

## La Banque Postale Asset Management (LBPAM)

## 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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# 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	✓	n/a							✓
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	🔒	n/a						✓	
OA 03	Policy components and coverage	🔒	n/a	✓	✓					
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	✓	Public							✓
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	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
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	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
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	✓	Public		✓					
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	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
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	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
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

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## 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 only 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

165

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

31/12/2013

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		141	890	044	612
Currency	EUR				
Assets in USD		186	896	728	072

**OO 04.3** 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
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**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)

#### Encours gérés au 31 décembre 2013

Source La Banque Postale Asset Management

Catégories	Montants en millions d'euros au 31/12/2013
Actions	15 507
Diversifiés	4 553
Obligations	103 916
Monétaires	14 851
Fonds à formule	3 063
<b>Total</b>	<b>141 890</b>

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
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**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
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**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
- ☒ Fixed Income – other
- ☐ Other (1)
- ☐ None of the above

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

miscellaneous

OO 12	Mandatory	Gateway	General
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**OO 12.1** The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# La Banque Postale Asset Management (LBPAM)

## Reported Information

## Public version

## Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**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 set responsible investment guidelines or 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 certain 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 (ESG analysis methodology is transparent and available).

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 Code of Ethics 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 division 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 independent members

Activities' organisation complying with information barriers

A set of procedures defining rules to select third-parties servicers such as intermediaries, to deal 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 division.

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

A mapping of potential conflicts 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 progressively develop ESG integration for all its mutual funds, and within its mandates when asked by clients. In 2013, interdisciplinary workshops on responsible investment were led within LBPAM.

**Governance and human resources****OA 07**

Voluntary

Descriptive

General

**OA 07.1**

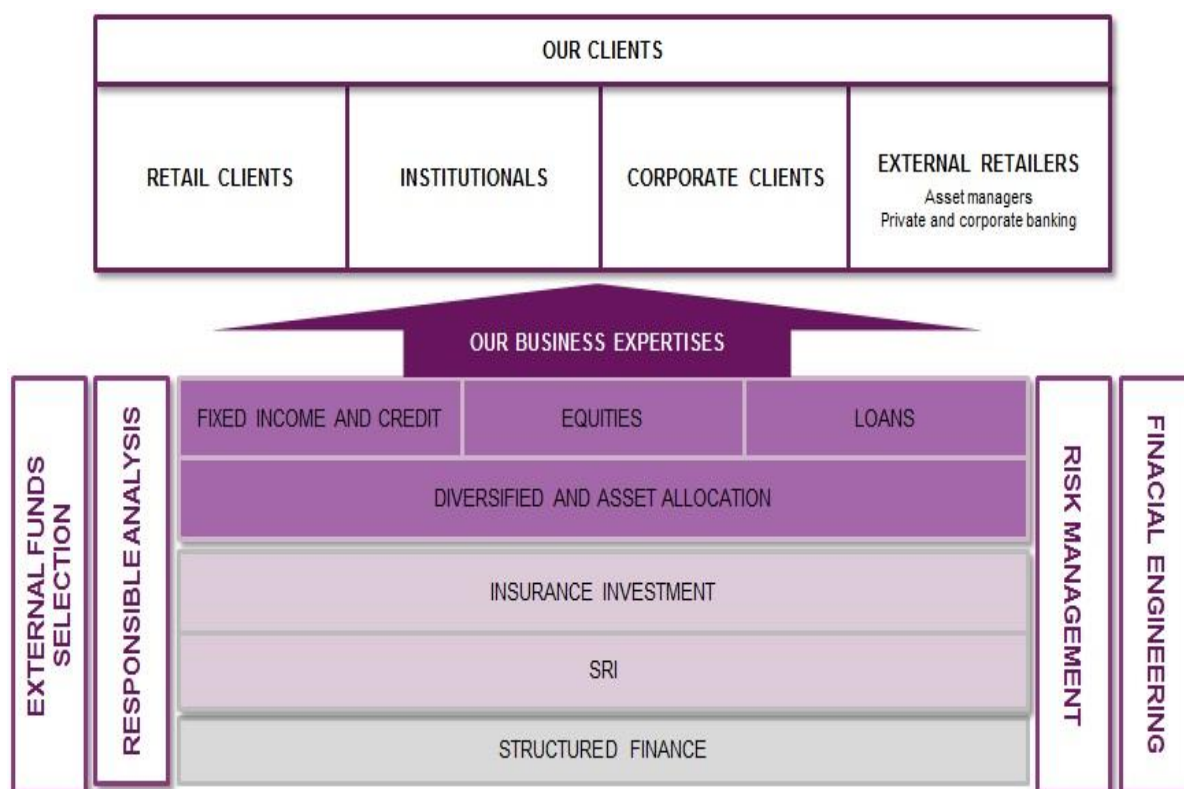
Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

