# ACTING AS A RESPONSIBLE INVESTOR

## IN FULFILLMENT OF ARTICLE 173 OF THE FRENCH ENERGY TRANSITION LAW

June 2018

# EDITORIAL

For the second consecutive year, Mirova meets the new French regulatory requirements for transparency on the environmental and social impacts of its investments.

Beyond the simple compliance exercise, this response to article 173 is an opportunity for Mirova to demonstrate that sustainable development issues are at the heart of its investment policies and its voting and engagement actions. The objective here is to report on the creation of social and environmental value sought by our approach, in parallel with the achievement of financial performance.

Our vision of environmental and social assessment has remained stable since Mirova's creation in 2012. Our approach always seeks to take into account not only the transformation of production models but above all the orientation of product and service offers towards relevant responses to sustainable development issues.

This new financial year was an opportunity for us to go further in terms of impact measurement, drawing in particular on the work of the "Investment Leadership Group" led by the University of Cambridge. It also includes a review of the assets carried by Althelia, our new subsidiary dedicated to Natural Capital.

We hope that these new aspects will further strengthen confidence in the quality of our responsible investment approach.

We hope you enjoy reading this document.

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*Unless otherwise stated, all of this report has been produced by Mirova's teams.*

Created in 2012, Mirova is a management company dedicated to responsible investment. Mirova has offices in France, the United Kingdom, Luxembourg and the United States.

## Our vision: our investment strategies make an impact

Environmental and social issues pose new challenges for our society. Our economy is transforming itself to meet these challenges. Finance must take these issues into account and contribute to accelerating the transition towards a more sustainable development model. In particular, we believe that our role as an asset manager on behalf of third parties is not neutral and that our investment choices help to shape the world of tomorrow. Over the past 10 years, the development of responsible investment approaches has made it possible to avoid financing bad corporate practices in environmental, social and governance matters. We believe that acting as a responsible investor means going beyond these approaches. Therefore, Mirova places at the heart of its strategy the consideration of the challenges of a sustainable economy to propose solutions that benefit not only investors, but also all stakeholders in society, with a long-term approach.

## Our mission: to offer investment solutions with a positive impact

As an asset manager on behalf of third parties, we offer our clients, whether institutional investors or private individuals, a wide range of investment solutions in equities, fixed income, general infrastructure, renewable energy infrastructure and solidarity. We develop innovative financial solutions to accelerate the transformation of our economy towards a sustainable model.

## An expertise covering multiple asset classes

To achieve this, Mirova relies on more than 70 employees offering their expertise in different asset classes, with €9 billion in assets under management at December 31, 2017.

**Equities (€4.5 billion).** Mirova offers funds covering all sustainable development themes in the Euro, Europe and World zones. Mirova also offers its clients two strategies targeting a specific theme: a fund dedicated to environmental issues and a fund investing in job creation in France.

**Sustainable bonds (€1.8 billion).** Our offer focuses on environmental and social bonds ("Green Bonds / Social Bonds"), through three strategies : Euro Aggregate, Euro Corporate and Global.

**Infrastructure (€2.5 billion).** Mirova offers investors two types of infrastructure investment: an offer of funds in renewable energies, positioned on mature technologies in Europe (wind, solar, biomass, etc.) and a "generalist" funding offer, focused on public utility projects in France and Europe (universities, stadiums, hospitals, urban and rail transport, road infrastructure, etc.).

**Solidarity (€0.2 billion).** Mirova offers a fund investing in unlisted projects and companies with high social and environmental impact.

**Natural Capital (€0.1 billion).** With the acquisition in 2017 of Althelia Ecosphere, Mirova now offers its clients strategies investing in small sustainable agriculture projects (e.g. organic cocoa) and carbon credits mainly located in non-OECD countries, in Africa, Asia and Latin America.

In order to take sustainable development issues into account for each asset class, the management teams are supported by Mirova's Responsible Investment Research department, a centre of expertise on how to take sustainable development issues into account when making investment choices.

# 1. Our Responsible Investment approach

Seeking to act as a "responsible investor" implies a reading of the economic world, and more generally of society and the environment in which it is embedded, which cannot be limited to a study of the short- and medium-term profitability of each individual asset. This approach requires understanding the interactions between the various private-public actors, small-medium-large enterprises, developed economies-developing economies, in order to ensure that the growth of each actor is compatible with the balance of the rest of the system. It must also be projected over the long term, ensuring that today's choices will not have a negative impact on future generations.

Understanding this complexity requires:

- having a clear reading of the sustainable development issues facing our societies,
- assessing the potential interactions between the assets in our investment strategies and these issues.

## 1.1 The UN's SDGs as a guide

Since September 2015, all the nations of the world have adopted a sustainable development program proposed by the United Nations, following the Millennium Development Goals initiated in 2000. This fixed agenda, for 2030, includes 17 Sustainable Development Goals (SDGs), broken down into 169 targets designed to address the main social and environmental issues (cf. Figure 1). In addition to being adopted by the wider United Nations membership, the SDGs have several advantages:

First, they set out a comprehensive framework on environmental and social issues applicable to all economies, regardless of their level of development. Therefore, although some issues such as the elimination of hunger (SDG 1) or access to water for all (SDG 6) are often more relevant for low- and middle-income countries, other objectives such as the fight against climate change (SDG 13) or the need to make cities safe, resilient and sustainable (SDG 11) are applicable at all levels of development.

Moreover, the SDGs can be considered as a frame of reference on sustainable development issues, not only by states but also by companies and investors. This growing consideration of environmental and social issues in the private sphere illustrates the new forms of governance being put in place today, where issues of "general interest" are no longer solely the prerogative of the public sphere. These approaches therefore question the purpose of companies' role between economic, environmental and social value creation.

Finally, for investors, the SDGs have the advantage of questioning the resilience of their assets to ongoing transformations. However, not only this but they go even further by asking the question of the exposure of investments to the development of new solutions and new economic models to respond to these transformations. On energy, for example, the targets associated with the SDGs to significantly increase the share of renewable energy and to double energy efficiency by 2030 imply a profound transformation of the sector.

As we considered this approach in line with the mission Mirova set upon its creation, we decided in 2016 to use this framework to define our approach to responsible investment.

*Figure 1: the 17 Sustainable Development Goals*

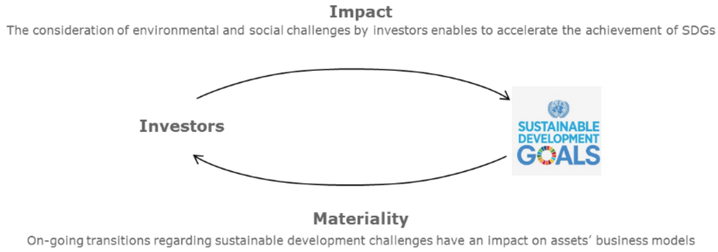
| | | | |
|---|---|---|---|
| 1 PAS DE PAUVRETÉ | End poverty in all its forms everywhere. | 10 INÉGALITÉS RÉDUITES | Reduce income inequality within and among countries. |
| 2 FAIM «ZÉRO» | End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. | 11 VILLES ET COMMUNAUTÉS DURABLES | Make cities and human settlements inclusive, safe, resilient, and sustainable. |
| 3 BONNE SANTÉ ET BIEN-ÊTRE | Ensure healthy lives and promote well-being for all at all ages. | 12 CONSOMMATION ET PRODUCTION RESPONSABLES | Ensure sustainable consumption and production patterns. |
| 4 ÉDUCATION DE QUALITÉ | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. | 13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES | Take urgent action to combat climate change and its impacts. |
| 5 ÉGALITÉ ENTRE LES SEXES | Achieve gender equality and empower all women and girls. | 14 VIE AQUATIQUE | Conserve and sustainably use the oceans, seas and marine resources for sustainable development. |
| 6 EAU PROPRE ET ASSAINISSEMENT | Ensure availability and sustainable management of water and sanitation for all. | 15 VIE TERRESTRE | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. |
| 7 ÉNERGIE PROPRE ET D'UN COÛT ABORDABLE | Ensure access to affordable, reliable, sustainable and modern energy for all. | 16 PAIX, JUSTICE ET INSTITUTIONS EFFICACES | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. |
| 8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. | 17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS | Strengthen the means of implementation and revitalize the global partnership for sustainable development. |
| 9 INDUSTRIE, INNOVATION ET INFRASTRUCTURE | Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. | | |

*Source: United Nations*

## 1.2 From SDGs to environmental and social quality assessment

Believing that these SDGs are likely to transform our economies, we consider that acting as a responsible investor requires taking a step back from the interactions that may exist around these issues between investors and the assets they finance. These interactions can be grouped into two categories.

- **"Materiality":** how the current transitions are likely to affect positively or negatively the economic models of the assets financed.
- **"Impact":** how investors can have a role to play in the emergence of a more sustainable economy.




Since these two visions of Environmental and Social analysis seem to us to be closely linked, our evaluation methodology seeks to capture the overall level of adequacy of each asset with the achievement of the SDGs. From our point of view, this approach allows us to have a relevant vision of both the "Materiality" and "Impact" aspects.

### A qualitative analysis over 5 levels

To carry out this evaluation, Mirova has developed its own methodology based on four main principles.

*A risk / opportunity approach*

Achieving the SDGs implies taking into account two dimensions, which can often complement each other.

- **Capturing opportunities:** positioning on technological and societal innovation when it becomes a structuring element of the economic project enables companies to capture opportunities related to achieving the SDGs.
- **Managing risks:** a "re-internalisation of social and environmental externalities", often in the form of management of diffuse sustainable development issues, makes it possible to limit the risks associated with achieving the SDGs.

This analytical structure, which gives equal importance to opportunities and risks, is our first prism for reading sustainable development issues.

*A vision of the entire life cycle*

In order to identify the issues likely to have an impact on an asset, the analysis of environmental and social issues requires consideration of the entire life cycle of products and services, from the extraction of raw materials to the end of product life. For example, if in the textile sector there is a strong focus on working conditions among suppliers, among car manufacturers, there will be more emphasis on the issue of energy consumption when using products.

