The Luxembourg financial sector and corporate governance:

Investment funds in the human rights spotlight

INITIATIVE DEVOIR DE VIGILANCE LUXEMBOURG

This study was carried out by Action Solidarité Tiers Monde (ASTM)
in collaboration and on behalf of **Initiative pour un devoir de vigilance** (IDV).

www.initiative-devoirdevigilance.org

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I. Introduction and context

The Luxembourg fund industry is one of the main pillars of the Luxembourg financial sector, next to banking and insurance. Globally, it represents the second largest investment fund centre, with 6,124.7 billion € assets under management in 2022.[1]

This study takes a snapshot of the investment fund sector's human rights policies. To this purpose, we benchmarked the 10 largest investment management companies[2] on their adoption of human rights commitments and the implementation of human rights due diligence procedures. The results provide an insight into the sector's level of awareness of its responsibilities with regard to human rights.

This study is published in the context of the negotiations over the Corporate Sustainability Due Diligence Directive (CSDDD) of the European Union. The CSDDD's ambition is "to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance".[3]

The European Commission, the European Parliament, and the Council of the European Union have each submitted their proposed versions of the CSDDD.[4] The three positions differ from each other in some respects, and they also deviate in several points from international human rights standards like the United Nations Guiding Principles on Business and Human Rights (UNGP) or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The EU Parliament's position is the most ambitious as to coherence with these international standards.

As for the scope of the directive, the Council's approach leaves the inclusion of the financial sector to the discretion of EU member states and excludes almost all investment activities.[5] This goes against article 14 of the UNGP which states that "the responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure". There have been several high-level calls for the inclusion of the financial sector

[1] CSSF annual report 2022 (www.cssf.lu/en/Document/annual-report-2022/)

[2] The sample is based on a ranking of the largest management companies (ManCos) established by PwC Luxembourg, which includes different types of ManCos (UCITS ManCos, Alternative Investment Fund Managers and Super ManCos), according to their assets under management by end of 2022 (www.pwc.lu/en/asset-management/docs/pwc-observatory-management-companies-barometer.pdf).

[3] https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

[4] European Commission: https://commission.europa.eu/publications/proposal-directive-corporate-sustainability-due-diligence-and-annex_en, Council of the EU: https://data.consilium.europa.eu/doc/document/ST-15024-2022-REV-1/en/pdf, EU Parliament: https://www.europarl.europa.eu/doceo/document/A-9-2023-0184_EN.html

[5] For more details on the differences between the three propositions see Joint Policy Briefing Paper by FIAN and Südwind (02.08.2023), www.fian.de/wp-content/uploads/2023/08/FIAN_SUeDWIND_Policy-Briefing_Financial-Sector_CSDDD_ENG_20230802.pdf; OECD Watch (June 2023): Achieving alignment. Syncing EU due diligence legislation with the update OECD Guidelines, www.oecdwatch.org/download/33933/?tmstv=1697208029; Shift (October 2023): Aligning the EU Due Diligence Directive with the International Standards: Key Issues in the Negotiations, https://shiftproject.org/resource/aligning-the-cs3d-with-the-international-standards/.

within the scope of the directive, including an OECD ministerial declaration and a statement by the UN Working Group on Business and Human Rights.[6] After a visit to Luxembourg in December 2022, the UN Working Group on the issue of human rights and transnational corporations explicitly called upon Luxembourg to take a stronger position to support the full inclusion of the financial sector, including investment funds, under the proposed directive, and in its own legislation.[7] And just recently, Frank Elderson, member of the Executive Board of the European Central Bank, stated that "financial undertakings should not be treated differently from other companies, including in the context of the Corporate Sustainability Due Diligence Directive".[8]

In addition, the Commission and the Council stipulate that financial companies only need to undertake human rights risk assessments *before* providing a financial service, clearly going against international standards that require ongoing risk assessments. This would mean, for example, that a bank which grants a loan to a company for a specific project would only have to conduct an initial, pre-contractual human rights risk assessment, but no monitoring during the implementation of the project.

The financial sector could play an important role in supporting the development towards a more sustainable economy. Investors have influence over the companies in which they invest, as well as the potential to influence corporate behaviour across different sectors. One method through which many investors exert their leverage is engagement with investee companies. However, it is crucial that they also implement human rights due diligence procedures for their financing activities. This is why this study focusses on the commitments by investment management companies to respect human rights and the implementation of due diligence procedures covering human rights risks and impacts through investors' financing activities.

Despite speaking in favour of compliance with international human rights norms and standards, the previous Luxembourg government, in the negotiations at EU level, advocated against the inclusion of investment funds within the scope of the CSDDD. This study calls on the new government that took office in November 2023 to align its positions with the UNGP.

[6] In February 2023, ministers and representatives of 38 OECD member states as well as 13 other countries emphasized in a joint declaration the need to strengthen the uptake of due diligence in the financial sector. The declaration also reiterated the importance of coherence of regulations like the CSDDD with global standards on responsible business conduct, notably the OECD Guidelines and the UNGP (https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0489#mainText). In July 2023, the UN Nations Working Group on Business and Human Rights took a position in the discussions on the CSDDD, pointing out that according to the UNGP, the responsibility to respect human rights fully applies to all financial institutions (www.ohchr.org/sites/default/files/documents/issues/business/workinggroupbusiness/Statement-Financial-Sector-WG-business-12July2023.pdf).

[7] United Nations General Assembly (19.04.2023): Visit to Luxembourg. Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises (https://www.ohchr.org/en/documents/country-reports/ahrc5324add2-visit-luxembourg-report-working-group-issue-human-rights-and)

[8] Frank Elderson: Making finance fit for Paris: achieving "negative splits" (keynote speech, 14.11.2023) (www.bankingsupervision.europa.eu/press/speeches/date/2023/html/ssm.sp231114_1~98a5230732.en.html)

II. Methodology

Human rights standards and concepts

The international human rights standards on which this analysis is based can be found in the United Nations Guiding Principles on Business and Human Rights (UNGP)[9] and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines).[10]

The UNGP, endorsed in 2011, recognise:

1. the obligation of states to respect, protect and fulfil human rights,

2. the responsibility of business enterprises to comply with applicable laws and respect human rights, and

3. the right of victims to access an effective remedy.

As stated in article 14 of the UNGP, the responsibility to respect human rights applies to all sectors of the economy, including the financial sector, and to companies of all size, operational context, ownership, or structure.

In the OECD Guidelines (introduced in 1976, last amended in 2023) and related documents[11] the concept of due diligence is defined as "the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems". In this sense, due diligence is a continuous, proactive, and reactive activity. It should not be limited to an initial assessment but be implemented through systematic measures to identify risks and prevent or mitigate potential adverse impacts.

Benchmark

The study uses a benchmarking methodology developed by the World Benchmarking Alliance:[12] the Financial System Benchmark (FSB). The FSB enables to measure and rank financial institutions according to their sustainability policies. While the complete FSB consists of 32 indicators divided into three measurement areas (1. governance and strategy, 2. respecting planetary boundaries, 3. adhering to societal conventions),[13] this study focuses on those eight indicators of the FSB that are related to human rights.

[9] https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

[10] https://mneguidelines.oecd.org/

[11] OECD (2017): Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises (https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf); OECD (2018): OECD Due Diligence Guidance for Responsible Business Conduct (http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf)

[12] The World Benchmarking Alliance is a non-profit organisation founded in 2017 that develops benchmarks to measure and incentivise private business impact to the Sustainable Development Goals (www.worldbenchmarkingalliance.org/).

[13] www.worldbenchmarkingalliance.org/financial-system-benchmark/

Financial System Benchmark – Human Rights Indicators[14]

1. Commitment to respect human rights **1 point**

2. Commitment to respect the human rights of workers **1 point**

3. Identifying human rights risks and impacts **1 point**

4. Assessing human rights risks and impacts **2 points**

5. Integrating and acting on human rights risk and impact assessments **2 points**

6. Engagement with affected and potentially affected stakeholders **1 point**

7. Grievance mechanisms for workers **1 point**

8. Grievance mechanisms for external individuals and communities **1 point**

The eight indicators focus on the key expectations of the UNGP: indicators 1 and 2 relate to policy commitments, indicators 3 to 6 cover the different steps of conducting human rights due diligence, and indicators 7 and 8 ask about the availability of grievance mechanisms, which enable access to remedy for individuals adversely affected by the company.

For each indicator, companies can score 0 or 1 point. Due to the key importance of due diligence procedures, indicators 4 and 5 receive double weighting. Some indicators (2, 3, 6) are divided into two different elements, meaning that the company must meet more than one requirement to obtain a full score of 1. For these indicators, half points are available. The maximum number of points that can be obtained is 10. Further explanations of the indicators as well as scoring guidelines are available in annexe A and on the WBA website.[15]

Sample

The study looks at the 10 largest Luxembourg-based management companies from the investment fund sector.[16]

[14] Within the Financial System Benchmark with its 32 indicators, these eight indicators correspond to indicators 15 to 22.

[15] https://assets.worldbenchmarkingalliance.org/app/uploads/2023/04/2022-Financial-System-Benchmark-Scoring-Guidelines.pdf

[16] The sample is based on a ranking of the largest management companies (ManCos) established by PwC Luxembourg, which includes different types of ManCos (UCITS ManCos, Alternative Investment Fund Managers and Super ManCos), according to their assets under management by end of 2022 (www.pwc.lu/en/asset-management/docs/pwc-observatory-management-companies-barometer.pdf)

COMPANY	AuM (€ million)	Net turnover[17] (€ million)	Average staff[18]
JPMorgan Asset Management (Europe) S.à r.l.	381,749	2,462	349
DWS Investment S.A.	273,342	1,256	152
UBS Fund Management (Luxembourg) S.A.	212,789	930	82
Amundi Luxembourg S.A.	199,959	1,371	97
Blackrock (Luxembourg) S.A.	169,882	2,243	25
FIL Investment Management (Luxembourg) S.A.	146,817	111	70
Eurizon Capital S.A.	140,702	439	72
Schroder Investment Management (Europe) S.A.	135,212	202	313
HSBC Investment Funds (Luxembourg) S.A.	129,150	334	19
EQT Fund Management S.à r.l.	124,320	806	120

With a total of 1,913,922 € million of assets under management in 2022, these 10 companies manage about a third of all managed assets within the Luxembourg fund industry.

