

# IMPACT REPORT ECHIQUIER POSITIVE IMPACT EUROPE



LA FINANCIERE DE L'ECHIQUIER

# A €1 million investment in the fund results in:

**230**   
tons of CO2e avoided  
equivalent to taking **50 cars**  
off the road 

 **15**  
people provided  
with access to life insurance

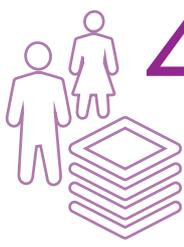
**62** workers  
with computer-aided  
design software  
for improved productivity



**1,838**   
people  
with healthier and  
more nutritious food

 **88**  
financial identity verification  
checks to prevent fraud

healthcare  
patients  
serviced **89** 

 **456**  
financial  
customers  
served

  
**6,000€** **3,333€**  
contribution to the LFDE Foundation  
(for A and AP share classes) contribution to the LFDE Foundation  
(for I share class)

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# INTRODUCTION

Look around. It may come as no surprise that we urgently need to create a brand new ecosystem for future generations that is cleaner, more equitable and more resilient.

As an asset manager, we believe that the financial sector should play an active role in making the world a better place. La Financière de l'Echiquier ('LFDE') is already a recognised responsible investor, an employer of choice and a good citizen in its communities through initiatives such as the Financière de l'Echiquier Foundation. But we believe that we can also have a broader positive impact through our core business: investing in listed companies.

LFDE is a pioneer in responsible investment. As one of the first French PRI signatories in 2008, we developed a proprietary methodology to analyse Environmental, Social and Governance ('ESG') criteria. We were also one of the very first asset managers to adopt the UN Sustainable Development Goals ('SDGs') framework for the analysis of one of our funds and to apply a new and proprietary approach to identify companies that contribute to the achievement of these goals.

When we developed this framework for our fund back in 2017, we chose the SICAV legal structure to demonstrate our commitment towards good corporate governance practices, since this is

something we require in our investee companies. We are very mindful of the promise the fund makes: to deliver positive impact and to be able to measure and demonstrate this impact. To reflect this commitment we also chose a more meaningful name, Echiquier Positive Impact Europe\*.

We are convinced that there is no trade-off between positive impact and financial performance. The Echiquier Positive Impact Europe SICAV management team strives to identify investment opportunities that meet our financial, ESG and impact criteria. Through a rigorous investment process, the team selects companies with outstanding ESG credentials and that contribute to the achievement of one or more SDGs. In recognition of this meticulous work and stringent selectivity, Echiquier Positive Impact Europe was awarded the French Social Responsible Investment ('SRI') label.

We are very proud to present you with our first Impact Report for the Echiquier Positive Impact Europe SICAV. We hope you enjoy reading it and that you will join us on this fantastic journey towards a more sustainable future.



**Maroussia Ermeneux**  
Chairwoman of the Echiquier Positive Impact Europe SICAV board



**Sonia Fasolo**  
Fund manager of Echiquier Positive Impact Europe SICAV

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\*The fund is not available for sale in all countries. For more information please contact [internationalinvestors@lfde.com](mailto:internationalinvestors@lfde.com)

# An Overview

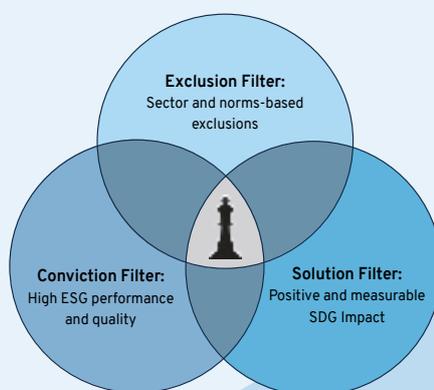
## Overview of the fund

Echiquier Positive Impact Europe<sup>1</sup> aims to deliver attractive risk-adjusted returns by investing in European companies that make a positive impact on the world and are aligned with the UN Sustainable Development Goals. The fund follows a unique and proprietary process, outlined below, to identify investment opportunities from a universe of European listed equities across all styles and capitalisation sizes.

**Exclusion filter:** The fund management team applies an exclusionary screen to the investment universe to remove companies that negatively contribute to the SDGs. Companies with exposure of over 10% revenue to controversial sectors (such as tobacco, alcohol and weapons manufacturing) as well as companies that have violated the UN Global Compact are excluded. Further details are provided on page 26.

**Conviction filter:** The fund management team leverages a unique ESG methodology developed within LFDE that analyses core ESG factors to ensure potential investment opportunities achieve a minimum ESG quality threshold. This analysis helps determine the risk and opportunity profile of the company as well as support areas for company engagement. Further details of the ESG analysis can be found on pages 27 onwards.

**Solution filter:** Finally, the fund management team applies a proprietary process to quantify the impact of investment opportunities and their contribution to the SDGs. This process was developed by LFDE and applies a unique scoring methodology to assess the contribution companies make through their products and services towards solving the SDGs as well as other initiatives the companies undertake. Further details on this are covered on pages 8 onwards.



In addition to a rigorous investment process, the fund also applies further best-in-class practices, including:

- **Engagement and Voting:** The fund management team engages with investee companies on issues affecting the long-term value of a company as well as areas for ESG and impact improvement. Further details can be found on pages 32 and 33.
- **Management fee-sharing:** The fund is aligned with La Financière de l'Echiquier's hallmark philanthropic approach and donates one third (up to 0.6%) of its management fees to the LFDE Foundation which promotes education, professional development and workplace inclusion. Further details can be found on page 34 and 35.
- **Good governance:** The fund uses a SICAV structure with a majority of independent directors to ensure governance best practice. Further details can be found on page 36.

For presentational purposes, this report starts with the analysis of the fund's impact from solutions and then considers its negative impact, ESG performance, engagement strategy, SICAV governance and finally the contributions from the management fee-sharing structure.

<sup>1</sup>The Fund was renamed Echiquier Positive Impact Europe on 1st May 2019.

# OUR TOP 5 HOLDINGS

Echiquier Positive Impact Europe is constructed on a bottom-up basis. To be eligible for inclusion, a company must meet a minimum threshold for both the 'Conviction' and 'Solution' filters before being assessed on the fundamentals. Position size is then determined by the fund management team based on Risk, Liquidity and Valuation. The top five holdings as at 31 December 2018 were:

## **NOVO NORDISK**

Novo Nordisk is a global healthcare company with 95 years of innovation and leadership in diabetes care. Headquartered in Denmark, the company employs approximately 42,700 people around the world and markets its products in more than 170 countries.

## **UNILEVER**

Unilever is a British-Dutch consumer goods company that manufactures food and beverages, cleaning agents, beauty products, and personal care products. With more than 400 brands sold in 190 countries, the company is an innovator in sustainable consumption and has a unique opportunity to work with consumers to implement better practices.

## **CELLNEX**

Cellnex Telecom is one of the main operators of wireless telecommunications and broadcasting infrastructure in Europe. The company operates over 29,000 sites, towers and communication nodes.

## **RELX**

Relx is a world-leading provider of information and analytics for professional and business customers across industries. The company provides scientific, technical and medical analytics, risk and business analytics, legal services and exhibitions.

## **MICHELIN**

Michelin is engaged in the manufacturing, distribution and sale of tires. With 184 million tires produced every year in 69 production facilities across 18 countries, the company is committed to road safety and reducing the environmental footprint of their products, plants and offices.

# EXPOSURE TO THE SDGS

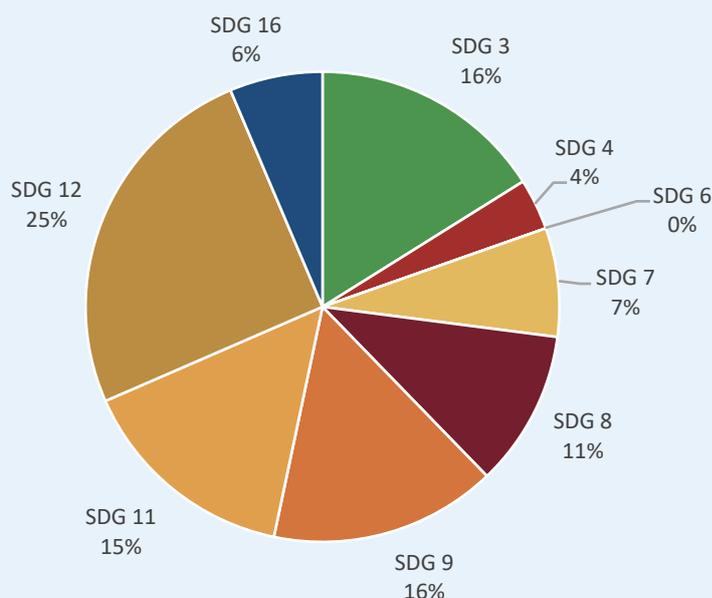
The UN Sustainable Development Goals ('SDGs') provide a useful framework for asset owners and managers to consider how their portfolios are aligned with sustainable development. They outline a series of targets for the world's economies to achieve by 2030 and the private sector's contribution is an essential factor in achieving these goals.

Echiquier Positive Impact Europe subscribes to this investment philosophy and seeks to invest in companies that actively address the challenges we face. The fund management team have identified nine business-oriented SDGs out of the total seventeen goals that they believe companies can contribute towards:



The figure below provides a weighted-average holding of the portfolio constituents by main SDG theme as at 31 December 2018. Echiquier Positive Impact Europe was not invested in any companies that bring direct solutions to SDG 6 as at 31 December 2018, even though companies in that field are considered as part of the potential investment universe.