*Targeted and differentiated issues*

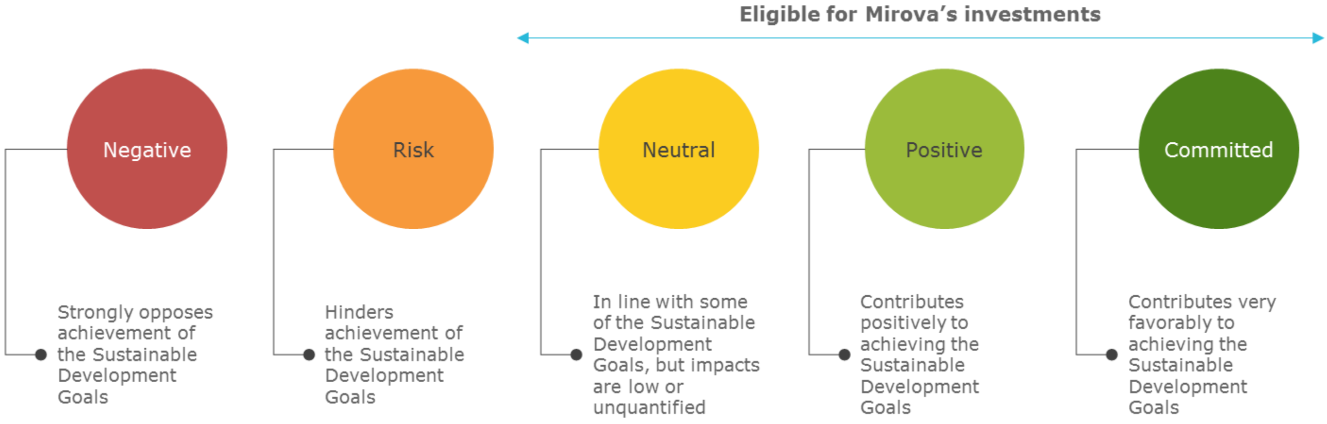
Our risk and opportunity analysis seeks to focus on the issues most likely to have a concrete impact on the assets under consideration and on society as a whole. Moreover, the challenges faced by the various economic actors are very different from one sector to another and may even differ significantly within the same sector[1].

Therefore, our analysis approaches focus on a limited number of issues adapted to the specificities of each asset studied.

[1] *For each sector, the definition of the "key" issues is the subject of a specific study. These elements are available on Mirova's website www.mirova.com*

*A qualitative rating scale*

The main result of these analyses is the production of an overall qualitative opinion in five levels to assess the level of asset adequacy with the achievement of the SDGs.




As this rating scale is defined in relation to the achievement of sustainable development goals, it does not presuppose any particular *a priori* distribution of ratings, either overall or by sector. All Mirova investments are valued at least Neutral, with a desire to invest in the best valued assets being a priority. Therefore, in the energy sector, companies involved in coal and oil extraction are rated at best Risk, while companies in the renewable energy sector are generally well rated.

### Measuring impacts

*Our impact measurement framework*

To illustrate the main issues addressed by our investments, this "overall" assessment of each asset is divided into 6 impact pillars, 3 on environmental issues, 3 on social issues[2].


This pillar assessment is performed using the same analytical principles as the overall assessment and is also formalized with our 5 levels of opinion, from Engaged to Negative. This approach therefore makes it possible to assess the level of adequacy of the assets with the achievement of the specific SDGs for the pillar.

*"Physical" indicator: our approach to the climate*

On climate, this "qualitative" impact measurement is supplemented by "physical" indicators (in tonnes of CO2 equivalent) of the emissions associated with our assets.

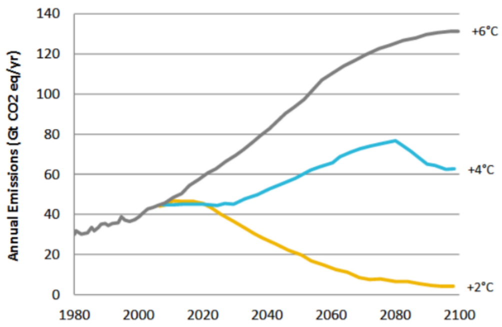
This evaluation is carried out using a life cycle approach, taking into account the direct activity of the company but also its suppliers and the use of its products. In line with our philosophy, it seeks to assess the risks but also the opportunities associated with the energy transition issue by providing, in addition to the emissions induced by the company's activity, a measure of emissions avoided in relation to a reference scenario.[3]

[2] *This segmentation of sustainable development issues into 6 pillars is the result of the work of the Investment Leaders Group (ILG) within the Cambridge Institute for Sustainability Leadership (CISL)*
*See https://www.cisl.cam.ac.uk/publications/publication-pdfs/impact-report.pdf*
*Note: while governance issues are well taken into account in our overall assessment, they are addressed by considering governance as a means to achieve the SDGs and not an end in itself. Therefore, even if we frequently speak of "ESG" analysis, governance is not subject to impact measurement.*
[3] *Carbon data are provided by our partner, Carbon4Finance.*

At the portfolio level, the aggregation of induced and avoided emissions is taken into account in order to give a level of adequacy with climate scenarios produced by international institutions such as the IPCC (Intergovernmental Panel on Climate Change) or the IEA (International Energy Agency).[4]

- **2°C.** There is an international consensus on limiting temperature increases to 2°C in order to avoid the most serious effects of climate change. This scenario implies large reductions in greenhouse gas emissions in the coming decades. The Paris Agreement also mentions an even more ambitious scenario to limit temperature increases to 1.5°C.
- **4°C.** This 4°C increase scenario is the most likely outcome if today's climate commitments are met.
- **6°C**. This 6°C temperature increase scenario, which would have catastrophic consequences at the global level, is the scenario corresponding to the absence of changes in current production and consumption patterns.

**Figure 2: Emissions scenarios**




*Source: Mirova / IPCC*

On the other impact pillars (ecosystems, resources, basic needs, well-being, decent work), we believe that there is currently no sufficiently robust methodology to provide a relevant physical indicator, in a life cycle approach, with a risk/opportunity vision.

## 1.3 Resources

To carry out these evaluations, Mirova relies on its Responsible Investment Research team of around ten people, in interaction with the various management teams. Evaluations are mainly based on an internal review of documents published by issuers and on direct exchanges with companies or project management. Mirova also relies on various sources of information (ESG rating agencies, proxy voting, sell-side financial analysts, news databases, etc.).

## 1.4 What involvement for a responsible investor?

These elements of analysis feed into all of Mirova's work:

- Making investment choices. Enriching analysis / assisting investment choices in investment allocation.
- Voting. Taking a step back from the resolutions presented at the general meetings by the companies present in the Equity portfolios.
- Engagement. Establishing a dialogue with issuers and public authorities on the achievement of the SDGs.

The purpose of this report is to describe how these subjects are integrated along each of these axes.

[4] *More details on our approach to the subject are available in our publication [http://www.mirova.com/Content/Documents/Mirova/publications/va/Research_paper/EstimatingPortfolioCoherenceWithClimateScenarios2018.pdf](http://www.mirova.com/Content/Documents/Mirova/publications/va/Research_paper/EstimatingPortfolioCoherenceWithClimateScenarios2018.pdf)*

# 2. Investing

Choosing which assets to invest in is obviously at the heart of Mirova's responsible investor approach. Mirova's investments, whether in shares or bonds, listed or unlisted, in companies or projects, all share the same approach: reconciling the creation of economic, environmental and social value. However, the application of these principles requires a specific breakdown by asset class.

## 2.1 Equities

### Approach

Equity investment strategies are based on the vision that 4 transitions - environmental, demographic, technological and governance - will sustainably affect the functioning of our economies, and call for the emergence of a new socio-economic paradigm to meet the sustainable development goals defined by the United Nations.

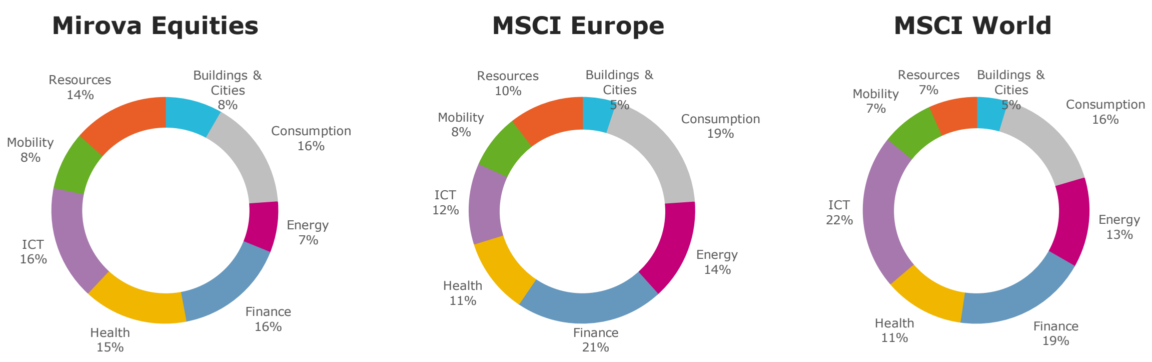
For companies, the major challenge will be to develop new sustainable growth models that are inclusive and compatible with the challenges of the energy transition. Innovation and the integration of sustainable development issues at the heart of strategies will be the main success factors. For investors, the major challenge will be to redirect the capital allocation strategy towards those innovative and sustainable companies that will shape and win the world of tomorrow.

Therefore, the integration of sustainable development at the heart of strategies also becomes an issue of competitiveness and sustainable performance. It is this conviction that forms the basis of Mirova's responsible investment approach in listed shares, which aims to create medium-term financial performance while contributing to the preservation of human and environmental "capital", a necessary condition for the ability to deliver long-term returns.

