

INVESTMENT GUIDELINES

EMERGING GREEN ONE

a sub-fund of

AMUNDI PLANET, SICAV-SIF

a Luxembourg investment company with variable capital – specialised investment fund
(*Société d'investissement à capital variable – Fonds d'investissement spécialisé*)

5, allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg
RCS Luxembourg: B 218.001

February 2018

THIS DOCUMENT IS STRICTLY CONFIDENTIAL AND IS RESERVED TO ELIGIBLE INVESTORS¹.

¹ Institutional Investors, Professional Investors and/or Well-Informed Investors within the meaning of article 2 of the Law of 13 February 2007 and which are not otherwise Prohibited Persons.

Is defined as a Prohibited Person any person, firm, partnership or corporate body, (a) if, in the sole opinion of the Board, the holding of Shares and/or Notes, by such person, firm, partnership or corporate body, may be detrimental to the interests of the existing Shareholders or Noteholders of a Sub-Fund, (b) if it may result in a breach of any law or regulation, whether in Luxembourg or otherwise, (c) if, as a result thereof, the Fund or any of its Sub-Funds may become exposed to tax disadvantages, fines or penalties that it would not have otherwise incurred, (d) if it does not or ceases to meet the definition of Eligible Investors. or (e) any other category of Investors as determined by the Board and described in this Issue Document and the Articles. In particular, Prohibited Persons shall include (i) U.S. Persons, (ii) any of the persons or entities named on lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter, and (iii) any of the persons or entities named on the World Bank Listing of Ineligible Firms (see www.worldbank.org/debarr).

PRELIMINARY

The board of directors of Amundi Planet, SICAV SIF, has adopted a set of investment guidelines which further detail the Investment Policy of the sub-fund EMERGING GREEN ONE. The information contained in this document is supplemental to the information provided in the General Section and the Supplement no.1 to the Issue Document and should always be read together the General Section and the Supplement no.1 to the Issue Document.

Capitalised terms used in this document and not otherwise defined will have the meaning ascribed to them in the Issue Document and the Supplement.

INVESTMENT GUIDELINES

1. Country Risk Policy

- 1.1 Any of the Sub-Funds of the Fund will not invest in Green Bonds and Other Bonds, of issuers located in the following countries: Cuba, Iran, Libya, Myanmar, North Korea, Russia, Somalia, South Sudan, Sudan, and Syria, South Sudan.
- 1.2 Any of the Sub-Fund's of the Fund will not invest in Green Bonds and Other Bonds of issuers located in countries with a Corruption Perception Index score issued by International Transparency that is less than or equal to 15.²
- 1.3 In order to mitigate the risk of investing in issuers potentially engaging in activities or transactions that can be suspected of circumventing embargoes linked to international sanctions, none of the Sub-Funds of the Fund will invest in Green Bonds or Other Bonds of issuers located in countries under a partial embargo or in other "high risk countries" identified by the Crédit Agricole Group unless, the Portfolio Manager has conducted additional due diligence with respect to the potential investment.

2. Investment restrictions

- 2.1 The Sub-Fund will adhere to the following investment restrictions at the time the investment decision is made:
 - 1) Only Debt Securities and Instruments listed on a regulated market are permitted;
 - 2) The Sub-Fund will only invest into Debt Securities and Instruments that benefit from a credit rating assigned by a major rating agency;
 - 3) The Sub-Fund will only invest in debt securities, and will not invest in equity or any debt that is convertible into equity.
 - 4) Maximum aggregate exposure to Green Bonds and Other Bonds issued by Sovereign entities limited to 30% of the Net Asset Value of the Sub-Fund;
 - 5) If the weighted average long-term credit ratings³ of the portfolio falls below B+, the Sub-Fund will adhere to the following investment restriction at the time the investment decision is made:
 - a. Maximum exposure to any single issuer of Debt Securities and Instruments with a long-term rating of B-, B or B+ limited to 2.5% of the Net Asset Value of the Sub-Fund; and

² Available at <https://www.transparency.org/>

³ By Standard and Poor's or equivalent ratings provided by Moody's or Fitch. In case where the instrument has different ratings from different agencies, the median rating shall apply.

- b. Maximum aggregate exposure to issuers of Debt Securities and Instruments with a long-term rating inferior by 2-notches or more to the sovereign long-term rating of countries where the issuers are located to 30%.

2.2 For the sake of clarity, maximum aggregate exposure limits to issuers are checked at group level.

3. Country and region diversification

3.1 The Portfolio Manager will use its best efforts to maintain a minimum aggregate exposure to issuers of Debt Securities and Instruments located in Target Countries per region, measured as a percentage of the Net Asset Value of the Sub-Fund as follows

- Eastern Europe and Mediterranean Regions⁴: 15%
- Americas⁵: 15%
- Asia⁶: 15%

3.2 If the Sub-Fund is not able to maintain this allocation the AIFM will provide investors with an explanation of the reasons therefor.