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**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

**OA 10.2**

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**

- ☐ 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
- ☒ Principles for Responsible Investment

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

- ☐ 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 pole 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

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 Chaire FDIR ("Financement Durable et Investissement Responsable") 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. These projects are related to the motivations for SRI, to the SRI bond markets, and to the governance and engagement policies of socially responsible firms.

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
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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
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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
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

☒ Yes

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

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

0.015

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

	Area
--	------

☒ Clean technology

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

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

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 cleant technologies or improving environmental protection. 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 ressources, 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
----------------------

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

## Brief description of investment

LBPAM manages 3 portfolios that have received the Finansol Label (French label for "finance solidaire"). These funds have between 5% and 10% of their assets invested in social enterprises, which currently are SIFA (Société d'Investissement France Active) and Habitat et Humanisme.

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.

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.

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

☐ No

## Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General				
<table border="1"> <tr> <td>OA 15.1</td><td colspan="3">Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.</td></tr> </table>				OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		
OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.						
Asset Class	Describe what processes are in place and the outputs or outcomes achieved						
Fixed income - other	Fixed income - Other: local communities, development banks. For these assets, LBPAM applies the same methodology as for other assets, methodology being described further.						



## Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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**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

**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.

☐ 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
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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
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**LEI 02.1**

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

LBPAM has developed ESG incorporation 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 regularly screens portfolio to measure ESG risks and exclude issuers that present high-risk profiles.
  2. For SRI funds: From a benchmark, LBPAM defines SRI investment universe through 4 stages:
    - Sectoral 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 "quantitative indicators": Within this remaining universe, companies creating fewest jobs and having the highest carbon intensity relative to their sector are excluded.
    - Filter "ESG Risk": Within this remaining universe, companies developing best ESG practices within each sector are selected (systematic exclusion of companies with ESG risk 4 and 5), taking into account the constraints of sectoral representation for financial management.

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

Beyond these specific approaches, LBPAM promotes collaboration between portfolio managers and SRI analysts, through common meetings with the management of companies or through discussions around certain risks affecting companies (e.g. corruption, corporate governance, etc.).

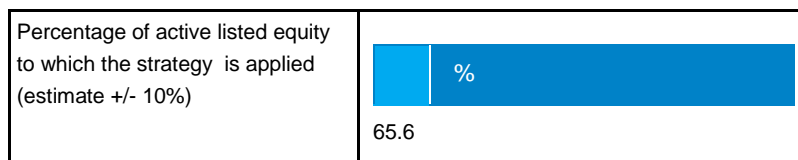
## ESG incorporation in actively managed listed equities

### Implementation processes

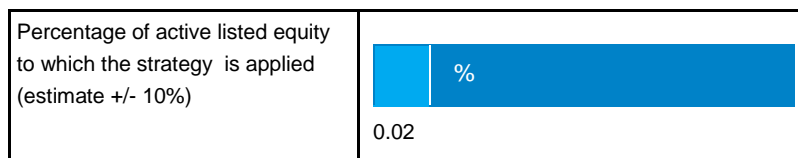
LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.		

#### ESG incorporation strategy (select all that apply)

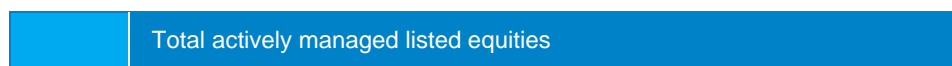
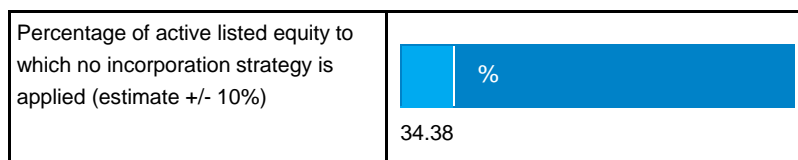
- ☒ Screening alone (i.e. not combined with any other strategies)



- ☐ 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



100%

LBPAM primarily applies "best-in-class" strategy, since it considers that this approach is more adapted to current clients 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 agencies).

