

# Minutes

## Amundi Planet SICAV-SIF Emerging Green One

### 2<sup>nd</sup> Scientific Committee

June 11, 2020

### BlueJeans Conference Call

---

*In accordance with Section 7.5 of the Amundi Planet SICAV-SIF Emerging Green One Issue Document and Section V of the Amundi Planet SICAV-SIF Emerging Green One ESG Charter, Members of the Scientific Committee, in their advisory role to the Fund, attended the meeting via BlueJeans Conference Call on June 11<sup>th</sup> 2020.*

*Composed of sustainable finance experts (including in the fields of climate finance and development finance), energy transition experts and people with knowledge and experience in product development, the role of the Members of the Scientific Committee includes advising the Fund, the AIFM and the Portfolio Manager on translating programmes objectives into investment objectives, identifying new areas of development for climate development objectives and other IFC development goals pursued by the Fund.*

*This document contains a summary of the discussions during the aforementioned meeting.*

### Table of Contents

I.	Attendees .....	2
II.	Agenda .....	2
III.	Portfolio Review .....	3
IV.	Annual Impact Report Review .....	3
V.	Impact of the EU taxonomy on the fund .....	4
VI.	Amundi-IFC Service Agreement and Green Bond Technical Assistance Program.....	5
VII.	Next Steps.....	6

## **I. Attendees**

### **Amundi**

- Maxim Vydrine, Portfolio Manager (Scientific Committee Member)
- Caroline Le Meaux, Head of ESG Analysis (Scientific Committee Member)
- Timothée Jaulin, Head of ESG Development & External Advocacy, Special Operations and Board Member of Amundi Planet SICAV-SIF (Secretary General)
- Tobias Hessenberger, Investment Solutions (Guest)
- Erwan Crehalet, Green Bond Specialist (Guest)
- Nicolas Brousseau, Deputy Head of Institutional Client Services (Guest)
- Reema Desai, Co-Head of Emerging Markets Business Development and Investment Specialists (Guest)
- Martin Lebel, ESG Analyst & Green Bond Specialist (Guest)
- Shagun Talwar, ESG Analyst Emerging Markets (Guest)
- Yvoni Ouziel, Investment Specialist (Guest)
- Sanchit Thukral, Knowledge Transfer (Administration)

### **IFC**

- Jean-Marie Masse, Chief Investment Officer, Financial Institutions Group (Scientific Committee Member)
- Piotr A. Mazurkiewicz, Senior Environmental and Social Development Specialist (Scientific Committee Member)

### **EBRD**

- Mikko Venermo, Associate Director, Lead Adviser – Environment & Sustainability (Scientific Committee Member)
- Terry McCallion, Director, Head of Energy Efficiency and Climate Change (Scientific Committee Member)
- Britta Bochart, Associate Director (Guest)

### **EIB**

- Eugene Howard, Economic Adviser – Energy Efficiency and Renewables Division (Scientific Committee Member)
- Daniel Farchy, Investment Officer – Infrastructure and Climate Action Division (Scientific Committee Member)

### **Proparco**

- Pierre Forestier, Director of Sustainable Development and Operations Support (Scientific Committee Member)

### **Bundespensionkasse AG**

- Marcus Klug, Member of the Executive Board of Directors (Scientific Committee Member)

## **II. Agenda**

The agenda of the 2<sup>nd</sup> Scientific Committee had been set as follows:

1. Introduction
2. Portfolio Review
3. Annual Impact Report Review
4. Impact of the EU taxonomy on the fund

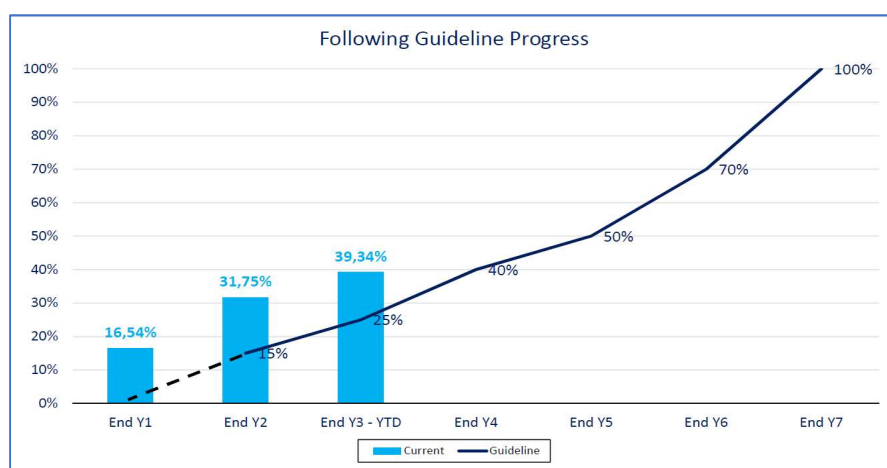
5. Progress on the Activity Program under the Amundi-IFC Service Agreement and Green Bond Technical Assistance Program
6. Updated Scientific Committee Statutes (for noting and validation)
7. Q&A, Feedback, remarks and other