Portfolio constituents by main SDG theme (weighted average holding)



Sources: Company Reports, LFDE. Verified by ImpactLeap.  
More details on the Methodology on page 38

# IMPACT ANALYSIS

The fund management team applies a proprietary approach to analyse how potential investment opportunities contribute towards the SDGs. Companies are scored across three dimensions.



## SOLUTION SCORE

This dimension scores the contribution of a company in terms of the revenue from products and services that address any of the nine business-oriented SDGs. A holding can achieve a maximum score of **50** and the Fund Management team grants **5** points for every 10% of sales contributing to one SDG. A minimum of **5** points is required for a firm to be eligible in the fund.



## INITIATIVE SCORE

This dimension scores a company on the initiatives it implements that contribute towards the SDGs. Companies are eligible to receive **105** points for different initiatives that address issues across all seventeen SDGs, such as investment in research, tiered product pricing for lower income customers or recycling initiatives. To reflect the fact that companies will not be able to contribute to all of the SDGs through their initiatives (some initiatives are sector specific), there is a maximum initiative score of **50**.



## MALUS SCORE

Finally, the fund management team recognises that companies may have unintended negative impact and so up to **10** points can be deducted from the overall performance reflecting a malus score. Further details on malus scoring are providing on page 26.

Companies must achieve an aggregate score across all three dimensions of greater than **25** points to be considered eligible for the fund.



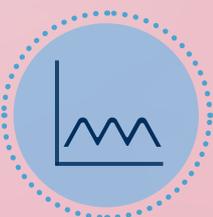
Solution Score

+



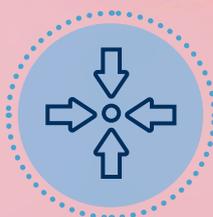
Initiative Score

-



Malus Score

=



Impact Score

## An example: Kerry Group

Kerry Group is a leading manufacturer of food and beverage ingredients with a commitment to sustainable growth. The company achieved an Impact score of 56, consisting of 25 points for their solutions and 31 points for their initiatives as at 31 December 2018. The score card is provided below.

 <b>Solution</b>	SDG 12: 50% of their revenues are estimated to be generated from products that enhance food's nutritional quality, with less sugar, less salt and less fat	<b>25</b>
 <b>Initiative</b>	SDG 2: The equivalent of 290,000 meals were donated to food banks (2 points) SDG 4: Employee training above industry average (4 points) SDG 8: 14% improvement in occupancy safety indicators (4 points) SDG 10: Outlines a solid anti-discrimination policy (4 points) SDG 11: Decrease in waste intensity (2 points) SDG 12: Decrease in water intensity (3 points); initiatives to combat food waste (2 points) SDG 13: A decline in the carbon intensity of its activities (4 points) SDG 15: Responsible procurement and management policy for biodiversity management (2 points) SDG 16: Strong anti-corruption policies (2 points) SDG 17: Local organizational involvement and a signatory of the Champions 12.3 coalition to reduce food waste (2 points)	<b>31</b>
 <b>Malus</b>	None noted	<b>0</b>

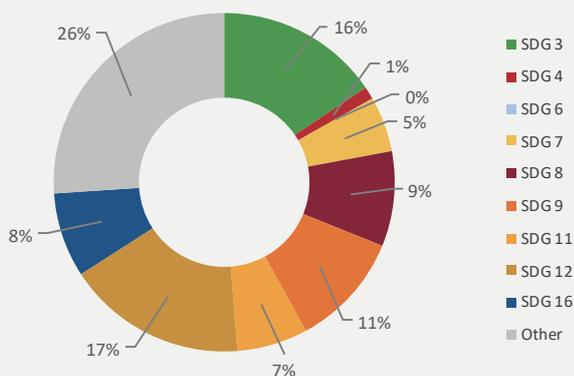
**Total Impact Score = 56**

## If the fund was an operating business, it would...

If the fund was an operating business, it would achieve a weighted average score as at 31 December 2018 of 65.7 out of 100. This can be broken down into:

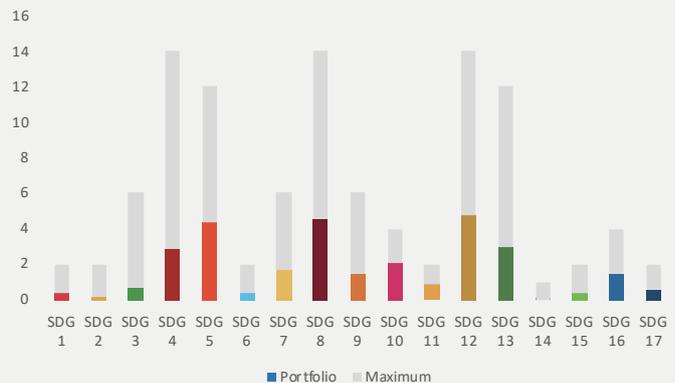
- a weighted-average Solution score of 37.0, reflecting 73.9% of revenue being attributable to the nine SDG themes as show in the graph below;
- a weighted-average Initiative score of 29.2, with the contributions by SDG theme outlined in the graph below; and
- a weighted average Malus score of 0.5 being deducted from the overall score.

Solutions analysis of portfolio (by revenue)



Sources: Company Reports, LFDE. Verified by ImpactLeap.  
More details on the Methodology on page 38.

Initiatives analysis of portfolio (by score)



Sources: Company Reports, LFDE.  
More details on the Methodology on page 38.



# SDG 3: GOOD HEALTH AND WELL-BEING

Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development. As populations grow and demographics change, there will be increasing challenges around providing cost effective healthcare to people and further initiatives will be needed to fully eradicate a wide range of diseases and emerging health issues. The fund invests in the following sub-themes:

### Treatment for non-communicable diseases

According to the UN, non-communicable diseases alone are estimated to cost low- and middle-income countries more than \$7 trillion over the next 15 years. The fund focuses on investments solving the SDG target of reducing premature deaths due to non-communicable diseases by a third by 2030.

### Access to medicine

The fund looks to invest in companies that provide access to affordable essential medicines and vaccines as well as support the research and development of vaccines and medicines.

### Universal health care coverage

The fund management team looks to invest in companies that help achieve universal health coverage, including financial risk protection, access to essential health-care services and access to safe, effective and affordable essential medicines and vaccines.

### Road safety

According to the WHO, nearly 1.25 million people die in road crashes each year with an additional 20 to 50 million people ending up injured or disabled and more than half of all road traffic deaths occurring among young adults between the ages of 15 and 44. The fund looks to find companies solving the SDG target of halving the number of global deaths and injuries from road traffic accidents by 2020.

### Impact of solutions

The products and services from portfolio companies provided:

**29.2**  
million patients  
with diabetes products

**26**  
million customers  
with access to life  
insurance

**65,600**  
healthcare facilities  
and professionals  
served globally with  
healthcare products

### Impact from initiatives

- **15.2%** of the portfolio provides social coverage for all employees
- **2.0%** of the portfolio provides treatments for diseases in emerging countries
- **3.4%** of the portfolio provides solutions for road safety

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### **GUERBET**

Guerbet is a leading provider of contrast agents and medical devices for diagnostic imaging and interventional imaging. Contrast agents are administered when patients undergo examinations by X-ray or by MRI and enable organs to be visualized more easily. In 2017, the company manufactured 36 million doses to help 60,000 health professionals around the world diagnose disease and assess treatment efficacy.



### **PRUDENTIAL**

Prudential is one of the leading insurance companies in the world with a very strong presence in Asia. Lack of insurance is one of the primary reasons why middle-income families, particularly in Asia, fall below the poverty line following significant health events. Prudential has 15 million life customers, 24 million life policies and has set a penetration target for insurance of 5% in Asia by 2020 (compared to 2% currently).



# SDG 4: QUALITY EDUCATION

The UN currently estimates that around 617 million youths worldwide lack basic mathematics and literacy skills. Quality education helps improve productivity, spur innovation, develop the talent pool available to employers, and address the mismatch between available workforce skills and job vacancies which is a key problem in many markets. Education can also help empower women, combat climate change, fight inequality and end extreme poverty. The fund is committed to supporting the following areas:

### Affordable Education

Helping develop cost-effective education to eliminate barriers to access and improving the quality of learning can come in the form of many different products and services, including information and communication technology, solutions for improving the delivery of education, innovative measurement tools and other resources.

### Skilled Workforce

A skilled and well-educated workforce will provide better innovation and productivity. The fund looks for companies that provide employees with continuous learning opportunities to improve their job skills for current and future employment. The fund also looks to invest in companies that tackle youth unemployment and gender disparities through education.

### Impact of solutions

The products and services from portfolio companies provided:

### Educational Partnerships

Development of relationships and investment into educational institutions will help improve learning and better align training with employable skills. Business and education programs can also give students earlier access to the work environment through internships and apprenticeships.

### Access to education

Providing access to education enables economic opportunities for men and women and decreases poverty within communities and countries around the world. Low education levels are strongly connected to poverty as well as other aspects of sustainable development, such as gender equality, climate change and peace and stability.



