

RI TRANSPARENCY REPORT

2014/15

La Banque Postale Asset Management (LBPAM)



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	⚡	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	⚡	n/a	✓						
LEI 12	Processes to ensure integration is based on robust analysis	⚡	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	⚡	n/a	✓						
LEI 14	ESG issues in index construction	⚡	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	⚡	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	⚡	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	⚡	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

La Banque Postale Asset Management (LBPAM)

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1	Select the services you offer.
---------	--------------------------------

☒ Fund management

	% of assets under management (AUM) in ranges
--	--

☐ <10%

☐ 10-50%

☒ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1	Select the location of your organisation's headquarters.
---------	--

France

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
---------	---

☒ 1

☐ 2-5

☐ 6-10

☐ >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
---------	---

	FTE
--	-----

180

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
---------	---

☐ Yes

☒ No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		149	388	239	275
Currency	EUR				
Assets in USD		195	921	357	552

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 **Mandatory** **Descriptive** **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☐ Publish our asset class mix as percentage breakdown
- ☐ Publish our asset class mix as broad ranges
- ☒ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Asset class	in EUR millions at 31.12.2014	%
Equity	16 555	11.1%
Diversified	4 515	3.0%
Fixed income	112 198	75.1%
Money market	12 643	8.5%
Formula funds	3 180	2.1%
Debt funds	298	0.2%
Total	149,388	100.0%

To upload the image click the Save button below

OO 08 **Mandatory to Report Voluntary to Disclose** **Peering** **General**

OO 08.1 Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Other (1)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

Formula funds

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
--	--------------------------------------

- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
--	---

- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
--	-----------------------

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

Closing module

- ☒ Closing module

La Banque Postale Asset Management (LBPAM)

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 01.1	Indicate if you have a responsible investment policy.
---------	---

- ☐ Yes
☒ No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
---------	--

- ☒ Yes
☐ No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
---------	---

LBPAM has not defined a responsible investment policy yet.

LBPAM has implemented an ESG approach mainly for two different objectives:

- To offer a range of SRI mutual funds intended to retail and institutional clients,
- To respond to demand coming from several institutional clients to integrate ESG issues for dedicated mandates.

Investment processes have been pragmatically defined to achieve these different objectives.

LBPAM strives to be transparent on the way it implements ESG integration (methodology of the ESG analysis is transparent and publicly available).

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
---------	---

- ☒ Yes
☐ Yes, all
☒ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
---------	---

Policy or document name	URL
European SRI Transp agency code	http://www.labanquepostale-am.fr/etc/medialib/internet/fichiers/isr/codes_de_transparence/lbpam_responsable.Par.21428.File.dat/LBPAM_Responsable_Actions_Euro_Code_de_Transparence.pdf
SRI methodology	http://www.labanquepostale-am.fr/etc/medialib/internet/fichiers/isr/methodologie_isr/lbpam_responsable.Par.65090.File.dat/Methodologie_ISR_LBPAM_Responsable_Actions_Euro.pdf

☐ No

OA 02.5	Additional information. [Optional]
----------------	------------------------------------

The two highlighted documents are available on our website for each of the SRI funds which are sold to the public (retail and institutional clients). The objective is to help our clients to make their own opinion on our SRI approach.

OA 03	Mandatory	Core Assessed	PRI 1,2
--------------	------------------	----------------------	----------------

OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
----------------	--

Select all that apply

Policy components/types	Coverage by AUM
<input type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
----------------	---

- Voting policy covers investments in equities (around 13% of total assets).
- Policy on the defense sector was reviewed in 2014 and covers all our assets.

OA 04	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
---------	---

☒ Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
---------	---

According to the AMF General Regulation, LBPAM is endowed with a policy to prevent and manage conflicts of interest, including an alert process to the Compliance and Internal Control division. This policy is available on LBPAM website.

LBPAM Compliance Manual defines organisation and principles which ensures that LBPAM can conduct its activities to its clients' best interest.

The process aims at identifying existing or potential conflicts of interest and implementing the appropriate organisation to prevent and manage them. An independent control is guaranteed by the supervision entrusted to the Compliance and Internal Control department which directly reports to the Chairman of the Board.

The main pillars of the process are:

- LBPAM governance which relies on a Supervisory Board and an Audit Committee composed of a majority of independent members
- Activities' organisation complying with information barriers
- A set of procedures defining rules to select third-parties servicers such as intermediaries, to deal and execute orders, to exercise voting rights as well as remuneration policy, plurality of functions and personal ethics. These procedures are regularly updated and submitted to a permanent control conducted by the Compliance and Internal Control department.

This organisation aims at preventing and managing conflicts of interest in the clients' best interest and respecting equal treatment of investors.

A mapping of potential conflicts of interests has been drawn up and is regularly updated, together with a list of experienced conflicts of interest.

☐ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
---------	--

☐ Yes

☒ No

OA 05.4

Additional information. [Optional]

LBPAM does not set quantitative objectives for its RI activities. However assets under ESG integration are monitored on a quarterly basis. LBPAM wants to increase these assets and to develop progressively ESG integration for all its mutual funds, and within its mandates when asked by clients.

