

PRI Report on Progress 2009 CAAM's position



PRI Report on Progress 2009

How CAAM is positioned relative to its peers and other PRI signatories

The third Report on Progress was released by the Secretariat for the Principles for Responsible Investment (PRI) Initiative at the annual meeting of PRI signatories, held in Sydney in July 2009. The report reviews membership and provides the aggregate results of a survey conducted by Mercer, a consultancy firm, on progress by signatories in incorporating ESG issues in their investment decisions.

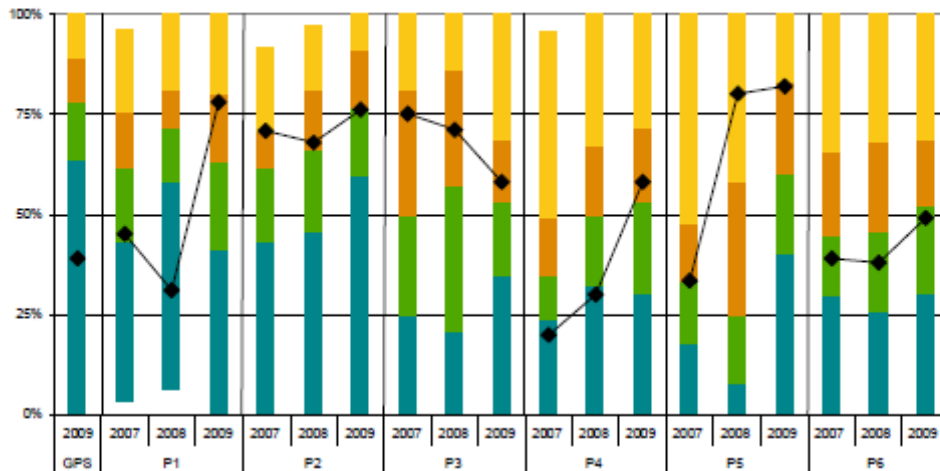
228 signatories were invited to answer the questionnaire. It was completed by 124 investment managers (IMs) and 124 asset owners (AOs), compared with 78 and 78 respectively the previous year.

How CAAM is positioned relative to its peers and other PRI signatories

Every signatory that answered the questionnaire was told how it performed compared with all signatories and with its peers. In both these categories, CAAM scored above average for the first 5 principles and close to the average for the 6th. CAAM has made a spectacular improvement in the implementation of Principle 1, has made good progress on Principle 4 and 6, remained on Principle 2 and lost ground on Principles 3 and 5.

CAAM's performance compared with all signatories

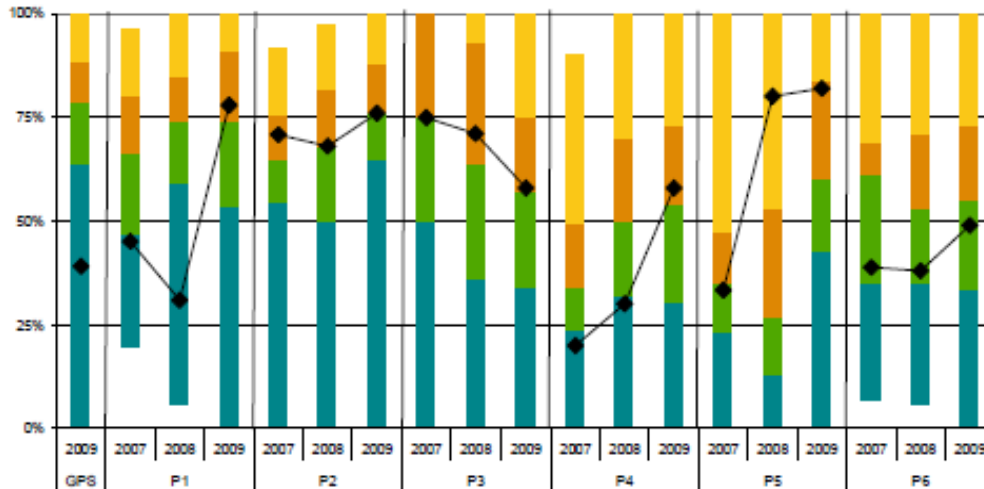
Figure 1. Crédit Agricole Asset Management Group and all PRI signatory scores



Each quartile is shown by a section on the colour bar. The top-performing quartile is in yellow and the fourth quartile, which contains the lowest scores, is blue. The median score is shown by the horizontal line where orange and green sections meet. The black circle shows our position on each Principle and within the quartile. The results are given by quartile; no rating is provided.

