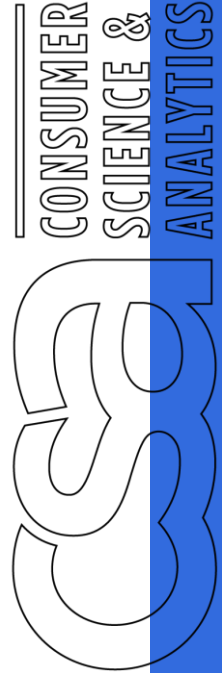



Legibility study of Sustainable and Responsible Investment Documentation



Contents

I	Summary objectives and methodology	p. 3
II	Introduction	p. 8
III	Self-directed search for responsible investments	p. 19
IV	Information message tests	p. 24
V	Conclusions	p. 68



**Summary
objectives and
methodology**

Context and objectives

Qualitative study to assess the emergence and understanding of the information messages found in various documents provided to investors on sustainable and responsible investments.



1.

Identify how well mainstream investors understand responsible finance and sustainable investments.



2.

Assess how well the **ESG strategies of different funds are understood**, and how well the messages regarding **methodological limitations and sustainability risk** are understood.



3.

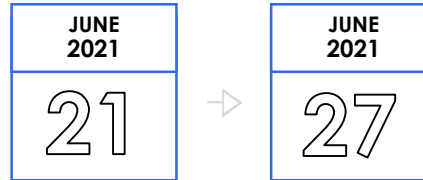
Identify recommendations for **clearer communication**.

Methodology

DATA

- **7 days of individual online blogging**
- **15 active participants, about 1 hour per day**

FIELD SURVEY



TARGET SURVEYED

- **Ordinary, non-expert retail investors**
- **No significantly risk averse retail investors**
- **All have between €20,000 and €200,000 in savings**
- **They held (not necessarily responsible) investment funds:**
 - **in life insurance policies**
 - **or in an equity savings plan (PEA) or securities account**
- **With different levels of interest in social and responsible finance**

Blogging process

Each day, participants were asked to answer a questionnaire, give feedback on documents and carry out information retrieval exercises.

All participants spent approximately one hour on the blog each day throughout the week.

DAY 1

Overview of the participants and their spontaneous understanding of responsible investments



DAY 3

Understanding of the messages contained in the documentation (**KIID and prospectus**) concerning **2 investments**



DAY 5

Understanding of the messages contained in the documentation (**KIID, prospectus and Art. 173 report**) concerning **3 investments**



DAY 7

Assessment of understanding of responsible investments and related limits and risks



DAY 2

Discovery and understanding of SRI product presentation documents during a **guided search** on their own bank's website



DAY 4

Understanding of the information contained in the documentation (**leaflet, brochure, KIID and prospectus**) concerning **3 investments**



DAY 6


Understanding of the messages contained in the documentation (**presentation sheet, management report, KIID and prospectus**) concerning **3 investments**



Profile of the 16 participants

GENDER

 8 women

 8 men

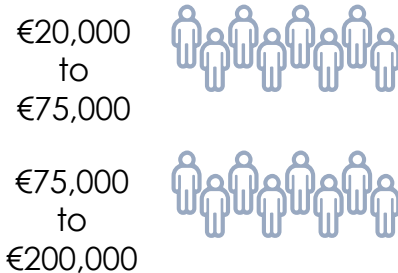
AGE



SAVINGS PRODUCTS HELD

Passbooks/bank savings	16/16
Life insurance (with unit-linked funds)	16/16
PERP (retirement savings plan) or PEE (company savings plan)	13/16
PEA (equity savings plan)	7/16

ASSETS



RISK PROFILES

Less risky investments



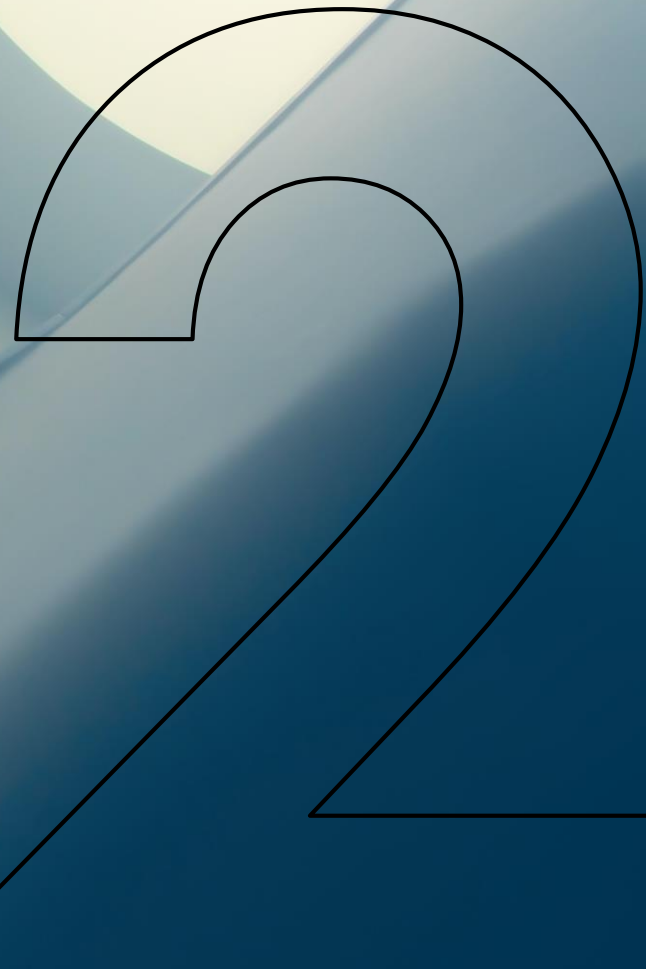
Diversified or risky investments



NON-EXPERT PROFILES

- Ordinary retail investors
- Interested in investments and in being involved in the process, curious to learn about investment products, but not experts

Introduction



2 patterns observed in investors' relationship with SRI

Closely correlated to level of expertise and risk-taking



Informed investors

- Fairly high assets (€75,000 to €200,000)
- Fairly high risk appetite
- Fairly wide range of investments, including equity savings plans and securities accounts

Under self-management

- More often men, 50+ years old
- A good knowledge of SRI, of which they have experience (and some hold SRI products)

Under delegation: managed by their bank adviser or a family member

- Mostly women and younger people (<40)
- Knowledge of SRI in general terms

- SRI is seen as **an opportunity**: a promising new form of investment, worth looking into
- Or one that has been tried and tested/is known to **perform well**.



More safety-conscious investors

- Relatively low assets (up to €75,000)
- Low-risk investments with little diversification
- Novice investors with little expertise or who have suffered significant losses and have become more risk averse as a result

- Tend to **shy away from SRI**, due to **lack of knowledge**.
- Perceived as a fad, **greenwashing**.
- Or investments perceived as more risky.
- Investors are looking for evidence and transparency.

NOTE: It is probably due to a lack of knowledge that these reactions are emerging. At the end of the forum, after 7 days of discussion, some participants changed their position and showed more interest.

Unprompted: Vague knowledge of responsible investments

1 – Somewhat hesitant references, a poorly understood reality

- **The concept of “responsible investments” appears to be very vague** and multi-layered, especially in how it is applied to the financial world.
 - Participants “enter” primarily through the lens of sustainable development rather than through that of social responsibility
- **Retail investors tend to shy away** from the idea:
 - Because **the link between “responsibility” and return is not as obvious** to see, they question the real intentions = fear of greenwashing
 - This **mistrust is also fuelled by the vagueness around how these responsible investments work**: few know about the existence of labels or the specific role banks play in this system.
 - Because there is a **feeling that these investments are still very new and lack historical perspective**, they therefore present a greater risk.

An investor curious about new opportunities, especially in terms of responsible investments.

I would describe myself as an investor who takes some risks (diversification) and has a tendency towards environmentally friendly “products”.

For me, until very recently, these words [Investment and Sustainable] were not compatible.

Finance is a world without ethics. It is all about the flow of money. I find that adding a responsible, sustainable dimension provides a new perspective on investments.

I associate responsible finance with the world of sustainable development, eco-business and environmental protection. Of course this aspect is important to me; I can't imagine “making money” at the expense of the planet and future generations.

