Amundi
ASSET MANAGEMENT

TRANSITION
ÉNERGÉTIQUE

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Amundi
ASSET MANAGEMENT

Amundi Energy Transition ESG Charter

SUBJECT

This charter sets out the policy of Amundi Energy Transition in terms of responsible investment and the integration of environmental, social and governance criteria.

ABOUT AET

AET, a French asset management firm authorised to operate by French market regulator AMF, is a joint-venture between Amundi, the largest asset manager in France and in Europe(1), and EDF, the first electricity producer in the world and Europe's first renewable energy producer(2). AET aims to act towards energy transition by redirecting investments towards the real economy, offer an investment opportunity in a well-managed technical and economic environment, and allow institutional investors to benefit from a comfortable relationship through AET's experienced and independent team and the expertise of both Amundi and EDF.

SCOPE

This charter covers all AET investments and AET's own activities.

AN INVESTMENT POLICY 100% DEDICATED TO THE ENERGY TRANSITION

AET is committed to investing exclusively in:

1. The physical assets of the energy transition such as the renewable energy production units (wind farms, solar PV farms, hydropower plants etc…) and the systems allowing to improve energy efficiency (heating networks, cogeneration units, waste-to-energy, etc.);
2. The services which contribute to the energy transition such as the renewal of existing infrastructures and the development of energy storage solutions.

AET does not intend to invest in nuclear power generation units.

(1) Amundi, 2016 Reference Document, March 2017, http://about.amundi.com/
(2) EDF, as of 01/03/2017, https://www.edf.fr/groupe-edf/premier-electricien-mondial/edf-en-bref

ESG ISSUES

Energy infrastructure is traditionally exposed to a variety of environmental, social and governance issues, both upstream of the value chain (supply chain) or in their operations. The extraction, transportation or burning of fossil fuel is likely to cause externalities and in particular to contribute to climate change (via the emission of greenhouse gases), to cause respiratory diseases (through the emission of air pollutants), or to exacerbate resource scarcity (through the extraction of fossil fuel from the soil). AET has clearly identified these issues and has chosen to focus its economic model on financing energy efficiency and transition by promoting clean and sustainable energy.

PRINCIPLES

AET's ESG policy focuses on 5 key principles:

1. Develop renewable and alternative energy infrastructures and energy efficiency services (in line with EDF's CAP 2030 objective);
2. Offer innovative and reliable energy services;
3. Contribute to solutions who ensure local development;
4. Contribute to sustainable energy consumption;
5. Contribute to ensure the health of populations by favouring non-polluting solutions.

These principles enable the federation of AET's employees, industrial partners, financial partners, investors and other stakeholders.

LINK WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

SUSTAINABLE DEVELOPMENT GOALS

AET's ESG policy aims to be in line with the international climate agreement of COP 21 and to support the Sustainable Development Goals[3]. AET is more particularly committed to actively supporting the following SDGs:

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all;

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns;

13 CLIMATE ACTION

Take urgent actions to combat climate change and its impacts;

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

(3) United Nations, Sustainable Development Goals, as of 01/03/2017, https://sustainabledevelopment.un.org/

COMMITMENTS AND REPORTING

In line with the requirements of the implementation decree of Article 173 (VI.) of the French law on the energy transition for green growth, AET is committed to:

1. Integrate environmental, social and governance criteria into its investment policy;
2. Make its ESG Charter publicly available;
3. Mobilise resources (including internal resources) to make sure the ESG policy is monitored and implemented;
4. Implement a methodology to assess the ESG performance, the carbon footprint and the contribution to the energy transition of the assets in its portfolio;
5. Publish the results of the ESG assessment, carbon footprint assessment (both absolute and relative footprint) and the analysis of the contribution to the energy transition of its investment portfolios on an annual basis;
6. Keep ambitious energy transition investments targets;
7. Assist AET's business partners in the improvement of their ESG performance;
8. Conduct ESG due diligence systematically prior to each investment.

AET's partners and employees, including its executive and portfolio management teams, ensure that these commitments are properly implemented.

EXCLUSION CRITERIA

Due to the specificity of AET's strategy, AET is committed to not financing the following activities:

- Activities that do not foster energy transition;
- The development, construction, operation and renewal of thermal plants which exclusively run on coal energy;
- The extraction of petroleum, gas and coal. By extraction we mean the process of withdrawing these resources from the ground;
- The ownership of mines (including coal mines);

It should be noted that these exclusions apply only to assets and not to the companies that operate these assets.

Like Amundi, AET will apply the following exclusion criteria:

- No direct investments in companies involved in the production or sale of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo conventions;
- Exclusion of companies involved in the production or sale of chemical, biological and depleted uranium weapons;
- Exclusion of companies that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact;
- Exclusion of states that systematically and voluntarily violate human rights and who are guilty of the most serious crimes: war crimes and crimes against humanity.

It should be noted that these exclusions apply to companies that operate the assets financed by AET and to the assets themselves.

AET's teams, in collaboration with the SRI team at Amundi, make sure that these investment criteria are properly applied.

