



### **Transparency code for retail SRI funds**

This Transparency Code is the English version of the European Transparency Code that was drawn up and approved by the French Asset Management Association (AFG), the French Sustainable Investment Forum (FIR) and the European Sustainable Investment Forum (EUROSIF) at their respective Board meetings on 13 December 2012 (AFG), 20 December 2012 (FIR) and 3 October 2012 (EUROSIF). It must be applied for all retail SRI funds managed by management companies that are members of the AFG or FIR.

By signing up to this Code, the management companies undertake to answer the questions asked for each retail SRI fund that they manage.

The signatories must refer to this Transparency Code in all their documents, on their website, etc.

### **This Code is being promoted for two key reasons**

1. Enabling retail SRI funds to clarify their SRI approach to investors and other stakeholders in an easily accessible and comparable format.
2. Proactively strengthening self-regulation that contributes to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

### **Statement of commitment**

Socially responsible investment is an essential part of the strategic positioning and management of Neuflyze OBC Investissements (NOI), advised by Triodos MeesPierson for the AAMMF Global Sustainable Equities / Neuflyze Monde ISR fund. Triodos MeesPierson (TMP), a joint-venture between ABN AMRO and Triodos, has been committed to socially responsible investment since 2005 and welcomes the European SRI Transparency Code as a positive development.

This statement of commitment covers the period from June 2015 to June 2016.

Our full response to the European SRI Transparency Code is available in the fund's annual report and on our website.

### **Compliance with the Transparency Code**

The management company **Neuflyze OBC Investissements** is committed to transparency and believes that it is as transparent as possible given the regulatory and competitive environments that exist in the countries in which it operates.

Neuflyze OBC Investissements meets the full recommendations of the European SRI Transparency Code.

Date: 30 June 2015

## Code categories

# 1. Basic details

### **1a) Provide the name of the fund management company managing the fund(s) to which this code applies.**

The fund management company is:

Neuflize OBC Investissements  
Registered office: 3 Avenue Hoche  
75008 Paris-France  
Tel : +3 (0)1 56 21 60 60  
Fax : +33 (0)1 56 21 61 65  
<http://www.neuflizeobcinvestissements.fr/>

Neuflize OBC Investissements is the asset management subsidiary of Banque Neuflize OBC, a 99.9%-owned subsidiary of the ABN AMRO Group. It offers a full range of dedicated management services for private and institutional investors. It has built up extensive expertise in terms of management (SRI, equities, diversified, fixed-income and convertibles), manager selection and advisory services. At end-June 2015, Neuflize OBC Investissements had 42.03 billion euros under management.

Triodos MeesPierson provides advice for the management of the AAMMF Global Sustainable Equities fund. Triodos MeesPierson is a partnership between Triodos Bank and ABN AMRO MeesPierson, working exclusively with socially responsible investments.

### **1b) Describe the general approach of the fund management company with regard to how it takes environmental, social and governance (ESG) criteria into consideration.**

- ***Is the fund management company approach towards ESG criteria aligned or inspired by its corporate social responsibility approach?***

The approach of Neuflize OBC Investissements, advised by Triodos MeesPierson in relation to ESG criteria, is inspired by its corporate social responsibility approach. These investments are selected based on a combination of financial criteria, as well as environmental, social and governance criteria.

- ***Has the fund management company signed the Principles for Responsible Investment?***

The ABN AMRO Group, which was one of the first signatories to the UN Principles for Responsible Investment (PRI) in 2006, reaffirmed its commitment to this approach when it signed up again in 2012 (following ABN AMRO Asset Management's transfer to the Fortis group in 2008, the ABN AMRO Group was no longer committed to the PRI). Neuflize OBC Investissements' commitment to sustainable development follows on naturally from the commitment shown by its parent company, ABN AMRO, in line with the six commitments from the PRI.

- ***Is the fund manager a signatory or a member of other international and/or national initiatives supporting SRI practices?***

The approach adopted by Neuflize OBC Investissements is part of a transversal process with ABN AMRO to develop the recognition of ESG criteria within the Group and all its international entities, as well as with its suppliers. Internally, this is reflected in the development of our SRI range and the working groups set up with Banque Neuflize OBC. We are also involved in several industry initiatives to promote and develop CSR (corporate social responsibility) and

SRI. For instance, we are members of the French corporate social responsibility observatory (ORSE) and are involved in the French Asset Management Association's (AFG) Governance and SRI Committees.