Governance and human resources
OA 07

Voluntary

Descriptive

General

OA 07.1

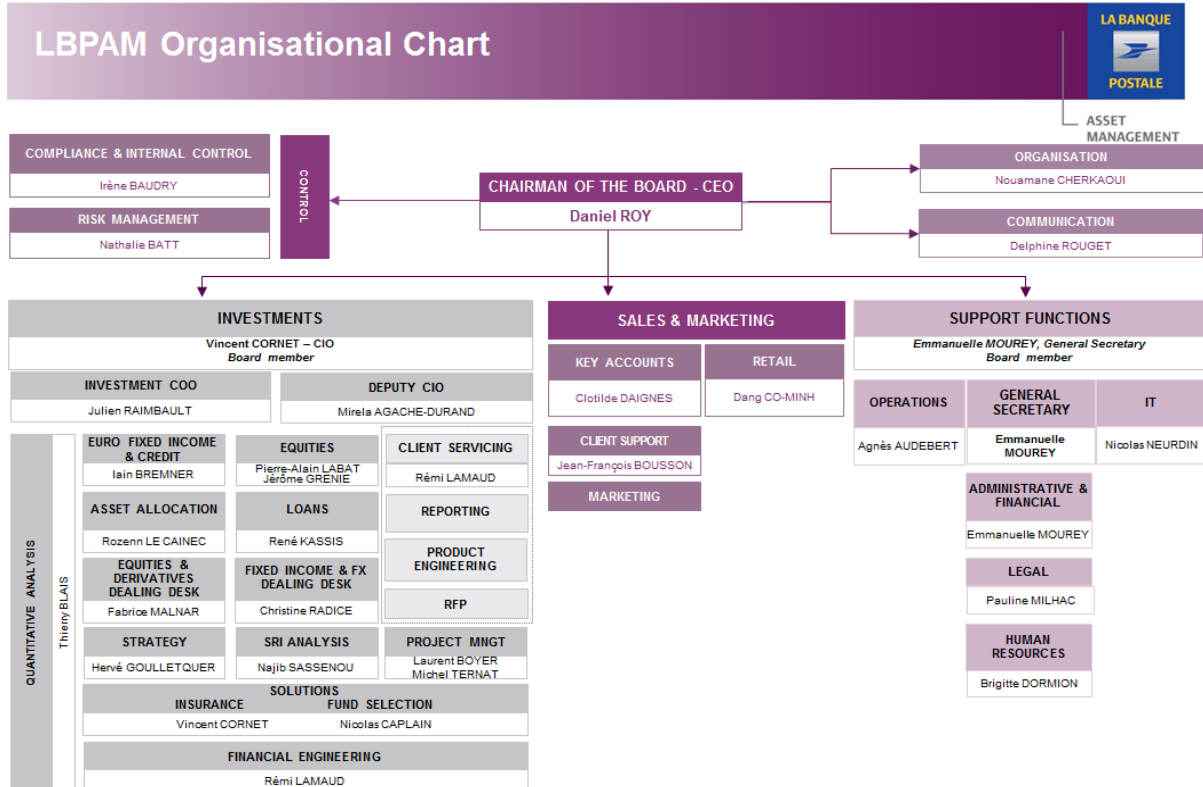
Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The chairman of the Executive Board of LBPAM signed the PRI in January 2009. The Executive Board has approved this signature because "according to us, investors have a crucial role to play regarding environmental, social and governance issues. They can act as a powerful leverage to encourage sustainable development and responsible practices."

The Department for Socially Responsible Investment and Sustainable Development is in charge of monitoring the implementation of the PRI. As experts on ESG issues, the 3 analysts work with other teams within LBPAM to improve gradually the integration of extrafinancial criteria into investment decisions.

Head of the SRI Department reports directly to Chief Investment Officer, who is a member of the Executive Board. Head of the SRI Department became a member of the Management committee in 2010.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

OA 08	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

Roles present in your organisation

- ☒ Board members or trustees
 - ☐ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
 - Head of SRI Department**
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers
- ☐ Other role, specify
- ☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
---------	---

Number

3

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
 [Optional]

LBPAM has launched in 2012 an initiative on the Clearinghouse, "Engaging with financial institutions on corporate governance issues". With the support of PRI staff, this initiative was updated in 2013 to try to involve other signatories. LBPAM also participated to a webinar related to this topic in September 2011.

LBPAM was in touch in 2014 with other signatories who expressed their interest in this initiative, having seen the Clearinghouse dedicated page.

- ☐ Asian Corporate Governance Association
☐ Association for Sustainable & Responsible Investment in Asia
☐ Australian Council of Superannuation Investors
☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

LBPAM is a CDP signatory.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

As a member of UNEP FI, La Banque Postale (LBPAM sole shareholder) completely paid for the translation in French and actively contributed to the implementation of the PSI (Principles for Sustainable Insurance) in France. The Insurance hub of La Banque Postale adopted the PSI in 2012.

- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Groupe La Poste is a signatory since 2003. LBPAM belongs to Groupe La Poste.

☒ Other collaborative organisation/initiative, specify

AFG

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

LBPAM has a seat on the Board of Directors of AFG (Association Française de la Gestion financière), the French professional organization of asset management.

The SRI team of LBPAM regularly participates to two committees of AFG, one on Corporate Governance and another one on Socially Responsible Investment.

- The Corporate Governance Committee aims to publish annually the "Recommendations on Corporate Governance", intended to investors who wish to exercise their voting rights at general meetings.
- The SRI Committee helps to coordinate the actions of its members for the promotion of SRI in France.

☒ Other collaborative organisation/initiative, specify

Research chair on sustainable finance and responsible investment ("Finance Durable et Investissement Responsable", i.e. FDIR)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

LBPAM is a sponsor of FDIR. The research projects of the FDIR chair are run by the IDEI- Toulouse School of Economics and the Economics Department at Ecole Polytechnique.

As decided on December 2012 the researchers of the Chaire FDIR in conjunction with the Sponsors have defined four high- priority research projects for the years 2013- 2015.

In 2014, conducted research projects covered:

- ESG factors and sovereign bond markets: The researchers of the Chaire FDIR empirically studied these issues by examining the link between a country's ESG policy and its cost of debt.
- Governance: This project built upon the negative relationship between firm accounting performance and the proportion of independent directors that has been documented previously and that suggests that there might be (unexpected) flaws of independence that could offset the likely benefits of reduced agency costs.

- **Shareholder Engagement:** The researcher has developed a short survey that investigates the issues, goals and outcomes of ESG integration, and how these have changed in recent years. As surprising as it may seem, ESG issues are still quite new for most investor relations' teams. Their practices remain very heterogeneous, but most of them anticipate a growing pressure from financial markets on these dimensions. Very few seem to adopt a proactive approach to address these questions and most fear the arrival of new regulations obliging them to report more systematically on extra-financial metrics.

☒ Other collaborative organisation/initiative, specify

French Social Investment Forum (FIR)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

LBPAM joined the Forum in 2014. La Banque Postale, sole shareholder of LBPAM, chairs the committee in charge of the retail market. Activities of this committee include the organization of the French SRI Week, taking place every year in September or October.

☐ Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☐ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
---------	--

- ☐ Yes
☒ No

OA 14	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
---------	---

- ☒ Yes

OA 14.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
---------	--

	% of total AUM
--	----------------

0.2

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
---------	--

	Area
--	------

- ☒ Clean technology (including renewable energy)

	Asset class invested
--	----------------------

- ☒ Listed equity
☐ Fixed income - corporate
☐ Fixed income - government

	Brief description of investment
--	---------------------------------

LBPAM offers one thematic fund: LBPAM Responsible Actions Environnement is a thematic fund focused on environmental issues.