4. Procurement

4.1 The Sub-Fund will use its best efforts to maintain that a substantial part of the proceeds from Green Bonds in which the Sub-Fund has invested, have been allocated to:

- (i) projects linked to private sector operations that satisfy the criteria of economy and efficiency by recourse to fair and transparent commercial practices that neither discriminate against suppliers on the basis of their nationality nor allow for a preference to be given to works, goods or services originating in the country of the project; and
- (ii) projects linked to a concession scheme awarded through a transparent process, implying that there was adequate advertising to open up the concession to international competition, that the procedure was fair and non-discriminatory and can be reviewed, and that the concession agreement is economically reasonable in terms of price, quality and risk-sharing.

5. Exposure to Third Parties

The AIFM undertakes to notify all investors if and when the Fund incurs an exposure to any third party, including without limitation exposure to derivatives counterparties and prime brokers and any similar exposure, amounting to 10 % or more of the Net Asset Value of the Fund. Such exposure shall be communicated to the investors as soon as practically possible after its discovery.

6. Sub-Fund ESG Charter

6.1 The Sub-Fund adheres to an ESG charter (“ESG Charter”), this ESG Charter is included as Appendix I to this document.

6.2 The ESG Charter will be published through appropriate communication tools and will be made publicly available to Eligible Investors as soon as practicable.

⁴³⁴⁵ See Appendix I

Appendix I.

The target countries listed per region below have been developed to reflect, to the extent possible, the Sub-Fund's motive to have a widespread impact across emerging market green bonds markets with specific attention placed on country eligibility under the Organization of Economic Co-operation and Development's (OECD) list of eligible countries for the Development Assistance Committee (DAC) (<http://www.oecd.org/dac/stats/daclist.htm>).

Americas:

- Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, Suriname, Uruguay, Venezuela (Republica Bolivariana de).

Asia :

- Afghanistan, Azerbaijan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Kazakhstan, Kyrgyz Republic, Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Tajikistan, Thailand, Turkmenistan, Uzbekistan, Vietnam.

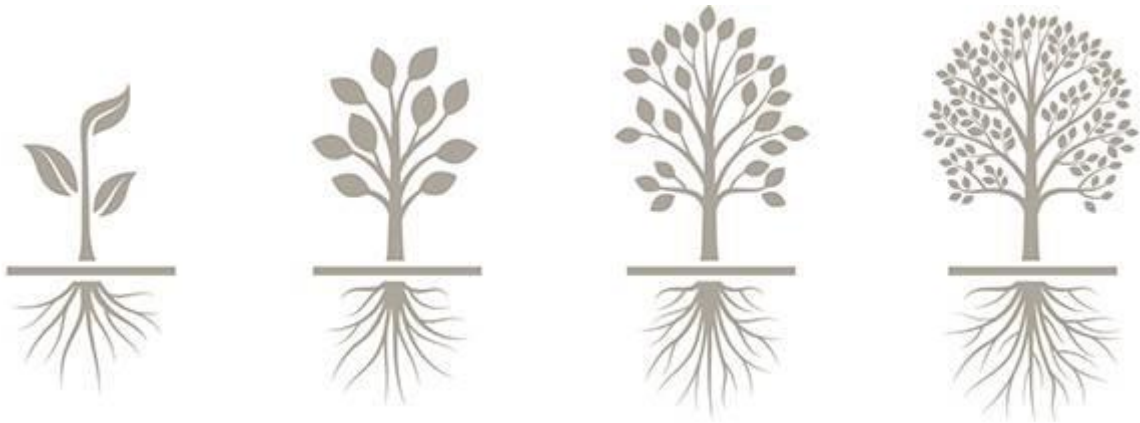
Eastern Europe and Mediterranean Region Target Countries:

- Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Egypt (Arab Republic of), Estonia, Georgia, Hungary, Jordan, Kosovo, Latvia, Lebanon, Lithuania, Macedonia (FYR of), Moldova, Montenegro, Morocco, Poland, Romania, Serbia, Slovak Republic, Slovenia, Tunisia, Turkey, Ukraine

Appendix II.

Amundi Planet – Emerging Green One

ESG Charter⁷



⁷ Environmental, Social and Governance (ESG).

Introduction

This document has been drafted to complement the information provided in the Issue Document of Amundi Planet – Emerging Green One (“Amundi Planet EGO” or the “Fund”). It seeks to provide further insights on the ESG Policy of the Fund and its implementation process.

The Fund’s mission is to help stimulate the issuance of green bonds in emerging markets, deepening local capital markets and expanding financing for climate investments. It aims to educate emerging market players about green bonds and embed best practice in line with the Green Bond Principles. The Fund aims to play a transitional role in transforming the bond market practices in the Emerging Markets through addressing market shortfalls and with its robust ESG investment criteria, influencing the market development over the 7 year investment period.

The Fund will target financial institutions (“FIs”) as potential issuers, as it believes they are best placed to select green projects within the markets they cover. The rationale is that by sending FIs the signal that the Fund is willing to buy their green bonds, they will be in favour of financing more green projects. The Fund also aims to play an important role in helping to boost climate finance, in terms of channeling capital from the developed to the developing world.

The Fund will initially invest in sovereign, quasi-sovereign and other bonds issued by FIs (as defined in the Section 3. Investment Objective of the Sub-Fund of the Supplement n. 1 to the Issue Document), as emerging market green bond issuances from FIs have been limited to date as well as for liquidity and yield management purposes. The issuers of all bonds will be screened against robust ESG criteria.

