

3/ Pre-contractual disclosure template (Article 8 SFDR)

**Product name:**  
Ofi Invest European Equity

**Legal entity identifier:**  
213800JF1KNTXF3XTW05

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?



Yes



No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

Ofi Invest European Equity (the “Sub-Fund”) is divided in three mandates:

**All mandates**

The Sub-Fund promotes Environmental and Social characteristics by investing in companies that have good Environmental, Social and Governance practices. It invests in European equity securities with the best ESG performance.

**Mandate managed by Ofi Invest Asset Management (“Ofi Invest AM”)**

The mandate promotes environmental and social characteristics. In order to assess issuers’ environmental, social and governance practices, the Management Company relies on the internal ESG score methodology.

The themes taken into account in reviewing good ESG practices are:

- Environmental: Climate change – Natural resources – Project financing – Toxic waste – Green products.
- Social: Human capital – Societal – Products and services – Communities and human rights
- Governance: Governance structure – Market behavior

**Mandate managed by Kempen Capital Management**

The characteristics taken into account in the review of ESG best practices are:

- Environmental characteristics related to:
  - climate change mitigation and climate change adaptation in line with the Paris Climate Agreement;
  - protection of biodiversity and ecosystems;
  - transition to a circular economy.

The environmental characteristics promoted by the mandate seek to contribute to the achievement of the climate goals of the Paris Agreement and the National Climate Agreement of the Netherlands ('Klimaatakkoord').

- Social characteristics related to:
  - decent work;
  - adequate living standards and wellbeing for end-users;
  - other social topics such as gender equality and broader diversity matters.

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

The characteristics taken into account in the review of ESG best practices of the selected companies are:

- reduction in carbon emissions in line with the long-term global warming objectives of the Paris Agreement;
- climate change (environmental) and demographic (social) challenges by making sustainable investment in companies that contribute to industry, innovation and infrastructure (SDG 9) as defined by United Nations Sustainable Development Goals, which provide affordable and clean energy (SDG 7) or that take action to combat climate change (SDG 13), or that address quality education as highlighted in SDG 4;
- demographic challenges posed by human population growth which are threatening all the 17 SDG's. The aim is to foster positive and empowering population solutions that contribute to address poverty, hunger, health & well-being, reduced inequalities or sustainable cities as defined by SDG 1, 2, 3, 10, and 11.

#### **All mandates**

The Sub-Fund does not have an ESG benchmark as a reference benchmark.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

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

The sustainability indicators used to measure the attainment of each environmental or social characteristics promoted by the Sub-Fund product are:

- The Sub-Fund's average ESG score: for the method used to calculate this score, please refer to the section "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*".
- The average ESG score of the SRI universe: to verify that the average ESG score of the Sub-Fund outperforms that of the investment universe after removing the worst 20% of values.

#### **Mandate managed by Kempen Capital Management**

Each company is assessed on a case-by-case basis using the Kempen ESG score to ensure good governance practices and minimum environmental and social safeguards.

The Kempen ESG score takes into account E, S, and G characteristics divided over sustainability indicators for which a number of underlying ESG metrics are used.

Companies are evaluated on the sustainability indicators that are material for the sector in which they are operating.

Each risk factor is scored from 1-5 resulting in an overall weighted score of 1-5.

Kempen Capital Management seeks to avoid investment in companies scoring low on a particular sustainability indicator.

Those companies will be subject to engagement on this particular indicator if there is room for improvement.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained

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

**Pre-Investment:** The Investment Manager selects companies which drive and benefit from the ongoing paradigm shift driven by digital disruption, demographics and climate change. These thematic leaders will be selected on the basis of ESG/sustainability and impact factors. The mandate considers an investment as sustainable investment if it is aligned with:

- Reduction of carbon emissions.
- Promoting green technologies.
- Addressing of the demographic challenges.

**Post-Investment:** In that context, the Investment Manager aims to produce additional positive and tangible impacts by exercising its voting rights and by engaging directly with the portfolio companies.

- **Proxy Voting**  
Ensuring the exercise of the voting rights and providing full transparency on proxy voting decisions.
- **Engagement**  
Providing transparency on portfolio companies and the results of engagement initiatives undertaken with the objective of establishing a dialogue with companies in portfolio within three years; The Investment Manager reports the successes and the non-achievements of its engagement activities. To evaluate the engagement progress, the Investment Manager measures the engagement level of each company. Only when a company reaches level 5, signifying that it has acted on one of its recommendations, the Investment Manager considers that it has achieved a desired impact.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investments contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

*The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The 'do not significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

**What investment strategy does this financial product follow?**

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

The investment strategy of the Sub-Fund aims to invest in companies that have good Environmental, Social and Governance practices

The Sub-Fund's extra-financial policy is implemented through exclusion policies as well as the integration of ESG analysis in the investment decision.