The focus is on investment fund management companies (ManCos) rather than the investment funds themselves, as ManCos are responsible for compliance with applicable "sustainability-related provisions" within the existing EU sustainable finance legislative framework.[19]

Sources

The benchmarking methodology relies on publicly disclosed information, mostly sustainability or annual reports and corporate governance documents. Information was collected in the period from 25 September to 6 November 2023.

[17] According to the 2022 annual accounts retrieved from the Luxembourg Trade and Company Register.

[18] According to the 2022 annual accounts retrieved from the Luxembourg Trade and Company Register.

[19] CSSF (2023): Thematic Review on the implementation of sustainability-related provisions in the investment fund industry (www.cssf.lu/wp-content/uploads/The-implementation-of-sustainability-related-provisions-in-the-investment-fund-industry.pdf)

III. Company analyses

JPMORGAN ASSET MANAGEMENT Europe S.à r.l

J.P. Morgan Asset Management Europe S.à r.l. (JPMAME) is part of the asset management division of JPMorgan Chase & Co (USA) and acts as an investment fund manager for investment funds domiciled in Luxembourg, France and Ireland.

1. Commitment to respect human rights

0 | 1

There is no evidence that JPMAME has adopted a human rights commitment. Whilst the overall group, JPMorgan Chase & Co., does have a human rights statement, JPMAME not only does not refer to this document, but on the contrary clearly states that its approach to sustainability is separate from that of the group. JPMAME declares to "acknowledge the Guiding Principles on Business and Human Rights (UNGPs) as the appropriate framework for corporations with regards to respecting human rights in their own operations and through their business relationships". JPMAME encourages its investee companies to implement the UNGP, but does not commit itself as a company to respect human rights.

2. Commitment to respect the human rights of workers

0 | 1

There is no evidence that JPMAME has adopted a commitment to respect the human rights of workers. JPMAME states that "(investee) companies are expected to adhere to internationally accepted norms and standards on labor and human rights", but fails to mention and commit to the ILO fundamental rights at work itself.

3. Identifying human rights risks and impacts

0 | 1

While JPMAME indicates that for investee companies "conducting an overall human rights due diligence (HRDD) is useful in identifying potential salient human rights issues", there is no evidence that JPMAME has such a process in place to identify the risks to and impacts on its own workers and related to its own operations.

In terms of risks and impacts on other people through its financing activities, there is no evidence that JPMAME has clear processes in place at corporate level. In an SFDR disclosure document, JPMAME explains that "it is the responsibility of each relevant investment team to seek to identify material sustainability risk relevant to each strategy covered, taking into account risks by industries, sectors and regions".
To meet this indicator, JPMAME would need to describe its process(es) to identify its human rights risks through its financing activities.

4. Assessing human rights risks and impacts

0 | 2

There is no evidence that JPMAME has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

5. Integrating and acting on human rights risk and impact assessments

0 | 2

There is no evidence that JPMAME has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

6. Engagement with affected and potentially affected stakeholders

0 | 1

JPMAME has implemented a centralised engagement programme for its investee companies which is based on an assessment of Principal Adverse Impacts (PAI) on sustainability factors. One of the priority PAIs identified is the existence of violations of UN Global Compact principles and OECD Guidelines. JPMAME states to have identified and selected an (undisclosed) number of investee companies that rank poorly in relation to this indicator for an "adverse sustainability indicator led engagement". In addition, JPMAME has identified the apparel, metals and mining as well as the technology sectors as "human rights hotspots". Another focus of its engagement model are indigenous rights. However, these procedures are not sufficient to meet this indicator as they are part of an engagement programme with investee companies, not of a human rights due diligence process in which JPMAME would have to directly engage with stakeholders as part of its identification and assessment of human rights risks and impacts of its financing activities.

7. Grievance mechanisms for workers

0 | 1

In relation to its investee companies, JPMAME states that it is "important to ensure a formal mechanism to report grievances is available to supplier workers". However, there is no evidence that such a mechanism exists for JPMAME workers.

8. Grievance mechanisms for external individuals and communities

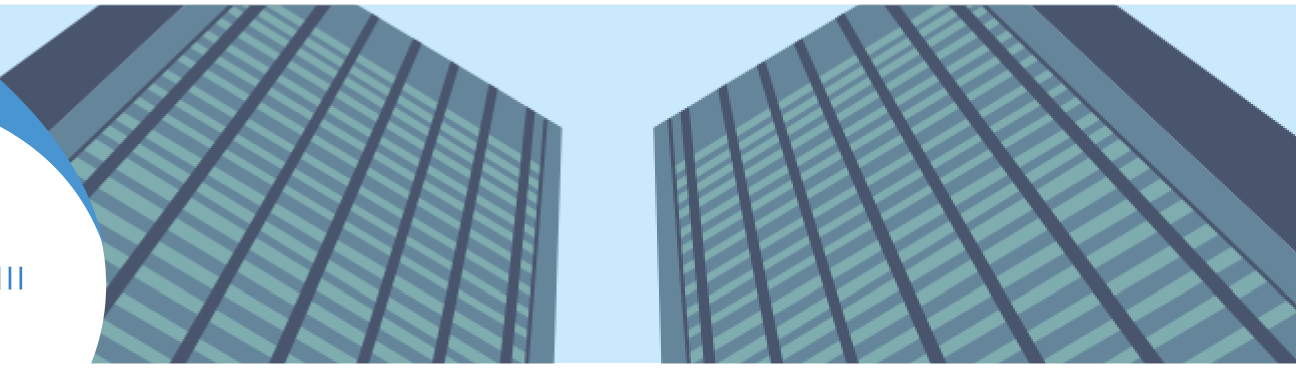
0 | 1

In relation to its investee companies, JPMAME states that it is "important to ensure a formal mechanism to report grievances is available to (...) relevant stakeholders". However, there is no evidence that such a mechanism is in place for external individuals and communities that could be adversely impacted by JPMAME.

Analysed documents and sources:

- https://am.jpmorgan.com/lu/
- https://www.jpmorganchase.com/about/our-business/human-rights
- https://am.jpmorgan.com/lu/en/asset-management/adv/investment-themes/sustainable-investing/

- Sustainable investing at J.P. Morgan Asset Management. Our philosophy & approach (August 2023)
- Investment Stewardship Priorities. Investor-led, expert-driven (December 2022)
- ESG integration at J.P. Morgan Asset Management. Building more resilient portfolios for the long term (April 2023)
- Summary of Sustainability Risks Policy (February 2023)
- J.P. Morgan Asset Management (Europe) S.à r.l. (June 2023): Statement on Principal Adverse Impacts of investment decisions on sustainability factors
- JPMorgan Funds (March 2023): Complaint handling guidelines
- J.P. Morgan Asset Management (June 2022): External Policy on Engagement and Proxy Voting
- J.P. Morgan Asset Management (April 2023): 2022 Investment Stewardship Report. Investor-led, expert-driven
- J.P. Morgan Asset Management (April 2023): Allocating capital to drive positive change. An investment framework for facilitating the transition to a sustainable and inclusive economy



3 | 10

DWS INVESTMENT S.A.

DWS Investment S.A. operates as a management company of investment funds on a global level. DWS is licensed for the management of both UCITS and AIFs. The company is part of the DWS Group; the overall parent company is Deutsche Bank.

1 | 1

1. Commitment to respect human rights

The DWS Modern Slavery Act Statement notes that “DWS is fully committed to its responsibilities in relation to human rights which it considers as part of its broader sustainability agenda”. In its Responsible Investment Framework, the company states that “DWS is committed human rights (sic!) and we seek to raise the general awareness of norm assessments in the investment process across our products”. DWS has announced that it will publish a policy statement on human rights in 2024; this provides an opportunity for a clearer commitment without erroneous wording.

2. Commitment to respect the human rights of workers

0 | 1

There is no evidence that DWS has adopted a commitment to respect the human rights of workers.

In its Modern Slavery Act Statement, DWS mentions that it requires its vendors to adhere to the Deutsche Bank Supplier Code of Conduct. This document requires suppliers to respect the prohibition of forced and child labour and to promote a workplace that is free from discrimination. However, the right to freedom of association is limited to compliance with local laws and the right to collective bargaining is not mentioned at all.

3. Identifying human rights risks and impacts

0 | 1

In its Modern Slavery Act Statement, DWS declares that, as it is "headquartered in Germany, a country that recognises Human Rights and whose laws impose high standards with regards to this topic (...), the risk of modern slavery and human trafficking in DWS own business operations and employees is low". There is no evidence that DWS has a process in place to identify the risks to and impacts on its own workers and related to its own operations.

Regarding the risks to other people through its financing activities, DWS states that it identifies and incorporates sustainability risks and adverse impacts into its investment process, but does not disclose how this is done. DWS also claims that "the majority of these impacts would be indirect and beyond the direct control of DWS". In its Responsible Investment Framework, DWS states that it has the "ambition" to conduct sustainability risk due diligence, but there is no evidence that this is actually implemented in a comprehensive way across asset classes and with a particular focus on human rights.

4. Assessing human rights risks and impacts

0 | 2

There is no evidence that DWS has established a process to assess the human rights risks it has identified, nor is there any disclosure of what it considers to be its salient human rights issues. The DWS Corporate Governance and Proxy Voting Policy shows that DWS is aware of the individual steps of an appropriate human rights due diligence. In this document, DWS explains that it expects such procedures from its investee companies. However, there is no evidence that DWS conducts human rights due diligence for its own operations and financing activities.