### Impact from initiatives

- **2.9%** of the portfolio is involved in the construction of schools and the support of education
- **33.3%** of the portfolio have higher than industry average employee training strategies
- **37.9%** of the portfolio is involved in partnerships with universities and schools

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### RELX

Relx Group is a global leader in information and analytics, helping institutions and professionals within science and technology. The company disseminates 17% of the world's scientific articles and helps researchers organize, review, edit and release academic research articles. Relx is a member of Research4Life, a partnership with the UN and 200 publishers, that provides researchers with access to scientific information in 100 developing countries. In 2017, over 2.4m articles were downloaded from the Reasearch4Life platform. Relx has also developed the SDG resource centre, a website offering free access to articles, reports, and tools around the SDGs.



# SDG 7: AFFORDABLE AND CLEAN ENERGY

Modern society depends on reliable and affordable energy services to function and clean technologies are enabling us to reorient development along a more sustainable trajectory. Intensive development patterns have historically relied on inexpensive and energy-dense fossil fuels, which also happen to be the primary source of greenhouse gas emissions contributing to climate change. The fund looks to make investments in the following areas:

## Clean energy

According to the International Energy Agency (IEA), the share of renewables in meeting global energy demand is expected to grow by one-fifth in the next five years and reach 12.4% by 2023 but there is still a long way to go to reduce carbon emissions emitted from fossil fuels. The fund looks for companies that provide renewable energy capacity and companies that are committed to sourcing a large part of their operational electricity needs from renewable sources.

## Reducing energy use

According to the UN, energy is the dominant contributor to climate change, accounting for around 60 per cent of total global greenhouse gas emissions. Whilst increasing the capacity of renewable energy is an important part of addressing this problem, working on reducing end user demand will also be essential to meeting climate target reductions.

## Increasing energy efficiency

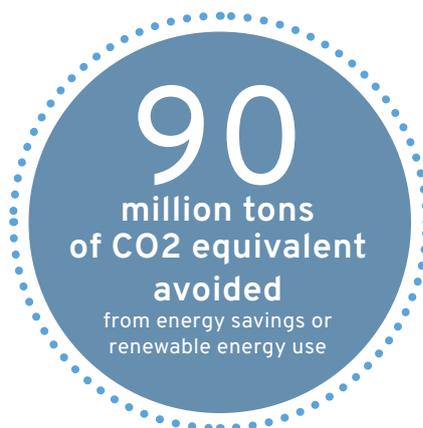
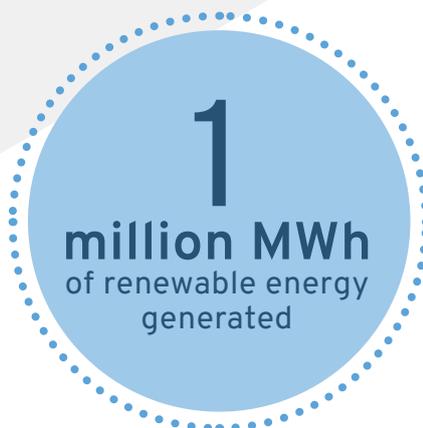
As the global population gravitates towards urbanization, there is a growing need to develop and improve our energy infrastructure. A well-established and efficient energy system will support all sectors from medicine and education to agriculture, infrastructure, communications and high-technology. Prioritisation of energy efficiency across operations through the use of internal carbon prices and science-based target setting will also help reduce overall energy use and associated CO2 emissions.

## Access to electricity

According to the International Energy Agency (IEA), an estimated 1.1 billion people (14% of the global population) do not have access to electricity and many more suffer from poor quality supply. Investment in local infrastructure to establish accessible energy services is essential to ensure that people have access to a reliable and affordable source of energy.

## Impact of solutions

The products and services from portfolio companies provided:



## Impact from initiatives

- **5.2%** of the portfolio provides access to electricity in emerging countries
- **41.7%** of the portfolio have renewable energy use policies

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### NEOEN

Neoen is an independent power producer focused on renewable energy. The company has a well-balanced portfolio of wind (around 47%) and solar (around 52%) and aims to reach 5GW of installed capacity by the end of 2021. The company is also able to integrate storage systems (such as batteries) to overcome issues with intermittency of energy production. Neoen enjoys predictable and stable revenue streams thanks to long term power purchase agreement with public institutions and private companies. In 2017, the electricity sold by Neoen avoided the emission of 810,000 tons of CO<sub>2</sub>.



### LEGRAND

Legrand manufactures and sells electrical and digital components used in building infrastructure. The company derives more than 10% of its sales from components that improve the energy efficiency of buildings and Legrand has set a target to avoid 1.5 million tons of CO<sub>2</sub>e emissions between 2014 and 2018 through the energy efficiency benefits of the solutions it sells. Legrand has one of the highest ESG scores within the investment universe of Echiquier Positive Impact Europe. The company also has a partnership with Electriciens sans Frontières to help provide 800,000 people with access to electricity between 2014 and 2018.



# SDG 8: DECENT WORK AND ECONOMIC GROWTH

Roughly half the world's population still lives on the equivalent of about US\$2 a day with global unemployment rates of 5.7%, according to the UN. Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs that stimulate the economy while not harming the environment. The fund management team looks to invest in companies that achieve higher levels of economic productivity through diversification, technological innovation, and through a focus on high value-add and labour-intensive sectors.

## Better work conditions

In 2018, there were over 3.2 million accidents and 3,800 fatalities at work throughout the EU according to EU statistics. The fund looks for companies which protect labour rights, promote a safe and secure working environments for all workers and uphold labour standards across their operations. These companies face lower risk of reputational damage and legal liability. Non-discriminatory practices also lead to greater access of skilled, productive talent.

## Increased productivity

The rise of advanced robotics, machine learning and artificial intelligence are a few areas that can support the development of economic growth and productivity whilst managing our environmental footprint. The fund looks to invest in companies that are leaders in these spaces and can contribute to increased productivity.

## Prevention of forced labour

There are an estimated 40.3 million people in modern slavery, including 24.9 million in forced labour according to the ILO. The fund management team looks at companies that provide or have implemented strong labour certifications and supply chain audits. The fund also searches for companies that are committed to eradicate forced labour, end modern slavery and eliminate child labour in all its forms.

## Sustainable and equal employment

Businesses can provide equal, secure and stable employment opportunities for employees. For example, the global gender pay gap stands at 23% , the women's labour force participation rate is 63% (while that of men is 94%) and fewer than 45% of wage and salaried workers are employed on a full-time, permanent basis (and even that share is declining).

## Impact of solutions

The products and services from portfolio companies provided:



## Impact from initiatives

- **55.9%** of the portfolio demonstrated long term and significant decrease in accident indicators
- **34.3%** of the portfolio had OHSAS 18001 certification for all company sites

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### RENISHAW

Renishaw's flagship products are metrology probes which have now become industry standard. These products enable extremely accurate measurements for critical parts at very high speed, enabling productivity gains for customers. The machine tool probes are used for tool setting and in-cycle gauging which facilitate quality issue detection at a very early stage and reduce scrap significantly. The company is also pioneering high-speed metal, 3D printing and helping to scale this technology to an industrial level. This technology has many applications in the field of healthcare and personalized medical implants.



### DASSAULT SYSTÈMES

Dassault Systemes is a leader in 3D design and product life cycle software. Each software program has functionality for sustainability that includes solutions for more efficient development and increased productivity. In partnership with Harvard, the company conducted an impact study on automotive products made with its software, and found that 3D modelling technology could result in a decrease of between 300 to 600 million tons of CO2 for the automotive sector by 2020 through improved productivity and efficiency.



# SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

This theme focusses on companies that help build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Infrastructure that businesses rely on (such as for technologies, communications, transportation, and sanitation) are not universally available and can lead to a hindering of economic growth and societal progress. The fund looks for investment opportunities in the following areas that are committed to infrastructure, industrialization and innovation.

### New manufacturing techniques

Developing systems that provide greater efficiencies in the manufacturing processes can deliver a positive impact by bringing new products and services to the market faster, cheaper, and with greater accuracy, wider availability and lower environmental footprints. This industrialization effect has a positive impact on society with every job in manufacturing creating 2.2 jobs in other sectors, according to the UN.

### Technological innovation

A key goal within this theme is to enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, encourage innovation, and substantially increase the number of research workers. The fund looks to invest in companies that are developing technological innovation, expanding the geographic reach of R&D facilities, bringing R&D capabilities to developing countries and investing in the future.

### Better infrastructure

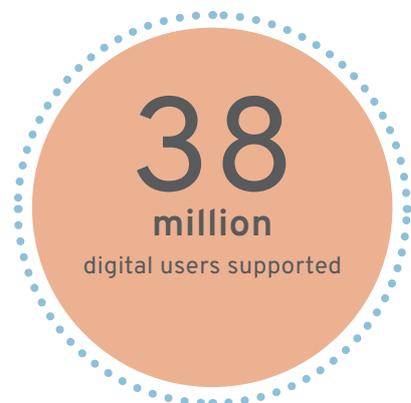
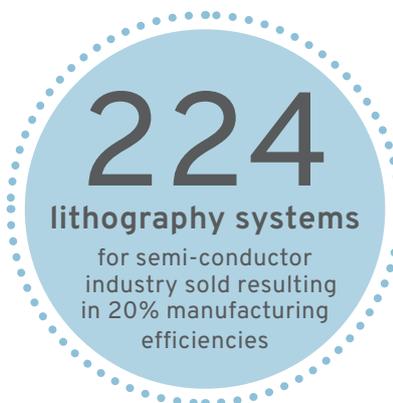
According to the UN, 16% of the global population still does not have access to mobile broadband networks. Businesses that develop quality, reliable, sustainable and resilient infrastructure can support economic development and human well-being, with a focus on affordable and equitable access for all.

