



PUBLIC TRANSPARENCY REPORT

2023

EUROFIMA European Company for the Financing of Rolling Stock

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

EUROFIMA has upheld its steadfast commitment to championing sustainability as a paramount tenet of its public mandate, an enduring principle it has ardently embraced since its inception in 1956. Recognizing that curbing CO₂ emissions originating from the transportation domain necessitates proactive measures, EUROFIMA places substantial emphasis on fostering the advancement and expansion of passenger rail transport. By doing so, EUROFIMA plays an instrumental role in mitigating the environmental impact of this sector. As European nations diligently strive to achieve the ambitious sustainability targets articulated in the COP21 agreement, EUROFIMA remains resolute in acting as a dedicated ally to its Contracting States, aiding them in fulfilling their ecological imperatives.

Over the course of the preceding 18 to 24 months, EUROFIMA has bolstered its prominent position as an exemplar of sustainability and conscientious asset ownership.

Commencing with the official endorsement and commitment to the Principles for Responsible Investment (PRI) under the auspices of the United Nations at the outset of 2020, EUROFIMA has diligently embedded environmental, social, and governance (ESG) factors into its discerning investment deliberations. EUROFIMA's comprehensive ESG investment framework is structured upon three fundamental pillars, diligently permeating the entirety of EUROFIMA's investment portfolio, encompassing all of its assets.

The initial pillar encompasses a rigorous norm-based screening process scrutinizing compliance with the United Nations Global Compact (UNGC).

In the second pillar, EUROFIMA establishes ESG score benchmarks for its portfolios by leveraging third-party assessments, specifically relying on ESG data sourced from Sustainalytics. The third and final pillar centers on investee engagements. Within this realm, EUROFIMA has internally devised and gained endorsement for the Investee Engagement Guidelines, a comprehensive framework ratified by the Management Committee before the conclusion of 2021. Going forward, the Treasury & Asset Management unit, in collaboration with other departments, will continue diligently applying these guidelines to engage with investees and counterparties. EUROFIMA consistently upholds its commitment to transparency by regularly disseminating pertinent information on its notable ESG endeavors, including an overview of its portfolio featuring comprehensive ESG performance metrics, all accessible to the public via its official website.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

During the reporting year, EUROFIMA achieved several significant milestones in integrating ESG practices. These accomplishments include:

o Implementation of the Investee Engagement Guidelines across all active ownership procedures and practices. These guidelines ensure that we fulfill our fiduciary duty to our shareholders by managing our assets carefully and responsibly.

o Initiation of the first and second ESG engagement cycles with our investees.

The process was developed from scratch to be customized, confidential, and respectful of the investees' daily business operations. Due to operational limitations, we had to prioritize which investees to approach for engagement. However, all contacted investees agreed to participate and, at the conclusion of the cycle, provided feedback stating that the engagements were well-structured, well-prepared, helpful, informative, and unique in their approach.

o In December 2022, the first ESG engagement cycle was completed, resulting in the publication of the "Annual Engagement Report." This report served as a comprehensive summary of all the discussions held with investees throughout the year 2022. It included information on the number of participating companies, the reasons for engagements, the location of investees, investee representatives, and the topics covered during the exchanges.

o We engaged a third-party provider to conduct ad-hoc ESG research on our active counterparties.

At the time of writing, two consecutive research reports have been finalized. These reports provided us with valuable insights into our investees, which have influenced our investment selection processes.

o The internally established ESG targets and limits were reviewed and approved by the Management Committee. This revision aimed to better align with the unique characteristics and scope of individual portfolios, as well as the ESG performance of our investees.

o Persistent efforts have been dedicated to enhancing the quality of ESG data and gaining a better understanding of various ESG methodologies, guidelines, and best practices.

o A fruitful collaboration with academia has been established for the project titled "Sustainability Data Analysis using Unstructured Data and NLP." This initiative aims to delve deeper into the ESG engagement process and address the data requirements that investors encounter in the field of sustainability.

o Newly added members of the Treasury & Asset Management unit have actively pursued professional credentials, such as the CFA Certificate in ESG Investing and the Certificate in the UN PRI Advanced Responsible Investment Analysis. They have also participated in conferences, including the UN PRI Conference, to remain updated on the latest advancements in the responsible investment arena.

o We are fully committed to responsible investment, as even the top management (i.e., CEO) has a dedicated qualification in Sustainable Finance and therefore pushes the application of the UN PRI Principles.

Section 3. Next steps

■ What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

EUROFIMA Treasury & Asset Management unit, as well as a Sustainability Committee Working Stream "ESG Integration," will continue its path of incorporation of the most relevant ESG factors into the asset management process. Among more concrete objectives for the upcoming twelve to twenty-four months are:

- (i) ESG data quality improvement, including gaining access to new sustainability research;
- (ii) revision of the mapping approach taken to fill in the data gaps;
- (iii) measurement of the footprint of the assets;
- (iv) evaluation of new ESG instruments;
- (v) completion of the engagement cycle(s);
- (vi) publication of the Annual Engagement Report(s);
- (vii) active membership and participation in the initiatives related to the improvement of responsible investment management principles, best practices exchanges, etc.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Christoph Pasternak

Position

Chief Executive Officer

Organisation's Name

EUROFIMA European Company for the Financing of Rolling Stock

☒ A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

☐ B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	30	06	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

