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**REPORT ON SOCIALLY RESPONSIBLE
INVESTMENT IN COLLECTIVE
INVESTMENT SCHEMES**

amf-france.org

AUTORITÉ
DES MARCHÉS FINANCIERS



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INTRODUCTION

Investors are showing a growing interest in the consideration of environmental, social and governance (ESG) criteria in their investments. Firstly, institutional investors are increasingly demanding that ESG criteria be taken into account in their investments. The French regulatory framework has boosted this trend with article 224 of the Grenelle II Law, then article 173 of the Law on the Energy Transition for Green Growth (LTECV)¹, which obliges the main institutional investors to report on the incorporation of ESG criteria in their investment policies, their management of climate risks and their contribution to the financing of the green economy. Secondly, according to the 8th IPSOS survey for Vigeo-Eiris and the FIR (French Social Investment Forum), nearly one French person in two says that environmental and social impacts hold an important place in their investment decisions². The public authorities have promoted responsible savings products to the general public through the creation of the SRI and TEEC labels³.

The European Union is also firmly resolved to develop sustainable finance through its policies and its cross-sector initiatives as part of the building of the Capital Markets Union. At the start of 2017, the European Commission appointed a high level expert group on sustainable finance tasked with producing recommendations. The European regulation on social entrepreneurship funds (EUSEF)⁴, which came into force on 22 July 2013 and was revised at the end of 2017⁵, is a first European initiative in favour of sustainable finance, which offers a harmonised framework to European managers of alternative investment funds invested in social entrepreneurship that imposes fewer obligations and makes marketing easier.

The AMF published a first report on SRI in French collective investment schemes in November 2015. This report had two main conclusions. The first emphasised the fact that SRI is a polymorphous concept that is constantly changing and is sometimes difficult to grasp. The second pointed to a recurring lack of information on the subject which, despite the efforts made by management companies, did not always allow investors to understand products and therefore clearly identify the products likely to be suited to their needs.

Two years after the publication of its first report on SRI, and following the entry into force of the LTECV, the AMF has conducted a fresh analysis of SRI reporting and practices in collective investment schemes. This report has a broader scope, as it covers all undertakings for collective investment (UCIs) that refer to the notion of SRI in their marketing or legal documentation, whether or not they have a label, UCIs that use a similar qualifier ("responsible", "sustainable", "ethical", etc.), and UCIs focused on a specific environmental, social or governance theme. The analysis framework therefore exceeds that of the first report, which was focused solely on SRI UCIs that systematically consider E, S and G criteria.

According to data published by Novethic, SRI holds a larger place in French collective investment schemes, with gross assets increasing from 4.6% in 2014 to 5.4% in 2016⁶. This is a market that is dominated by institutional investors⁷. One of the main significant changes in recent years, according to these same figures, is the sharp rise in thematic and low carbon funds⁸, while best-in-class management⁹ is still heavily used.

¹ Law 2015-992 of 17 August 2015 on the Energy Transition for Green Growth.

² The survey is available at the following address: [<http://www.vigeo-eiris.com/fr/les-francais-et-lisr-resultats-de-la-8eme-enquete-ipsos-pour-vigeo-eiris-et-le-fir/>].

³ Transition Énergétique et Écologique pour le Climat (Energy and Ecological Transition for the Climate).

⁴ Regulation (EU) 346/2013 on European Social Entrepreneurship Funds.

⁵ The new regulation, adopted by the European Parliament in September 2017, aims to promote the EUSEF label, particularly by expanding its scope to managers approved under the AIFM Directive, rather than just small-sized managers, as previously, establishing the possibility of the cross-border management of EUSEFs.

⁶ With 313 UCIs with gross assets of €81 billion at 31/12/2014 and 361 UCIs with gross assets of €128 billion at 31/12/2016, respectively, according to Novethic.

⁷ 88% of SRI assets – mandates and collective investment schemes – come from institutional investors according to the 2016 annual Eurosif survey.

⁸ Their number almost doubled between 2014 and 2016, rising from 60 UCIs to 108, for all themes.

⁹ Approach consisting of preferring the companies with the highest non-financial ratings within their business sector. It accounted for 70% of assets in 2016, versus nearly 90% in 2014, according to Novethic.

As the 2015 report stressed, fund managers are still being highly innovative and SRI strategies are not very standardised, which means that the market is not very legible for non-professional investors. The very term SRI, promoted by the state label, is not used for all the investment schemes developing a responsible approach.

This report draws on an analysis of public data on the websites of asset management companies (hereinafter AMCs) approved by the AMF, a survey of selected AMCs conducted by the AMF, and interviews carried out by the AMF. It presents certain trends seen in the SRI market's development in the last two years. It provides an overview of the recommendations made in the first report by updating the sample of funds advertising SRI characteristics at the end of 2013. Finally, it provides an initial analysis of the AMCs' publications relating to article 173 of the LTECV.

The work carried out by the AMF showed an improvement in the quality of the information given to subscribers in SRI UCIs' regulatory documentation following the publication of the first report. The difference between certain so-called responsible strategies and conventional investment schemes does not always clearly emerge, however, and the notion of SRI is associated with highly diverse practices that go far beyond the public SRI label, which makes this market less legible for non-professional investors.

1. OVERVIEW OF THE RESPONSIBLE INVESTMENT MARKET SINCE 2015: PROGRESS MADE ON THE INFORMATION PROVIDED BY UCIS

1.1. RESPONSIBLE INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES IS CONTINUING TO GROW

1.1.1. Overview and trends

The data presented in this section come from various studies on responsible investment published by Novethic and the 2016 annual Eurosif survey on sustainable and responsible investment¹⁰. These two bodies do not use the same methods for reporting on the responsible investment market, which means that they publish different figures. Eurosif concentrates on the responsible investment offering in France, whereas Novethic is more concerned with demand from French clients in its responsible investment analyses. Novethic is also more restrictive as it distinguishes between "responsible investment" (incorporation of ESG criteria¹¹) and "conviction-based SRI".

The AMF recognises that there are many different approaches to reporting on the responsible investment market in France. Given this situation, the data presented in the report come from different sources and are not very comparable. The AMF applauds, furthermore, the initiatives of professional associations aimed at harmonising definitions and the data relating to responsible investment.

Novethic data

According to Novethic's data, SRI accounted for 5.4% of the €2,055 billion of gross assets under collective investment management in 2016¹², with €110 billion of assets under management, versus 4.6% in 2014. 361 SRI UCIs were marketed in France at the end of 2016 by 72 AMCs. Novethic's nomenclature distinguishes between the following responsible investment categories (a glossary is appended to the report):

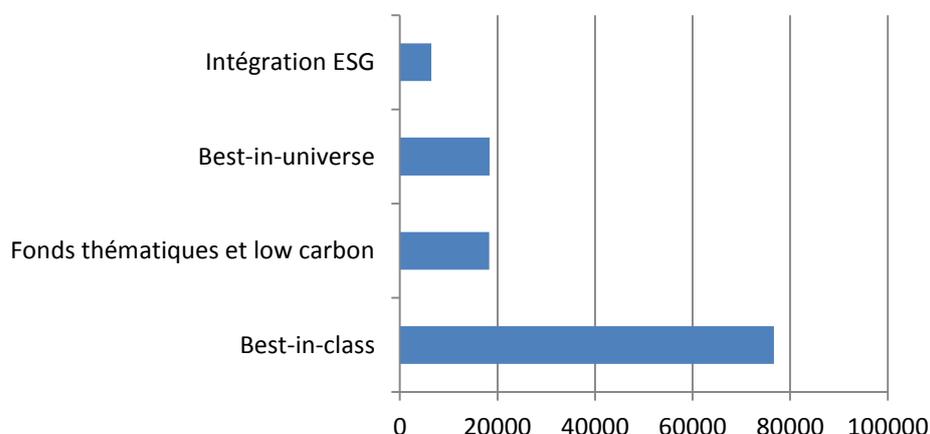
- Best-in-class which, with more than €76 billion of assets and 232 UCIs in 2016 is still the most common approach, followed by nearly 70% of SRI UCIs;
- Thematic and low carbon funds, which account for more than 16% of the SRI assets under collective investment management with 92 UCIs and more than €18 billion of assets;
- The best-in-universe approach, which represents 5.7% of the total assets, with €6.3 billion of assets and 54 UCIs;
- Finally, the ESG incorporation, weighting or engagement approaches, which represent more than 5.8% of assets, with €6.4 billion and 9 UCIs.

¹⁰ "The European Sustainable and Responsible Investment (SRI) study".

¹¹ Novethic defines the incorporation of ESG criteria as considering a few key environmental, social or governance (ESG) criteria in mainstream investment schemes, or providing an ESG analysis to all of the management teams, or developing joint analyses by financial and non-financial analysts. Source: [<http://www.novethic.fr/lexique/detail/integration-esg.html>].

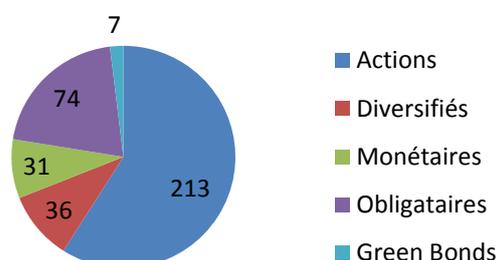
¹² I.e. 55.9% of the total assets under management (€3,673 billion) in France in 2016.

**Répartition des encours ISR par approche au
31/12/2016 (en M€)**

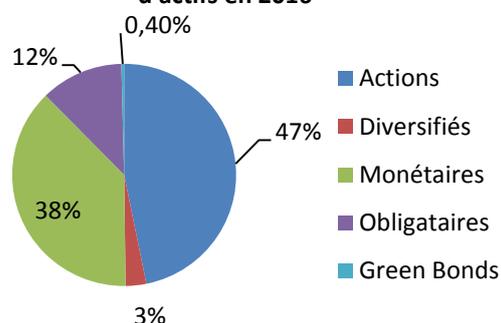


The breakdown of SRI assets by asset class in 2016 shows that equity funds dominate, accounting for nearly half of all assets. The assets of SRI money market funds, for which the first AMF report stressed the qualms of certain market participants¹³, have risen slightly, but their share is falling, with nearly 38% (€41.8 billion) of the total assets under management in 36 UCIs, versus 49.5% (€40.4 billion) under management in 35 UCIs in 2014¹⁴.

**Répartition des fonds par classes d'actifs
en 2016**



**Répartition des encours par classe
d'actifs en 2016**



Source: The 2016 SRI and thematic fund indicator, Novethic

Eurosif data

The annual Eurosif surveys present the assets under responsible management in France declared by the AMCs responding to this survey. These figures include both collective investment schemes and discretionary management.