As part of the Green Cornerstone Bond Program, the Fund aims to introduce best market standards and practice in line with the Green Bond Principles (“GBPs”) in emerging markets and support the development of sustainable debt capital markets with the aspiration to boost supply of future Green Bond issuances by FIs. Over the course of its 7-year investment period, the Fund will aim to be an influential actor on the market by promoting best ESG practices in green bond issuance and debt capital market. The Fund aims to transition entirely to green bonds over the course of the Investment Period as the market for green bonds in Emerging Markets (“EM”) develops.

The design of the Fund’s ESG Policy reflects the following contextual aspects:

- (i) The Fund is expected to have a medium Environmental & Social (“E&S”) risk profile. For each type of asset and issuer eligible, the Fund Manager will follow an approach designed to address E&S issues specific to each particular case: for sovereign and quasi-sovereign bonds, conventional bonds issued by financial institutions and green bonds issued by financial institutions. The ESG screening reflects the environmental consequences of the FI’s financing and exposure to high ESG risk and carbon-intensive sectors and to projects associated with potentially significant environmental and social risks and impacts.
- (ii) The Fund may only invest in listed securities. As such, the Fund will base its ESG analysis off publicly available information.
- (iii) Green bond development in emerging markets is still at a nascent stage. This ESG Charter establishes clear ESG criteria for the Fund in order to effectively promote best practices at all stages of green bond market development in line with the letter and spirit of the GBP.
- (iv) The Fund will require an external review of the green credentials of any green bond issuance it considers for investment to ensure the green bonds it invests in will result in significant net environmental benefits. Amundi will invest in green bonds without external review only under exceptional circumstances, i.e. in the case where an issuing FI is based in a country where credible

financial consulting companies conducting external reviews and certifying second opinions are not operating within the remits of reasonable commercial terms and conditions at the time of issuance.

Contents

I.	Overview of Amundi Planet EGO ESG Policy	8
II.	Issuer Level Screening	8
III.	Green Bond Selection Process.....	11
A.	Overview	11
B.	Adherence to the Green Bond Principles.....	12
C.	Managing E&S Risk Profiles of the Green Bonds	13
D.	Promoting High Environmental Benefits	14
IV.	Fund ESG and Impact Reporting.....	16
V.	The Scientific Committee	17
VI.	Leveraging the GBP to Enhance Market Best Practice.....	17

I. Overview of Amundi Planet EGO ESG Policy

1.1 The Fund's ESG policy is based on three key pillars which represent current market best practices in socially responsible investing ("SRI") and green bond investing and will be an integral element for the investment decision-making process:

- (i) Exclusion policy at the issuer level, based on Issuers' ESG score, taking into account portfolio exposure to high ESG risk and carbon-intensive sectors and to projects associated with potentially significant environmental and social risks and impacts, and/or sector-exclusion;
- (ii) Assessment of the green bonds framework (focusing on transparency and disclosure level); and
- (iii) Ensuring high performance standards of the green bonds (focusing on high environmental, net environmental and social benefits and ESG risk profile at the project level).

1.2 The ESG policy was developed by Amundi and IFC, in collaboration with EBRD and EIB to reflect the following high level characteristics which act as the framework of the Fund's ESG policy, that will be implemented and applied by Amundi:

- (i) ESG screening at the issuer level for all bonds, using a joint framework co-developed by Amundi and IFC⁸.
- (ii) Green bond framework assessment, ensuring that best practices set out by the GBP are met; and
- (iii) Additional information requirements and ex-post monitoring on the use of proceeds with a focus on:
 - a. Performance standards at project level to ensure net environmental and social benefits: impact assessment requirements and exclusion of specific categories of projects (i.e. clean coal); and
 - b. ESG risks associated with the projects or portfolio of projects.

1.3 These three pillars will enable Amundi to:

- (i) Ensure that none of the Fund's investments directly or indirectly expose the Fund to environmentally high-risk and carbon intensive sectors nor to projects associated with potentially significant environmental and social risks and impacts in the issuer's portfolios;
- (ii) Ensure the promotion of green bond best practices, maintain and reinforce green bond market integrity for emerging markets green bonds;
- (iii) Focus whenever possible on green bonds supporting projects with the highest level of environmental benefits; and
- (iv) Mitigate ESG risks that may present reputational risks at the issuer level for other Bonds and at the issuer and green bond level for green bonds.

II. Issuer Level Screening

2.1 Issuer level screening will be applied ex-ante to all the Fund's investments, applicable to all bond issuers throughout the Investment Period as well as the green bond portfolio. The issuer level screening is broken down as follows:

- (i) Country level exclusion policy;
- (ii) Issuer level ESG exclusion policy ; and

⁸ See Section 2.5.

- (iii) Issuer's portfolio exposure to high ESG risk and carbon-intensive sectors and projects associated with potentially significant environmental and social risks and impacts.

2.2 In order to ensure compliance with international norms and Amundi Socially Responsible Investment ("SRI") Policy⁹, sovereign issuers will be excluded if they are:

- (i) Sanctioned by the United Nations Security Council pursuant to any resolution issued under Chapter VII of the United Nations Charter; the European Union and/or the French competent authority; and/or
- (ii) Rated G by Amundi ESG analysis¹⁰.