5. Integrating and acting on human rights risk and impact assessments

0 | 2

There is no evidence that DWS has a global system in place to take action to prevent, mitigate or remediate salient human rights issues. In its Modern Slavery Act Statement, DWS states to "incorporate human rights requirements through relevant internal policies and frameworks", but does not disclose any details.

6. Engagement with affected and potentially affected stakeholders

0 | 1

While DWS' engagement activities with investee companies include thematic engagements on human rights, there is no evidence that DWS identifies and directly engages with stakeholders as part of a human rights due diligence process.

7. Grievance mechanisms for workers

1 | 1

DWS participates in the complaints mechanism of the Deutsche Bank group, which is also accessible to the companies' workers. This is a dedicated mechanism to raise complaints or concerns related to the company's "failure to respect human rights in its own activities or as a result of its business relationships". The complainant has the choice of either remaining anonymous or identifying themselves.

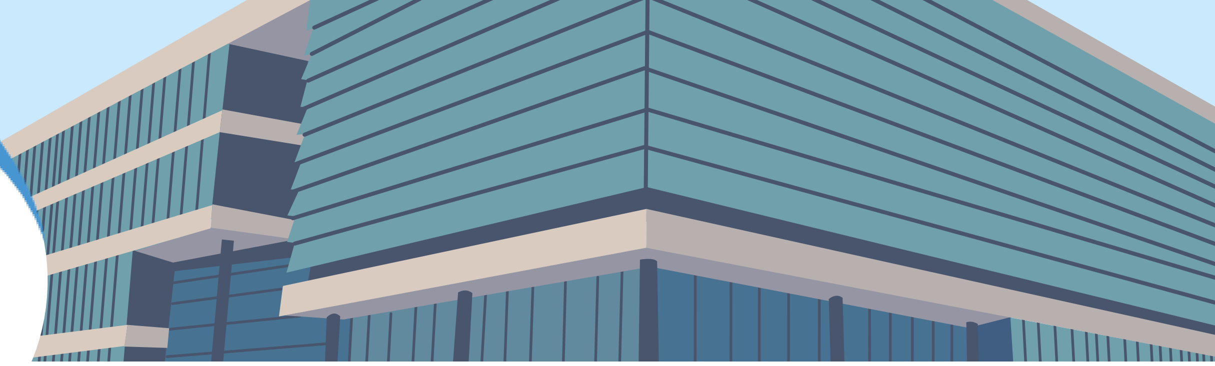
8. Grievance mechanisms for external individuals and communities

1 | 1

DWS participates in the complaints mechanism of the Deutsche Bank group, which is accessible to all external individuals and communities. This is a dedicated mechanism to raise complaints or concerns related to the company's "failure to respect human rights in its own activities or as a result of its business relationships". The complainant has the choice of either remaining anonymous or identifying themselves.

Analysed documents and sources:

- https://funds.dws.com/en-lu/
- DWS Modern Slavery Act Statement For the financial year ending 31 December 2022
- Deutsche Bank Group Code of Conduct
- https://www.dws.com/en-lu/footer/legal-resources/
- https://www.db.com/what-we-do/responsibility/sustainability/responsible-banking/human-rights?language_id=1
- Deutsche Bank: Group Procedure. Complaints procedure under the German Supply Chain Due Diligence Act
- Deutsche Bank Group: Supplier Code of Conduct
- DWS (June 2023): Responsible Investment Framework
- DWS Investment S.A. (15.05.2023): Information about Policies on the Integration of Sustainability Risks
- DWS (December 2022): Controversial Weapons Policy. Non-Group Policy
- DWS Investment S.A.: Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors
- DWS Investment S.A.: Statement on Principal Adverse Impacts of Investment Advice on Sustainability Factors
- DWS 2022 Annual Report
- DWS Investment GmbH, DWS International GmbH, DWS Investment S.A. (August 2023): Non-Group Policy. Engagement Policy
- DWS Investment GmbH (2023): Corporate Governance and Proxy Voting Policy
- DWS (December 2022): 2022 Environmental, Social, Governance (ESG) Integration Policy for Active Investment Management
- DWS (2022): Environmental, Social, Governance (ESG) Integration Policy for EMEA Passive Investment Management
- DWS 2022 Active Ownership. Engagement and Proxy Voting Report



7 | 10

UBS FUND MANAGEMENT Luxembourg S.A.

UBS Fund Management (Luxembourg) is active in the areas of wealth management, investment banking, and asset management services. The company is part of the UBS Asset Management Division of the UBS Group AG (CH). UBS Luxembourg does not have its own website; all documents related to sustainability and human rights are published on the UBS Group website.

1. Commitment to respect human rights

1 | 1

UBS has adopted a Human Rights Statement (2006, last updated in 2023) to show its “commitment to respecting internationally human rights across our firm”. The statement is overseen by the UBS board of directors and contains the necessary information on which human rights are addressed in the statement.

2. Commitment to respect the human rights of workers

0,5 | 1

In its Human Rights Statement, UBS commits to respect internationally recognised human rights and explicitly mentions that this includes the ILO Declaration on Fundamental Principles and Rights at Work.

However, the second indicator element is not fulfilled. While the Responsible Supply Chain Standard requires UBS suppliers to respect fundamental rights at work concerning forced labour, child labour, and discrimination, the rights to freedom of association and collective bargaining are unduly restricted to “the boundaries of the applicable law”.

3. Identifying human rights risks and impacts

0 | 1

UBS has developed a “sustainability and climate risk policy framework” that applies “across all business divisions, Group Functions, locations, and legal entities” and is reviewed regularly. UBS uses this framework to “identify and manage potential adverse impacts to the climate, environment and to human rights, as well as the associated risks affecting our clients and us”. UBS describes how sustainability risks are integrated into internal processes (like client onboarding, product development, investment decision processes, supply chain management, etc.). These procedures follow a general ESG approach and lack the necessary specific human rights focus. UBS does not describe the process to identify which human rights are at risk of being impacted by its own operations, in specific locations or through specific activities.

4. Assessing human rights risks and impacts

2 | 2

In "Our sustainability and climate risk policy framework", UBS states that it performs a sustainability risk materiality assessment of its products, services, and supply chain on an annual basis; its definition of sustainability risks explicitly includes human rights impacts. UBS discloses a list of "controversial activities", such as companies associated with child labour or forced labour, as well as a list of "areas of concern". In addition, UBS discloses the aggregated results of its assessments (by region, business division, sector, and outcome).

5. Integrating and acting on human rights risk and impact assessments

2 | 2

UBS will not invest in areas assessed as "controversial", such as business activities involving child labour, forced labour or that violate the rights of indigenous people. In areas that UBS has assessed as "areas of concern", the company will only conduct business after an enhanced due diligence process and if certain additional criteria are met. For example, "transactions directly related to precious metals or minerals assets that have a controversial environmental and social risk track record are assessed against commitment to and certification of voluntary standards, such as (...) the Voluntary Principles on Security and Human Rights".

BEST PRACTICE: assessing human rights risks and impacts and acting on this assessment

UBS states that it carries out an annual "sustainability and climate risk materiality assessment" of its products, services, and supply chain. UBS discloses a list of "controversial activities" in which it will not invest, such as companies associated with child or forced labour or that violate the rights of indigenous people. In areas that UBS assesses as "areas of concern", the company will only conduct business after an enhanced due diligence process and if certain additional criteria are met. UBS also publishes the aggregated results of its assessments (by region, business division, sector, and outcome).

6. Engagement with affected and potentially affected stakeholders

0,5 | 1

In its Human Rights Statement, UBS explains that it focuses on three stakeholder groups whose human rights could potentially be impacted by UBS, namely employees, clients, and vendors. Although UBS states to "engage with stakeholders on a regular basis and on a wide range of topics, including human rights", the full score for the indicator is not attained as UBS does not provide examples of engagement with stakeholders whose human rights have been or could be affected by its activities.

1 | 1

7. Grievance mechanisms for workers

In its Human Rights Statement and the 2022 Sustainability Report, UBS discloses that it has an internal mechanism that allows its workers "to raise concerns about any conduct which they reasonably believe constitutes an actual or likely violation of applicable laws, regulations, rules, the Code, policies or procedures". Employees have the choice of either remaining anonymous or identifying themselves.

0 | 1

8. Grievance mechanisms for external individuals and communities

In its 2022 Sustainability Report, UBS states that it has implemented a "reporting framework for client feedback and client complaints". However, the criteria for this indicator are not met because it is unclear whether this mechanism is accessible to all external individuals and communities who may be adversely impacted by the company.

Analysed documents and sources:

- https://www.ubs.com/lu/en.html
- https://www.ubs.com/global/en/sustainability-impact.html
- https://www.ubs.com/global/en/sustainability-impact/sustainability-reporting.html
- https://www.ubs.com/lu/en/wealth-management/about-us/complaints.html
- UBS Human Rights Statement (2023)
- UBS Responsible Supply Chain Standard. Approved in November 2018. Revised October 2022
- UBS The way we do business. Our Supplier Code of Conduct
- UBS The way we do business. Our Code of Conduct and Ethics
- UBS Our sustainability and climate risk policy framework
- UBS Group Sustainability and Impact governance and framework
- UBS Sustainability Report 2022. In accordance with GRI Standards
- UBS Asset Management: Stewardship Annual Report (2022)
- UBS Fund Management (Luxembourg) S.A.: Principal Adverse Sustainability Impacts Statement (June 2023)
- UBS Fund Management (Luxembourg) S. A.: Principal Adverse Impacts Statement – Summary (June 2023)
- UBS Fund Management (Luxembourg) S. A.: Sustainable Investment Risk Policy
- UBS Sustainable investment policy. Our approach to sustainability in investments
- UBS Asset Management: Sustainability Exclusion Policy (01.02.2023)

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10

AMUNDI Luxembourg S.A.

Amundi Luxembourg S.A. is a fund management company with UCITS and AIF licenses. The Luxembourgish company is a subsidiary of the French company Amundi, which is present in 35 countries worldwide; the overall parent company is Crédit Agricole S.A.