According to the 2016 annual Eurosif survey¹⁵, France has one of the most developed responsible investment sectors in Europe. In this country, institutional investors account for 88% of the market and around

¹³ Money market SRI's detractors believe that these funds' assets are short term and do not allow a strong engagement policy, whereas its defenders argue that money market issues are recurring and are often renewed at maturity, which means that investors can invest over the long term. The consolidation of positions at management company level also gives it influence over the issuer.

¹⁴ 2014 SRI-labelled fund indicator, Novethic.

¹⁵ European social investment forum, "European SRI Study 2016", available at the following address <http://www.eurosif.org/sri-study-2016/> [consulted on 17/10/2017].

fifty AMCs are particularly active in the field. Over the 2013-2015 period, the assets in this market, all vehicles included¹⁶, grew by 61.7 % according to this survey, versus 47.2% over the 2011-2013 period.

The Eurosif study also highlights the momentum and diversity of the responsible product offering. Eurosif distinguishes between six major categories of non-exclusive responsible investment strategies (see chart below), of which selection based on compliance by issuers with national or international standards¹⁷ emerges as the most commonly adopted strategy in the French asset management industry. More than €2,600 billion are managed using this approach according to the survey's results, far ahead of exclusion¹⁸ (€666 billion of assets) and best-in-class (€321 billion of assets) strategies. Thematic investment has also grown strongly since 2013 in France, with €43 billion under management in 2015, versus €4.3 billion two years earlier, like in Europe, where this strategy grew by 146% over the same period. Finally, the survey shows a fall for the engagement strategy (-30%) and a slight rise for impact investing (11%) between 2013 and 2015.



Source: SRI Study 2016, Eurosif

1.1.2. Management companies that focus on SRI usually have a specific organisational structure and dedicated resources

The AMF conducted a survey of AMCs that originate SRI UCIs aimed particularly at understanding the resources that they committed to SRI. 16 AMCs approved by the AMF, managing 312 SRI funds with assets of €98 billion at the end of 2016 – collective investment schemes and mandates – responded to the survey. These 16 AMCs had 5,921 FTE employees in total at the end of 2016:

- 63% of these companies declared that they have at least one manager solely dedicated to SRI (with a minimum of 1 manager and a maximum of 38) and 12 that they have at least one non-manager analyst solely dedicated to SRI (with a minimum of 1 and a maximum of 17);
- 75% of these companies declared that they have at least one mixed manager¹⁹ (with a minimum of 1 and a maximum of 50) and 3 that they have at least one mixed analyst (with a minimum of 1 and a maximum of 15);
- 87.5% of AMCs declared that they have a proprietary non-financial analysis tool;

¹⁶ Collective investment schemes and discretionary management.

¹⁷ Selection method that assess issuers on their management of environmental, social and governance issues according to various international standards (e.g. the United Nations Global Compact, the OECD's guidelines for multinational enterprises, the ILO's tripartite declaration of principles concerning multinational enterprises and social policy, etc.). This method may be accompanied by an exclusion or engagement strategy.

¹⁸ Sector exclusions and exclusions of issuers that violate certain international standards.

¹⁹ SRI and conventional investment schemes.

- All of the AMCs that responded declared that they use public data, external analyses by data providers, and analyses possibly enhanced by discussion with issuers to conduct their non-financial research.

The survey respondents use a large variety of providers to conduct their non-financial research²⁰.

This survey shows the diversity of AMCs' practices when it comes to developing an SRI approach. A few characteristics emerge for all the respondents, particularly regarding non-financial data, which come from public data, analyses by external service providers and discussion with issuers. A majority of AMCs also declared that they employ staff dedicated solely to SRI, namely managers and non-manager analysts, and also have a proprietary non-financial analysis tool. The survey also revealed the variety of specialised and non-specialised²¹ non-financial data providers that AMCs work with.

1.1.3. New strategies based on the environmental theme

The climate theme is the object of various innovations, such as the perfecting of various "climate" indices replicated by UCIs underlying formula funds. The AMF therefore examined various approval applications for funds linked to "low carbon" or "climate objective" indices. Use of such similar terms sometimes conceals diverse objectives. Some of these indices have an objective of reducing carbon emissions (current emissions and reserves representing potential future emissions) compared with their parent index while retaining a similar sector and geographic composition, subject to restrictions on the liquidity, yield and volatility of securities. In such a case, the index cannot completely exclude a business sector that emits high levels of greenhouse gases or a geographic region. Another index formed from the largest European stocks across all sectors has sought to build an allocation of securities in line with the International Energy Agency's 2DS scenario²². 100 companies were selected combining companies with low energy needs with others with high energy needs, which include "green" companies²³ and "grey" companies amongst their number. This index is also restricted to retaining the same sector weighting as its global universe, consisting of the 1,000 most liquid European companies from all sectors ranked according to their market capitalisation.

When building these indices, providers usually rely on external service providers to perform various services. The applications examined by the AMF showed that these services included obtaining the carbon footprint of securities (collected from the companies or estimated using the provider's proprietary models), ratings given by the provider (such as a rating for a company's degree of involvement in climate change mitigation, or an ESG rating according to the provider's own grids), a specific nomenclature developed by the service provider (e.g. a ranking of companies by business sector with high or low energy needs, identification of "green" and "grey" sectors, or a list excluding companies linked to controversial sectors) and assistance with the non-financial methodology developed to select securities.

²⁰ Below is a non-exhaustive list of the providers referred to by the AMCs included in the survey with the number of companies using the provider out of the 16 AMCs surveyed in brackets: ISS-Ethix (9 AMCs); Sustainalytics (9 AMCs); Vigeo-Eiris (8 AMCs); CDP (8 AMCs); Prox'Invest (7 AMCs); MSCI ESG Research (5 AMCs); Trucost (4 AMCs); Ethifinance (4 AMCs); Oekom Research (3 AMCs); ECGS (3 AMCs); Grizzly (3 AMCs); RepRisk (2 AMCs); Bloomberg (2 AMCs); Carbone 4 (2 AMCs); Beyond Ratings (2 AMCs); Factiva, GlassLewis, La Financière Responsable; BOFA; Exane; HSBC, Kepler Cheuvreux, Oddo Securities, IPSOS, Thomson Reuters.

²¹ Specialisation in environmental themes, controversy management, the ESG rating of sovereign securities, etc.

²² "The 2°C Scenario (2DS) is the main focus of Energy Technology Perspectives. The 2DS lays out an energy system deployment pathway and an emissions trajectory consistent with at least a 50% chance of limiting the average global temperature increase to 2°C". <http://www.iea.org/publications/scenariosandprojections/>

²³ According to the prospectus of the UCI replicating this index, green companies are selected based on two criteria:

- Belonging to one of the following 6 ICB (Industry Classification Benchmark) sectors: alternative energy, construction, electricity, electrical and electronic equipment, industrial engineering and transport engineering;
- 50% of these companies' revenue must come from so-called "green" activities.

Grey companies are selected according to the following criteria:

- More than 50% of their revenue is linked to oil and gas extraction or refining activities;
- Their revenue is linked to the production and refining of coal;
- Their carbon emission intensity is greater than 400g CO₂ per kWh for electricity producers.

With regard specifically to Greenhouse Gas (GHG) emission measurement, the methodologies have not yet been standardised, leading to different results depending on the service provider for the same measurement scopes. Several biases may emerge in the carbon footprinting of portfolios, as Kepler Cheuvreux's "Investor guide to carbon footprinting"²⁴ shows. First of all, there's the **data reliability** bias, as data are currently declared directly by the issuer or estimated based on models, without them necessarily being validated by an independent third party. Secondly, there's the **bias relating to the GHG emission measurement scope**, which is most often limited to scopes 1 and 2²⁵ for the building of indices or methodologies followed by UCIs advertising a "climate" aspect. Scope 3 may account for 75% or more of the total GHGs emitted by an issuer, however, depending on its business sector, as the chart below this paragraph shows. There are strong uncertainties in scope 3 GHG emission measurement methodologies linked to the estimation models developed by the service provider. These may result in the double-counting of GHG emissions for the same portfolio, but the inclusion of scope 3 offers a global view of the transition risks to which a company is exposed. A company that is not very integrated vertically within its value chain may have a moderate carbon footprint for scopes 1 and 2, which conceals a much bigger footprint for scope 3. It is therefore still exposed to a transition risk upstream through its suppliers, and downstream through its distributors and users, if, for example, a higher carbon tax was to be introduced. A last bias can be found in the **metrics used to publish the carbon footprint of portfolios**. A distinction may be made between three major types of metrics – this list is not exhaustive:

1. The absolute measurement of the total GHG emissions financed by the portfolio, once the GHG emission scopes have been decided on, expressed in tonnes of CO₂e²⁶. This allows the measurement of a portfolio's total contribution to climate change, for example, but makes comparisons between portfolios difficult;
2. The standardised metrics, which can be used to make comparisons between portfolios. The two most common metrics consist of:
 - The weighting of a portfolio's GHG emissions by the portfolio's value ("the carbon footprint of your money"²⁷), most often expressed in tonnes of CO₂e per millions of euros invested. This is an intuitive indicator that enables the easy ranking of portfolios, but that introduces two major biases linked to the market capitalisation²⁸ and the price-to-sales ratio²⁹;

²⁴ This investor guide, published in partnership with the IIGCC, the 2^o Investing Initiative and Deloitte, presents the advantages and limitations of the various metrics used to publish carbon footprints ("Investor guide to carbon footprinting", 23/11/2015).

²⁵ The main international GHG measurement standards and methods define 3 emission categories:

- Direct GHG emissions (or SCOPE 1): Direct emissions from fixed or mobile systems within the organisational scope, in other words emissions from sources owned or controlled by the organisation, such as the combustion of fixed and mobile sources, industrial processes excluding combustion, emissions from ruminants, biogas from landfills, refrigerant leaks, nitrogenous fertilisation or biomass.
- Indirect energy emissions (or SCOPE 2): Indirect emissions associated with the generation of electricity, heat or steam imported for the organisation's activities.
- Other indirect emissions (or SCOPE 3): The other emissions indirectly produced by the organisation's activities that are not counted in scope 2 but are linked to the complete value chain, such as the purchase of commodities, services or other products, travel by employees, the upstream and downstream transport of goods, the management of the waste generated by the organisation's activities, the use and end of life of the products and services sold, the immobilisation of capital goods and equipment, and so on.

Source: The ADEME's (Agency for the Environment and Energy Management) website.

²⁶ The CO₂ equivalent (CO₂e) denotes the global warming potential (GWP) of a greenhouse gas calculated through equivalence with a quantity of CO₂ that would have the same GWP.