The initial universe is composed of companies providing solutions to environmental challenges (climate change, resource depletion , etc.), by managing environmental resources, developing clean technologies or improving environmental protection - for at least 20% of their revenues. These companies belong to one of the following clusters:

- Energy efficiency
- Water Management
- Renewable energy
- Alternative energy and transport
- Eco-products and services
- Waste management
- Biomass resources.

An ESG filter is applied to this initial universe to measure the level of risk exposure of and the ability to manage it. Major ESG issues under review are the following :

- Environment: control the environmental impact of business activities on its immediate ecosystem, opportunities in climate change, reduction of emissions, etc.
- Social: respect for human rights and international labor law principles, local development, fair management of human resources, etc.
- Governance: quality of management boards and supervisory boards, internal control, respect for minority shareholders, etc.

- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☒ Social enterprise / community investing

	Asset class invested
<input checked="" type="checkbox"/>	Listed equity
<input type="checkbox"/>	Fixed income - corporate
<input type="checkbox"/>	Fixed income - government

	Brief description of investment
	<p>LBPAM manages 5 portfolios with direct social impact. These funds invest between 5% and 10% of their assets in social enterprises, which currently are SIFA (Société d'Investissement France Active), Habitat et Humanisme and a social impact fund managed by an external asset manager. 3 portfolios have received the Finansol Label (French label for "finance solidaire").</p> <p>- Since 1988, the associative network France Active works for solidarity and employment, particularly for people far from the labor market. France Active assists, on the one hand, social solidarity and entrepreneurs who create or consolidate jobs and on the other hand, people in difficulty who want to start their own business. France Active offers them financial expertise and funding that allow them to build or reinforce their projects or to access to banking / financial circuits. As an investment company, SIFA aims to strengthen the permanent capital for social enterprises.</p> <p>- Created in Lyon in 1985, "Habitat et Humanisme" is an organisation for housing and integration of underprivileged people. "Foncière d'Habitat et Humanisme" is a company created by the "Habitat et Humanisme" organization to build, acquire and renovate housing for people in need. "Foncière d'Habitat et Humanisme" focuses on housing located in "balanced" neighborhoods, promoting effective social inclusion, and leases at a low rent. Housed families are accompanied by local teams of the association. Foncière d'Habitat et Humanisme also sets up community housing for people isolated or in great difficulties. This safe environment is conducive to the resocialization of residents.</p> <p>- The "social impact" fund which was created most recently is an employee savings fund and invests 5 to 10% of its assets in a dedicated fund managed by an external asset manager. This external dedicated fund is entirely invested in "social enterprises".</p>

- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☐ Other area, specify

☐ No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
-------	-----------	---------------------	---------

OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
----------------	---

☒ Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
----------------	--

- ☐ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☒ Assured by an external independent provider, specify name

KPMG certified some indicators presented in the Annual report of La Banque Postale (sole shareholder of LBPAM), including the figure of assets under ESG integration

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
----------------	---

1. The SRI department prepares initial answers to the Reporting and Assessment questionnaire.
2. The document is reviewed by two other departments at LBPAM: Communication department, and Compliance department.
3. The final version is approved by the managing board.

OA 19.4	Attach any relevant documents.
----------------	--------------------------------

[LBPAM independent assurance report on assets under ESG integration 2014.pdf](#)

☐ No

La Banque Postale Asset Management (LBPAM)

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
--------	---	-----------------	-------

LEI 01.1	Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.
----------	---

Strategies

- ☐ Passive
- ☒ Active – quantitative (quant)

	% of internally managed listed equities
--	---

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

- ☒ Active – fundamental and other active strategies

	% of internally managed listed equities
--	---

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

LEI 02	Voluntary	Descriptive	PRI 1
--------	-----------	-------------	-------

LEI 02.1	Provide a brief overview of how you incorporate ESG issues into listed equity investments.
----------	--

LBPAM has developed ESG integration in listed equity investments mainly for two different objectives:

- To respond to demand coming from institutional clients to take into consideration ESG issues for their mandates,
 - To offer a range of SRI mutual funds to retail and institutional clients.
1. For integration of ESG criteria (mainly for mandates): LBPAM frequently screens portfolios to measure ESG risks and exclude issuers that present high-risk profiles on a case-by-case basis.
 2. For SRI funds: From a benchmark, LBPAM defines SRI investment universe through 4 stages:
 - Sector exclusion: Companies belonging to sectors ICB Level 3 " Aerospace and Defense ", " Tobacco " and ICB sector level 4 "Gaming" are systematically excluded .
 - Normative exclusion : Companies seriously and repeatedly violating the Global Compact principles (Human rights, working conditions, environment and fight against corruption) are excluded.
 - Filter with "tangible ESG indicators": Within this remaining universe, companies creating the fewest jobs and having the highest carbon intensity relative to their sector are excluded.
 - Filter "ESG best-in-class": Within this remaining universe, companies developing the best ESG practices within each sector are selected (systematic exclusion of companies with ESG risk 4 and 5), taking into account the constraints of sector representation for portfolio management.

The ESG rating is calculated internally through our tool "AGIR" (cf. OA 18.2).

Beyond these specific approaches, LBPAM promotes collaboration between portfolio managers and SRI analysts, through common meetings with the management of companies, through thematic discussions around certain risks affecting companies (e.g. corruption, corporate governance, etc.) and through monthly review of the ESG issues of one sector (new initiative launched in 2014).

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div>
	25

- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☒ Screening + thematic strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div>
	0.1

- ☐ All three strategies combined
- ☒ No incorporation strategies applied

Percentage of active listed equity to which no incorporation strategy is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div>
	74.9

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

LBPAM primarily applies "best-in-class" strategy, since it considers that this approach is more adapted to current client expectations. Indeed, "best-in-class" strategy allows to build diversified portfolios that can be close to benchmark performance. Moreover, LBPAM believes that it is important to take into account ESG issues in sectors that may be controversial from a pure sustainable development point of view, such as oil and gas, in order to encourage also better practices and strategy within these sectors.

Best-in Class methodology

The approach chosen is the "best-in-class" approach. Thus, the objective is to select companies with the best practices in their industry regarding sustainable development issues: a development that balances protection of the natural environment, social cohesion and good corporate governance. These companies are selected for their contribution to the emergence of a sustainable economic growth.