☐ (A) Yes

☒ (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 4,879,192,870.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

Additional information on the exchange rate used: (Voluntary)

As of 30.06.2023, EUR/USD = 1.086600

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	0%	0%
(B) Fixed income	>75%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA >50-75%

(D) Active – corporate >10-50%

(E) Securitised >0-10%

(F) Private debt 0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(B) Fixed income – SSA (2) >0 to 10%

(C) Fixed income – corporate (2) >0 to 10%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

(3) Fixed income - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input checked="" type="radio"/>	<input type="radio"/>

ESG STRATEGIES

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Screening alone	0%	0%	0%
(B) Thematic alone	0%	0%	0%

(C) Integration alone	0%	0%	0%
(D) Screening and integration	>75%	>75%	>75%
(E) Thematic and integration	0%	0%	0%
(F) Screening and thematic	0%	0%	0%
(G) All three approaches combined	0%	0%	0%
(H) None	0%	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Positive/best-in-class screening only	>75%	0%	0%
(B) Negative screening only	0%	0%	0%
(C) A combination of screening approaches	0%	>75%	>75%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- ☐ (A) Yes, we market products and/or funds as ESG and/or sustainable
- ☐ (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- ☒ (C) **Not applicable; we do not offer products or funds**

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- ☐ (A) Publish as absolute numbers
- ☒ (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- ☒ (A) Overall approach to responsible investment
- ☐ (B) Guidelines on environmental factors
- ☐ (C) Guidelines on social factors
- ☐ (D) Guidelines on governance factors
- ☒ (E) Guidelines on sustainability outcomes
- ☐ (F) Guidelines tailored to the specific asset class(es) we hold
- ☒ (G) Guidelines on exclusions
- ☐ (H) Guidelines on managing conflicts of interest related to responsible investment
- ☒ (I) Stewardship: Guidelines on engagement with investees
- ☐ (J) Stewardship: Guidelines on overall political engagement
- ☒ (K) Stewardship: Guidelines on engagement with other key stakeholders
- ☐ (M) Other responsible investment elements not listed here
- ☐ (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- ☐ (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- ☐ (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- ☐ (C) Specific guidelines on other systematic sustainability issues
- ☒ **(D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

☒ **(A) Overall approach to responsible investment**

Add link:

<https://www.eurofima.org/sites/default/assets/File/Sustainability/Investment%20Strategy/Treasury%20Policy%20June%202021.pdf>

☒ **(E) Guidelines on sustainability outcomes**

Add link:

<https://www.eurofima.org/sustainability/investment-management/treasury-strategy/#text>

☒ **(J) Guidelines on exclusions**

Add link:

<https://www.eurofima.org/sites/default/assets/File/Sustainability/Investment%20Strategy/Treasury%20Policy%20June%202021.pdf>

☒ **(L) Stewardship: Guidelines on engagement with investees**

Add link:

https://www.eurofima.org/sites/default/assets/File/Sustainability/Engagement/Investee_Engagement_Guidelines_PUBLICATION_.pdf

☒ **(N) Stewardship: Guidelines on engagement with other key stakeholders**

Add link:

https://www.eurofima.org/sites/default/assets/File/Sustainability/Engagement/Investee_Engagement_Guidelines_PUBLICATION_.pdf

- ☐ (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

☒ (A) Yes

Elaborate:

As an organization dedicated specifically to promoting passenger railway transportation, sustainability has been a fundamental principle ingrained in EUROFIMA's mission since its establishment in 1956.

We strongly believe that responsible investments (RI), which we are committed to, should consider not only financial returns but also environmental, social, and ethical factors in the investment decision-making process. The latest research and all evidence have shown that companies with strong ESG practices can be financially competitive and more resilient over the long term in comparison to their non-ESG-friendly counterparts.

Integrating ESG factors into our investment processes can help identify and manage potential risks that may impact the long-term performance of investments. Companies with stronger ESG bases and practices may be better positioned to mitigate risks related to climate change, regulatory changes, and reputational issues, and, therefore, reduce the risks faced by investors.

On the other hand, RI often takes a long-term view, where the sustainability of companies and the ability to thrive over time is an important factor. This aligns with the fiduciary duty to maximize returns over the long run, as companies with robust sustainability practices are more likely to remain competitive and deliver stable returns in the face of evolving market conditions.

Here, it should also be mentioned that EUROFIMA's shareholders (i.e., the Contracting States), the main fiduciary beneficiaries, have clear preferences for investments that align with their values and have positive impacts on society and the environment.

EUROFIMA's Treasury & Asset Management unit, as the main fiduciary, considers and respects these preferences and reflects them in the internal RI policies, guidelines, and practices.

