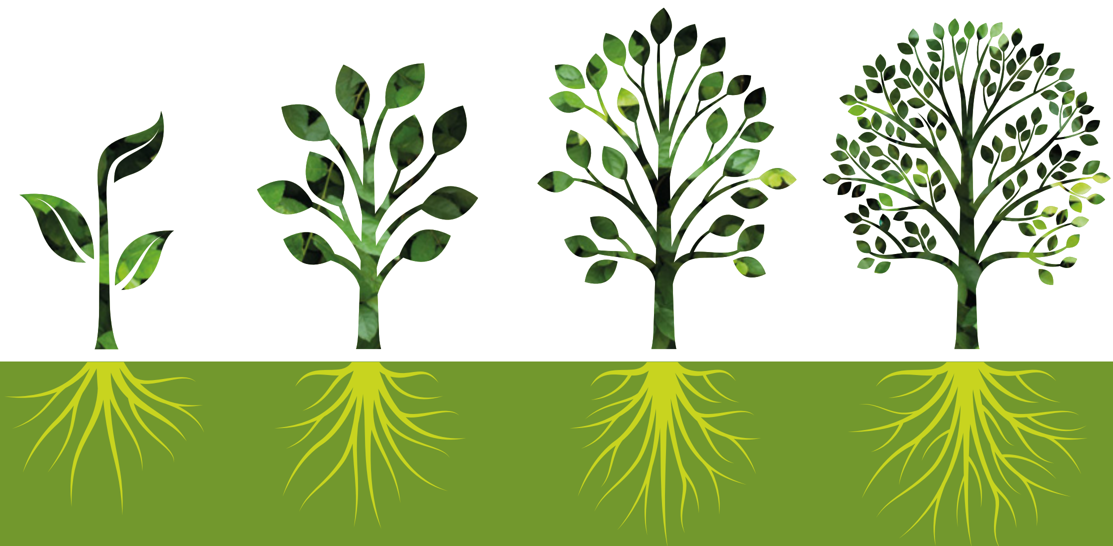
AMUNDI PLANET EMERGING GREEN ONE

Annual Impact Report 2018



Amundi
ASSET MANAGEMENT

This report is produced by Amundi Asset Management (Amundi), portfolio manager of Amundi Planet Emerging Green One.

All figures reflecting extra-financial characteristics of the portfolio rely on the holdings as of December 31, 2018. Reference to portfolio holdings should not be considered a recommendation to buy or sell any security, and securities are subject to risk.

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The accuracy, completeness and relevance of the information provided are not guaranteed. It has been prepared by reference to sources considered to be reliable and may be amended without prior notice. The financial or statistical projections, assessments and analyses presented are provided solely to assist the reader in assessing the factors described in this document. They are based on sources considered reliable and on methodologies that are not mutually exclusive.

Acknowledgements

Amundi would like to thank all of the contributors, internal and external reviewers and interviewees for their time and immensely valuable support producing this report. Special thanks to the relevant personnel at Amundi and IFC who made the production of this report possible with their important advice and inputs (Amundi: Jean-Jacques Barberis, Alice de Bazin, Nicolas Brousseau, Esther Dijkman Dulkes, Christophe Forgeot, Tobias Hessenberger, Timothee Jaulin, Lai Ly, Martin Lebelle, Jean-Baptiste Morel, Theophile Pouget-Abadie, Frederic Samama, Sergei Strigo, Michele Vovor, Maxim Vydrine; IFC: Francisco Avendano, Xing Zhang, Maria Antonia Paraan, Berit Lindholdt Lauridsen, Jean-Marie Masse, Atiyah Curmally, Haruko Koide, Kaikham Onedamdy, Jessica Anne Stallings, Yang Li).

Amundi is grateful to the Fund's committed investors from around the world for making this ambitious project possible.

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2018 HIGHLIGHTS

$1.42 billion

at closing to deploy more than
$2 billion over seven years

77%

of capital leveraged
from private sector sources[1]

14

green bonds in the portfolio

16.5%

of portfolio allocated
to green bonds[2]

233 tCO_2e

avoided emissions
per €1mn invested per year[3]

7

emerging countries
with green projects financed

Source: Amundi analysis.

1. Calculated based on the proportion of funds raised from non-development finance institutions after excluding IFC's contribution.
2. Calculated using a mark-to-market basis contrary to the Amundi Planet statutory valuation principles, which prescribe a valuation on an accrued interest basis.
3. See Appendix A for calculation methodology used. Calculation limited to green bond portfolio, based on available data.