²⁷ Investor guide to carbon footprinting, Kepler Cheuvreux (2015).

²⁸ Large companies tend to have a very large total carbon footprint. For the same percentage ownership of a company by a portfolio, the weighting by market capitalisation will result in a preference for companies with a larger capitalisation than companies whose capitalisation is more modest, although the latter have a smaller carbon footprint, all things being equal, moreover.

²⁹ (The security's GHG emissions/millions of euros invested)/(The security's GHG emissions/millions of euros of revenue) ratio. This ratio may be less than, equal to, or greater than 1, and varies particularly according to the business sector. If it is greater than 1, in a strategy built on the carbon intensity weighted by the market capitalisation, it favours the companies with the highest price-to-sales ratio, which may lead to sector biases (e.g. the real estate sector had a price-to-sales ratio of 11 in 2015, according to the Kepler Cheuvreux guide).

➤ The weighting of the portfolio's GHG emissions by the issuer's revenue, which may be attributed to the portfolio, expressed most often in tonnes of CO₂e per millions of euros of revenue. This allows the GHG emission efficiency of companies to be factored in, but may lead to incorrect interpretations depending on a company's pricing power or revenue³⁰;

3. Indicators designed to reflect the exposure of a portfolio to carbon risk, to overcome the biases introduced by the above indicators. For instance, some investors calculate the weighted average carbon intensity of their portfolio, expressed, for example, in tonnes of CO₂e per millions of euros of revenue, which enables measurement of the portfolio's exposure to companies that generate high levels of GHG emissions. Identifying "carbon-intensive" securities may allow the investor to introduce an engagement, or even a divestment, policy with regard to these companies.

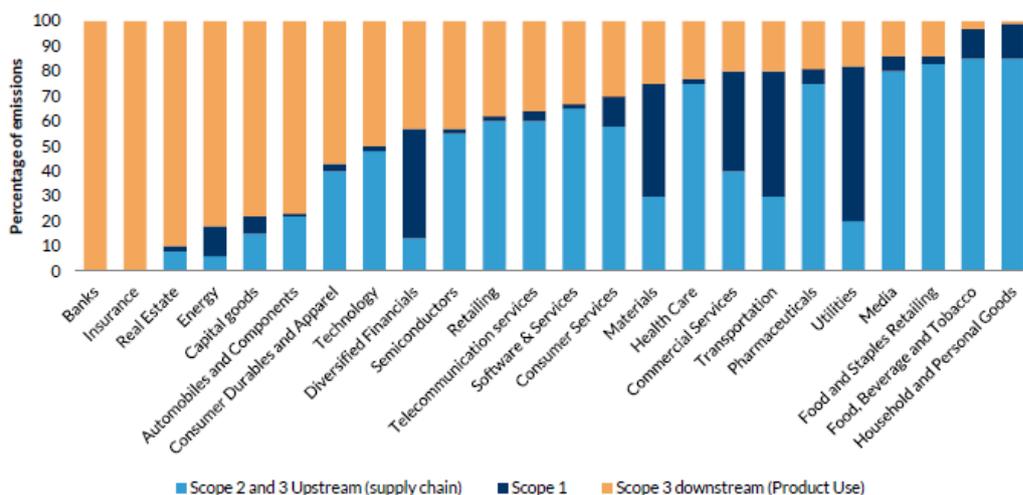
These indicators may be adapted to different asset classes, such as bonds, unlisted securities, sovereign securities, infrastructure or real estate, using specific methods, or supplemented by other metrics that are not presented here.

Good practice:

In light of these observations on the uncertainty of the methodologies and indicators currently used, especially to build climate-related indices, several AMCs that manage funds based on such indices state in their prospectus that:

- The index on which the fund (or the fund's portfolio) is based may incorporate stocks that are high emitters of GHGs;
- The analysis of the "climate" score draws partly on declarative data or estimates;
- As the data available currently stand, not all GHG emission data are available (particularly scope 3 data).

Chart 5: Scope 3 – it matters!



Source: Based on Inrate data

Source:

Investor guide to carbon footprinting, Kepler Cheuvreux (2015)

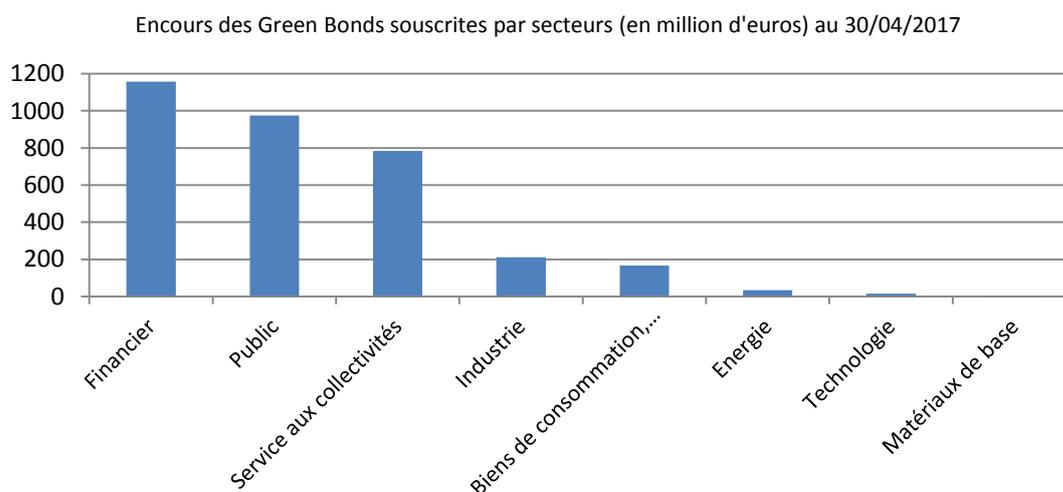
1.1.4. The special case of funds invested in green bonds

³⁰ For example, a luxury carmaker that sells a limited number of units that generate a high level of GHG emissions but are very costly will tend, with this indicator, to have a smaller carbon footprint than a maker of mid-range cars that are less polluting, but sell in much larger quantities.

In the environmental thematic fund category, funds specialising in green bonds are developing, but are currently still limited.

Green bonds are "bonds whose assets are allocated to the financing of environmental projects. This information is specified in the use of the funds and the term Green Bond is usually used by the issuer"³¹.

French funds had €3.3 billion of green bond outstandings at 30/04/2017, divided between 602 UCIs. The green bonds subscribed for mainly come from three business sectors: financial, public and utilities.



Source: AMF and Banque de France

Green bond outstandings are concentrated in ten AMCs that manage nearly ¾ of the total bonds subscribed for by French funds. Funds are invested very unevenly in these green bonds, as green bonds account for less than 10% of the portfolios of most funds (579 funds out of 602 at 30/04/2017).

	31/12/2015	31/12/2016	30/04/2017
Green bond outstandings in French funds	€1.8bn	€2.6bn	€3.3bn
Number of French funds holding at least one green bond	427	537	602
Number of different green bonds subscribed for	74	108	127
Number of funds whose portfolios contain at least 10% green bonds	12	18	23

The AMF also identified 7 French funds whose strategy is focused almost exclusively on green bonds (representing 0.4% of the total SRI assets under collective investment management).

Although institutional investors now prefer direct investment in green bonds, the growing interest in these securities, and in other types of bond issue intended to finance a specific project (healthcare, social

³¹ Lettre Economique et Financière 2014-3, Etude – Le segment obligataire des Green Bonds et le rôle de l'AMF (Study – The Green Bond segment and the role of the AMF).

housing, education, etc.), is the reason why the AMF is reminding management companies that special care must be taken when these instruments are used. In its recommendation DOC-2016-13 on corporate social responsibility, the AMF reiterates that, in the case of green bonds, issuers define "the criteria used to determine whether or not a project is "environmental" themselves. Furthermore, "the procedures for the ex-post control and monitoring of the proper allocation of the funds are currently governed only by recommendations – the Green Bond Principles [...] – and compliance is not mandatory".

Good practice:

The AMF noted that some asset management companies (AMCs) subscribing for these specific bonds in their funds ensure:

- **Consistency between the criteria used by an issuer to select the projects that it wishes to finance through a green, social or sustainability bond and the fund's investment policy. In particular, projects financed by these securities should usually be in line with the fund's non-financial objectives, if applicable, as defined in the prospectus;**
- **The procedures for the ex-post control and monitoring of the proper allocation of funds by an issuer are robust, by following the standards provided for in the International Capital Market Association's Green Bond Principles, Social Bond Principles and Sustainability Bond Principles, for example.**

1.2. ADEQUATE CONSIDERATION OF THE ELEMENTS OF POLICY PUBLISHED IN THE AMF'S FIRST REPORT

In a market where there is constant innovation, the AMF's first report pointed to a recurring lack of information from SRI UCIs that did not always allow investors to understand what the qualifier SRI means in practice for a fund. For instance, out of a sample of 102 UCIs advertising SRI characteristics³² at the end of 2013, information was missing in 74% of cases. This same sample³³ was analysed again for this report. This analysis showed that, this time, information was only missing for 29% of the UCIs. In detail, by returning to the various points studied in the first report:

- No funds (versus 3% in 2015) are listed as belonging to the originator's range of responsible or equivalent funds without this characteristic being referred to in their regulatory documentation;
- 4% of the time (versus 18% in 2015), the fund states that there is a responsible investment policy but the legal documentation provides no information on the nature of the non-financial criteria used;
- 17% of the time (versus 40% in 2015), the information relating to the nature of the non-financial criteria is not very detailed. Note, in this respect, that the FIR/AFG/Eurosif Transparency Code plays a vital role in the quality of the information given to investors, as 63% of the UCIs only provide details about the nature of the non-financial criteria in their transparency code and not in their prospectus;
- Finally, 8% of the time (versus 13% in 2015), the information on the nature of the non-financial criteria is detailed, but the approach used is not defined (for example, exclusion, weighting, or the restricting of the eligible universe before or after the financial criteria have been factored into the investment process).

The recommendations of November 2015 therefore seem to have been taken into account by more than two-thirds of the AMCs. This means that the information contained in the basic documentation for open-ended SRI funds marketed in France is better designed to help investors to understand the responsible strategy adopted by the UCI. The review of the sample also showed the vital role played by the Transparency Code in the proper understanding of SRI products: 76% of the UCIs in the sample published a Transparency Code specific to

³² Labelled or non-labelled funds.