Unprompted: Vague knowledge of responsible investments

2 – An aspect rarely considered today in investment choices

- **The criterion of responsibility is never the first consideration when choosing a financial product:** the risk/return ratio determines the choice. The responsibility aspect of the investment is always a secondary choice, not the key determining one
 - Nevertheless: For some profiles, the responsibility aspect may be sought, but always with regard to risk and return
- Overall, **the impression is one of an investment reserved for the most experienced investors** and/or those with sufficient wealth to be able to “bear the risk”.

*For several years, I have been thinking about how I change banks, as my current one really does not respect the values I hold. But I have concerns: from La NEF to other models, there is **a lack of transparency** about where the senior managers come from, and the long-term impacts are not clear.*

*I am interested in the responsible aspect because I think it involves a very **positive trend in our companies**, and I want to **participate in that as much as I can**.*

*I have a fund described as “social and responsible” in my company savings plan, **but I do not necessarily know what the final outcome will be in practice**.*

*Retail investors seeking to diversify in terms of both investment vehicles (available savings, locked-in savings) and risks (earning potential, taxation). An investor saver **curious about new opportunities, especially in terms of responsible investments**.*

Unprompted: Vague knowledge of responsible investments

3 – And yet there is a certain appetite for the idea

- **Some investors are interested** in these investments, and some had SRI funds
 - Because of their **ethical aspect**: the desire to participate in the collective effort
 - Because of the **opportunity** they present: investments which, because they are new, can provide a way to position oneself and consider the long-term benefits
 - **They will then highlight** instead:
 - The **good performance** of these products
 - The **reduced risk**: the “responsible” aspect of a product implies financial responsibility and therefore a minimised level of risk
- This clearly shows the **gap that can exist in investors’ perceptions**, due to the **lack of knowledge** among some of them.

It is... a “green”, **social, labelled, transparent** and **useful** investment that **excludes certain sectors** (e.g. arms), **targeting projects** linked to responsible themes (renewable energies, quality of life at work, remuneration, working conditions for children, relocations, etc.).

Furthermore, these are often investments with **a good return**.

For me, this makes me think of **moderate risk** and low risk investments. It also makes me think of an investment that is environmentally friendly and connected with environmentally responsible companies.

I think it is **risk-free**.

It is **synonymous with a less risky investment**, which is more consistent with my investor profile.

What comes to mind is **security**, known investments, money that can be released if needed. They are not unknown investments; bitcoin is irresponsible to my mind.

They are often **companies with high potential** (start-ups), innovative companies.

I've heard them referred to as **controlled funds**.

Prompted: A definite vagueness around responsible investments

To assess investors' spontaneous knowledge of sustainable investment, we asked them to define the following 6 concepts in their own words:

Sustainable investment

Responsible investment

SRI

Non-financial criteria

ESG

Impact funds

1 – Participants make a distinction between sustainable and responsible investment

- A “**sustainable investment**” is perceived as an investment
 1. Related to **the environment**
 2. And/or with **savings that are locked in over time**, “sustainable”
- Whereas the term “**responsible investment**” **sounds more like an ethical investment**, directed towards social causes or public interest.
- Only one participant reported knowledge of how this type of investment works.

Sustainable investment: financial investment that incorporates environmental principles.

Sustainable development: green investment that's effective and enduring.

It relates to investments in companies that have a beneficial impact on the environment.

It means investing in sustainable companies that protect biodiversity, that fight against global warming.

Responsible investment: a new type of investment that is part of the ethical approach: supporting companies or projects that focus on people, the environment, social issues, etc.

A responsible investment is an investment in investment structures that comply with environmental and eco-responsible specifications. I have recently been made aware that some companies offer eco-responsible products, but the process to produce them is not eco-responsible; for others it is the other way round, i.e. the products are not eco-responsible but the processes are.

2 – The term SRI is rather vague for most participants

- **The majority of participants are aware of the term “SRI”, but only 2 participants are able to explain the concept**
 - The criteria that define SRI are not specified accurately
 - **But some fund characteristics are identified:** SICAV + compliance with certain environmental and social criteria, without understanding them further
- Note: **Some participants have SRI funds without knowing how to explain what SRI is.**
- For the vast majority, this is **a new concept** and is associated with the overall concept of sustainable or responsible investment.

SRI (Socially Responsible Investment): allows me to invest in funds and SICAVS that take environmental, social and governance criteria into account.

SRI: an investment that allows me to invest in the above-mentioned areas (social, environmental, etc.) in addition to financial criteria – they must also be certified.

There is an investigation into the source of funds and their impacts.

It involves companies that comply with specifications related to the environment and protection of the planet, labour value management, green and eco-responsible innovation.

Non-
financial
criteria

Impact
funds

ESG

3 – Concepts that remain very opaque for the retail investors surveyed

- **The definitions of these concepts are virtually unknown**
- Unclear definitions, based on **assumptions** related to the names:
 - The **concept of ESG is associated with non-financial criteria**
 - Both are associated with criteria mainly related to the environment
 - But also to social responsibility
 - They are also interpreted as a commitment to transparency by companies
 - **The idea of impact funds remains very vague; it is associated with an ethical commitment** for a given fund, without more details.

ESG criteria: for Environmental, Social and Governance. May overlap with non-financial criteria.

ESG criteria: these are the criteria that define the investment's "quality" in terms of how responsible it is.

Non-financial criteria: Criteria other than share price, P/E ratio, etc. They include a consideration of internal HR, treatment of investors, transparency with regard to management, objectives, etc.

Impact funds: funds that have an ethical dimension (health, education, environment) and therefore a "positive" impact.

— Lastly...

- While the majority of retail investors **tend to shy away** from responsible investments...
- ... **some of the initiated do see a financial interest** and a long-term commitment that wins them over.
- It is clearly the **lack of explanations, education** and transparency that hinders investors in their choices.

I don't know the mechanics of this type of investment very well, as I've only recently discovered them (company savings plan), but I think that they are longer-term investments, sometimes risky, and above all subscribed to only when you have a certain knowledge of finance or are well advised.

I think it is an investment offered to clients who already have significant savings and want access to more profitable investments. It may be difficult to access because the mechanism is more complicated than a Livret A passbook.

It is an investment for experienced people who invest in various vehicles that aim to be eco-friendly and high-performing.

It is still difficult because there are so many of these investments and finding information about them is, for the moment, a bit of an obstacle course, especially since the advisers I have met are not that familiar with them!

You quickly find yourself drowning in a sea of information on the different funds that meet ESG criteria. It is not easy to make the right choice!

Lastly...

Investors who express a need for:

SUPPORT

Not feeling able to choose a responsible investment on their own, investors need to be guided on:

- The various **regulations, labels**, etc.
 - The **source** of funds
 - The concepts of **sustainability**
 - The **criteria for assessing the impact** of the projects in which they have invested
- so that they can form their own criteria for choosing sustainability.

EXPLANATION

High expectations in terms of information provided and the use of accessible language

- On **how these products work**.
- The **financial and sustainability risks**, the **viability** of the companies selected in these funds.
- And the **profitability** of these investments.

*Responsible finance does not really speak to me, the word ethical or societal would be more meaningful. However, **this dimension could be interesting if it was widely shared or reported.***

REASSURANCE

To fill the gap in experience or feedback regarding this type of investment, there are **expectations** in terms of:

- **Evidence** of results on the sustainable and responsible aspects of these investments.
- **and reasons to believe in sustainability** through projects and tangible, measurable impacts that these investments have supported.

*In today's world, and particularly in the financial world, **I doubt that the responsible or sustainable aspect will last.***

**Self-directed
search for
responsible
investments**



Participants searched their bank's website for a responsible/sustainable product of their choice

- A search on their bank's website:

SUMMARY OF INSTRUCTIONS – The first exercise involves going to your (main) bank's website and searching for a responsible/sustainable product.

- Tell me about **how you navigated the site** and which sections you looked at to find the information?
- What was your impression of this search? What did you find **easy, less easy**?
- **Did you find a responsible product?** Did you find any documents describing these investments? What did they consist of?
- What do you think makes this product sustainable/responsible?
- List at least 3 items



Crédit  Mutuel

Crédit du Nord 

Initially, products may be rather difficult to find

- Responsible investments are not necessarily highlighted
 - **Sometimes difficult to find in the tree structure** of banking websites:
 - Often the sections devoted to sustainable funds are **not featured on the home page** or in the main menus, but are integrated into a more general section (e.g. Investments)
 - And **product presentations are not always appropriate to investors' level of understanding**
 - Explanations are sometimes short
 - And/or very/too **technical**
 - And/or place too much **emphasis on the concept of risk**, which can frighten off the most timid investors

I don't know where to find the list of funds and companies that would qualify in this case...