ESG DUE DILIGENCE

AET is committed to systematically conducting specific ESG audits in due diligences. Each meeting of the Investment Committee will also comprise an ESG assessment. ESG monitoring is then done on an annual basis to feed into the annual reporting process (see section on Commitments and Reporting).

COLLECTIVE INITIATIVES

Together with Amundi and EDF, AET is engaged in key collective initiatives. Through Amundi's commitments, a PRI signatory since 2006, AET supports the Carbon Disclosure Project (CDP), the Portfolio Decarbonisation Coalition (PDC) and the Institutional Investors Group on Climate Change (IIGCC). EDF has been participating in the United Nations Global Compact[4] since 2001 and is also contributing to the Carbon Disclosure Project.

(4) United Nations Global Compact, https://www.unglobalcompact.org/

CSR COMMITMENTS

AET applies Amundi's policy in terms of Corporate Social Responsibility (CSR)(5). Below are the 4 key CSR commitments of Amundi:

1. Placing individual and collective development at the heart of our responsibility as an employer by encouraging employees to grow and progress, offering equal opportunities, promoting diversity, favouring quality of life in the workplace and fostering social dialogue;
2. Limiting and reducing our direct environmental footprint, notably in terms of energy, paper and waste, by adopting the best eco-responsible practices throughout the company;
3. Adopting a responsible procurement policy by incorporating social and environmental factors into our purchasing processes and our relations with suppliers and subcontractors;
4. Affirming our role as a corporate citizen by developing our patronage actions consistently over time and encouraging our employees to join socially-committed initiatives.

Every year, Amundi publishes a CSR Report which addresses the actions undertaken to fulfil these goals.

This ESG policy will be signed by all AET employees. It may be reviewed periodically.

SIGNATURES

Le Président	Le Directeur Général
Pedro ARIAS	Matthieu POISSON

Paris, April 21, 2017.

(5) Amundi CSR Policy, http://about.amundi.com/Pages/Articles/A-committed-player/Affirming-our-role-as-a-corporate-citizen/OUR-CSR-APPROACH

GLOSSARY

ABSOLUTE CARBON FOOTPRINT

The absolute quantity of greenhouse gas emissions (tCO2e) held in an investment portfolio. This is calculated by aggregating the absolute GHG emissions of each asset in the portfolio according to the investment stake in the asset.

AVOIDED EMISSIONS / ENVIRONMENTAL NET BENEFITS

The relative quantify of greenhouse gases (tCO2e) corresponding to the difference between the absolute quantity of greenhouse gases of the investment and of the alternative solution currently in the market. The environmental net benefit is also a relative measure and relates to the avoidance of all environmental impacts (carbon, air pollutants, waste etc.) which are monetarised into euros in order to be aggregated.

COGENERATION UNITS

Production units who combine both the production of heat (thermal) and the production of electricity. These infrastructures allow to recover the heat produced by the electric production cycle in such diverse fields as industrial processes, energy needs from hospitals and collective lodging or urban heat networks. The cogeneration units contribute to the collective effort by the use of high-efficiency plants offering a significant reduction in primary energy consumption.

CONTRIBUTION TO THE ENERGY TRANSITION

The contribution of the portfolio to the transition to an economy based on clean and sustainable energy. The analysis of this contribution is based on the evaluation of the green share of the portfolio (% of total portfolio production from renewable energy sources or energy efficiency solutions) and of the avoided emissions / environmental net benefits.

ENERGY EFFICIENCY

The status of functioning of a system for which energy consumption has been minimised for an identical output. Energy efficiency contributes to the reduction of the energy footprint (less natural resources are used).

EXTERNALITY

The cost that is borne to society through the use of natural resources (including fossil fuels). For a power generation company, an externality can be for instance the climate changes caused by the greenhouse gas emissions to the air.

FOSSIL ENERGY

Energy sources which are naturally replenished at such a low rate that they are considered exhaustible. Examples of fossil energy include coal, gas and oil.

GREENHOUSE GASES (GHGS)

Emissions to the air who contribute to the greenhouse effect and climate change. These GHGs mainly come from the burning of fossil fuel (oil, gas and coal). Examples of GHGs include carbon dioxide (CO_2) and methane (CH_4).

RELATIVE CARBON FOOTPRINT

The ratio of GHG emissions relative to normalising factor. By dividing the GHG emissions held in the portfolio by the total value of assets in the portfolio (or any other normalising factor), one can obtain a carbon footprint ratio. One can then follow the evolution of this ratio year after year or compare this ratio to that of another portfolio to determine if the portfolio is more or less carbon intensive than the benchmark.

RENEWABLE ENERGY

Energy resources which are naturally replenished at such a high rate that they are considered inexhaustible. Examples of renewable resources include solar energy, wind energy and hydro energy.

RESPONSIBLE INVESTMENT

Integration of the principles of sustainability into investments. Responsible investment is also known under the acronym “SRI”, which stands for Socially Responsible Investment.

Pictures provided for illustration only which do not represent any investment made by AET in the past or future.

Amundi ASSET MANAGEMENT TRANSITION ÉNERGÉTIQUE

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