We use "best-in-class" approach to select issuers according to non-financial criteria. This is based on two types of analysis:

1. Quantitative analysis:

- Data from criteria assessed by three extra-financial rating agencies are taken into account (Criteria used: Environment, Social, Governance, Human Resources, Corporate Governance, Business behavior, Community Involvement, Human Rights). The outcome is a first quantitative rating. Different weightings are applied to each criteria depending on sectors. Indeed, ESG criteria weights differ from one sector to another. For instance, governance criteria are particularly prominent in the analysis of the banking sector, while the environmental criteria are reinforced in the analysis of the automotive sector. The ESG rating is between 1 (best) and 5 (worst).
- Data from ESG brokerage teams are used as bonus or malus on the ESG first rating.
- Physical data are also taken into account, including staff changes and carbon intensity (data provided by external providers).

2. Qualitative analysis:

- To improve responsiveness, and through committed dialogue with companies, SRI analysts may adjust this ESG rating: it may be adjusted following a meeting with the company, or through monitoring work conducted by SRI analysts (regulatory changes, incidents, statements of leaders, surveys conducted by NGOs or trade unions, etc.).

LEI 03.3

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Case of LBPAM thematic fund:

LBPAM Responsable Actions Environnement is a thematic fund focused on environmental issues.

The initial universe is composed of companies providing solutions to environmental challenges (climate change, resource depletion, etc.), by managing environmental resources, developing clean technologies or improving environmental protection - for at least 20% of their revenues. These companies belong to one of the following clusters:

- Energy efficiency
- Water Management
- Renewable energy
- Alternative energy and transport
- Eco-products and services
- Waste management
- Biomass resources.

An ESG screening is applied to this initial universe to measure the level of risk exposure of and the ability to manage it. Major ESG issues under review are the following :

- Environment: control the environmental impact of business activities on its immediate ecosystem, opportunities in climate change, reduction of emissions, etc.
- Social: respect for human rights and international labor law principles, local development, fair management of human resources, etc.
- Governance: quality of management boards and supervisory boards, internal control, respect for the minority shareholder, etc.

LEI 04	Voluntary	Additional Assessed	PRI 1
--------	-----------	---------------------	-------

LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
----------	---

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 04.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
-----------------	---

Raw Data from Trucost, Factset and Bloomberg

ESG research providers: LBPAM uses data from three extra-financial rating agencies. Data are used to feed our quantitative multi-sources tool to rate issuers.

Sell-side: LBPAM uses data from different brokers to feed our quantitative tool (bonus / malus) and qualitative studies for analysis.

In-house research: LBPAM SRI analysts can confirm or adjust ESG quantitative rating, based on company meetings, listening to stakeholders, analysis of qualitative sell-side research, etc. Moreover, since the beginning of 2014, a monthly review of the ESG issues of one sector is jointly prepared by an SRI analyst and a portfolio manager, and presented to all equity portfolio managers. The objective is to improve our understanding of sector-specific ESG issues and to facilitate ESG integration by portfolio managers.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
-----------------	--

☒ Yes

LEI 04.4	Describe how you incentivise brokers.
-----------------	---------------------------------------

Around 9% of equity brokerage fees are allocated according to the quality of their ESG research. LBPAM believes it is a powerful incentive to help them to develop ESG research and to improve quality.

☐ No

LEI 05	Voluntary	Additional Assessed	PRI 1
---------------	------------------	----------------------------	--------------

LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
-----------------	---

☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☐ We have a systematic process to ensure the information is made available.
- ☒ We occasionally make this information available.
- ☐ We do not make this information available.

LEI 05.2	Additional information. [Optional]
-----------------	------------------------------------

LBPAM defines "engagement" as having interactions with companies around ESG issues. SRI analysts regularly meet management of companies in order to discuss their ESG strategy and practices. Feedbacks are prepared following these meetings, and can lead to a modification of ESG ratings (decision being taken collectively by the SRI department). ESG ratings are taken into account when managing funds under an ESG screening approach.

Regarding proxy voting, portfolio managers are associated to and informed of voting decisions at general meetings. Therefore they may consider it when analysing companies and making investment decisions. However, this activity is not formally integrated into the investment decision-process.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
---------------	------------------	--------------------	--------------

LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
-----------------	--

Type of screening

- ☒ Negative/exclusionary screening

Screened by

- ☐ Product
- ☐ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

	Description
--	-------------

Sector exclusion: Companies belonging to sectors ICB Level 3 "Aerospace and Defense", "Tobacco" and ICB sector level 4 "Gaming" are systematically excluded of SRI equity funds.

Filter with "tangible ESG indicators": companies having the most negative staff evolution and/or having the highest carbon intensity relative to their sector are excluded from the investment universe of SRI equity funds.

ESG integration for one mandate: companies having a high-risk profile (ESG rating of 5 on a scale from 1 to 5) are excluded from the investment universe.

☒ Positive/best-in-class screening

Screened by

- ☐ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

For SRI funds: companies developing best practices in ESG within each sector are selected, based on our internal ESG rating (preference for ESG ratings of 1 to 3 on a scale for 1 to 5).

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

For SRI funds: companies seriously and repeatedly violating the Global Compact principles (Human rights, working conditions, environment and fight against corruption) are excluded.

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

There isn't any formal process to establish and review screening criteria. The SRI department is in charge of defining the screening approach. Definition is inspired by trends within the SRI market, interactions with our clients, respect of investment principles promoted by LBPAM. E.g. normative exclusion and filter based on tangible ESG indicators are the latest criteria having been introduced. Any change to screening criteria needs to be approved by portfolio managers.

LBPAM plans to launch a deeper review of ESG approaches in 2015.

LEI 07**Mandatory****Core Assessed****PRI 1****LEI 07.1**

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☐ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 07.2

Additional information. [Optional]

ESG rating methodology relies on several external sources, in order to strengthen the quality of the analysis.

External sources are generally chosen by the SRI department after having benchmarked different providers. Experience and recognition are important criteria to select sources.

However, there has not been any external/independent audit of the analysis process yet.

ESG ratings are reviewed on a quarterly basis - through AGIR, our quantitative rating tool - to ensure that data used in our processes are updated and as accurate as possible.