☐ (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

☒ (A) Overall stewardship objectives

☐ (B) Prioritisation of specific ESG factors to be advanced via stewardship activities

☒ (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts

☐ (D) How different stewardship tools and activities are used across the organisation

☒ (E) Approach to escalation in stewardship

☒ (F) Approach to collaboration in stewardship

☒ (G) Conflicts of interest related to stewardship

- ☒ (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa

- ☒ (I) Other

Specify:

Scope of the engagements
Principles governing the engagements
Responsibilities of the internal staff

- ☐ (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

- ☒ (B) Fixed income

(1) Percentage of AUM covered

- ☐ (1) >0% to 10%
- ☐ (2) >10% to 20%
- ☐ (3) >20% to 30%
- ☐ (4) >30% to 40%
- ☐ (5) >40% to 50%
- ☐ (6) >50% to 60%
- ☐ (7) >60% to 70%
- ☐ (8) >70% to 80%
- ☐ (9) >80% to 90%
- ☐ (10) >90% to <100%
- ☒ (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

☐ (A) Board members, trustees, or equivalent

☒ **(B) Senior executive-level staff, or equivalent**

Specify:

Chief Executive Officer

Chief Financial Officer

☒ **(C) Investment committee, or equivalent**

Specify:

Sustainability Committee

☒ **(D) Head of department, or equivalent**

Specify department:

Head of Capital Markets, Treasury & Asset Management

☐ (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- ☐ (A) Yes
- ☐ (B) No
- ☒ **(C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

☒ **(A) Internal role(s)**

Specify:

CEO
CFO
Head of Capital Markets, Treasury & Asset Management
Head Risk Management
Portfolio Manager(s)

☐ (B) External investment managers, service providers, or other external partners or suppliers

☐ (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

☒ **(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Indicate whether these responsible investment KPIs are linked to compensation

☒ **(1) KPIs are linked to compensation**

☐ (2) KPIs are not linked to compensation as these roles do not have variable compensation

☐ (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

☐ (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- ☒ (A) Any changes in policies related to responsible investment
- ☒ (B) Any changes in governance or oversight related to responsible investment
- ☒ (C) Stewardship-related commitments
- ☒ (D) Progress towards stewardship-related commitments
- ☐ (E) Climate-related commitments
- ☐ (F) Progress towards climate-related commitments
- ☐ (G) Human rights-related commitments
- ☐ (H) Progress towards human rights-related commitments
- ☐ (I) Commitments to other systematic sustainability issues
- ☐ (J) Progress towards commitments on other systematic sustainability issues
- ☐ (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- ☐ (A) Yes, including all governance-related recommended disclosures
- ☐ (B) Yes, including all strategy-related recommended disclosures
- ☐ (C) Yes, including all risk management-related recommended disclosures
- ☐ (D) Yes, including all applicable metrics and targets-related recommended disclosures

☒ (E) None of the above

Explain why: (Voluntary)

To be considered for the Sustainability Report 2023

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) **Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year**

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- ☒ (A) **Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services**
- ☐ (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- ☒ (C) **Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact**
- ☐ (D) Exclusions based on our organisation's climate change commitments
- ☐ (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- ☐ (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- ☐ (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns

- ☐ (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- ☐ (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- ☐ (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- ☒ (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(2) Fixed income

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

☐

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

☒

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

EUROFIMA follows the Investee Engagement Guidelines when deciding on engagement activities.

As such, the list of companies to be engaged with in relation to ESG considerations will be identified by applying the following three criteria:

1. The investee company is on the watchlist of the Global Standards Screening by Sustainalytics, which assesses compliance with the ten principles of the UN Global Compact;
2. The investee company or counterparty has an ESG risk rating from Sustainalytics of “high” ESG risk or has an ESG risk rating of “severe” ESG risk and is approved by the Management Committee as an eligible investment;
3. There is clear and robust evidence of ESG violations of at least one of the UN Global Compact principles by the investee company (e.g., a third party reported a violation of environmental controls). Potential sources of information would be publications by news outlets, company reporting/press releases, research publications conducted by third parties, etc.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- ☐ (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- ☒ (B) We collaborate on a case-by-case basis
- ☐ (C) Other
- ☐ (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

EUROFIMA believes that there are two possible options for open communication with investees: active individual engagement and collaborative/collective engagement. The pros and cons were evaluated as:

The advantages of active individual engagement include the following:

- a) establishing a one-on-one dialogue, which can lead to a desirable long-term relationship with a company,
- b) having a chance to discuss the most relevant issue(s), and
- c) being able to choose the most convenient way of communication.

At the same time, the disadvantages would be:

- a) excessive time consumption on the operational side to establish a dialogue, and
- b) little power of influence due to relatively modest exposure at an individual company level taken by EUROFIMA.

Collaborative/collective engagement can tackle the disadvantages of private engagements but also pose risks and limitations, such as:

- a) other investors might not target an investee company/counterparty,
- b) no personal interactions with the issuers will take place,
- c) the possibility exists of acting in concert, and
- d) additional time is required for coordinating and aligning the requirements/expectations between peers.

The practical implementation of the active engagement approach, in turn, would highly depend on the preferred communication channel between the portfolio manager and the investee company. The most appropriate, flexible, and convenient mode of communication for both parties involved should always be chosen.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

☒ **(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

☒ **1**

☒ **(B) External investment managers, third-party operators and/or external property managers, if applicable**

Select from the list:

☒ **5**

☒ **(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**

Select from the list:

☒ **4**

☒ **(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

☒ **3**

☒ **(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

☒ **2**

☐ **(F) We do not use any of these channels**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Core engagement activities are carried out by the Portfolio Managers (PMs) and Lead on ESG Integration.

The staff roles in the following way break down the general responsibilities:

PMs/Lead on ESG Integration: shortlisting target companies for engagement; initiating and actively participating in the engagement process; applying the Investee Engagement Guidelines throughout the engagement process; reporting engagement results as part of the Annual Engagement Report.