- ***Has the fund management company established an ESG engagement policy?***

ESG assessments of companies are carried out by Sustainalytics. Triodos MeesPierson assesses the eligibility of companies by applying Triodos MeesPierson's ESG criteria based on information provided by Sustainalytics. Sustainalytics does not benefit financially from this involvement.

- ***Describe how the fund management company or the group contributes to the promotion and the development of SRI.***

Within ABN AMRO, Triodos MeesPierson is in contact with the wealth management entities (private investors) and institutional clients. TMP contributes to the promotion and development of SRI by investing in companies that scrupulously respect all the criteria. The list of eligible companies is prepared by Sustainalytics, an internationally renowned consultancy specialised in ESG research. The company collects non-financial information from over 3,500 companies around the world. As an ESG asset manager, the questions concerning a company's eligibility include:

- How does a company respect the environment?
- Is a company seriously committed to social responsibility?
- Is a company involved in dubious practices such as child labour, corruption, pollution, etc.?

A company's eligibility in relation to the ESG criteria and its financial characteristics are reviewed to determine opportunities for investments. By investing in companies that achieve good financial performance levels and respect the ESG criteria defined by Triodos MeesPierson, we support the "three essential criteria" relating to the population, the planet and profit.

### ***1c) Describe / list your SRI products and the specific resources allocated for your SRI activities***

- ***Briefly describe the SRI fund range (number, assets under management, strategies, etc.).***

After launching an SRI management offer in 2010 based on mandates for private and institutional clients, Neuflyze OBC Investissements has since overhauled its range with a view to offering SRI funds for its clients (open and dedicated).

Our range currently offers six open SRI funds, with a combined total of around 820 million euros of assets under management:

- Neuflyze Monétaire ISR (short-term money market)
- Neuflyze Modéré ISR (0 to 30% equities)
- Neuflyze Équilibre ISR (20 to 70% equities)
- Neuflyze Dynamique ISR (50 to 100% equities)
- Neuflyze Actions Euro ISR (eurozone equities)
- Neuflyze Monde ISR (international equities; management advised by Triodos MeesPierson).

- ***Describe / detail the resources allocated by the fund management company (organisation, internal / external research, dedicated portfolio management team, etc.) and indicate where this information is available.***

⇒ ESG assessments of companies are carried out by Sustainalytics. Triodos MeesPierson assesses the eligibility of companies by applying Triodos MeesPierson's ESG criteria based on information provided by Sustainalytics.

Triodos MeesPierson is able to count on an experienced team of five Equities / ESG managers / analysts, based in Driebergen, in the Netherlands.

The team members work closely together. Each security is covered by several people. We believe that this combination of shared knowledge with one single ultimate decision-maker represents one of the portfolio management process' key strengths.

Alongside this, Neuflyze OBC Investissements, which is responsible for SRI management for Banque Neuflyze OBC, harnesses its in-house team of experts, made up of managers and analysts, to put in place an investment policy that is perfectly aligned with the Bank's commitment to a sustainable future.

Neuflyze OBC Investissements has structured its organisation around Socially Responsible Investment with:

- ✓ A Sustainable Management team: headed by Christophe Bréard, it is focused on SRI research and development within Neuflyze OBC Investissements. It is made up of SRI managers and analysts.
- ✓ An SRI Expert Committee: advisory structure made up of external experts (NGOs, companies, specialist media, scientific community and institutional organisations) and intended to provide insights for our teams on sustainable development and socially responsible investment issues. The Committee meets three times a year.

Internally, the SRI teams work with the "Sustainable Finance" working group and with ABN AMRO to define a global SRI policy within the Group.

**1d) Describe the content, frequency and resources allocated / used by the fund management company to inform investors about the ESG criteria taken into account.**

- ⇒ Neuflyze OBC Investissements clients are informed about the ESG criteria taken into account through commercial presentations, brochures, prospectuses for the various funds and fact sheets.
- ⇒ All this information concerning the fund and SRI is available on the Neuflyze OBC Investissements website. The internet addresses and links are presented in section 4d).

