Smart production and factories
Circular economy
Collaborative consumption
Digitization
Artificial intelligence

Smart mobility

5- ECOLOGICAL TRANSITION

Energy storage
Clean energies
Energy efficiency
Water treatment
Waste recovery
Biodiversity protection
Sustainable agriculture
Ecological mobility

Continuous monitoring of controversies

We aim to compare the principles laid down by companies with what happens in practice, thereby creating a database of alerts for fund managers. We analyse each controversy in detail and produce a dedicated report. This alert system is used as an advanced warning mechanism and does not automatically result in sanctions. Given the international dimension of businesses and the large amount of information available, our assessment process distinguishes isolated cases from major alerts on a case-by-case basis.

Regular interactions and dialogue with companies

In line with our conviction-based investment approach, we pick stocks based on an in-depth analysis of a company's fundamentals. Discussions with top managers lie at the heart of what we do. Similarly, when conducting ESG analysis, we seek whenever possible to meet with companies to discuss topics relating to responsibility and the transition to a sustainable economy. As active investors, we also pay great attention to exercising our voting rights in general meetings.

Dedicated SRI range of funds: DNCA INVEST BEYOND

Our SRI funds are grouped together in the "DNCA Invest Beyond" range (note that our French-registered SRI fund is registered under "DNCA Beyond European Equity", but belongs to our SRI range). For our SRI funds, our ESG analysis is used both to define the investment universe (by excluding worst performers) and to select sustainable and responsible companies. The same two-stage investment process is used for all "Beyond" funds:

- Exclusion of the stocks that face high corporate responsibility risks. This filter complies with the French government-backed SRI label.
- Selection of stocks that are well exposed to the transition to a sustainable economy.

Ensuring meaningful and transparent reporting

We believe that transparency is one of the cornerstones of responsible investment. Therefore, we aim to offer as much transparency as possible on the way we look at Corporate Responsibility and the Transition to a Sustainable Economy. We are committed to share our expertise in this domain, in order to help set the best standards and foster the development of RI.

As a consequence, reporting relevant ESG indicators and seeking to measure our impacts is a priority, especially for SRI portfolios. We are conscious of the numerous challenges relating to the definition of criteria and their relevance, access and reliability of data. We believe it is nevertheless fundamental to actively contribute to building robust reporting tools.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

| | | | | |
|----------|-----------|--------|-------------|---------|
| SG 01 CC | Voluntary | Public | Descriptive | General |
|----------|-----------|--------|-------------|---------|

SG 01.6
CC

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

As conviction-based investor with a relatively long investment time horizon, climate-related risks form an integral part of our fundamental analysis of companies. We have been so far mostly focusing on climate transition risks, as we don't believe there are currently relevant tools to have an investment-oriented forward-looking assessment of climate physical risks, but we participate in the industry discussions on the best way to develop relevant tools.

We have defined a climate approach that is sector specific and based on the materiality of climate risks. We integrate climate transition risks (regulation-driven, technology-driven, market-driven) in our fundamental analysis of companies, when it can have a material impact of the company's business positioning, value of assets or ability to sustain its growth. As such, it is systematically integrated by fund managers and analysts in sectors like Utilities, Automotive, Oil and Gas.

In addition, a set of relevant climate risks and indicators has been defined for sectors facing high carbon risks, and is integrated in the ESG assessment of companies. In some sectors, it can represent up to 40% of the overall ESG rating. We also evaluate for each company, the share of its revenues that is generated from activities linked to the ecological transition. In sectors that are facing high climate transition risks, the combination of the risk rating ("Responsibility") and opportunity exposure ("Sustainable Transition", here focusing on the ecological transition) help us determine which companies are the most resilient and the best position to benefit from the sustainable transition.

SG 01.7
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

- Yes
 No

SG 01.9
CC

Indicate whether the organisation publicly supports the TCFD?

- Yes
 No

SG 01.10
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

Climate forms an integral part of our ESG assessment framework. We have defined a climate approach that is sector specific and based on the materiality of climate risks.