### III. Portfolio Review

The Fund Manager provided an overview of the fund performance and the discussed the impact of COVID-19 crisis on the fund. It was noted that the fund performance for all the share classes was in line with the expectations. In terms of sector breakdown, the fund had the largest exposure to emerging market financials (67.90%), followed by emerging market sovereign and emerging market quasi. In terms of country breakdown, the fund had the largest investments in China, accounting for 16.18% of the total portfolio. Moreover, in terms of investments in green bonds, the largest investments were made in Turkey, accounting for 10.53% of the total portfolio.

It was also noted that the transformation of the portfolio into green bonds was ahead of schedule. As of 4<sup>th</sup> June 2020, the portfolio had 24 green bonds, accounting for 39.34% of the asset allocation (based on Amundi Planet Statutory Valuation Principles). As a reminder, the target for the fund was to be 100% green by the end of Year 7. In order to achieve this goal, different thresholds were set per year: 15% by the end of Year 2, 25% by the end of Year 3, 40% by the end of Year 4, 50% by the end of Year 5, 70% by the end of Year 6 and eventually, 100% by the end of Year 7.

Table 1: Guideline progress on green bond exposure



### IV. Annual Impact Report Review

The Amundi team provided an overview of the 2<sup>nd</sup> edition of the Annual Impact Report (2019) to the Scientific Committee. The 2019 Impact Report focuses on the key highlights and achievements of the partnership with IFC. Some of the highlights and achievements mentioned in the report include 443.5 tCO<sub>2</sub>e of avoided emissions per €1mn invested per year, 11 emerging countries with green projects financed, 6 global awards won, initiation of the development of the Green Finance Review Protocol (GFRP) by IFC and joint sponsorship of the Global Debt Mobilization Conference (GDMC) by Amundi and IFC.

The Impact Report also provides insights into portfolio characteristics, impact overview and the Green Bond Technical Assistance Program (GB-TAP), which highlights what IFC has been doing throughout the year to stimulate the growth of the green bond market. In order to give a more tangible feel of the green bond issuance process, the impact report includes two case studies.

The first case study focuses on Isbank, Turkey's largest private bank that participated in the first Green Bonds and Sustainable Finance Executive Program offered by the GB-TAP in partnership with the Stockholm School of

Economics (SSE) and the ICMA in June 2019. The fund has recently invested in Isbank's green bond, proceeds from which are used to finance and refinance a broad range of eligible loans to deliver positive environmental and social outcomes. The second case study focuses on First Abu Dhabi Bank's (FAB), the largest bank in the United Arab Emirates. The fund has invested in FAB's green bonds. FAB issued the first ever green bond from the Middle East in March 2017. The proceeds have been used to finance climate change action through renewable energy, energy efficiency and sustainable water management.

In addition, discussions took place around avoided GHG emissions being chosen as one of the key indicators for reporting the impact of the fund's investments. The GHG avoided emissions are calculated per €1 million invested per year. The impact of GHG emissions is measured by following the definitions of Scope 1, 2 and 3 emissions as defined in the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). GHG emissions are accounted only from Scope 1 and Scope 2, with a uniform metric of tCO<sub>2</sub> equivalent, while Scope 3 GHG emissions are considered on a case-by-case basis and only when supported with well-documented data.

While other impact metrics such as 'Renewable capacity added (MW)' could be added, this would often hold for only 1 type of project. The benefit of GHG savings/ €1 million is that it can be used for all projects that have climate change mitigation benefits, and can be better consolidated at the fund level. It was noted that the Amundi team sees value in concentrating the efforts on this metric and working on better standardization of corporate reporting, promoting best practices through engagement. The team is also conscious of some of the limitations of this metric, notably as project types have significantly different GHG reduction leverage (high for renewables, and comparatively low for transportation and green buildings projects). One possibility of evolution in the future could be to provide a breakdown of the 'GHG avoided/ €1 million' impact metric by project type, and how it compares with standard/ average values.