³³ Since 2015, three funds from the sample have been liquidated and three no longer have an SRI or non-financial strategy (following a merger/absorption or a change of strategy).

the UCI or a family of funds. This Code should not replace the SRI UCI's regulatory documentation, however, which might include the following information³⁴:

- A reference to the responsible nature of the fund;
- Information about the nature of the non-financial criteria adopted;
- Details about the way in which the non-financial criteria are used;
- A description of the approach followed (link between financial and non-financial analysis, exclusion, weighting, restricting of the parent eligible universe, etc.)

The Transparency Code remains a supplementary document to the regulatory documentation. Although 85% of the Transparency Codes are up to date on the websites of the AMCs in the sample, in 47% of cases there are divergences between the Transparency Code, the rest of the information available and the prospectus. The divergences particularly regard the use of derivatives and the lending/borrowing of securities, with the prospectus stating that the UCI may use them, while the Transparency Code says the opposite.

Position:

The AMF reiterates position 2 of the first SRI report, which states that management companies should ensure consistency between the different sources of information available and, more specifically, between marketing materials and legal documentation and the Transparency Code. They must also ensure the accessibility and updating of Transparency Codes.

Good practice:

The AMF noted that several management companies make the Transparency Code available to investors on the page of their website dedicated to the UCI.

1.3. THE ISSUE OF THE DIFFERENTIATION OF SRI UCIS FROM CONVENTIONAL INVESTMENT SCHEMES

Although the information given in the basic documentation for SRI UCIs marketed in France is clearly improving, the clear differentiation of SRI UCI strategies from conventional investment schemes is a major credibility issue for the development of this market. While a growing number of AMCs are incorporating ESG criteria in their mainstream investment schemes³⁵ without claiming any SRI characteristics, SRI UCIs should show how their management approach contributes to sustainable development³⁶ and influences the governance and behaviour of the firms being financed³⁷.

1.3.1. Highlighting the impact of ESG methodologies on portfolio stock-picking

The specific ESG methodologies introduced in the investment policies of SRI UCIs theoretically lead to the selecting of different stocks compared with a conventional stock-picking process. According to the analysis by Novethic³⁸, however, the impact of responsible investment approaches on management decisions and the makeup of portfolios is in most cases limited. For instance, the research centre showed that, at the end of 2016, 110 SRI UCIs marketed in France, accounting for 20% of the total SRI assets³⁹, were in what is known as the

³⁴ This information was taken from the AMF's report published in 2015 (see page 30).

³⁵ 350 AMCs approved in France declared, in their response to article 173, that they considered ESG criteria in 2016.

Source: AMF.

³⁶ The AMF's first SRI report stated that: "A management approach can be considered to be SRI only if it contributes to sustainable development and influences the governance and behaviour of the firms being financed. An SRI strategy is therefore a proactive strategy that needs to have tangible sustainable development impacts."

³⁷ Ibid.

³⁸ Since 2016, Novethic has qualified the various responsible investment approaches according to their impact on portfolio building.

³⁹ I.e. €20.5 billion, according to Novethic's 2016 indicator for SRI and thematic funds.

"conviction-based SRI" category⁴⁰. This category contains funds that follow best-in-class approaches that rule out more than 50% of stocks from their investment universe, best-in-universe approaches that exclude more than 25% of issuers, and thematic approaches. It goes without saying that, in this stock-picking process, the excluding of companies directly or indirectly linked to the financing of controversial weapons is not considered as this is an obligation provided for by the Defence Code⁴¹, which applies indiscriminately to all funds in France⁴².

It's not easy to assess the impact of ESG methodology on a portfolio's makeup, but one of the indicators often used is the selectivity ratio (i.e. the ratio of issuers excluded after the ESG filter has been applied to all the issuers in the investment universe). Criterion 3.1 of the SRI label's reference framework, considers, for instance, a 20% reduction in the eligible investment universe compared with the initial investment universe to be one of the two methods⁴³ of measuring the result of the implementation of a UCI's ESG strategy. The survey of AMCs conducted by the AMF⁴⁴ also showed that 81% of the respondents tracked this indicator when managing their SRI funds. As with any indicator, the selectivity ratio taken on its own may introduce many biases: an SRI UCI could, for example, choose a very broad investment universe in order to raise this ratio. Conversely, if SRI UCIs have restricted initial investment universes in which the companies have a good ESG rating overall, the selectivity ratio will not reflect the discriminating nature of the ESG methodologies used by the fund.

Given the limitations of the selectivity ratio and how difficult it is for non-professional investors to understand the impact of ESG methodologies on the makeup of funds, the AMF invites management companies to be more educational in their communication with their non-professional investors. AMCs could, for example, provide investors with the inventory of the securities held by SRI UCIs, while obeying the AMF position DOC-2004-07 on market timing and late trading practices. This increased transparency would allow investors to better understand the practical implications of ESG filters.

Good practice:

A growing number of management companies explain the impact of ESG methodology on the portfolio in the marketing materials provided to investors. Management companies can, in particular, provide investors with the inventory of the stocks held in the SRI UCIs' portfolios on a dedicated page of their websites on a half-yearly basis, while obeying the current market timing and late trading rules (AMF position DOC-2004-07).

1.3.2. Engagement policies as a differentiating criterion

The engagement policy of SRI funds plays an important role in asserting the "responsible" nature of a UCI. Through discussion and by exercising the voting rights attached to the securities held in portfolios, AMCs act on the non-financial themes advertised by their SRI funds. Engagement is a way of monitoring and managing a company's ESG risks, and also of changing the strategy of the companies in which funds invest. However, the exercising of the voting rights attached to the securities held by UCIs is not sufficient, on its own, to assert the responsible aspect of a UCI, as this is a legal obligation⁴⁵ specified by articles 314-100 to 314-104 of the AMF

⁴⁰ "One that makes decisions that are entirely dependent on a discriminating ESG analysis" (see A-C Husson-Traoré and D. Blanc, "L'ISR de conviction doit gagner du terrain" (Conviction-based SRI should gain ground), 27/05/2016).

⁴¹ Criminal provisions are provided for by the Defence Code to prohibit the direct or indirect financing of biological or toxin-based weapons (see particularly article L. 2341-2 of this code), chemical weapons (see particularly article L. 2342-3 of this code), anti-personnel mines (see particularly article L. 2343-2 of this code) and cluster munitions (see particularly article L. 2144-2 of this code).

⁴² See in this respect the AFG's recommendations on the prohibiting of the financing of cluster munitions and anti-personnel mines published in 2013.

⁴³ The second method uses the portfolio's average ESG rating, which should be higher than the average ESG rating of the initial universe.

⁴⁴ 16 AMCs approved by the AMF, managing 312 SRI funds with assets of €98.19 billion at the end of 2016 – collective investment schemes and discretionary management.

⁴⁵ Article L. 533-22 of the Monetary and Financial Code provides that "asset management companies must exercise the rights attached to the securities held by UCITSs and AIFs falling under sub-section 2, paragraphs 1, 2 and 6, paragraph 2, or sub-section 3, paragraph 1, sub-paragraph 1, or book II, title I, chapter IV, section 2, sub-section 4 of this code [...]".

General Regulation. The latest survey by the French Asset Management Association (AFG) on the exercising of voting rights by management companies in 2016 therefore shows that the AMCs in their sample⁴⁶ "effectively exercise their votes for 79% of the listed shares in their portfolios", for both SRI and non-SRI funds. On the other hand, there is commonly only a voting policy at AMC level, which is applied indiscriminately to the SRI and non-SRI UCIs that it manages. The voting policy must therefore be in line with the themes advertised by the SRI UCIs. This is why the AMF would like to reiterate, as in its first report, the importance for AMCs managing SRI UCIs of disclosing information about the effective exercising of voting rights⁴⁷ to identify the "tangible impacts of the SRI strategy"⁴⁸.

Good practice:

The publication by AMCs on their websites of the votes on resolutions presented during the general meetings of companies whose securities they hold in portfolios (especially if the security accounts for more than 1% of a fund's portfolio) is a good practice observed by the AMF.

As it is only possible to exercise voting rights if a company holds shares, discussion also seems to be a decisive way of asserting the responsible aspect of SRI UCIs. This discussion may take place using a number of methods: direct discussion⁴⁹ with issuers on targeted themes, which may or may not be made public, or participation in specialised or general coalitions of national or international investors that enable the exercising of greater influence over companies whose stocks are held in portfolios. Discussion is also a way of reaching out to issuers case by case. In a survey conducted by the AMF for this report, all of the respondents⁵⁰ said that they have adopted a policy of discussion with issuers and belong to coalitions of investors whose aim is to discuss non-financial themes particularly. Commitments made in the name of SRI funds benefit the AMC as a whole.

Good practice:

As with the exercising of voting rights, some management companies publish a report on the discussions held with companies whose stocks are held in portfolios on their websites, presenting the issuer's initiatives on various themes and their consequences.

1.3.3. Labels as standards in an SRI market with unclear boundaries

In an SRI market with unclear boundaries, marketplace labels may act as initial standards offering investors a guarantee that a responsible investment approach has been adopted by an AMC. This is the case especially for the two labels supported by the public authorities, the TEEC label⁵¹ and the SRI label, created at the end of 2015 and in January 2016 respectively.

The aim of the TEEC label is to channel a percentage of total savings into the energy and ecological transition, particularly excluding any investments in the nuclear sector and fossil fuels. It specifies the activities included within the scope of the energy and ecological transition and those that are excluded from it. It sets the rules for the use of derivatives⁵² and the portfolio turnover ratio, which must be less than 2, except in "specific,

⁴⁶ 51 AMCs including the fifteen leading AMCs in terms of assets under management, twenty-two of the thirty leading AMCs and twenty-eight of the fifty leading AMCs, consisting of full-service companies that are subsidiaries of banking groups, insurance or mutual companies, specialist subsidiaries of a group and boutique firms.

⁴⁷ To unitholders or shareholders.

⁴⁸ Summary of the AMF's report on SRI in collective investment schemes, November 2015.

⁴⁹ Through meetings with the company's management, telephone conversations, email exchanges, by sending letters, etc.

⁵⁰ 16 AMCs approved by the AMF, managing 312 SRI funds with assets of €98.19 billion at the end of 2016 – collective investment schemes and mandates.

⁵¹ Transition Énergétique et Ecologique pour le Climat (Energy and Ecological Transition for the Climate).

⁵² According to its reference framework, "the use of derivative financial instruments should be limited to techniques enabling efficient management of the portfolio of securities in which the applicant fund has invested". This means that "the use of derivative products should not significantly or lastingly distort the fund's investment policy".

objective and quantified" market conditions⁵³. Funds of funds⁵⁴ and money market UCIs are eligible for the label, as are bond funds if at least 83.5% of their assets are invested in green bonds whose eligibility is specified. The label issued by Novethic and EY France had been awarded to 15 funds⁵⁵ with assets under management of more than €1.5 billion at 15 November 2017.