1. Commitment to respect human rights

1 | 1

Amundi has adopted a Modern Slavery and Human Trafficking declaration, which is required by UK legislation but applies to the entire Amundi Group. In this document, Amundi declares to adhere to the UN Declaration of Human Rights, the UN Global Compact, as well as the UNGP.

2. Commitment to respect the human rights of workers

0 | 1

There is no evidence that Amundi has adopted a commitment to respect the human rights of workers. ILO norms are mentioned in the Declaration on Modern Slavery and Human Trafficking as well as the Global Responsible Investment Policy 2022, but without commitment to the ILO fundamental rights at work. The Amundi Code of Conduct refers to the need for due diligence "to ensure that all actors in the procurement process act in accordance with a certain number of commitments and principles, notably concerning respecting human rights and fundamental freedoms", but there is no indication that Amundi expects its suppliers to commit to respecting the human rights that the ILO has declared to be fundamental rights at work.

3. Identifying human rights risks and impacts

0 | 1

There is no evidence that Amundi has a process in place to identify its risks to and impacts on its own workers and related to its own operations.

In its 2022 CSR report, Amundi states that human rights are considered "in the analysis of the supply chains of businesses in some sectors where vigilance is particularly important in order to prevent human rights violations". However, Amundi does not disclose what the process is to identify the risks and impacts on other people through its financing activities.

Amundi uses an ESG analysis framework to assess corporate behaviour and exposure to ESG risks. For the social dimension, the framework measures "how an issuer manages its human capital and its stakeholders", including "the social aspect linked to an issuer's human capital, those linked to human rights in general and the responsibilities towards the stakeholders". This is insufficient to meet this indicator as Amundi does not describe the process for identifying its human rights risks and impacts in specific locations or activities.

0 | 2

4. Assessing human rights risks and impacts

There is no evidence that Amundi has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

0 | 2

5. Integrating and acting on human rights risk and impact assessments

There is no indication that Amundi has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

Amundi does not invest in companies "that violate, repeatedly and seriously, one or more of the ten principles of the UN Global Compact, without credible corrective action". These ten principles include the elimination of all forms of forced labour and the abolition of child labour. Amundi also restricts investments in the tobacco sector as the sector's "value chain faces human rights abuses". However, these measures are not sufficient to meet this indicator, as the exclusions are not linked to a clear process of identification and assessment of Amundi's salient human rights risks.

0 | 1

6. Engagement with affected and potentially affected stakeholders

One of the six main areas of Amundi's engagement activities focuses on human rights. In its Engagement Report 2022, the company states that they "expect companies to implement robust human rights policies and practices not only in their own direct operations but also throughout their supply chains". The report provides several examples of Amundi's engagement with companies on human rights issues. However, there is no evidence of Amundi engaging directly with affected stakeholders identified through human rights due diligence.

1 | 1

7. Grievance mechanisms for workers

Amundi participates in the whistleblowing mechanism of its parent company Crédit Agricole. The mechanism is open to the company's workers and complainants have the choice of either remaining anonymous or identifying themselves. While the existence of the mechanism is mentioned in the Amundi Code of Conduct and the 2022 CSR report, the only link leading towards the mechanism can be found in the Amundi Anti-Corruption Policy (not on the Amundi website).

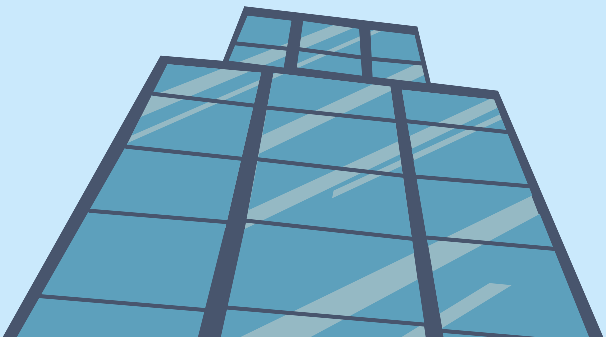
0 | 1

8. Grievance mechanisms for external individuals and communities

Amundi participates in the whistleblowing mechanism of its parent company Crédit Agricole. However, this mechanism is only available to certain types of persons (former and current employees, shareholders, suppliers) and not to all potentially affected external persons and communities.

Analysed documents and sources:

- https://www.amundi.lu/
- Global Responsible Investment Policy 2022
- Amundi Code of Conduct
- Amundi Luxembourg S.A.: Policy for Handling Clients Complaints
- Principal Adverse Impact Statement 30/06/2023
- Amundi 2022 Climate and Sustainability Report
- Amundi (2022): Corporate Social Responsibility Report. Including the Integrated Report
- Amundi Asset Management (December 2021): Anti-corruption policy
- Crédit Agricole S.A. (February 2023): Practical Guide for Whistleblowers
- Amundi Asset Management: Investing for a just transition. Responsible Investor Report 2022
- Amundi Sustainable Finance Disclosure Statement
- 2021 Universal Registration Document
- Amundi's Shareholder Engagement Priorities in 2022
- Amundi Asset Management (May 2023): Engagement Report 2022
- ESG Thema 9 (April 2022): Engaging on Human Rights: Identifying Risks and Promoting Best Practices
- Amundi Asset Management (March 2021): ESG Risk Management Framework



4

10

BLACKROCK Luxembourg S.A.

BlackRock Luxembourg S.A. is a UCITS management company belonging to BlackRock Inc. (USA), a global company present in 35 countries, which provides investment and technology services to institutional and retail clients. For all matters related to sustainability, the relevant information can be found on the group website and is therefore not specific to the Luxembourg entity.

1. Commitment to respect human rights

0 | 1

There is no evidence that BlackRock has adopted a human rights commitment. The Supplier Code of Conduct & Ethics states that "BlackRock considers methods to implement practices that align its corporate operations with the universal principles on human rights, labor, the environment and anti-corruption". This wording is insufficient to fulfil this indicator as it does not express a commitment.

2. Commitment to respect the human rights of workers

0 | 1

There is no evidence that BlackRock has adopted a commitment to respect the human rights of workers, nor that it requires its suppliers to commit to respecting these rights. In its Supplier Code of Conduct & Ethics, BlackRock explains that it expects suppliers "to seek to adhere to" the same standards as pursued by BlackRock, but these standards are insufficient (see 1.). While BlackRock expects its suppliers not to use forced labour and to "fully comply" with ILO standards related to child labour, the expectations related to collective bargaining and freedom of association are insufficient as they are limited to compliance with local legislation.

3. Identifying human rights risks and impacts

0 | 1

There is no evidence that Blackrock has a process in place to identify its risks to and impacts on its own workers and related to its own operations, nor on other people through its financing activities. BlackRock's ESG integration framework only considers financially material ESG risks and neglects the impact of investments on the human rights of potentially affected stakeholders and communities.

4. Assessing human rights risks and impacts

0 | 2

There is no evidence that BlackRock has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

5. Integrating and acting on human rights risk and impact assessments

2 | 2

There is no evidence that BlackRock has a global system in place to take action to prevent, mitigate or remediate salient human rights issues. However, BlackRock provides a case study showing how the company has acted on a salient human rights risk related to an investee company (see the 2021 Investment Stewardship Vote Bulletin on Tyson Foods, Inc.); indicator element b is thereby met.

6. Engagement with affected and potentially affected stakeholders

0 | 1

While human rights issues are one of the topics that BlackRock may cover in its engagement activities with investee companies, there is no evidence that BlackRock identifies and directly engages with stakeholders as part of human rights due diligence.

7. Grievance mechanisms for workers

1 | 1

BlackRock has established a Business Integrity mechanism (accessible via a website or a hotline) operated by an external service provider. The mechanism is open to the company's workers and complainants can choose to either remain anonymous or identify themselves.

8. Grievance mechanisms for external individuals and communities

1 | 1

BlackRock has established a Business Integrity mechanism (accessible via a website or a hotline) operated by an external service provider. The mechanism is open to external individuals and complainants can choose to either remain anonymous or identify themselves.

Analysed documents and sources:

- https://www.blackrock.com/lu
- https://www.blackrock.com/corporate/insights/our-approach-to-sustainability
- BlackRock (2021): Code of Business Conduct and Ethics
- BlackRock (October 2023): Supplier Code of Conduct & Ethics
- BlackRock ESG Integration Statement
- BlackRock: Our approach to engagement on corporate human rights risks - Investment Stewardship
- BlackRock (March 2023): Investment Stewardship - Engagement Priorities
- BlackRock Investment Stewardship - Global Principles
- BlackRock Investment Stewardship - 2023 Policies Summary
- BlackRock 2022 Sustainability Disclosure
- BlackRock Sustainable Finance Disclosure Regulation - EU entity level sustainability risk disclosure
- BlackRock Sustainable Finance Disclosure Regulation - Statement on principal adverse impacts of investment decisions on sustainability factors
- BlackRock 2022 Annual Report
- How BlackRock approaches sustainability & the low-carbon transition as a fiduciary
- Blackrock (February 2021): Investment Stewardship Vote Bulletin: Tyson Foods, Inc.

2,5

10

FIL INVESTMENT MANAGEMENT Luxembourg S.A.

FIL Investment Management Luxembourg S.A. is a fund management company with UCITS and AIF licences. The overall parent company is FIL Limited, based in Bermuda.

0 | 1

1. Commitment to respect human rights

FIL's Supplier Code of Conduct & Ethics includes a human rights commitment. However, to meet this indicator, the commitment would need to be included in a policy document and clearly apply to the company's own operations and financing activities (not just the supply chain).

0,5 | 1

2. Commitment to respect the human rights of workers

Although the Supplier Code of Conduct & Ethics mentions the ILO Core Conventions, the wording is insufficiently strong and does not represent a real commitment by FIL to respect the human rights of workers. However, the second indicator element is fulfilled, as the code requires suppliers to comply with the prohibition of forced and child labour, freedom of association and the right to collective bargaining, and the avoidance of discrimination.

