

# Clartan - Ethos ESG Europe Small & Mid Cap

LU2225829204, LU2225829386, LU2225829469, LU2225829543

<b>Issuer</b>	Clartan Associés
<b>Fund provider</b>	Clartan Associés
<b>Fund type/Asset class</b>	Equity fund
<b>Legal form</b>	SICAV
<b>Fund issue date</b>	18/09/2020
<b>Last Update</b>	18.06.2024
<b>Benchmark</b>	Morningstar Developed Europe Mid Cap Target Market Exposure, net return in EUR
<b>Tranche</b>	Private Investors Institutional Investors foundations



**Risk Indicator (PRIIP)**  
4 of 7

**Licensed in**  
D, A, CH, LU

**Classification by SFDR**  
Article 8

**EU Taxonomy**  
-

**% of Sustainable Investments according to SFDR**  
-

## Principal Adverse Impacts

No explicit details regarding the principal adverse impacts.

## Sustainable Development Goals

No explicit details regarding the Sustainable Development Goals

## NORMAL ALLOCATION

<b>Equities</b>	92 % to 100 %
<b>Bonds</b>	Excluded
<b>Money market/Bank deposits</b>	0 % to 8 %
<b>Commodities</b>	Excluded
<b>Direct investments</b>	Excluded
<b>Derivatives</b>	Excluded
<b>Other</b>	-

## Sustainability approach

<b>Principal Adverse Impacts</b>	-
<b>Further remarks on the consideration of SDGs</b>	-
<b>Rationale behind classification according to SFDR</b>	Article 8
<b>Engagement</b>	Yes, organized internally <a href="#">Link to engagement policy</a>
<b>Voting</b>	Both internally and externally <a href="#">Link to voting policy</a>
<b>Best-in/of-Class</b>	Best-In-Class <p>Ethos have developed a unique and proprietary sustainable methodology for the Fund that relies on its longstanding expertise. To determine in which category a company falls, Ethos applies a four-stage selection process: 1st stage: Negative screening (product-based screening) Ethos identifies companies with sensitive activities and or active in sensitive sectors, such as armament (conventional and unconventional), thermal coal, non-conventional oil &amp; gas, nuclear industry, tobacco, genetically modified organisms in the agribusiness, gambling and adult entertainment. 2nd stage: Positive screening (best-in-class) Ethos assesses companies based on a standard quantitative multi-criteria approach using approximately 100 ESG data points split into three main categories: Governance (30%), Strategy &amp; Reporting (20-30%) and Stakeholders (40-50%). The weights of the three main categories are fixed but not those of the subdivisions which depend on the company's sector. Each company is given an ESG score based on the abovementioned criterion. The ESG score takes into account industry specific ESG characteristics and positions the company with regard to its peers. An ESG rating is attributed to each company depending on its ESG score (quantitative) and its controversy assessment level (qualitative). Based on evidence that is checked by its staff, Ethos identifies companies involved in serious ESG controversies, such as human rights and labour rights breaches, serious environmental damages, severe corruption, etc. In this process, Ethos also measures the pertinence of the companies' responses to such controversies and takes it into account in the result of the screening. The result of this assessment is a comprehensive evaluation of companies' policies and management systems (G) with respect to the environmental (E) and social (S) challenges they face and therefore allows the identification of forward-thinking companies that meet positive standards of corporate responsibility with a long-term focus and are leaders in their industries. In addition, for each company, Ethos applies a Carbon rating, which measures the carbon footprint of companies and compares it with the footprint of their peers (quantitative assessment) and assesses their climate change strategy (qualitative assessment), such as the strategy implemented by the company in order to reduce its carbon footprint and tackle climate change. 3rd stage: Positive screening (Positive Impact) Finally, Ethos identifies companies whose products and services have a positive impact on the environment and society as a whole and provide solutions to global challenges. These impacts include Circular Economy, Education, Low Carbon Mobility, Health, Natural Capital, Pollution Control, Sustainable Building, Sustainable Energy, Sustainable Finance and Sustainable Water Management. 4th stage: Consolidation of sustainability assessment Ethos has established a comprehensive set of ESG criteria to assess companies' contribution to sustainable development. Companies that make the greatest efforts and deliver positive contributions to sustainability are favoured. Ethos not only considers the operations but also the added value of products and services in terms of social and environmental performance and is thus able to provide its clients with high-quality ESG research. Companies are classified into the following sustainability categories: - Leader ESG/Impact: best practice in terms of social and environmental responsibility (CSR) / A significant share of the solutions and services offered have a generally positive impact in responding to global challenges. - Strong Performer ESG/Impact: recognises sustainability issues and is implementing cutting-edge SER policies / Innovative solutions and services with a generally positive impact in responding to global challenges. - Challenger: positive steps to adapt in recognition of sustainability issues. These companies are often candidates for promotion to the categories above. - Follower: significant controversies and/or seemingly failing to manage environmental and social issues satisfactorily and/or with governance that presents a significant risk for shareholders. - Laggard: active in sectors excluded by Ethos, involved in major controversies or failing to meet minimum standards in SER and governance matters. The Fund can only invest in Leader, Strong Performer and Challenger. Based on this methodology, only 40% of the initial investment universe are eligible to enter the Fund.</p>
<b>ESG-Integration</b>	No
<b>Norm-based screening</b>	<ul style="list-style-type: none"> <li>✓ UN Global Compact</li> <li>✓ ILO core labour standards</li> <li>✓ OECD Guidelines for Multinational Enterprises</li> </ul> <p><b>Other</b> Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Sustainable Development Goals, among others</p>
<b>Themes</b>	-
<b>Impact Investing</b>	-
<b>Further information on the sustainability approach</b>	Without being a thematic or impact fund, the fund favours companies that integrate best practice in terms of social and environmental responsibility (CSR) and/or have a significant share of the products and services that have a generally positive impact in responding to global challenges. <a href="#">Link to sustainability approach</a>