**Principal adverse impact** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

#### **Mandate managed by Kempen Capital Management**

The Sub-Fund offers an actively and professionally managed portfolio of smaller listed European companies, while at the same time complying with strict exclusion and sustainability criteria.

The Sub-Fund follows the ESG policy which is aimed at the promotion of environmental and/or social characteristics.

This ESG policy is implemented in the Sub-Fund's strategy's investment process across the following pillars:

- 1) Exclusion & Avoidance: Not investing in companies involved in controversial activities or conduct.
- 2) ESG Integration: Ensuring sustainability risks and opportunities are adequately considered in our investment analysis and processes.
- 3) Active ownership: Being responsible stewards of our clients' capital and using our influence through engagement and voting to improve corporate behavior on specific ESG issues and achieve positive change.
- 4) Positive impact: Investing with an objective to achieve positive real-world outcomes and impact, such as contributing to the UN Sustainable Development Goals.

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

The sustainable investment objective is attained by the implementation of the Investment Manager's Buy & Care® strategy.

##### **Pre-investment:**

The selection process rests primarily on fundamental analysis. The Investment Manager uses a methodology based on five important criteria, which lead them to get a better understanding of the companies' sustainable competitive advantage, their long-term growth prospects, the quality of their management, their profitability via margin analysis and potential for economic value creation and finally the strength of their balance-sheet and their cash-flow generation.

The following ex-ante strategies are used to identify the sustainable investments contributing to the mandate's sustainable objective:

- ESG integration.
- Sectors exclusions.
- Best-in-class approach.
- Thematic investing.

The Investment Manager is financing and fostering the transition to a more sustainable economy in all sectors which can contribute to:

- Climate adaptation.
- Climate mitigation.
- Sustainable use and protection of water and marine resources.
- The transition to a circular economy
- Waste prevention and recycling.
- Pollution prevention and control and the protection of health ecosystems

##### **Post-investment:**

The Manager's investment process is completed by an active engagement with portfolio companies to ensure the effective achievement of targeted results.

The following ex-post strategies are used to foster further progress on the sustainability characteristics of the underlying emitters:

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

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

#### **All mandates**

The Sub-Fund applies exclusionary policies to minimize risks associated with certain business sectors and international benchmarks and to manage its reputational risk.

Therefore, the Sub-Fund complies with the policies summarized in the “Investment Policy: Sector-based and Norm-based Exclusions” document. This document is available online at [www.ofi-invest-am.com/pdf/principes-et-politiques/investment-policy\\_sectorial-and-norms-based-exclusions.pdf](http://www.ofi-invest-am.com/pdf/principes-et-politiques/investment-policy_sectorial-and-norms-based-exclusions.pdf).

The exclusion policies are available in full online at [www.ofi-invest-am.com](http://www.ofi-invest-am.com).

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

The binding elements of the investment strategy used to select the investments to attain each of the environmental and social characteristics promoted by the Sub-Fund are as follows:

The Sub-Fund adopts an ESG’s rating improvement’s approach, which consists of achieving an average ESG score of the portfolio higher than the average ESG score of the comparable SRI universe: the Euro Stoxx Total Market Index (BKXE), which the Management Company considers a relevant comparison element for the ESG score of the fund in view of its strategy, after eliminating 20% of the index weighting. These excluded securities include issuers that appear on the management company’s sectoral and normative exclusion lists and the securities that have the lowest ESG score.

The proportion of stocks undergoing an ESG analysis in the portfolio must be higher than 90% of the Sub-Fund’s net assets (excluding cash, UCIs and derivatives).

When assessing issuers’ ESG practices, the Sub-Fund considers the following pillars and themes:

- Environment: climate change, natural resources, project financing, toxic waste and green products.
- Social: employees, customers, suppliers and civil society, with reference to universal values (in particular: human rights, international labor standards, environmental impact, corruption prevention and more), human capital, supply chain, products and services.
- Governance: governance structure and market behavior.

The ESG analysis team defines a sector-based reference for key issues (ESG issues listed above), by selecting the most important issues for each sector of activity. Based on this reference, an ESG score is calculated out of 10 for each issuer, which includes, first, the key issue scores for E and S and, second, scores for G issues, along with any bonuses/penalties.

Indicators used to establish this ESG score include, for example:

- Scope 1 carbon emissions in tons of CO<sub>2</sub>, water consumption in cubic meters, nitrogen oxide emissions in tons for the environmental pillar;
- the information security policies in place and the frequency of system audits, the number of fatal accidents, the percentage of the total workforce represented by collective labor agreements for the social pillar;
- the total number of directors, the percentage of independent members of the board of directors, the total remuneration as a % of fixed salary for the governance pillar.