Head of Capital Markets, Treasury & Asset Management unit: revising the Investee Engagement Guidelines; approving a list of target companies; reviewing engagement results; participating in the engagement process if deemed necessary; participating in any escalation process if deemed necessary.

Management Committee (CEO, CFO): approving the Investee Engagement Guidelines; approving the Annual Engagement Report; participating in any escalation process.

The overall practical approach to ongoing engagements is to keep short-term investment activities but to put on hold any longer-term investments into the investee participating in the engagement process.

An engagement might be classified as "failed" if an investee company or counterparty does not intend to engage with EUROFIMA regarding the identified ESG risks or does not answer our requests for a dialogue in the course of a year. The existing investments will be held to maturity for failed investee companies and counterparties, but no further positions will be raised.

If, after one year, the investee company or counterparty enters the engagement process, the engagement status may improve towards "in progress" or "successful," and the respective rules for the new status apply. The restrictions on investing will be lifted if the company falls out of the "Target companies" for the engagement process.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

The entire active stewardship approach is built around the Investee Engagement Guidelines, which is a core document governing the entire process (incl. overall objectives, prioritization approach, activities/tools available, responsibilities, etc.)

The Guidelines can be found online by following the link:

https://www.eurofima.org/sites/default/assets/File/Sustainability/Engagement/Investee_Engagement_Guidelines_PUBLICATION_.pdf

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- ☐ (A) Joining or broadening an existing collaborative engagement or creating a new one
- ☐ (B) Publicly engaging the entity, e.g. signing an open letter
- ☒ (C) Not investing
- ☒ (D) Reducing exposure to the investee entity
- ☐ (E) Divesting
- ☐ (F) Litigation
- ☐ (G) Other
- ☐ (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- ☐ (A) Yes, we engaged with policy makers directly
- ☒ (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- ☒ (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- ☐ (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- ☐ (A) We participated in 'sign-on' letters
- ☒ **(B) We responded to policy consultations**
- ☐ (C) We provided technical input via government- or regulator-backed working groups
- ☐ (D) We engaged policy makers on our own initiative
- ☐ (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- ☐ (A) We publicly disclosed all our policy positions
- ☐ (B) We publicly disclosed details of our engagements with policy makers
- ☒ **(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year**

Explain why:

EUROFIMA does not publicly disclose any details on the engagement with policymakers due to the lack of ground for doing such public disclosures.

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Active individual investee engagement

(1) Led by

- ☒ (1) Internally led
 - ☐ (2) External service provider led
 - ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- ☒ (1) Environmental factors
- ☒ (2) Social factors
- ☒ (3) Governance factors

(3) Asset class(es)

- ☐ (1) Listed equity
- ☒ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

An engagement with one of the investees with the aim of raising awareness around the following material ESG issues: environmental policy, diversity programmes and responsible asset management.

An investee via a direct dialogue with EUROFIMA was informed about the lack of commitments around environmental awareness, protection, management systems, etc. An investee did not also have any initiatives or approach towards hiring from a diverse talent pool and no managerial responsibility for diversity initiatives. Last but not least, although certain assets were associated with responsible investment, no information on the relative share or details on RI policy were disclosed.

An investee was open and thankful for the dialogue and promised to take actions towards improvement of the above-mentioned issues.

The engagement process, as of moment of the reporting, was still ongoing with this investee.

(B) Example 2:

Title of stewardship activity:

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
 - ☐ (2) Social factors
 - ☐ (3) Governance factors
- (3) Asset class(es)
- ☐ (1) Listed equity
 - ☐ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.
- (C) Example 3:
- Title of stewardship activity:
- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
 - ☐ (2) Social factors
 - ☐ (3) Governance factors
- (3) Asset class(es)
- ☐ (1) Listed equity
 - ☐ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.
- (D) Example 4:
- Title of stewardship activity:
- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager

- (2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
 - ☐ (2) Social factors
 - ☐ (3) Governance factors
- (3) Asset class(es)
- ☐ (1) Listed equity
 - ☐ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.
- (E) Example 5:
- Title of stewardship activity:
- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
 - ☐ (2) Social factors
 - ☐ (3) Governance factors
- (3) Asset class(es)
- ☐ (1) Listed equity
 - ☐ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

☒ (A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

The standard planning horizon for the EUROFIMA assets under management (AUM) fully depends on the portfolio in question. For the portfolio with the longer-tenor assets (circa. 35% of all AUM), the investment horizon is 20 years, while the largest shorter-tenor assets portfolio (circa. 59% of all AUM) focuses on up to 18 months horizon. We believe that all AUM face ESG risks but also can grasp some arising ESG opportunities regardless of their tenor but with varying degrees.

For the ESG risk assessments, EUROFIMA relies on the assessments of the issuers conducted by Sustainalytics and its research analyst teams.

Per se, Sustainalytics reviews the potential impact of 20 material ESG issues (MEIs) on each of the sub-industries and then, through an intensive consultation process, selects up to 10 MEIs per sub-industry. Every issuer within a specific sub-industry is initially assigned the same set of MEIs. Corporate Governance is applicable to all issuers.

For example, material ESG issues assessed as part of:

- Corporate Governance are Board/Management Quality and Integrity, Board Structure, Ownership and Shareholder rights, Remuneration, Audit and Financial Reporting, and Stakeholder Governance.

- Business Ethics is about the management of general professional ethics, such as taxation and accounting, anti-competitive practice, and intellectual property issues.