### Impact measurement

Overall evaluation

The evaluation of Mirova Equity strategies was carried out on all outstanding Mirova equities, i.e. €4.5 billion at 31/12/2017. These outstanding amounts are well spread over all the major sectors of the economy.[5]

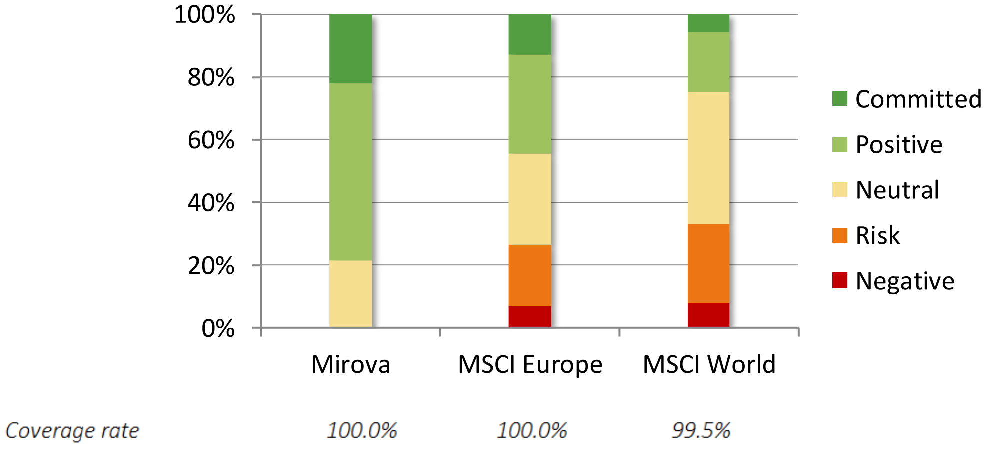



[5] *The sectorization used here corresponds to an internal Mirova sectorization in line with sustainable development issues. For example, in the traditional stock market sectors, the energy sector corresponds only to companies active in fossil fuels. With our approach, the sector also includes producers of electricity and equipment used for energy production. Therefore, even if Mirova does not invest in fossil energy extraction, the energy sector is represented through investments in renewable energies or energy efficiency.*

From a geographical point of view, most Mirova investments are made in listed companies in Europe (93% of investments), the rest of investments are almost exclusively made in North American companies.

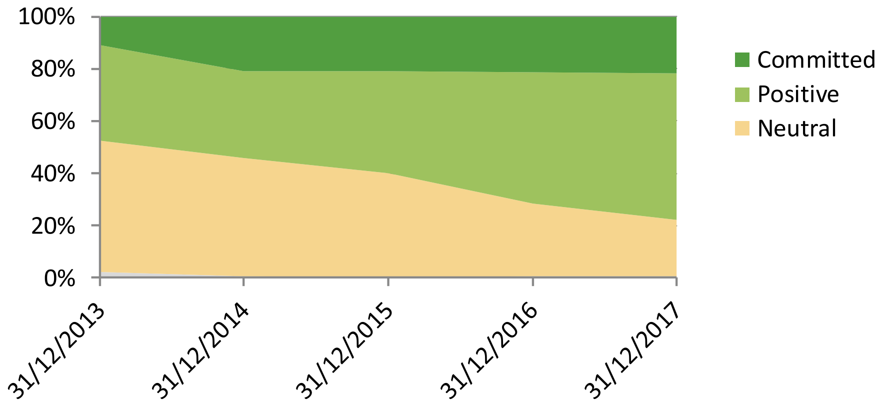
In accordance with their investment processes, the Mirova Equity Funds strongly favour companies that provide solutions to sustainable development challenges (78% Positive and Committed at the end of 2017 compared with 45% for the MSCI Europe index and 24% for the MSCI World) and do not include any assets valued in Risk or Negative.

*Figure 3: Mirova Equities*
*Breakdown of "sustainable development" opinions and carbon assessment at 31/12/2017*




This good performance reflects the reinforced focus year after year on issuers that make a positive contribution to achieving sustainable development objectives.

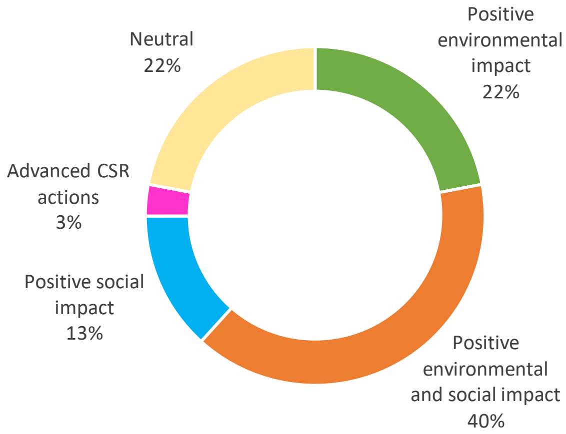
*Figure 4: Mirova Equities*
*Changes over time in the distribution of sustainable development opinions*



*Evaluation by pillar*

The "overall" adequacy of our equity investments with the challenges of sustainable development is reflected in fairly differentiated performance depending on the subject. Of the 78% of investment with a positive or committed impact, 40% have both a positive environmental and social impact. 22% have only a positive impact on the environment, 13% only a social impact, without major problems identified on other sustainable development issues. Finally, 3% of outstanding amounts concern companies for which it is difficult to objectify a positive environmental or social impact but with good Corporate Social Responsibility (CSR) policies.

*Figure 5: Mirova Equities*
*Breakdown of outstanding amounts by type of impact*




By detailing by impact pillar, we can see that our investments in Equities deal very well with topics such as the climate or improving well-being and that others are more difficult to address on the universe of listed shares, including questions of answers to basic needs.

*Figure 6 : Mirova Equities*
*Share of investments evaluated in Positive and Committed by impact pillar*


The climate issue is the impact pillar best addressed by the portfolio companies. We estimate that more than 50% of our investments contribute positively or very positively to the fight against climate change. The best evaluated companies on this subject (evaluation in Engaged, ~15% of investments) are companies offering products or services that provide a response to climate challenges: renewable energies, energy efficiency solutions in buildings and industry, rail transport, electric vehicles, eco-design software, etc. Beyond these very advanced players, many companies are performing well (positive assessment, ~38% of investments).

All sectors (in the sense of the Mirova sectors) include companies with a positive performance but with a slight underweighting of consumer and health actors for whom the climate issue is often less central.

This good climate performance is also reflected in other environmental issues such as ecosystem and resource conservation. Indeed, many companies that have initiated an environmental approach do not limit themselves to a positive response to a single issue. Over 40% of our investments have a positive impact on at least two of the three environmental pillars. However, some companies are able to distinguish themselves with particularly advanced impacts on resource management issues, particularly for companies involved in water and waste management or on ecosystems with developments in the supply of biological products in the consumer sector.

Improving well-being is also a topic to which our Equity strategies respond well, with over 40% of our investments responding positively to this theme. This subject is mainly dealt with by companies in the health sectors which, even if they face many controversies, offer products seeking a priori to have a positive impact on the improvement of well-being, and by companies in the consumer sector where there is a growing focus on the consideration of health issues in food, hygiene and cleaning products.

On the issue of working conditions, we estimate that approximately 20% of our investments are made in companies with advanced quality of work life practices. The technology sector is the most valued on this subject. Even if employees in this sector can face stress and high hourly volumes, their generally advanced levels of qualification and their advanced skills often encourage companies to set up attractive working conditions in order to promote talent retention.

Finally, improving the response to the basic needs of the poorest is the pillar for which it is most difficult to find listed players with a relevant response. Most companies still deal with "access" issues through sponsorship approaches that are disconnected from the company's business model. Only a few companies are beginning to develop significant offerings dedicated to low-income populations ("Bottom of the Pyramid" product offerings).

*Carbon Evaluation*

From a carbon point of view, we estimate that at the end of December 2017, Mirova equity funds are globally in line with a 2.2°C rise in temperatures. This climate profile is much better than the main market indices, which we estimate to be more in line with 5°C scenarios. This good performance is due both to the lack of investment in companies that emit large amounts of greenhouse gases and to large investments in companies involved in the low-carbon economy. This figure has improved since 2016 (2.9°C in December 2016) mainly due to increased investment in renewable energy and energy efficiency. This climate focus continues in 2018 and our target of being below 2°C was reached in the first half of 2018.

*Figure 7:* Mirova Equities
*Carbon footprint at 31/12/2017*

| | Mirova | MSCI Europe | MSCI World |
|---|---|---|---|
| | 2.2°C | 5.2°C | 5.0°C |
| Induced emissions (tCO2/M€) | 86 | 235 | 145 |
| Avoided emissions (tCO2/M€) | -21 | -18 | -10 |
| *Coverage* | *99%* | *100%* | *99%* |

## 2.2 Bonds

**Approach**

In the bond market, the search for a balance between positive environmental, social and financial impact is reflected in Mirova's major investment in promoting and supporting the so-called sustainable bond market, which is at the heart of its bond strategy.

Applying a similar approach to equities makes little sense, as the bond market poses several difficulties. First, when we look at the breakdown of this market according to energy transition issues by targeting companies offering solutions, the investment universe is particularly limited. Secondly, the analysis of the sustainable development policies of public or para-public issuers is of little relevance for an investor wishing to generate impact. Thus, a higher ESG rating from a state combining education, CO2 emissions and the fight against corruption will not guarantee that the capital contributed will be used in a more useful way for sustainable development issues than if it were contributed to a state of poorer ESG "quality".

On the other hand, debt instruments offer many opportunities for financial innovation to meet the challenges of sustainable development, the first of which are environmental and social bonds (green and social bonds). These are presented as a relevant solution for investors wishing to generate impact. Indeed, these obligations serve to finance projects with the objective of generating a positive impact on the environment and/or society. By ensuring a direct link between projects and financing, they offer the possibility for all bond issuers to organize themselves to make their low-carbon activities visible and financed by bond investors.

Since its creation, Mirova has encouraged the emergence of the green and social bond market. Through this research work, through its active and committed presence in international bodies ("Green Bond Principles" and "Climate Bonds Initiative" in particular) and national bodies (Label TEEC (French label for the ecology and energy transition), Paris Europlace), through its regular and constructive dialogue with market players and, of course, through its investment efforts.

