

## **Article 10 (SFDR)**

### **Website disclosure for an article 8 fund**

**SCOR ESG Euro High Yield**

## LEGAL INFORMATION

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**Product name:** SCOR ESG Euro High Yield  
**Legal identity identifier:** 969500TAL8XRZUUY970

Does this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## A. Summary

The Fund promotes environmental and/or social characteristics within the meaning of article 8 of the SFDR. The Fund favours issuers with a better ESG profile, while excluding issuers and sectors that are not aligned with SCOR Investment Partners and with the principles of exclusion of European indices aligned with the Paris Agreement "EU Paris-aligned Benchmark (PAB)".

Prior to any investment, the Management Company assigns each company an ESG rating. The issuer's ESG Rating is based on a single ESG rating scale: ratings ranging from D- to A+, with A+ being the highest possible rating. The management team will systematically exclude securities whose issuers have an ESG Rating equal to D- and securities whose issuers have no ESG Rating.

This rating is based on ESG criteria, for example the issuer's carbon emissions (environmental pillar), the rate of employee unionization (social pillar) and the number of women on company boards (governance pillar). The ESG Rating is updated for each security in the portfolio annually.

Excluding cash management, the portfolio will be broken down into three "Sub-Universes". On the one hand, the Euro High Yield market and, on the other hand, the Euro Investment Grade market and the Euro Government Securities market in the event that the Fund is invested opportunistically in securities belonging to one of these two Sub-Universes. At any time, the average ESG Rating of each Sub-Universe in the portfolio may change, but must remain higher than that of the benchmark of the Sub-Universe in question after the elimination of at least 20% of the lowest rated securities in that benchmark.

In addition, the Fund applies a specific constraint in the following four sectors: the energy sector, the utilities sector, the automotive sector and the chemical sector.

In concrete terms, this means that, in four sectors with high energy consumption, the management team must give preference to issuers with a good environmental rating, namely the energy sector, the utilities sector, the automotive sector and the chemical sector. The average Environmental Rating per sector of the mutual fund must be higher than the average Environmental Rating of the same sector in the Benchmark Index of the mutual fund.

As part of its cash management, the Fund may invest in French and/or European money market funds with ESG labels, such as the 'SRI label'. The ESG rating of these funds is the ESG rating assigned to the management company by our non-financial data provider.



## B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.



## C. Environmental or social characteristics of the financial product

### What are the environmental or social characteristics promoted by this financial product?

The environmental and social ("E/S") characteristics promoted by the Fund consist in favouring issuers with a better ESG profile. The issuer's ESG Rating is based on a single ESG rating scale: ratings ranging from A+ to D-, with A+ being the highest possible rating. In concrete terms, the average ESG rating of the portfolio must be higher than the average ESG rating of the investment universe after removing the 20% lowest rated securities in that investment universe. The management team will systematically exclude securities whose issuers have an ESG Rating equal to D- and securities whose issuers have no ESG Rating. In addition, the Fund implements normative and sectoral exclusions aligned with SCOR Investment Partner's values and with the principles of exclusion of European indices aligned with the Paris Agreement "EU Paris-aligned Benchmark (PAB)".



## D. Investment strategy

### What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The promotion of E/S characteristics completes the financial investment strategy of the Fund described above in the prospectus. The selection process is the following:

#### 1. Normative and sectoral exclusions

The Fund applies restrictions within its investment universe. The restrictions are normative and sector-specific restrictions in order to align with SCOR Investment Partner's values, with the principles of exclusion of European indices aligned with the Paris Agreement "EU Paris-aligned Benchmark (PAB)" and with its values and with the applicable regulations.

The Fund applies to every investment the following series of exclusions based on internal or international norms.

- Exclusion of High-Risk Jurisdictions according to the Financial Action Task Force (FATF), and internal ad-hoc analysis for Jurisdictions under Close Supervision (FATF) or Third Countries with Insufficient AML/CFT Systems (European Commission) or Non-Cooperative Countries and Territories for Tax Purposes (European Union),
- Office of Foreign Assets Control (OFAC) sanction list,
- European lists of sanctions and frozen assets,
- Exclusion of companies that have committed serious violations of the United Nations Global Compact (UNGC) or the OECD Guidelines for Multinational Enterprises and have not demonstrated satisfactory corrective action.

As for sectoral exclusions, the approach intends to exclude sectors or sub sectors that are too harmful and for which more sustainable alternatives exist.

In the first place, the Fund does not invest in companies whose activities are related to the following controversial and unconventional weapons:

- Compliance with the provisions of the Ottawa Convention (anti-personnel mines) and the Oslo Convention (cluster munitions),
- Exclusion of companies involved in production, sale, and distribution of controversial weapons (chemical and biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons outside of the Treaty on the Non-Proliferation of Nuclear Weapons).

As the SCOR group is a signatory of the Tobacco Free Finance Pledge, tobacco manufacturers are excluded from SCOR Investment Partners' investment universe. Manufacturers of tobacco related products (major components, e-cigarettes, heated tobacco products and smokeless heaters) are also excluded. In addition, companies with more than 15% of their revenues related to tobacco distribution are excluded.