In sectors that have been identified as facing high climate risks (being regulatory, technological or market-related risks), we have developed a set of climate indicators that are used to evaluate in a forward looking manner companies' exposure to climate risks and how they manage these risks. This analysis can represent up to 40% of the overall ESG rating ("Responsibility" rating), for the sectors the most at risk.

In addition, we evaluate for each company, the share of its revenues that is generated from the ecological transition.

In sectors that are facing high climate transition risks, the combination of the risk rating ("Responsibility") and opportunity exposure ("Sustainable Transition", here focusing on the ecological transition) help us determine which companies are the most resilient and the best position to benefit from the sustainable transition.

- No

| | |
|-----------------------|---|
| SG 1.12 CC | Indicate the documents and/or communications the organisation uses to publish TCFD disclosures. |
|-----------------------|---|

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

| | |
|--|---------|
| | specify |
|--|---------|

We publish an annual climate report, in line with the French article 173.

| | | | | |
|--------------|------------------|---------------|----------------------|--------------|
| SG 02 | Mandatory | Public | Core Assessed | PRI 6 |
|--------------|------------------|---------------|----------------------|--------------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

| | |
|----------------|--|
| SG 02.1 | Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document. |
|----------------|--|

- Policy setting out your overall approach

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

- URL

| | |
|--|-----|
| | URL |
|--|-----|

{hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

- URL

| | |
|--|-----|
| | URL |
|--|-----|

{hyperlink:https://www.dnca-investments.com/isr/reporting-2017_fr.pdf}

- Attachment (will be made public)

- Formalised guidelines on social factors

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

- URL

URL

{[hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf](https://www.dnca-investments.com/isr/politic-investor_fr.pdf)}

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{[hyperlink:https://www.dnca-investments.com/isr/POLITIQUE.DE.VOTE.2019.pdf](https://www.dnca-investments.com/isr/POLITIQUE.DE.VOTE.2019.pdf)}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{[hyperlink:https://www.dnca-investments.com/isr/POLITIQUE.D.EXCLUSION_fr.pdf](https://www.dnca-investments.com/isr/POLITIQUE.D.EXCLUSION_fr.pdf)}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{[hyperlink:https://www.dnca-investments.com/isr/Politique.d.engagement_Octobre.2018.pdf](https://www.dnca-investments.com/isr/Politique.d.engagement_Octobre.2018.pdf)}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{[hyperlink:https://www.dnca-investments.com/isr/POLITIQUE.DE.VOTE.2019.pdf](https://www.dnca-investments.com/isr/POLITIQUE.DE.VOTE.2019.pdf)}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf}

- Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf}

- Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL

URL

{hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf}

- Attachment

- ESG incorporation approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.dnca-investments.com/isr/politic-investor_fr.pdf}

- Attachment

- Active ownership approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.dnca-investments.com/isr/Politique.d.engagement_Octobre.2018.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.dnca-investments.com/fonds/dnca-invest-beyond-global-leaders/parts/b-lu0383784146}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.dnca-investments.com/isr/reporting-2017_fr.pdf}

Attachment

Other RI considerations, specify (1)

Other description (1)

ESG reporting - we provide a set of ESG indicators in the monthly factsheet on each SRI funds

URL/Attachment

URL

URL

{hyperlink:https://www.dnca-investments.com/fonds/dnca-invest-beyond-global-leaders/parts/b-lu0383784146}

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Our Responsible Investment Philosophy integrates most of the topics above. It is publicly available on our website (since March 2019, in English as well).

Regarding ESG reporting, fund's factsheet can be found directly on the website for each SRI funds. We provided here the example of DNCA INVEST BEYOND Global Leaders, our SRI Global Equity fund.