The SRI label, for its part, is designed to raise the profile of SRI management in the eyes of savers, and at European level. It assures investors that a fund has indeed developed a methodology for the ESG assessment of issuers and incorporates these criteria in its investment policy. According to the specifications, the latter should lead either to a 20% reduction in its initial investment universe, or to a higher average ESG rating for the portfolio than the average ESG rating for the initial universe, and under no circumstances to a lower average ESG rating than the weighted ESG rating of the fund's initial investment universe or the benchmark index after elimination of the 20% of worst-in-class stocks. The use of derivative financial instruments is also governed by rules and should be limited "to techniques enabling efficient management of the portfolio of securities in which the applicant fund has invested"⁵⁶. The reference framework also states that "debt securities issued by states, local authorities or government or international agencies, other than "green" bonds, are outside the scope of the SRI assets eligible for the label"⁵⁷. Money market funds and funds of funds at least 90% of whose assets are invested in funds with the SRI label are eligible. EY France and AFNOR are currently accredited by the French Accreditation Committee (COFRAC) as the auditors of the label and 119 funds managed by 23 AMCs have been labelled, representing assets of €22 billion.

These labels, which are supported by the public authorities, exist jointly with a number of private initiatives governed by clearly defined frameworks.

In terms of solidarity finance, since 1997 the association Finansol⁵⁸ has issued its label to "distinguish solidarity savings products from other savings products for retail investors"⁵⁹. With regard to collective investment schemes⁶⁰, UCIs must comply with one of the two solidarity mechanisms to be eligible for the label, namely investing between 5% and 10% of their assets in organisations accredited as "solidarity undertakings" or paying out at least 25% of the interest or return on the fund as donations to associations. They must also meet the transparency and information criteria by providing investors with "complete information about labelled investments"⁶¹. Solidarity UCIs accounted for €7.2 billion of assets in 2016, i.e. 73.9% of the total solidarity savings assets. Finally, since 2002, **the Interunion Employee Savings Committee (CIES) has labelled families of employee savings funds according to four main principles.** One of the criteria that must be met, according to the CIES, by funds applying for the CIES label, is the adopting of an SRI approach for all asset classes⁶². They must also defend the interests of investor employees, particularly by ensuring "the best value for money", through the exercising of voting rights by the fund and through the fact of not preferring funds of funds⁶³. As for the governance of funds, "the CIES considers it vital for employee representatives to have an absolute majority of

⁵³ Ibid.

⁵⁴ If at least 90% of their assets are invested in TEEC-labelled funds and if the remaining assets are invested in transferable securities or money market instruments as defined by article 50 (2)(a) of the UCITS Directive.

⁵⁵ List available on the website of the ministry for the ecological and solidarity-based transition: [<https://www.ecologique-solidaire.gouv.fr/label-transition-energetique-et-ecologique-climat>].

⁵⁶ According to the SRI label's reference framework.

⁵⁷ Ibid.

⁵⁸ French association for the promotion of ethical, human and solidarity finance, created in 1995.

⁵⁹ According to its website: [<https://www.finansol.org/pourquoi-un-label/>].

⁶⁰ Solidarity savings in France, which accounted for nearly €10 billion in 2016, are funnelled into three main channels: bank savings (€3 billion), employee savings (€6.2 billion), whose vehicles may be UCIs, and savings invested in solidarity undertakings (€502 million). Source: 2016 annual Finansol survey.

⁶¹ According to the Finansol label's reference framework.

⁶² An exception is made for money market vehicles, for which an SRI approach "will nevertheless be looked upon favourably" according to the CIES's specifications.

⁶³ "In order to promote fund transparency, guarantee that limited management fees are paid by saver employees, and allow the effective exercising of voting rights", *ibid.*

members⁶⁴. Fourteen fund families were labelled by the CIES in 2016, representing assets of more than €16 billion, i.e. 75% of SRI employee savings⁶⁵.

Part des OPC dans l'encours d'épargne solidaire (au 31/12)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Encours des OPC solidaires (en M€)	1 180	1 073	1 719	2 241	2 420	3 409	4 597	5 001	6 132	7 216
Encours de l'épargne solidaire (en M€)	1 623	1 630	2 400	3 082	3 548	4 690	6 018	6 836	8 457	9 765
Part des OPC dans l'encours d'épargne solidaire	72,7%	65,8%	71,6%	72,7%	68,2%	72,7%	76,4%	73,2%	72,5%	73,9%

Source : Finansol

Recommendations:

The AMF **reiterates recommendation 4** of its initial report on SRI, inviting any fund marketed in France and wishing to advertise its SRI characteristics to publish a document that clarifies its approach, modelled on the European Transparency Code, or to adhere to a charter, code or **label** governing the consideration of criteria relating to the achievement of social, environmental and governance quality objectives.

The AMF also recommends that funds marketed to non-professional investors that advertise SRI characteristics obtain the SRI label. Indeed, now that a public SRI label has been introduced, using the same terminology for marketing purposes without having obtained the label may be confusing for investors.

1.3.4. "Impact" strategies and solidarity savings schemes go beyond considering ESG criteria, by specifically seeking out investments that have a measurable non-financial impact

The three main objectives usually met by SRI⁶⁶ include the positive environmental and social impact aimed at by investments (impact investing⁶⁷). Novethic also notes that responsible investors are increasingly trying to make sure that their investments have measurable environmental and social impacts as well as a financial return⁶⁸, marking a new era for responsible finance: "a mere intention to consider environmental and social criteria is not enough. There must also be quantified objectives measured over time"⁶⁹. Note, in this respect, the publication of the principles for positive impact finance⁷⁰ by the UNEP FI⁷¹ on 30 January 2017, which

⁶⁴ Ibid.

⁶⁵ According to the CIES's website, SRI employee savings do not include employee shareholding funds.

⁶⁶ Referred to in the AMF's initial report on SRI in collective investment schemes.

⁶⁷ Defined by the GIIN (Global Impact Investing Network) as follows: "Impact investments are investments made in companies, organisations, and funds with the intention of generating social and environmental impacts alongside a financial return".

⁶⁸ "Les investisseurs en quête d'impacts. Stratégies, innovations et défis" (Investors in search of impacts. Strategies, innovations and challenges) - Novethic study, July 2017.

⁶⁹ Ibid.

⁷⁰ "The Principles for Positive Impact Finance, a common framework to finance the sustainable development goals", UNEP Finance initiative, 30 January 2017. These principles are an extension of the PRI (Principles for Responsible Investment) initiative launched by the United Nations in April 2006, whose "goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions" through the promotion of 6 principles, according to their brochure, which can be consulted at the following address: [<https://www.unpri.org/about>].

138 AMCs whose registered office is in France were signatories to the PRI at 07/11/2017.

Source: [<https://www.unpri.org/signatory-directory/>].

⁷¹ The United Nations Environment Programme – Finance Initiative is a partnership set up by the United Nations Environment Programme (UNEP) and the financial sector, created following the Rio Earth Summit in 1992. Its signatories include more than 200 banks, insurers and investors, which work alongside UNEP to promote initiatives designed to further sustainable development and the incorporation of environmental and social aspects at every operational level of financial institutions.

"guide financiers and investors in the analysing, management and reporting of the impact on the economy, society and the environment of the financial products and services that they offer. "⁷².

Whether this search for a social and/or environmental return as well as a financial return, developed for more than a decade by impact investing funds, should be classed as an SRI strategy, is a matter for debate.

For many market participants, this approach is different "as it has a very specific dimension that more closely resembles project finance"⁷³, which is not the initial purpose of SRI. **As SRI assets are most often invested in the securities of listed companies and sovereign and quasi-sovereign securities, it is difficult to introduce non-financial indicators able to measure a portfolio's environmental⁷⁴ and social impact.** This is due particularly to the difference between "holding assets and financing", as a report by the 2° Investing Initiative⁷⁵ highlights. The acquisition of financial assets and investments in the real economy do not have the same effects on gross fixed capital formation. The 2° Investing Initiative report recommends developing a robust methodological framework for measuring the effect of holding a portfolio of assets on the financing of the economy. This approach particularly implies ensuring the transparency of the financing intermediation chain, from the UCI to the final investments, and analysing the structure of the financed entity's financing to measure the UCI's role in the financing of this market participant or a business sector. Such a tool could be used to identify the social and environmental benefits generated by the SRI UCI's allocation of securities.

Various initiatives currently exist for advertising the social and environmental impacts of savings products. For the financing of unlisted entities, for which it is simpler to identify the non-financial impact of investments, in 2012 the AFIC (French Association of Investors for Growth) created its AFIC impact club which, in 2017, had fifteen AMC members wishing to generate a financial and social return through their investments. They manage €1.3 billion invested in 400 companies. Inclusive employment is the impact most commonly sought through this financing, followed by the environment and local development⁷⁶, which the AMCs communicate about regularly.

Solidarity savings are also able to generate a non-financial impact that is easier to identify through investment in entities with a socially useful purpose. Law 2014-856 of 31 July 2014 on the social and solidarity economy facilitates the identification of these entities by defining the scope of "social and solidarity economy undertakings"⁷⁷ (article 1 of this law). These undertakings belonging to the social and solidarity economy may also benefit, under certain conditions⁷⁸, from accreditation as a "Solidarity Undertaking with a Socially Useful Purpose" (ESUS), which opens up access to financing from several solidarity savings investment schemes, and particularly solidarity employee savings plans. According to Finansol, 73.9% of solidarity employee savings assets are currently invested in solidarity UCIs⁷⁹. This same association states that, in 2016, solidarity finance led to the creation or consolidation of 49,000 jobs, the rehousing of 5,500 people and the generating of renewable electricity equivalent to the energy consumption of 20,000 households⁸⁰. Schemes open only to professional investors are also being developed, such as social impact contracts, which can be used to finance social

⁷² According to MEDEF's publication on this subject: <http://www.medef.com/fr/actualites/publication-des-principes-pour-une-finance-a-impact-positif>

⁷³ AMF report on socially responsible investment in collective investment schemes (November 2015) p. 11.

⁷⁴ The discussions on the carbon footprinting of portfolios are presented in the second part of this report.

⁷⁵ "Fiscalité de l'épargne financière et orientation des investissements" (The taxation of financial savings and the directing of investments), 2° Investing Initiative, April 2017.

⁷⁶ According to the "Du capital pour relever les défis sociaux, sociétaux et environnementaux !" (Capital to meet social, societal and environmental challenges!) brochure published by the AFIC in May 2017.