□

##### 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**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [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 cleant technologies or improving environmental protection. 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 ressources, etc.
- Governance: quality of management boards and supervisory boards, internal control, respect for the minority shareholder, etc.

LEI 04	Voluntary	Additional Assessed	PRI 1
<b>LEI 04.1</b>	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
- ☒ 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



<b>LEI 04.2</b>	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 extranfinancial rating agencies. Data are used to feed our quantitative tool and to have comparative elements to analyse different issuers. Moreover LBPAM occasionally uses sector or issue studies.

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

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
-----------------	---------------------------------------

Some of brokerage fees are allocated according to the quality of their ESG research. LBPAM believes it is a relevant incentive to help them to develop ESG research and to improve quality.

☐ No

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	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 company managements in order to discuss their ESG strategy and practices. Feedbacks are prepared following these meetings, and can lead to modify ESG rating of companies (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**

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

Filter with "tangible indicators": for SRI Funds: Within this remaining universe, companies creating fewest jobs and having the highest carbon intensity relative to their sector are excluded.

☒ 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 (systematic exclusion of companies with ESG risk 4 and 5), taking into account the constraints of sectoral representation for portfolio management.

- ☒ 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.
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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 last criteria having been introduced.

Any change to screening criteria needs to be approved by portfolio managers.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☐ 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 review/audit of the analysis process yet.

## (B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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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 thematic funds.  
[Optional]

Only one fund: LBPAM Responsible Actions Environnement.

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. 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
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**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.
---

For SRI funds: From a benchmark, LBPAM defines a SRI investment universe through 4 stages:

- Sectoral 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 Risk": Within this remaining universe, companies developing best practices in ESG within each sector are selected (systematic exclusion of companies with ESG risk 4 and 5) , taking into account the constraints of sectoral representation for portfolio management.  
=> The percentage reduction is 65% (i.e. only 35% of benchmark constituents are eligible to most of SRI equity funds).

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%.

•

Specify the percentage reduction
----------------------------------

%
---

65

☒ Thematic

Describe any alteration to your investment universe or other effects.

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. 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 the portfolio managers with enough choices to build the portfolio.

LEI 16	Voluntary	Descriptive	PRI 1
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<b>LEI 16.1</b>	Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
-----------------	--

	a) Impacted funds' financial performance
--	--

Screening	Thematic		
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes		
<input type="radio"/> No	<input type="radio"/> No		

	b) Reduced funds' risk or volatility
--	--------------------------------------

Screening	Thematic		
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes		
<input type="radio"/> No	<input type="radio"/> No		

c) Improved funds' ESG performance

Screening	Thematic		
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes		
<input type="radio"/> No	<input type="radio"/> No		

**LEI 16.2**

Describe how you are able to determine these outcomes and your actual performance.

For ESG performance of SRI funds : LBPAM monitors the average ESG rating of funds vs. their benchmarks on a monthly basis. It also monitors the carbon intensity of issuers (average for fund constituents vs average for benchmark constituents) and their staff change. It is proved that ESG selection leads to improvement of ESG performance.

For mandates with ESG screening: LBPAM monitors the average ESG rating of portfolios every three months. For the last four years, trends are positive, since the integration process started.

Concerning financial performance and volatility, LBPAM does not follow regularly ESG impacts on financial performance, neither on volatility.

**LEI 17**

**Voluntary**

**Descriptive**

**PRI 1**

**LEI 17.1**

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG issue 1



ESG issue and explanation
Aerospace and defense sector is excluded from all SRI funds.
ESG incorporation strategy applied
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
<p>In 2013, Aerospace&amp; Defense sector significantly outperformed (Airbus +91.39%, Safran +57.8%, Zodiac +56.13%, Thales +81.24%, Finmeccanica +26.49%, MTU +5.19%). As a consequence, its exclusion from SRI funds led to a negative impact on their performance compared to non-SRI funds or to their benchmarks. For example, SRI european equity fund "LBPAM Responsable Actions Euro" has been impacted by -53 basis points compared to the same non-SRI funds because of this filter, and -95 bp compared to its benchmark (Eurostoxx).</p>

