SRI at OFI AM

Sustainable by conviction

@ISRbyOFI

Make your investment worthy, make them responsible.
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A leading SRI player

73 Bn€ of AUM

20 years of SRI expertise

PRI performance band: A+

3/4 of the OFI Group’s AuM make use of an SRI process

Across-the-board expertise in all of the Group’s management strategies
An independent team
dedicated to SRI analysis

A seven-people team*

3,500 issuers analysed

An active and committed shareholder

A dedicated information system, OSIRIS, for SRI analysis and management

* Team and data at 31/12/2019. Both may change.
Find out more at www.ofi-am.fr
An independent team dedicated to SRI analysis

OFI AM
Active and committed

Signatory

Member

Participates

Supports

PRI
Principles for Responsible Investment

ICGN
International Corporate Governance Network

FIR
FORUM POUR L’INVESTISSEMENT RESPONSABLE

CDP
Driving Sustainable Economies

WDi
Worldwide Development Indicators

IIGCC
Climate Action 100+

TRANSPARENCY INTERNATIONAL

Eurosif

Avicenn

access to medicine INDEX
FAIRR
A COLLER INITIATIVE

Ecole normale supérieure expéditions

f.g.e.
Fédération des associations franco-espagnole de gestion et d’investissement
The diversity of SRI

**Ethical funds**
- built based on the **exclusion** of certain sectors or companies (conviction-based funds)

**Thematic funds**
- built based on an **analysis of products** responding to sustainable development challenges
  - Water
  - Energy
  - Climate change
  - Waste treatment
  - Nutrition
  - Demographics
  - Education

**Positive selection funds**
- built based on a **comparative analysis of companies** according to ESG criteria

**Socially responsible funds**
- Impact funds
OFI Responsible Solutions (OFI RS)

- Best-In-Class
  - MONEY MARKET
  - FIXED INCOME & CREDIT
  - EQUITIES
  - MULTI ASSET
    - Engagement
  - CONVERTIBLE BONDS

- Thematic Investing
  - Climate change
    - FIXED INCOME & CREDIT
    - EQUITIES
  - Ethics
    - EQUITIES

- Impact Investing
  - EQUITIES
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<td>OFI Fund RS European Equity Positive Economy</td>
<td>P. 24</td>
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The OFI Group’s SRI principles

**Issuers that incorporate sustainable development challenges within their strategy offer better long-term potential**

The ESG analysis supplements the financial analysis, by considering the Environmental, Social and Governance (ESG) issues that create risks or opportunities and may have a financial impact on corporate or sovereign issuers.

**ESG QUALITY OF THE ISSUER**

- **ENVIRONMENT**
- **SOCIAL**
- **GOVERNANCE**
- **STRATEGY**

Identification of risk areas

Incorporation of sustainable development issues
ESG analysis methodology

1. A constant weight for the corporate governance structure: 30%
   A sector weight for behavior: at least 10%

2. Focused on key E and S issues

3. An analysis of E and S issues intentions and outcomes
E, S and G sector weighting
ICB 2 sector average

<table>
<thead>
<tr>
<th>Sector</th>
<th>E Average weight</th>
<th>S Average weight</th>
<th>G Average weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>47%</td>
<td>13%</td>
<td>40%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>44%</td>
<td>16%</td>
<td>41%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>43%</td>
<td>13%</td>
<td>45%</td>
</tr>
<tr>
<td>Basic Resources</td>
<td>41%</td>
<td>18%</td>
<td>41%</td>
</tr>
<tr>
<td>Automobiles &amp; Parts</td>
<td>34%</td>
<td>26%</td>
<td>40%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>34%</td>
<td>26%</td>
<td>40%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>31%</td>
<td>27%</td>
<td>42%</td>
</tr>
<tr>
<td>Construction &amp; Materials</td>
<td>28%</td>
<td>23%</td>
<td>49%</td>
</tr>
<tr>
<td>Industrial Goods &amp; Services</td>
<td>24%</td>
<td>32%</td>
<td>44%</td>
</tr>
<tr>
<td>Personal &amp; Household Goods</td>
<td>21%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>Media</td>
<td>21%</td>
<td>33%</td>
<td>47%</td>
</tr>
<tr>
<td>Travel &amp; Leisure</td>
<td>19%</td>
<td>36%</td>
<td>45%</td>
</tr>
<tr>
<td>Retail</td>
<td>17%</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Technology</td>
<td>15%</td>
<td>44%</td>
<td>41%</td>
</tr>
<tr>
<td>Banks</td>
<td>11%</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Insurance</td>
<td>8%</td>
<td>52%</td>
<td>40%</td>
</tr>
<tr>
<td>Health Care</td>
<td>4%</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td></td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Financial Services</td>
<td></td>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>