**1e) Provide the name of the fund(s) to which this Code applies and its (their) main characteristics.**

- **Describe the main characteristics of the fund(s): geographical focus, asset class, SRI strategy used (use the classification provided by Eurosif / EFAMA).**
  - ✓ Fund name: Neuflyze Monde ISR  
(part of the AAMMF Global Sustainable Equities fund)
  - ✓ Geographical area: Global
  - ✓ Asset class: Equities
  - ✓ Legal structure: SICAV
  - ✓ Fund domicile: Luxembourg
  - ✓ Date created: 22 August 2013
  - ✓ Risk category: 6
  - ✓ ISIN: LU0949827660
  - ✓ SRI strategy: Best-in-class approach, selecting issuers with the best environmental, social and governance practices compared with their peers in each economic sector. Exclusion approach, which involves excluding certain companies based on various criteria.

### **1f) What is (are) this (these) fund(s) trying to achieve through taking into account ESG criteria?**

- ⇒ The investment process of Neuflyze OBC Investissements, advised by Triodos MeesPierson, is based on its conviction that added value can be generated by investing over the long term (3 to 5 years) in companies with the best ESG ratings, provided that they also have sound financial results. Triodos MeesPierson's approach can be defined as best-in-class because it focuses on companies with the best ratings in terms of ESG criteria, as well as pioneers in this field. By taking ESG-related factors into consideration, Triodos MeesPierson invests in companies whose "three essential results" are focused primarily on the three Ps: Population, Planet and Profit; Triodos MeesPierson believes that by investing in these companies, it can offer better risk-adjusted returns for its investors.
- ⇒ 100% of the fund is invested in listed shares.

## **2. Approach to ESG Evaluation of Companies**

### **2a) What fundamental principles underlie the ESG research methodology?**

- ⇒ The ESG assessment of companies for Neuflyze OBC Investissements, advised by Triodos MeesPierson, is based on continued economic growth without adversely affecting the conditions for the wellbeing and wellness of future generations, and aims to ensure a balanced distribution of wealth around the world. To achieve this goal, it is essential that companies and institutions focus primarily on searching for and maintaining the balance between the interests of the population, the planet and profit. Over the years, we have developed a unique vision and policy, and we are convinced that socially responsible investment is the way forward for the economy and our society.
- ⇒ We believe that socially responsible investment represents a major structural and social development contributing to a better world without sacrificing financial results. SRI provides an opportunity for investors to invest in companies that assess the importance of ESG performance. This approach enables investors to align their ethical values with their investments. As environmental, social and governance factors can have a significant impact on a company's financial performance, we believe it is important to incorporate them into our overall analysis of a company.

Below, we have provided a brief description of certain factors covered by the three themes:

1. Environment: reducing energy consumption, promoting green energies, reducing greenhouse gases, and reducing and preventing pollution (soil, air, water);
2. Social: business ethics, child labour and working conditions;
3. Governance: business ethics, executive pay and corruption.

The underlying principles and guidelines that have shaped our approach include the United Nations Global Compact, the United Nations Convention against Corruption, and the International Labour Organisation's fundamental rights, principles and standards.

### **2b) What internal and external resources are used to carry out this research?**

The ESG performance of companies is assessed by Sustainalytics. Sustainalytics carries out its research based on the following sources: company documents, media, regulatory bodies, press releases, third-party data providers, reports and other sources from non-governmental organisations, and company comments. It is important to note that Sustainalytics establishes communication with the companies that it researches and works with them to check facts and clarify information.

## **2c) Which ESG analysis criteria are used?**

Various themes are covered in connection with ESG. Relevant aspects concerning the environmental dimension include: operations, supply chains and products. Relevant aspects concerning the social dimension include: employees, suppliers, clients, companies, communities and philanthropy at local level. For the governance dimension, the important factors concern: business ethics, governance and public policy.

For example, interesting information to help assess a company's business ethics includes establishing whether certain policies or programmes (corruption and fraud policy, fighting fraud and corruption programmes, whistleblowing programmes) are applied, and whether the company has signed up to various initiatives aimed at promoting responsible investment and transparency.

## **2d) What is your ESG analysis and evaluation methodology (how the investment universe is built, rating system, etc.)?**

Our investment universe is built around three distinct filters.

Initially, the “exclusion” filter is applied for each company. The company's products are screened and any involvement in forbidden activities is listed. We will immediately exclude any company with any involvement in the manufacturing of weapons or related products, participation in designing nuclear power, production and sale of tobacco and related products, production and sale of special leathers and furs, and participation in potentially addictive gambling products. When weapons sales represent more than 5% of their revenues, companies are excluded. Companies with connections to alcohol or pornography are required to meet additional criteria in terms of labelling, advertising and marketing. Suppliers working with companies involved in any of these activities are excluded if the products supplied represent a significant part of the production process.

