



SUSTAINABLE INVESTMENT RESEAR**CH**



LA FRANÇAISE

INVESTING TOGETHER

Sustainability is a **key component** of La Française's investment strategy. In anticipation of the trend towards sustainable investing, La Française decided early on that this knowledge should be **internalised** and positioned at the core of the investment process. Today, sustainable investing knowhow is **fully integrated** across the business.

INTRODUCTION



THE SUSTAINABLE INVESTMENT RESEARCH TEAM

The team is dedicated to developing **ESG investment insights** and sharing its expertise across the group.

The fundamental and quantitative ESG research is conducted for **different asset classes** in close cooperation with the portfolio management teams (both fundamental and systematic):

- ◆ **Equity (Fundamental and Systematic)**
- ◆ **Real Estate Securities**
- ◆ **Credit IG/HY**
- ◆ **Sovereign Debt**
- ◆ **Multi Asset**
- ◆ **Fund-of-funds**

ESG analysts focus on fundamental ESG research.
Each analyst covers a handful of sectors. This means each company assessment is tailored to the sector and **focuses** on materiality. Similarly, each ESG analyst covers a theme. Thematic research is the second dimension in the research process. Such **themes** include the energy transition, sustainable cities, biodiversity, human capital and cyber security. **The combination of sector allocations and thematic expertise facilitates the ESG research quality and responsiveness** to daily events across the investment universe.

ESG data analysts manage and harvest ESG-related data to develop dedicated quantitative capabilities. Quantitative analysis complements fundamental analysis and allows the investment teams to **integrate ESG** into investment strategies.

ESG team is also involved in determining growth trends.

TEAM



A robust data-driven approach



Adaptable, innovative, reputable



Ability to provide unique insights



Ability to express our convictions



DECISION MAKING AND PORTFOLIO ANALYSIS

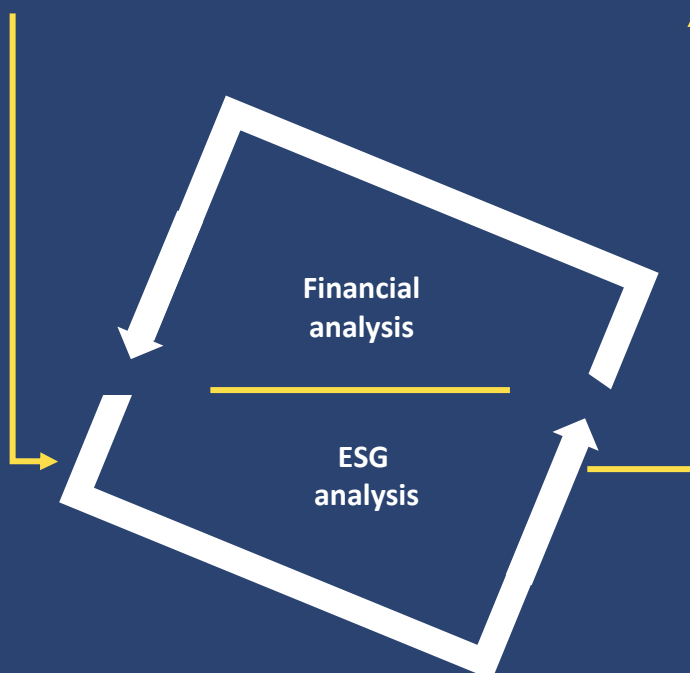
LF Sustainable Investment Research provides **insights** and has developed proprietary **tools** used by portfolio managers in **decision making** and **portfolio analysis**

ISSUER ANALYSIS

- ◆ ESG and Impact Assessment
- ◆ Carbon Impact Analysis
- ◆ Low Carbon Trajectory
- ◆ Controversy Screening
- ◆ Human capital development

PORTFOLIO ANALYSIS

- ◆ ESG quality of the portfolio
- ◆ Carbon Footprint
- ◆ Alignment of the portfolio with the different International Energy Agency warming scenarios
- ◆ Impact Measurement



ESG analysis is integrated at every stage of the investment process to enhance **returns**, manage sustainability **risks** and align portfolios with **sustainability requirements**.



INNOVATION

LF Sustainable Investment Research plays a **key role within La Francaise Group**. One of its main focus is to monitor the latest developments in the ESG investing field and adjust the analytical models accordingly. With **customised models for portfolio managers across different asset classes** (equity, credit and sovereign debt) the team creates added value and a competitive advantage. All analytical and rating models are fully transparent for clients.

ESG QUANTITATIVE ANALYSIS

The quant team calculates sector specific **ESG scores for a global universe of over 7,000 companies**.