## **V. Impact of the EU taxonomy on the fund**

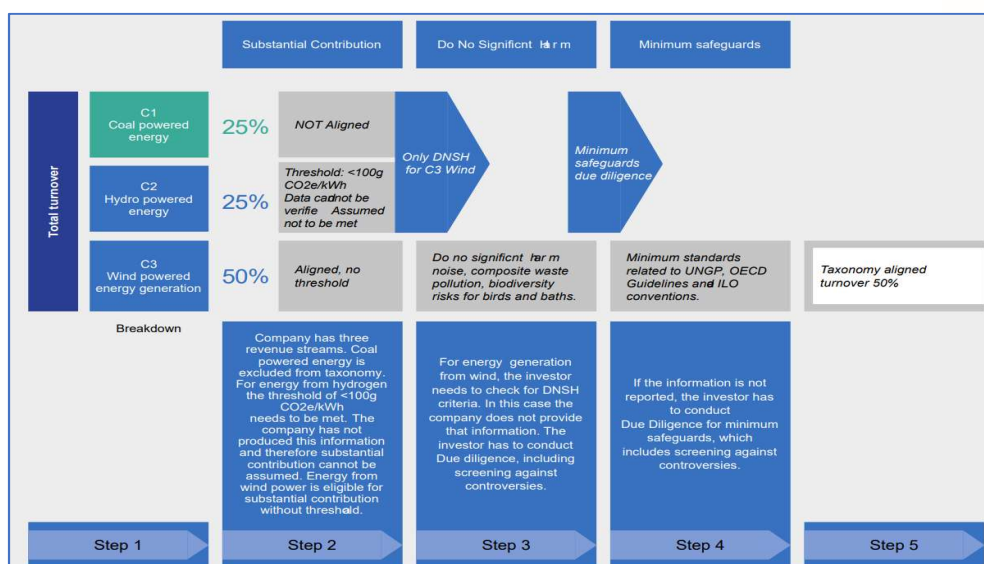
The Amundi team discussed the impact of the EU Green Taxonomy on the fund. It was noted that the fund would have to comply with the regulation on sustainability-related disclosures in the financial services sector (the SFDR) and therefore complete some of the EU Taxonomy disclosure requirements. Some of the points that need to be addressed may include:

- How and to what extent the Taxonomy was used in determining the sustainability of the underlying investments;
- To what environmental objective(s) the investments contribute; and
- The proportion of taxonomy-alignment (for both enabling and transition activities).

The Amundi team also discussed the process for applying the Taxonomy. The five-step process is as follows:

- Identification of activities conducted by the issuer that could be aligned, and for which environmental objective(s)
- Verification of whether the issuer meets the relevant screening criteria for each potentially aligned activity
- Verification of whether the DNSH (Do No Significant Harm) criteria are met by the issuer
- Due diligence to avoid any violation of the social minimum safeguards stipulated in the Taxonomy Regulation Article 13
- Calculation of alignment of investments with the Taxonomy and preparation of disclosures at the investment product level

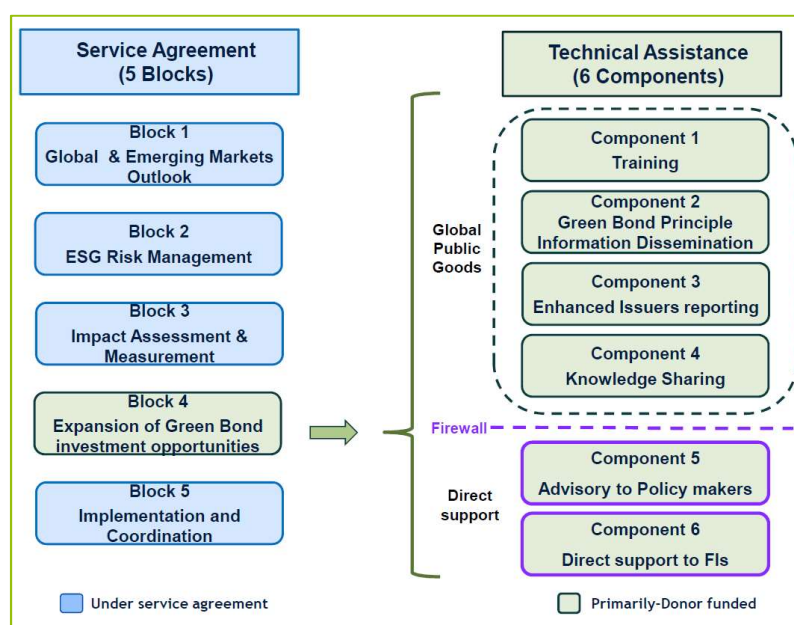
*Table 2: Process for applying the EU Taxonomy*



## VI. Amundi-IFC Service Agreement and Green Bond Technical Assistance Program

An update was provided to the Scientific Committee on the progress of the activity program under the Amundi-IFC Service Agreement and Green Bond Technical Assistance Program.