### Digitalisation and IT

According to PwC research, there are currently around 3.8 billion internet users, and this is forecast to rise to 7.5 billion by 2030. The shift to IOT, on-line and digital mediums is allowing people to become more connected and join the global information society. Echiquier Positive Impact Europe looks to invest in companies that are supporting this mega-trend around connectivity and innovation.

### Impact of solutions

The products and services from portfolio companies provided:



### Impact from initiatives

- **24.9%** of the portfolio spent more on R&D than their industry average

Sources: Company Reports, Impact Leap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### CELLNEX

Cellnex is the main infrastructure operator for wireless telecommunications in Europe with more than 29,000 sites. They provide services to more than 200 million people throughout Europe as well as supporting the development of smart cities. Energy consumption for the installed hardware in their towers is Cellnex's main environmental impact and by implementing better energy management systems, they are able to pass on the costs benefits from these energy savings to the end customers. Cellnex has set a target to reduce their energy consumption by 30% between 2015 and 2020.



### ASML

ASML is one of the world's leading manufacturers of machines for the semiconductor industry. The company develops lithography machines which reduce costs, energy consumption and material usage whilst increasing end-use productivity. The EUV technology (reducing chip circuits down to 7nm) enables ASML's customers to produce 2 x faster and reduce the energy consumption of their final products by 50%.



# SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

According to the UN, half the global population (3.5 billion people) live in cities and this number is forecast to rise to 5 billion people by 2030, making them critical in achieving a sustainable future. Private sector investment strategies can support integrated and sustainable urban development through better transport, low-carbon buildings, and more resilient infrastructure. The fund looks to invest in a number of related areas.

## Smart buildings

The fund looks to invest in businesses that are involved in improving the efficiency of buildings, including products such as efficient lighting, transportation, alarm systems, and areas of safety. This might also include areas of construction and smart materials as well as retrofitting existing infrastructure to make them more energy efficient.

## Sustainable transportation

Sustainable transport can play a vital role in contributing to less polluting cities and making mobility accessible to everyone. This sub-theme aims to provide safe, affordable, accessible and sustainable transport systems and improve road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children and older people.

## Air quality

According to the UN, more than half of the global urban population are exposed to air pollution levels at least 2.5 times higher than the safety standard. In 2018 alone, 90% of urban dwellers were breathing unsafe air, resulting in 8.8 million deaths due to ambient air pollution according to European Heart Network. The fund management team looks to invest in companies that contribute to better air quality.

## Waste management

Safe removal and management of solid waste within cities can allow people to continue to thrive and grow, while improving resource use and reducing pollution and poverty. The fund management team invests in companies that provide municipal and other waste management services.

## Impact of solutions

The products and services from portfolio companies provided:



## Impact from initiatives

- **42.9%** of the portfolio had long term and significant decreases in waste use intensities

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### AIR LIQUIDE

Air Liquide is the world's leading specialist in industrial gases and the company currently spends 60% of its R&D on environmental impact reduction. In 2018, with the support of NGOs from the Science Based Targets initiative, the company unveiled their 2025 climate objectives as part of a two degrees trajectory. A substantial amount of this target will be achieved through the positive environmental impact associated with the company's products, including desulphurization of fuels, CO2 capture solutions, gas for thermal insulation, and oxygen use in steel production.



### HALMA

Halma designs safety and health equipment. The group provides medical systems (26% of sales), safety processes (17% of sales), infrastructure safety (33% of sales), and air and water quality testing systems (24% of sales). Halma's products include test kits to verify and improve the quality of drinkable water, monitor air and water pollution, as well as automated fire detection systems and other sensors.

Societies need to have the right balance of consumption and production to meet individual needs and aspirations whilst working within the ecological limits of the planet. Sustainable manufacturing is required to meet science-based emissions reduction targets, overcome natural resource constraints and still meet the growing demand for basic needs such as food, water, sanitation, and access to energy. The fund looks for companies operating in the following areas:

### Eco-efficient product design

The fund management team looks to invest in businesses that apply eco-design and modular design principles to their products, so that they use less resources and their constituent parts can be easily re-used or recycled. This may also include innovative business models such as moving from selling products to selling services, retaining ownership of the products and helping close the cradle-to-grave materials loop.

### Sustainable food systems

There is an urgent need for healthier and more sustainable food production. According to the UN, there are 2 billion people globally that are overweight or obese. In addition, the food sector accounts for around 30% of the world's total energy consumption and 22% of total Greenhouse Gas emissions. The food sector also produces huge amounts of waste with one third of all food produced (equivalent to 1.3 billion tons) estimated to end up rotting in bins.

### De-materialisation

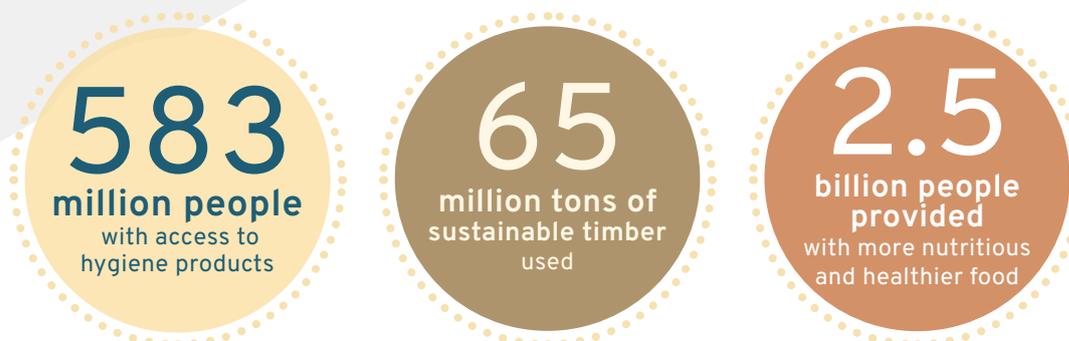
Should the global population reach 9.6 billion by 2050, the equivalent of almost three planets would be required to provide the natural resources needed to sustain our current lifestyles, according to the UN. The fund management team looks for companies that provide resource efficient solutions and business models to promote de-materialisation.

### Recycling and reuse

Demand for materials will likely outpace efficiency gains in supply chains as well as overwhelm already stretched ecosystem services. The fund looks for businesses that use sustainable sourcing policies, particularly in industrialized societies, and aim to reduce their ecological footprint to allow for the regeneration of natural resources on which human life and biodiversity depend.

### Impact of solutions

The products and services from portfolio companies provided:



### Impact from initiatives

- **61.4%** of the portfolio have long term significant decrease in energy and water use intensities
- **30.0%** of the portfolio apply eco- and circular economy product designs
- **6.1%** of the portfolio are involved in the fight against food waste

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### WESSANEN

Wessanen is a leading European producer of organic food with 77% of its sales derived from organic products, 96% from vegetarian products and 70% from certified B-Corps. The company has a strong focus on reducing waste as well as product re-design. For example, by replacing plastic caps with plant-based ones, the company saves 550 tons of CO2 per year. The Clipper brand was also a first mover in plastic free packaging for their tea bags.



### NOVOZYMES

Novozymes is a leader in biological solutions and technologies. The company mainly produces enzymes and natural proteins that act as catalysts to provide more efficient, healthier and greener products. Enzymes can replace chemicals in food and thereby improve the nutrient content and health quality, such as lactose free milk, long lasting soft bread and bakeries, fruit juices without preservatives, and antibiotic free chicken. To support these innovations, Novozymes' R&D costs account for around 13% of sales, making it one of the highest in the sector.



# SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Responsible business practices, such as strategic social investment, public policy engagement and collective action, can make meaningful contributions to lasting peace, development and prosperity while ensuring long-term business success. Businesses can commit to working with governments and civil society to eliminate corruption in all its forms and to support strengthening the rule of law. The fund looks to invest in the following sub-themes:

### Building strong institutions

Businesses that provide and support transparent governance structures help advance sustainable development by showing they conduct business responsibly in high-risk areas, fight corruption, and support for the rule of law. The fund looks to invest in companies that provide services to governments and public institutions to help make them more efficient and transparent.

### Promoting the rule of law

The rule of law and sustainable development have a significant interrelation and are mutually reinforcing, making it essential for development at the national and international level. The fund management team looks to invest in companies that promote the rule of law and ensure equal access to justice for all.

### Fighting bribery and corruption

Corruption, bribery, theft and tax evasion cost developing countries some \$1.26 trillion per year, according to the UN. Corruption causes inefficiencies in markets because it renders transaction costs uncertain, is anti-competitive, and hampers businesses' ability to comply with human rights and other obligations. The fund looks at a number of factors to determine a company's approach to preventing corruption.

### Cyber-security and fraud

PwC's 2018 Global Economic Crime and Fraud Survey found that 49% of global organisations have experienced economic crime in the past two years. As we become a more on-line and transaction-based economy, cyber-security is going to have an increasingly important role to play.

### Impact of solutions

The products and services from portfolio companies provided:



### Impact from initiatives

- **37.8%** of the portfolio have strong anti-corruption policies

Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.



## COMPANIES IN ACTION



### VISA

Visa is one of the world leaders in payment and financial services and the company's global network serves to advance financial inclusion. By bringing people into the formal financial system, Visa helps improve lives, foster opportunities, strengthen economies and reducing the shadow economy. Since 2015, Visa has made a public commitment to provide payment accounts to 500 million unbanked people as part of the World Bank's call for Universal Financial Access by 2020. In 2018, 5 million rural residents in China were provided financial services and Visa has set target to reach 10 million by 2020. Currently, around 20% of sales and clients are in the emerging markets.