This strong positioning is achieved through bond solutions that integrate all or a large proportion of investments in green and social bonds. Since its creation, the weight of green and social bonds has continued to grow in Mirova's bond management and now represents more than €1.2 billion.

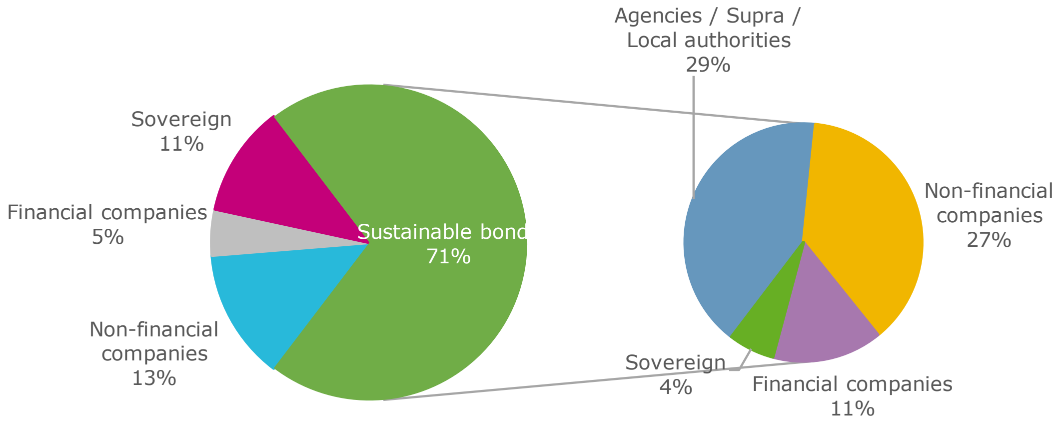
**Impact measurement**

*Overall evaluation*

Mirova Bond strategies were evaluated on all Mirova Bond outstandings, i.e. €1.8 billion at December 31, 2017.

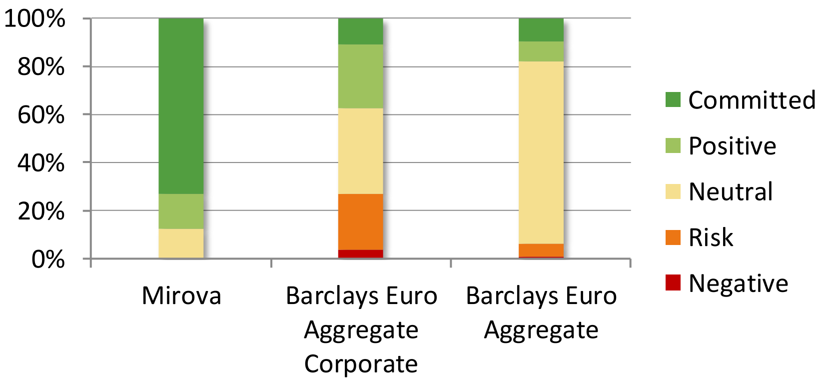
For all its bond strategies, Mirova has chosen to focus in majority - 71% at the end of 2017 - its investments on sustainable bonds, green bonds, social bonds and sustainability bonds.

*Figure 8: Sustainable bonds within Mirova bond portfolios*




This focus on projects that provide solutions to the challenges of sustainable development is reflected in the breakdown of valuations with more than 85% of the assets valued Positive or Committed compared to approximately 35% for the Barclays Euro Aggregate Corporates index and approximately 15% for the Barclays Euro Aggregate index.

*Figure 9: Mirova Bonds*
*Breakdown of "sustainable development" opinions and carbon assessment at 31/12/2017*[6]

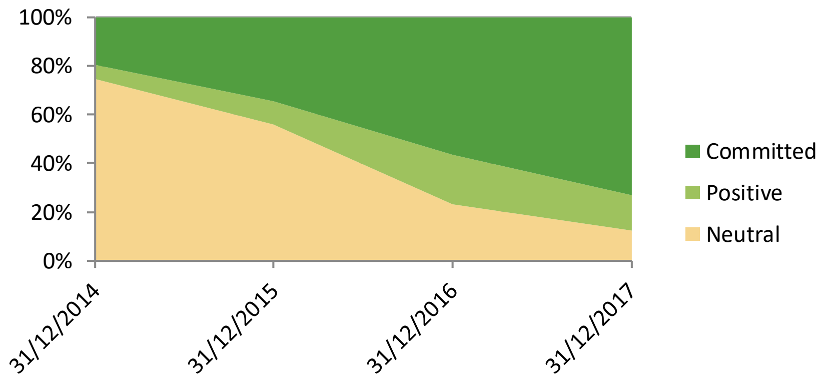



| | | | |
|---|---|---|---|
| *Coverage rate* | *100.0%* | *92.8%* | *91.4%* |

[6] *Mirova currently evaluates almost all sovereign issuers in the Euro zone as "Neutral". This assessment explains the very dominant share of "Neutral" issuers in the Barclays Euro Aggregate index, which comprises 72% sovereign, agency and supranational issuers, nearly 60% of which are sovereign issuers in the Euro zone. To strengthen the environmental and social impact of our funds on this type of player (45% of our investments), our investments in these issuers focus on sustainable bonds, which are still mainly issued by agencies and supranationals, but also by governments, with the first green issues issued in 2017.*

The share of well-rated issuers has increased significantly in previous years, mainly due to the rise in the market for sustainable bonds, which rose from 11% of investments at the end of 2014 to 67% at the end of 2017.

*Figure 10: Mirova Bonds*
*Changes over time in the distribution of sustainable development opinions*



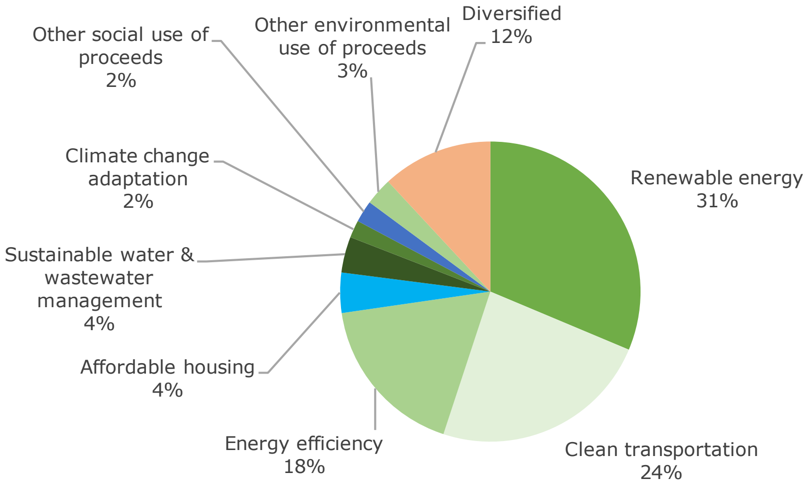

*Evaluation by pillar*

This good overall assessment focuses mainly on environmental issues with a particular focus on climate issues.

*Figure 11: Mirova Bonds*
*Share of investments evaluated in Positive and Committed by impact pillar*


This dominant position within Mirova portfolios is supported by a market for sustainable bonds that focuses essentially on green bonds. Within these green bonds, climate issues are often dominant, although other issues such as water management or biodiversity protection may also be addressed.

*Figure 12: Use of sustainable bond funds in the portfolio*




*Carbon Evaluation*

From a climate point of view, the strong involvement of the funds in green bonds (62%), which mainly finance renewable energy or energy efficiency projects, makes it possible to consider that Mirova bond funds are in line with the most ambitious climate scenarios, i.e. limiting the rise in temperatures to 1.5°C.

*Figure 13: Mirova Bonds*
*Carbon footprint at 31/12/2017*[7]

| | Mirova | Barclays Euro Aggregate Corporates | Barclays Euro Aggregate |
|---|---|---|---|
| | 1.5°C | 5.2°C | 4.4°C |
| Induced emissions (tCO2/M€) | 118 | 182 | 163 |
| Avoided emissions (tCO2/M€) | -163 | -12 | -19 |
| *Coverage* | *56%* | *89%* | *89%* |

[7] *Mirova portfolios have a relatively low coverage rate (56%) due to the time lag between when a sustainable bond is issued and when the money is invested by the project holder. Since the carbon evaluation of projects can only be carried out when the investment reports are issued, part of the portfolio cannot be evaluated.*

## 2.3 Infrastructure

### Approach

Today we are witnessing a progressive disengagement of states from direct financing of infrastructure (public transport, airports, energy, sanitation, hospitals, prisons, etc.). Yet, as mentioned in the sustainable development goals (Goal 9), there is clearly a need for the financing of sustainable infrastructure. Meeting this need requires:

- Finding alternatives to public funds to finance infrastructure

Several programmes, both at national and supra-national level, have been launched to mobilize long-term investment towards infrastructure needs. The emphasis is either on public or private funding. There is consensus, however, that only a combination of these two sources is likely to address the issue.

- Directing these investments towards "positive" projects from a social and environmental point of view

Some projects have a direct positive environmental or social impact (renewable energies, hospitals, schools). In other cases, the environmental and/or social benefits to society are less tangible or non-existent. Moreover, the construction of large facilities sometimes generates negative side effects, both social and environmental. Consequently, impact assessment must be based on expertise adapted to the types of projects and geographical areas likely to cover all these aspects.

The infrastructure investment solutions proposed by Mirova meet these challenges with notably:

- funds invested in Europe in the renewable energy sector (wind, solar, biomass, etc.),
- investment funds in public utility projects in France and Europe, notably through public-private partnerships or public service delegations.

In order to ensure the environmental and social quality of projects, each asset is evaluated by taking into account, in addition to project performance criteria and governance procedures, social and environmental elements. These analyses are reviewed by the investment committees and serve as a basis for engagement with project leaders.