January 30th 2020 - SRI at OFI AM
Corporate issuers: monitoring of outcomes and final score

Issuer rating & ranking

<table>
<thead>
<tr>
<th>Rating</th>
<th>SRI score</th>
</tr>
</thead>
<tbody>
<tr>
<td>out of 10</td>
<td>out of 5</td>
</tr>
</tbody>
</table>

Incorporation of qualitative factors

- Controversies

1. Low and/or one-off impact controversies
2. Controversies with a large impact but limited in time and/or space
3. Controversies with a very large impact and/or that are structural in nature
4. Major controversies
Very high level controversies
Breaches of the Global Compact

Selection

Almost all the issuers experience ESG controversies. We give special treatment to those considered to be unacceptable with regard to the principles of the Global Compact.

This covers three types of ESG controversies

1 | Breaches of the most fundamental human rights
2 | Environmental disasters and the intensity of their impacts on populations
3 | Misconduct that is major because it is deliberate

Examination by the Risk Committee

Once a month, OFI AM’s SRI team submits a list of issuers involved in such major controversies.

A list of issuers with the risk committee’s stamp of approval excludes them from the investment universe of our equity and convertible bond SRI funds.
Exclusions

All OFI funds

- Controversial weapons
  Ottawa/Oslo/Paris treaties

- Coal plant developers
  Urgewald > 300MW of new capacity

SRI funds

- Under watch

- Breaches of the Global Compact
  Equity and convertible bond funds

- Owners of coal mines
  > 1% of revenue
### Relative ranking of issuers within each sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leaders</strong></td>
<td>The most advanced in addressing ESG issues</td>
</tr>
<tr>
<td><strong>Engaged</strong></td>
<td>Actively address ESG issues</td>
</tr>
<tr>
<td><strong>Followers</strong></td>
<td>ESG issues passably managed</td>
</tr>
<tr>
<td><strong>Uncertain</strong></td>
<td>ESG issues poorly managed</td>
</tr>
<tr>
<td><strong>Under watch</strong></td>
<td>Late in addressing ESG issues: excluded in SRI funds</td>
</tr>
</tbody>
</table>
Impact on performance
Of the “Best-in-Class” SRI approach

Euro stoxx index
12/2007 > 11/2019

Source: OFI AM

The figures given refer to previous years. Past performances are not a reliable indicator of future performances.
OFI, an active and committed player

ESG analysis of private issuers

Energy and ecological transition

European Equity Climate Change Strategy

OFI Fund RS European Equity Positive Economy
Catalysts for a “low carbon” trajectory

1. Excluding certain sectors
   Negative list

2. Preferring issuers active in the energy transition
   Financing companies that offer solutions

3. Picking stocks from carbon-intensive sectors
   Positive list

“Standard” portfolio

“Low carbon” trajectory portfolio
# The carbon footprint

## Emissions financed

Tons of greenhouse gases (GHGs) as a proportion of liabilities

OFI’s choice of method for evaluating bond portfolios

## Carbon intensity

Tons of GHGs as a proportion of revenue

## Carbon intensity is concentrated in a few sectors

Weight of carbon-intensive sectors by % of CO₂ emissions

<table>
<thead>
<tr>
<th>Sector</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>26.0%</td>
</tr>
<tr>
<td>Basic resources</td>
<td>21.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>16.2%</td>
</tr>
<tr>
<td>&quot;Intensive&quot; industry</td>
<td>14.3%</td>
</tr>
<tr>
<td>Automotive</td>
<td>5.7%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.7%</td>
</tr>
<tr>
<td>&quot;Intensive&quot; travel</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

*Source: OFI AM, at end-2016*
Issuers’ Transition performance

A matrix dedicated to each of the 8 carbon-intensive sectors

Selection matrix

Source: OFI AM
OFI, an active and committed player

ESG analysis of private issuers

Energy and ecological transition

European Equity Climate Change Strategy

OFI Fund RS European Equity Positive Economy
3 reasons to invest in European Equity Climate Change strategy

1. The Ecological transition is a powerful investment theme and far more than just a passing fad.

2. These issues have a financial impact on companies and they justify selecting those that have adopted a pro-active approach.