Issuers’ ESG scores are calculated quarterly, while underlying data are updated at least every 18 months. Ratings can also be adjusted by analysis of controversies or as a result of engagement initiatives. This analysis is carried out using a dedicated proprietary tool for automating the quantitative processing of ESG data (mainly provided by ESG score agencies, but also by specialised agencies), combined with an analysis by the ESG analysis team.

However, one could face some methodological limitations, such as:

- no disclosure or incomplete disclosure by some companies of information that is used as input for the rating model;
- a problem with the quantity and quality of the ESG data that need to be processed;

Details of the issuers’ ESG rating methodology are provided in the document entitled Responsible Investment Policy. This document is available at: [www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf](http://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf).

#### **Mandate managed by Kempen Capital Management**

##### ESG Integration:

ESG integration means that the Sub-Fund ensures that sustainability risks and opportunities are adequately considered in the investment analysis and processes.

In the investment process the ESG profile of each company is assessed to ensure minimum environmental and social safeguards as well as adherence to good corporate governance practices. Each company is assessed on a case-by-case basis, taking into account material risks in a given industry in combination with the company's risk exposure, governance practices and disclosure.

##### Active Ownership:

Active ownership is about being responsible stewards of our clients' capital and using our influence through engagement and voting to improve corporate behavior on specific ESG issues and achieve positive change. The mandate believes in engagement with its investee companies with the aim to achieve positive change on specific ESG topics (active ownership). In case of equity investments, the Sub-Fund uses its voting rights on Annual General Meetings as another instrument to encourage companies to improve their ESG policies and practices. Investee companies that show insufficient results and improvement of their performance with respect to ESG related criteria may be excluded.

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

From a pre-investment (Buy) perspective, the key binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are the sustainability indicators and associated DNSH, PAI, and good governance criteria mentioned previously.

Specific positive binding components are simultaneously described in the section above: "What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?".

From a post-investment perspective (Care), the mandate will also be providing full transparency on portfolio companies and the results of engagement initiatives undertaken with the objective of establishing a dialogue with companies in portfolio within three years and achieving tangible impact within five years for said companies.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

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

Not applicable

#### **Mandate managed by Kempen Capital Management**

Not applicable

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

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

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

1. Analysis of governance practices within the ESG analysis (pillar G). For each Issuer, the ESG analysis incorporates an analysis of corporate governance, with the following themes and issues:
  - its governance structure: Respect for minority shareholder rights - The composition and operation of boards or committees, Remuneration of executives, Accounts, audits and taxation; and
  - its market behavior: Business practices.
2. Weekly monitoring of ESG controversies: the ESG analysis also takes into account the presence of controversies on the above-mentioned themes and their management by issuers.
3. The Management Company's exclusion policy related to the UN Global Compact, including its Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery".<sup>1</sup> Companies which are dealing with serious and/or systemic controversies on this principle on a recurrent or frequent basis, and which have not implemented appropriate remedial measures, are excluded from the investment universe.

**Good governance** practices include sound management structures, employees' relations, remuneration of staff and tax compliance.

<sup>1</sup> [pactemondial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/#lutte-contre-la-corruption](https://pactemondial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/#lutte-contre-la-corruption)

- The voting and shareholder<sup>2</sup> engagement policy: This policy is based on the most rigorous governance standards (G20/OECD Principles of Corporate Governance, AFEP-MEDEF Code, etc.). Firstly, in connection with the voting policy, the Management Company may have recourse to several actions in the context of general meetings (dialogue, written questions, filing of resolutions, protest votes, etc.). In addition, the engagement policy is reflected in dialogue with certain companies, not only in order to have additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance.

#### **Mandate managed by Kempen Capital Management**

In the investment process ESG profile of a company is assessed. Kempen Capital Management look at each company on a case-by-case basis, taking into account material risks in a given industry in combination with the company's respective risk exposure, practices and disclosure.

This includes an assessment of good governance practices.

The investee companies are rated for governance aspects using external research as well as making internal assessments.

Furthermore, Kempen Capital Management look into the company's exposure to past controversies and future ESG opportunities. Based on the fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score (1-5).

The investment manager applies adequate due diligence measures when selecting the assets and such due diligence measures take into account ESG related risks as it could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives of the Sub-Fund.

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

Good governance is specifically addressed through the criteria used within the Investment Manager's ESG assessment. These include:

- The effectiveness of a company's management body (composition, balance, remuneration practices and oversight of the company's operations);
- Whether a company's audit, risk and compliance controls meet best practice standards;
- The company's overall compliance with tax, anti-money laundering, antibribery and environmental standards; and the company's commitment to employment rights.
- Considerations about human rights and employment issues in the company's supply chains in the Due Diligence.

Similarly, governance controversies are constantly monitored through the Investment Manager's proxy voting practice. Companies which do not respect basic governance practices, and which are confronted with governance controversies will be excluded from the investment universe.

The Investment Manager analyses how efficiently corporate executives allocate capital and how strong corporate governance is.