### Impact measurement

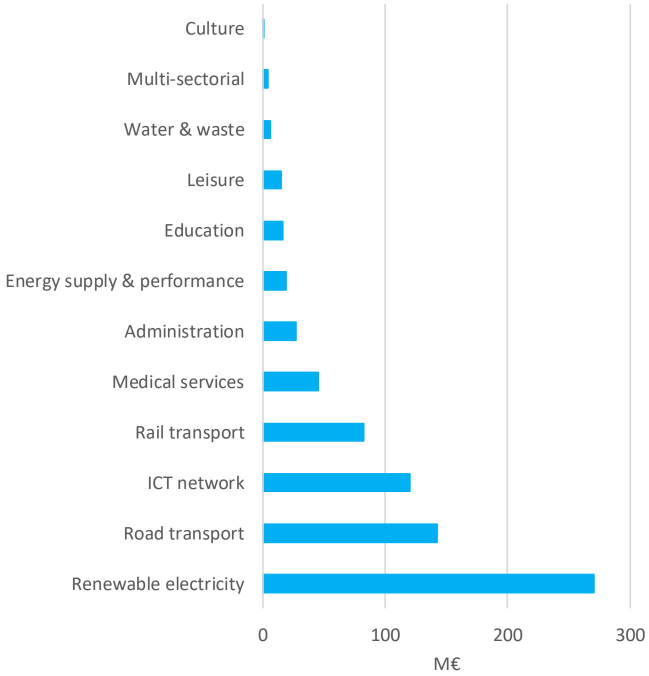
The evaluation of the Mirova Infrastructures range was carried out on all outstanding investments at the end of 2017 by Mirova infrastructure funds.

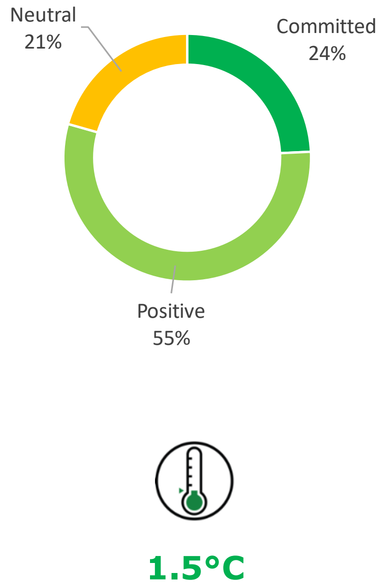
- General infrastructure: BTP Impact Local (BTP IL), Mirova Core Infrastructure (MCIF), PPP Investment and Development Fund 2 (FIDEPPP 2)
- Renewable infrastructure: EuroFideme 2, Mirova EuroFideme 3[8]

The amounts invested in projects at the end of 2017 amounted to €749 million out of the €2.5 billion managed by the infrastructure funds.

[8] *FIDEME: Environmental and energy management investment funds*

*Figure 14: Mirova Infrastructures - Segmentation by project type,
breakdown of "sustainable development" opinions and carbon assessment at 31/12/2017*

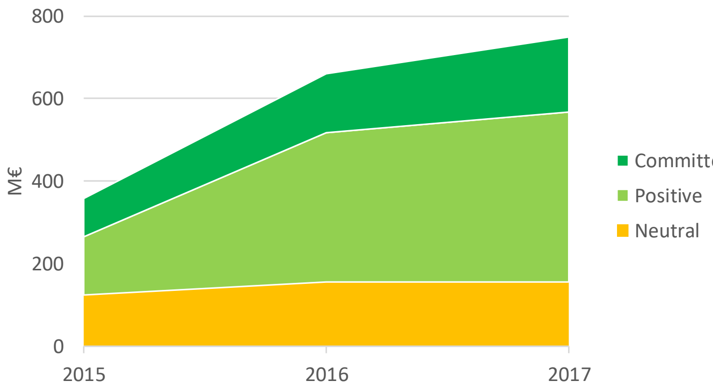



*Source: Mirova*

More than 75% of infrastructure investments are now made in projects with a positive impact or committed to sustainable development issues, mainly renewable energy projects, access for all to information and communication technologies, rail transport, energy performance or education. These types of projects have concentrated most of the new investments over the last 3 years.

*Figure 15: Mirova Infrastructures
Changes over time in the distribution of sustainable development opinions*




The projects evaluated in Neutral correspond essentially to road projects or administrative buildings where infrastructure provides a more indirect environmental and social benefit but with controlled risk management.

From a carbon point of view, the strong involvement of investments in renewable energy projects and the absence of investment in projects that contribute significantly to carbon emissions allow infrastructure funds to have a global carbon impact in line with the most ambitious climate scenarios, i.e. limiting temperature increases to 1.5°C.

## 2.4 Natural Capital

### Approach

Mirova's Althelia range of funds, dedicated to natural capital, aims to tackle vectors of deforestation and unsustainable land use. On these specific topics, which are more difficult to address on equity or bond strategies, we seek to demonstrate that it is also possible to combine financial performance with sound environmental management and social development.

Our diversified portfolio of investments in Africa, South America and Asia consists of real assets (certified commodities and agricultural products) and environmental services (verified emission reductions and other ecosystem systems).

As part of our commitment to excellence in environmental, social and governance standards, guarantees and portfolio performance, the Althelia Funds team worked with investors and NGO partners to design an internal environmental, social and governance management system and policy that takes into account the International Finance Corporation's 2012 Environmental and Social Sustainability Performance Standards and the EIB's 2009 Statement of Environmental and Social Principles and Standards. Forest-based emission reductions funded by the fund are also validated and verified according to Alliance for Climate, Communities and Biodiversity (CCBA) standards. The highest levels of standards are targeted for projects that aim to benefit smallholder farmers and local communities equitably, as well as provide exceptional environmental benefits.

### Impact measurement[9]

At 31/12/2017, Mirova’s Althelia funds had committed €100m, exclusively to projects with a very good performance in terms of meeting the challenges of sustainable development (1/3 on projects evaluated as "Positive", 2/3 as "Committed").

*Figure 16: projects financed by Mirova- Althelia*

| Project Name | Description |
|---|---|
| Tambopata-Bahuaja REDD+[10] and Agroforestry Project | This investment consists of two components: a REDD+ project in Tambopata National Reserve and Bahuaja-Sonene National Park where the project finances monitoring, deforestation control and wildlife research in an area of 570,000 ha, and the restoration of 1,250 hectares of degraded land in the amortization zone for the production of fino aroma sustainable cocoa into agroforestry system. The project has also promoted the creation of a farmers' cooperative to provide technical assistance to producers, manage a processing centre, ensure traceability (organic certification and fair trade) and enable marketing. |
| Cordillera Azul REDD+ | Cordillera Azul National Park is located in central Peru and covers 1.3 million hectares of primary forest. CIMA works with communities living in the buffer zone surrounding the park through awareness raising, payments for ecosystem services (related to forest conservation) and the implementation of quality of life development plans. The project consists of improving productivity and quality at the farmer level and setting up a collection centre for cocoa produced in agroforestry. |
| Guatemalan Caribbean Forest Corridor | FUNDAECO is a Guatemalan NGO. The NGO manages a complex project including a REDD+ project, which has just passed its first verification, and also produces a number of products (cocoa, cardamom, xate, pepper) taking into account social and environmental issues. The NGO also manages some ecotourism sites. |

[9] *Althelia publishes an impact report available at: https://althelia.com/our-approach/our-impacts-monitoring/*
[10] *REDD+ projects implement activities that help reduce deforestation and forest degradation.*

| Project Name | Description |
|---|---|
| Amazon Sustainable Beef | Althelia has invested in PECSA, a company that promotes sustainable semi-intensification of beef production in Mato Grosso through a restoration and sustainable use model of 10,000 ha of degraded pastures while ensuring compliance with the Brazilian Forest Code and zero deforestation traceability. The project has thus enabled a shift towards a more sustainable production model in terms of land use and "low carbon" with an emission reduction of around -80% per kilo of beef produced. |
| Sustainable coffee and cocoa in the Peruvian Amazon | Naranjillo is the oldest cocoa and coffee cooperative in Peru. It has 5,000 members (about 50% of whom have recently been active) and a cocoa processing plant in Tingo Maria, Peru. The co-op went through a period of mismanagement and needed funding. The co-op had also obtained organic and fair trade certifications in the past, but these had lapsed. The cooperative and its farmers are based at the southern end of the Cordillera Azul National Park and therefore operate on the same territory as the Cordillera Azull REDD+ project. |
| Efficient cooking in Rwanda | Inyenyeri is a social services company based in Rwanda that provides highly efficient and sustainable kitchen equipment to its customers who purchase wood pellet fuel through a subscription contract. Stoves use far less wood for cooking than charcoal or wood fires, while emitting far fewer harmful gases and particles that are a major cause of respiratory diseases. The company operates in urban areas where customers pay their fuel subscription in cash, as well as in rural areas where the population is very poor and payment is made through a barter system with biomass exchanged for fuel pellets. The biomass is then used in the processing plant to produce pellets. |
| Sustainable vegetable oil in Brazil | Inocas is a Brazilian-based company that is developing an alternative to palm oil using the fruits of the macauba palm, a native Brazilian species. Unlike oil palm, macaouba can be grown in sylvo-pastoral systems where trees provide shade for dairy cows and can be integrated into existing grazing systems without the need for additional deforestation. Macauba oil comes from the core of the macauba fruit and the shell can be used as an abrasive. |
| Merang Peatland Restoration and REDD+ | The project is a collaboration between Forest Carbon and PT Global Alam Lestari. It has secured a conservation and protection concession for 22,280 hectares of degraded Merang Bogs south of Sumatra, Sumatra's last contiguous bog. The project will restore the peat bog and develop a REDD+ project.<br><br>Most of the project area and surrounding area has been drained and deforested, with the concession of palm oil and pulp and paper plantations. Dry peat is sensitive to fire and, in 2015, a fire spread from a neighbouring concession causing severe damage to the project area. |
| Ni Kaniti indigenous people's REDD+ and sustainable development project | AIDER, a Peruvian sustainable development NGO, has been working with a group of indigenous communities for 20 years, preventing the development of sustainable income-generating activities. As a result, AIDER worked with communities to develop the first FSC-certified forestry project with indigenous communities around the world. This project works with 7 communities as part of a REDD+ project that supports forest management and protection activities as well as sustainable forestry, cocoa agroforestry and wood plantation enterprises. |

# 3. Voting

Beyond investment choices, our approach to Responsible Investment involves the implementation of a voting policy in line with our principles.

