Article 10 (SFDR)

Website disclosure for an article 8 fund

SCOR FUNDS - ESG EURO SHORT TERM DURATION HIGH YIELD

LEGAL INFORMATION

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Product name: ESG EURO SHORT TERM DURATION HIGH YIELD
Legal identity identifier: 549300E4C6PBXFIE4O16

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 **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it had a 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 will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

A. Summary

This financial product promotes environmental and social characteristics pursuant to the Article 8 SFDR. The environmental and social ("E/S") characteristics promoted by the Sub-Fund consist in excluding certain issuers and sectors which are not in line with SCOR Investment Partner's values (further described in this document) while favouring issuers with a better ESG profile.

The management team carries out an ESG analysis in order to assign each issuer an ESG rating. 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. 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 several ESG criteria, for example the issuer's carbon emissions (environmental pillar), the rate of employee unionisation (social pillar) and the number of women on company boards (governance pillar).

There are then two approaches to stock selection based on the ESG Rating:

- a first approach whereby the management team favours issuers with the highest ratings from an extra-financial perspective, regardless of their sector of activity. In concrete terms, this means:
  - For securities belonging to the Euro High Yield market or not rated: having a better average ESG rating than the sub-universe defined as the Bloomberg-Barclays Euro High Yield ex Financials capped 3% index (Bloomberg Code LEXFTREU), after eliminating 20% of the lowest-rated securities,

  - For securities belonging to the Euro Investment Grade market: having a better average ESG rating than the sub-universe defined as the Bloomberg-Barclays Euro Corporate ex Financials index (Bloomberg Code LECFTREU) after eliminating 20% of the lowest-rated securities;
- then a second approach whereby the management team favours the highest-rated issuers from an extra-financial point of view within their sector of activity. 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.

As part of its cash management, the Sub-Fund may invest in French and/or European money market funds with ESG labels (including but not limited to the 'SRI label', the 'towards sustainability' label or the 'LuxFLAG' 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 sustainable investment as its objective.

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 Sub-Fund consist of 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 Sub-Fund applies normative and sector-specific restrictions in its investment services. The normative and sector-specific restrictions are aligned with SCOR Investment Partners' values, with the exclusions from the EU Paris-aligned Benchmarks (PABs), and with the applicable regulations.

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 Sub-Fund described above in the prospectus. The selection process is the following:

1. Normative and sectoral exclusions

The Sub-Fund applies normative and sector-specific restrictions in its investment universe. The normative and sector-specific restrictions are aligned with SCOR Investment Partner's values, with the exclusions from the EU Paris-aligned Benchmarks (PABs), and with the applicable regulations.

The Sub-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 that are too harmful for which more sustainable alternatives exist.

In the first place, the Sub-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).

Tobacco manufacturers are excluded from the investment universe of SCOR Investment Partners. Manufacturers of tobacco related products (major components, e-cigarettes, heated tobacco products and smokeless heating devices) are also excluded. In addition, companies with a turnover of more than 15% related to tobacco distribution are excluded.

Finally, aware of the urgency to act against global warming the Sub-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_2 e/kWh.

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

2. **Best-in-Class Approach**

As a second step, and as part of the fundamental analysis conducted 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 (ratings from D-, to A+, with A+ being the better score), 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 correspondence table below, between numerical and letter ratings, translates how the Sub-fund brings the two ratings, i.e. the ISS ESG and its internal "ESG rating", on a same scale. The Sub-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 .

Rating scale	max	min
A+	4,00	3,75
A	3,75	3,50
A-	3,50	3,25
B+	3,25	3,00
B	3,00	2,75
B-	2,75	2,50
C+	2,50	2,25
C	2,25	2,00
C-	2,00	1,75
D+	1,75	1,50
D	1,50	1,25
D-	1,25	1,00

This rating is based on ESG criteria, for example the issuer's carbon emissions (environmental pillar), the rate of employee unionisation (social pillar) and the number of women on company boards (governance pillar).
The ESG Rating is updated for each security in the portfolio every 18 months.

There are then two approaches to stock selection based on the ESG Rating:

- a first approach whereby the management team favours issuers with the highest ratings from an extra-financial perspective, regardless of their sector of activity. In concrete terms, this means:
  - For securities belonging to the Euro High Yield market or not rated: having a better average ESG rating than the sub-universe defined as the Bloomberg-Barclays Euro High Yield ex Financials capped 3% index (Bloomberg Code LEXFTREU), after eliminating 20% of the lowest-rated securities,
  - For securities belonging to the Euro Investment Grade market: having a better average ESG rating than the sub-universe defined as the Bloomberg-Barclays Euro Corporate ex Financials index (Bloomberg Code LECFTREU) after eliminating 20% of the lowest-rated securities;
- then a second approach whereby the management team favours the highest-rated issuers from an extra-financial point of view within their sector of activity. 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.

3. **Cash Management**

As part of its cash management, the Sub-Fund may invest in French and/or European money market funds with ESG labels (including but not limited to the 'SRI label', the 'towards sustainability' label or the 'LuxFLAG' 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 Sub-Fund will systematically exclude certain issuers and sectors based on the normative and sectoral exclusions detailed above.

2. The management team will carry 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 Sub-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 considers 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 below D-, which ensures that below standards issuers are not included in the Sub-Fund

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

☒ Yes, the Sub-Fund considers, at the investment level, on the following principal adverse impacts that are collected per issuer:
- GHG emissions,
- Exposure to companies active in the fossil fuel sector,
- Share of non-renewable energy consumption and production,
- Activities adversely affecting biodiversity-sensitive areas,
- Emissions to water,
- Hazardous waste,
- Violations of UN Global Compact Principles and Organisations for Economic
- Cooperation and Development (OECD) Guidelines for Multinational Enterprises,
- Lack of processes and compliance mechanisms to monitor compliance with UN
- Global Compact principles and OECD Guidelines for Multinational Enterprises,
- Unadjusted gender pay gap,
- Board gender diversity,
- Exposure to controversial weapons (anti-personnel mines, cluster munitions,
- chemical weapons, and biological weapons).
- Lack of workplace accident prevention policies,
- Lack of anti-corruption and anti-bribery policies.

The internal analysis evaluates investments according to these 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.

☐ No

E. Proportion of investments

What is the planned asset allocation for this financial product?

A minimum of 90% of the entire Sub-Fund will be invested in issuers aligned with the E/S characteristics promoted by the Sub-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 Sub-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.

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 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 Sub-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 Sub-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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