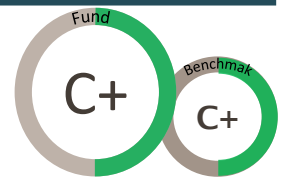


### Solactive Sustainable Goals Europe MV Index

**Benchmark** : Solactive Europe Total Market 675 Index

**Evaluation**: October 2020



#### Chart Legend :

Carbon Footprint : **CF** ; Energy Transition Strategy : **ETS**

**Scale => Carbon Footprint (t CO<sub>2</sub> eq)**

**A** Moderate

**B** Significant

**C** High

**D** Intense

**Scale => Energy Transition Strategy**

**++** Advanced

**+** Robust

**-** Limited

**--** Weak

#### Coverage:

	Fund	Benchmark
Portfolio coverage by investment	100%	99%
Portfolio coverage by holdings	30/30	636/664

### Carbon Footprint & Energy Transition

Carbon Footprint	Fund	Benchmark
Weighted average carbon footprint	3 445 015.15 t CO <sub>2</sub> eq.	5 322 956.38 t CO <sub>2</sub> eq

Energy Transition Strategy	Fund	Benchmark
Energy Transition Score	Robust (+) <b>53/100</b>	Robuste(+) <b>52/100</b>

Performance attribution	CF	ETS
Sector allocation effect	113.37 %	6.68 %
Value selection effect	-167.88%	-4.90 %
Global performance attribution	-54.51%	1.78 %

### Focus on key fund issuers

#### Danone (5%)

*Danone displays a high carbon footprint (C) and an advanced energy transition strategy (++) with a score of 71/100. Danone stands out for its ambitious targets to limit the carbon footprint of its activities and products: use of 25% recycled plastic for all its plastic packaging and achievement of 100% reusable, recyclable or compostable packaging by 2025, reduction of 60% in energy consumption of its plants over the period 2000-2020, achievement of 100% renewable electricity by 2030 and carbon neutrality by 2050. Driven by numerous measures to optimise its production processes and increase the share of renewable energies, Danone's energy consumption and CO2 emissions, normalised to sales, have decreased over the 2015-2019 period. Proactively addressing issues related to product waste through actions on eco-design and recycling, Danone has posted positive result in this area with an increase in the share of reusable, recyclable or compostable packaging (81.3% in 2019 vs. 80.3% in 2018). Regarding the management of environmental impacts linked to the transport of its products, Danone stands out for its solid commitments and relevant measures, including with its logistics service providers (signature of a "Carbon Performance Pact" for instance) but is penalised by partial or deceptive performance indicators. CO2 emissions from transport, normalised to sales, increased by 19% between 2015 and 2019.*

#### Enel (5%)

*Enel displays a high carbon footprint (C) and an advanced energy transition strategy (++) with a score of 74/100. The Italian electricity production and distribution company stands out for its advanced scores on most of the issues under review. In terms of renewable energy, Enel is committed to adding 14 GW to its renewable energy capacity by 2020-2022, has invested in the main technologies - hydro, wind, solar, biomass, geothermal - and its performance indicators are in line with its peers: 50% of its installed capacity and 43% of its energy production were from renewable origin in 2019. In addition, the company has formalised quantified objectives to reduce the carbon footprint of its thermal power plants and is committed to reducing its involvement in coal by 2022, compared to 2018, both for its installed capacity (-58%) and for its electricity production (-74%). Combined-cycle thermal power plants - which improve energy efficiency - account for 38.5% of its installed fossil capacity in 2019 and the carbon factor (amount of emissions per unit of energy produced) has decreased between 2017 and 2019, as well as its SO2, NOx and fine particulates emissions. Enel also stands out on energy demand-side management, thanks to the implementation of extensive measures, towards all types of clients, such as energy-efficient appliances, smart meters, customised contracts and tariffs and promotion of renewable energy. With regard to the promotion of access to energy in developing countries, Enel is committed to roll-out initiatives to facilitate access to energy for 10 million people by 2030 and is involved in various projects: installation of solar panels in areas that are difficult to access in Colombia and Kenya, technology transfer in Congo, financial support for the construction of a 3-MW hydroelectric power station in the province of Asunción in Peru, etc. Enel is also working to reduce fuel poverty in developed countries through a specific tariff policy and an assistance mechanism, among others.*

### Methodological focus

#### Carbon footprint

##### Emissions

**Scope 1** covers direct GHG emissions occur from sources that are owned or controlled by the issuer, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.

**Scope 2** covers indirect GHG emissions caused by the organization's consumption of electricity, heat, cooling or steam purchased or brought into its reporting boundary.

**Scope 3** covers other indirect emissions from all the value chain: business and commuting travels, transportation, scope 1 and 2 emissions from suppliers, emission from waste treatment, from customers use of sold products, etc.

##### Data and Footprint

The carbon data is provided by the CDP and completed with other sources collected by Vigeo (Annual reports, CSR reports, corporate websites, issuer contacts, etc.).

When no data is available from any source, Vigeo's analysts build a carbon footprint estimation relying on the size of the issuer and the nature of its activities. More precisely, for each sector, 3 ratios are calculated: average emissions per employee, average emissions per million euro of revenue and average emission per million euro of capitalization. We measure the correlation between emissions and the number of employees, the revenue and the capitalization. Depending on the correlation value, we select the most relevant ratios for each sector. We use thus one, two or the three ratios to estimate the emissions of the issuer.

The Carbon Footprint is then defined from A - Moderate to D - Intense according to the scale presented in the tab below.

#### Energy Transition Strategy

Vigeo's scoring of issuers' energy transition strategy is based on specific criteria tied to climate change in Equitics research.

<sup>1</sup>The financed emissions indicator is a proportional sum of a constituents' carbon emissions. For each constituent, the proportion of carbon emissions accounted corresponds to the proportion of capital or shares held in the fund.

<sup>2</sup>The fund's average carbon footprint is calculated as the average of constituents' total carbon emissions, weighted according to their respective importance in the fund or reference index.

<sup>3</sup>The higher the carbon footprint of an issuer and the weaker its energy transition strategy, the greater its level of eligibility for an engagement strategy.

<sup>4</sup>Due to the nature of their activities, companies which belong to the financial sector usually have lower scope 1 and scope 2 emissions than in other sectors. However, their biggest impact on climate change is performed through their investments in other companies, which are accounted in scope 3 emissions. The energy transition strategy of the financial sector is deeply linked to its investment strategy, i.e. to which companies and projects are financed. Hence our focus on the management of scope 3 emissions for key finance issuers.

Grade	Emissions (t CO2 eq)	Category	Grade	Energy Transition score	Category
A	<100 000	Moderate	++	60 - 100	Advanced
B	>=100 000 and < 1 000 000	Significant	+	50 - 59	Robust
C	>= 1 000 000 and < 10 000 000	High	-	30 - 49	Limited
D	>=10 000 000	Intense	--	0 -29	Weak

### Disclaimer

Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provision of the French Intellectual Property Code.

The information in this document results from the application of Vigeo's Equitics methodology and is based on sources which Vigeo believes to be reliable. However, the accuracy, completeness and up-to-dateness of this report are not guaranteed, and Vigeo shall under no circumstances be responsible for the strategy choices, management decisions and, more generally, decisions of any nature taken by the reader in reliance upon the information contained in this document.