Governance and human resources

| | | | | |
|-----------------|------------------|---------------|--------------------|----------------|
| SG 07 CC | Voluntary | Public | Descriptive | General |
|-----------------|------------------|---------------|--------------------|----------------|

| | |
|-----------------------|---|
| SG 07.5 CC | Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues. |
|-----------------------|---|

| | |
|--|---------------------------|
| | Board members or trustees |
|--|---------------------------|

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

| | |
|--|---|
| | Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee |
|--|---|

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

| | |
|--|--------------------|
| | Portfolio managers |
|--|--------------------|

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

| | |
|--|---------------------|
| | Investment analysts |
|--|---------------------|

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

| | |
|--|--|
| | Dedicated responsible investment staff |
|--|--|

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

| | |
|-----------------------|--|
| SG 07.6 CC | For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed. |
|-----------------------|--|

The Board supervises the implementation of the overall RI strategy and as such, also oversees the implementation of the climate strategy.

The Board reviews annually the climate report, published in accordance with Art. 173 of the French Energy Transition Law

| | |
|-----------------------|--|
| SG 07.7 CC | For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved. |
|-----------------------|--|

The CIO who is ultimately responsible for the implementation of the RI strategy, oversees the implementation of the climate strategy.

The CIO liaises very regularly with the RI team in order to assess how climate-related risks are monitored in DNCA's portfolio, with an initial focus on the SRI fund range. Information on the evolution of carbon footprints is sent monthly to the portfolio management teams including the CIO. The annual climate report is reviewed and discussed with the CIO before being presented to the Board and published externally.

ESG issues in asset allocation

| | | | | |
|--------------|------------------|---------------|--------------------|--------------|
| SG 13 | Mandatory | Public | Descriptive | PRI 1 |
|--------------|------------------|---------------|--------------------|--------------|

| | |
|----------------|--|
| SG 13.1 | Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.). |
|----------------|--|

Yes, to assess future ESG factors

| | |
|--|----------|
| | Describe |
|--|----------|

We conduct every year backtesting to assess the materiality of ESG criteria. This enables us to use ESG criteria in a more predictive manner and update our list of ESG criteria every year to select the most material ones.

Yes, to assess future climate-related risks and opportunities

| | |
|--|----------|
| | Describe |
|--|----------|

We have developed a climate risk assessment model based on a set of sector specific criteria (explained in the climate section of this report). We do not conduct scenario analysis in a systematic manner, but we sometimes test the sensitivity of carbon-intensive companies to a change in carbon prices.

No, not to assess future ESG/climate-related issues

| | |
|----------------|---|
| SG 13.2 | Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets. |
|----------------|---|

| | |
|--|---------------------|
| | We do the following |
|--|---------------------|

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

| | | | | |
|-----------------|------------------|---------------|--------------------|----------------|
| SG 13 CC | Voluntary | Public | Descriptive | General |
|-----------------|------------------|---------------|--------------------|----------------|

**SG 13.4
CC**

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

We currently use climate scenarios in a sector-specific manner for sectors the most at risk from a transition risk point of view. We use the IEA SDS (2 degree scenario) to evaluate how companies in the Utilities, Oil & Gas and Automotive sector are positioned compared to a 2 degree trajectory. This assessment is used to evaluate the climate approach of companies which helps inform our overall ESG analysis. ESG ratings are used in the construction of the SRI funds investments universe and are more broadly available to all PMs within DNCA.

- Incorporation into investment analysis

- Inform active ownership

Describe

We currently use climate scenarios in a sector-specific manner for sectors the most at risk from a transition risk point of view. We use the IEA SDS (2 degree scenario) to evaluate how companies in the Utilities, Oil & Gas and Automotive sector are positioned compared to a 2 degree trajectory. This assessment is used to evaluate the climate approach of companies which helps inform our overall ESG analysis. ESG ratings are used in the construction of the SRI funds investments universe and are more broadly available to all PMs within DNCA. Climate change is a key topic of engagement with companies in the Utilities, Oil and Gas and Automotive sector, and we use our analysis of the gap between the companies' current trajectory and a 2DS to challenge the companies we engage with.

- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

Again, we use climate scenario analysis on a limited number of sectors, which in our view have high climate risk (Utilities, Automotive, Oil & Gas for the moment). We use the IEA SDS scenario with a 2050 horizon.

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

| Provider | Scenario used |
|---------------------------------------|--|
| IEA | <input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS) |
| IEA | <input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario |
| IEA | <input checked="" type="checkbox"/> Sustainable Development Scenario (SDS) |
| IEA | <input type="checkbox"/> New Policy Scenario (NPS) |
| IEA | <input type="checkbox"/> Current Policy Scenario (CPS) |
| IRENA | <input type="checkbox"/> RE Map |
| Greenpeace | <input type="checkbox"/> Advanced Energy [R]evolution |
| Institute for Sustainable Development | <input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP) |
| Bloomberg | <input type="checkbox"/> BNEF reference scenario |
| IPCC | <input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5 |
| IPCC | <input type="checkbox"/> RPC 6 |
| IPCC | <input type="checkbox"/> RPC 4.5 |
| IPCC | <input type="checkbox"/> RPC 2.6 |
| Other | <input type="checkbox"/> Other (1) |
| Other | <input type="checkbox"/> Other (2) |
| Other | <input type="checkbox"/> Other (3) |

| | |
|----------------|--|
| SG 14.1 | Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered. |
|----------------|--|

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

| | |
|--|-----------------------|
| | other description (1) |
|--|-----------------------|

Medecine of tomorrow (medical innovation, robotics, research against endemic disease, connected care, at-home care)

- Other, specify(2)

| | |
|--|-----------------------|
| | other description (2) |
|--|-----------------------|

Lifestyle transition (production & consumption changing patterns)

- None of the above

| | |
|----------------|--|
| SG 14.2 | Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity |
|----------------|--|

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

| | |
|--|--|
| | Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes. |
|--|--|

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | | 311 | 000 | 000 |
| Currency | EUR | | | | |
| Assets in USD | | | 354 | 817 | 764 |

| | |
|--|---|
| | Specify the framework or taxonomy used. |
|--|---|

Both our Impact Investing fund and our SRI Global Equity funds target low-carbon investments with 2 different strategies:

- DNCA Invest Beyond Semperosa only invests in companies that generate positive environmental or social impacts, i.e. companies that manage well their climate risks (assessed through our ESG ABA model) while have a positioning on the Sustainable Transition (about half of the portfolio is positioned specifically on the ecological transition). The carbon footprint of Semperosa is rather low compared to similar Euro Equity funds, standing below 100t CO2/M€ invested.

- DNCA Invest Beyond Global Leaders only invests in companies in sectors that face limited climate risks and are positioned on providing solutions to the transition. The fund invests in 4 main investments themes: healthcare, demographics, technology, digitization. The carbon footprint of this fund is very low, below 25t

CO2/M€ invested

We are in the process of calculating the green share in each company we invest in (basically calculating the exposure to the ecological transition as % of revenues), but this process will be formalised in 2019.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

| | |
|----------------|--|
| SG 14.3 | Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities. |
|----------------|--|

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

| | |
|----------------|-----------------------------------|
| SG 14.5 | Additional information [Optional] |
|----------------|-----------------------------------|

A comprehensive climate policy summarising all these elements will be published in H1 2019.

We already publish on a quarterly basis a set of climate indicators on our 6 SRI funds including: carbon footprint, carbon intensity, brown share, coal share and the top ecological transition picks.