☒ ESG issue 2

ESG issue and explanation
Weak ESG rating for Mobistar.
ESG incorporation strategy applied
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
<p>Since environmental and social practices at Mobistar do not reach the standard in its sector, LBPAM SRI team assigned a relatively low ESG rating, which leads to not include Mobistar in SRI portfolios. In 2013, Mobistar stock lost 53% of its value. Therefore SRI funds have not been affected by this underperformance thanks to the ESG filter.</p>

☐ ESG issue 3

☐ ESG issue 4

☐ ESG issue 5

## 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\\_Responsable\\_Actions\\_Euro.html](http://www.labanquepostale-am.fr/isr/notre_offre0/LBPAM_Responsable_Actions_Euro.html)

Provide URL

[http://www.labanquepostale-am.fr/isr/notre\\_offre\\_isr.html](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

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## 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. Formal engagement actions have been made regarding controversial weapons in 2012. In 2013, LBPAM mostly implemented "soft engagement" through frequent meetings with companies, that 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).

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
<b>Individual/Internal staff engagements</b>	<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 type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input 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 checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<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

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 119 companies meetings in 2013.

- 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.

- To promote responsible practices within the financial industry: Since 2010, LBPAM sends a questionnaire every 18 months to financial institutions it works with. In 2012-2013, this questionnaire mostly focussed on key problems revealed by the financial crisis (corporate governance, remuneration, risk management, transparency). The results of the questionnaire are used to improve the general evaluation 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

☒ No

LEA  
04.4

Additional information. [Optional]

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.

## 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

☒ No



<b>LEA 06.4</b>	Additional information. [Optional]
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LBPAM takes part in the following collaborative engagement:

- 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.

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>LEA 09.1</b>	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 09.2</b>	Additional information.
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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.

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate if you track the number of companies you engage with.
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Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<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
<b>Collaborative engagements</b>	<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

<b>LEA 10.2</b>	Additional information. [Optional]
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Based on the list of individual engagement activities presented for question LEA 02, here are the numbers of approached companies in the year 2013:

- Meetings with companies by SRI analysts: 119 (this number is reported quarterly to the Executive board)
- Engagement letters by FIDH: 7
- ESG questionnaires sent to intermediaries and counterparties: 78.

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.

## Outputs and outcomes

LEA 11	Mandatory to Report	Voluntary to Disclose	Core Assessed	PRI 2
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<b>LEA 11.1</b>	Indicate the number of companies with which your organisation engaged during the reporting year.
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	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	204
Collaborative engagements	0

<b>LEA 11.2</b>	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
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Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

<b>LEA 11.3</b>	Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]
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Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

<b>LEA 11.5</b>	Additional information. [Optional]
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The number mentioned in question LEA 11.1 refers to the definition given by LBPAM in LEA 10.

It means that LBPAM have had 204 direct interactions with companies on ESG issues in 2013.

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 12.1</b>	Indicate if your engagements in the reporting year covered E, S and/or G issues.
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Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA 12.2**

Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Corporate Governance only

20

% Overlapping ESG issues

80

**100%**

Collaborative engagements

% Environmental only

100

**100%**

**LEA 12.3**

Additional information.

In 2013, around 20% of our interactions with companies were related to corporate governance, with regard to AGMs.

**LEA 13**

Voluntary

Descriptive

**PRI 2**

<b>LEA 13.1</b>	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
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☐ Yes

☒ No

<b>LEA 13.3</b>	Additional information.
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LBPAM believes that its engagement initiatives played a role in changing ESG practices within companies, along with initiatives led by many other stakeholders. Here are two examples:

- Human rights in the supply chain of the garment industry: SRI analysts have met several clothing retailers following the Rana Plaza catastrophe. Questions have been asked regarding integration of Human rights into purchasing policies, audit processes to ensure Human rights are respected at suppliers' factories, nature of corrective actions taken following a violation of codes of conduct, etc. By demonstrating that investors were paying attention to their practices, LBPAM believes that it somehow contributed to reinforce the protection of Human rights in supply chains (eg. signature of the Bangladesh Accord on Fire and Building Safety).