Finally, aware of the urgency to act against global warming, the Fund does not invest in companies or projects involved in the following businesses and sectors:

- Thermal coal business, whether the companies or projects are involved in coal mining, coal-fired power generation or are considered as coal plant developers. the effective threshold for activities related to thermal coal is 1% of turnover, to reflect the uncertainties related to the quality of underlying data and to avoid discriminating against issuers that are in the process of exiting such activities,
- Oil & gas sector, meaning companies or projects involved in the conventional or unconventional production chain of oil and gas (upstream, midstream, and downstream). SCOR Investment Partners relies on the Bloomberg classification for the implementation of these exclusions. The sectors concerned are Oil & Gas, Pipelines, and Gas.
- Companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh.

Additional exclusions may be added and will be provided on the website.

## 2. Best-in-Class Approach

Prior to any investment, the Management Company assigns each company an ESG rating ranging from D- to A+ (with A+ being the highest possible rating).

The ESG rating is defined as follows:

- If the issuer is rated by the ISS ESG data provider, then the Management Company automatically assigns this rating to the issuer without any prior restatement,
- If the issuer is not rated by the ISS ESG data provider, then the Management Company analyses the issuer and assigns an internal "ESG rating", ranging from D- to A+ with A+ being the better performance, based on

information publicly available or provided by the issuer to the Management Company. The ESG rating scale used is equivalent to that of the non-financial data provider. This ESG rating is defined according to an internal rating grid, taking into account the information available to the management company on the issuer of the security. Where appropriate, the ESG rating may be supplemented by information obtained from the issuer in the questionnaire sent out by the management team.

The table below allows to understand the correspondence between numerical and letter ratings, whether the ISS ESG and its internal "ESG rating", on a same scale. The Fund regularly monitors the potential evolution between these two methodologies as to avoid any discrepancies. This allows for the attribution of consistent, comparable, and stable scores over time, thus ensuring the homogeneity of ESG evaluation criteria within the portfolio.



This rating is based on ESG criteria, for example the issuer's carbon emissions (environmental pillar), the rate of employee unionization (social pillar) and the number of women on company boards (governance pillar). The ESG Rating is updated for each security in the portfolio annually.

In the Investment Universe Adjusted for Exclusions, the management team excludes, at the time of investment, securities whose non-financial rating is lower than the predetermined threshold set by the management company. This threshold is D- on the "Rating scale".

Excluding cash management, the portfolio will be broken down into three "Sub-Universes". On the one hand, the Euro High Yield market and, on the other hand, the Euro Investment Grade market and the Euro Government Securities market in the event that the Fund is invested opportunistically in securities belonging to one of these two Sub-Universes. At any time, the average ESG Rating of each Sub-Universe in the portfolio may change, but must remain higher than that of the benchmark of the Sub-Universe in question after the elimination of at least 20% of the lowest rated securities in that benchmark.

The benchmarks selected for the three Sub-Universes are:

- For securities belonging to the Euro High Yield market or not rated: the Bloomberg Euro High Yield ex Financials capped 3% index (Bloomberg Code LEXFTREU),
- For securities belonging to the Euro Investment Grade Euro market: the Bloomberg Euro Corporate ex Financials index (Bloomberg Code LECFTREU),
- For Euro government securities: the Bloomberg Euro Treasury 0-12 months index (Bloomberg Code LA09TREU).

### 3. Sectoral Approach:

As the management company is particularly attentive to climate change, the Fund applies a specific constraint in the following four sectors: the energy sector, the utilities sector, the automotive sector and the chemical sector.

In concrete terms, this means that, in four sectors with high energy consumption, the management team must give preference to issuers with a good environmental rating, namely the energy sector, the utilities sector, the automotive sector and the chemical sector. The average Environmental Rating per sector of the mutual fund must be higher than the average Environmental Rating of the same sector in the Benchmark Index of the mutual fund.

The rating scale for this Environmental Rating ranges from A to D-, with A being the best possible rating and D- the worst possible rating. The minimum Environmental Rating selected is D.

The portfolio may be invested in none of the four sectors listed above.

For illustration purposes, the Environmental Rating of these four sectors is mainly weighted by the following criteria:

- For the energy sector: Scope 1 of greenhouse gas emissions associated with the issuer's activities, the issuer's policies to preserve air quality, the issuer's wastewater treatment.
- For the utilities sector: the energy sources used by the issuer, the percentage of renewable energy used by the issuer, the issuer's water use efficiency.
- For the automotive sector: the energy efficiency of the products manufactured by the issuer, the rate of reprocessing of waste associated with the issuer's industrial production, the percentage of vehicles with a low environmental impact produced by the issuer.
- For the chemical sector: the issuer's greenhouse gas emissions, the issuer's greenhouse gas reduction policy and strategy.

#### 4. Cash Management

As part of its cash management, the Fund may invest in French and/or European money market funds with ESG labels, such as the 'SRI label'. The ESG rating of these funds is the ESG rating assigned to the management company by our non-financial data provider.