0 | 1

3. Identifying human rights risks and impacts

There is no evidence that FIL has a process in place to identify the risks to and impacts on its own workers and related to its own operations, nor on other people through its financing activities.

FIL has implemented an ESG Rating mechanism that includes indicators on human rights. The indicators relevant for issuer companies are selected on the basis of a materiality mapping per sector. However, in order to meet this indicator, the company would need to disclose its process for identifying key risks in the financial institution's industry and the regions in which it operates and analyse its internal processes to understand its own human rights risks. A first step towards such a process was taken with the risk-based analysis of parts of the portfolio in relation to the risk of modern slavery, as reportedly undertaken by FIL in 2022.

4. Assessing human rights risks and impacts

0 | 2

There is no evidence that FIL has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

5. Integrating and acting on human rights risk and impact assessments

0 | 2

There is no evidence that FIL has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

6. Engagement with affected and potentially affected stakeholders

0 | 1

There is no evidence that FIL identifies and directly engages with stakeholders as part of its identification and assessment of human rights risks and impacts of its own financing activities.

7. Grievance mechanisms for workers

1 | 1

On its website, FIL refers to a whistleblowing programme operated by an independent external provider and open to its own workers. Complainants can choose to remain anonymous or identify themselves.

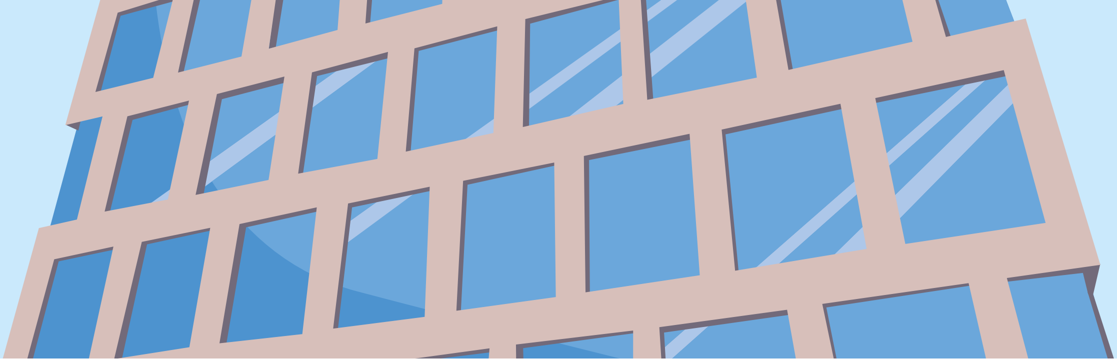
8. Grievance mechanisms for external individuals and communities

1 | 1

On its website, FIL refers to a whistleblowing programme operated by an independent external provider and open to external parties. Complainants can choose to remain anonymous or identify themselves.

Analysed documents and sources:

- https://www.fidelity.lu/
- https://www.fidelity.lu/whistleblowing
- https://www.fidelity.lu/sustainable-investing/sustainable-research-at-fidelity
- https://www.fidelityinternational.com/supplier-information-centre/responsible-supply-chain/
- https://www.fidelityinternational.com/modern-slavery/
- Fidelity International (September 2023): Corporate Sustainability Report
- Fidelity International (September 2022): Fidelity International's Supplier Code of Conduct & Ethics
- Fidelity International (2022): Sustainable Investing Principles
- Fidelity International (2022): Exclusion Policy
- Fidelity International (February 2021): Engagement Policy
- Fidelity International (March 2023): Sustainable investing voting principles and guidelines
- Fidelity International (June 2023): Sustainable Investing Report 2023
- Fidelity International (December 2022): Principal Adverse Impact Statement. Statement on principal adverse impacts of investment decisions on sustainability factors
- Fidelity International (March 2023): Principal Adverse Impact Statement. Statement on principal adverse impacts of investment advice on sustainability factors
- Fidelity International (March 2023): Sustainable Finance Disclosure Regulation



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10

EURIZON CAPITAL S.A.

Eurizon Capital S.A. is an UCITS and AIF licensed asset management company oriented towards retail and institutional investors. The company manages funds issued by its parent company Eurizon Capital SGR (Italy), which is part of the Intesa Sanpaolo Group.

1 | 1

1. Commitment to respect human rights

The Eurizon website refers to a policy document adopted by the Intesa Sanpaolo Group. In this document, the group "adheres to the UN Global Compact and is committed to respect and promote the ten fundamental principles relating to human rights".

1 | 1

2. Commitment to respect the human rights of workers

In the Principles on Human Rights and the Code of Ethics, the Intesa Sanpaolo Group commits to respect the ILO fundamental rights at work and to "steering the policies of our suppliers and sub-suppliers towards environmental protection and the respect of human rights and workers' rights". The Eurizon website refers directly to these group-level policy documents.

0 | 1

3. Identifying human rights risks and impacts

There is no evidence that Eurizon has a process in place to identify risks to and impacts on its own workers and related to its own operations.

In terms of risks to and impacts on other people through its financing activities, Eurizon mentions (in a June 2023 SFDR document) a monitoring system for investee companies that considers the size, nature and scope of the activities carried out, as well as "the geographical and/or sectoral context and the ability of companies to implement sustainable development strategies". This procedure lacks a specific human rights perspective, and it is not clear whether it is already being implemented or not. In the 2022 Sustainability Report, Eurizon states that it has conducted a materiality analysis to identify and assess sustainability impacts generated by the company; respect for human rights is mentioned as a material issue, but without further details. To meet this indicator, Eurizon would need to describe the process used to identify which human rights could be impacted by its own operations, in specific locations or through specific activities.

4. Assessing human rights risks and impacts

0 | 2

In an SFDR disclosure document (June 2023), Eurizon states that it "envisages the adoption and application of specific criteria for the selection and monitoring of investments that take into account environmental, social and governance factors". Considering the wide range of activities, geographical areas, and sectors that Eurizon invests in, the company "attaches importance" to "(i) respect for human rights and fight against the production of unconventional weapons, (ii) exposure to environmental issues and (iii) to the critical issues relating to corporate governance". However, it is not clear whether such procedures are already in place or how they work, nor does Eurizon disclose which risks it considers to be its salient human rights risks.

5. Integrating and acting on human rights risk and impact assessments

0 | 2

There is no evidence that Eurizon has a global system in place to take action to prevent, mitigate or remediate salient human rights issues. In its Sustainability Policy (October 2023), Eurizon explains its various strategies for integrating sustainability risks into the investment process, from exclusion policies for actively managed funds (companies involved in the production of unconventional weapons or with low ESG ratings, etc.) to its ESG integration method and engagement with investee companies. However, these procedures are not linked to a clear process of identification and assessment of Eurizon's salient human rights risks.

6. Engagement with affected and potentially affected stakeholders

0,5 | 1

In its human rights policy document, the Intesa Sanpaolo Group identifies the main stakeholders whose human rights might be affected by the group's activities: "employees, customers, suppliers, community". However, the full score for the indicator is not attained, as neither Intesa Sanpaolo nor Eurizon provide concrete examples of their engagement with stakeholders whose human rights have been or could be affected by their activities.

7. Grievance mechanisms for workers

1 | 1

Eurizon participates in a whistleblowing system at group level that allows its workers to raise complaints or concerns about the company.

8. Grievance mechanisms for external individuals and communities

1 | 1

Eurizon participates in a whistleblowing system at group level that allows external stakeholders ("persons with administrative, control, supervisory or representative functions") to raise complaints or concerns about the company.

Analysed documents and sources:

- https://www.eurizoncapital.com/
- https://www.eurizoncapital.com/en/whistleblowing
- https://group.intesasanpaolo.com/en/footer-pages/whistleblowing
- Intesa Sanpaolo (December 2017): Principles on Human Rights
- Intesa Sanpaolo: Code of Ethics
- Intesa Sanpaolo: 2022 Modern Slavery Statement
- Eurizon Asset Management (February 2022): Internal Code of Conduct and regulations on personal transactions of relevant persons of Eurizon Capital S.A.
- Eurizon Asset Management (October 2022): Summary of Conflict of Interest of Eurizon Capital S.A.
- Eurizon Asset Management (February 2023): Anti-Corruption Regulation of Eurizon Capital S.A.
- Eurizon Asset Management (October 2023): Summary of the Sustainability Policy of Eurizon Capital S.A.
- Eurizon Asset Management: Sustainability Report 2022
- Eurizon Asset Management (May 2023): Global ESG report
- Eurizon Asset Management (July 2020): Engagement Policy of Eurizon Capital S.A.
- Eurizon Asset Management: Report on participation at shareholder meetings of companies with securities under portfolios of Eurizon Capital S.A.
- Eurizon Asset Management (February 2023): Strategy to exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets of Eurizon Capital S.A.
- Eurizon Asset Management (June 2023): Principal Adverse Sustainability Impacts Statement of Eurizon Capital SGR S.p.A. and its subsidiaries

6,5

10

SCHRODER INVESTMENT MANAGEMENT Europe S.A.

Schroder Investment Management (Europe) S.A. manages funds domiciled in Luxembourg, France, Ireland and the Cayman Islands for the Schroders Group (UK). The company holds UCITS and AIFM licences.

1 | 1

1. Commitment to respect human rights

The Schroders Group has adopted a human rights statement which applies to all group companies. In this statement, Schroders commits to respecting human rights and refers to the UN Declaration of Human Rights, the ILO Fundamental Conventions and the UN Guiding Principles on Business and Human Rights.

0,5 | 1

2. Commitment to respect the human rights of workers

In its group-level human rights statement, Schroders explicitly commits to respecting the ILO Core Labour Standards, including the elimination of all forms of forced and child labour, the elimination of discrimination in respect of employment, freedom of association and the effective recognition of the right to collective bargaining.

In its Supplier Code of Conduct, Schroders sets out its expectations towards suppliers and subcontractors. These include the prohibition of forced and child labour and the right not to be subject to discrimination in respect of employment. However, the full score of the indicator is not attained because the Code of Conduct does not formulate a clear expectation to support freedom of association, but limits this to compliance with local regulations. Also, the right to collective bargaining is not mentioned in this document.