(B) Implementation: Thematic**LEI 09****Mandatory****Descriptive****PRI 1****LEI 09.1**

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- ☒ Environmentally themed funds
- ☐ Socially themed funds
- ☐ Combination of themes

LEI 09.2

Describe your organisation's processes for sustainability themed funds. [Optional]

Only one fund: LBPAM Responsable Actions Environnement.

LBPAM Responsable Actions Environnement is a thematic fund focused on environmental issues.

The initial universe is composed of companies providing solutions to environmental challenges (climate change, resource depletion, etc.), by managing environmental resources, developing clean technologies or improving environmental protection - for at least 20% of their revenues. These companies belong to one of the following clusters:

- Energy efficiency
- Water Management
- Renewable energy
- Alternative energy and transport
- Eco-products and services
- Waste management
- Biomass resources.

An ESG screening is applied to this initial universe to measure the level of risk exposure of and the ability to manage it. Major ESG issues under review are the following :

- Environment: control the environmental impact of business activities on its immediate ecosystem, opportunities in climate change, reduction of emissions, etc.
- Social: respect for human rights and international labor law principles, local development, fair management of human resources, etc.
- Governance: quality of management boards and supervisory boards, internal control, respect for the minority shareholder, etc.

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
--------	-----------	-------------	-------

LEI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

☒ Screening

Describe any reduction in your starting investment universe or other effects.

3. For SRI funds: From a benchmark, LBPAM defines a SRI investment universe through 4 stages:
 - Sector exclusion: Companies belonging to sectors ICB Level 3 "Aerospace and Defense", " Tobacco " and ICB sector level 4 "Gaming" are systematically excluded .
 - Normative exclusion: Companies seriously and repeatedly violating the Global Compact principles (Human rights, working conditions, environment and fight against corruption) are excluded.
 - Filter with "tangible indicators ": Within this remaining universe, companies creating fewest jobs and having the highest carbon intensity relative to their sector are excluded.
 - Filter "ESG best-in-class": Within this remaining universe, companies developing best practices in ESG within each sector are selected (preference for ESG ratings of 1, 2, sometimes 3, on a scale from 1 to 5).

=> The percentage reduction is 65% (i.e. only 35% of benchmark constituents are eligible to most of SRI equity funds).

4. For mandates with ESG screening: Every quarterly meeting with the client, LBPAM flags issuers that belong to portfolios and that have a very negative ESG rating (score 5 in a scale from 1 to 5, 1 being the best score). Based on the analysis, the client can decide whether or not to sell shares. If decision is to sell, the issuer is not eligible to the fund anymore until a reverse decision is taken.

=> The percentage reduction is inferior to 10%.

☒ Thematic

Describe any alteration to your investment universe or other effects.

LBPAM Responsable Actions Environnement is a thematic fund focused on environmental issues.

The initial universe is composed of companies providing solutions to environmental challenges (climate change, resource depletion, etc.), by managing environmental resources, developing clean technologies or improving environmental protection - for at least 20% of their revenues. These companies belong to one of the following clusters:

- Energy efficiency
- Water Management
- Renewable energy
- Alternative energy and transport
- Eco-products and services
- Waste management
- Biomass resources.

An ESG screening is applied to this initial universe to measure the level of risk exposure of and the ability to manage it. Major ESG issues under review are the following :

Environment: control the environmental impact of business activities on its immediate ecosystem, opportunities in climate change, reduction of emissions, etc.

Social: respect for human rights and international labor law principles, local development, fair management of human resources, etc.

Governance: quality of management boards and supervisory boards, internal control, respect for the minority shareholder, etc.

=> The percentage reduction is 20%, in order to let portfolio managers having enough choices to build the portfolio.

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

☒ We disclose it publicly

Provide URL

http://www.labanquepostale-am.fr/isr/notre_offre0/LBPAM_Responsible_Actions_Euro.html

Provide URL

http://www.labanquepostale-am.fr/isr/notre_offre_isr.html

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

La Banque Postale Asset Management (LBPAM)

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 01.1	Provide a brief overview of your organisation's approach to engagement.
-----------------	---

La Banque Postale Asset Management wants to be an active shareholder.

LBPAM considers that voting at general meetings is an essential commitment when managing assets. LBPAM has defined its own voting policy, that aims at protecting our clients' interests and promoting the sustainable value of their investments. Through the implementation of its voting policy, LBPAM encourages the best practices of corporate governance, economic development, social cohesion and environmental protection.

General meetings are one of the main communication drivers between companies and their shareholders. LBPAM strives to dialogue with companies when exercising its voting rights, in order to understand better the intentions of the companies, to improve its decisions, and to explain when it has to refuse some resolutions.

Beyond corporate governance, LBPAM is convinced of the impact that engagement can have on ESG practices.

Basic engagement is done on an ongoing basis through company meetings, which are opportunities for raising ESG issues directly to the management of the companies (e.g. regarding human rights in the supply chain for the garment industry, or stranded assets for the energy industry).

More formal engagement actions are implemented regarding specific issues that are considered as important by LBPAM (controversial weapons, corporate governance of financial institutions, human rights in supply-chains).

LBPAM is aware that engagement can be more effective when it is done collectively. Therefore LBPAM plans to reinforce its participation to collaborative initiatives such as the Carbon Disclosure Project, and to join new initiatives when they are considered as relevant for LBPAM.

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
-----------------	---

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2

Additional information. [Optional]

LBPAM recognizes that there are several levels of engagement, and several ways to do it. At LBPAM, "engagement" is understood as interacting with companies on ESG issues.

- To support investment decision-making: When meeting companies, SRI analysts ask them to provide information on their practices, and implicitly suggest some improvements. These meetings help SRI analysts to assess companies from an ESG perspective, to decide if they could be eligible to SRI portfolios. SRI analysts took part to 133 companies meetings in 2014.
- To influence corporate practice on ESG issues: Engagement is also carried out through a partnership with an NGO, the International Federation for Human Rights (FIDH, in French), around one mutual fund invested in equities and bonds according to Human rights criteria. Issuers are selected by FIDH itself. The selection process can include a phase of dialogue with companies, which are targeted when FIDH perceives a lack of clarity or commitment regarding human rights. This process is done sector by sector, company by company.
- To promote responsible practices within the financial industry: Since 2010, LBPAM sends a questionnaire every 18 months to financial institutions it works with. The questionnaire mostly focuses on key problems revealed by the financial crisis (corporate governance, remuneration, risk management, transparency). The results of the questionnaire are taken into account for the selection of intermediaries and counterparties of LBPAM. LBPAM has presented this initiative to PRI signatories during a webinar in 2011 and on the Clearinghouse portal.
- Some brokerage fees are allocated depending on the quality of ESG research produced by each broker/intermediary. LBPAM considers it is a relevant incentive to help them develop their research and communication with companies on ESG issues.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2 Describe how you identify and prioritise engagements.