- Emissions, Effluents, and Waste is about the management of emissions and releases from a company's own operations to air, water, and land, excluding GHG emissions.

- Carbon (own operations) refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2).

It also includes parts of Scope 3 emissions, such as transport and logistics.

- Carbon (products & services) refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase.

- Human Rights focuses on how companies manage and respect fundamental human rights within their own operations. Emphasis is on measures taken to protect civil and political rights as well as economic, social, and cultural rights, including child and forced labor.

- Land Use and Biodiversity focuses on how companies manage the impact of their operations on land, ecosystems, wildlife, etc.

Etc.

Sustainalytics further assesses unmanageable risk (i.e., exposure score that remains a risk to the company regardless of its management practices) and manageable risk (i.e., company's exposure score that can be managed through its policies and programmes). A company's ESG risk rating score is the sum of unmanaged risks for each of the company's MEIs.

EUROFIMA's AUM are targeted to have either "Medium", for the shorter-tenor assets, or "Low", for the longer-tenor assets ESG risk exposure as measured by the ESG risk rating scores from Sustainalytics.

Due to regulatory changes and technological advancement, a number of investment opportunities in the field of climate and social solutions continue to rise on a daily basis. Those encompass various areas as clean energy, sustainable transportation, eco-friendly buildings, advanced materials, etc. There is a growing availability of specialized investment options, such as sustainability-linked debt and other financial products, which are aimed at advancing various climate- and society-friendly projects. These investment instruments can help to capture the expanding range of opportunities.

EUROFIMA explored those opportunities and, as of the moment of reporting, around six percent of all AUMs were invested in ESG-labelled instruments, which, in turn, constituted almost twenty percent of the longer-tenor AUMs.

We believe that we face a number of opportunities through our overall ESG Integration Framework application on all our investments. (e.g., a screening approach, in particular, best-in-class) as it helps us evaluate ESG performance of potential investments alongside the traditional financial metrics.

- ☐ (B) Yes, beyond our standard planning horizon
- ☐ (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Since the official signing of the UN PRI, EUROFIMA has strictly integrated ESG considerations into its investment decision-making process. EUROFIMA's ESG Investment Framework is based on three pillars and is applied to 100% of EUROFIMA's investments.

Pillar 1: compliance with the United Nations Global Compact (UNGC) is seen as a positive indication of an investee company and/or counterparty being ready to embrace ESG policies and principles in their business activities. According to the EUROFIMA Treasury Policy, issuers that fail to comply with UNGC, are excluded from EUROFIMA's investment universe.

Pillar 2: ESG risks for investee companies and counterparties are assessed based on external data provided by the third-party provider(s). The weighted ESG risk score at the portfolio level is targeted to be below "Medium" or "Low" risk, depending on the portfolio in question. To ensure compliance with our ESG integration targets, monitoring the portfolios' ESG performance happens on a daily basis.

Pillar 3: proactive engagement with investee companies on ESG topics includes either individual or collective engagement encouraging the revision of their ESG approach for any positive change.

The above-described ESG integration approach means focusing on the material risks/opportunities, forming an opinion around the ESG performance of an issuer, linking ESG considerations to financial drivers, and taking up the post-investment measures. However, a positive/negative screening approach is also adopted as part of the investment strategy. As such, companies involved in controversial business activities, as well as those coming from high-emitting industries (e.g., oil&gas, air/road transportation, etc.), are completely excluded from the investable universe. Also, investments in the companies with the lowest ESG ratings (e.g., "Severe" ESG risk by Sustainalytics) are forbidden.

As part of our overall short- to medium-term plans are the following:

1. Performing periodic assessments of all pertinent risks and potential advantages of EUROFIMA ESG Investment Framework, including its revision;
2. Continue implementation of EUROFIMA ESG Investment Framework on all AUM;
3. Assessing/measuring the footprint of the AUM;
4. Assessing/measuring the alignment of long-tenor AUMs with the UN SDGs.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

☒ **(A) Coal**

Describe your strategy:

No new investments are foreseen.

☒ **(B) Gas**

Describe your strategy:

No new investments are foreseen.

☒ **(C) Oil**

Describe your strategy:

No new investments are foreseen.

☐ (D) Utilities

☐ (E) Cement

☐ (F) Steel

☒ **(G) Aviation**

Describe your strategy:

No new investments are foreseen.

☒ **(H) Heavy duty road**

Describe your strategy:

No new investments are foreseen.

☐ (I) Light duty road

☒ **(J) Shipping**

Describe your strategy:

No new investments are foreseen.

- ☐ (K) Aluminium
- ☐ (L) Agriculture, forestry, fishery
- ☐ (M) Chemicals
- ☐ (N) Construction and buildings
- ☐ (O) Textile and leather
- ☐ (P) Water
- ☐ (Q) Other
- ☐ (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- ☐ (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- ☐ (B) Yes, using the One Earth Climate Model scenario
- ☐ (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- ☐ (D) Yes, using other scenarios
- ☒ (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

- ☒ (A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

The process of identification and assessment of climate-related risks is outsourced to third parties (e.g., Sustainalytics). The ESG Risk per se is minimalist.

(2) Describe how this process is integrated into your overall risk management

The Sustainability Committee and the Working Stream on ESG Integration, in particular, as well as the Management Committee, make the final decision(s) on the importance and applicability of the climate-related risks to EUROFIMA.