⁷⁷ The following can publicly claim the status of social and solidarity economy undertaking:

- Private legal entities incorporated as cooperatives, mutual companies or unions falling under the mutual company code, or mutual insurance companies falling under the insurance code, or foundations or associations governed by the law of 1 July 1901 on association agreements or, where appropriate, by the civil code applicable to the Bas-Rhin, Haut-Rhin and Moselle departments;
- Commercial companies that meet three conditions through their articles of association: compliance with the conditions referred to by article 1, paragraph I of law 2014-856, a socially useful purpose as defined by article 2 of this law, and the application of management principles defined by this law.

⁷⁸ See article 11 of the law on the social and solidarity economy.

⁷⁹ Source: Finansol's 2017 solidarity finance survey.

⁸⁰ Source: Finansol website [<https://www.finansol.org/quels-impacts-pour-la-societe/>]

programmes through private investors who only receive payouts in the event of success certified by an independent third party.

1.4. THE ISSUE OF PROMOTING AND DISTRIBUTING SRI FUNDS

The public authorities have strived for several years to make non-professional clients more aware of SRI funds, especially through the creation of the SRI and TEEC labels. These products are still not commonly distributed to retail investors, despite an apparently strong appetite on the part of these investors for the consideration of environmental, social and governance issues in their investments. The SRI survey in France, conducted every year since 2009 by VigéoEiris and the FIR, shows that the responsible product family is not advertised much by distributors to non-professional investors. According to this study, in 2017, 66% of French people had never heard of SRI and only 3% had been offered SRI products by their financial institution, whereas a majority of non-professional clients say that they attach a lot of importance to environmental impacts in their investment decisions⁸¹. **The more refined consideration of non-professional investors' sensitivity to non-financial criteria will be an important issue in the coming years.** This sensitivity should be more effectively taken into account by distributors in their knowledge of clients and in the universe of products that they list to factor it into the investment advice that they give.

The promotion of the responsible financial product family to non-professional investors is a decisive factor in the development of this market. Aside from the labels, various initiatives are being used to make retail investors more aware of responsible investments. These initiatives are most often sponsored by marketplace associations. For instance, since 2007, Finansol has organised a solidarity finance week that brings together the main participants in the solidarity finance market at events throughout France. Since 2010, the FIR has organised an SRI week, renamed the responsible finance week in 2016⁸². Other forms of action could be taken to inform retail investors about the responsible product offering, such as increased training of the various people in contact with non-professional savers in responsible savings products, greater communication by distributors about the range of responsible products that they offer and the inclusion of more of these products in other savings products.

⁸¹ 48% of individual investors say that they consider these impacts to be very important (10%) or important (38%) according to this same survey.

⁸² Under the patronage of the ministry for the ecological and solidarity-based transition and, since 2015, the ministry for the economy and finance.

2. TRANSPARENCY EFFORTS TO BE CONTINUED ON THE CONSIDERATION OF ESG CRITERIA FOLLOWING ARTICLE 173

2.1. REMINDER OF THE OBJECTIVES AND OBLIGATIONS SET OUT IN ARTICLE D. 533-16-1 OF THE MONETARY AND FINANCIAL CODE

2.1.1. The law's aim

Article 173 of the law on the energy transition for green growth (LTECV) extends the provisions taken from article 224 of the Grenelle II law by requiring that AMCs and institutional investors accurately report on their analysis of issues relating to climate risks and the initiatives that they have taken in this regard. This legal provision is intended to bring out best practices in terms of investment and risk management policy – particularly with regard to climate change – in asset management:

*"The general aim of the implementing decree is to allow market participants to appropriate environmental issues (and climate change-related issues particularly) and social and governance issues (ESG issues). It requires that the market participants referred to by article L.533-22-1 of the monetary and financial code describe the way in which they take these issues into account (or, where appropriate, state that they do not, or only partially, take them into account), without imposing a prescriptive method. This approach seeks to promote the development of diverse approaches, according to the nature of each market participant's activities and investments, and to contribute to the emergence of best practices."*⁸³

2.1.2. New obligations

Article D. 533-16-1 of the monetary and financial code (COMOFI), enacted pursuant to article 173 of the LTECV, extends the provisions taken from article 224 of the Grenelle II law with regard to four main points:

- Institutional investors are now subject to the decree enacted pursuant to the LTECV, whose provisions were previously only applicable to asset managers;
- Entities are invited to present their approach to the incorporation of ESG criteria, where appropriate, in their risk management policy;
- The decree provides a more detailed description of the criteria relating to social, environmental and governance quality objectives and particularly emphasises the environmental criteria⁸⁴;
- Decree 2012-132 of 30 January 2012 distinguished between "managed UCITSs that simultaneously consider social, environmental and governance quality criteria" and "other undertakings for collective investment in transferable securities". This distinction is abandoned for a distinction between listed UCIs⁸⁵ whose net assets are less than €500 million and those whose net assets are greater than €500 million⁸⁶.

⁸³ Excerpt from the information sheet presenting the draft decree implementing article L.533-22-1 of the monetary and financial code produced by the Directorate General of the Treasury.

⁸⁴ The decree requests that entities indicate whether or not the environmental criteria fall within the category of risks associated with climate change, which are physical or transition risks, and assess the contribution to compliance with the international target for limiting global warming and the achievement of energy and ecological transition objectives.

⁸⁵ The undertakings for collective investment referred to in paragraph II, sub-paragraph 1 of the decree, i.e. UCITSs (falling under the UCITS Directive), in the form of mutual funds or SICAVs (open-ended investment companies), some AIFs (falling under the AIFM Directive), in the form of mutual funds or SICAVs, such as FIVGs, FCPRs, FCPIs, FIPs, FPVGs, FPSs, FPCIs, SLPs and FCPEs governed by the provisions of article L. 214-164 of the COMOFI, at least one third of whose assets are invested in the company's securities, FCPEs (company mutual funds) governed by the provisions of article L. 214-165 of the COMOFI, more than one third of whose assets are invested in the company's securities or in the securities of companies affiliated with it, and SICAVASs (employee shareholding SICAVs).

⁸⁶ Except in special cases, this threshold of €500 million may be recorded on the UCI's reporting date or any other date that the AMC considers to be more relevant for the publication of ESG information.

Listed UCIs with more than €500 million of assets must disclose more information about how ESG criteria are taken into consideration, according to a "comply or explain" approach. This information breaks down into four areas⁸⁷:

- Nature of the ESG criteria considered;
- Information about how the ESG criteria are analysed;
- ESG analysis methodology and results;
- Incorporation of the results and the analysis in the investment process.

The provisions taken from article D. 533-16-1 of the COMOFI give AMCs a choice between publishing this ESG information for each UCI or grouping it together according to their own typology (by asset class, issuer, geographic region, etc.).

2.1.3. Article 173 of the LTECV is an extension of article 224 of the Grenelle II law

The entry into force of the provisions taken from article 173 of the LTECV, as an extension of the provisions taken from article 224 of the Grenelle II law, has not been a dramatic regulatory change for the majority of AMCs. A dozen or so AMCs have not updated their regulatory information and continue to refer to article 224 of the Grenelle II law. **These AMCs must ensure that they update this information to bring them into line with article 173 of the LTECV.**

2.2. OVERVIEW OF THE INITIAL REPORTING

The analyses completed by the AMF for this report only covered the application of the new legal provisions by AMCs, which were supposed to publish ESG information "by 30 June 2017 at the latest" (article 2 of article D. 533-16-1 of the COMOFI). The ESG information relating to UCIs whose net assets are greater than €500 million must be published on the management company's website and in the annual report.

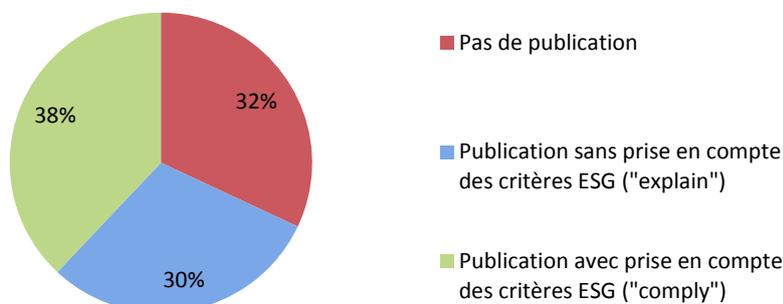
2.2.1. Publication of the general approach to considering ESG criteria

In 2016, 554 AMCs managed a UCI referred to by article D. 533-16-1 of the COMOFI and, as such, were supposed to publish their general approach "to the incorporation of social, environmental and governance quality criteria in their investment policy and, where appropriate, their risk management policy", on their websites. 38 of these 554 AMCs left the analysis scope due to mergers or because their websites were not accessible when the work was carried out. The analysis therefore covers 516 AMCs that were supposed to comply with the new obligations introduced by this decree for 2016.

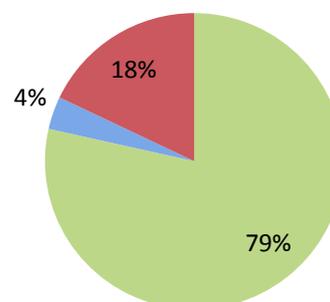
⁸⁷ For more detailed information, see the AFG's professional guide published in October 2016 particularly: "Loi sur la transition énergétique pour la croissance verte – Application aux sociétés de gestion de l'article 173" (Law on the energy transition for green growth –Application of article 173 to management companies)

Compliance of management companies with article 173

By number of management companies



Assets managed by the management companies



Source: AMF

The majority of AMCs complied with this transparency obligation: 350 AMCs (i.e. 68%) published information about ESG criteria on their websites, versus 166 AMCs (i.e. 32%) that do not provide this information. 194 of these 350 AMCs (30% of the total) declared that they take social, environmental and governance quality criteria into consideration in their investment or risk management policies, versus 156 (38% of the total) that said they did not. In most cases, this information can be found in the "regulatory information" section of AMCs' websites, which makes it easier for investors to access. However, AMCs operating in several countries may present information relating to article 173 of the LTECV on various media, sometimes providing a link to the parent company's website and to a document not written in French.

In terms of assets, the management companies that publish a report and take ESG criteria into consideration represent 79% of the assets managed by management companies (both collective investment schemes and management mandates), i.e. **nearly €3,000bn of assets under management are subject to reporting incorporating ESG criteria.**

Recommendation:

To make it easier to access this information, the AMF recommends publishing information about the entity (paragraph II, sub-paragraph 1 of article D. 533-16-1 of the COMOFI) in a single document that is easily accessible on the AMC's website (e.g. through links on pages discussing sustainable development issues) and written in French if the AMC targets non-professional investors in France.