### RELX

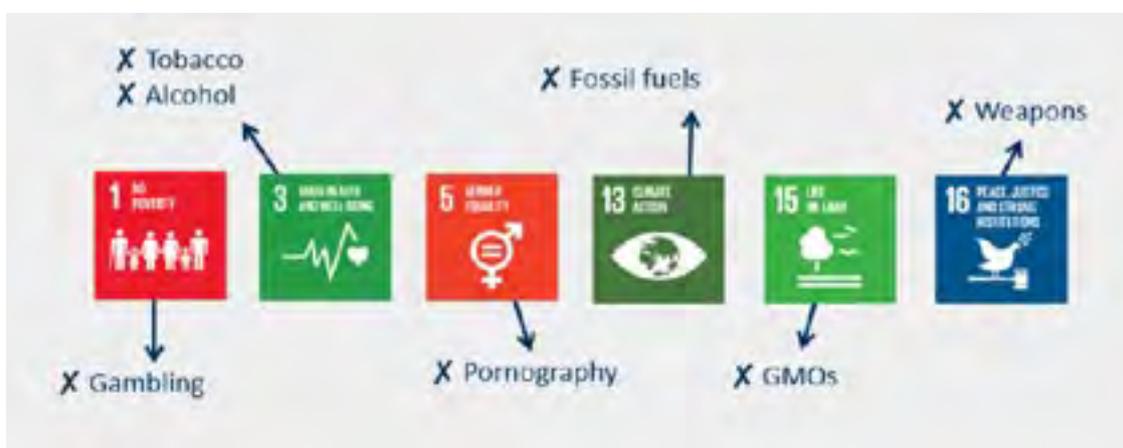
Relx promotes the rule of law and access to justice through its legal division (23% of group's sales) and provides tools to help detect and prevent fraud through its risk division (28% of group's sales). The company serves a range of business sectors as well as US federal, state and local governments to make sure public money is spent efficiently. Relx also has a community investment program which helps to find missing and exploited children. Since implementation, 177 children have been located (of which 14 were in 2017).

# Managing Negative Impact

The fund management team recognises that the companies in which they invest can also have negative impacts and incorporate this into the investment decision making process in order to minimise and manage any negative outcomes where possible. This is primarily achieved through two mechanisms.

## (1) Exclusion filter

As outlined in the overview, any company with over 10% of revenue exposure to “negative” sectors are excluded from the investment universe. These sectors were determined based on their non-alignment to the SDGs. In addition, in line with the Ottawa (1997) and Oslo (2008) conventions, any direct investment in companies that manufacture, store and transfer cluster bombs and anti-personnel landmines are prohibited (with no minimum level of sales). There is also a norms-based exclusion screen for companies guilty of violating the United Nations Global Compact. A summary of the excluded sectors is provided below:



## (2) Malus score

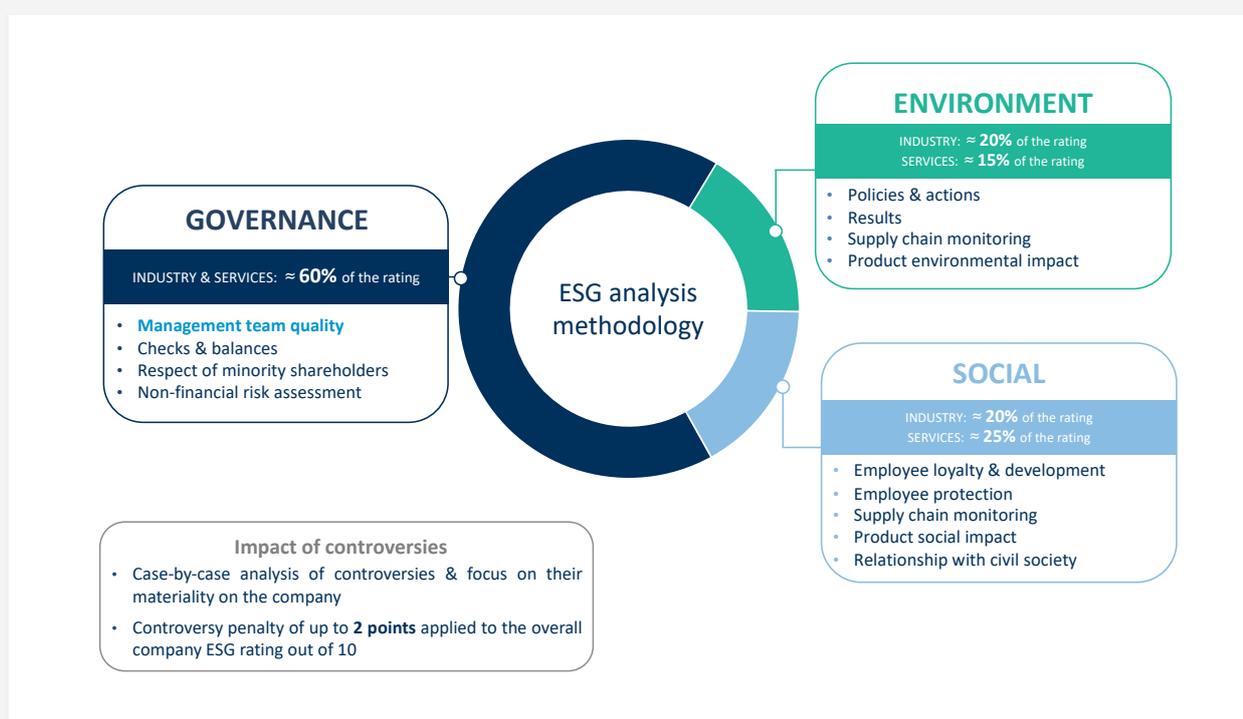
A malus score (with a maximum of 10) is determined by the analysis of a company and quantification of its negative impact both on the Solution and Initiative dimensions. This score is then deducted from the overall Impact score to reflect any negative impacts from the holdings. The fund management team will not invest in a company if the percentage of sales that negatively contribute to SDGs is higher than the percentage of sales from positive contributions.

The weighted average Malus Score in the portfolio was **-0.5 out of 10**. Only **7** companies within the portfolio (18% of the number of holdings) had a malus score, which was on average **-2.9 out of 10** (with a minimum of **-1** and a maximum of **-5**).

# Conviction Analysis: ESG Excellence

As outlined earlier, LFDE believes that incorporating environmental, social and governance ('ESG') factors into investment decisions helps to better manage risk and generate sustainable, long-term returns. The fund management team looks at the ESG performance of companies by applying a proprietary approach to ESG analysis, outlined below:

- ESG analysis is conducted prior to any investment and then updated at least every two years
- The Fund Management team scores the ESG performance of the company according to a proprietary scorecard outlined below
- ESG information used for the scores is gathered from documents published by the companies and from dedicated ESG meetings with the company's management



For a company to be included within the portfolio, it must achieve an ESG rating of 6.5 or higher out of a maximum of 10. The following sections provide a summary of the ESG performance of the portfolio companies by key factors. As at 31 December 2018, the average ESG score of Echiquier Positive Impact Europe portfolio was 7.4 out of 10.

# Summary of ESG Performance

## Carbon Emission



## Water Intensity



## Waste Intensity



## Workforce Evolution



## Gender Diversity



## Tax Contribution



Sources: Company Reports, ImpactLeap, LFDE. More details on the Methodology on page 38.

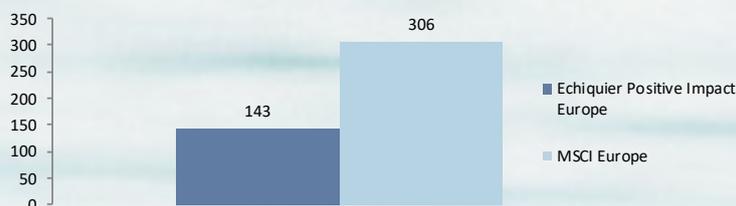
# Environmental Metrics

## Carbon footprint

As at 31 December 2018, the total direct and first tier indirect emissions attributable to the fund based on the respective ownership in the underlying companies (termed “financed emissions”) was 143.4 tCO<sub>2</sub>e per €1m invested. This was 2.1 times less than the MSCI Europe benchmark which had financed emissions of 306.4 tCO<sub>2</sub>e per €1m invested.

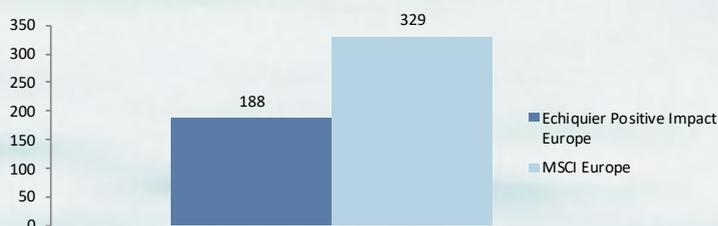
The total direct and first tier indirect emissions attributable to the fund based on the revenue generated by the underlying companies (termed “emissions intensity”) was 187.7 tCO<sub>2</sub>e per €1m of revenue generated. This was 1.8 times less than the MSCI Europe benchmark which had an emission intensity of 329.4 tCO<sub>2</sub>e per €1m of revenue generated.