This research is very easy to find. However, it only talks about risk. It means having a good economic knowledge of the markets and forecasting tools.

There is a large volume of information, it lacks a degree of clarity for someone trying to find out more. There are no documents to download.

Perception of an imbalance between information on sustainability aspects and financial performance

- Banks seem to **prioritise information on the responsible objectives** of funds
 - Participants manage to find a lot of information on sustainability
 - Investment in sustainable projects/companies related to sustainable development
 - Investment in social projects
 - Labels – where products had them
- But a **lack of clarity on the financial characteristics** of the products (which continue to be the main selection criteria for investors)
 - Investors do not seem to find the information they were looking for on:
 - **How these products work**
 - And their **performance**

The descriptions of the proposed products clearly indicate the purpose of the investments made: carbon footprint reduction, Habitat and Humanism Association, projects in developing countries, development of green technologies, food aid, drinking water management, etc.

The fees are well laid out (though some are relatively high, it seems to me). These are risky funds but their performance is not described clearly.

I've been told it is an SRI fund (but I don't know what this acronym stands for).

Lastly...

Websites that are moving in the right direction but can still **improve the information they provide** on responsible investment

- Websites that can still improve the information they provide on responsible investment
 - **In terms of language:** a need for accessible language to describe the sustainability/responsibility aspects of investments
 - **In terms of advice/guidance:** an expectation that the adviser will convey the sustainability message
- **Reassuring labels**, even when encountered for the first time
 - An **indication** that the bank **is serious** and has taken care to comply with a set of specifications
 - And labels provided more often **with links to government websites** (Ministry of the Economy, etc.), which even if not clicked, confirm the legitimacy of the label, and therefore the product

For us individuals, the financial adviser directs us towards the latest hot project, but we do not usually get any real insights even if we ask lots of questions.

Responsibility of the institution: informing new partners, presenting figures in a language that everyone can understand, talking about the activities of so-called “ethically” or “socially” responsible companies.

In my opinion, it needs to be labelled and you need to know the activities of the company you want to invest in.

I discovered that the SRI acronym refers to the Novethic SRI label.

Information message testing

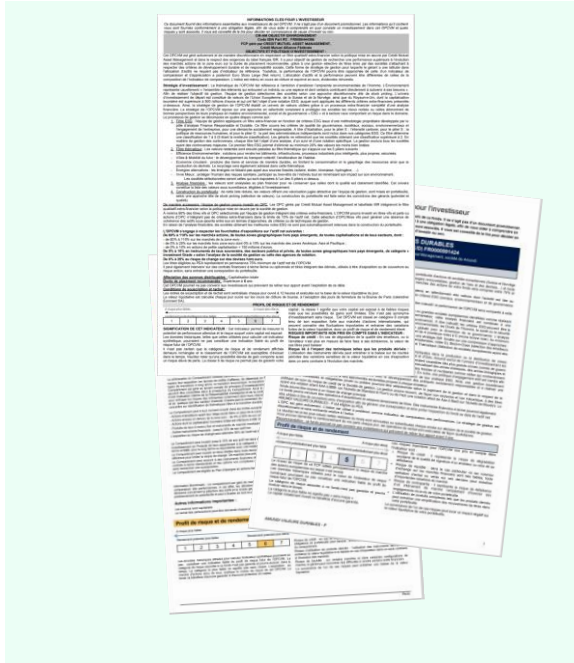




Information message testing

Cross-cutting lessons learned

Regulated documentation is rarely read unprompted



The language used (vocabulary, syntax) in the KIDs and prospectuses makes non-expert readers shy away from the outset

- **discouraging** most investors from showing an interest
- and **providing only a partial understanding** of the investment's objectives and how it works

Documents that focus mainly on how the product works financially, with **little emphasis on its sustainability**:

- Sustainability intensity is often difficult for investors to understand
- or even perceived as totally absent

— KIIDs are often too dense and perceived as difficult to read

Despite the short format, **KIIDs often discourage** investors from reading them:

- The **density of the information** does not help investors to easily find the information they need on the fund and how it works
- And the **level of language used** in most KIIDs is perceived as **difficult to read**
 - Poorly explained financial and technical terms, undefined acronyms
 - Wording that is often complex and does not bring out the main information

Although it would not be read outside this exercise, the prospectus is perceived as more educational than the KIID

A **more spaced out document** providing:

- A clearer presentation of the **investment's intentions** and philosophy
- **Better structured and more educational information**, sometimes with:
 - Examples
 - And specific information to help investors understand the level of potential risk

Nevertheless, the **prospectus** is still a document that most investors **find difficult to read**:

- **In general, a very partial understanding** of the document, and especially of the warning messages
- Language that seems **too technical/financial**

Lastly, the **paragraphs containing warnings on methodological and sustainability risks are not very prominent**

- which means that investors would not read them unless instructed to do so

Art. 173, impact, management and other reports are valued for their specific insights into fund performance

Reports that participants were able to easily relate to thanks to:

- **Tangible information they could use to forecast the potential performance** of their investment
 - Past fund performance described in detail
 - Illustrations, scenarios, etc.
- A **two-pronged approach to financial and sustainability aspects**:
 - A document supporting the sustainable approach, in addition to any labels

Compilation of terms to be defined and explained

ACRONYMS TO BE SPELT OUT/DEFINED

- CAPEX
- R&D spending
- ESG
- EUROSTOXX NR (Bloomberg code: SXXT Index)
- AIF
- Unit trust
- MSCIEUROOPENR Index
- SRI
- Minimum BBB rating
- CIU
- UCITS

+ ANGLICISMS TO BE TRANSLATED AND EXPLAINED

- Asset Management
- Best in Class
- Best Universe
- Funds
- Investment grade
- Stock picking

FINANCIAL CONCEPTS TO BE EXPLAINED/DEFINED

- Asset allocation
- Financial, non-financial and quantitative analysis
- Strategic microeconomic analyses
- Best Universe approach
- “Classic” Class C unit class
- Sub-fund
- Non-financial approach
- Discretionary
- Recommended investment period
- Composite index
- Investment grade
- Proprietary methodology
- Carbon scoring model
- Minimum CCC rating
- SP rating less than 3
- SRI philosophy
- Sector-specific policies on controversial activities
- United Nations Guidelines
- Transition risks related to regulatory, technological and market risks
- Impact score
- Stock picking
- Outperformance
- Analysis universe
- Reduced universe

EXAMPLES OF WORDING AND LANGUAGE TO BE SIMPLIFIED

- Active and discretionary management based on a fundamental, disciplined approach to stock picking
- Actively managed on a discretionary basis following a qualitative non-financial filter
- The research and investment universe is broader than that of the benchmark indicator in the strict sense
- The unit trust is mainly exposed to the issuers of the benchmark indicator and may be exposed to issuers not included in the benchmark indicator
- This impact is assessed through their exposure (in terms of revenue, R&D spending or CAPEX) using the Manager’s proprietary model
- The index is taken at the closing price and expressed in euros, dividends reinvested
- For example, for Pillar E: carbon intensity, for Pillar S: human resources policy, and for Pillar G: the proportion of independent directors.