Then, each company is awarded a rating for each category based on ESG criteria. This filter covers around 100 indicators based on environmental, social and governance considerations, as well as other indicators taking into account changes in sustainable development. Companies that do not pass the exclusion filter will not receive a positive recommendation regardless of their score on the ESG criteria. Companies whose scores are higher than average for their category are considered best-in-class and can potentially be included in the investment universe.

A final filter takes into account the “pioneer methodology”, where companies that are not best-in-class, but are renowned for their significant contribution to sustainable development, based on their products and services, are examined in further detail. It is very likely that companies that are small, young or seeing strong growth will not be able to satisfy all the ESG criteria and pass through the filter. A specific filter is then applied for this type of company and cases are reviewed individually.

## **2e) How frequently is the ESG evaluation reviewed?**

We work closely with Sustainalytics to assess our criteria. As a minimum, these are reviewed each year, but we have regular exchanges concerning ESG developments and the need to update or modify our criteria.



### 3. Fund management process

#### **3a) How do you take into account ESG criteria when defining the universe of eligible investments?**

Listed companies are selected based on positive criteria and negative criteria (implying exclusion). The positive selection criteria are based on the best-in-class principle, where only companies with ESG scores in the top half of the rankings for their sectors are selected. Neuflyze OBC Investissements, advised by Triodos MeesPierson, uses three negative criteria, which involve the exclusion of companies. These criteria relate to controversies, cases when there are no policies in place for high-risk business sectors, and the provision or use of products with questionable processes.

#### **3b) How do you take ESG criteria into account in the portfolio construction?**

As the first stage in the stock-picking process involves identifying shares that meet the ESG criteria, the method used varies depending on the type of shares in the portfolio.

Large and mid-cap companies from developed markets are subject to a relative analysis within their business sector and an absolute analysis to determine whether they are involved in the development of any products, processes or matters (legal) that Neuflyze OBC Investissements considers controversial. Sustainalytics provides information on around 1,800 companies and the criteria are applied by Triodos MeesPierson. In the majority of cases, to be able to be included in the portfolio, companies must be ranked in the top 10 in absolute and relative terms for their respective sectors.

“SRI pioneers” on developed markets are generally smaller and younger companies that do not have resources (or requirements) to put in place detailed ESG policies in order to stand out from larger companies that are subject to a relative analysis, which means that they will not be ranked in the top 10. To be able to determine whether these pioneers meet the conditions required to be part of Neuflyze OBC Investissements' SRI portfolio, Sustainalytics has developed a specific research methodology for Triodos MeesPierson. For small cap companies that generate at least 40% of their revenues with a sustainable product or service, Sustainalytics checks that they are not concerned by any controversial products or processes. If the companies are healthy, their shares could potentially be included in the portfolio. Sustainalytics currently has information on around 300 companies in this category, but when Triodos MeesPierson identifies any interesting companies that are not covered, it instructs Sustainalytics to carry out an individual analysis.

The size of companies from emerging markets may vary, but on account of the countries that they come from, they generally face the same issues as pioneer companies. Sustainalytics therefore uses a similar method to determine whether they meet the ESG criteria set by Triodos MeesPierson and Neuflyze OBC Investissements. Sustainalytics currently has information on around 400 companies in this category, but when Triodos MeesPierson identifies any interesting companies that are not covered, it instructs Sustainalytics to carry out an individual analysis.

With the exception of a change of investment policy, the sale of securities will be triggered by financial considerations and compliance with the ESG criteria. If a company no longer meets these criteria, we will not be able to hold its shares. In these cases, the shares will be sold as quickly as possible, within a maximum of six months.

#### **3c) Does (do) the fund(s) have a specific ESG engagement policy?**

Neuflyze OBC Investissements does not intend to be an activist shareholder. However, if we identify any critical points, we will raise them during our meetings with companies. We aim to share our process and the way we integrate ESG criteria into our management with the companies so they can better understand our expectations and constraints. As such, there is no specific commitment for the fund, but it benefits from the Sustainable Management team's extensive exchanges with the companies.

The engagement approach is a long-term process. To date, we have not put in place any specific process to check the effectiveness of our engagement policy, which is quite recent. Our engagement methods may be based on various approaches depending on the issues identified and their level of importance. The preferred method is to meet and discuss with the companies' leadership teams during regular meetings. We can also express our disagreement by voting at general meetings or even working with other institutional investors to submit resolutions.

