
EU SUSTAINABLE FINANCE ACTION PLAN

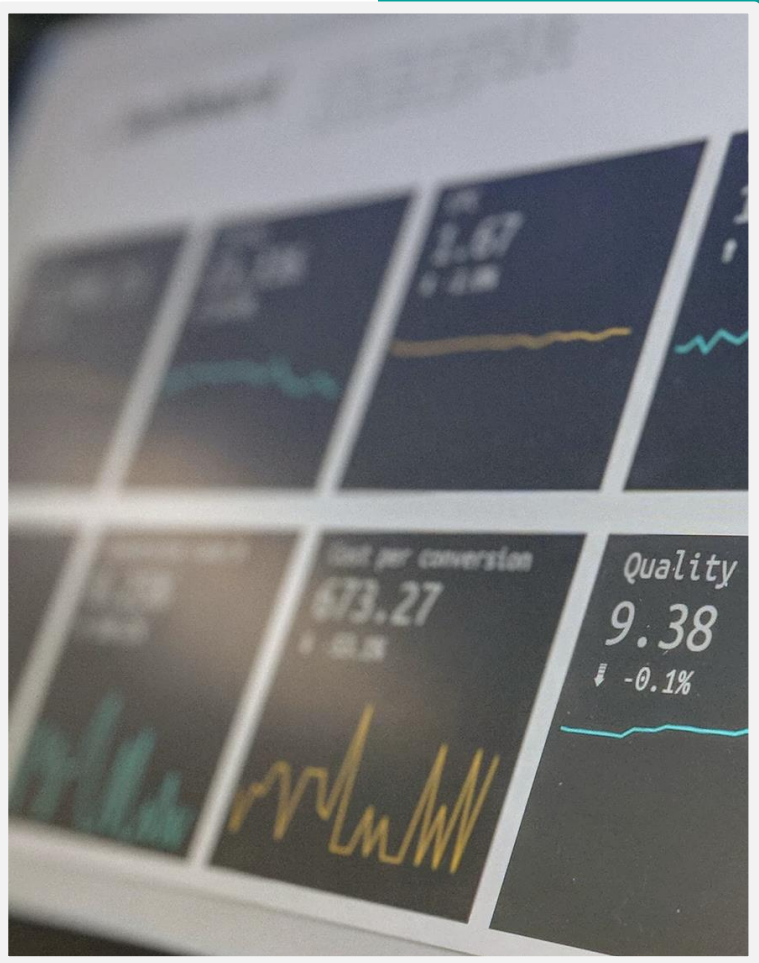
EU Taxonomy from an investor perspective

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Uses of the EU Taxonomy in investment management

Portfolio Management and Reporting

- Leverage Taxonomy framework to understand environmentally sustainable activities in portfolios
- Manage or improve alignment of portfolios on an ongoing basis
- Report on portfolio alignment to EU Taxonomy and underlying criteria

Company Selection

- Pre-investment activities - stock selection, supporting fundamental analysis

Product and Fund Construction

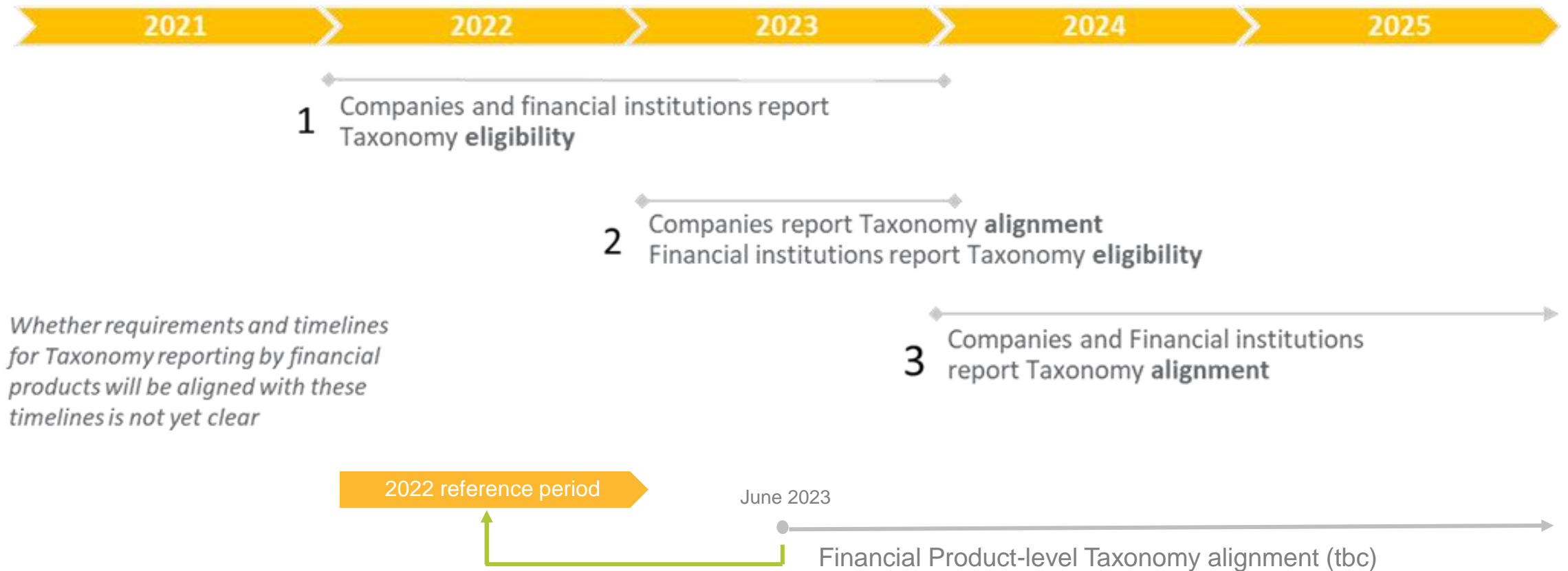
- Consider Taxonomy alignment in the construction and management of ESG & impact funds