Information messages testing

In more detail

The KIID, a document that is certainly complete and precise, but it is too dense and difficult to read

- A document that leaves most participants **feeling discouraged**:
 - **Too much information packed** into a 2-page document, which makes it difficult to read
 - Use of numerous **acronyms** and **specialised vocabulary** not easily understood by mainstream investors:
 - UCTIS, SRI, etc.
 - "Classic" Class C unit class
 - Active and discretionary management based on a fundamental, disciplined approach to stock picking
 - Combining financial, non-financial and quantitative analysis
 - The research and investment universe is broader than that of the benchmark indicator in the strict sense
 - The unit trust is mainly exposed to the issuers of the benchmark indicator and may be exposed to issuers not included in the benchmark indicator
 - Sector-specific policies on controversial activities
- Overall, **the impression is that this is a document for specialists**

Understanding the KIID in detail

Objectifs et politique d'investissement
<p>Objectif de gestion : De classification Actions de pays de la zone euro, l'objectif du FCP est d'obtenir, sur un horizon d'investissement de cinq ans minimum, une performance nette de frais de gestion, supérieure à celle de l'indice MSCI EMU dividends nets réinvestis (indicateur de référence) en investissant selon l'analyse de la société de gestion dans des valeurs présentant des perspectives de valorisation attractives et intégrant des critères de bonne gouvernance et de développement durable. Le FCP est éligible au Plan d'Épargne en Actions (PEA).</p> <p>Caractéristiques essentielles du FCP : La stratégie d'investissement repose sur <u>une gestion active et discrétionnaire fondée sur une approche fondamentale et disciplinée de la sélection de valeurs alliant analyse financière, extra-financière et quantitative</u>. L'univers de recherche et d'investissement est plus large que celui de l'indicateur de référence au sens strict. Le FCP est principalement exposé aux émetteurs de l'indicateur de référence et pourra être exposé à des émetteurs non inclus dans l'indicateur de référence. L'équipe de gestion peut s'écarter du niveau de risque de l'indice de référence. La recherche financière et extra-financière s'appuie sur une équipe d'analystes qui effectue des visites d'entreprises afin d'obtenir des informations pertinentes sur leur activité, leur stratégie et leurs perspectives de croissance dans le but de les valoriser et de les classer. L'objectif est d'obtenir une performance de gestion par le choix des valeurs et sans recourir à des techniques synthétiques de surexposition. Le FCP est composé d'investissements en lignes directes et d'organismes de placement collectifs (OPC). <u>Le FCP bénéficie du label d'investissement socialement responsable (ISR).</u></p> <p>a) Stratégie ISR concernant les investissements en lignes directes : La recherche extra-financière consiste à intégrer une approche ISR dans la sélection des titres. Pour pouvoir être retenues en portefeuille, les entreprises doivent respecter les politiques sectorielles sur activités controversées, l'exclusion des entreprises qui contreviennent à au moins un des Dix Principes du Pacte Mondial des Nations Unies et/ou aux principes directeurs de l'OCDE pour les entreprises multinationales l'exclusion des entreprises avec un chiffre d'affaires supérieur à 10% dans les activités controversées comme l'alcool, le tabac, l'armement, les jeux d'argent, la pornographie, et l'exclusion des sociétés présentant les moins bonnes pratiques environnementales (E), sociaux (S) et de gouvernance (G) (ESG) au sein de chaque secteur d'activité. Les analystes spécialisés de la société de gestion portent leur attention sur des critères (ESG) selon l'approche « Best-in-class » afin de chercher à identifier les entreprises les mieux notées en matière ESG dans leur secteur respectif. Pour l'analyse des pratiques ESG des entreprises, la méthode d'évaluation est réalisée par une équipe spécialisée, sur la base de critères (non exhaustifs) environnementaux (E), tels que le réchauffement climatique et la lutte contre les émissions de gaz à effet de serre, sociaux (S), tels que la gestion de l'emploi et des restructurations, les accidents du travail, la politique de formation et les rémunérations, et de gouvernance (G), tels que l'indépendance du conseil d'administration vis-à-vis de la direction générale et le respect du droit des actionnaires minoritaires. A la suite de cette analyse, le FCP applique l'approche en « amélioration de note » selon laquelle la note ESG moyenne du portefeuille est supérieure à celle de l'indice MSCI EMU, après élimination d'au moins 20% des valeurs les moins bien notées de cet indice. La société de gestion peut sélectionner des valeurs en dehors de son indicateur. Pour autant, elle s'assurera que l'indicateur de référence retenu soit un élément de comparaison pertinent de la notation ESG du FCP.</p> <p>b) Stratégie ISR concernant les investissements en OPC (10% maximum de l'actif net) : L'équipe de gestion sélectionne des OPC appliquant des filtres ISR et adoptant une approche « Best-in-class » qui vise à investir dans les entreprises présentant les meilleures pratiques ESG au sein de leur secteur. Cette équipe investit de manière systématique dans des OPC ayant le label ISR ou respectant eux-mêmes les entières quantitatifs de la catégorie significativement engageante.</p> <p>c) Principale limite méthodologique de la stratégie extra-financière : Certaines entreprises détenues en portefeuille peuvent avoir des pratiques ESG perfectibles et/ou être exposées à certains secteurs ou les problématiques environnementales, sociales ou de gouvernance demeurent importantes. Le FCP investit dans des titres d'entreprises de tous secteurs, de grande, moyenne et petite capitalisation (dans la limite de 10% dans ces deux derniers cas), émis sur les marchés d'un ou de plusieurs pays de la zone euro. Le degré d'exposition minimum du FCP aux marchés d'actions est de 90% de l'actif net. Le gérant peut utiliser les instruments dérivés négociés sur les marchés à terme réglementés et/ou de gré à gré, français et/ou étrangers pour couvrir le portefeuille contre les risques d'actions et titres assimilés et/ou d'indices et/ou de change et/ou pour compléter son exposition au marché des actions.</p>

Investors who are not used to the financial vocabulary and are confused about:

- The description of the fund and its financial composition:
 - MSCI Index
 - Active and discretionary management
 - Fundamental, disciplined approach to stock picking
 - Description of the objectives and strategy in terms of sustainability:
 - Non-financial strategy
 - Best-in-class approach
 - Approach to improving rating
- ➔ The level of information provided does not make it easy for investors to understand this key information on their own.
- ➔ Nor does it provide the tools needed to understand the financial or SRI information.

— Prospectus considered easier to read than the KIID

- Despite the length of the document, **more accessible language and a more detailed level of information** allowing investors to find the information they are looking for
 - Acronyms spelt out
 - **Definitions** and **explanations**
- **But a document focused on the financial framework**
- and seemingly ignores sustainability criteria

2 paragraphs of warnings included, but only read when prompted



Risque lié à l'investissement durable (risque de durabilité) :

Tout événement ou toute situation dans le domaine environnemental, social ou de la gouvernance qui, s'il survient, pourrait avoir un impact négatif réel ou potentiel sur la valeur de l'investissement. La survenance d'un tel événement ou d'une telle situation peut également conduire à une modification de la stratégie d'investissement du FCP, y compris l'exclusion des titres de certains émetteurs. Plus précisément, les effets négatifs des risques de durabilité peuvent affecter les émetteurs via une série de mécanismes, notamment : 1) une baisse des revenus; 2) des coûts plus élevés; 3) des dommages ou une dépréciation de la valeur des actifs; 4) coût du capital plus élevé ; et 5) amendes ou risques réglementaires. En raison de la nature des risques de durabilité et de sujets spécifiques tels que le changement climatique, la probabilité que les risques de durabilité aient un impact sur les rendements des produits financiers est susceptible d'augmenter à plus long terme.

A **well understood warning of the existence of risks** through:

- Clear and concise **writing**, simple sentences
- Use of **everyday vocabulary**

Investors who understand:

- The **potential volatility** of sustainable funds because of unknown factors, particularly climate-related events
- and the **impact this can have on returns**
- including the **risk of losing one's investment**

2 paragraphs of warnings included, but only read when prompted



Risque lié à la prise en compte de critères ESG :

L'absence de définitions et de labels communs ou harmonisés concernant les critères ESG et de durabilité au niveau européen peut entraîner des approches différentes de la part des sociétés de gestion lors de la définition des objectifs ESG. Cela signifie également qu'il peut être difficile de comparer des stratégies intégrant des critères ESG et de durabilité dans la mesure où la sélection et les pondérations appliquées à certains investissements peuvent être basées sur des indicateurs qui peuvent partager le même nom mais ont des significations sous-jacentes différentes. Lors de l'évaluation d'un titre sur la base de critères ESG et de durabilité, la société de gestion peut également utiliser des sources de données fournies par des prestataires de recherche ESG externes. Compte tenu de la nature évolutive de l'ESG, ces sources de données peuvent pour le moment être incomplètes, inexactes ou indisponibles. L'application de normes de conduite responsable des affaires ainsi que de critères ESG et de durabilité dans le processus d'investissement peut conduire à l'exclusion des titres de certains émetteurs. Par conséquent, la performance du FCP peut parfois être meilleure ou moins bonne que la performance d'OPC dont la stratégie est similaire.