The SRI Department is in charge of following ESG issues that may affect investments done by LBPAM, or that may damage the reputation of LBPAM. Issues related to the 10 principles of the Global Compact are generally considered as priority.

Once such a topic has been identified, the SRI Department presents an engagement strategy for this specific topic to the Executive board of LBPAM, which has to decide to initiate engagement or not. The SRI Department is usually responsible for implementing this decision.

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1 Indicate if you define specific objectives for your engagement activities.

☐ Yes

☒ No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

☒ Yes

☐ Yes, in all cases

☐ Yes, in the majority of cases

☒ Yes, in the minority of cases

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

LBPAM does not formally track engagement yet. LBPAM believes that its engagement initiatives play a role in changing ESG practices within companies, along with initiatives led by many other stakeholders. Measuring on a global basis the success of engagement is seen as challenging.

However, LBPAM may monitor the actions taken by a company following precise and targeted engagement activity, on a case-by-case basis (e.g. controversial weapons, or dialogue led by FIDH following a controversy on human rights).

☐ No

Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 05.1

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

LEA 05.2

Describe how you identify and prioritise collaborative engagements.

The process is similar to individual engagement.

The SRI Department is in charge of following ESG issues that may affect investments done by LBPAM, or that may damage the reputation of LBPAM. Issues related to the 10 principles of the Global Compact are generally considered as priority.

Once such a topic has been identified, the SRI Department presents an engagement strategy for this specific topic to the Executive board of LBPAM, which has to decide to initiate engagement or not. This engagement strategy may involve participation to collaborative activities led by others.

The SRI Department is usually responsible for implementing this decision.

☐ No

LEA 06	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 06.1

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

- ☐ Yes, for all collaborative engagement activities
- ☒ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

- ☐ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☒ Yes, in the minority of cases

LEA 06.3

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

LBPAM takes part in the following collaborative engagements:

- Carbon Disclosure Project: As a signatory, LBPAM encourages companies to measure, disclose, manage and share environmental information. Objectives are to improve disclosure from companies and to encourage them to reduce their environmental impacts. Data collected (emissions of greenhouse gases, etc.) is publicly available.
- CorDial: LBPAM participates in collaborative dialogue as a member of the French SIF ("Forum de l'Investissement Responsable"). For instance, LBPAM takes part in "CorDial platform", a working group between SRI analysts from FIR members. For the season 2014-2015, the platform

examines the view and practices of large French companies about CEO-to-Worker Pay Ratio and more generally about the added-value sharing.

☐ No

General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
--------	-----------	---------------------	---------

LEA 09.1 Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2 Additional information.

Data collected from companies during engagement activities - whether individual or collaborative - may be integrated into ESG analysis and our internal ESG ratings, which are the basis to decide eligibility or not to SRI portfolios.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2 Additional information. [Optional]

Based on the list of individual engagement activities presented for question LEA 02, here are the numbers of approached companies in the year 2014:

- Meetings with companies by SRI analysts: 133 (this number is reported monthly to the Executive committee)
- Engagement letters and meetings by FIDH (International Federation for Human Rights): 12
- ESG questionnaires sent to intermediaries and counterparties: 79.

Based on the list of collaborative engagements supported by LBPAM:

- CDP: thousands of the largest global companies are requested to provide environmental information, on behalf of more than 700 institutional investors.
- CorDial: For the season 2014-2015, the platform examines the view and practices of large French companies about CEO-to-Worker Pay Ratio and more generally about the added-value sharing. No companies were contacted in 2014; meetings will take place in 2015.

Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA 15.1

Indicate whether your organisation proactively discloses information on its engagements.

- ☐ We disclose it publicly
- ☐ We disclose it to clients and/or beneficiaries only
- ☒ We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8	Additional information. [Optional]
----------	------------------------------------

Content of the dialogue with a company may be included in the reporting provided to clients and beneficiaries, but it is done on a case-by-case basis. E.g. certain interactions with companies are guided by requests from clients, who want an in-depth analysis on a specific issue. In these cases, information is extensively presented to clients.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
----------	--

La Banque Postale Asset Management wants to be an active shareholder.

LBPAM considers that voting at general meetings is an essential commitment when managing assets. LBPAM has defined its own voting policy, that aims at protecting our clients' interests and promoting the sustainable value of their investments. Through the implementation of its voting policy, LBPAM encourages the best practices of corporate governance, economic development, social cohesion and environmental protection.

General meetings are one of the main communication drivers between companies and their shareholders. LBPAM strives to dialogue with companies when exercising its voting rights, in order to understand better the intentions of the companies, to improve its decisions, and to explain when it has to refuse some resolutions.

Process

LEA 17	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
----------	---

	Approach
--	----------

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on
--	--------------------

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 20	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

LEA 20.1	Indicate if your organisation has a securities lending programme.
----------	---

- ☒ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
----------	---

Please select one of the following

- ☒ We recall most securities for voting on all ballot items
- ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our shares for voting purposes
- ☐ Other (please specify)
- ☐ No

LEA 20.3	Additional information. [Optional]
----------	------------------------------------

We avoid securities lending when it could prevent participation at AGMs. Should it happen, we recall securities for voting on an ad-hoc basis.

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
----------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
 - ☒ votes in selected markets
 - ☐ votes on certain issues (all markets)
 - ☐ votes for significant shareholdings (all markets)
 - ☒ other, explain

Systematic information for French companies (which represented in 2014 around 50% of total votes). For other companies, information is given on demand.

- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

71

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

LBPAM annually defines a list of companies which it is going to participate at AGM for. In 2014, criteria to elaborate this list were:

- Scope of European companies with:
- Holdings higher than 0,5% of share capital for companies with a market cap below 4 billion €
- Holdings higher than 0,05% of share capital for companies with a market cap above 4 billion €.