2.3 Secondly, ESG screening at the issuer level will apply to all issuers the Fund invests in. These guidelines will be as follows, if applicable:

- (i) Exclusion of municipal and quasi sovereign bonds if there are obvious investments in (a) fossil fuel, (b) gambling, (c) large dams or large hydropower projects associated with potentially significant environmental and social risks and impacts, and (d) large infrastructure and extractive industry projects exposed to considerable E&S risks such as significant resettlement, impacts on critical habitat, impacts on Indigenous Peoples, significant impacts on local communities or impacts on critical cultural heritage;
- (ii) Exclusion of entities or affiliates of entities debarred by the World Bank Group¹¹, the European Bank for Reconstruction and Development¹², the Asian Development Bank¹³, the Inter-American Development Bank¹⁴ or on the exclusion list of the Ethical Council of the AP Funds¹⁵;
- (iii) Exclusion of financial institution conventional bonds if the company is scored F & G on Amundi's scale¹⁶; and
- (iv) ESG screening will consider the issuer's portfolio exposure to high ESG risk and carbon-intensive sectors and projects associated with potentially significant environmental and social risks and impacts, such as significant resettlement, impacts on critical habitat, impacts on Indigenous Peoples, significant impacts on local communities or impacts on critical cultural heritage (see below Box 1: Reflecting Environmental Consequences of Financing in Banks' ESG Scores).

2.4 With regard to FI green bonds in particular, these guidelines will be as follows:

- (i) Focus on "Low-medium-risk/sound E&S performance" FIs (better than F-rated by Amundi);
- (ii) Eligibility of "Medium-risk" FIs (F-rated by Amundi) where improvement is feasible; and
- (iii) Exclusion of worst performers (G-rated by Amundi, or on the exclusion lists referred to in 2.3 (ii)).

2.5 To assist Amundi in its E&S issuer screening process, IFC will make available relevant tools and methodologies such as the ESG Key Performance Indicators developed for fixed income. In particular it will

⁹ Copy of which is available publicly on the following website: <http://www.amundi.com/int/Services-for-Professionals/ESG-SRI-and-impact-investing>).

¹⁰ Countries that systematically and willfully violate human rights and make themselves guilty of the worst crimes: war crimes and crimes against humanity.

¹¹ See the World Bank Listing of Ineligible Firms and Individuals at www.worldbank.org/debarr

¹² See EBRD list of ineligible entities at <http://www.ebrd.com/ineligible-entities.html>

¹³ See the Asian Development Bank Anticorruption policy list at <https://www.adb.org/site/integrity/sanctions>

¹⁴ See Inter-American Development Bank Group Sanctioned Firms and Individuals list at <https://www.iadb.org/en/topics/transparency/integrity-at-the-idb-group/sanctioned-firms-and-individuals%2C1293.html>

¹⁵ See <http://www.ap4.se/en/esg/excluded-companies/>

¹⁶ The following activities trigger a G-rating: (i) involvement in the production or sale of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo treaties; (ii) involvement into the production or sale of chemical, biological and depleted uranium weapons; (iii) repeated and serious violations of one or more of the ten principles of the Global Compact; (iv) generation of more than 50% of its revenue from coal extraction. A F-rating is triggered by companies having the worst ESG practices according to Amundi best-in-class approach, either because (i) they face allegations of controversies of any kind (E, S or G) that are taken into consideration by the management but practices still need to be improved; (ii) they provide no or very poor information on their ESG practices; (iii) they provide ESG information that trigger a ranking significantly below average (or a combination of the above).

allow Amundi to assess both conventional bonds and green bonds in a manner consistent with the relevant IFC Performance Standards¹⁷. In the normal course of IFC's operations, IFC determines internal E&S Risk Rating scores for its FI investment clients which is based on public and confidential information. IFC will share with Amundi only the publicly available E&S information IFC collects in its operations. This publicly available information will support Amundi process and will be taken by Amundi into consideration in assigning its own ESG performance scores. Such information will be shared upon Amundi's request, only for publicly identified IFC FI clients that are potential issuers for the Fund's investment (if requested by Amundi, IFC will also gather and share publicly available ESG information on other FIs which securities the Fund may potentially invest in).

Box 1: Reflecting Environmental Consequences of Financing in Banks' ESG Scores

Taking into account the environmental consequences of financing, the 'Eco-responsible financing criteria' is the most highly weighted criterion in Amundi ESG ratings of banks, due to the environmental impact but also to the financial and reputational risks for banks.

In order to assess the performance of a bank under the Eco-responsible financing criteria, Amundi's ESG analysis focuses on three key areas of bank activities:

- (i) Corporate financing;
- (ii) Asset management; and
- (iii) Retail banking.

The exposures found within each of these banking activities is weighted against the bank's overall exposure to each of the activities. This relies on activity specific indicators:

- (i) Corporate activities: the proportion of corporates in the lending portfolio;
- (ii) Asset management: the revenue exposure of the bank to asset management and the amount under management; and
- (iii) Retail banking: revenue exposure of the banks to retail clients.