- A warning perceived as being **clear on ESG criteria**
- Investors understand that they are defined by each organisation and are not governed by a common set of rules
- They also understand the difficulty involved in comparing investments that meet ESG criteria
 - Particularly in the phrase "it can be difficult to compare strategies..."

Document understood only when prompted and a perception of moderate sustainability

- **A title that expresses the idea of a responsible fund**
- A product **perceived as moderately sustainable** due to the lack of clarity and details on investments with sustainable potential
 - **Lack of strict regulation of ESG criteria** suggests that sustainable objectives are not always rigorous
 - Investors are not therefore sure whether the sustainability characteristics are rigorous
 - or that the sustainability of the fund is maintained over time
- **The insistence in the message that the bank is not liable** in cases of funds with lower than expected responsibility performance is disconcerting to investors

— A prospectus is better understood than the KIID, even though it would not be read outside this exercise

- **A KIID is still too dense** and perceived as difficult to read in terms of the language used
 - Terms to be defined or explained:
 - MSCI EMU Mid Cap Index Fundamentalist logic
 - Minimum Baa3 or BBB rating
 - Regulated futures markets authorised by the decree of 6 September 1989
 - Total return swaps
 - Risks related to derivative instruments
 - High Water Mark
 - Gearing
 - Discretionary
 - Outperformance
 - Swaps
 - Decimalisation

— A concise and clear paragraph on sustainability risk

La prise en compte des critères ESG et de développement durable dans la stratégie d'investissement du FCP peut conduire à l'exclusion des titres de certaines entreprises. En conséquence, la performance du FCP peut être meilleure ou moins bonne que la performance d'un OPC investi dans la même classe d'actifs qui n'intègre pas dans sa stratégie d'investissement des critères ESG ou de développement durable.

- **Sustainability risk understood and rephrased well** by participants:
 - The performance of companies with regard to ESG criteria can change
 - and impact the performance of the investment
- Even if the **wording is still very formal** and could be simplified to make it more readable
 - In terms of the content, using simple, shorter sentences
 - And in terms of presentation, using bullet points for example
- However, the paragraph would not have been read had the participants not been prompted to read it

— A concise and clear paragraph on sustainability risk

- Participants having **difficulties in identifying sustainability criteria in the KIID**
- And with the **prospectus, a level of information that makes it easier to understand the sustainability criteria**
- But once again, the participants are **split on ESG criteria**:
 - For some, ESG seems **reliable** because of the selection criteria, which appear to be demanding
 - While others point out **details that highlight “hidden defects”**
 - For example, the lack of precision on the number of criteria leading to the exclusion of a company
 - Or the failure to take into account environmental sustainable development factors

A more accessible KIID: fewer diagrams and simple sentences

- A more spaced out presentation that makes the KIID more appealing
 - Fewer tables and charts to impress investors
 - A text that is fairly easy to read with simple and rather short sentences
 - This despite the perceived technical vocabulary that requires more explanation:
 - R&D spending
 - CAPEX
 - UCITS and/or AIF shares
 - the EUROSTOXX NR (Bloomberg code: SXXT Index)
 - Sub-fund
 - SP rating less than 3
 - Minimum CCC rating
 - Outperformance
 - Composite index

Understanding the KIID in detail

Objectifs et politique d'investissement

Caractéristiques essentielles de la gestion :

Fonds Actions Européennes

Le Compartiment vise à surperformer l'indice composite suivant (libellé en Euro) : l'EUROSTOXX NR (code Bloomberg : SXST Index) calculé dividendes réinvestis, sur la période d'investissement recommandée.

La philosophie du Compartiment consiste particulièrement à se concentrer sur les entreprises qui ont un fort impact social et/ou environnemental. Cet impact est évalué à travers leur exposition (en termes de chiffre d'affaires, de dépenses en R&D ou les CAPEX) via le modèle propriétaire du Gestionnaire. Les impacts sont fondés sur cinq types de transitions à long terme : la transition économique, la transition de mode de vie, la transition médicale, la transition démographique et la transition écologique. Le Compartiment est géré en tenant compte de principes d'Investissement de gestion Durable et Responsable. Des informations complémentaires relatives à la stratégie ISR peuvent être consultées dans le prospectus du Compartiment. Ainsi le processus d'investissement et la sélection des actions et obligations en portefeuille prennent compte d'une évaluation interne de la Responsabilité d'entreprise et de la contribution à la Transition Durable. La Responsabilité d'Entreprise est un formidable vivier d'informations pour anticiper les risques des entreprises notamment dans leurs interactions avec les parties prenantes : salariés, fournisseurs, clients, communautés locales, actionnaires... et ce, quelque soit leur secteur d'activité. D'autre part la conviction du Gestionnaire Financier repose sur une perspective à long terme du financement de l'économie qui se concentre sur identification de thématiques liées à la transition durable.

Le Compartiment peut à tout moment investir dans les limites suivantes :

- Actions d'émetteurs ayant leur siège social dans un pays de la zone Euro : de 65à 100% de son actif net;
- Actions émises en dehors de la zone euro : de 0% à 35% de son actif net;
- Actions dont la capitalisation boursière totale est inférieure à 200 millions d'euros, jusqu'à 10% de son actif net;
- Produits de taux à revenu fixe et instruments du marché monétaire ou dépôts en cas de conditions de marché défavorables : de 0 à 35% de son actif net ;
- Autres instruments financiers : jusqu'à 10% de son actif net.

L'exposition au risque de change peut atteindre 35% de l'actif net du Compartiment.

Le Compartiment peut investir jusqu'à 10% de son actif net dans des parts et/ou actions d'OPCVM et/ou FIA.

Investissement en Produits de taux appartenant à la catégorie « Speculative grade » (c'est-à-dire ayant une notation selon Standard & Poor's inférieure à A-3 pour le court terme et BBB- pour le long terme ou équivalente avec une notation minimum de CCC) ou non notés : jusqu'à 25% de son actif net.

Le Compartiment peut investir en titres libellés dans toute devise. Cependant, l'exposition aux autres devises que la devise de référence peut être couverte dans la devise de référence pour limiter le risque de change. De manière plus précise, des contrats à terme et des contrats de change à terme peuvent être utilisés à ces fins.

Le Compartiment peut recourir à des instruments financiers dérivés listés ou négociés de gré à gré à concurrence de 25 % de son actif net, y compris, entre autres, des contrats à terme standardisés et des options non complexes négociés sur des marchés réglementés aux fins de couverture ou d'augmentation de l'exposition aux actions, sans rechercher une surexposition.

Le Compartiment est éligible au Plan d'épargne en actions français (PEA).



Information Benchmark : Le compartiment est géré de manière active et recourt à un indice de référence pour le calcul de la commission de surperformance et à titre de comparaison des performances. A cet effet, les décisions d'investissement du Gestionnaire financier sont prises afin d'atteindre l'objectif de gestion ; notamment les décisions concernant la sélection des actifs et le niveau global d'exposition aux marchés. Le Gestionnaire Financier n'est nullement contraint par l'indice de référence dans le positionnement du portefeuille et peut s'écarter en tout ou partie de la composition de l'indice de référence.

Autres informations importantes :

Les revenus sont capitalisés

Le rachat des parts/actions peut être demandé chaque jour.

Durée de placement recommandée :

Ce compartiment pourrait ne pas convenir aux investisseurs qui prévoient de retirer leur apport dans les 5 ans.

The KIID is not dismissed as much as those for the other funds studied, thanks to **some reassuring elements** for its readers:

- Avoidance of numerous graphs, which can be confusing for investors who do not always have the necessary references to contextualise this information
- Lots of white space between text, resulting in a cleaner, more user-friendly layout
- And efforts to make the content as accessible as possible: simple, short explanatory sentences

Nevertheless, more specific information and examples would allow investors to forecast the level of potential risk

— A clear, concise and well understood prospectus fact sheet

- A **7-page format considered fairly easy to navigate** by investors
- **Written in a way that everyone can understand**
 - Short, **simple sentences**
 - In terms of financial vocabulary, the **words used are easy to understand** or **explanations** are provided using everyday language
 - e.g. “The performance period is the period from 1 January to 31 December of each year.”