Carbon Footprint  
in tons of CO<sub>2</sub> equivalent per million EUR invested



Source: Trucost (97.5% disclosed)

Carbon Footprint  
in tons of CO<sub>2</sub> equivalent per million euro revenue



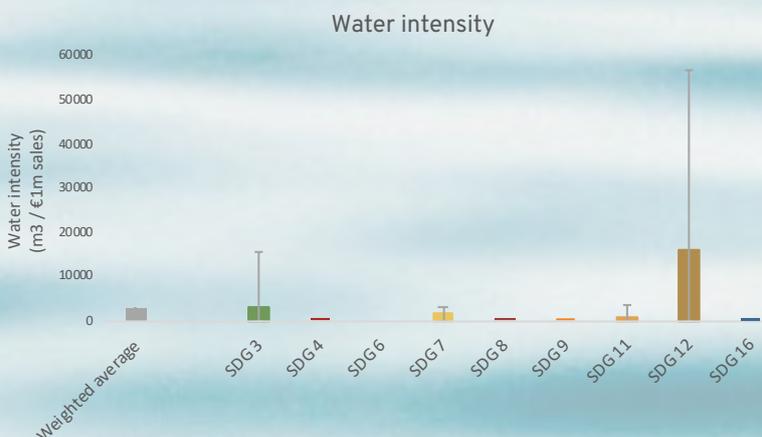
Source: Trucost (97.5% disclosed)

## Water intensity

The weighted average water intensity of the portfolio was 3,069.0 m<sup>3</sup> per €1m revenue generated. The highest water consumption was in SDG 12 theme (Responsible consumption and production) reflecting the overweighing of manufacturing businesses within that category. Stora Enso and Svenska Cellulosa had the highest water intensity ratios both at 56,700 m<sup>3</sup> per €1m revenue respectively. However, those companies massively recycle the water used. For example for Stora Enso, almost 96% of the water withdrawal is recycled back to the local environment after being carefully purified.

## Waste intensity

The weighted average waste intensity of the portfolio was 5.2 tons per €1m revenue generated. Similar to water intensity, the highest waste intensities were attributable to companies in the SDG 12 theme. Wessanen and Michelin had the highest waste intensity ratios at 52.8 and 15.9 tons per €1m revenue respectively.



Source: ImpactLeap, Company Disclosure (71.8% disclosed)

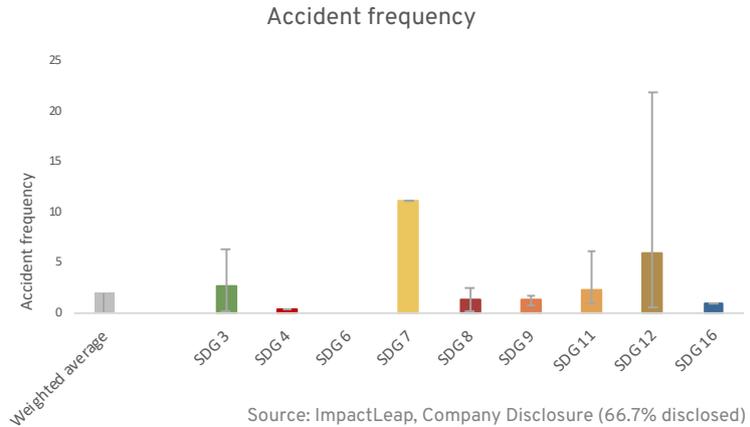


Source: ImpactLeap, Company Disclosure (71.8% disclosed)

# Social Metrics

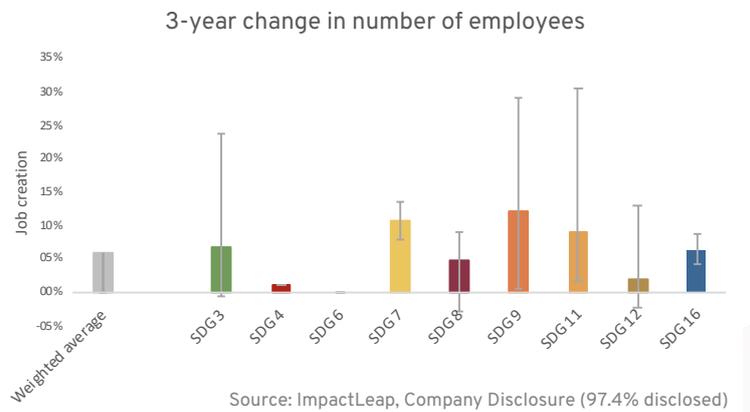
## Accident frequency

The weighted average accident frequency (lost time injury frequency rate) for the portfolio companies was 2.2 lost time injuries per million hours worked. Nibe Industrier and Elis had the highest LITR of 11.2 and 22.0 respectively.



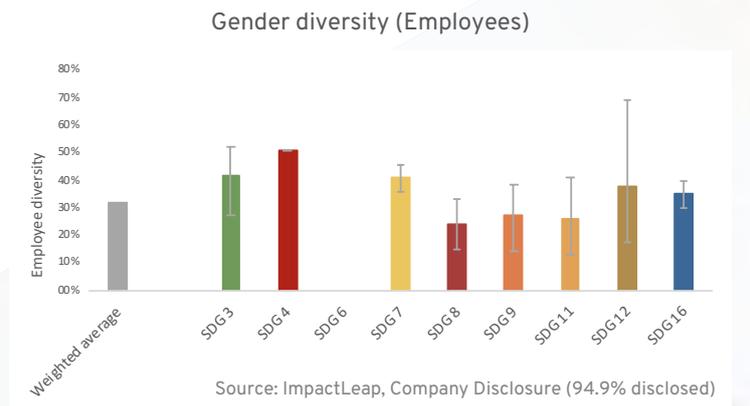
## Change in number of employees

The weighted average job growth over a three-year period for the portfolio companies was 5.9%. The two themes of Affordable and Clean Energy (SDG7) and Industry, Innovation and Infrastructure (SDG 9) had the highest growth rates for jobs of 10.8% and 12.0% on average over three years. Alten (SDG 11) and Wavestone (SDG 9) had the largest three-year increase in employee headcount of 30.4% and 29.0% respectively over a three-year period.



## Employee gender diversity

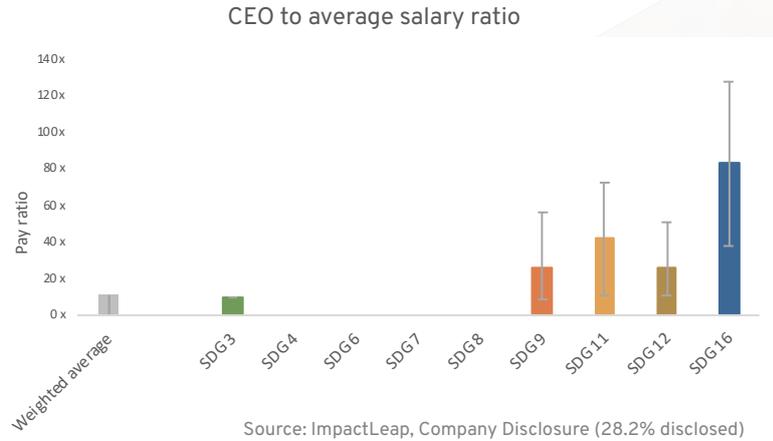
The weighted average number of women employed at the portfolio companies was 31.6%. L'Oreal had the highest proportion of women within the workplace at 69.0% whilst women typically make up 46.2% of the workforce across the EU, according to catalyst.org.



# Governance Metrics

## Pay ratio

The weighted average pay ratio, calculated as the ratio between the CEO's salary and the average employee salary, for the portfolio companies was 11.4 x (only 28.1% of portfolio's companies disclosed this data). Visa had the highest pay ratio with the CEO earning 128.1 x the average employee. The average pay ratios between CEOs and workers typically vary by country, according to Statista, with the USA having the highest variance at 354 x and France at 104 x.



## Tax contribution

The weighted average tax contribution, calculated as the tax expense as a percentage of Profit Before Tax, for the portfolio companies was 22.1%. Investments within the Industry, Innovation and Infrastructure theme (SDG 9) had the highest average tax contribution at 29.3%, with Spie having the highest tax contribution of 38.5%. The low average rate of the fund reflects the fact that the fund is invested in companies with high R&D costs which in some cases will generate tax credits.



## Board gender diversity

The weighted average gender diversity ratio of the fund's holdings at the Board level was 35.9%. The company with the highest female representation at the Board level was Elis where over half the board members were female. The average company in Europe in 2018 has 31.7% women on the board, according to European Women on Boards (EWOB).

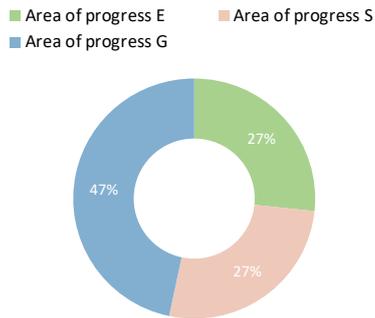


# Engagement and Voting

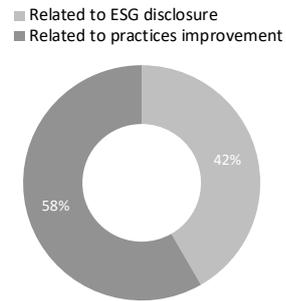
The fund management team engages with companies in order to understand them better and to encourage them to improve on issues that are considered to be material for their activities. Engagement is undertaken directly by members of

the investment team and any insight or information is fed directly back into the investment process. Echiquier Positive Impact Europe prefers to focus on ESG or financially material issues regarding companies' activities.