For corporate/project financing activities, to accurately take into account the exposure of the bank, there are three key variables that are analyzed:

- (i) The distribution of projects financed according to the Equator Principles classification;
- (ii) The estimated carbon intensity of the syndicated loan portfolio; and
- (iii) The portfolio composition of high ESG risk and carbon-intensive sectors and projects in (a) fossil (coal and oil) fuel extraction, transportation and power generation, (b) large dams or large hydropower projects, (c) large infrastructure and extractive industry projects, and (d) projects associated with potentially significant environmental and social risks and impacts, such as significant resettlement, impacts on critical habitat, impacts on Indigenous Peoples, significant impacts on local communities or impacts on critical cultural heritage

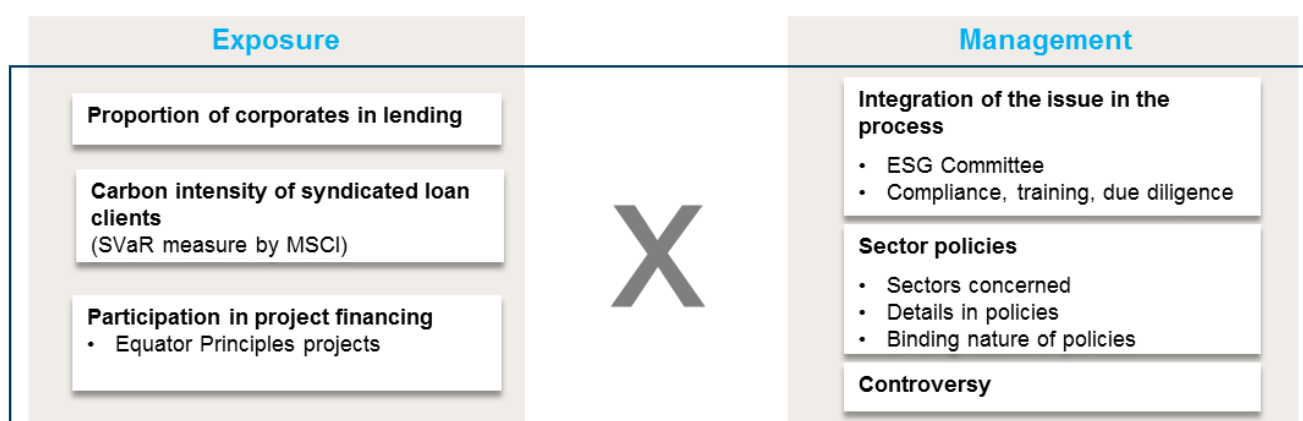
Additionally, there is attention given to measure the management of exposure to "brown" projects by the Amundi ESG team analyzing the integration of environmental risk into the decision process for investment or the

¹⁷ E&S scores calculated by Amundi with the use of publicly available information shared by IFC may be different from the scores assigned by IFC on the same potential issuers for internal purposes as IFC also takes into account client confidential information to which it has authorized access. IFC will not independently verify the accuracy, the completeness or the sufficiency of the public information provided to Amundi and makes no express or implied representation or warranty as to the accuracy, completeness or sufficiency of the publicly available information provided to Amundi for the purposes hereof.

granting of loans. This assessment is performed by analyzing first the integration of environmental issues into risk committees, employee training, due diligence, etc.

Thereafter, the Amundi ESG team analyzes the sector policies applied by the banks. Depending on which sectors the banks are exposed to and which have high environmental impacts, Amundi ESG team measures how detailed and relevant the bank’s sector specific policies are and how binding they are. For example, a bank with a high exposure to a sector such as utilities and which does not have a policy indicating under what conditions it would finance a coal power plant (minimum energy efficiency, country concerned, presence of emission control mechanisms, etc.) would obtain a low score.

Figure 1: Amundi ESG Criterion E26 | Eco-responsible Financing (Corporate Financing)



Regarding the asset management activity, the Amundi ESG team assesses each bank’s performance on this factor by the importance of SRI and the integration of the ESG environmental issue into its managed portfolios. The Amundi ESG team also looks at the participation of the banks indifferent public initiatives and the integration of environmental issues in the votes of the banks’ annual general meetings (i.e. does the bank support resolutions in favor of the fight against climate change?).

Finally, for retail financing activity, in order to assess the performance Amundi ESG team studies the different initiatives of the bank to promote good practices: incentives for energy efficient building renovation or to purchase low carbon vehicles.

III. Green Bond Selection Process

A. Overview

3.1 Acting as Alternative Investment Fund Manager (“AIFM”) and Portfolio Manager, Amundi and its affiliates will have sole responsibility in ensuring the integrity of the green bonds selected for investment.

3.2 The first pillar of the green bond selection process includes ESG screening at issuer level, which has specificities for green bonds.

3.3 Thereafter, to ensure the quality of the selected green bonds the following selection criteria will be applied:

- A. Select only green bonds in compliance with the Green Bond Principles (GBPs);
- B. Additional E&S analysis to ensure that the proceeds:
 - i. do not finance projects that are deemed not investable (for example fossil fuel projects);
 - ii. focus on projects with limited adverse environmental and social impact in line with relevant IFC Performance Standards.
- C. Select only green bonds for which there is a commitment to implement an impact assessment of the use of proceeds.