CAAM's performance compared with other investment managers

Figure 2. Crédit Agricole Asset Management Group and PRI Investment Managers scores



Principle 1

We will incorporate ESG issues into investment analysis and decision making processes

CAAM Group has centralized its extra-financial and sustainable research at IDEAM, its subsidiary dedicated to Sustainable Responsible Investment. They serve all CAAM Group's mainstream managers with Environmental, Social and Governance (ESG) ratings of companies through a tailored management tool.

The installation of SRI managers alongside mainstream managers and periodic meetings between IDEAM's specialists and CAAM's managers accelerate the integration of ESG criteria in an increasing number of funds.

This reorganization has been highlighted in the "PRI Report on Progress 2009" in a special insert "Principles in Action" illustrating the Principle 1 under "changing organizational culture to implement the Principles".

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices

CAAM Group has pursued an active policy of voting at AGMs since 1996 and incorporated ESG issues in 2003. CAAM votes on a global basis and plays a proactive role. We engage in pre-AGM dialogue with companies to alert them about agenda items on which we might cast a negative vote. In 2006 we extended these arrangements from SBF 120 companies to the international level. In 2008 the response rate among issuers remains steady at 50%.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest

CAAM Group has pursued this goal through a range of joint projects and initiatives, including the Carbon Disclosure Project (CDP), the Pharmaceutical Shareowners Group (PSG) and the Institutional Investors' Group on Climate Change (IIGCC), which it has supported since 2003 and 2004, as well as the Extractive Industries Transparency Initiative (EITI), which it joined in 2006, and the UN Global Compact Investors Initiative, which it signed up to in 2008. These internationally coordinated investor initiatives are intended to encourage companies to improve CSR and sustainability practices, while supporting progressive public policies in the areas of climate change, healthcare in emerging markets and transparency in relationships between companies in the extractive industries (oil, gas and mining) and host governments.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry

- CAAM is a founding member of the chair in sustainable finance and responsible investment. Sponsored by the French Asset Management Association (AFG), the chair will be co-run by two academic institutions, Institut d'Économie Industrielle (IDEI) in Toulouse and the economics department of École Polytechnique. Research efforts are centred on new methods for valuing financial assets, the impact of SRI on corporate strategy and governance, investment performances and financial asset prices.
- CAAM is on the steering committee for the Finance and Sustainable Development (FIR) awards, which were first created four years ago and go to the best academic work on these subjects in Europe.
- CAAM has been a sponsor and participant in the Annual Forum for European Responsible Investment (FAIRE) since 2003. It is on the steering committee for the forum, which brings together investors, management companies, brokers, companies and stakeholders.
- CAAM's other commitments in this area include its contribution to work led by:
 - the Scientific Committee on Responsible Finance, which was set up in 2007 to study the main issues of sustainable development, to draw up practical guidelines for companies and to look at how these recommendations are given substance in terms of responsible investing at CAAM and its clients.
 - The Médicis Committee, a think-tank focused on sustainable development and its financial applications. First created in 2002, the Committee is a forum for investors, finance community representatives, sustainable development experts and philosophers to talk about the fundamental issues of SRI.

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Principle 5

We will work together to enhance our effectiveness in implementing the Principles

- Our sustainable-research analysts take part in the discussion and awareness-raising groups associated with the Responsible Investing Forum (FIR), the French Asset Management Association (AFG), the French Institute of Corporate Directors (IFA), the French Employers Federation (Medef), the French Financial Analysts Association (SFAF), the Study Centre for Corporate Social Responsibility (ORSE) and our own Finance Association.
- CAAM is the only French investment manager to take part in two working groups created in February 2008 by the Global Reporting Initiative (GRI). The first, which comprises 15 or so international investors, including pension funds, management companies and brokers, is tasked with developing GRI guidance. The second is responsible for developing specific guidelines for the agri-food sector. The group's members include some of the main players in the sector, along with stakeholders such as NGOs, researchers specialising in nutrition and healthcare, and emerging market advocacy groups.

Principle 6

We will each report on our activities and progress towards implementing the Principles

CAAM:

- has added a Responsible Investment section to its corporate website
- launched CAAM'ITMENT, an intranet site devoted to sustainable development, in April 2007
- decided to apply to itself the transparency rules and ESG practices that it expects from the companies it invests in. It thus became the first investment manager to be rated by Vigeo, a CSR rating agency. According to Vigeo, "the findings of the audit, which was carried out on the company's Paris-based activities, i.e. excluding French and foreign subsidiaries, demonstrate that CAAM is performing to a high level. They also reflect CAAM's awareness of the full scope of CSR as well as its consistent efforts to make progress".