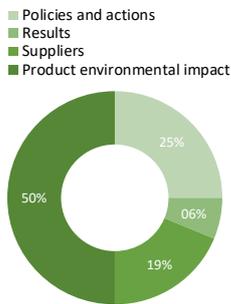
Engagement



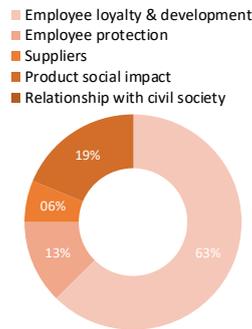
Engagement in ESG disclosure



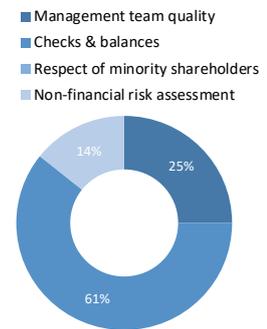
Engagement in Environment



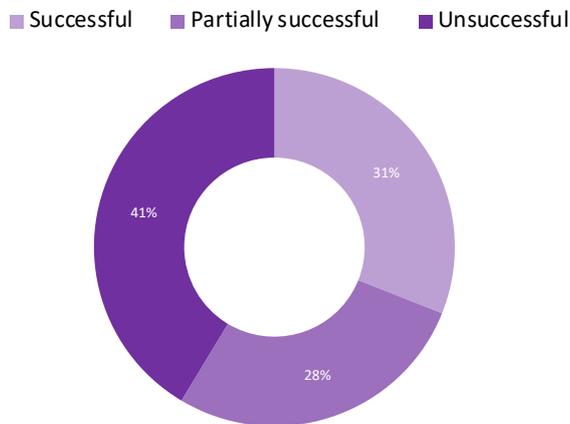
Engagement in Social



Engagement in Governance



Company engagement impact 2015-2018



Sources: LFDE

# Examples of Engagement

## Areas of improvements shared with the company

### NOVOZYMES

The fund management team met Novozymes' management in 2016 for the third ESG interview to review the company's ESG score. As part of the internal process outlined earlier in this report, the fund management team shares with the companies their ESG quality analysis and any areas of improvement they have identified on ESG topics. The fund management team identified and set one area of improvement for Novozymes concerning the lack of details on the company's approach to sustainability along their supply chain. There was a time frame for checking progress of two years.

In 2018, the fund management team was satisfied that the company could demonstrate it had successfully improved on this area and updated their ESG score. Novozymes' now includes two pages in their annual report dedicated to their supplier's environmental and social policies. For an enzyme manufacturer, the sourcing of raw materials and chemicals used in the preparation of products can have a material impact on the environment. As a result of the engagement process, Novozymes now monitors and works to reduce their impact across the supply chain and have implemented a process to audit and assess suppliers. The fund management team continues their engagement with the company and have now set two new areas of focus for governance topics (CEO remuneration and board competencies) which will continue to be monitored until 2020.

## Firm's third-party discussions

### CAPGEMINI

After reviewing the ESG score of Capgemini in 2018, Capgemini's sustainability team put us in contact with a third party consultant in order to help them develop the next materiality matrix for the company. Third party meetings are very important because they enable the fund management team to get different perspectives and feedback on a companies' ESG positioning. In addition, these meetings help to improve disclosure and enable other investors to better assess the company's profile.

For Capgemini, the fund management team have highlighted to the third party consultant issues on governance (CEO remuneration and succession, board independence and competency, board and executive team diversity and non-financial risk assessment) and outlined key topics that were important for the fund from a materiality perspective (remuneration scheme to better align interests, representation by the board and respect of minority shareholders).

## AGM voting feedback

At LFDE, the fund management team votes in all AGM's for investee companies. The voting is done through the ISS proxy voting platform and the team thoroughly reviews all the resolutions before voting. If specific practices can be improved, then the team will engage with the company.



### GUERBET

At the Guerbet 2018 AGM, the remuneration package of three management board members (CEO, CFO and COO), which represented three resolutions of the AGM, were unclear. ISS research recommended voting Against these resolutions because there was no cap disclosed on the variable remuneration portions. The fund management team contacted the company prior to the AGM and obtained the necessary details on the remuneration structure, including cap and conditions, which appeared to be satisfactory. The team therefore voted in favour of the resolutions, asking Guerbet to disclose more at the next AGM proxy statement.

# LFDE Foundation

A €1 million investment in the fund results in a €6,000 contribution to the LFDE Foundation for A and AP share classes or €3,333 contribution for the I share class.

The fund is aligned with La Financière de l'Echiquier's hallmark philanthropic approach and donates one third (up to 0.6%, depending on the share classes) of its management fee to La Financière de l'Echiquier's Foundation.

La Financière de l'Echiquier's Foundation was created in 2005 and supports associations that promote education, professional development and the fight against exclusion. The Foundation has supported 187 associations, including the Houses of Young Talent ('Les Maisons des Jeunes Talents'), an association that the Foundation created in 2010 which is dedicated to promoting equal opportunities.

Over the last 14 years, more than €6.6 million have been donated to the Foundation from external donations (around 20% of annual donations) and through the management fee sharing schemes set up with three LFDE funds: Echiquier Positive Impact Europe, as well as Echiquier Excelsior and Echiquier Agressor Partage. LFDE employees also volunteer up to 5 days per year at the Foundation. In 2018, 59 employees helped with associations supported by the Foundation.

In 2018, the share of management fees donated from Echiquier Positive Impact Europe to the Foundation was €265,037. Each month, the portion of management fees dedicated to the Foundation is paid to an account so that funds are accessible at any time to finance the projects.



**Echiquier Positive Impact Europe's management fee sharing**



# Management Fee Sharing Allocation

Name of association	Amount donated (€)	SDG targeted	Narrative	Donation equivalent to:
<p>Les Maisons des Jeunes Talents (Houses of Young Talent)</p> 	188,000		<p>The Houses of Young Talent association ('Les Maisons des Jeunes Talents') was created in 2010 and offers free accommodation and support for students admitted into preparatory classes for the Grandes Ecoles (top business schools in France). With a 90% success rate, The Houses of Young Talent help more and more talented and deserving students prepare for their careers.</p>	13 students offered free accommodation in Paris and individual support for 1 year.
<p>Clubhouse</p> 	30,000		<p>Schizophrenia, bipolarity, severe depression.. Mental illness remains taboo in France despite 3% of the population suffering from them. The Clubhouse is a day-care center, designed to facilitate the reintegration of people with these challenges.</p>	Helping 80 people get on to a professional path. One third of the members in the past 3 years have found jobs.
<p>L'Ecole des Plombiers du Numérique (The Digital Plumbers' School)</p> 	20,000		<p>Les Plombiers du Numérique (The Digital Plumbers' School) offers 3-month digital and technology courses to young people aged 17 to 25, who have been out of school for more than a year and do not have a diploma or qualification.</p> <p>With 25,000 recruitments required up to 2022 for the development of high-speed broadband, France faces a supply shortage in the employment market. Optical fiber infrastructure offers some very attractive employment opportunities for these young people who are helped by the courses.</p>	Purchase of 1 training platform for a school in Marseille. 70% of the people on the course find sustainable work within three months of completion.
<p>La Maison de l'Amitié (Friendship House)</p> 	27,000		<p>Located next to Paris' financial district, La Défense, the Friendship House ('La Maison de l'Amitié') welcomes anyone who is homeless or working poor and provides them with showers, washing machines, a cloakroom and medical consultations. Every afternoon, French courses and other classes are offered to the beneficiaries. Since February 2018, the association has also offered luggage storage to allow the homeless to regain some freedom.</p> <p>Every year, 1,200 people are coached through mock professional interviews and on average 22 beds are offered during the winter time to homeless people.</p>	Provision of lodging and financing for 1 luggage coordinator position.

**Total = 256,000**

# Fund Governance

## Fund Management Team

The SRI team is composed of one portfolio manager and two analysts with a complementary mix of skills:



**Sonia Fasolo** is the Echiquier Positive Impact Europe fund manager. She holds a Master's Degree in Management Science, a post-graduate degree in finance and is an SFAF graduate. Sonia has several years of experience as a sell-side analyst and joined La Financière de l'Echiquier in 2010, as a buy-side analyst before becoming SRI fund manager.



**Coline Pavot** is an SRI analyst. After graduating with a sustainable development degree, she worked in microcredit and was a responsible investment product specialist at BNP Paribas Wealth Management. She joined La Financière de l'Echiquier in February 2017.



**Luc Olivier** is a Financial and SRI analyst and holds a finance degree from EDHEC Business School. Luc worked as an SRI analyst (EthiFinance, La Financière de l'Echiquier) and financial analyst (Exane) prior to joining La Financière de l'Echiquier in August 2017.

## SICAV Board of Directors

Echiquier Positive Impact Europe is a SICAV under French law which requires to form a Board of Directors. This legal structure demonstrates LFDE's commitment to leading by example and towards good corporate governance practices, as good governance is something LFDE requires in its investee companies.

The SICAV's board of directors is made up of five experienced professionals, with 80% being independent. The boards role mainly consists of advising and supervising the investment team with respect to its methodology, approach, reporting and measurement of impact of the SICAV.