## 3.1 Our voting policy

We have a vision of the company that is based on strong convictions that differ from the traditional and contractual conception of the company as it has developed since the 1970s.

**The search for economic, social and environmental value creation**

First of all, we consider the traditional concept of value creation of a company as simply being the creation of monetary wealth to be outdated. Our globalized, interconnected and open societies face many sustainable development challenges (climate change, depletion of non-renewable resources, food security, and growing inequalities) that place environmental and social criteria among the elements that make up the value of a company. To be sustainable, in addition to its necessary economic profitability, the company itself must account for this long-term environmental and social added value.

**A partnership vision of the company**

Moreover, although the shareholders actually own the shares of the legal support which is the company as a legal person, to consider them as owners of everything that constitutes a company, and in particular its "project", would be abusive. A company is much more than a contractual unit or a financial valuation: it carries a project. To think otherwise would be to ignore that the company itself is a place of innovation and cross-valorization, the fruit of the participation of multiple stakeholders: the shareholders, of course, whose fundamental role is not only to provide capital but also to support the business project, which they honour with constantly renewed confidence, the creditors (whether bankers or investors) who constitute the bulk of the financial capital contributions, employees whose involvement is more crucial than ever in a competitive world where innovation has become one of the key success factors, or society as a whole through the state and local communities, which guarantee infrastructure and attractiveness of a territory, but also customers and the general public who ensure the social acceptability of the company. The executive(s) are therefore much more than executors at the service of shareholders. As a corporate officer, they are first and foremost a collective action project. Consequently, corporate governance calls for rethinking so that we move beyond the paradigm of agency theory, which currently constitutes the main frame of reference for good governance practices aimed exclusively at financial profitability for the benefit of shareholders.

**Take back voting questions**

Finally, we remain convinced that the market infrastructure, as it exists today, does not allow for an optimal exercise of the fiduciary responsibility that investors bear. The rise of institutional investors in corporate capital in the late 1990s contributed to the emergence of financial market capitalism in which ownership is completely dispersed. In addition, the legal obligations relating to the application of the voting rights of UCITS management companies have contributed to the increase in the volume and cost of voting for these institutional investors. In order to facilitate the exercise of their voting rights, the latter have sought to centralize the voting process, leading to a more frequent, if not systematic, use of proxy advisors' "standard" voting policies, which are based on a shareholder vision of the company and which impose a standardized conception of governance practices.

This conception of the company has led us to rethink our principles of good governance. As a responsible investor, Mirova has decided to adopt a voting policy that addresses the key issues facing companies in this new context marked by the challenges of sustainable development. In particular, we value:

- the establishment of a board that includes stakeholders in a balanced manner and resolutely takes charge of CSR issues,

- fair compensation for the various stakeholders, with environmental and social criteria being taken into account in executive compensation,
- transparency and quality of financial and non-financial information, through the implementation of sustainable development reporting.

These principles are also the priority areas of engagement on which Mirova focuses in its dialogue with issuers in the exercise of its voting rights, because we are aware that this discourse in the service of a transformation in corporate governance will give rise to legitimate debates that will enable us to improve our principles and methods of action over time.

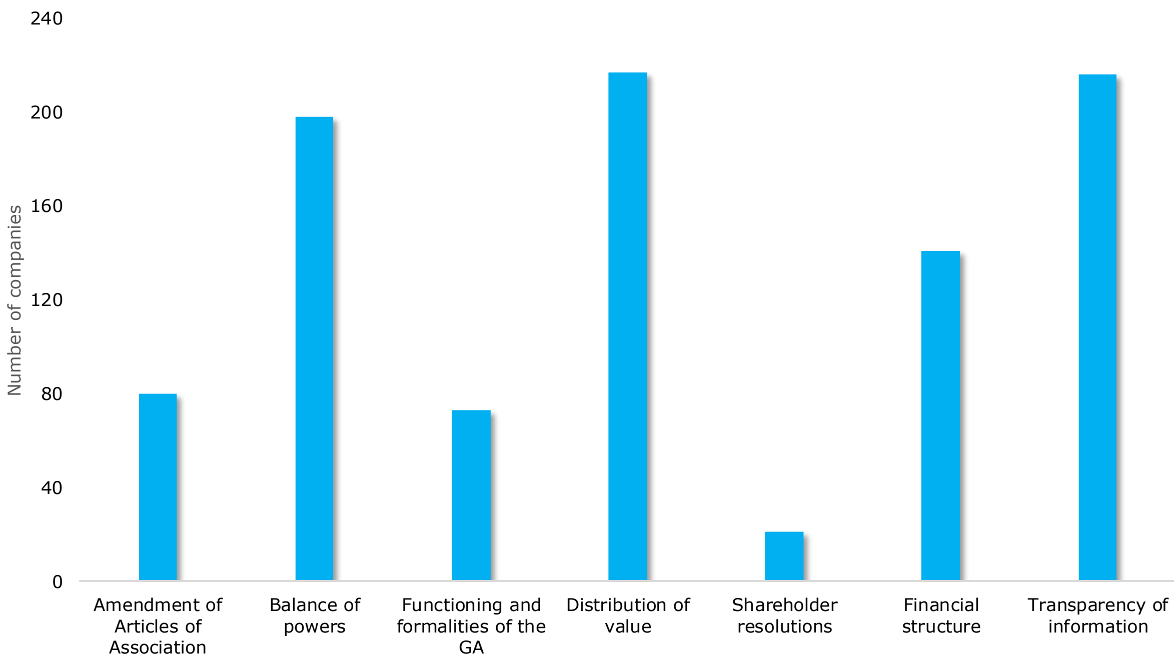
## 3.2 Analysis of votes 2017[11]

In 2017, Mirova was asked to give its opinion on 225 securities held in the equity funds managed by Mirova. In 2017, we opposed on average 35% of the resolutions proposed by each company.

**Breakdown of votes by subject**

We segment the votes into 7 broad categories.

*Figure 17: Matters put to the vote*




In accordance with market practices and European and North American regulations, issues relating to the balance of powers (essentially the composition of the Board), the distribution of value (remuneration of directors and shareholders) and transparency of information (approval of the financial statements, appointment of statutory auditors) were almost systematically submitted to the vote of shareholders (issues

[11] *Our voting report is available on our website:* [http://www.mirova.com/Content/Documents/Mirova/publications/va/Voting%20and%20engagement/ReportOnExerciseOfVotingRightsByMirova2017.pdf](http://www.mirova.com/Content/Documents/Mirova/publications/va/Voting%20and%20engagement/ReportOnExerciseOfVotingRightsByMirova2017.pdf)
*Unlike our official voting report, which details, in line with market practices, the distribution of votes using resolutions as the unit of account, we present here a more analytical approach using the number of companies as the unit of account. This approach makes it possible in particular to correct the statistical bias linked to the fact that companies present to the vote a very variable number of resolutions (if certain General Meetings may have less than 5 resolutions, others can go up to nearly 50 resolutions).*

addressed for approximately 9 out of 10 companies). Financial structure issues (capital increase/decrease) are also frequently addressed (~2 out of 3 cases).

Amendments to the articles of association and resolutions related to the operation and formalities of the AGM by nature are not the subject of resolutions from companies every year.

Challenge rates vary widely across themes.

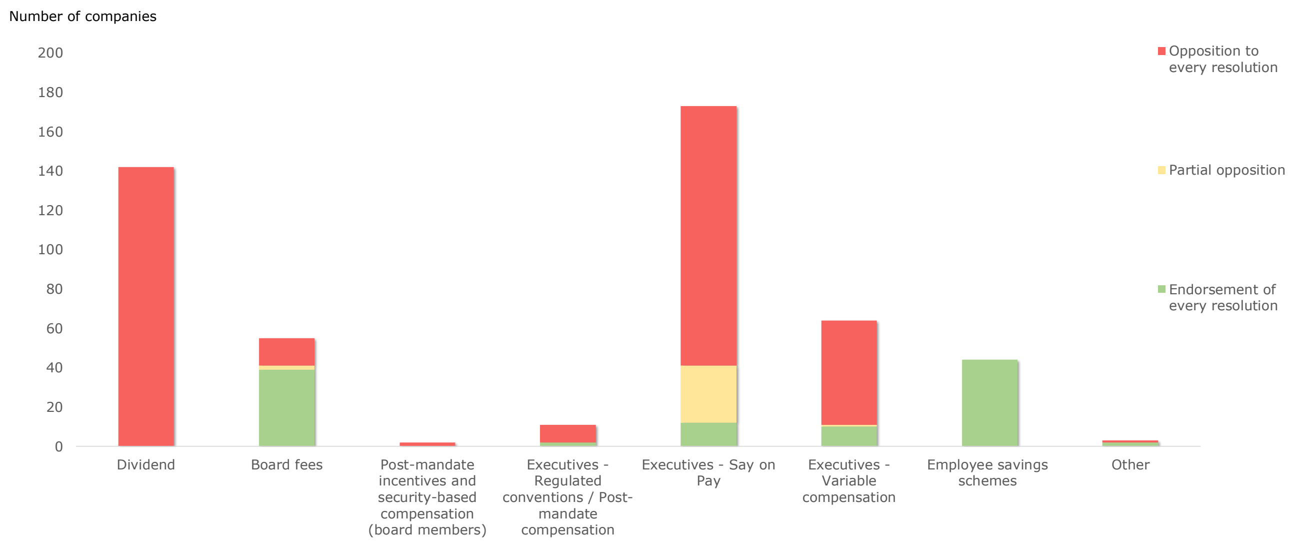
*Figure 18: Share of companies having been the subject of at least one opposition or abstention vote by theme*

| | |
|---|---|
| Distribution of value | 98% |
| Transparency of information | 83% |
| Financial structure | 71% |
| Shareholder resolutions | 62% |
| Balance of powers | 46% |
| Amendment of Articles of Association | 40% |
| Functioning and formalities of the GA | 10% |

### Focus on value distribution

*Value allocation* issues cover all resolutions related to the compensation of the various stakeholders that contribute to the creation of value within the company: shareholders (dividends), employees (savings plans) and managers (compensation structures). This category also includes the remuneration paid to directors insofar as the terms of their remuneration may impact the proper exercise of their skills in the general interest of the company and all its stakeholders.