Sustainability risk understood and rephrased well by participants

Risque de durabilité

Le risque de durabilité désigne un événement ou une condition lié à l'environnement, le sociale ou la gouvernance qui, s'il se produit, pourrait potentiellement ou effectivement avoir un impact négatif important sur la valeur de l'investissement d'un Compartiment. Le risque de durabilité peut soit représenter un risque propre, soit avoir un impact sur d'autres risques et peut contribuer de manière significative aux risques, tels que les risques de marché, les risques opérationnels, les risques de liquidité ou les risques de contrepartie. Le risque de durabilité peut avoir un impact sur les rendements à long terme pour les investisseurs. L'évaluation des risques de durabilité est complexe et peut être basée sur des données environnementales, sociales ou de gouvernance difficiles à obtenir et incomplètes, estimées, obsolètes ou matériellement inexactes. Même lorsqu'elles sont identifiées, rien ne garantit que ces données seront correctement évaluées. Les impacts conséquents sur la survenance du risque de durabilité peuvent être nombreux et variés en fonction d'un risque, d'une région ou d'une classe d'actifs spécifiques. En général, lorsqu'un risque de durabilité survient pour un actif, il y aura un impact négatif et potentiellement une perte totale de sa valeur et donc un impact sur la valeur liquidative du Compartiment concerné.

- Sustainability risk is understood well by investors
- Participants also rephrased it well
 - The idea that **sustainability criteria at the time of subscription may be incomplete** or unclear
 - And the **possibility that unanticipated risks may arise** over time
- Nevertheless, **some definitions need to be** included or expressions explained:
 - Market risks
 - Operational risks
 - Liquidity risks
 - Counterparty risks
 - Potential %, the maximum level of losses that can be generated

ESG risks perceived as a shift in the financial institution's accountability

Risques spécifiques liés à l'investissement ESG (Environnement, Social, Gouvernance)

Les Compartiments visant à appliquer une politique ESG ont recours à certains critères ESG tels que décrits au sein de leurs stratégies d'investissement respectives.

Le recours à des critères ESG peut affecter la performance d'un Compartiment dans la mesure où le recours à ces critères peut affecter la performance différemment en comparaison avec un Compartiment qui n'aurait pas recours à de tels critères. Les critères d'exclusion fondés sur l'approche ESG de certains Compartiments peuvent à la fois offrir des possibilités d'investissement ou de désinvestissement avantageuses, mais également être désavantageux pour le/les Compartiments concernés. Dans l'hypothèse où un changement des caractéristiques ESG d'un titre détenu en portefeuille conduirait à un désinvestissement, ni le Compartiment, ni la Société de gestion ne seraient tenu responsables d'un tel changement.

Les exclusions peuvent ne pas correspondre directement avec les aspirations éthiques des investisseurs.

Lors de l'évaluation d'un titre ou d'un émetteur sur la base de critères ESG, la Société de Gestion peut être dépendant d'informations et de données fournies par des entités tierces, données qui pourraient être incomplètes, inappropriées voire indisponibles. En conséquence, il existe un risque que la Société de Gestion n'applique pas les critères ESG de façon appropriée et ainsi expose indirectement le Compartiment à des émetteurs qui n'appliqueraient pas les critères ESG tels qu'appliqués par le Compartiment. Ni le Compartiment appliquant des critères ESG, ni la Société de Gestion ne garantissent, de façon expresse ou implicite, l'exactitude, le caractère raisonnable et l'exhaustivité de l'approche ESG de ces émetteurs.

- A **well understood paragraph**
 - The **risks associated with ESG volatility** are well understood
 - As is the fact that it may **impact investment performance**
- But for the participants, **the wording implies that the organisation is trying to detach itself from its responsibility** towards its clients

— An investment perceived as highly sustainable with clear, accessible documentation

- Key **points that give the impression of strong accountability** for the investment
 - A product type well known to investors: a **unit trust**, whose regulated operation reassures them
 - The presence of an **SRI label**
 - A **choice of companies meeting ESG criteria**: additional criteria, on top of SRI, perceived as added value

Leaflet and brochure are seen as more appropriate for introductory purposes than the KIID

- An **overall level of information that appeals to investors**, including the less financially literate
 - **Marketing materials valued for their educational content**
 - Key points expressed using everyday terms, in very short paragraphs with minimal financial vocabulary
 - Specific examples, explanation of the ESG rating system, lists of selected companies, etc.
 - And for the **right balance between information on the sustainable and financial aspects** of the investment (profitability)
- The **Climétrics label is not always meaningful**, but a reference that is considered reassuring

A KIID and prospectus unappealing to investors: the way it is written is considered complex

- **Language considered difficult to understand** for non-experts
 - **Long sentences**, from the very first line of the KIID
 - And **a lot of unexplained financial terms** that puts readers off (actively managed, discretionary, etc.)
 - **Acronyms** (UCITS), **Anglicisms** (asset management)
 - And **wording that needs to be explained/clarified**
 - Actively managed on a discretionary basis following a qualitative non-financial filter
 - Asset allocation
 - The index is taken at the closing price and expressed in euros, dividends reinvested
 - For example, for Pillar E: carbon intensity, for Pillar S: human resources policy, and for Pillar G: the proportion of independent directors.
 - Recommended investment period, etc.

Cet OPCVM est géré activement et de manière discrétionnaire en respectant un filtre qualitatif extra-financier selon la politique mise en œuvre par Asset Management et dans le respect des exigences du label français ISR. Il a pour objectif de gestion de rechercher une performance supérieure à l'évolution des marchés actions de la zone euro sur la durée de placement recommandée, grâce à une gestion sélective de titres émis par des sociétés s'attachant à respecter des critères de développement durable et de responsabilité sociale. Cette forme de stratégie de gestion pour laquelle le gérant a une latitude dans l'allocation d'actifs ne requiert pas d'indicateur de référence. Toutefois, la performance de l'OPCVM pourra être rapprochée de celle d'un indicateur de comparaison et d'appréciation a posteriori Euro Stoxx Large (Net return). L'allocation d'actifs et la performance peuvent être différentes de celles de la composition de l'indicateur de comparaison. L'indice est retenu en cours de clôture et exprimé en euro, dividendes réinvestis.

Documentation considered complex and unappealing

- A product considered sustainable
 - The title suggests a product focused on an ecological strategy
 - impression reinforced by the SRI label
 - and by the leaflet and brochure: a balanced message between financial and sustainable aspects
- By contrast, the KIID and the prospectus seem almost impenetrable to investors and only focus on the financial aspects, making it impossible to assess the sustainability element

A KIID still regarded as jargon-filled, but sustainable objectives seen as more obvious

- Long sentences, complex vocabulary and syntax that participants shy away from
 - Terms that need to be explained/clarified:
 - discretionary
 - asset allocation
 - carbon scoring model
 - proprietary methodology
 - United Nations Guidelines, etc.
- Nevertheless, **a sense of clarity around sustainability objectives**
 - An **investment strategy** that takes environmental criteria into account
 - Also easier to understand due to the **avoidance of financial vocabulary**

OBJECTIFS ET POLITIQUE D'INVESTISSEMENT :

Cet OPCVM est géré activement et de manière discrétionnaire sur la base d'une analyse fondamentale et financière tout en respectant un filtre qualitatif extra-financier selon la politique mise en œuvre par [redacted] Asset Management. Il a pour objectif de gestion d'offrir une performance liée à l'évolution du marché actions sur la durée de placement recommandée en investissant dans des sociétés internationales, cotées sur des marchés réglementés, participant activement, directement ou indirectement, à la lutte contre le réchauffement climatique, à la transition énergétique et climatique, et au développement durable. Le fonds s'inscrit dans le cadre des objectifs de développement durable définis par les Nations Unies et plus spécifiquement sur les objectifs suivants : eau propre et assainissement, énergie propre et d'un coût abordable, consommation et production responsable, vie terrestre et mesures relatives à la lutte contre le changement climatique.

Cette forme de stratégie de gestion pour laquelle le gérant a une latitude dans l'allocation d'actifs ne requiert pas d'indicateur de référence. Toutefois, la performance de l'OPCVM pourra être rapprochée de celle d'un indicateur de comparaison et d'appréciation a posteriori : MSCI ALL COUNTRY WORLD Index. L'allocation d'actifs et la performance peuvent être différentes de celles de la composition de l'indicateur de comparaison. L'indice est retenu en cours de clôture et exprimé en euro, dividendes réinvestis.