0,5 | 1

3. Identifying human rights risks and impacts

In relation to its own operations, Schroders states that human rights risks for its own workers are "low because all our employees and contracted staff work in roles that are office-based" (2021 Modern Slavery Statement). Instead, Schroders focuses on the risks of modern slavery in its supply chain. In the 2022 Modern Slavery Statement, the company explains which information and indexes it uses to identify risks in the supply chain. The first element of this indicator is thereby met.

In terms of identifying risks and impacts on other people through its financing activities, the group recognises that "our biggest exposure to human rights risk is through our investee companies". However, it does not disclose how it identifies human rights risks through relevant financing activities. The second indicator element is not met.

0 | 2

4. Assessing human rights risks and impacts

Schroders states that "our biggest exposure to human rights risk is through our investee companies". They have defined several human rights-related indicators that form part of the ESG analysis conducted for each investee company. In this ESG analysis, particular attention is paid to "industries or regions most exposed to weak standards or practices and regions with greater risk of systematic human rights abuses, such as oppressive regimes or conflict-affected areas". Although this focus is positive, it is not sufficient to meet this indicator. To do so, Schroders would have to disclose its procedures for assessing the human rights risks it has identified.

5. Integrating and acting on human rights risk and impact assessments

2 | 2

There is no evidence that Schroders has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

However, Schroders provides an example of actions taken in relation to its main human rights risk in its own operations, namely modern slavery in the supply chain (see 3.). In its 2022 Modern Slavery Statement, the company describes the policy framework it has established and that governs its "approach to the selection, onboarding, management and reporting across our global supply chain. Fundamental to our supply chain oversight is performing both initial and ongoing supplier criticality assessments to enable us to focus efforts on those areas presenting the greatest potential risk."

6. Engagement with affected and potentially affected stakeholders

0,5 | 1

While Schroders does not explain how it identifies human rights risks through relevant financing activities (see 3.), it discloses the three stakeholder groups whose human rights could potentially be affected by Schroders' investee companies, namely workers, communities, and costumers and consumers. Schroders explains that it focuses on the risks to and rights of these stakeholder groups in its engagement activities with companies.

The full score for the indicator is not attained as Schroders does not provide examples of direct engagement with affected stakeholders.

7. Grievance mechanisms for workers

1 | 1

Schroders has established a group-level mechanism to raise concerns, which is also open to its own workers. The mechanism is operated by an external, independent service provider and complainants can choose to remain anonymous or identify themselves. The mechanism is explicitly mentioned in the human rights statement.

8. Grievance mechanisms for external individuals and communities

1 | 1

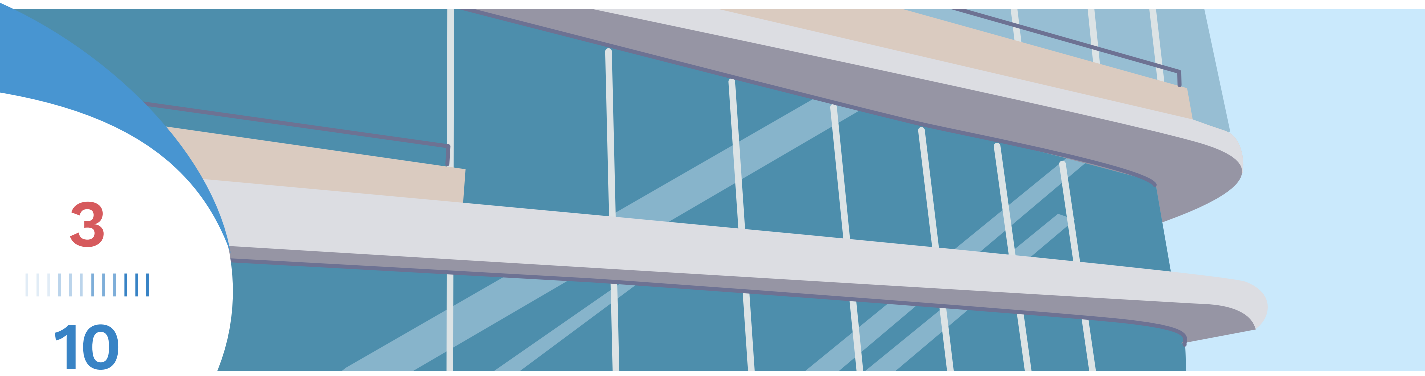
Schroders has established a group-level mechanism to raise concerns, which is also open to external individuals and communities. The mechanism is operated by an external, independent service provider and complainants can choose to remain anonymous or identify themselves. The mechanism is explicitly mentioned in the human rights statement.

BEST PRACTICE: grievance mechanisms

Schroders has set up mechanism at group level to raise concerns, which is open to its own workers as well as to external individuals and communities. The mechanism is operated by an external, independent service provider and complainants can choose to remain anonymous. Both Schroders human rights statement as its supplier code of conduct explicitly refer to the existence of this mechanism.

Analysed documents and sources:

- https://www.schroders.com/en-lu/lu/professional/
- https://www.schroders.com/en-lu/lu/professional/footer/raising-concerns/
- Schroders (November 2022): Schroders Group Human Rights Position Statement
- Schroders (November 2022): Supplier Code of Conduct
- Schroders (June 2022): Modern Slavery Statement 2021
- Schroders (June 2023): Modern Slavery Statement 2022
- Schroders (2022): Environmental, Social and Governance Policy for Listed Assets
- Schroders (March 2021): Integration of Sustainability Risk Considerations
- Schroder Investment Management (Europe) S.A. (June 2023): Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors
- Schroder Investment Management (Europe) S.A: No consideration of adverse impacts of investment advice on sustainability factors
- Schroders (2022): Annual Sustainability Report
- Schroders (2021): Sustainable Investment Report
- Schroders: Sustainable Investment Report. Third Quarter 2022
- Schroders (January 2023): Engagement Blueprint. Our vision for active ownership at Schroders
- Schroders: Stewardship Code. Reporting on our stewardship activities and outcomes in 2022



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HSBC INVESTMENT FUNDS Luxembourg S.A.

HSBC Investment Funds Luxembourg S.A. acts as the management company for the Luxembourg domiciled investment funds of HSBC Asset Management. The overall parent company is HSBC Holdings plc (UK). Most of the sustainability policies and reports applicable to the Luxembourg entity are published at the level of HSBC Asset Management.

1 | 1

1. Commitment to respect human rights

In its Responsible Investment policy, HSBC Asset Management commits to respecting human rights and "support international principles and standards including the United Nations Universal Declaration of Human Rights, the International Labour Organization's (ILO) labour standards and the United Nations Guiding Principles for Business and Human Rights".

0 | 1

2. Commitment to respect the human rights of workers

In its Human Rights Statement, HSBC declares to be "guided by" the principles set out in the ILO Declaration on Fundamental Principles and Rights at Work, and in its Responsible Investment policy, HSBC Asset Management states to "support" these standards. These wordings are insufficiently strong; to meet this indicator, HSBC would need to make a clear commitment to respect the human rights that the ILO has declared to be fundamental rights at work.

HSBC Holdings plc has adopted a Supplier Code of Conduct which establishes minimum requirements related to human rights, but the wording in this document is also insufficient as it limits the right to freedom of association and collective bargaining to compliance with local legislation.

0 | 1

3. Identifying human rights risks and impacts

There is no evidence that HSBC Asset Management has a process in place to identify its risks to and impacts on its own workers and related to its own operations.

There is no indication that the company identifies its human rights risks to and impact on other people through its financing activities. While the company's ESG integration process identifies UN Global Compact non-compliance and human rights related controversies related to investee companies, which may result in engagement activities or voting against the company management, this represents an ex-post reaction to an actual impact and not an adequate identification of human rights risks through the company's financing activities.

0 | 2

4. Assessing human rights risks and impacts

There is no evidence that HSBC Asset Management has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

0 | 2

5. Integrating and acting on human rights risk and impact assessments

There is no evidence that HSBC Asset Management has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

6. Engagement with affected and potentially affected stakeholders

0 | 1

Although human rights may be covered as a topic of the HSBC AM engagement activities with its investee companies, there is no evidence that HSBC AM identifies and directly engages with stakeholders as part of a human rights due diligence process.

7. Grievance mechanisms for workers

1 | 1

The parent company, HSBC Holding plc, has established a whistleblowing platform that is open to its own workers. Complainants can choose to either identify themselves or remain anonymous.

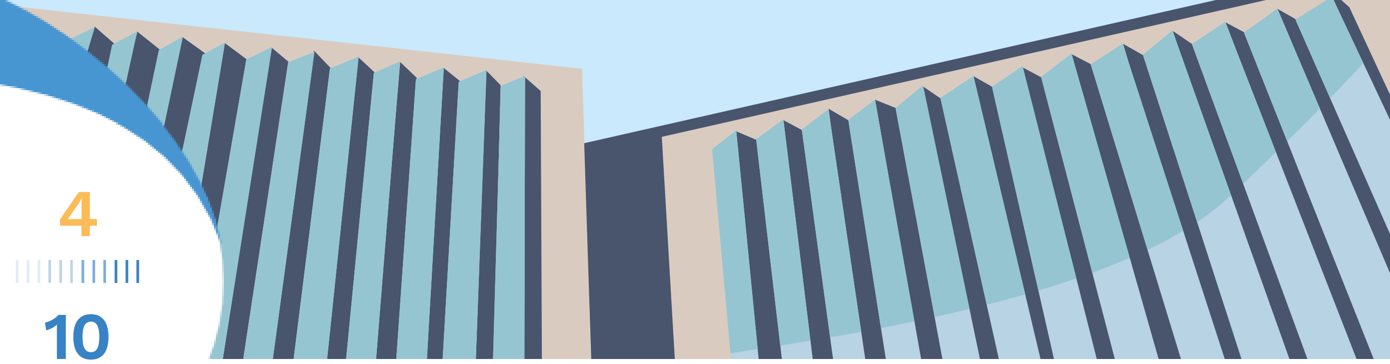
8. Grievance mechanisms for external individuals and communities

1 | 1

The overall parent company, HSBC Holding plc, has established a whistleblowing platform that is open to external individuals. Complainants can choose to either identify themselves or remain anonymous.