### Board Experience and Competency

		COMPETENCIES				
		Asset management	SRI/CSR	Governance	Philanthropy	Legal
	<b>Maroussia Ermeneux</b> Non-independent director	X	X		X	
	<b>Thibault Couturier</b> Independent director	X	X	X	X	
	<b>Antoine de Salins</b> Independent director	X	X	X	X	
	<b>Sophie L'Helias</b> Independent director	X	X	X	X	X
	<b>Emmanuel Ravanans</b> Independent director				X	X
	<b>Jean-Philippe Liard</b> Permanent invitee		X	X		

# Sustainability at LFDE

Sustainability at La Financière de L'Echiquier goes beyond responsible investment. The CSR Committee (created in 2017) structures the company's internal CSR approach:

## Responsible investment

Responsible Investment is part of La Financière de l'Echiquier's DNA. Currently, LFDE has two funds which have been awarded with the French state SRI label. In addition, the company has decided to reinforce their ESG integration approach with an objective of analysing 100% of the investee companies held by the funds with non-financial criteria.

## Well-being

LFDE believes that the success of the company and its employees hinge on good benefits and a sustainable work pace. For that reason, La Financière de l'Echiquier runs various initiatives to improve employee's quality of work-life balance and ensure a healthy mix of family and professional time. Examples of initiatives include: a workplace day-care service, a mentoring system for new arrivals, seminars, a climbing wall, a gym, a photo collection, and more to come.

## Growing together

LFDE's goal is to offer everyone the opportunity to develop their own career path and the company fosters a strong entrepreneurial culture which encourages employees to invent their positions

within the company and work outside their comfort zone. More than 60% of employees have benefited from training within the last 3 years.

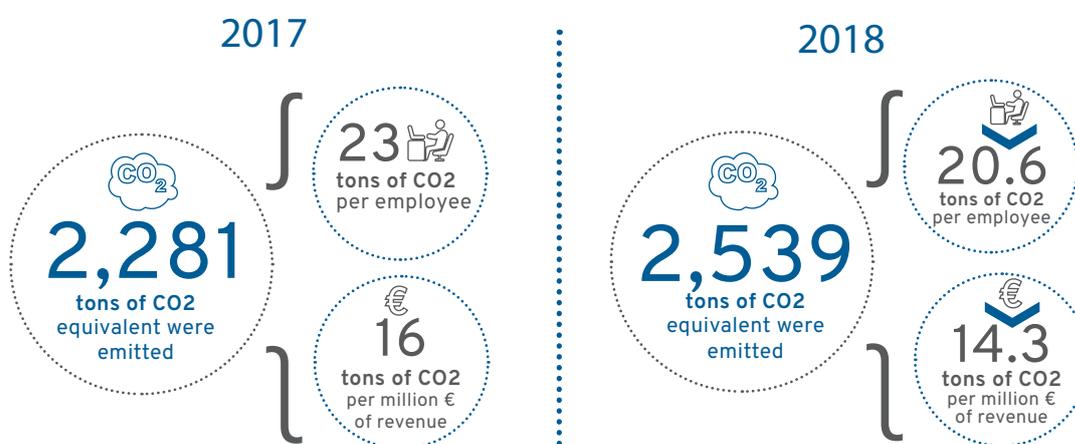
## Carbon Footprint

La Financière de l'Echiquier commissioned Carbone 4, a specialized carbon consultancy, to undertake a carbon footprint assessment of its activities. 2,281 tons of CO<sub>2</sub> equivalent (scope 1 and 2) were emitted by LFDE in 2017, which equates to 23 tons of CO<sub>2</sub> per employee and 16 tons of CO<sub>2</sub> per million € of revenue. In 2018, the total emissions increased slightly to 2,539 tons of CO<sub>2</sub>, but the intensity per employee decreased to 20.6 tons of CO<sub>2</sub> and the revenue intensity decreased to 14.3 tons of CO<sub>2</sub> per million € of revenue.

## ESG rating

Finally, LFDE asked an external independent rating agency, Efires, to conduct an ESG analysis of LFDE. Efires followed the same process and methodology as the SRI team perform as part of their analysis on companies for the SRI funds (such as analysis of documents, grading on 15 ESG criteria, meeting with management) and issued LFDE a score of 6.4 out of 10.

## Carbon Footprint of LFDE



# Methodology

## Methodology and sources

The information used in preparing this document has been obtained from a variety of third-party sources. A number of different methodologies were applied to determine the data for this report that are outlined below and all holdings data is valid as at 31 December 2018. Full data on the individual holdings used for analysis is available on request.

## Product and service impact data analysis

ImpactLeap applies a Theory of Change framework to identify relevant output and outcome metrics associated with the impact of a company leveraging a proprietary database. Data quality for these metrics is generally still limited and thus ImpactLeap applies the following methodology. Where the company discloses that data itself or the data can be inferred from disclosure, company data is used.

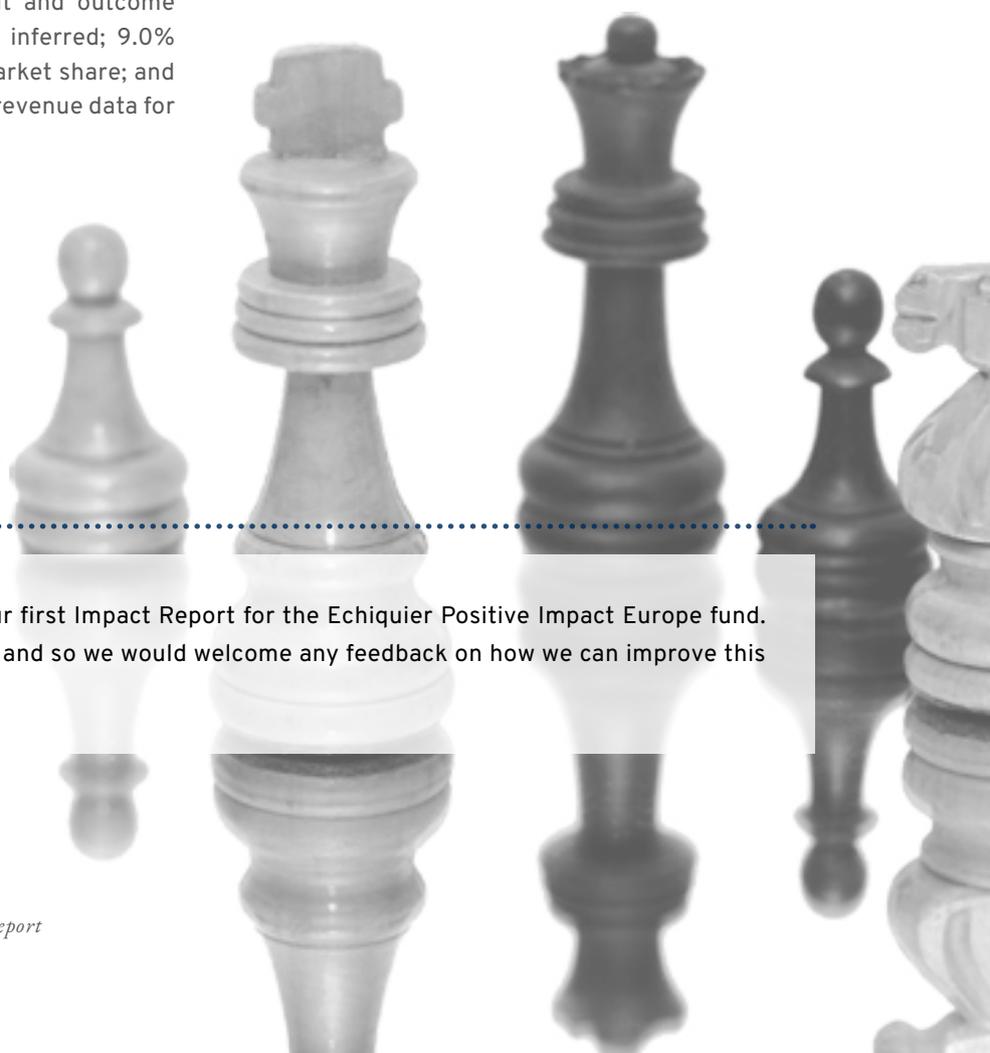
Where the data is not disclosed, user-defined peer group data and then market share data is used to calculate the metrics. If the data can still not be accurately calculated, then it is not included in the analysis. Coverage for output and outcome data was: 38.8% disclosed; 6.7% inferred; 9.0% from peer averages; 6.0% from market share; and 39.6% no data available. 100% of revenue data for SDG analysis was available.

## Carbon data analysis

Direct and indirect emissions data from Trucost was used for the carbon analysis as at 31 December 2018. Where emissions data is not reported, the estimates are based on a user-defined peer group. For direct and indirect data, 97.5% of the emissions by portfolio weight was disclosed with the remaining data estimated.

## ESG data analysis

Data for the ESG analysis was obtained from corporate disclosure (as at 31st December 2017 for annual data and from 31st December 2015 to 31st December 2017 for the 3 years compound annual growth rates). Where data was not available the metric was not used for analysis. Coverage for disclosed data was: 71.8% for water intensity; 71.8% for waste intensity; 6.7% for accident frequency; 97.4% for workforce evolution; 94.9% for employee diversity; 28.2% for pay ratio; 97.4% for tax contribution; and 100.0% for Board diversity.



We hope that you have enjoyed reading our first Impact Report for the Echiquier Positive Impact Europe fund. Impact reporting is still a nascent industry and so we would welcome any feedback on how we can improve this report for future years.



## Important notice

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This report has been prepared by

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