Engagement

- Use as basis for engaging with corporates. For example, where there is:
 - Indication of non-compliance or risks of breaching DNSH or MS criteria
 - Data gaps or insufficient disclosure on economic activities (SC)

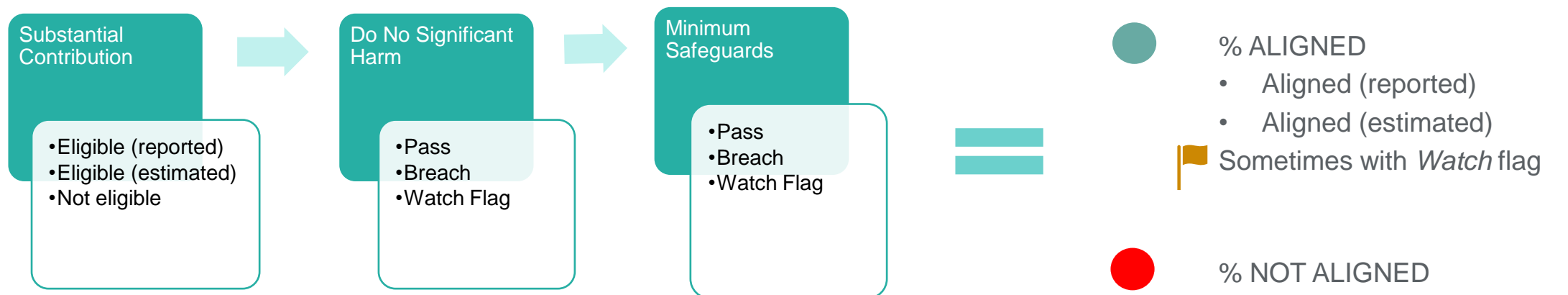
Taxonomy eligibility and alignment reporting timelines

Taxonomy alignment percentages of financial products will provide actionable insights for investors.