*Figure 19: Distribution of Value - Details of Challenge Votes*[12]




On this subject, the two subjects on which we were most likely to vote were dividends (63% of companies submitted resolutions on this subject) and executive compensation via the "Say on Pay" mechanisms enabling shareholders to vote on the executive compensation policy as a whole (resolutions submitted in 77% of cases). Executive compensation is sometimes also only addressed on the variable component (28% of cases). Issues relating to directors' remuneration and employee savings schemes are less frequently submitted to general meetings (resolutions submitted by 24% and 20% of companies respectively).

[12] *Opposition votes include abstentions*

On dividends, in line with our voting policy, we question the legitimacy of a specific stakeholder to decide on the remuneration of another and choose, as a matter of principle, to abstain on resolutions relating to remuneration principles defined ex ante.

Concerning the resolutions concerning compensation mechanisms and their implementation (report on compensation and long-term incentive plans for managers and/or employees), Mirova opposes them when they do not include performance criteria linked to environmental and social issues. As good practices are still rare, we have approved all the resolutions submitted for less than one in ten companies. Without approving all the resolutions, we were also asked to support some of the resolutions submitted in one out of 10 cases.

Conversely, we have almost systematically supported resolutions concerning the remuneration of directors or employee savings plans, as these subjects rarely pose problems in terms of the distribution of value.

**Other themes**

**Power balance** - at least one opposition vote for 46% of companies. The main cases in which we have had to oppose the appointment of directors relate to the absence of employee representation or a lack of diversity on the Board.

**Transparency of information** - at least one opposition vote for 83% of companies. The high level of opposition to transparency of information is mainly explained by our frequent opposition to the re-election of auditors, Mirova not wanting auditors to provide services unrelated to audit services. However, we generally support the approval of the accounts.

**Financial structure** - at least one opposition vote for 71% of companies. Opposition issues generally concern capital increases that are too dilutive for shareholders, capital reductions outside employee share ownership plans, the introduction of "poison pillaging".

Questions concerning amendments to the statutes and the operation and formalities of the General Assembly are dealt with in less than a third of the cases, on essentially technical subjects. While we were led to oppose certain amendments to the Articles of Association when they imply greater constraints making it more difficult for shareholders to vote on a General Meeting, we supported almost all of the resolutions concerning the operation of the General Meeting.

Finally, shareholder resolutions remain infrequent. We generally supported shareholder resolutions on environmental and social matters, except in cases where we believed the company already had advanced practices on the issues addressed. The other subjects were dealt with on a case-by-case basis with the guiding principle of supporting resolutions that promote the long-term interests of the company.

# 4. Engagement

The analysis of ESG issues in the context of investment processes or voting at general meetings is accompanied by engagement procedures with issuers and public authorities.

## 4.1 Our approach to engagement

Our engagement strategy has two objectives:

1. **Improve products and business practices from an environmental, social, and governance perspective**

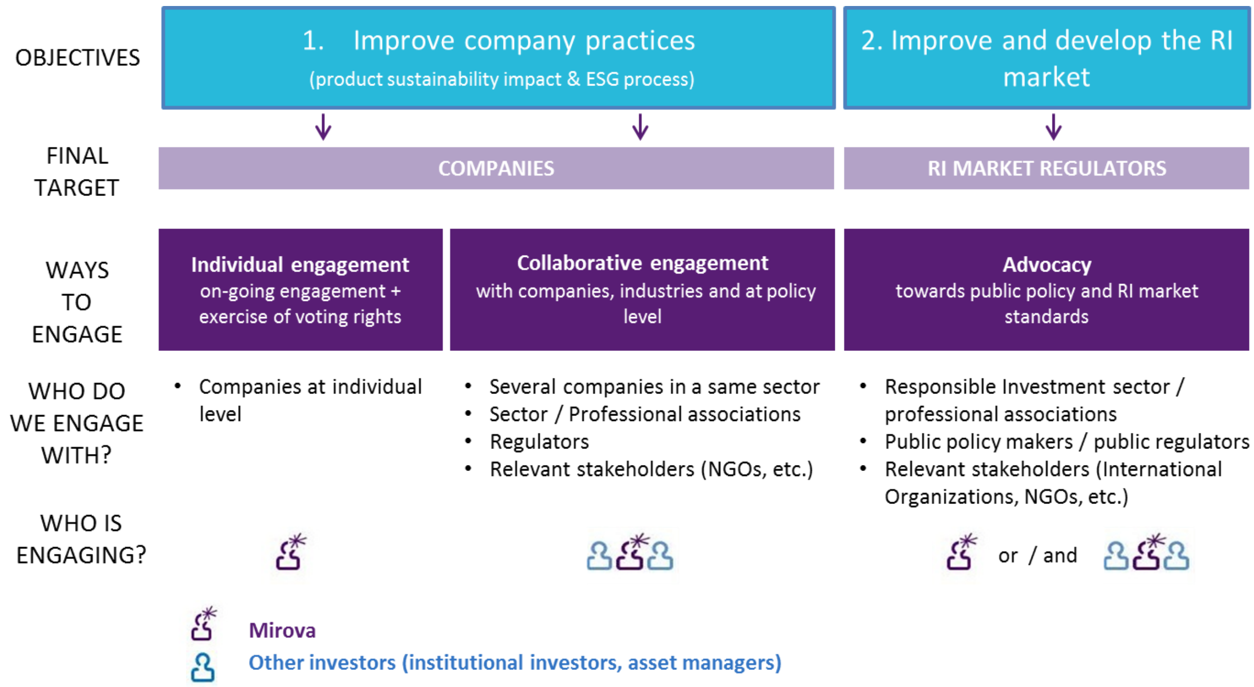
The implementation of this objective requires two types of engagement actions:

- Individual engagement: improve ESG practices of portfolio companies through ongoing dialogue.
- Collaborative engagement: engage in dialogue with other investors regarding controversial practices at industry or group company level.

2. **Apply our vision of investment to its own market, in order to improve financial sector standards and regulations in favour of sustainable and long-term investment practices.**

Mirova undertakes, through the implementation of its advocacy activities, to promote regulations (regulations, standards, labels) and practices on the part of financial market players that are favourable to sustainable investment that creates long-term value.

*Figure 20: Diagram of the Mirova engagement strategy*




*RI: Responsible investment*

## 4.2 Main results 2017

### Individual engagement

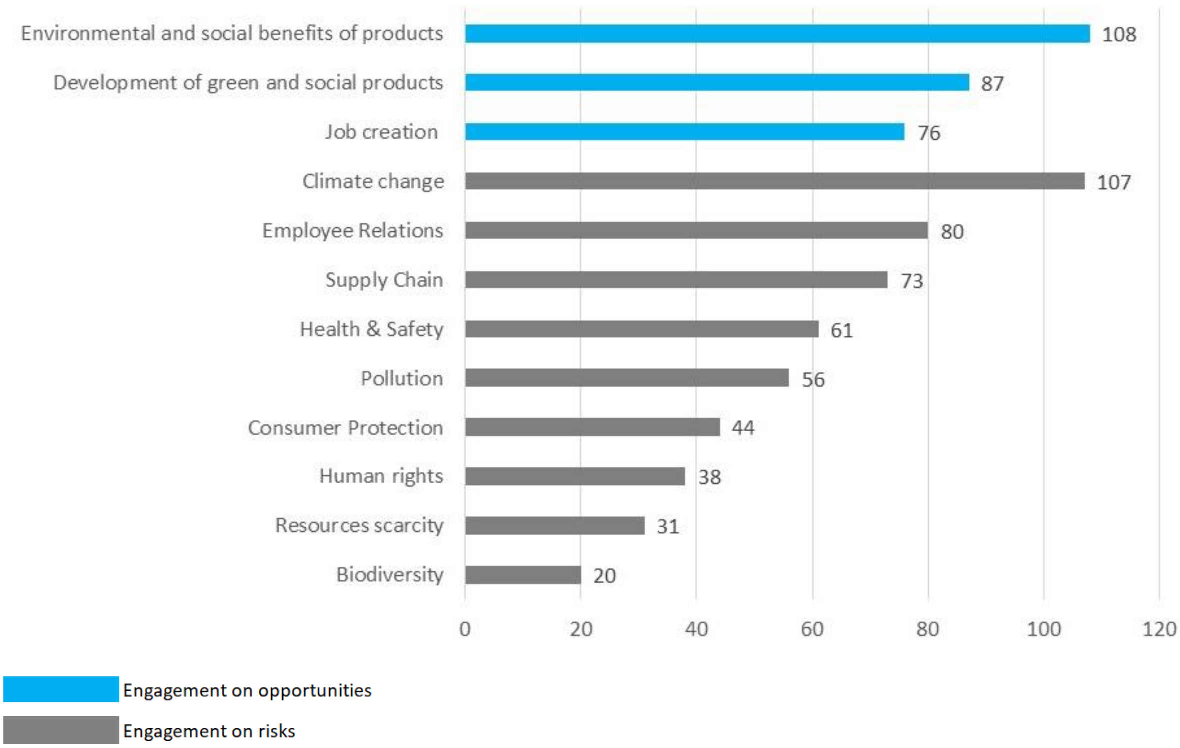
Individual engagement consists in interacting directly with the companies most represented in Mirova's and its clients' portfolios in order to encourage the improvement of their ESG practices in all the asset classes in which we are present: equities, fixed income (with a particular commitment to environmental and social obligations) and infrastructure. This dialogue is an integral part of our analysis and the exercise of our voting rights.