Maturity, track-record, size and geographical location also play a role in the Investment Manager's final decision. The task of analyzing management quality is made easier by the visits and discussions of the Investment Manager, which enhances the ability to evaluate the consistency between a company's statements and its concrete actions.

By going beyond the company's reporting and meeting its management, the Investment Manager sharpens its investment convictions.

#### **What is the asset allocation planned for this financial product?**

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

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

In addition, a maximum of 10% of the investments of the Sub-Fund will be derivatives, cash, and/or cash equivalents (excluding monetary UCIs classified as Article 8 according to the SFDR and managed by Ofi Invest AM) held for liquidity purposes (#2 Other).

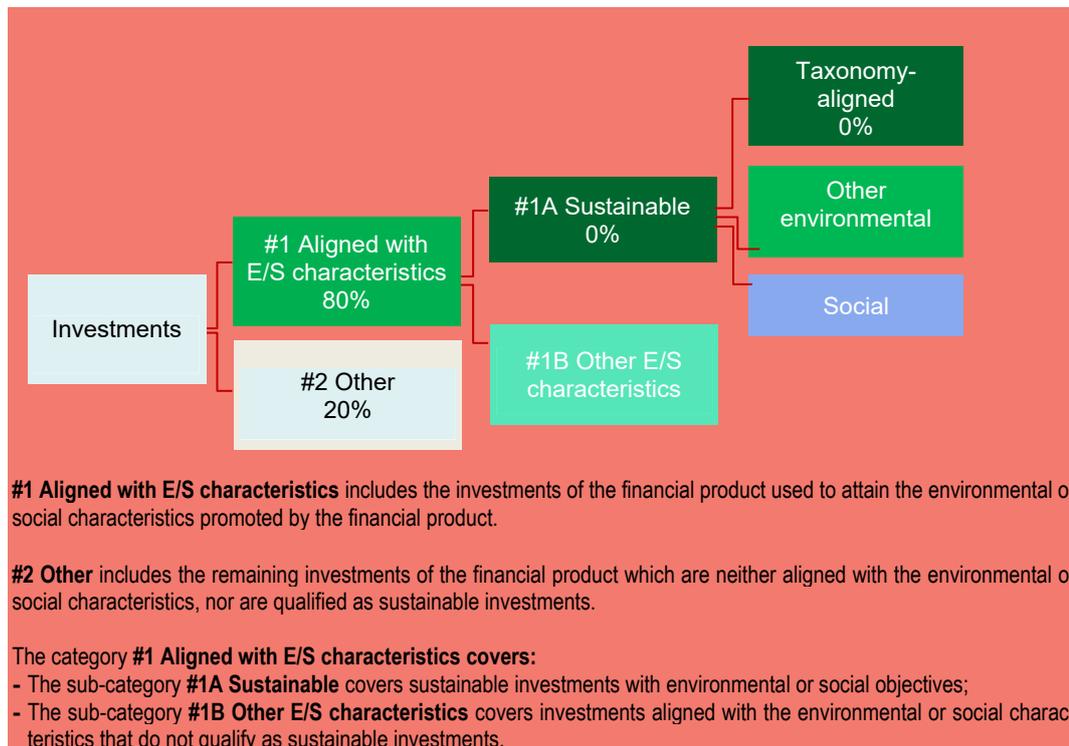


**Asset allocation** describes the share of investments in specific assets.

<sup>2</sup> This policy applies according to the asset class of the UCIs and therefore, primarily to UCIs exposed to equities.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The use of derivatives will not aim to attain E/S characteristics. However, their use will not have the effect of significantly or permanently impinging on the environmental and/or social characteristics promoted by the Sub-Fund.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not currently make any minimum commitments to align its activities with the Taxonomy Regulation. Accordingly, the minimum investment percentage aligned with the EU Taxonomy to which the Fund commits is 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes
- In fossil gas       In nuclear energy
- No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund does not commit to a minimum share of sustainable investments

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy



● **What is the minimum share of socially sustainable investments?**

Not applicable



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

These investments, represent a maximum of 20% of the Sub-Fund's investments, will consist of:

- Cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR regulations and managed by Ofi Invest AM), within a total limit of 10%,
- Financial derivative instruments, used as defined by the investment policy of the Sub-Fund, within a total limit of 10%,
- Non ESG-rated assets, within a total limit of 10%.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.

**Reference benchmarks**  
are indexes to measure  
whether the financial prod-  
uct attains the environmen-  
tal or social characteristics  
that they promote



**Where can I find more product specific information online?**

More product-specific information can be found on the website of the Sub-Fund: [www.ofi-invest-lux.com/fund/ofi-invest-european-equity-class-i-eur/LU0185497350](http://www.ofi-invest-lux.com/fund/ofi-invest-european-equity-class-i-eur/LU0185497350).