3.4 The Fund's green bond holdings will be subject to constant monitoring in order to ensure compliance with all aforementioned aspects until maturity or divestment.

B. Adherence to the Green Bond Principles

3.5 Adherence to the GBP is a necessary condition for a green bond to be eligible to the Fund.

3.6 As a reminder, the GBP are a voluntary set of guidelines that recommend transparency and disclosure and promote integrity of the market by focusing on a green bond's issuance process. The GBPs have four core components:

- (i) Use of proceeds:
 - Amundi will ensure that the use of proceeds are appropriately described in the green bonds documentation, with designated green projects providing clear environmental benefits (see Section D below).
- (ii) Process for project evaluation and selection:
 - Amundi will make sure that green bond issuers clearly communicate on environmental sustainability objectives and green projects eligibility criteria.
- (iii) Management of proceeds:
 - Amundi will ensure that the issuer commits to track in an appropriate manner the net proceeds of the green bond and make known to investors the intended types of temporary placement for unallocated proceeds.
- (iv) Reporting:

Amundi will require green bond issuers to provide investors with a list and brief description of all the projects to which the green bond proceeds have been allocated, as well as their expected impact. The report on the environmental benefits of the green projects should provide sufficient information for investors to estimate the positive environmental impact of the projects. If an impact report is not available at the time of issuance, then Amundi will require a commitment from the issuer to provide investors with such a report going forward.

3.7 In addition, the GBP encourage issuers to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Issuers are also encouraged to disclose any green standards or certifications referenced in project selection:

- As part of the green bond selection process, Amundi will assess the issuers' capacity and intention to clearly communicate corporate environmental policies and strategies as well as "green" goals, including increasing financing to green projects and decreasing their exposure to high ESG risk and carbon-intensive sectors and projects over time.

3.8 The GBP also encourage a high level of transparency and recommend that an issuer's process for project evaluation and selection be supplemented by an external review to confirm the alignment of their green bonds with the key features of the GBP (see Box 2).

Box 2: External Review

The GBP recommend that issuers procure a third party external review (external review providers, third party certifiers, rating agencies, etc.). Amundi will require an external review of the green credentials any green bond issuance it considers for investment. To this end, Amundi will invest in green bonds without external review only under exceptional circumstances, i.e. in the case of issuers based in countries where credible financial consulting companies conducting external reviews and/or certifying second opinions are not operating within the remits of reasonable commercial terms and conditions at the time of issuance. In such cases, the Amundi ESG team will conduct further ESG green bond due diligence to ensure compliance with the Fund's requirements. It will particularly focus on the structure of the bond, and the projected management of proceeds (including the impact reporting). Amundi will make all reasonable efforts to ensure that each of the Fund's green bond investment which does not benefit from an external review due to such exceptional circumstances at issuance obtains an external review post issuance as soon as practically possible.

The GBP recommend public disclosure of external reviews, or at least an executive summary, for example by using the template available at www.icmagroup.org/gssbresourcecentre which once completed can be made available online for market information. The GBP encourage external review providers to disclose credentials and relevant expertise and communicate clearly the scope of the review conducted.

The GBP take into account that the timing of an external review may depend on the nature of the use of proceeds and publication of reviews can be constrained by business confidentiality requirements.

C. Managing E&S Risk Profiles of the Green Bonds

3.9 The GBPs also recognize the importance for the issuer to communicate on the potential environmental and social risks associated with a project. In line with this requirement, an E&S due diligence (based on public information available) will be employed for each prospective green bond in which the Fund will consider investing to avoid any green bond investment associated with adverse environmental or social impact.

3.10 The E&S risk profile assessment of each green bond will rely on a framework based on IFC's Performance Standards ranging across the following topics:

- (i) Assessment and management of environmental and social risks and impacts;
- (ii) Labor and working conditions;
- (iii) Resource efficiency and pollution prevention;
- (iv) Community health, safety and security;
- (v) Land acquisition and involuntary resettlement;
- (vi) Biodiversity conservation and sustainable management of living natural resources;
- (vii) Indigenous peoples; and
- (viii) Cultural heritage.

3.11 For the sake of clarity, Green Bonds supporting the following type of “high-risk” assets will not be eligible for investment by the Fund:

- (i) Nuclear plants;
- (ii) Large dams or large hydropower projects associated with potentially significant environmental and social risks and impacts; and
- (iii) Fossil-fuel extraction, transportation and power generation projects (including “clean coal projects”) and energy efficiency projects associated directly with coal or oil extraction, transportation and power generation.

This list of non-eligible areas is non-exhaustive and may be adjusted based on market developments.

3.12 In case of a deficient external review, Amundi will implement further ESG analysis if there is a likelihood that the green bond proceeds might include assets exposed to the aforementioned categories. Green bond financing projects with significant adverse environmental and social impact will not be purchased and, if previously purchased, will be divested should evidence of adverse impact emerge.

D. Promoting High Environmental Benefits

3.13 The GBPs recognize a set of broad categories of eligibility for Green Projects, including (but not limited to):

- (i) Renewable Energy;
- (ii) Energy Efficiency;
- (iii) Sustainable water and wastewater management;
- (iv) Clean transportation;
- (v) Green buildings;
- (vi) Pollution prevention and control;
- (vii) Eco-efficient and/or circular economy adapted products, production technologies and processes;
- (viii) Sustainable management of living natural resources and land use;
- (ix) Terrestrial and aquatic biodiversity conservation; and
- (x) Climate change adaption.