- ☒ (B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Treasury & Asset Management unit, together with the Risk Management unit, manage the climate-related risks arising from the investments

(2) Describe how this process is integrated into your overall risk management

Among the steps taken to manage the ESG risks are:

- Having internal control systems in place
- Reducing vulnerability incl. divestment
- Active ownership by engaging with investees/counterparties
- Regulatory compliance incl. staying informed about evolving regulations and incorporating compliance into risk management strategies.
- Continuous monitoring and review.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- ☐ (A) Exposure to physical risk
- ☐ (B) Exposure to transition risk
- ☐ (C) Internal carbon price
- ☐ (D) Total carbon emissions
- ☐ (E) Weighted average carbon intensity
- ☐ (F) Avoided emissions
- ☐ (G) Implied Temperature Rise (ITR)
- ☐ (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- ☒ (I) **Proportion of assets or other business activities aligned with climate-related opportunities**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) **Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

☒ (J) **Other metrics or variables**

Specify:

ESG risk score

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) **Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.eurofima.org/sustainability/investment-management/treasury-strategy/#text>

- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

☒ **(A) Scope 1 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

○ (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.eurofima.org/sites/default/assets/File/Sustainability/Reports/EUROFIMA-SustainabilityReport2022.pdf>

☒ **(B) Scope 2 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

○ (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.eurofima.org/sites/default/assets/File/Sustainability/Reports/EUROFIMA-SustainabilityReport2022.pdf>

☐ (C) Scope 3 emissions (including financed emissions)

○ (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

● **(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**

○ (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- ☐ (A) The UN Sustainable Development Goals (SDGs) and targets
- ☐ (B) The UNFCCC Paris Agreement
- ☐ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- ☐ (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- ☐ (E) The EU Taxonomy
- ☐ (F) Other relevant taxonomies
- ☒ (G) **The International Bill of Human Rights**
- ☒ (H) **The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions**
- ☒ (I) **The Convention on Biological Diversity**
- ☒ (J) **Other international framework(s)**
Specify:
 - Rio Declaration on Environment and Development
 - United Nations Convention Against Corruption
- ☐ (K) Other regional framework(s)
- ☒ (L) **Other sectoral/issue-specific framework(s)**
Specify:
 - Proprietary Sustainalytics Financial Materiality Framework
- ☐ (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- ☒ (A) **Identify sustainability outcomes that are closely linked to our core investment activities**
- ☐ (B) Consult with key clients and/or beneficiaries to align with their priorities
- ☐ (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- ☒ (D) **Identify sustainability outcomes that are closely linked to systematic sustainability issues**
- ☒ (E) **Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)**
- ☒ (F) **Understand the geographical relevance of specific sustainability outcome objectives**
- ☐ (G) Other method
- ☐ (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- ☒ (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- ☐ (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- ☐ (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- ☒ (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- ☐ (C) We have been requested to do so by our clients and/or beneficiaries
- ☒ (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- ☒ (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- ☐ (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- ☒ (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- ☐ (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

- ☐ (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- ☐ (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities
- ☒ (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

Explain why:

None of our investments, to the best of our knowledge, had any negative human right outcomes.

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

- ☒ (A) Sustainability outcome #1
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- ☐ (1) The UN Sustainable Development Goals (SDGs) and targets
 - ☐ (2) The UNFCCC Paris Agreement
 - ☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - ☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - ☐ (5) The EU Taxonomy
 - ☐ (6) Other relevant taxonomies
 - ☐ (7) The International Bill of Human Rights
 - ☐ (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - ☐ (9) The Convention on Biological Diversity
- ☒ (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- ☒ (1) Environmental
- ☒ (2) Social
- ☒ (3) Governance-related
- ☐ (4) Other

(3) Sustainability outcome name

The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics

(4) Number of targets set for this outcome

- ☐ (1) No target
- ☒ (2) One target
- ☐ (3) Two or more targets

☒ (B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- ☐ (1) The UN Sustainable Development Goals (SDGs) and targets
- ☐ (2) The UNFCCC Paris Agreement
- ☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- ☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- ☐ (5) The EU Taxonomy
- ☐ (6) Other relevant taxonomies
- ☐ (7) The International Bill of Human Rights
- ☐ (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- ☐ (9) The Convention on Biological Diversity
- ☒ (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- ☒ (1) Environmental
- ☒ (2) Social
- ☒ (3) Governance-related
- ☒ (4) Other

(3) Sustainability outcome name

"Low" or "Medium" exposure to ESG risks

(4) Number of targets set for this outcome

- ☐ (1) No target
- ☐ (2) One target
- ☒ (3) Two or more targets

- ☐ (C) Sustainability outcome #3
- ☐ (D) Sustainability outcome #4
- ☐ (E) Sustainability outcome #5
- ☐ (F) Sustainability outcome #6
- ☐ (G) Sustainability outcome #7
- ☐ (H) Sustainability outcome #8
- ☐ (I) Sustainability outcome #9
- ☐ (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics
(1) Target name	Compliance of Investees with the UNGC Principles
(2) Baseline year	
(3) Target to be met by	
(4) Methodology	<p>Each investee is assessed by the third party using the following methodology:</p> <ul style="list-style-type: none"> - Screening of news/media and NGO sources daily to identify relevant news - News items are assessed and classified by a dedicated incidents team - Incidents are then analyzed on case and company level, and an assessment is made against the relevant Global Compact Principle(s) with a forward-looking outlook - An oversight committee consisting of senior representatives from Research, Product Management, Engagement Services, and Quality Control reviews and approves all assessments - Only after company contact regarding an allegation and an oversight committee's evaluation is a company classified as Watchlist or Non-Compliant