- Incentive plans for management: LBPAM voting guidelines include a minimal 3 years-period for performance criteria used to grant free shares and/or stock-options, in order to promote long-term strategy and sustainable performance. When there is a gap between voting guidelines and practices of companies, SRI analysts encourage companies to change their practices in order to allow LBPAM to re-consider voting decision. Following such dialogue, some companies have committed before their AGMs to extend the period used to assess performance criteria, before granting shares or options to top managers.

Beyond a few positive examples, measuring soundly the success of engagement is seen as challenging for the moment.

<b>LEA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 14.1</b>	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Clarification needed from a mining company regarding its practices following several severe controversies on Human rights, health & safety and tax evasion
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>To get comments from the company regarding severe controversies</li> <li>To ask for a better disclosure on ESG issues</li> <li>To decide whether to allow investments in the company</li> </ul>
Scope and Process	<p>LBPAM organized a conference call with a Swiss NGO, in order to confirm allegations that were brought in a public report. SRI analysts also wanted to know how the relationship was between the company and the NGO, following the report publication.</p> <p>LBPAM sent an email to the company with a list of questions. The company offered to answer through a conference call which took place in January 2013.</p>
Outcomes	SRI analysts presented to the internal risks committee their conclusions following the conference call, in order to take a decision whether to exclude or not the company from all our investments. It was decided to allow investments, but to review regularly the progress of the company.

☒ Add Example 2

Topic or ESG issue	Engagement led jointly with the NGO FIDH: integration of Human rights into supply chain policies and processes of a retail company
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>To get comments from the company regarding controversies</li> <li>To understand better the systems in place to prevent any violation of Human rights</li> <li>To understand how purchasing strategy takes into account ESG risks</li> </ul>
Scope and Process	A formal letter was sent to the company, in order to initiate a dialogue. The company answered to a first set of questions. Having considered insufficient some answers, FIDH sent another set of questions. The company consequently completed answers by providing new information.
Outcomes	Despite a good transparency from the company, FIDH decided to exclude the company from the universe of a mutual fund that is managed by LBPAM. The decision was taken because of the lack of coherence between purchasing policy and CSR commitments. Information was sent to the company.

☒ Add Example 3

Topic or ESG issue	Safety measures taken in the supply chain of a retail company, following tragic accidents in Bangladesh
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>To ensure safety issues were seriously addressed within the supply chain</li> <li>To understand which complementary measures had been taken following tragic accidents that affected some competitors</li> </ul>
Scope and Process	A few questions around the company exposure to Bangladesh were asked during a meeting with the Chief Financial Officer (financial roadshow). The company offered a conference call with the Head of Corporate Social Responsibility in order to provide more in-depth information. This conference call took place a few days later.
Outcomes	Information provided during the conference call were precise. It enlightened strong auditing policies and continuous assesment with contractors. However, the company does not engage to change its country risk, so LBPAM decided to keep paying attention at this supplychain risk.

☒ Add Example 4

Topic or ESG issue	Detention of NGO activists following an attempt to board an oil-rig to protest against Artic exploration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>To ask the company how it perceived the behaviour of one of its strategic partners, in a case where Human rights (freedom of expression, freedom of movement) were threatened</li> <li>To encourage the company to ask its partner for indulgence towards NGO activists</li> </ul>
Scope and Process	SRI analysts sent an email to the company with a list of questions. They offered to answer through a conference call with a member of Investor Relations team, in charge of CSR topics. This call took place in November 2013.
Outcomes	<p>The company said that it felt concerned by the situation of NGO activists, but that it did not want to act publicly on the matter.</p> <p>NGO activists were released a few days later.</p>

☒ Add Example 5

Topic or ESG issue	Performance criteria for a long-term incentive plan submitted to shareholders vote on AGM: extension of the performance period
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>To encourage the company to extend the performance period used to assess performance criteria before granting shares to management and key employees</li> </ul>
Scope and Process	The company initiated the dialogue with LBPAM, as part of their process to contact significant shareholders before the AGM. A conference call was organized, where SRI analysts took the opportunity to ask for a change in its policy for incentive plans. Performance criteria were assessed over a one year-period until 2013 AGM, whereas LBPAM has set a 3 years-period in its voting policy.
Outcomes	Since the company received similar feedback from many shareholders, the company decided to clarify its policy, and to extend performance period. Therefore LBPAM could vote in favour of the resolution, which was approved.

- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.		
	<input type="radio"/> We disclose it publicly <input type="radio"/> We disclose it to clients and/or beneficiaries only <input checked="" type="radio"/> We do not proactively disclose it to the public and/or clients/beneficiaries.		
<b>LEA 15.6</b>	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 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- ☒ Obtain confirmation that votes have been lodged:
- ☐ for a majority of votes
  - ☒ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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LBPAM may ask custodians, proxy voting platform, or the issuer itself to confirm that votes had been taken into account. However, information remains partial.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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☒ Yes

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

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

☐ No

LEA 21	Mandatory	Core Assessed	PRI 2
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<b>LEA 21.1</b>	<p>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.</p> <p> <input type="radio"/> Yes, in most cases  <input checked="" type="radio"/> Sometimes, in the following cases:           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> votes in selected markets</li> <li><input type="checkbox"/> votes on certain issues (all markets)</li> <li><input type="checkbox"/> votes for significant shareholdings (all markets)</li> <li><input checked="" type="checkbox"/> other, explain</li> </ul> <p style="margin-left: 40px;">Systematic information for French companies (which represented in 2013 around 40% of total votes). For other companies, information is given on demand.</p> </p> <p> <input type="radio"/> No  <input type="radio"/> Not applicable as we and/or our service providers do not abstain or vote against management recommendations         </p>
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## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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<b>LEA 22.1</b>	<p>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.</p>
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☒ We do track or collect this information

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

	%
--	---

68

	Specify the basis on which this percentage is calculated
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- ☐ 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 2013, criteria to elaborate this list were:

- Eurozone
- Holdings higher than 0,5% of share capital for companies with a market cap below 4 billion €
- Holdings higher than 0,025% 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.

2013 list comprised 181 companies.

☐ We do not track or collect this information

<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 23.1**

Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

☒ Yes, we track this information

**LEA 23.2**

Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	<div> <div></div> <div>%</div> </div> 78.3
Against (opposing) management proposals	<div> <div></div> <div>%</div> </div> 21.4
Abstentions	<div> <div></div> <div>%</div> </div> 0.3

100%

**LEA  
23.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

LBPAM has not filed, nor co-filed shareholder resolutions in 2013.

Regarding shareholder resolutions that are submitted in AGM, LBPAM generally supports management in place, and follows management recommendation, unless the resolution promotes a principle that is in line with LBPAM voting policy.

☐ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
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**LEA  
24.1**

Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☐ Yes

☒ No

LEA 25	Voluntary	Descriptive	PRI 2
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**LEA  
25.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	Performance period for long-term incentive plans
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure that performance is assessed over a long period (at least 3 years) before granting incentives to management and key employees
Scope and Process	This principle being included in voting guidelines, LBPAM has voted against all incentive plans that were not in line. LBPAM has expressed rationale to French companies on a systematic basis, and to other companies when a dialogue was initiated by them.
Outcomes	Some companies have modified the conditions of their plans before the AGM, when they identified a potential strong protest of shareholders, including LBPAM.

☒ Add Example 2

Topic or ESG issue	Severance payments
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To discourage excessive and/or unjustified severance payments
Scope and Process	LBPAM has set in its voting policy a cap of twice the actual annual remuneration (fixed+short-term variable) for severance payments. It is also mentioned in the policy that such payments should not occur in case of voluntary departure. Therefore LBPAM has voted against all resolutions that were not in line. LBPAM has expressed rationale to French companies on a systematic basis, and to other companies when a dialogue was initiated by them.
Outcomes	Some companies have modified the conditions of severance payments before the AGM, when they identified a potential strong protest of shareholders, including LBPAM.

☒ Add Example 3

Topic or ESG issue	Overboarding
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure availability of directors and to promote board diversity
Scope and Process	LBPAM has set in its voting policy a maximum number of board positions for directors. Two situations have been distinguished: maxi 3 board positions when one of them is executive, maxi 5 board positions when none is executive. Therefore LBPAM has voted against all director elections that were not in line. LBPAM has expressed rationale to French companies on a systematic basis, and to other companies when a dialogue was initiated by them.
Outcomes	Some directors have committed to give up some positions before the AGM, when they identified a potential strong protest of shareholders, including LBPAM.