These thresholds have been defined to ensure that LBPAM votes for a significant percentage of its holdings, and for companies in which its vote may have an impact. They are reviewed annually.

2014 list comprised 165 companies.

- ☐ We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
-----------------	--

- ☒ We disclose it publicly

provide URL

http://www.labanquepostale-am.fr/gouvernance/LBPAM/les_rapports.html

provide URL

http://www.labanquepostale-am.fr/gouvernance/LBPAM/les_politiques.html

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☒ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
 - ☐ Continuously (soon after votes are cast)
 - ☐ Quarterly or more frequently
 - ☒ Between quarterly and annually
 - ☐ Less frequently than annually
 - ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
 - ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 26.8

Additional information. [Optional]

Information is provided on an annual basis for the public, as recommended by the French legislation.
Information is provided on a quarterly basis for two clients who require it.

La Banque Postale Asset Management (LBPAM)

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

FI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
-------	---------------------	-----------------------	-----------------	-------

FI 01.1	Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.
----------------	--

	Fixed income – corporate
--	--------------------------

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

	Percentage of internally managed fixed income - corporate
--	---

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

	Fixed income – government
--	---------------------------

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

	Percentage of internally managed fixed income - government
--	--

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

FI 02	Mandatory to Report	Voluntary to Disclose	Peering	General
-------	---------------------	-----------------------	---------	---------

FI 02.1	Provide a breakdown of your internally managed fixed income investments by credit quality.
----------------	--

Credit quality	Fixed Income - Corporate
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

Credit quality	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

Market	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.3

Additional information. [Optional]

Concerning primary / secondary market, LBPAM does not monitor this indicator. Data come from portfolio managers' estimates.

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 03.1

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

Fixed Income - Corporate

LBPAM has implemented an ESG approach in fixed income - corporate, mainly for two reasons:

- To respond to demand coming from certain institutional clients who want to take into consideration ESG issues within dedicated mandates
- To offer a range of SRI mutual funds intended to retail and institutional clients

For mandates with ESG integration asked by clients: Every three months, LBPAM screens portfolios to measure ESG risks and exclude issuers that present high-risk profiles (based on ESG rating and on ESG-related controversies). An exclusion list as well as a watchlist is defined by LBPAM with its clients. Fund managers cannot invest or maintain holdings in excluded issuers and cannot reinforce exposure to issuers on the watchlist.

For SRI funds we defined stronger investment rules with filter from the benchmark (as described in the LEI part).

Fixed Income - Government

LBPAM has implemented an ESG approach in fixed income - government, mainly for two reasons:

- To respond to demand coming from certain institutional clients, that have defined their own principles related to country selection which LBPAM has to comply to when managing dedicated mandates,
- To offer a range of SRI mutual funds for retail and institutional clients' demande.

For mandates with ESG integration: Institutional clients screen countries by themselves, based on two criteria (fight against corruption and promotion of democracy). LBPAM has to comply with this screening, and cannot invest in countries that are not in line with clients principles.

For SRI funds: LBPAM uses extra-financial rating agencies. LBPAM links raw data from rating agencies with two macroeconomic variables (wealth and debt level). ESG pillars count each for one-third. Countries are then classified into 3 groups according to their final score. None of them are excluded from the investment universe, but countries with a positive ESG rating must be overweighed, whereas countries with a negative ESG rating must be underweighed.

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.		

ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<table> <tr> <td></td><td>%</td></tr> <tr> <td>65</td><td></td></tr> </table>		%	65	
	%				
65					

- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☒ No incorporation strategies applied

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<table border="1"> <tr> <td data-bbox="798 181 877 291"></td><td data-bbox="877 181 1394 291">%</td></tr> <tr> <td data-bbox="798 291 877 347">35</td><td data-bbox="877 291 1394 347"></td></tr> </table>		%	35	
	%				
35					

	Total actively managed fixed income - corporate
--	---

100%

FI 04.2	Describe your primary reasons for choosing a particular incorporation strategy.
----------------	---

The approach chosen is the "best-in-class" approach. Thus, the objective is to select companies with the best practices in their industry regarding sustainable development issues: a development that balances protection of the natural environment, social cohesion and good corporate governance. These companies are selected for their contribution to the emergence of a sustainable economic growth.

LBPAM uses "best- in-class" approach to select issuers according to non-financial criteria. This is based on two types of analysis:

1. Quantitative analysis:

- Data from criteria assessed by three extra-financial rating agencies are taken into account (Criteria used: Environment, Social, Governance, Human Resources, Corporate Governance, Business behavior, Community Involvement, Human Rights). The outcome is a first quantitative rating. Different weightings are applied to each criteria depending on sectors. Indeed, ESG criteria weights differ from one sector to another. For instance, governance criteria are particularly prominent in the analysis of the banking sector, while the environmental criteria are reinforced in the analysis of the automotive sector. The ESG rating is between 1 (best) and 5 (worst).
- Data from ESG brokerage teams are used as bonus or malus on the ESG first rating.

2. Qualitative analysis:

- To improve responsiveness , and through committed dialogue with companies, SRI analysts may adjust this ESG rating: it may be adjusted following a meeting with the company, or through monitoring work conducted by SRI analysts (regulatory changes, incidents, statements of leaders, surveys conducted by NGOs or trade unions, etc.).

Fixed Income - Specific methodology for Green bonds.

LBPAM has set up a specific methodology to rate "green bonds", using both the ESG rating of the issuer and a qualitative analysis of the project (through a defined framework).

- ESG quality of the issuer (20%): ESG rating and experience of the issuer on GreenBonds
- ESG quality of the issuance and of the project (50%): intelligibility on the use of funds, program coherence with the core business of the issuer, quality of the ESG filters during the selection process, additionality of funding (existing asset refinanced, new assets...), earmarking engagement...
- Reporting (30%): commitment to reporting, impact measurement (tangible criteria) and control of the project.

Green bonds are more and more favoured in fixed income corporate portfolios, but no target has been defined yet.

FI 05	Voluntary	Additional Assessed	PRI 1
--------------	------------------	----------------------------	--------------

FI 05.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- ☒ Raw ESG company data

Describe who provides this information.

Trucost, Factset, Bloomberg

- ☒ Issuer-related analysis or ratings

Describe who provides this information.