Alignment Assessment

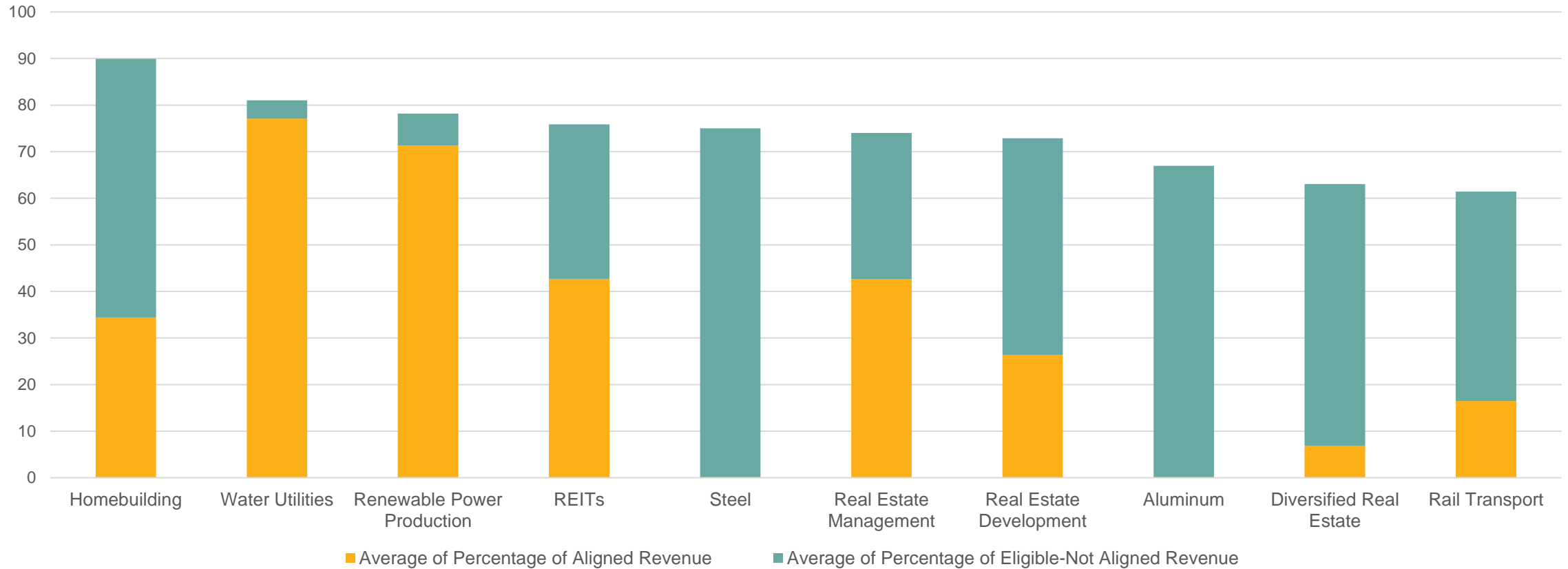
Sustainalytics provides company and activity-level alignment assessments



Revenues: average alignment vs. average eligibility that is not aligned

The 10 subindustries with most eligibility based on research for around 5,000 companies

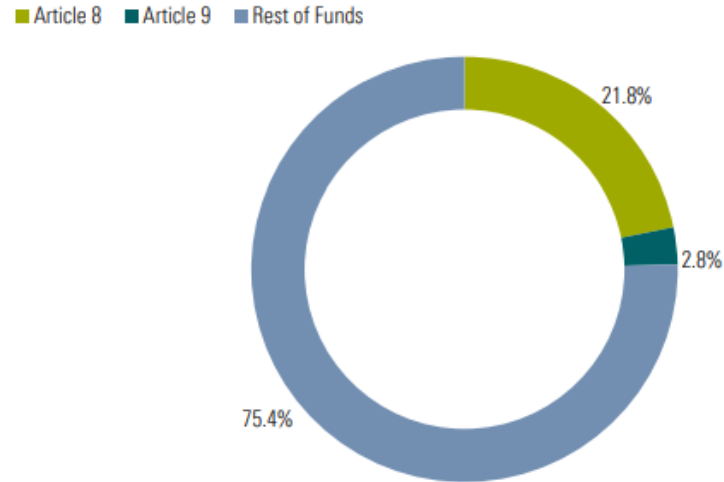
Alignment vs. Eligibility in average % of revenue



Fund-level Data: the disclosure regime by number of funds and assets

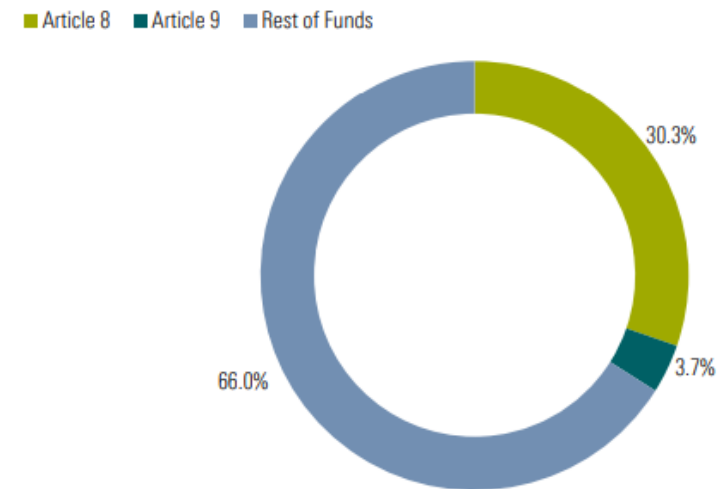
Article 8 and 9 funds comprise a quarter of total funds based on number of funds one-third based on assets

Breakdown by number of Funds



Source: Morningstar Direct. Data as of 10 July 2021. Based on SFDR data collected from prospectuses on 81.6% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds

Breakdown by assets



Source: Morningstar Direct. Data as of 10 July 2021. Based on SFDR data collected from prospectuses on 81.6% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds

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