Analysed documents and sources:

- https://www.assetmanagement.hsbc.lu/en/professional-clients
- HSBC Asset Management (January 2022): Responsible Investment policy
- HSBC Human Rights Statement (22 February 2022)
- HSBC Supplier Code of Conduct
- HSBC Investment Funds (Luxembourg) S.A. Complaints Handling policy
- HSBC statement on whistleblowing arrangements (January 2023)
- HSBC Asset Management (July 2023): Sustainable investment methodology
- HSBC Asset Management: HSBC Alternatives Responsible Investment Policy
- HSBC Asset Management (July 2023): User Guide on Principal Adverse Impacts (PAIs)
- HSBC Investment Funds (Luxembourg) S.A. Statement on principal adverse impacts of investment decisions on sustainability factors
- HSCB Global Asset Management (May 2020): Engagement Policy
- HSCB Asset Management (April 2023): 2023 Global Stewardship Plan
- Stewardship engagement Human rights
- HSCB Asset Management (February 2022): Voting guidelines
- HSBC Asset Management (June 2023): Policy on Banned Weapons
- HSBC Investment Funds (Luxembourg) S.A. Code of Ethics
- HSBC Asset Management (March 2023): Responsible Investment Review



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EQT FUND MANAGEMENT S.à r.l.

EQT Fund Management S.à r.l. is a management company for alternative investment funds (AIFs). Its overall parent company is EQT AB Group, based in Sweden. EQT AB has offices in 23 countries worldwide, but all its funds are managed in Luxemburg, the Netherlands, the United Kingdom, and Guernsey. All relevant sustainability documents applicable to the Luxembourg entity are published at the group level.

1. Commitment to respect human rights

1 | 1

In its Code of Ethics, EQT commits to "respect and protect fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption". The company declares to "work systematically to implement the UN Global Compact Principles, UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, Labour Rights conventions, and the Universal Declaration of Human Rights in our organizational processes".

2. Commitment to respect the human rights of workers

1 | 1

In its Code of Ethics, EQT commits to "respect and protect fundamental responsibilities in the areas of (...) labor" and states to "work systematically to implement (...) Labour Rights conventions (...) in our organizational processes". The EQT Business partner code of conduct goes into more detail and expects the group's business partners to comply with the human rights that the ILO declared fundamental rights at work. Freedom of association and the right to collective bargaining, the rights not to be subject to forced or child labour, and discrimination in respect of employment and occupation are declared as conditions of doing business with EQT.

BEST PRACTICE: policy commitments

In its Code of Ethics, EQT commits to "respect and protect fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption". The company declares that it will "work systematically to implement the UN Global Compact Principles, UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, Labour Rights conventions, and the Universal Declaration of Human Rights in our organizational processes". In its Business partner code of conduct, EQT states that it expects its business partners to comply with the human rights that the ILO declared fundamental rights at work as one of the conditions of doing business with EQT.

3. Identifying human rights risks and impacts

0 | 1

The Annual and Sustainability Report 2022 explains that the company's direct human rights risks "are mainly connected to its employees and if it would not fulfill its commitment with regards to diversity, equity, inclusion and a healthy, safe and discrimination- and harassment-free workplace". However, EQT does not disclose its processes to identify its risks and impacts on its own workers and related to its own operations.

The report then states that the company's main human rights impact and risk are "through supply chains and most importantly, through the EQT funds' and their portfolio companies or assets". The report refers to the EQT Responsible Investment and Ownership Policy, in which EQT states that ESG considerations, including human rights factors, are an integral part of its investment processes. EQT states that it conducts sustainability due diligence for all its funds, which includes ongoing monitoring of the "sustainable practices and performances of its investments". However, EQT does not disclose the process established to identify its human rights risks and impacts on other people through its financing activities.

In the 2023 Statement on principal adverse impacts of investment decisions on sustainability factors specific to the Luxembourg entity, EQT states to undertake pre-investment as well as ongoing sustainability due diligence to check investee company compliance with the UN Global Compact and OECD Guidelines. However, it does not disclose how it identifies and assesses its salient human rights risks.

4. Assessing human rights risks and impacts

0 | 2

There is no evidence that EQT has established a process to assess the human rights risks it has identified, nor any disclosure of what it considers to be its salient human rights issues.

It should be noted that EQT conducted a pilot project in 2022, which could be elaborated further and form the basis for human rights due diligence procedures. The pilot project focused on the healthcare sector, which is the largest sector in which EQT invests (29%). The pilot consisted of a sector-specific climate and human rights risks mapping that allowed to identify potential risk exposure and hot spots across various healthcare sub-sectors. EQT states that it continues to work on this process with a view to integrate it within its risk management practices.

5. Integrating and acting on human rights risk and impact assessments

0 | 2

There is no evidence that EQT has a global system in place to take action to prevent, mitigate or remediate salient human rights issues.

6. Engagement with affected and potentially affected stakeholders

0 | 1

In 2022, EQT undertook an update of its materiality analysis. A broad range of stakeholders were included in this process which identified human rights as one of the increasingly important topics. However, there is no evidence that EQT identifies and directly engages with stakeholders as part of its identification and assessment of human rights risks and impacts of its own financing activities.

7. Grievance mechanisms for workers

1 | 1

EQT has set up a whistleblowing channel that is open to its own workers. The mechanism is operated by an independent external provider and complainants can choose to either remain anonymous or identify themselves.

8. Grievance mechanisms for external individuals and communities

1 | 1

EQT has set up a whistleblowing channel that is open to external individuals and communities. The mechanism is operated by an independent external provider and complainants can choose to either remain anonymous or identify themselves.

Analysed documents and sources:

- https://eqtgroup.com/luxembourg/
- https://eqtgroup.com/sustainability/
- https://eqtgroup.com/complaints-handling-procedure/
- EQT Code of Ethics
- EQT External Whistleblowing Instruction
- EQT Business partner code of conduct
- EQT Diversity and No-harassment Guidelines
- EQT Governance Policy
- EQT Anti-Bribery and Corruption Guidelines
- EQT Responsible Investment and Ownership Policy
- EQT Statement on principal adverse impacts of investment decisions on sustainability factors
- EQT Annual and Sustainability Report 2022
- EQT (March 2022): Sustainability-linked Financing Framework

IV. Results and conclusions

None of the analysed companies has reached the full score of 10 points, and only two companies (UBS, Schroders) reached more than half of the available points. Most companies scored only between two and four out of 10 points. One company – JP Morgan Asset Management, the largest Luxembourg ManCo – scored zero out of 10 points.

	Total	1.	2.	3.	4.	5.	6.	7.	8.
UBS Fund Management Luxembourg	7,0	1,0	0,5	0,0	2,0	2,0	0,5	1,0	0,0
Schroder Investment Management Europe	6,5	1,0	0,5	0,5	0,0	2,0	0,5	1,0	1,0
Eurizon Capital	4,5	1,0	1,0	0,0	0,0	0,0	0,5	1,0	1,0
Blackrock Luxembourg	4,0	0,0	0,0	0,0	0,0	2,0	0,0	1,0	1,0
EQT Fund Management	4,0	1,0	1,0	0,0	0,0	0,0	0,0	1,0	1,0
DWS Investment	3,0	1,0	0,0	0,0	0,0	0,0	0,0	1,0	1,0
HSBC Investment Funds Luxembourg	3,0	1,0	0,0	0,0	0,0	0,0	0,0	1,0	1,0
FIL Investment Management Luxembourg	2,5	0,0	0,5	0,0	0,0	0,0	0,0	1,0	1,0
Amundi Luxembourg	2,0	1,0	0,0	0,0	0,0	0,0	0,0	1,0	0,0
JPMorgan Asset Management Europe	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total		7,0	3,5	0,5	2,0	6,0	1,5	9,0	7,0

Results per indicator

Policy commitments

Indicator 1
Seven out of 10 companies have adopted a policy document in which they commit to respecting human rights.

Indicator 2
However, when it comes to fundamental labour rights, only two companies (Eurizon, EQT) received the full score, as they are committed to respecting these rights *and* require their suppliers to do the same. Two companies (UBS, Schroders) commit to respecting labour rights, but partly limit their expectations towards suppliers to compliance with local legislation, which is not sufficient. Another company (FIL) requires its suppliers to respect fundamental rights at work but does not commit to doing so itself.

Indicator 5
Only three out of 10 companies integrate results of human rights risks assessments into their operations. UBS discloses "controversial areas" and "areas of concern" for human rights in which it will not invest at all or only after enhanced due diligence. As for Schroders and BlackRock, while there is no evidence that they have a global system in place to prevent, mitigate or remediate salient human rights issues, they do provide examples of actions taken to address individual salient human rights issues.

Indicator 6
Three out of 10 companies (UBS, Schroders, Eurizon) disclose the categories of stakeholders whose human rights have been or may be affected by their activities. However, none of the companies achieve the full indicator score as they do not provide examples of their engagement with these stakeholder groups.

Human rights due diligence

Indicator 3
Based on publicly available information, **none of the 10 companies has a comprehensive process for identifying its human rights risks and impacts that covers both its own operations and its financing activities.** Only one company (Schroders) identifies the risks and impacts related to its own operations.

Indicator 4
None of the 10 companies indicate that they have a process for assessing salient human rights risks. Only one company (UBS) discloses the results of such an assessment.

Grievance mechanisms

Indicator 7
In terms of the existence of grievance mechanisms for workers, the analysed companies perform best, with nine out of 10 companies having set up such a mechanism.

Indicator 8
Seven of these companies also make this grievance mechanism available to external individuals and communities.

