Portfolio Analysis

Summary Report –Carbon Footprint & Energy Transition

vigeoeiris Rating

Ethical Europe Climate Care Index

Benchmark : Solactive Europe Total Market 675 Index

Evaluation: January 2019

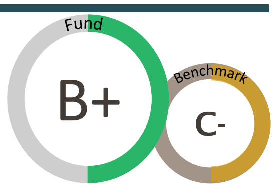

Chart Legend :

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

Scale => Carbon Footprint (t CO_2 eq)

A Moderate	**B** Significant	**C** High	**D** Intense

Scale => Energy Transition Strategy

++ Advanced	+ Robust	- Limited	-- Weak

Coverage:

	Fund	Benchmark
Portfolio coverage by investment	100%	98.9%
Portfolio coverage by holdings	30/30	638/666

Carbon Footprint & Energy Transition

Carbon Footprint	Fund	Benchmark
Financed Emissions per M€ invested	108.54 t CO_2 eq./M€	226.14 t CO_2 eq./M€
Weighted average carbon footprint	983 577.84 t CO_2 eq.	7 280 693.23 t CO_2 eq.

Energy Transition Strategy	Fund	Benchmark
Energy Transition Score	Robust (+) **54/100**	Limited (-) **48/100**

Performance attribution	CF	ETS
Sector allocation effect	-102.95 %	0.89 %
Value selection effect	-537.28 %	10.89 %
Global performance attribution	-640.23 %	11.77%

Focus on key fund issuers

Orange
(4.4%)

Orange has a high carbon footprint (C) and an advanced energy transition strategy (++) with a score of 71/100. The French telecom operator is committed to reducing its energy consumption by 15% and its CO2 emissions by 50% over the 2006-2020 period. Among the measures reported, Orange has put in place tools to monitor its energy consumption, installed energy-efficient IT equipment and solar stations to supply certain sites in Africa. Normalized to turnover, Orange's energy consumption and CO2 emissions have decreased over the 2013-2017 period.

Suez
(3.4%)

Suez displays a high (C) carbon footprint and a robust (+) Energy Transition score with a score of 51//100. The Company's strength lies in its advanced management of environmental impacts from waste transportation. Suez set the target to reduce the share of GHG emissions due to transportation from 11.9% in 2014 to 9.8% in 2030. Relevant measures have been implemented in this regard, such as the use of alternative fuels, and the improvement of transport mix (ship transport for example). Furthermore, Suez displays very positive results, with an annual fuel consumption per truck which decreased significantly between 2014 and 2016. However, Suez displays limited results in terms of energy-related emissions. The Company's normalised energy consumption has increased over the past three years. In addition, the Company lacks transparency over its SO2 and NOx emissions. Nonetheless, comprehensive measures have been taken in this regard, such as the use of renewable energies, covering both of the Company's water and waste services.

Methodological focus

Carbon footprint

Emissions

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

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

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

Data and Footprint

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

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

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

Energy Transition Strategy

Vigeo's scoring of issuers' energy transition strategy is based on specific criteria tied to climate change in Equitics research.
[1]The financed emissions indicator is a proportional sum of a constituents' carbon emissions. For each constituent, the proportion of carbon emissions accounted corresponds to the proportion of capital or shares held in the fund.

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

[3]The higher the carbon footprint of an issuer and the weaker its energy transition strategy, the greater its level of eligibility for an engagement strategy.

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

Grade	Emissions (t CO2 eq)	Category
A	<100 000	Moderate
B	>=100 000 and < 1 000 000	Significant
C	>= 1 000 000 and < 10 000 000	High
D	>=10 000 000	Intense

Grade	Energy Transition score	Category
++	60 - 100	Advanced
+	50 - 64	Robust
-	30 - 49	Limited
--	0 -29	Weak

Disclaimer

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