Fact that there are risks is well understood, but their nature seems unclear due to the overly financial language

- Risque en matière de durabilité : Il s'agit du risque lié à un événement ou une situation dans le domaine environnemental, social ou de gouvernance qui, s'il survient, pourrait avoir une incidence négative importante, réelle ou potentielle, sur la valeur de l'investissement réalisé par le FCP.
- Le FCP prend en compte les risques et facteurs de durabilité au moyen d'une politique d'exclusion et d'une analyse extra-financière telles que décrites au sein de la section "Stratégie d'investissement". La survenance d'un tel événement ou d'une telle situation peut conduire à l'exclusion de certains émetteurs.
Compte tenu de l'objectif de gestion du FCP, la Société de Gestion prend spécifiquement en compte le risque de survenance d'événements climatiques et la perte de biodiversité résultant du changement climatique (tels que le réchauffement climatiques) ainsi que la réaction de la société face à celui-ci (tels que les risques de transition liés aux risques réglementaires, technologiques, de marché, etc.). En raison de la nature des risques de durabilité et de sujets spécifiques tels que le changement climatique, la probabilité que les risques de durabilité aient un impact sur les rendements des produits financiers est susceptible d'augmenter à plus long terme.

- **The fact that there is a risk and its potential impact on the investment are well understood** by the participants from the first paragraph
- However, **the nature of this risk is not clearly conveyed** to investors due to the use of overly specialised language, in particular:
 - The use of vocabulary perceived as technical (exclusion policy, non-financial analysis, etc.)
 - And complex sentence structure ("risks related to risks")
- An impression once again, from this paragraph, that the bank is trying to shirk its responsibilities if the fund's profitability does not meet expectations

Methodological limitations not well understood in a paragraph considered too technical/financial

1 phrase 1 phrase

Dans cet univers réduit, les valeurs font l'objet d'une sélection supplémentaire pour déterminer si elles répondent à des critères ESG (Environnementaux, Sociaux et de Gouvernance) précis. L'équipe de gestion s'appuie sur un modèle d'analyse extra-financière propriétaire du ... développé par l'équipe du Pôle Finance Responsable et Durable qui vise à exclure les valeurs les moins bien notées en matière environnementale, sociale et de gouvernance afin de réduire notamment l'impact du risque de durabilité auquel l'OPCVM est exposé et définit dans la rubrique « profil de risque » du prospectus. Les principales incidences négatives sont également prises en compte dans la stratégie d'investissement afin que les investissements effectués par le Fonds ne nuisent pas de manière significative aux objectifs d'investissement durable, l'approche globale est de prendre en compte à tous les points du cycle d'investissement (pour éviter et exclure les risques de dommages importants qui ne seraient pas alignés sur les Principes directeurs des Nations unies sur les entreprises et les droits de l'homme) les Principes directeurs pertinents pour les efforts d'atténuation du changement climatique de la part des États, des entreprises et des autres parties prenantes. Ainsi la prise en compte des principales incidences négatives s'appuie sur l'association des filtres thématiques et d'exclusion permettant de s'assurer d'une quasi-absence d'exposition au secteur des énergies fossiles (5% maximum du chiffre d'affaires pour chaque émetteur), l'analyse des éco-activités favorisant l'inclusion des sociétés ayant un impact positif sur la biodiversité et une exposition aux énergies renouvelables. Enfin l'objectif d'alignement du fond dans un scénario de réchauffement de deux degrés limite les possibilités d'ajouts de sociétés à forte intensité carbone.

- **Partial or superficial understanding** by investors
 - The fact that there are risks is understood
 - But their nature and impact on the investment are not conveyed
- Because of the way the message is written
 - A **long paragraph** with little white space
 - **Very long sentences, complex syntax**
 - And **unfamiliar terminology** with no references/explanations/definitions

— A partial or limited understanding of how the investment works – and of the risks!

- The name – despite the unpopular Anglicism – is quite suggestive of a sustainable product
- A **product perceived as sustainable or moderately sustainable**
- A level of sustainability understood in the KIID, presented using clear, everyday terms that are easily understood by investors, even without the use of labels or other indicators
- Overall, **a good understanding of the sustainable aspect, but an expectation that more accessible language be used for the financial part**

SRI label is reassuring, but the KIID is not particularly appealing in terms of both content and presentation

- A **name perceived as rather obscure**, even if the inclusion of “SRI” is reassuring
- The **KIID is perceived as heavy going and difficult** to read and understand
 - Long document, long sentences
 - Financial language that is not very accessible to the target audience
 - Terms to be explained/clarified:
 - Acronyms to be spelt out: FCP, UCITS, AIF, etc.
 - Anglicisms need to be translated and explained: Asset Management (why not “gestion d'actifs”?)
 - An SRI philosophy, etc.
- Note on presentation: **use of bold to highlight key elements of the text**

L'objectif du FCP est de mener, sur un horizon de placement minimum de 5 ans, une sélection d'OPCVM et de FIA, français ou européens au travers d'une allocation flexible du portefeuille entre les classes d'actifs (Actions et Taux), et leurs zones géographiques, réalisée sur la base de critères financiers et selon une méthodologie ISR. L'objectif de volatilité cible moyenne sur 5 ans glissants du FCP est de 8% (hors conditions exceptionnelles de marché). Nous rappelons aux souscripteurs potentiels que l'objectif de volatilité est fondé sur la réalisation d'hypothèses de marché arrêtées par la société de gestion et ne constitue en aucun cas une promesse pour le FCP.

Le processus d'investissement du FCP consiste à combiner **deux sources de performances potentielles** :

Le premier moteur de performance est d'investir au minimum à 90% dans des OPC ayant le label ISR public ou disposant d'un label européen reconnu comme équivalent. Les 10 % restant pourront être investis dans des OPC non labélisés mais dont la stratégie d'investissement repose sur une philosophie ISR. Il est précisé que les stratégies ISR des fonds sélectionnés (hors fonds gérés par **MANAGEMENT**) peuvent varier et ne pas être totalement cohérentes entre elles (recours à des indicateurs ESG et/ou des approches ISR différentes).

Methodological limitations understood in principle, but very unclear in detail

Le premier moteur de performance est d'investir au minimum à 90% dans des OPC ayant le label ISR public ou disposant d'un label européen reconnu comme équivalent. Les 10 % restant pourront être investis dans des OPC non labellisés mais dont la stratégie d'investissement repose sur une philosophie ISR. Il est précisé que les stratégies ISR des fonds sélectionnés (hors fonds gérés par MANAGEMENT) peuvent varier et ne pas être totalement cohérentes entre elles (recours à des indicateurs ESG et/ou des approches ISR différentes).

- **Varying levels of understanding** among participants
 - Some guessed 2 types of funds with different levels of performance
 - Others only understand the contents of the 90%, but have doubts about the selection of the remaining 10%
 - The term "SRI philosophy" is not very meaningful for the general public
 - Lastly, some people find this paragraph difficult to understand without deeper financial knowledge
- Terms to be defined:
 - Acronyms: CIU, SRI, ESG, etc.
 - SRI philosophy – definition?
 - ESG indicators and different ESG approaches □ Which ones?

Documentation that generates more confusion and questions than it presents key information

- Despite the SRI label, **there is doubt about the level of sustainability of the investment** due to:
 - the **90/10% split in the funds**, which can be interpreted as discrediting the SRI criteria
 - and the **number of precautions taken in the wording**
 - In particular, the “**SRI philosophy**” is considered unclear and confusing for investors

Only a partial understanding of the methodological limitations

Les titres sont sélectionnés principalement au sein de l'Univers Réduit mais peuvent également être sélectionnés, en dehors de l'Univers Réduit et de l'Univers d'Analyse, sur les marchés d'actions de l'Union européenne ou de l'Espace économique européen, dans la limite de 10 % de l'Univers d'Analyse et sous réserve que ces titres respectent les contraintes du Label ISR.