2.2.2. AMCs managing one or more UCIs whose net assets are greater than €500 million

Out of the 61 AMCs approved by the AMF that managed a French listed UCI⁸⁸ whose net assets were greater than €500 million in 2016, 70% of them (i.e. 43 companies) said that they incorporate ESG criteria in their investment or risk management policies. In a flexible regulatory context, these 43 AMCs published reports relating to article 173 of 16 pages on average, with a minimum of 3 pages and a maximum of 72 pages. One AMC published a table showing the correspondence between the points listed by COMOFI article D. 533-16-1 and their response in the report published by them.

⁸⁸ 491 French listed UCIs had net assets of greater than €500 million in 2016.

Tableau de correspondance

Informations à fournir au titre de l'article 173 de la Loi transition énergétique pour la croissance verte	Correspondance rapport
Nature des principaux critères ESG pris en compte	ISR : p 16 Actifs immobiliers : p 36
Raison du choix de ces critères	ISR : p 16 Actifs immobiliers : p 36
Critères environnementaux, risques associés au changement climatique :	
- Risques physiques	Sur les actifs immobiliers : p 45
- Risques de transition	Stratégie climat : p 47
- Appréciation de la contribution au respect de l'objectif international de limitation du réchauffement climatique et à l'atteinte des objectifs de la transition écologique et énergétique	Stratégie climat – prochaines étapes : p 51
Informations utilisées pour l'analyse mise en œuvre sur les critères ESG	ISR : p 16 Actifs immobiliers : p 36
Méthodologie et résultats de l'analyse mise en œuvre sur les critères ESG	
Méthodologie en lien avec les objectifs environnementaux	
- Conséquences des changements climatiques et des événements météorologiques extrêmes	Sur les actifs immobiliers : p 45
- Evolution de la disponibilité et du prix des ressources naturelles	Manque de maturité à date sur ce sujet
- Cohérence des dépenses d'investissement des émetteurs avec une stratégie bas carbone	ISR : p 16
- Tout élément lié à la mise en œuvre par les pouvoirs publics de l'objectif international de limitation du réchauffement climatique	
- Mesures d'émissions de GES passées, actuelles ou futures, directe ou indirectes	Stratégie climat – mesure de l'empreinte carbone : p 48
- Encours investis dans des fonds thématiques contribuant à la transition énergétique et écologique	Stratégie climat – obligations durables : p 51
Intégration des résultats de l'analyse conduite dans la politique d'investissement	ISR : p 16
- Description des changements effectués suite à cette analyse	Actifs immobiliers : p 36
- Mise en œuvre d'une politique d'engagement auprès des émetteurs	Activités d'engagement : p 13 Activités d'engagement via ISR : p 32
- Mise en œuvre d'une stratégie d'engagement auprès des sociétés de gestion de portefeuille	Responsible investment guidelines : p 3
- Contribution à la limitation du réchauffement climatique et à la transition écologique et énergétique <ul style="list-style-type: none"> ▪ Analyse de la cohérence de la politique d'investissement avec ces objectifs ▪ Cibles indicatives ▪ Actions menées suite aux analyses ▪ Position par rapport aux cibles indicatives fixées 	Manque de maturité à date sur ce sujet pour pouvoir définir des cibles

Good practice:

The AMF found that some AMCs explicitly referred to the points listed in COMOFI article D. 533-16-1 (through a correspondence table, for example) for easier reading and to enable a comparison with the information published by them in their reports.

2.2.3. Carbon footprinting is increasingly used, but the methodologies used are still highly diverse

The carbon footprinting of portfolios is a tool often used by AMCs in their reports relating to article 173 of the LTECV: 30 AMCs⁸⁹ publish, or have undertaken to publish, the carbon footprint⁹⁰ of some or all of their portfolios. Article D 533-16-1 indeed provides in point b) of paragraph III, sub-paragraph 3 that clarifications may be given on "direct or indirect, past, current or future greenhouse gas emission measurements associated with issuers belonging to the investment portfolio". Most of these AMCs are also signatories to the Montreal Carbon Pledge or the Portfolio Decarbonization Coalition and, as such, have undertaken to publish the carbon footprint of their portfolios on a yearly basis.

There is still room to perfect the methodologies followed to measure issuers' greenhouse gas (GHG) emissions. Depending on the service provider selected, the results of an analysis may vary significantly for the same portfolio and for the same GHG emission scopes adopted. Several AMCs commented on this in their reports published in accordance with article 173 of the LTECV. For instance, one AMC published the carbon footprint of one of its UCIs compared with its benchmark index, originating from two different service providers: for the same GHG emission scopes, the results vary by a factor of one, two, or even three, from one service provider to the next. The results converge, however, to show that the UCI emitted significantly fewer GHGs compared with its benchmark index. Another AMC presented a comparison of the various climate-related indicators provided by five service providers in its report. The total GHG emissions for scopes 1 and 2⁹¹, calculated in tonnes of CO₂ equivalent, converge around the same result according to the different service providers. Three providers in five propose calculating the portfolio's total GHG emissions by including scope 3, according to the report. The AMC published only one service provider's results, which showed that scope 3 accounted for more than 60% of the portfolio's total GHG emissions. In addition, the results of the calculation of the carbon intensity weighted by the revenue of the companies in the portfolio vary by a factor of one or two depending on the service provider. This comparison also shows that the five service providers do not have the same service offering for all climate indicators (some propose calculating the green share of companies' activities, companies' fossil fuel reserves, the GHG emissions avoided, the alignment of the portfolio with an energy transition scenario, etc.).

One of the reports published in accordance with article 173 of the LTECV by an AMC summarises the advantages and limitations of carbon footprinting, underscoring the fact that this is a useful and perfectible indicator, but that it is not sufficient to build a robust climate strategy⁹². Dividing GHG emissions per millions of euros invested by companies' market capitalisations is a way of making sector comparisons and comparing two portfolios. As the carbon intensity of companies is calculated based on their revenue, a firm's GHG emissions can be analysed more finely, as the analysis does not depend on market fluctuations. The AMC notes, however, that these two indicators usually fail to take into account GHG scope 3, leading to understated final figures⁹³. Carbon footprinting also offers a snapshot of a company's GHG emissions, but does not reflect its trajectory.

Against such a backdrop, **the measurement of issuers' greenhouse gas emissions is only a first step towards building a robust climate strategy**. It can be used to identify the largest GHG emitters in portfolios, for example, for comparison against an index or competing AMCs, and to clarify an AMC's engagement policy for certain sectors⁹⁴. It must be supplemented by other indicators, however – particularly 2°C trajectory alignment indicators and "green share" and "grey share" indicators⁹⁵ – so that AMCs can fully incorporate climate change-

⁸⁹ Out of the 43 AMCs that manage UCIs of greater than €500 million and say that they incorporate ESG criteria.

⁹⁰ In the broadest sense of the term, i.e. any measurement of an issuer's GHG emissions published by an AMC (independently of the scope adopted - scope 1/2/3 - and the denominator chosen - market valuation, revenue, euros invested, etc.).

⁹¹ See section 1.1.2. of this report for more detailed information.

⁹² Idem.

⁹³ In the automotive sector, scope 3 may account for up to 80% of a company's GHG emissions.

⁹⁴ The "Investor guide to carbon footprinting", published on 23/11/2015 by Kepler Cheuvreux transition research with the support of the IIGCC, the 2°Investing initiative and Deloitte, offers a more thorough exploration of the advantages and limitations of carbon footprinting.

⁹⁵ More detailed information can be found, for example, in Climate Brief 46 published by the I4CE (Institute for Climate Economics), "How should financial actors deal with climate-related issues in their portfolios today?", Morgane Nicol, Ian Cochran, April 2017.

related issues in their management strategies. These indicators must be used over the long term in order to track them.

2.2.4. Article 173 of the LTECV has enabled the development of innovative tools by AMCs for analysing climate change-related issues

In line with the spirit of article 173 of the LTECV, some AMCs are acting as trailblazers in a field whose metrics have yet to be developed and its methodologies refined. Around twenty AMCs stand out for their efforts to design innovative tools, in partnership with external service providers:

- A tool measuring the degree of alignment of an issuer's business model with the energy and ecological transition and global warming prevention objectives, expressed as a % of revenue (from -100% for an activity that is highly destructive of natural capital to +100% for activities with a maximum positive impact);
- A methodology to assess the carbon impact of portfolios along three lines: the measurement of GHG emissions from a "lifecycle" viewpoint, the calculation of emissions avoided and the assessment of the strategy followed by issuers and their investments;
- A model for analysing financial portfolios' climate change-related physical risks, which is currently under development;
- A matrix able to measure the contribution of a portfolio's sector allocation effect and the company selection effect to the reducing of the portfolio's carbon intensity compared with its index.

This selection is not exhaustive; many AMCs stated in their reports published in accordance with article 173 of the LTECV that they were currently developing new indicators that would be usable within the next few months.

2.2.5. The reports reveal divergences in the interpretation of article D. 533-16-1 of the monetary and financial code with regard to the simultaneous or non-simultaneous consideration of social, environmental and governance quality criteria.

Article D. 533-16-1 of the COMOFI distinguishes between "the general approach of an entity or management company to the incorporation of social, environmental and governance quality criteria in its investment policy or, where appropriate, its risk management policy" and publication of the list of listed UCIs that "simultaneously consider social, environmental and governance quality criteria". This distinction prompted 77 AMCs to state that they were sensitive to the non-financial aspect of investments without, however, considering that ESG criteria are incorporated in their investment policies (as the ESG criteria are not simultaneously and systematically incorporated in their investment policies and are not included in their regulatory information). Conversely, other AMCs say that they are sensitive to ESG aspects, whereas their management processes do not simultaneously and systematically incorporate ESG criteria.

This difference in interpretation makes it more difficult for investors to understand the approach adopted by AMCs to the consideration of ESG criteria. Indeed, article 173 of the LTECV invites all AMCs to truthfully describe their general approach to incorporating social, environmental and governance quality criteria in their investment policies and, where appropriate, their risk management policies (paragraph II, sub-paragraph 1 of article D. 533-16-1 of the COMOFI). This point does not refer here to the simultaneous incorporation of these three criteria. An AMC may therefore say, for example, that it is only focusing on the environmental aspect of all of its investments by tracking various indicators. The AMC states whether this approach is systematic or followed case by case, for certain sectors or issuers. This approach may have been introduced without the AMC managing UCIs "that simultaneously⁹⁶ consider social, environmental and governance quality criteria"⁹⁷ - SRI UCIs

⁹⁶ The incorporation of ESG criteria is considered to be simultaneous if at least one indicator in each E, S and G category is taken into account.