*Listed shares*

‘282 companies targeted

**374 meetings** and contacts with targeted companies on key corporate environmental, social and governance issues. All sectors were the subject of engagement actions on topics covering both the development of product and service offerings with a positive impact ("Opportunity Engagement") and the best management of company-specific risks ("Risk Engagement").

*Figure 21: Number of engagement actions per subject*




In addition to the areas of engagement specific to each company, three cross-functional topics were systematically addressed in 2017:

- improving CSR governance,

- the distribution of value among the different stakeholders,

- carbon reporting.

*Voting*

‘64 companies that have been the subject of engagement procedures within the framework of the vote

Main engagement themes related to voting: accountability and representativeness of governance bodies, equity of remuneration between the various stakeholders, consideration of environmental and social issues in governance.

*Green and social bonds*

‘48 issuers targeted

Engagement conducted prior to a potential issue, at the time of issue and after annual reporting on 4 main themes: use of funds, ESG risk reduction, reporting quality and impact measurement.

*Responsible Infrastructure*

‘45 projects covered by the engagement

Main engagement themes: environmental and social reporting, employment dynamics, quantification of positive impacts associated with projects, reduction of environmental and social impacts (energy management, nuisance reduction, accident management, etc.)

### Collaborative engagement

Collaborative engagement involves identifying controversial practices at the level of a sector or group of companies and engaging in dialogue to demand greater transparency and, where appropriate, the evolution of controversial practices. In order to strengthen the capacity of responsible investors to influence, these actions are often carried out by several investors who come together around the same objective. The engagement is then continued through different phases until it leads to tangible results that can be monitored over time. The actions first concern the issuers, then when necessary, are extended to the level of the market organization or to the regulator.

In 2014, Mirova launched its own collaborative engagement platform, made up of its own experts and client representatives, to provide itself with a real lever to influence, through close dialogue with companies and market authorities, the most controversial practices of the latter.

2 collaborative initiatives led by the Mirova engagement platform

| Exploration for oil resources in the Arctic offshore | Working conditions in the supply chain in the textile and ICT sectors |
|---|---|
| • Initiated in 2014 to encourage effective transparency<br>• In 2017, following the launch of the investor statement in 2016, Mirova continued discussions with various stakeholders to promote the Arctic moratorium | • Initiated in 2014 to encourage companies to adhere to higher levels of transparency in supply chain management<br>• In 2017,<br>  ◦ Mirova shared the work of the platform in a conference co-organized by the Electronic Industry Citizenship Coalition (EICC) on the IT sector<br>  ◦ As a new member of the Sustainable Apparel Coalition, Mirova organized a workshop for investors on transparency in the textile supply chain. |

As part of its strategy, Mirova also supports collaborative initiatives led by other investors, in particular through the PRI.

Support for 15 investor-led collaborative initiatives

*Figure 22: lists of collaborative actions for which Mirova is a signatory*

- Access to Medicines Index (ATMI)
- Nutrition Access Index (NALI)
- Excess antibiotics on farms
- Climate Action 100+
- Child labour in the cocoa supply chain
- RE 100
- Sustainable proteins
- Participation in PRI-led engagement initiatives: human rights in the mining sector, corporate tax practices, deforestation in the beef industry supply chain.
- Investor Declarations:
  - Textile industry in Bangladesh
  - World No Tobacco Day
  - Responsible use of antibiotics in food
  - LGBT rights in the USA
- Social Data Transparency Initiative

### Advocacy

Mirova has several advocacy ambitions.

- Establish a market framework conducive to the development of finance with a positive environmental and social impact, through the promotion of sustainable finance
- Provide investors with the means to identify sustainable investment needs and opportunities, through non-financial reporting, standardization and labelling considerations
- Remove barriers and structure tools to enable the development of a sustainable investment market, through discussions on product structuring, standardization and labels, incentives, etc.
- Strengthen the place of sustainable investment within finance, by integrating these contributions into broader reflections on the financial system and financial centres

## Summary 2017 of advocacy activities

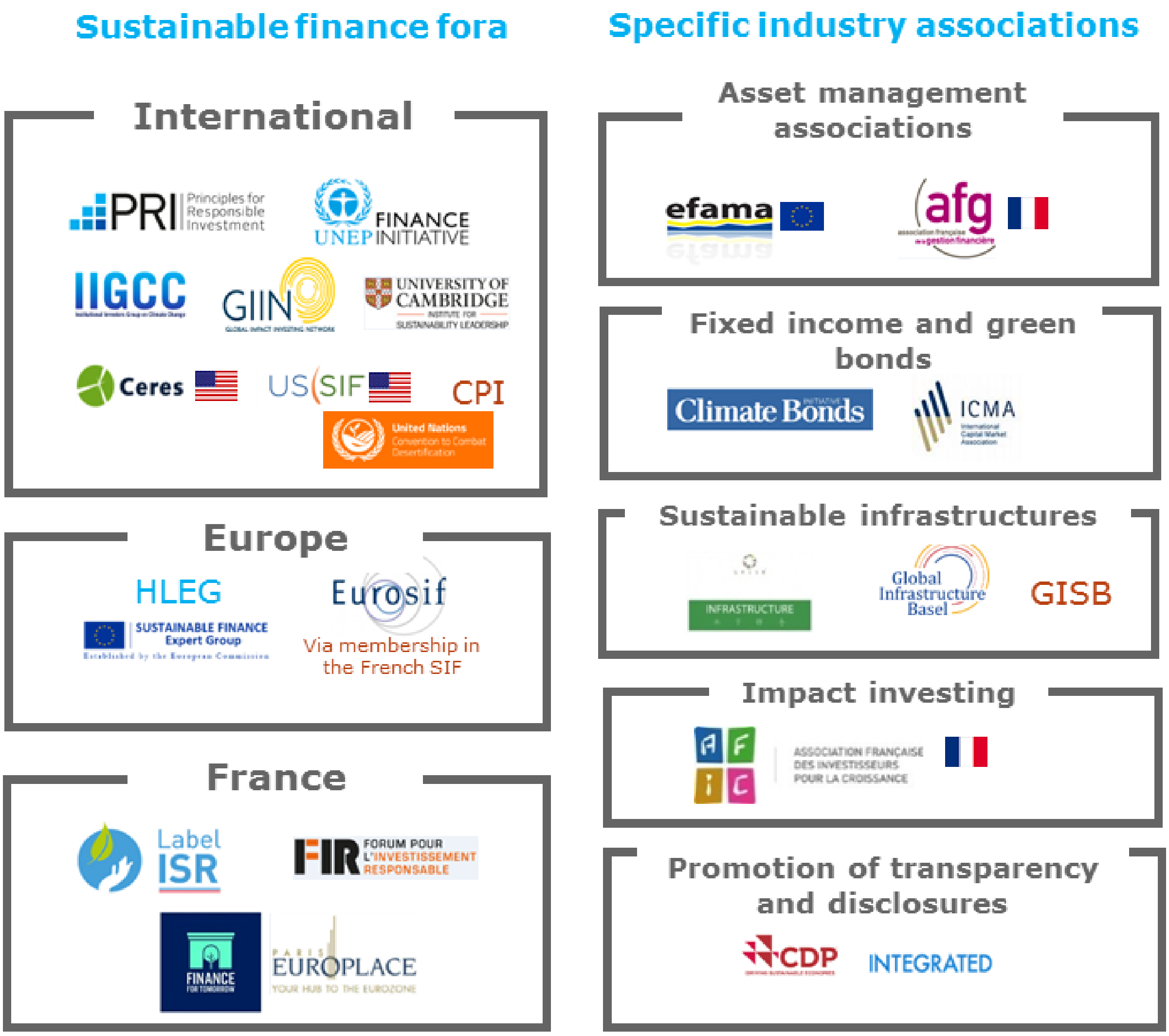
**Sustainable finance development**

- Member of the European Commission's High Level Expert Group on Sustainable Finance (HLEG), active participation in its work and in the preparation of its interim and final reports
- Chair of Finance for Tomorrow, the "Green & Sustainable Finance" Initiative of Paris Europlace at the origin of Climate Finance Day participation in its work
- Support for university research, with financial support for the Energy and Prosperity Chair; and participation of the Director General of Mirova, Philippe Zaouati, in the Cambridge Institute for Sustainability Leadership

**Support for climate action and climate disclosure**

- Response to public consultations, such as that of the Climate Financial Transparency Task Force (CFTF)
- Supported several investor statements and letters supporting increased climate action and TCFD guidelines on climate disclosure to the following government agencies:
  - G7 and G20 countries
  - Ministries of the Environment of the EU Member States
  - United States Presidency
  - World leaders

*Figure 23: Professional organizations in which Mirova participates*



# Conclusion

For Mirova, acting as a responsible investor means first of all being aware that capital allocation, far from being neutral, has major impacts on our economy and therefore our society. It also means being aware that in a world undergoing profound change, facing new sustainable development challenges, the very conception of value must be reinvented in order to overcome the narrow, and now harmful, vision in which everything would be fungible in a single aggregate of measurement that is financial capital. Obviously, it is now necessary not only to take into account the three dimensions of "capital", namely environmental, human and financial, but also to seek, at a minimum, to preserve each of them. Sustainable growth of human and financial capital is no longer possible today by continuing to alter environmental capital. It is more important than ever to remember that financial capital can only develop in a prosperous society as a whole. Our role is to mobilize the financial capital entrusted to us by our clients to provide them with sustainable solutions. All our investment strategies therefore seek to generate financial, social and environmental value. On the contrary, our contribution to the financing of the economy places us in a privileged position to note the abundance of technical, organizational and human initiatives and solutions aimed at providing solutions to the challenges of sustainable development. Through our financial support, we promote the development of these solutions which, through their success, will not only ensure the conditions necessary for the preservation of long-term returns, but will also deliver returns superior to those of the old economy over our investment horizons.

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