3. This strategy obtained the French SRI label in 2009 and the highest possible rating from Climetrics for its climate performance in February 2019.
Selection process

Investment universe
European equities rated by the OFI Group's ESG research team
≈ 1,300 stocks

Exclusions
Weapons, Gambling, Nuclear, Coal, Tobacco, Unconventional Energy

ESG filter
All sectors / ESG rating
20% excluded

EET theme filter
Energy and Ecological Transition
Non-carbon-intensive sectors
"Environment" rating
15% excluded
Carbon-intensive sectors
Risk vs Opportunity matrix
At least 15%
≈ 800 stocks

Financial filter
Quality-based criteria

Candidates for a portfolio

Construction of a portfolio
Best candidates
≈ 50 stocks

UNIVERSE
FILTERS
PORTFOLIO
The Positive Economy,
A project for society*

Many fields for engagement in sustainable development
60 sub-themes are represented in the positive economy universe

- **PROTECTION OF NATURAL RESOURCES**
  - Circular economy
  - Waste recycling
  - Innovation/Eco-design
  - Clean water and water purification
  - Fight against deforestation

- **HEALTH / WELLBEING / SAFETY**
  - Healthy food
  - Combating diseases
  - Prevention & diagnosis
  - Safety of persons and systems

- **ENERGY TRANSITION**
  - Renewable energy
  - Energy efficiency
  - Green buildings
  - Clean and low-carbon mobility
  - Clean-tech

- **SOCIAL INCLUSION**
  - Access to basic products (food, electricity, education, employment, housing, infrastructure…)
  - Education and training

* Sub-themes are merely examples and not exhaustive
Fundamental multi-disciplinary analysis
From exclusion to positive inclusion

Analysis ESG
Contribution Positive Economy
Impact UN SDGs
Financial analysis

RISK ANALYSIS
ANALYSIS OF OPPORTUNITIES

ANALYSIS OF OPPORTUNITIES
Performances as of 31/12/2019

Performance since launch of strategy
07/13/2017

Source: OFI AM, 28/06/2019, I shareclass

Figures relate to past years. Past performances are not a reliable indicator of future results.
## Administrative characteristics

**OFI Fund RS European Equity Positive Economy**

<table>
<thead>
<tr>
<th>Legal form</th>
<th>Sub-fund of a Luxembourg SICAV (open-ended investment company)</th>
</tr>
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<tbody>
<tr>
<td>Management company</td>
<td>OFI LUX – Delegation to OFI Asset Management</td>
</tr>
<tr>
<td>Recommended investment period</td>
<td>5 years minimum</td>
</tr>
<tr>
<td>Creation date</td>
<td>April 8, 2015 - Change of management strategy from July 2017</td>
</tr>
<tr>
<td>Currency</td>
<td>Euro</td>
</tr>
<tr>
<td>ISIN codes</td>
<td>GR Share Class: LU1753039368 • GI Share Class: LU1753039285</td>
</tr>
<tr>
<td>Depositary</td>
<td>SOCIETE GENERAL BANK TRUST Luxembourg</td>
</tr>
<tr>
<td>Pricing agent</td>
<td>SOCIETE GENERAL BANK TRUST Luxembourg</td>
</tr>
<tr>
<td>Appropriation of income</td>
<td>Capitalisation/Distribution</td>
</tr>
<tr>
<td>Valuation</td>
<td>Daily</td>
</tr>
<tr>
<td>Subscription/redemption</td>
<td>Cut-off at 12h on business days that are not bank holidays (N+1) • Order placed at last NAV known (N) • Settlement N+3</td>
</tr>
<tr>
<td>Entry fee</td>
<td>2% (incl. taxes) maximum</td>
</tr>
<tr>
<td>Ongoing management fees</td>
<td>GR Share Class: 2.04% • GI Share Class: 1.10%</td>
</tr>
<tr>
<td>Exit fee</td>
<td>N/A</td>
</tr>
<tr>
<td>Main risks</td>
<td>Loss of capital, equities and markets, discretionary, counterparty, small caps, currency</td>
</tr>
</tbody>
</table>
An active commitment to responsible finance
Thank you for your attention
Please come to see us at our stand (Nr. 10, Level 0)
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