⁹⁷ Article D. 533-16-1 of the COMOFI.

are mainly referred to here. Where appropriate, the AMC publishes the list of these UCIs on its website, together with the share, as a percentage, of these undertakings' assets in the total assets that it manages.

Good practice:

The first indent of paragraph II, sub-paragraph 1 of article D. 533-16-1 of the COMOFI ("Information about the entity") allows a broad description of the approaches introduced by an AMC for incorporating social, environmental and governance quality criteria in its investment policy and, where appropriate, its risk management policy.

On the other hand, the list of UCIs referred to in the third indent of the same paragraph concerns funds that simultaneously consider social, environmental and governance quality criteria and their share in the total assets managed as a percentage.

It is therefore helpful if AMCs unambiguously highlight this distinction in their reports:

Incorporation of ESG criteria in the AMC's investment policy and, where appropriate, its risk management policy	Publication of the list of UCIs simultaneously considering ESG criteria
The AMC does not consider ESG criteria	The AMC states that it doesn't manage UCIs that simultaneously consider ESG criteria
The AMC considers ESG criteria, but not simultaneously	The AMC states that it doesn't manage UCIs that simultaneously consider ESG criteria
The AMC manages at least one UCI for which ESG criteria are simultaneously considered	The AMC publishes the list of UCIs that simultaneously consider ESG criteria and their share as a % of the total assets managed

2.2.6. The reasons stated by AMCs for not incorporating ESG criteria in their management strategies

Around twenty of the AMCs that said that they didn't incorporate ESG criteria in their investment policies and, where appropriate, their risk management policies, explained this decision.

- Thirteen AMCs said that they specialised in specific management processes – systematic and quantitative, funds of funds and index tracking – for which ESG criteria are not taken into account;
- Six AMCs believed that considering ESG might disrupt the management process and therefore wished to retain their "independence", while one AMC argued that ESG criteria are not vital for management;
- Four AMCs stressed that a lack of human, technical or financial resources was preventing them adopting such an approach. ;
- Two AMCs emphasised the fact that non-financial data are currently not reliable enough to fully incorporate them in the management process;
- One AMC specialising in private equity argued that the size and maturity of the SMEs in which it invests prevents it from tracking ESG criteria.

The conclusions of this first survey of AMCs with regard to article 173 of the LTECV are mixed. These new legal obligations have brought to light the promising approaches taken by AMCs so far; some tools and methodologies have already been rolled out, while others are currently being developed. They have also offered the investor greater transparency given the diverse practices adopted by AMCs when it comes to the incorporation of ESG criteria. Finally, they have prompted certain AMCs to explain their decision not to consider these criteria in their management process. However, a significant proportion of AMCs are currently not compliant with article D. 533-16-1 of the Monetary and Financial Code. Note that this article is part of the rules of good conduct for investment service providers. This first survey could not provide a quantitative comparison of the efforts made by management companies to incorporate ESG criteria, but the AMF will conduct an analysis once the reports published in accordance with article 173 have become more standardised.

CONCLUSION

Given its tasks of protecting savings invested in financial products and monitoring the information given to investors, the AMF's focus is on the clarity of the SRI product offering for non-professional investors.

This report has provided an overview of socially responsible investment in collective investment schemes in France, where there is strong momentum and AMCs are making a considerable effort to make sure that the information given to investors is transparent. However, the strategies implemented by SRI UCIs and the information disclosed still fail to clearly show the differences compared with conventional investment schemes. The report therefore suggests good practices in terms of transparency which should enable these funds to more forcefully demonstrate that their investments promote a responsible economy by influencing the governance and behaviour of market participants.

French management companies have developed recognised SRI expertise. The AMF supports the efforts of the public authorities and the marketplace to assist with its development and wishes to ensure the appropriate marketing of financial products that claim SRI characteristics.

This report shows, furthermore, that the transparency of AMCs with regard to article 173 can still be improved after the first year of application. These new legal obligations have offered investors greater transparency and contributed to the development of new tools.

Appendix 1: Position, recommendations and good practices to be taken from this report

Position:

The AMF reiterates position 2 of the first SRI report, which states that management companies should ensure consistency between the different sources of information available and, more specifically, between marketing materials and legal documentation and the transparency code. They must also ensure the accessibility and updating of Transparency Codes.

Recommendations:

- Use of the SRI label and transparency regarding the SRI approach of management companies

The AMF reiterates recommendation 4 of its initial report on SRI, inviting any fund marketed in France and wishing to advertise its SRI characteristics to publish a document that clarifies its approach, modelled on the European Transparency Code, or to adhere to a charter, code or label governing the consideration of criteria relating to the achievement of social, environmental and governance quality objectives.

The AMF also recommends that funds marketed to non-professional investors that advertise SRI characteristics obtain the SRI label. Indeed, now that a public SRI label has been introduced, using the same terminology for marketing purposes without having obtained the label may be confusing for investors.

- Article 173 of the LTECV

To make it easier to access this information, the AMF recommends publishing information about the entity (paragraph II, sub-paragraph 1 of D. 533-16-1 of the COMOFI) in a single document that is easily accessible on the AMC's website (e.g. through links on pages discussing sustainable development issues) and written in French if the AMC targets non-professional investors in France.

Good practice:

- Fund information and transparency:

The AMF noted that several management companies make the Transparency Code available to investors on the page of their website dedicated to the UCI.

Several AMCs that manage funds based on climate-related indices state in their prospectus that:

- The index on which the fund (or the fund's portfolio) is based may incorporate stocks that are high emitters of GHGs;
- The analysis of the "climate" score draws partly on declarative data or estimates;
- As the data available currently stand, not all GHG emission data are available (particularly scope 3 data).

A growing number of management companies explain the impact of ESG methodology on the portfolio in the marketing materials provided to investors. Management companies can, in particular, provide investors with the inventory of the stocks held in SRI UCIs' portfolios on a dedicated page of their websites on a half-yearly basis, while obeying the current market timing and late trading rules (AMF position DOC-2004-07).

- Green bonds

The AMF noted that some asset management companies (AMCs) subscribing for these specific bonds in their funds ensure:

- o Consistency between the criteria used by an issuer to select the projects that it wishes to finance through a green, social or sustainability bond and the fund's investment policy. In particular, projects financed by these securities are usually in line with the fund's non-financial objectives, if applicable, as defined in the prospectus;
- o The procedures for the ex-post control and monitoring of the proper allocation of the funds by an issuer are robust, by following the standards provided for in the International Capital Market

Association's Green Bond Principles, Social Bond Principles and Sustainability Bond Principles, for example.

- The role of AMCs as investors

The publication by AMCs on their websites of the votes on resolutions presented during the general meetings of companies whose securities they hold in portfolios (especially if the security accounts for more than 1% of a fund's portfolio) is a good practice observed by the AMF.

As with the exercising of voting rights, some management companies publish a report on the discussions held with companies whose stocks are held in portfolios on their websites, presenting the issuer's initiatives on various themes and their consequences.

- Article 173 of the LTECV:

Some AMCs explicitly referred to the points listed in COMOFI article D. 533-16-1 (through a correspondence table, for example) for easier reading and to enable a comparison with the information published by them in their reports.

Good practice:

The first indent of paragraph II, sub-paragraph 1 of article D. 533-16-1 of the COMOFI ("Information about the entity") allows a broad description of the approaches introduced by an AMC for incorporating social, environmental and governance quality criteria in its investment policy and, where appropriate, its risk management policy.

On the other hand, the list of UCIs referred to in the third indent of the same paragraph concerns funds that simultaneously consider social, environmental and governance quality criteria and their share in the total assets managed as a percentage.

It is therefore helpful if AMCs unambiguously highlight this distinction in their reports:

Incorporation of ESG criteria in the AMC's investment policy and, where appropriate, its risk management policy	Publication of the list of UCIs simultaneously considering ESG criteria
The AMC does not consider ESG criteria	The AMC states that it doesn't manage UCIs that simultaneously consider ESG criteria
The AMC considers ESG criteria, but not simultaneously	The AMC states that it doesn't manage UCIs that simultaneously consider ESG criteria
The AMC manages at least one UCI for which ESG criteria are simultaneously considered	The AMC publishes the list of UCIs that simultaneously consider ESG criteria and their share as a % of the total assets managed

Appendix 2: List of interviewees

Amundi

Thierry Bogaty, Head of Amundi SRI Expertise

Association Française de la Gestion Financière

Marie-Pierre Peillon, Chairwoman of the Responsible Investment Committee

Audrey Hyvernât, Head of Private Equity and SRI

Laure Delahousse, Assistant to the Executive Director of the AFG

Association Française des Investisseurs Institutionnels

Jean Eyraud, Chairman

BNP AM

Gaëtan Obert, Global Head of Sustainability

Felipe Gordillo, Senior ESG Analyst

Cedrus AM

Benoît Magnier, Chairman

Edmond Schaff, Head of Fund Selection

Comgest

Sébastien Thevoux-Chabuel, ESG Analyst/Manager at Comgest

Eric Voravong, ESG Analyst

Etablissement pour la retraite additionnelle de la fonction publique

Phillippe Desfossés, Chairman

Catherine Vialonga, Head of Investments and ALM

Alice Biais, Head of Communication

Forum pour l'Investissement Responsable

Grégoire Cousté, General Secretary

Finansol

Sophie des Mazery, Director

Elodie Landat, Label Officer

KPMG

Maxence Rousson, Global Sustainability Services

Martin Rogez, Climate Change & Sustainability Services

La Financière de l'échiquier

Sonia Fasolo, SRI Manager

Elsa Scoury, Chief Compliance and Internal Control Officer

I4CE (Institute for Climate Economics)

Morgan Nicol, Finance, Investment and Climate Project Manager

Mandarine Gestion

Patrick Savadoux, Senior Portfolio Manager and Head of ESG Analysis

Ministère de l'Économie et des Finances

Thomas Boisson, Head of the "Social and Solidarity Economy (ESS) and Impact Investment Division" (PESSII)

Clément Dulude

Simon Verna

Mirova

Philippe Zaouati, Chief Executive Officer

Ladislav Smia, ESG Research Coordinator

Laurène Chenevat, Head of Advocacy/Public Affairs

Novethic

Anne Catherine Husson-Traoré, Chief Executive Officer

Dominique Blanc, Head of Research

Sycomore AM

Jean-Guillaume Peladan, Fund Manager, Head of Environmental Strategy
Bertille Knuckey, Head of ESG Research
Jean-Baptiste Blanc, Chief Compliance and Internal Control Officer

The Shift Project

Michel Lepetit, Vice-Chairman and Treasurer
Romain Grandjean, Project Manager

WWF

Jochen Krimphoff, Assistant Head, Green Finance
Krystel Corsagni, Green Finance Officer