(5) Metric used (if relevant)	
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(1) Yes
(B1) Sustainability Outcome #2: Target details	
(B1) Sustainability Outcome #2:	"Low" or "Medium" exposure to ESG risks
(1) Target name	ESG Risk Score on a long-tenor portfolio level
(2) Baseline year	
(3) Target to be met by	
(4) Methodology	<p>ESG Risks are assessed by the third party using the following methodology:</p> <ul style="list-style-type: none"> - Identifying total exposure, where exposure to each material ESG issue is initially determined at the subindustry level - Identifying manageable risks, part of the company's risk which can effectively be managed through ESG programs and policies - Identifying unmanageable risks - Calculation of managed risks - Calculation of management gap which reflects the risk that is not managed.

In addition, controversies have a discounting effect on the company's management score as they demonstrate shortcomings in the company's programs and policies

- Calculation of unmanaged risks, i.e., overall company's ESG risk rating, which represents the amount of unmanaged risk for each material ESG issue.

As an outcome, each company receives ESG Risk Rating:

1. Company ratings are categorized across five risk levels: negligible, low, medium, high, and severe
2. A company's risk is measured against its industry peers and against the global universe
3. The magnitude to which a company is exposed to ESG Risk and how well the company is managing that risk is measured and explained
4. Material ESG issues are identified and brought into focus.

(5) Metric used (if relevant)	
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	For longer-tenor liquid assets portfolio, the target is to have a "Low" or below ESG risk exposure
(9) Percentage of total AUM covered in your baseline year for target setting	35%
(10) Do you also have a longer-term target for this?	(2) No
(B2) Sustainability Outcome #2: Target details	
(B2) Sustainability Outcome #2:	"Low" or "Medium" exposure to ESG risks
(1) Target name	ESG Risk Score on a short-tenor portfolio level
(2) Baseline year	
(3) Target to be met by	

(4) Methodology

ESG Risks are assessed by the third party using the following methodology:

- Identifying total exposure, where exposure to each material ESG issue is initially determined at the subindustry level
- Identifying manageable risks, part of the company's risk which can effectively be managed through ESG programs and policies
- Identifying unmanageable risks
- Calculation of managed risks
- Calculation of management gap which reflects the risk that is not managed. In addition, controversies have a discounting effect on the company's management score as they demonstrate shortcomings in the company's programs and policies
- Calculation of unmanaged risks, i.e., overall company's ESG risk rating, which represents the amount of unmanaged risk for each material ESG issue.

As an outcome, each company receives ESG Risk Rating:

1. Company ratings are categorized across five risk levels: negligible, low, medium, high, and severe
2. A company's risk is measured against its industry peers and against the global universe
3. The magnitude to which a company is exposed to ESG Risk and how well the company is managing that risk is measured and explained
- 4.. Material ESG issues are identified and brought into focus

(5) Metric used (if relevant)

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

For short- and ultra-short-tenor liquid assets portfolios, the target is to have a "Medium" or below ESG risk exposure

(9) Percentage of total AUM covered in your baseline year for target setting

65%

(10) Do you also have a longer-term target for this?

(2) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your long-term targets.

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(A1) Sustainability Outcome #1: The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics	Compliance of Investees with the UNGC Principles		

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1:	The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics
Target name:	Compliance of Investees with the UNGC Principles
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes

(B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: "Low" or "Medium" exposure to ESG risks

Target name: ESG Risk Score on a long-tenor portfolio level

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(B2) Sustainability outcome #2:

(B2) Sustainability outcome #2: "Low" or "Medium" exposure to ESG risks

Target name: ESG Risk Score on a short-tenor portfolio level

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1: The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics

(1) Target name: Compliance of Investees with the UNGC Principles

(2) Target to be met by

(3) Metric used (if relevant)	
(4) Current level or amount (if relevant)	None of the investees are non-compliant
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	Sustainalytics Global Standards Screening
(B1) Sustainability Outcome #2: Target details	
(B1) Sustainability Outcome #2:	"Low" or "Medium" exposure to ESG risks
(1) Target name	ESG Risk Score on a long-tenor portfolio level
(2) Target to be met by	
(3) Metric used (if relevant)	
(4) Current level or amount (if relevant)	"Low" ESG Risk Exposure
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	Sustainalytics ESG Risk Rating
(B2) Sustainability Outcome #2: Target details	
(B2) Sustainability Outcome #2:	"Low" or "Medium" exposure to ESG risks
(1) Target name	ESG Risk Score on a short-tenor portfolio level
(2) Target to be met by	
(3) Metric used (if relevant)	
(4) Current level or amount (if relevant)	"Low" ESG Risk Exposure

(5) Other qualitative or quantitative progress

(6) Methodology for tracking progress

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- ☒ (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
Select from drop down list:
☒ (1) Individually
☐ (2) With other investors or stakeholders
- ☐ (B) Stewardship: engagement with external investment managers
- ☐ (C) Stewardship: engagement with policy makers
- ☐ (D) Stewardship: engagement with other key stakeholders
- ☒ (E) Capital allocation
- ☐ (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 5	N/A	PUBLIC	Capital allocation	1