3.14 Within each of these categories, it is up to the green bond investor, using information provided by the issuer or external reviewers, to make sure that the projects provide clear environmental benefits and overall net environmental and social benefits. For example, the goals presented by the projects invested into by the green bond must be in line with:

- (i) lowering the current and expected risks or vulnerabilities posed by climate change; and
- (ii) promoting efforts to reduce or limit greenhouse gas emissions to reduce the risk of climate change.

3.15 Furthermore, the Fund will only invest in green bonds that provide investors with sufficient information to estimate the positive environmental impact of the projects and promote a set of environmental key performance indicators (KPIs).

3.16 This means that a green bond will not be purchased by the Fund if the issuer has not already published an impact reporting or has not committed to do so. Whenever feasible, and in line with the joint International Financial Institutions publication (to which EBRD, EIB and IFC contributed) “Green Bonds: Working Towards a

Harmonized Framework for Impact Reporting¹⁸, the Fund will strongly encourage quantitative impact reporting, using metrics consistent with market best practices (see Box 3).

3.17 Moreover, as the GBPs strongly encourage the positioning of the green project selection and other relevant environmental KPIs within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, Amundi will support such an endeavor whenever possible.

Box 3: Environmental and Social Metrics & Key Performance Indicators (KPI)

At the green bond level, Amundi will expect the impact assessment to include metrics based on generic and sector specific indicators which are pertinent to the sector in which the green bond is financing a project. Below is an indicative list of impact assessment indicators for Energy Efficiency, Renewable Energy and Clean Transportation projects, which Amundi will seek to identify:

- (i) Energy Efficiency: Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings); Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent; Annual absolute (gross) GHG emissions from the project in tons of CO2 equivalent; Fossil fuel consumption avoided;
- (ii) Renewable Energy: Annual GHG emissions reduced/avoided in tons of CO2 equivalent; Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy); Capacity of renewable energy plants constructed or rehabilitated in MW; Capacity of renewable energy plants to be served by transmission systems (MW); Annual absolute (gross) GHG emissions from the projects in tons of CO2 equivalent; and
- (iii) Clean Transportation: Total transportation CO2 emissions per passenger-km; freight tonne-km or per capita; passenger transportation CO2 emissions per capita.

Such metrics can then be used to calculate the environmental benefit of a project by comparing the project's impact measurements against an alternative scenario if the project in question had not taken place, most notably in clean transportation.

Naturally, as climate mitigation projects have the most mature impact indicators, the green bond selection procedure will favor green bonds supporting climate mitigation projects. It is not, however, the Fund Manager's intention to limit the Fund's exposure exclusively to climate mitigation projects.

Therefore, throughout the lifetime of the project, Amundi's green bond selection process will be open to development to ensure the Fund's ESG policy corresponds to market best practices in green bond impact assessment.

For instance, KPIs relating to the area of Biodiversity conservation/management of living natural resources and sustainable water/wastewater management include the following:

- (i) Terrestrial biodiversity conservation: Evolution of the proportion of land-protected areas/entire considered zone before and after the project (%);
- (ii) Aquatic biodiversity conservation (coastal, marine and watershed): Evolution of the coverage of aquatic-protected areas /entire zone considered after the project (%); Index variation of coastal eutrophication before and after the project (%); Variation of floating plastic debris density before and after the project (%); Variation of average marine acidity (pH) before and after the project (%);
- (iii) Sustainable forestry: Evolution of the coverage of sustainable forest / entire considered zone after the project in ha (absolute) or in % (relative); Evolution of the deforestation rate before and after the project (%); Reforested areas thanks to the project (ha);

¹⁸ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/20151202-0530-FINALRevised-Proposal2.pdf>

- (iv) Sustainable animal husbandry and species protection: Evolution of the proportion of sustainable animal husbandries/classic animal husbandries (as a proportion of sales revenue) (%); Evolution of the proportion of traded wildlife that was poached or illicitly trafficked (%); Evolution of the proportion of local breeds classified as being at risk of extinction (%); Number of new species introduced in the considered area;
- (v) Sustainable fishery and aquaculture: Evolution of the proportion of sustainable fisheries/ classic fisheries (as a proportion of sales revenue) (%); Evolution of the proportion of fish stocks within biologically sustainable levels (%);
- (vi) Sustainable agriculture: Evolution of the proportion of sales revenue coming from sustainable/biological agriculture (%)¹⁹;
- (vii) Water savings: Annual water use before and after the project in m3 (absolute), reduction in water use in % (relative);
- (viii) Wastewater treated or avoided: Annual amount of wastewater treated, reused or avoided before and after the project in m3 (absolute) and as % (relative);
- (ix) Treatment and disposal and/or reuse of sewage sludge: Annual amount of raw/untreated sewage sludge that is treated and disposed of, in tons (absolute) and in % (relative); Annual amount of sludge that is reused in tons (absolute) and in % (relative); and
- (x) Other types of projects : Number of people with access to clean drinking water (or annual volume of clean drinking water in m3 supplied for human consumption) through infrastructure supporting sustainable and efficient water use ; Number of people with access to improved sanitation facilities under the project; Number of people and/or enterprises benefitting from measures to mitigate the consequences of floods and droughts; Area covered by sustainable water resources management practices (% evolution); Annual catchment of water that complies with quantity and quality requirements by utilities (m3/year)²⁰.