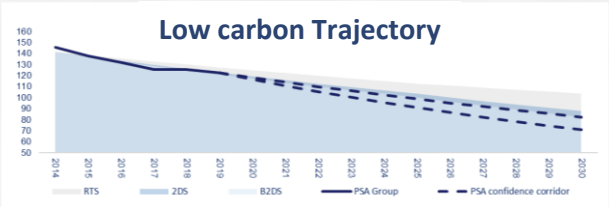
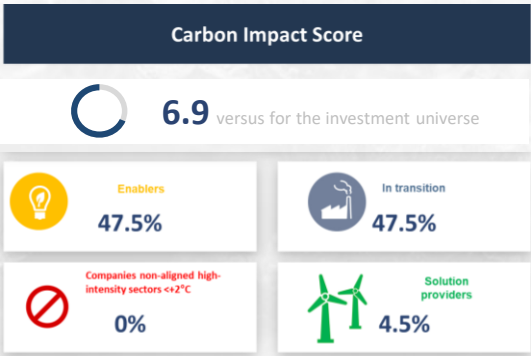
The **ESG scoring process** is structured along five levels :

- 1. Input data from independent sources
- 2. Key Performance Indicators (KPIs)
- 3. Risk and Value Drivers (RVs)
- 4. Factor scores for E, S and G plus the fundamental analysis of the ESG analyst
- 5. ESG Score with sector-specific weightings

The ESG research team monitors portfolio holdings and analyses investment ideas and ensures that **all available information is captured in the ESG scores and research notes**.

EXAMPLE

	FUND	BENCHMARK
Coverage	99.21%	97.02%
Environmental Score	7.13	6.75
Social Score	6.75	6.56
Governance Score	6.77	6.48
ESG Score	6.91	6.60



CARBON IMPACT ANALYSIS

The **Carbon impact Analysis** is a deep-dive into the climate change exposure of a company and the management of climate risks and opportunities. The ESG research team has developed proprietary models to identify impact of climate change on future returns, and to identify companies' level of preparation for the energy transition..

Fundamental Analysis: Qualitative analyses complement quantitative models. Fundamental analysis is based on the TCFD recommendations and provides portfolio managers with in-depth knowledge of climate governance, climate risk management and strategies to achieve a successful energy transition.

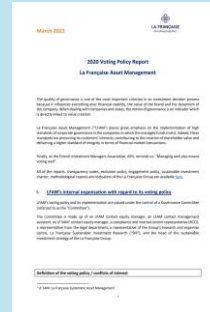
Carbon Emissions Data: The team use various metrics to assess the carbon performance of portfolios and benchmarks (carbon emissions scope 1, 2 & 3, carbon intensity, avoided emissions etc).

Low Carbon Trajectory: The LCT analysis is a forward-looking impact assessment. We compare the anticipated carbon trajectory (through our strategy analysis) of a company with a series of scientific global warming scenarios.

ACTIVE OWNERSHIP

The ESG research team is instrumental for **voting and engagement**. Active ownership is conducted on the basis of the ESG analysis to take advantage all benefits associated with sustainable investing. Full voting transparency is provided via the [proxy voting dashboard](#) on our website.

The ESG research team conducts **engagements** together with portfolio managers to **influence the way companies operate**. The team is active in collaborative engagement initiatives, working with other asset managers to improve companies' environmental and social practices.



Score ESG

6.9 versus
for the investment universe

METHODOLOGIES

Provide transparent methodologies such as :

- ◆ ESG Scoring
- ◆ ESG Risk Monitoring
- ◆ Carbon Footprinting
- ◆ Avoided Emissions
- ◆ Carbon Impact Analysis
- ◆ Portfolio Temperature
- ◆ SDG Alignment

PORTFOLIO SCREENING

The different **quantitative models** allow La Française Group to provide tailor-made solutions. For example, the group can monitor compliance with the requirement of **ESG labels**:

- ◆ **Activities-based Exclusion:** Controversial weapons coal mining and power generation, tobacco etc
- ◆ **Norms-based Exclusion:** especially severe and repeated violations of the UN Global Compact
- ◆ Ad-hoc assessments of **controversies**



PROMOTE SUSTAINABLE INVESTING

LF Sustainable Investment Research contributes to the **promotion and development of La Française expertise** through participation in client meetings and conducting in-house training for the Group's various teams.

Policy and advocacy work is done, for example, via our commitments towards PRI, UNEP FI and similar memberships.

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Paris Trade & Companies Register VAT
NUMBER: FR 24 480 871 490
www.la-francaise.com