Three extra-financial rating agencies are taken into account, with the following criteria used: Environment, Social, Governance, Human Resources, Corporate Governance, Business behavior, Community Involvement, Human Rights

- ☒ Sector-related analysis or ratings

Describe who provides this information.

Internal research

- ☒ Country-related analysis or ratings

Describe who provides this information.

One extra-financial rating agency

- ☐ Screened bond list

- ☒ ESG issue-specific analysis or ratings

Describe who provides this information.

Internal research

- ☐ Other, specify

FI 05.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Raw Data from Trucost, Factset and Bloomberg

ESG research providers: LBPAM uses data from three extra-financial rating agencies. Data are used to feed our quantitative multi-sources tool to rate issuers.

Sell-side: LBPAM uses data from different brokers to feed our quantitative tool (bonus / malus) and qualitative studies for analysis.

In-house research: LBPAM SRI analysts can confirm or adjust ESG quantitative rating, based on company meetings, listening to stakeholders, analysis of qualitative sell-side research, etc. Moreover, since the beginning of 2014, a monthly review of the ESG issues of one sector is jointly prepared by an SRI analyst and

a portfolio manager, and presented to all equity portfolio managers. The objective is to improve our understanding of sector-specific ESG issues and to facilitate ESG integration by portfolio managers.

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 06.1

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

- ☒ Negative/exclusionary screening

Screened by

- ☐ Product
☐ Activity
☒ Sector
☐ Country/geographic region
☒ Environmental and social practices and performance
☒ Corporate governance

Description

Sector exclusion for SRI funds: Companies belonging to sectors ICB Level 3 "Aerospace and Defense" are systematically excluded of SRI funds.

- ☒ Positive/best-in-class screening

Screened by

- ☐ Product
☐ Activity
☐ Sector
☐ Country/geographic region
☒ Environmental and social practices and performance
☐ Corporate governance

Description

For SRI funds: companies developing the best ESG practices within each sector are selected (systematic exclusion of companies with ESG rating of 5).

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

Normative filter: Companies seriously and repeatedly violating the Global Compact principles (Human rights, working conditions, environment and fight against corruption) are screened in mandates with ESG incorporation and excluded for SRI funds.

FI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

There isn't any formal process to establish and review screening criteria. The SRI department is in charge of defining the screening approach. Definition is inspired by trends within the SRI market, interactions with our clients, respect of investment principles promoted by LBPAM. E.g. normative exclusion and filter based on tangible ESG indicators are the latest criteria having been introduced. Any change to screening criteria needs to be approved by portfolio managers.

LBPAM plans to launch a deeper review of ESG approaches in 2015.

FI 07	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☐ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 07.2

Additional information. [Optional]

ESG rating methodology relies on several external sources, in order to strengthen the quality of the analysis.

External sources are generally chosen by the SRI department after having benchmarked different providers. Experience and recognition are important criteria to select sources.

However, there has not been any external/independent audit of the analysis process yet.

ESG ratings are reviewed on a quarterly basis - through AGIR, our quantitative rating tool - to ensure that data used in our processes are updated and as accurate as possible.

FI 08	Voluntary	Additional Assessed	PRI 1
-------	-----------	---------------------	-------

FI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.
---------	--

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
- ☒ Systematic
 - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

FI 08.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
---------	---

LBPAM has a clear process to ensure that ESG fund criteria are respected:

- Integration of the SRI investment universe in IT asset management tools. These tools offer an early warning to the portfolio manager when he wants to make a buy order on an excluded issuer.
- At the risk management level, an independent ex-post audit on respect of ESG rules of the fund (allocations by ESG score, authorized issuers...) is conducted.
- External auditors regularly ask investment universe and portfolio holdings in order to check out that ESG fund approach is respected.

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 13.1	Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.
---------	---

☒ Yes

FI 13.2	Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.
---------	---

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%

FI 13.3	Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.
---------	--

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

LBPAM has two different processes for integrating ESG issues in government fixed income investments.

- For SRI mutual funds: Countries are assessed annually on their ESG practices. Countries ranked high must be overweighted in the portfolio, whereas countries ranked low must be underweighted.
- For mandates managed by institutional clients: A pre-investment screening is done by clients, in order to avoid investments in countries that face controversies regarding corruption and democracy. Screening is based on two NGO sources (Transparency International and Freedom House).

☐ No

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.

Fixed Income - Corporate

- ☒ Narrow down or prioritise the investment universe
- ☐ Buy / sell / weight decisions
- ☐ Other, specify

FI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.

Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☐ Buy / sell / weight decisions
- ☐ Other, specify

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
-------	-----------	---------------	---------

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☒ We disclose it publicly

Provide URL

<http://www.labanquepostale-am.fr/isr/approche/methodologie.html>

Provide URL

http://www.labanquepostale-am.fr/isr/notre_offre0/lbpam_responsable5.html

FI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes
- ☒ No

FI 18.3

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information to the public.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify

FI 18.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

FI 18.6

Indicate how frequently you typically report this information to clients/beneficiaries

- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Engagement in fixed income investments**Fixed Income - Corporate**

FI 19	Voluntary	Descriptive	PRI 2
-------	-----------	-------------	-------

FI 19.1

Indicate if you engage with corporate issuers.

- ☒ Yes

FI 19.2

Describe your organisation's approach to engagement in corporate fixed income.

2014 was the year of engagement with corporate and public issuers through meetings when they issued greenbonds. Indeed, at the end of 2013, we build up a dedicated framework for rating greenbonds.

In 2014, we met 13 corporates or local agencies when they issued their greenbond in order to check whether their greenbonds were compliant with our view.

Moreover, at the end of 2014, we took part to a conference with corporates who wanted to issue greenbonds in next months. It was the occasion to meet 7 different corporates or local agencies, who had some questions on our view and expectations.

- ☐ No

Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
-------	-----------	-------------	-------

FI 20.1

Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

- ☒ Yes

FI 20.2

Please describe your organisation's approach to engagement in government fixed income.

2014 was the year of engagement with corporate and public issuers through meetings when they issued greenbonds. Indeed, at the end of 2013, we build up a dedicated framework for rating greenbonds.

In 2014, we met 13 corporates or local agencies when they issued their greenbond in order to check whether their greenbonds were compliant with our view.

Moreover, at the end of 2014, we took part to a conference with corporates who wanted to issue greenbonds in next months. It was the occasion to meet 7 different corporates or local agencies, who had some questions on our view and expectations.

☐ No