KPIs relating to the area of energy efficiency and more specifically green buildings could be the following (non-exhaustive list):

- (i) Energy performance; and
- (ii) Internationally recognized energy efficiency or sustainability certification that is reviewed frequently after audits depending on the chosen certification (BREEAM, LEED, HQE, etc) to ensure the environmental quality of the projects.

IV. Fund ESG and Impact Reporting

4.1 The Fund will issue annual extra-financial reporting, including policy related information relevant to green bond assets, ESG performance and Green Bond impact (including alignment with the GBP).

4.2 **ESG Performance.** The Fund will report at least on an annual basis on its environmental and social performance for the previous fiscal year, describing in reasonable detail: (i) implementation and operation of the ESG policy, and (ii) performance of its portfolio. This will include a list of: a) issuers; and b) the underlying projects, to the extent possible, to which the proceeds from investments, which the Fund invested in, have been allocated, as well as a brief description of the underlying projects and the amounts allocated, and their expected impact as recommended by the GBP (the “ESG Annual Report”).

4.3 **Green Bond Impact.** Amundi expects reporting to include:

¹⁹ Final List of Proposed Sustainable Development Goal Indicators, UN, 2016.

²⁰ The GBP Impact Reporting Working Group – Suggested Impact Reporting Metrics for Sustainable Water and Wastewater Management Projects, ICMA, 2017.

- (i) Assessment of the level of compliance with the Green Bond Principles (i.e. external review with or without verification; only qualitative vs. quantitative impact assessment; positioning of the environmental KPIs of green bonds within the context of broader sustainability objectives or not; etc.) to track progress in the dissemination of best practices;
- (ii) Impact measurement;
 - with a strong preference for quantitative impact reporting;
 - with metrics consistent with market practice in order to help provide transparency to investors and spur growth in the market;
 - a qualitative description of the projects financed;
 - a clear breakdown of the use of proceeds by project (or project type); and
 - featuring qualitative factors with regards to the projects financed (region, maturity, etc.).

V. The Scientific Committee

5.1 The Scientific Committee will serve in an advisory role to the Fund and will be composed of individuals for the Green Cornerstone Bond Programme with specific expertise in sustainable finance and the energy transition. The key features of the Scientific Committee have been developed by IFC and Amundi and are as follows:

- (i) The role of the Scientific Committee will be strictly limited to an advisory function. The Scientific Committee will not participate in the management or control of the Fund (ESG policy included). The Fund Manager will be the sole entity responsible for the implementation of the Fund's ESG policy;
- (ii) The Scientific Committee shall make recommendations to the Fund Manager with respect to the latest developments and good practices in the green bond market. Such recommendations shall be taken into consideration in updating the Sub-Fund's green bond investment policy, as appropriate from time to time. The guidance provided by the Scientific Committee will be sought to reinforce the integrity of the E&S profile of the Fund and to better inform or provide guidance to bond issuers; and

IFC and Amundi will be responsible for selecting the members of the Scientific Committee, that should include: (i) investors with a specific interest in the developmental impact of the Green Cornerstone Bond Programme and/or the development of sustainable finance in emerging markets; (ii) emerging markets policy makers interested in the development of green finance; (iii) other individuals with extensive expertise and experience in sustainable finance.

VI. Leveraging the GBP to Enhance Market Best Practice

6.1 As a representative of the Investor community on the GBP Executive Committee, Amundi has set two priorities with regards to the GBP:

- (i) Support the development of the green bond market by building on its active experience with regards to establishing green investment vehicles; and
- (ii) Spread best practices for enhanced reporting standardization and transparency by promoting a harmonized reporting framework consistent with initiatives of key investors while encouraging quantitative impact reporting.

6.2 In 2017, Amundi committed to focus on impact reporting including by participating in the “Impact Reporting Working Group” of the GBP and has advocated for a “New Markets Working Group” to address the particular characteristics of, and challenges for, green bond issuers in the developing markets.

6.3 Amundi Planet is a key strategic tool in achieving these priorities. The strategy’s following characteristics underline the project’s potential to significantly impact the spread of the GBP:

- (i) A strategy solely focused on emerging markets, which will represent a significant proportion of the green bond market going forward;
- (ii) An ecosystem approach by fostering both the demand and supply of green bonds adhering to the Green Bond Principles; and
- (iii) Along with Amundi, EBRD, EIB and IFC, the project will feature the involvement of key players in the global green bond market on both the sell and buy side, providing a high-level platform to disperse the standards upheld by the GBP.

6.4 Amundi will seek to encourage financial innovation and unprecedented mobilization by both the financial community and influential policymakers to uphold commitments undertaken at regional, national and international levels. Amundi hopes to help develop reporting standards and further develop impact metrics for enhanced quantitative reporting, while supporting the continued efforts towards qualitative reporting, to ensure sound emerging market climate finance development.