En tout état de cause, conformément au Label ISR, le portefeuille est constitué en permanence à 90 % de son actif net (calculé sur les titres éligibles à l'analyse extra-financière : actions et titres de créances émis par des émetteurs privés et quasi-publics) de titres avant fait l'objet d'une analyse extra-financière. Bien que les titres d'États fassent l'objet d'une évaluation ESG, les résultats de l'évaluation ne sont pas pris en compte de manière mesurable dans la stratégie ISR décrite ci-dessus ; ces titres d'États peuvent représenter 10 % maximum de l'actif net du Compartiment. Les investissements dans les titres d'États sont réalisés à partir d'analyses internes de la qualité financière et extra financière des émetteurs. Celles-ci s'appuient sur des analyses de stratégies macro-économiques, d'analystes financiers et d'analystes ISR.

- Only **a small proportion of participants are able to understand the rationale behind the mix** in this fund
- For most, the **evaluation criteria for SRI and government securities** remain unclear due to:
 - Financial vocabulary that is not accessible to investors
 - without any accompanying definitions, explanations or concrete examples

— A brochure that is more widely read and understood than the KIID, which is perceived as too technical/financial

- A **brochure that is clear and appealing to read**
 - No wording quoted as not understood
 - Headings that help towards understanding the strategy and both the financial and sustainable characteristics of the fund
- By comparison, the **KIID is considered irrelevant** by around half the participants as it does not provide more information (at least not information that is fully understood)
 - Only a minority of participants manage to identify additional information in the KIID that is not in the brochure

— A well-received and useful Art. 173 Report with all the information needed to make a choice

- **Some important guidance** for investors:
 - **SRI approach, ESG criteria** and reference to the **AFNOR certification**: recognised (familiarisation effect during blogging) and reassuring concepts
 - A summarised and detailed explanation of the Sustainable Development Goals
- And **presented in an educational way** for the reader
 - With a glossary
 - Several levels of analysis: diagrams, links, etc.

2 levels of analysis suited to investors' different levels of interest

Limite de l'approche retenue :

L'approche Best-in-class n'exclut aucun secteur d'activité a priori. Tous les secteurs économiques sont donc représentés dans cette approche et l'OPC peut ainsi être exposé à certains secteurs controversés. Afin de limiter les risques extra-financiers potentiels de ces secteurs, l'OPC applique également la politique d'exclusion d'Amundi sur le charbon et le tabac (le détail de cette politique est disponible dans la Politique Investissement Responsable disponible sur le site [www._____](#) ainsi que la politique d'engagement du groupe.

- **2 levels of information** providing readers with more or less detail depending on their familiarity with sustainability criteria
 - The **rationale for excluding certain activities is well understood** by all
 - However, the risks involved are better understood by the participants who are more familiar with sustainability criteria or more experienced in financial matters
- **Few difficulties in understanding**
 - Only the expression "Best-in-Class Approach" was singled out as requiring definition

Documentation that is generally well understood and reassuring from a sustainability standpoint

A fund **perceived as sustainable**:

- SRI **label**, ESG criteria, AFNOR certification, etc.
- And **an Art. 173 Report** considered as additional evidence of the sustainable approach
- And documentation that succeeds in presenting both sustainable and financial characteristics

— An impact score with no significant differentiation from the investors' point of view

- The introduction of the **concept of Impact Score is perceived as unclear**
 - It seems to involve the **same criteria as SRI**, without being associated with a label
 - and is **subject to interpretation**, without a score reference grid
 - therefore **a criterion that is not viewed as particularly differentiating** by investors
- Overall, **a KIID considered complex**
 - Financial terms to be defined:
 - Non-financial approach
 - Stock picking
 - Best Universe approach
 - Investment grade
 - Minimum BBB rating
 - MSCIEUROPENR Index

L'objectif du compartiment est associé à une démarche extra-financière, intégrant la prise en compte de critères environnementaux, sociaux et de gouvernance (ESG) et d'un score impact.

Highly valued REX approach in the presentation sheet and impact report

- **High perceived added value in reporting on past fund performance**
 - A way for investors to **visualise performance in concrete terms**
 - and an **aid to forecasting the product's sustainable** and financial potential
 - and therefore an **aid to decision-making** that is very positively received by all
- A **“report-based” approach – exhaustive and illustrated with many concrete examples – considered effective** by the participants
 - Both in terms of understanding how it works
 - And in terms of reassurance regarding its performance

Art. 173 Report: a document that is easy to understand and accessible to investors

- **Perceived as a regulatory document** because of its title
- The Art. 173 Report is nevertheless **appreciated for the efforts taken to make it accessible**
 - A **detailed description** of the fund, its characteristics and the way it operates
 - With a **glossary** to provide investors with definitions of unfamiliar terms
 - And explanatory **diagrams** and **illustrations**
- It is **understood as a companion to the impact report** as it focuses specifically on the sustainable aspect

Comprehensive, educational and accessible documentation, more appealing to investors

- A product **perceived as very sustainable** by the most participants
 - Because of the **labels** obtained, the explanations and concrete examples
 - But also because of the **many criteria** it must meet: **impact score**, **ESG**, etc.
- This despite the **doubts expressed by some participants about the robustness of the sustainability criteria**:
 - The **concept of impact score is not considered as relevant** as labels, certifications, ESG criteria, etc. which are more widely used and better known
 - And some **examples of companies** given do not seem to live up to their expectations in terms of responsibility

A clear paragraph on the lack of an SRI label, but not enough on the consideration of ESG criteria

L'OPCVM n'est pas labellisé ISR mais les critères environnementaux, sociaux et de gouvernance (ESG) contribuent à la prise de décision du gérant sans pour autant être un facteur déterminant de cette prise de décision.

- **Efforts at transparency regarding the product's lack of a label appreciated** by investors
- However, the **inclusion of ESG criteria as a “contribution”** to the manager's decision is perceived as vague
 - An **unconvincing lack of commitment** to the sustainability intensity of the product
 - although this unclear wording is appreciated as a sign that the fund is not truly or fully sustainable
- Difficulty for a minority of investors in understanding the **subtlety of the sustainability criteria of this fund, which seem counterintuitive to them**
 - The characteristics of SRI and ESG criteria are not fully understood and the handling of the two in parallel can seem complicated, even counterintuitive

— A welcome effort at transparency on low sustainability, but this leaves the fund selection unclear

Les critères environnementaux, sociaux et de gouvernance (ESG) sont une des composantes de la gestion mais leur poids dans la décision finale n'est pas défini en amont.

- **Efforts at transparency appreciated** even if this has 2 consequences:
 - The **vagueness of fund selection criteria**
 - **Sustainability intensity is questioned** by investors:
 - They see **an intention or an effort to be sustainable** with no precisely defined criteria for assessing a level of sustainability

Conclusions



1.

REPORT ON RESPONSIBLE/SUSTAINABLE INVESTMENT

The issue of sustainable/responsible investments is **not all that clear to investors today.**

While some are interested in the principle and have even started to invest in these products, most still tend to shy away from them.

- A certain **level of mistrust of the financial world** and a **fear of greenwashing**
- A **lack of clarity about what responsible finance is** and how it is organised in practice
- A certain number of **preconceived ideas about the performance and risks** associated with these investments

All these misunderstandings can lead to a weakening of investor interest and are **consistent with the need for more emphasis on education, explanation and transparency.**

2.

MORE DETAIL ON REGULATORY DOCUMENTS 1/2

A **concept of sustainability that remains rather subjective and subject to interpretation** according to each investor's sensitivity to responsibility. None of the retail investors were aware of the concept of sustainability before taking part in the study. However, retail investors can understand the idea of risks resulting from climate change and its impact on the performance of the financial product.

It seems that sustainability was understood through:

- **Associated adverbs:** “additionally sustainable and responsible”
- **References to labels,** which always serve to make the commitment more reliable and accredit it. Even though these labels are rarely known, their mere presence seems to provide both an indication of sustainability and a guarantee that the commitment is reliable. SRI is probably more impactful, even if all labels seem to be effective.

2.

MORE DETAIL ON REGULATORY DOCUMENTS 2/2

- **Evidence** provided through information on the companies involved that are already committed to sustainability and responsibility, the projects covered, all the factors that allow for greater transparency
- Lastly, the **product name** could play a role in understanding sustainability.

Awareness of the variety of sustainability criteria reinforces the feeling that it is difficult to assess the performance of a fund by using these criteria alone and highlights the need for more explanations.

While the risks seem to be managed, especially in labelled funds, the sustainability risk is in addition to an investment's financial risk; from the investors' point of view, this means they need to use an adviser.