Table 3: Service Agreement Implementation Team and Green Bond Technical Assistance Program



- Amundi-IFC Service Agreement:

The Service agreement is composed of the following 5 blocks:

- Block 1 – Macroeconomics Global & Emerging Markets Outlook: Block 1 provides emerging markets macroeconomics analysis to Amundi in the form of short research pieces, country deep dives among others. It also publishes Amundi-IFC joint Emerging Market Green Bond Report.
- Block 2 – ESG Risk Management: Block 2 provides assistance to Amundi with its E&S issuer screening process in the form of sharing tools and methodologies such as ESG Key Performance Indicators developed by IFC. To address the issue of non-availability of public ESG data in

emerging markets, the IFC ESG team started an initiative called MALENA using artificial intelligence.

- Block 3 – Climate Impact Assessment & Measurement: Among other activities, Block 3 assists Amundi in the preparation of the Annual Impact Report of the Amundi Planet Emerging Green Fund every year.
- Block 4 – Expansion of Green Bond Investment Opportunities: Block 4 refers to the Green Bond Technical Assistance Program.
- Block 5 – Implementation, Communication and Coordination: Block 5 publishes semi-annual activity reports that are sent to Amundi. It also manages media outreach and communication activities. It provides overall project management within IFC by coordinating with Block leaders.

- **Green Bond Technical Assistance Program (GB – TAP):**

The GB-TAP is IFC-managed and administered donor funded program in partnership with Luxembourg's Ministry of Finance, the Swedish International Development Cooperation Agency (SIDA) and Switzerland's State Secretariat for Economic Affairs (SECO). The key objective of the program is to stimulate the supply of green bonds issued by financial institutions active in emerging markets through 6 components. Components 1 to 4 aim at creating public goods to develop the green bond asset class in emerging markets, while components 5 and 6 provide direct support. The following are the 6 components:

- Component 1 – Training: IFC provided 5 day training on green bonds by building on the feedback of the programs in Singapore/ Bangkok. In addition, 2 cohorts were organized at the Stockholm School of Economics (SSE) in June and October 2019.
- Component 2 – Green Bonds Principles Information Dissemination: With the aim to disseminate and promote good standards of green bonds, the Green Bond Principles were translated into Thai language for the first time. In addition, IFC collaborated with the Environmental Finance Magazine to write and publish articles.
- Component 3 – Enhanced Issuer Reporting: It aims to develop the Green Finance Review Protocol (GFRP), which will enable comparability of green bond data coming from second-opinions, external review reports, green bond frameworks, impact reports and diverse taxonomies used by market participants. In addition, with the aim to contribute to green bond market development by increasing ESG data availability, IFC retained Arabesque after a competitive selection process.
- Component 4 – Knowledge Sharing: With the aim to contribute to green bonds market's growth by disseminating and sharing publicly available information, IFC co-sponsored the 2019 and 2018 editions of the Green Bonds Asia Conference in Hong Kong and Singapore respectively. In addition, IFC collaborated with Imperial College, London and Stockholm School of Economics for case studies.
- Component 5 – Advisory to Policy Makers: The activities include supporting policy drafting in line with best practices in sustainable finance and creating level-playing field to all market participants. The IFC team has worked with regional climate specialists and Sustainable Banking Network (SBN) to finalize workplans for seven countries in the development of green bond guidelines, taxonomies and/or training.
- Component 6 – Direct Support to Financial Institutions: It aims to build capacity for local emerging markets financial institutions and support them in their green bond issuance. The IFC team provided advisory services to banks in Latin America, Asia and Africa on the development of sustainability/green bond framework and strategy.

## **VII. Next Steps**

Following the above discussion, the members of the Scientific Committee provided their feedbacks on matters relevant to efficient functioning of the Scientific Committee. The following points are the next steps:

- Reporting of private placement: The green bonds issued through private placement need to be highlighted in the Impact Report
- Engagement Program: The Amundi team to share with the Scientific Committee the engagement program with green bond issuers in emerging markets