## Research and Transparency

In-house sustainability analysis	Yes, 23
Research partners	Yes RepRisk, Trucost (S&P Global)
Percentage of portfolio with sustainability analysis	100 %
Strategically important suppliers included	Yes
Sustainability advisory committee	No
Analysis of portfolio CO2	Yes, backward-looking indicator The carbon footprint is calculated at least on a quarterly basis and compared to the relevant benchmark to assess the carbon profile of the fund via the weighted average of the carbon intensity (WACI) method (scope 1 and scope 2).
Sustainability reporting	Yes Monthly factsheets with ESG indicators are published as well as quarterly carbon footprint and proxy voting reports.
At least monthly portfolio publication	Yes <a href="#">Link to monthly portfolio publication</a>
Certification/Label awarded by independent auditors	<ul style="list-style-type: none"> <li>✓ FNG Label ★★</li> <li>✓ Label ISR</li> </ul> <p><b>Other</b> FNG Siegel (2 stars)</p>

## Environmental

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

Fossil fuels (Coal, Oil and Gas)	No
Nuclear power (operation and components)	Yes 5 % Turnover threshold
Green genetic engineering	Yes 5 % Turnover threshold
Chlorine and agrochemicals (biocides)	No
Other	Coal, Oil sands, Shale gas and oil, Arctic oil and gas, Transport of unconventional fossil fuels in oil and gas pipelines 5 % Turnover threshold

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Environmentally damaging behaviour	Yes
Damage to biodiversity	Yes
Other	Violation of the precautionary principle, hazardous industrial production methods, non-conventional mining or oil production methods

### EXCLUSION CRITERIA – COUNTRIES

Non-ratification of the Paris Climate Agreement	N/A
Non-ratification of the Protocol on Biosafety	N/A
Non-ratification of the UN Biodiversity Convention	N/A
Nuclear power by proportion of gross energy production	N/A
Other	-

## Social

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

<b>Weapons/Armaments</b>	Yes 5 % Turnover threshold
<b>Cluster bombs and anti-personnel mines</b>	Yes
<b>Weapons of mass destruction (ABC/CBRN)</b>	Yes
<b>Tobacco products</b>	Yes 5 % Turnover threshold
<b>Pornography</b>	Yes 5 % Turnover threshold
<b>Spirits/Alcohol</b>	No
<b>Gambling</b>	Yes 5 % Turnover threshold
<b>Other</b>	-

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

<b>Labour rights (ILO core labour standards)</b>	Yes
<b>Exploitative child labour</b>	Yes
<b>Violation of human rights</b>	Yes
<b>Animal testing</b>	Yes
<b>Other</b>	-

### EXCLUSION CRITERIA – COUNTRIES

<b>Labour rights</b>	N/A
<b>Violation of human rights</b>	N/A
<b>Military spending as a percentage of GDP</b>	N/A
<b>Death penalty, torture</b>	N/A
<b>Countries classified by Freedom House as not free</b>	N/A
<b>Violations of the Nuclear Non-Proliferation Treaty</b>	N/A
<b>Violations of other non-proliferation treaties</b>	N/A
<b>Other</b>	-

## Governance

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

<b>Corruption and bribery</b>	Yes
<b>Tax: planned avoidance &amp; detected violations</b>	Yes
<b>Other</b>	Non-compliance with certain fundamental principles of good corporate governance respected, in particular the poor protection of minority shareholders

### EXCLUSION CRITERIA – COUNTRIES

<b>Corruption</b>	N/A
<b>Other</b>	-

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