During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Capital allocation activities used

(2) Explain through an example

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics

(1) Capital allocation activities used

(2) Sector allocation
(4) Divestment from assets or sectors

(2) Explain through an example

In cases when an investee is reported to be no longer compliant with the UNGC, the aim is to divest and close the existing positions within three months period. Exclusion of highly controversial sectors from the investment universe.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:

"Low" or "Medium" exposure to ESG risks

(1) Capital allocation activities used

(2) Sector allocation
(4) Divestment from assets or sectors
(5) Other

(2) Explain through an example

In cases when an individual investee is rated as a "Severe" ESG risk bearer, the goal is to divest from the name within three months period from the moment of the downgrade.
In cases when a portfolio is outside its "Low"/"Medium" risk limit, a portfolio manager is requested to change the allocation of assets to be within the set limits.

STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach	Step I: Identification of target companies
	<p>The list of companies to be engaged with in relation to ESG considerations will be identified by applying the following three criteria:</p> <ol style="list-style-type: none"> 1. The investee company is on the watchlist of the Global Standards Screening by Sustainalytics, which assesses compliance with the ten principles of the UN Global Compact; 2. 3. The investee company or counterparty has an ESG risk rating from Sustainalytics of "high" ESG risk or has an ESG risk rating of "severe" ESG risk and is approved by the Management Committee as an eligible investment; <p>3. There is clear and robust evidence of ESG violations of at least one of the UN Global Compact principles by the investee company (e.g., a third party reported a violation of environmental controls). Potential sources of information would be publications by news outlets, company reporting/press releases, research publications conducted by third parties, etc.</p>
(2) Stewardship tools or activities used	Step II: preparation for an engagement, including contacting a company with an invitation to engage
	<p>Step III: actual dialogue/engagement discussions</p> <p>Step IV: gauging engagement success and decision on prolonging the dialogue.</p>
	(1) Engagement

As all engagements between EUROFIMA and its targeted investees happen on a confidential basis, this example uses "XYZ" instead of the actual company name.

(3) Example

XYZ was identified as a target company on March 1, 2022, due to the "High" ESG risk rating provided on the name by Sustainalytics. Among the most material ESG issues faced by the company were Product Governance, Corporate Governance, Data Privacy and Security. On all three, XYZ was identified as lagging behind.

EUROFIMA sent an invitation to XYZ for an engagement in mid-March, which was accepted.

The dialogue started in April 2022 and consisted of email exchanges and face-to-face meetings with XYZ's Board Member, Head of Sustainability, and Sustainability Managers. The material ESG issues, as described above, were thoroughly discussed, and EUROFIMA pointed out the importance of sustainability considerations taken by its investees. EUROFIMA, at all times, followed the principle of having discussions with the investee, which would not mean to be an intervention in their daily business activities but rather be of the "reflect and suggest" nature.

In December 2022, EUROFIMA gauged the engagement process success with all investee companies, due to closing Engagement Cycle 2022, and allocated XYZ into the "in Progress" bucket. That, in turn, suggested that an engagement process started, but no measurable improvements were found by the end of the cycle. Going through the engagement process, though, in such situations would not preclude EUROFIMA from holding the existing positions or continuing to invest in the company in question.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

The ten Principles of the UN Global Compact, which cover the areas of Human Rights, Labour Rights, Environment and the Business Ethics

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: "Low" or "Medium" exposure to ESG risks

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- ☐ (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- ☒ (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- ☒ (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- ☐ (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- ☐ (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - ☐ (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

☒ **(A) Policy, governance and strategy**

Select from dropdown list:

- ☐ (1) Data internally audited
- ☐ (2) Processes internally audited
- ☒ **(3) Processes and data internally audited**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

We conducted an internal audit of selected processes and data related to the RI processes reported in our 2023 PRI report.

The internal compliance function has been engaged to perform assurance procedures to provide reasonable assurance on EUROFIMA's 2023 PRI report.

We conducted our assurance engagement in accordance with the principles of integrity, objectivity, professional competence, due care, and professional behavior.

The procedures we performed were based on our professional judgment. Our assurance procedures included, amongst others, the following work:

- Review of guidelines, policies, and practices so as to be able to make comments on the completeness of the reporting and the degree to which we believe the report provides a fair and honest representation of RI
- Conducted interviews with management and employees responsible for preparing the PRI report to assess the process
- Analytical review procedures to support the reasonableness of the data
- Assessment of the consistency of data and information within the report
- Determination of whether qualitative/quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the data collection, validation, and reporting processes, as well as the reliability of the reported data on a test basis;
- Analytical assessment of the data and trends of the quantitative disclosures;
- Assessment of the overall presentation of the disclosures

- Testing on a sample basis, the compilation and reporting of quantitative data included in the report
 - Testing, on a sample basis, of underlying source information to check the accuracy of the data
- We believe that the evidence obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

Conclusion: Based on the procedures performed and the evidence obtained, the EUOFIMA's 2023 PRI report is prepared and presented in all material respects in accordance with the applicable criteria.

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- ☐ (A) Board, trustees, or equivalent
- ☒ **(B) Senior executive-level staff, investment committee, head of department, or equivalent**

Sections of PRI report reviewed

- ☒ **(1) the entire report**
- ☐ (2) selected sections of the report
- ☐ (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year