Conclusions

The analysed companies score best on indicators that measure policies or the availability of specific mechanisms, and worst on indicators that relate to existing practices. Although seven out of 10 companies commit to respecting human rights, there is no evidence that any of the companies carry out human rights due diligence. While there are individual examples of what companies assess as their salient human rights risks or how they integrate these into their operations, no company indicates that it has comprehensive processes in place to identify, assess and integrate human rights risks into its financing activities. It should be noted that all 10 analysed companies have signed the UN Principles for Responsible Investing and have thus committed themselves to incorporating ESG issues into their investment analysis and decision-making processes. This shows that voluntary commitments are insufficient and that a strong human rights due diligence legislation is required.

With regard to grievance mechanisms, the benchmark area in which the companies scored best, it should be noted that while the existence of such grievance mechanisms is a positive first step, this indicator initially only provides information on the accessibility of such mechanisms and says nothing yet about effective remedy. In addition to making such mechanisms available, companies should disclose more details on how they respond to human rights related complaints and what measures they take regarding remedy.

It should be noted that some best practice examples have been highlighted in the company analyses relating to policy commitments (EQT), assessing human rights risks and impacts (UBS), and grievance mechanisms (Schroders).

Recommendations

...the Luxembourg financial sector:

☑ To conduct meaningful and comprehensive human rights due diligence to ensure that the sector’s financing activities do not negatively impact human rights, and ensure transparency on the procedures in place.

☑ To ensure compliance with international human rights standards as well as international treaties on climate and environmental issues, particularly in the positions of associations representing the financial sector at national and EU level.

☑ To develop and implement an ambitious strategy for a transition to a truly sustainable financial centre, which ensures that its economic activities are fully compliant with international treaties on human rights, climate, and the environment.

...the Luxembourgish government:

☑ To ensure that national laws and government positions at EU level in relation to the financial sector fully comply with international standards and treaties on human rights, the climate, and the environment.

☑ In the context of the elaboration of the EU Corporate Sustainability Due Diligence Directive, to commit to an effective and strong legislation, fully aligned with international standards, particularly in view of the inclusion of the entire financial sector, including the investment fund sector, and to be transparent about this position.

☑ If the EU does not succeed in adopting a directive, to introduce a national law on corporate sustainability due diligence ensuring the inclusion of the entire financial sector.

☑ To further integrate the respect for human rights in line with the UNGP into the Luxembourg Sustainable Finance Strategy in the context of its update planned for 2024.[20]

☑ To ensure that any reduction in subscription tax for investment funds investing in sustainable economic activities is tied to full compliance with the UNGP.[21]

☑ To ensure that state-owned companies in the financial sector and state bodies (such as the pension fund) comply with international treaties on human rights, the environment and the climate, as well as international standards such as the UN and OECD guidelines on business and human rights.

[20] cf. Accord de coalition 2023-2023, p. 51

[21] cf. Accord de coalition 2023-2023, p. 37

V. Annexe A:

Financial System Benchmark – Human Rights Indicators

The following explanations regarding the benchmark indicators used in this study are based on the World Benchmarking Alliance 2022 Financial System Benchmark Scoring Guidelines.[22]

1. Commitment to respect human rights: The financial institution publicly commits to respecting all internationally recognised human rights across its activities.

(1: the element is met – 0: the element is not met)

The financial institution has a publicly available policy statement committing it to respect human rights, which is approved by the highest governance body. The formal policy statement must explicitly commit to respecting human rights or commit to respecting the rights in the Universal Declaration of Human Rights, or commit to respecting the rights in the International Bill of Human Rights, or commit to respecting all internationally recognised human rights.

2. Commitment to respect the human rights of workers: The financial institution publicly commits to respecting the principles concerning fundamental rights at work in the eight ILO core conventions as set out in the ILO Declaration on Fundamental Principles and Rights at Work. It also has a publicly available statement of policy committing it to respect the human rights of workers in its supply chain.

(1: all elements are met – 0.5: at least one element is met – 0: zero elements are met)

Element a: The financial institution has a publicly available formal policy statement where it discloses an explicit commitment to respecting 'the human rights that the ILO has declared to be fundamental rights at work' collectively. Alternatively, it could disclose an explicit commitment to respect each of the human rights that the ILO has declared to be fundamental rights at work, namely: freedom of association and the right to collective bargaining, and the rights not to be subject to forced labour, child labour and discrimination in respect of employment and occupation.

[22] www.worldbenchmarkingalliance.org/research/2022-financial-benchmark-scoring-guidelines/

Element b: The financial institution has a formal policy statement in which it commits to requiring its business relationships to respect 'the human rights that the ILO has declared to be fundamental rights at work' collectively. Alternatively it could disclose a requirement that business relationships explicitly commit to respecting each of the human rights that the ILO has declared to be fundamental rights at work, namely: freedom of association and the right to collective bargaining, and the rights not to be subject to forced labour, child labour and discrimination in respect of employment and occupation.

3. Identifying human rights risks and impacts: The financial institution proactively identifies its human rights risks and impacts.

(1: all elements are met – 0.5: at least one element is met – 0: zero elements are met)

Element a: The financial institution describes the process(es) to identify its human rights risks and impacts in specific locations or activities covering its own operations. The financial institution has a clear process or processes in place to identify its human rights risks to and impacts on its own workers but not on their activities (i.e., granting loans, buying shares of companies etc.). This could include undertaking desk-based research to identify key risks in the financial institution's industry and the regions in which it operates and analysing its internal process(es) to understand its own human rights risks.

Element b: The financial institution describes the process(es) to identify its human rights risks and impacts in specific locations or activities through relevant financing activities. The financial institution has a clear process or processes in place to identify its risks to and impacts on people through its financing activities. This could include undertaking desk-based research to identify key risks in the financial institution's industry and the regions in which it operates and analysing its internal process(es) to understand its own human rights risks.

4. Assessing human rights risks and impacts: Having identified its human rights risks and impacts, the financial institution assesses them and then prioritises its salient human rights risks and impacts.

(1: one element is met – 0: zero elements are met)

For this indicator, the focus can be on workplace and/or supply chain and/or financing activities dependent on how the financial institution assesses the saliency of its human rights risks and impacts.

Element a: The financial institution describes its process(es) for assessing its human rights risks and discloses what it considers to be its salient human rights issues. This description includes how relevant factors are taken into account, such as geographical, economic, social and other factors. The financial institution should consider scale (the gravity of the impact), scope (the number of individuals who are or could be affected) and remendability (any limits on the ability to restore those affected to a situation at least the same as, or equivalent to, their situation before the adverse impact).

Element b: The financial institution publicly discloses the results of its assessments, which may be aggregated across its operations and locations. This element is only assessed if element (a) is not met. The financial institution discloses the results of its human rights risks and impact assessments, which may be aggregated across its operations and locations.

5. Integrating and acting on human rights risk and impact assessments: The financial institution integrates the findings of its assessments of human rights risks and impacts into relevant internal functions and processes by taking appropriate actions to prevent, mitigate or remediate its salient human rights issues.

(1: one element is met – 0: zero elements are met)

For this indicator, the focus can be on workplace and/or supply chain and/or financing activities dependent on how the financial institution assesses the saliency of its human rights risks and impacts.

Element a: The financial institution describes its global system to take action to prevent, mitigate or remediate its salient human rights issues, and this includes a description of how its global system applies to its financing activities. Where the financial institution has a clear global system, it can be assumed that this system or approach is used in each particular location the financial institution operates in.

Element b: The financial institution provides an example of the specific conclusions reached and actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/ operations in the last three years. This element is only assessed if element (a) is not met.

6. Engagement with affected and potentially affected stakeholders: As part of identifying and assessing its human rights risks and impacts, the financial institution identifies and engages with stakeholders whose human rights have been or may be affected by its activities.

(1: all elements are met – 0.5: at least one element is met – 0: zero elements are met)

Element a: The financial institution discloses the categories of stakeholders whose human rights have been or may be affected by its activities. There is evidence that the financial institution identifies and engages with stakeholders as part of its identification and assessment of its human rights risks and impacts.

Element b: The financial institution provides at least two examples of its engagement with stakeholders whose human rights have been or may be affected by its activities (or their legitimate representatives or multi-stakeholder initiatives) in the last two years. Engaging with potentially and actually affected stakeholders means engaging in a dialogue with the stakeholders who might be, or are, impacted by the financial institutions activities and/ or with their legitimate representatives and/or with multi-stakeholder initiatives. Depending on the nature of the company's operations, stakeholders can include (but are not limited to) workers, their families, local communities and any other person or group of people whose life and environment may be impacted.

7. Grievance mechanisms for workers: The financial institution has one or more channel(s)/ mechanism(s) (its own, third party or shared) through which workers can raise complaints or concerns, including in relation to human rights issues.

(1: the element is met – 0: the element is not met)

Element a: The financial institution indicates that it has one or more channel(s)/ mechanism(s), or participates in a third-party or shared mechanism, accessible to all workers to raise complaints or concerns related to the company. An explicit reference to human rights is not required, but it must be clear to stakeholders that a channel/mechanism designed to cover other topics (e.g. a corruption hotline) can be used to raise human rights complaints or concerns as well. A mechanism that is purely anonymous will not meet the indicator element as it will not necessarily provide access to remedy for affected individuals.

8. Grievance mechanisms for external individuals and communities: The financial institution has one or more channel(s)/ mechanism(s) (its own, third party or shared) through which individuals and communities who may be adversely impacted by the financial institution can raise complaints or concerns, including in relation to human rights issues.

(1: the element is met – 0: the element is not met)

Element a: The financial institution indicates that it has one or more channel(s)/ mechanism(s), or participates in a shared mechanism, accessible to all external individuals and communities who may be adversely impacted by the company (or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of adverse impacts), to raise complaints or concerns. An explicit reference to human rights in the mechanism is not required, but it must be clear to stakeholders that a channel/ mechanism designed to cover other topics (e.g. a corruption hotline) can be used to raise human rights complaints or concerns as well. A mechanism that is purely anonymous will not meet the indicator element as it will not necessarily provide access to remedy for affected individuals.