☒ Add Example 4

Topic or ESG issue	Prevention of conflicts of interests for the auditors
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To promote rotation of auditors and to fight against conflicts of interests, in order to favour accuracy of information provided by auditors to shareholders
Scope and Process	<p>In its voting policy, LBPAM has defined two criteria regarding designation of auditors:</p> <ul style="list-style-type: none"> <li>• Tenure of auditors should be less than 18 years.</li> <li>• Fees for other missions than certification should be less than 20% of total fees for the last two years.</li> </ul> <p>Therefore LBPAM has voted against all designation of auditors that were not in line. LBPAM has expressed rationale to French companies on a systematic basis, and to other companies when a dialogue was initiated by them.</p>
Outcomes	LBPAM has not seen any direct change in practices following dialogue with companies on this topic.

- ☐ Add Example 5  
☐ Add Example 6  
☐ Add Example 7  
☐ Add Example 8  
☐ Add Example 9  
☐ Add Example 10

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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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/etc/medialib/internet/fichiers/gouvernance/lbpam\\_rapport\\_rendant.Par.61128.File.tmp/LBPAM\\_Rapport\\_annuel\\_d\\_exercice\\_des\\_droits\\_de\\_vote\\_2013.pdf](http://www.labanquepostale-am.fr/etc/medialib/internet/fichiers/gouvernance/lbpam_rapport_rendant.Par.61128.File.tmp/LBPAM_Rapport_annuel_d_exercice_des_droits_de_vote_2013.pdf)

	provide URL
--	-------------

[http://www.labanquepostale-am.fr/etc/medialib/internet/fichiers/gouvernance/politique\\_des\\_droits.Par.71694.File.tmp/LBPAM\\_Politique\\_de\\_vote\\_2014.pdf](http://www.labanquepostale-am.fr/etc/medialib/internet/fichiers/gouvernance/politique_des_droits.Par.71694.File.tmp/LBPAM_Politique_de_vote_2014.pdf)

<b>LEA 26.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☒ Yes

<b>LEA 26.3</b>	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
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	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

<b>LEA 26.4</b>	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



Information is provided on an annual basis for the public, as recommended by the French legislation.

Information is provided on a quarterly basis for one client that requires 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	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<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%	<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%	<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	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%	<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%	<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, LPBAM does not monitor this indicator, data come from managers views.

**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 are 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 rules of investment 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 intended to retail and institutional clients.

For mandates: 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 ratings agencies specialized in extra-financial analysis. LBPAM links raw data from rating agencies with macroeconomic variables. This approach allows to determine the most relevant ESG assessments, by taking better into account issuer efforts in relation to their wealth or development level. ESG pillars count each for 1/3. Countries are then classified into 3 groups according to their final score. None of them are excluded from investment universe, but countries with a positive ESG rating must be overweighted, whereas countries with a negative ESG rating must be underweighted.

## Fixed Income - Corporate

### Implementation processes

FI 04

Mandatory

Gateway/Core Assessed

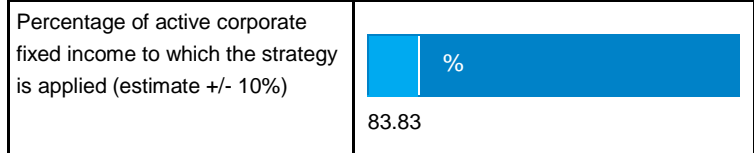
PRI 1

**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)



☐ Thematic alone (i.e. not combined with any other strategies)

☐ Integration alone (i.e. not combined with any other strategies)

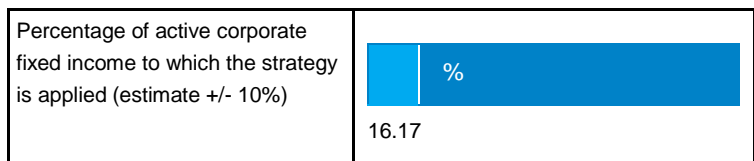
☐ Screening + Integration strategies

☐ Thematic + integration strategies

☐ Screening + thematic strategies

☐ All three strategies combined

☒ No incorporation strategies applied



Total actively managed fixed income - corporate

100%

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
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FI 05.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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#### 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 : criteria used:  
Environment, Social, Governance, Human Resources, Corporate  
Governance, Business behavior, Community Involvement, Human Rights

- ☐ Sector-related analysis or ratings  
☒ Country-related analysis or ratings

Describe who provides this information.