#### **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 binding elements of the investment strategy used to select the investments to attain each of the environment or social characteristics promoted by this financial product are as follows:

1. The Fund will systematically exclude certain issuers and sectors based on the normative and sectoral exclusions detailed above.
2. The management team will carry out an ESG analysis in order to assign each issuer an ESG rating and will favour issuers with the highest ratings from an extra-financial perspective, while systematically excluding securities whose issuers have an ESG Rating equal to D- and securities whose issuers have no ESG Rating.
3. The average ESG Rating of each Sub-Universe in the portfolio must remain higher than that of the benchmark of the Sub-Universe in question after the elimination of at least 20% of the lowest rated securities in that benchmark.
4. As part of its cash management, the Fund will only invest in French and/or European money market funds with an ESG label.

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

The good governance of issuers is evaluated through a three steps' approach.

1. First, the analysis carried out by the management team consider various governance factors, including but not limited to:
  - The application of a code of ethics, of an anti-corruption policy or any related documents.

- The issuer's organisation and the composition, parity, and remuneration policy at Board level.
2. A controversy analysis is performed, which includes controversies linked to Human Rights, Taxes, Labour Conditions, Environmental Protection, Consumer Protection, Business Ethics. The controversies are monitored regularly to ensure good governance is maintained. In addition, the exclusion of projects in serious violation of UNGC or OECD Guidelines for Multinational Enterprises acts as an additional guarantee.
  3. The final step is to exclude projects rated D-, which ensures that below standards issuers are not included in the Fund.

#### Does this financial product take into account principal adverse impacts on sustainability factors?

☒ Yes, the Fund will report in the periodic reporting of the Fund, at the investment level, on the following principal adverse impacts that are collected per issuer.

The internal analysis evaluates investments according to the 13 criteria. The list of criteria might evolve depending on data availability. Issuers that do not meet minimum requirements with respect to the listed criteria may be excluded.

SCOR Investment Partners aims at gathering the data of each investee company whenever possible, while committing to report each year on the data coverage of each PAI considered.

☐ No



### E. Proportion of investments

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

A minimum of 90% of the entire Fund will be invested in issuers aligned with the E/S characteristics promoted by the Fund (#1). The remaining (<10%) will be cash, will not incorporate E/S characteristics and will not follow any minimum environmental or social safeguard (#2).

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

The Fund may hold up to 10% of cash for liquidity purposes.

“#2 Other” is made of cash and cash equivalents used as ancillary liquidity, which do not follow any minimum environmental or social safeguard. However, for cash management reasons, if the Fund invests in French and/or European money market funds, they need to have an ESG label.



### F. Monitoring of environmental or social characteristics

#### How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?

The E/S characteristics are monitored throughout defined indicators, which are detailed in the section below “G. Methodologies”. These indicators are defined, implemented and systematically monitored by the management team,



under the responsibility of the Head of Sustainable Investment. Controls of the ESG investment criteria are carried out by the risk team of SCOR Investment Partners SE.



## G. Methodologies

### What is the methodology to measure how the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The sustainability indicators used to measure the attainment of the E/S characteristics promoted are:

- A- The share of investments having exposure to, or ties with the normative and sectoral exclusions further described below, which should always remain at 0%.
- B- The average ESG rating of the portfolio.
- C- The average ESG rating of the investment universe after removing the 20% lowest rated securities in that investment universe.
- D- The share of investments made in French and/or European money market funds with an ESG label.



## H. Data sources and processing

### What are the data sources used to attain each of the environmental or social characteristics promoted by the financial product including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

On the one hand, data is provided by ISS ESG, an extra-financial data provider, and, on the other hand, the Manager analyses the issuers based on information publicly available or provided directly by the issuer to the Manager. The Manager considers this information to be well-founded or accurate on the day of their establishment.



## I. Limitations to methodologies and data

### What are the limitations to the methodologies and data sources?

The consideration of the ESG approach, and more specifically the inclusion of exclusions in the investment selection process, may create a performance bias in relation to the performance of the Fund's investment universe.

Furthermore, the ESG approach is based on the one hand, on data provided by the ESG data provider selected by the management company and, on the other hand, on an internal analysis of the information provided by issuers that the management company considers to be well-founded or accurate on the day of their establishment. The multiple data sources might create discrepancies between the two methods. However, the consistent internal rating process developed by SCOR Investment Partners should limit all potential discrepancies between the two methods.

Secondly, the Manager only uses the information that has been made available at the time of the analysis. However, regular updates of the analysis should limit the information gap.



## J. Due diligence

### What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

The due diligence is being described in paragraphs A-I.

External data feed and quality are checked by the Data Management team.

As for the internal ratings, SCOR Investment Partners' Risk management controls through a sampling that the rating methodology is properly applied by the ESG team.



## K. Engagement policies

### Is engagement part of the environmental or social investment strategy?

☒ Yes, the Fund applies the "& Able" engagement methodology described in SCOR Investment Partners' Handbook on Sustainable Investment.

☐ No



## L. Reference benchmark

### Has a reference benchmark been designated?

☐ Yes

☒ No





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strategy, goals, commitments, and markets  
visit our website  
***[www.scor-ip.com](http://www.scor-ip.com)***

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