Engagement is not carried out on the fund's behalf. Either the Sustainable Management team members or the people in charge of voting will express their convictions during regular meetings with companies' leadership teams.

**3d) Does (do) the fund(s) have a specific voting policy integrating ESG criteria?**

Neuflize OBC Investissements' voting policy is available on our website ([www.neuflizeobcinvestissements.fr](http://www.neuflizeobcinvestissements.fr), bottom banner, under "Regulatory information").

We have a global voting policy covering all the management companies. As such, it is not specific to SRI funds. However, in line with the commitment made after the Group signed up to the PRI, we are continually working to further strengthen our voting policy, notably including the findings of the AFG Corporate Governance Committee, which we are part of. With the exception of certain exceptional cases reviewed by the NOI general meeting committee, it is decided that the NOI management company will exercise its voting rights for both French and foreign issuers, introducing a broader voting policy.

To further enhance our voting process, we have decided to extend it to include foreign-law companies, covering more companies and general meetings. To ensure the effectiveness and efficiency of the voting arrangements, it has been decided to set minimum thresholds for participation in general meetings, depending on the issuer's representative position within the portfolio concerned and the issuer's nationality. We will also capitalise on the introduction of this new voting policy to strengthen our requirements concerning the management teams of the companies that we invest in.

**3e) Does (do) the fund(s) engage in securities lending activities?**

No.

**3f) Does (do) the fund(s) use derivative instruments?**

The fund may occasionally use certain derivative instruments: futures, options, interest rate and currency swaps, securities with embedded derivatives. These instruments are set up in connection with risk management operations and are not used to generate leverage.

For instance, this involves hedging the interest rate or currency risk for all or part of the portfolios, quickly exposing or hedging the portfolios against their benchmark indexes, prorated to the net inflows recorded, etc.

**3g) Is a share of the fund(s) invested in unlisted entities pursuing strong social goals?**

No.

## **4. Controls and ESG Reporting**

**4a) What internal / external control procedures are in place to ensure the compliance of the portfolio with the ESG rules defined in section 3 of this Code?**

Every month, Sustainalytics (external provider) provides an ESG table presenting investments and interests in investment funds. If a company no longer meets the ESG criteria, we will not be



able to hold its shares. In these cases, their shares will be sold as quickly as possible, within a maximum of six months.

**4b) Please list all public media and documents used to inform investors about the SRI approach for the fund**

- Prospectus and KIID ([www.neuflizeobcinvestissements.fr](http://www.neuflizeobcinvestissements.fr) - – Fund tab – *Choice of funds* - Documents)
  - ✓ Management process
  - ✓ Charges and fees
  - ✓ Regulatory information, etc.
- Full-year and half-year accounting reports
- Specific internet page on SRI management ([www.neuflizeobcinvestissements.fr](http://www.neuflizeobcinvestissements.fr) – SRI tab)
- Voting policy ([www.neuflizeobcinvestissements.fr](http://www.neuflizeobcinvestissements.fr) – Regulatory information tab)
- Presentation of our SRI expertise on the Novethic site ([www.novethic.fr/isr-et-rse/la-liste-des-fonds-isr/les-societes-de-gestion/detail/neuflize-obc-investissements.html](http://www.novethic.fr/isr-et-rse/la-liste-des-fonds-isr/les-societes-de-gestion/detail/neuflize-obc-investissements.html))
- Details of securities in the portfolio
  - ✓ These are available exclusively on request by clients (by email or phone).
  - ✓ Clients can obtain the detailed monthly report (sorted by economic agent, by group, etc.).
  - ✓ Clients can obtain the portfolio's detailed line-by-line inventory (within the regulatory one-month timeframe).
- Corporate social responsibility policy

Information concerning the company's CSR policy is available:

- ✓ In Banque Neuflize OBC's annual sustainable development report:
- ✓ <http://www.neuflizeobc.fr/fr/esprit-maison/convictions/index.html> - Module: Find out more
- ✓ In Banque ABN AMRO's annual sustainable development report: <http://www.abnamro.com/en/Sustainability/reports/index.html>
- ✓ In the commercial brochure: it presents the Bank's commitment to a sustainable future, through growth in the value of its clients' private or business holdings, human capital, and societal and environmental assets. It is available in paper copies.
- ✓ On the Banque Neuflize OBC website: it presents the Bank's philosophy and commitments (<http://www.neuflizeobc.fr/>- Tab: Company philosophy).

The CSR strategy is regularly updated and systematically included in the annual reports and on the internet and intranet sites.