One extra-financial rating agency

- ☐ Screened bond list  
☐ Issue-specific analysis or ratings  
☐ 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 agencies. Data are used to feed our quantitative tool and to have comparative elements to analyse different issuers. Moreover LBPAM occasionally uses sector or issue studies.

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

## (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**

Sectoral 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 best practices in ESG 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.
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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 last criteria having been introduced.

Any change to screening criteria needs to be approved by portfolio managers.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
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- ☐ 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 review/audit of the analysis process yet.

FI 08	Voluntary	Additional Assessed	PRI 1
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FI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.
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- ☒ 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 the respect of ESG fund criteria:

- 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 pass an 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 control universe and portfolio to check out the respect of ESG fund criteria.

## 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
<b>FI 15.1</b>	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

### Fixed Income - Government

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

FI 16	Voluntary	Descriptive	PRI 1
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FI 16.1	Indicate if you believe (by applicable strategy) that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
---------	--

#### Fixed Income - Corporate

	a) Impacted funds' financial performance
--	--

Screening				
<input checked="" type="radio"/> Yes				
<input type="radio"/> No				

	b) Reduced funds' risk or volatility
--	--------------------------------------

Screening				
<input checked="" type="radio"/> Yes				
<input type="radio"/> No				

	c) Improved funds' ESG performance
--	------------------------------------

Screening				
<input checked="" type="radio"/> Yes				
<input type="radio"/> No				

#### Fixed Income - Government

	a) Impacted funds' financial performance
--	--

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes	
<input type="radio"/> No	

	b) Reduced funds' risk or volatility
--	--------------------------------------

<b>ESG incorporation (for actively managed funds)</b>	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

c) Improved funds' ESG performance
------------------------------------

<b>ESG incorporation (for actively managed funds)</b>	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

<b>FI 16.2</b>	Describe how you are able to determine these outcomes and your actual performance.
----------------	--

For now, LBPAM does not have any tool to calculate ESG effects on financial performance, nor on risk and volatility.

For ESG performance of SRI funds: LBPAM monitors the average rating of funds vs benchmark every month.

For mandates with ESG screening: LBPAM monitors the average rating of funds every three months and trends are positive since integration process has been launched.

<b>FI 17</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>FI 17.1</b>	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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☒ ESG issue 1

Fixed Income - Corporate and/or Government	
<input type="checkbox"/> Corporate <input checked="" type="checkbox"/> Government	
ESG issue and explanation	
Peripheral countries in Eurozone at the bottom of ESG ranking	
ESG incorporation strategy applied	
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	
Impact on investment view or performance	
<p>Process for SRI mutual funds implies an overweighting of countries having high ESG score, and underweighting of countries having low ESG score. For the last few years, "peripheral countries" in the Eurozone (Greece, Italy, Spain, Portugal) have received a low score. As a consequence, portfolios applying an ESG approach are less exposed to these countries and their fluctuations.</p> <p>Financial impact was positive when financial markets worried about public debt sustainability of these countries, and spreads increased between Eurozone countries (especially in 2010 and 2011). However, when crisis was mitigated by internal strong reforms and occasional financial help from international institutions (e.g. IMF, European Union), spreads decreased and financial impact was negative for portfolios applying an ESG approach. Thus, model portfolio built with ESG criteria underperformed its benchmark between January 2012 and May 2013:</p> <ul style="list-style-type: none"> <li>• by 250 basis points for portfolio invested in a 7 to 10 years horizon (14,26% vs 16,74%),</li> <li>• by 200 basis points for portfolio invested in a 1 to 5 years horizon (5,26% vs 7,22%).</li> </ul>	

- ☐ ESG issue 2  
☐ ESG issue 3  
☐ ESG issue 4  
☐ ESG issue 5

## 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
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[http://www.labanquepostale-am.fr/isr/notre\\_offre0/lbpam\\_responsable5.html](http://www.labanquepostale-am.fr/isr/notre_offre0/lbpam_responsable5.html)

<b>FI 18.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
----------------	---

☐ Yes

☒ No

<b>FI 18.3</b>	Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.
----------------	--

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

<b>FI 18.4</b>	Indicate how frequently you typically report this information.
----------------	--

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> 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

<b>FI 19</b>	Voluntary	Descriptive	PRI 2
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<b>FI 19.1</b>	Indicate if you engage with corporate issuers.
----------------	--

☐ Yes

☒ No

## Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
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<b>FI 20.1</b>	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

☒ No