| | | | |
|-----------------|-----------|--------|---------|
| SG 14 CC | Voluntary | Public | General |
|-----------------|-----------|--------|---------|

| | |
|-------------------|---|
| SG 14.6 CC | Please provide further details on these key metric(s) used to assess climate related risks and opportunities. |
|-------------------|---|

| Metric Type | Coverage | Purpose | Metric Unit | Metric Methodology |
|--|--|--|---------------------|--|
| Climate-related targets | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | | | |
| Weighted average carbon intensity | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | We monitor the carbon intensity of our portfolio to track progress on lowering the carbon content of our investments | t CO2e/ M€ revenues | We divide the direct emissions of the company by its revenues. We use data from MSCI |
| Carbon footprint (scope 1 and 2) | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | Assessing the companies' carbon footprint over time to assess whether they meet their objectives and are aligned on the carbon reduction trajectory of their industry and/or country | t CO2e | We systematically report the carbon footprint of companies in our ABA ESG analysis tool. We use the company's disclosure, which on a European scope, is quite reliable |
| Portfolio carbon footprint | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | Assessing the carbon content of our portfolios over time and against benchmark or peers | t CO2e/€M invested | We report the carbon footprint of all our SRI portfolios (monthly) and of all our portfolios > 500M€ AUM (annual) |
| Total carbon emissions | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | For some portfolios, we calculate the overall carbon footprint, as it is asked by clients. However, we prefer relative metrics, as it enables comparison and to monitor progress | t CO2e | We use data from MSCI |
| Carbon intensity | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | We monitor the carbon intensity of our portfolio to track progress on lowering the carbon content of our investments | t CO2/ M€ revenues | We divide the direct emissions of the company by its revenues |
| Exposure to carbon-related assets | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | For all our SRI funds, we monitor the "brown share" of portfolios, i.e. investments in fossil fuel energy producers | % sales | We calculate how much revenues companies derive from the extraction of coal, oil, gas and/or from the production of electricity from coal |

SG 14.7
CC

Describe in further detail the key targets.

| Targettype | Time Frame | Description | Attachments |
|--|------------|--|-------------|
| <input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target | Yearly | We have set internal carbon intensity targets for our Infrastructure SRI fund (which is quite carbon intensive) to have a better carbon intensity than its benchmark. We also monitor in each of the macro sectors invested that the overall carbon intensity is better in the portfolio v. sector (no target on this though). We plan to make this commitment public in H1 2019 with the dedicated climate report on the Infra fund | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | |

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

At the moment, we do not have the resources in the risk management team to monitor climate-related risk in a systematic way. Climate risk management is done by the RI team directly, and we mitigate climate risks through our investment decisions. The RI team has identified in each sector the relevant climate-related risks and has defined a set of indicators to monitor these risks. Companies with the highest climate related risks in carbon intensive sector are excluded from our SRI Funds (as generally they do not pass the 4/10 threshold if they face severe climate risks without any mitigating actions).

**SG 14.9
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

We encourage companies in sectors facing high climate risks to provide enhanced climate disclosure. We often suggest the TCFD as a framework.

But we don't have a structured engagement strategy on the TCFD in itself.

No, we do not engage

| | | | | |
|--------------|--|---------------|--------------------|--------------|
| SG 15 | Mandatory to Report Voluntary to Disclose | Public | Descriptive | PRI 1 |
|--------------|--|---------------|--------------------|--------------|

SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

2

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

% of AUM

0.5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

% of AUM

0.15

Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Renewable energy

Asset class invested

- Listed equity

% of AUM

0.1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Green buildings

Asset class invested

- Listed equity

% of AUM

0.05

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Sustainable forestry
- Sustainable agriculture

Asset class invested

- Listed equity

% of AUM

0.05

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Microfinance
- SME financing

Asset class invested

- Listed equity

% of AUM

0.1

- Fixed income - SSA
- Fixed income - Corporate (financial)

% of AUM

0.15

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Listed equity

% of AUM

0.5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

% of AUM

0.15

- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Water

Asset class invested

- Listed equity

% of AUM

0.1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process of developing impact metrics.

- Other area, specify

Waste recovery, access to connectivity, bottom of the pyramid

Asset class invested

- Listed equity

% of AUM

0.10

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

% of AUM

0.05

- Fixed income - Securitised

Brief description and measures of investment

% of revenues for each company that have a direct activity link to the topic and a demonstrated positive impact. We are in the process fo developing impact metrics.

No