FOREWORD

AMUNDI ASSET MANAGEMENT

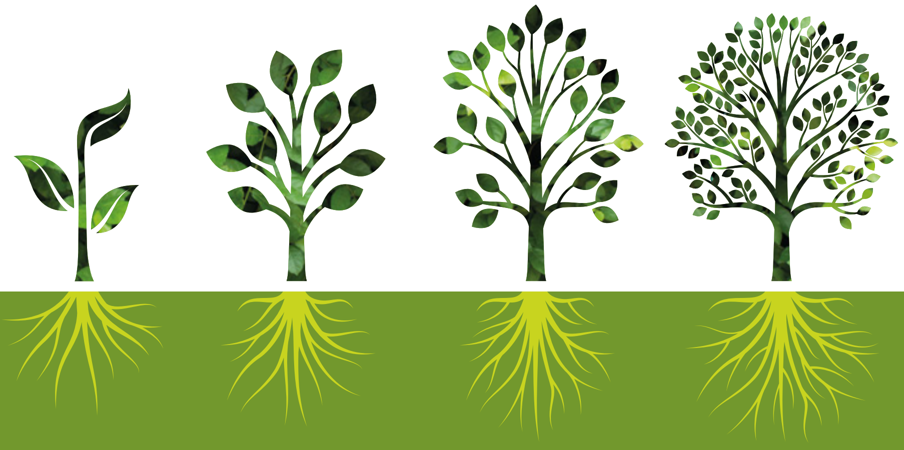
Yves Perrier
Amundi Chief Executive Officer

"Amundi Planet Emerging Green One and the partnership with IFC embody Amundi's commitment toward responsible investment and innovative climate solutions. As the result of a unique ambition to develop green finance in emerging markets, Amundi Planet is the largest green bond fund ever launched. With this report, Amundi seeks to establish a landmark for impact reporting."

INTERNATIONAL FINANCE CORPORATION

Philippe Le Houérou
IFC Chief Executive Officer

"I am pleased to see this first Annual Impact Report of the Amundi Planet Emerging Green One Fund, which IFC helped develop and finance. Through this partnership with Amundi, we are very proud to be part of the global effort to increase the scale of climate finance in emerging markets."



ABBREVIATIONS AND ACRONYMS

Amundi: Amundi Asset Management
IFC: International Finance Corporation
GCBP: Green Cornerstone Bond Program
AP EGO: Amundi Planet Emerging Green One
GB-TAP: Green Bond Technical Assistance Program
FI: Financial institution
EM: Emerging market(4)
DM: Developed market
GB: Green bond
GBP: Green Bond Principles
ESG: Environmental, social, and governance
DFI: Development finance institution
GHG: Greenhouse gases
tCO_2e: Tons of carbon dioxide equivalent
RE: Renewable energy
EE: Energy efficiency
NDC: Nationally determined contributions
UN: United Nations
SDG: Sustainable Development Goals
G20: Group of 20
GBAC: Green Banking Academy
FELABAN: Federation of Latin American Banks
SBN: Sustainable Banking Network
H1: First half
Q2: Second quarter

INTRODUCTION

In recent years, the impacts of climate change on our global community have become increasingly obvious. Heightened awareness of addressing global sustainability issues has sparked action from many stakeholders, ranging from policy makers to civil society and private sector institutions. Recently, public and private institutional investors have mobilized to deploy significant amounts of capital toward alleviating the impacts of climate change. Such funding levels are vital to finance a low-carbon economy. However, scalable investment solutions are scarce.

As a result of a global competitive process, in April 2017, IFC selected Amundi for an ambitious new partnership implementing the Green Cornerstone Bond Program (GCBP), an initiative with the ambitious objective of developing green bond markets in emerging economies. Green bonds are instruments that raise financing earmarked for pre-defined climate-smart projects, helping to channel capital toward supporting a green economy. The program offers an innovative solution, consisting of a fund – the Amundi Planet Emerging Green One (AP EGO or "the Fund") – with additional support from IFC's Green Bond Technical Assistance Program ("GB-TAP" or "the Program").

The Fund, which closed at $1.42 billion, is expected to deploy $2 billion into green bonds issued by financial institutions (FI) active in emerging markets over its lifetime, as proceeds are reinvested over seven years. At the time of writing, the Fund is the largest green bond fund in the world and a model for scalable investment solutions for institutional investors to mobilize against climate change. Notably, AP EGO contributes to channeling capital from developed markets to emerging markets, where challenges and investment opportunities related to climate change are the greatest.

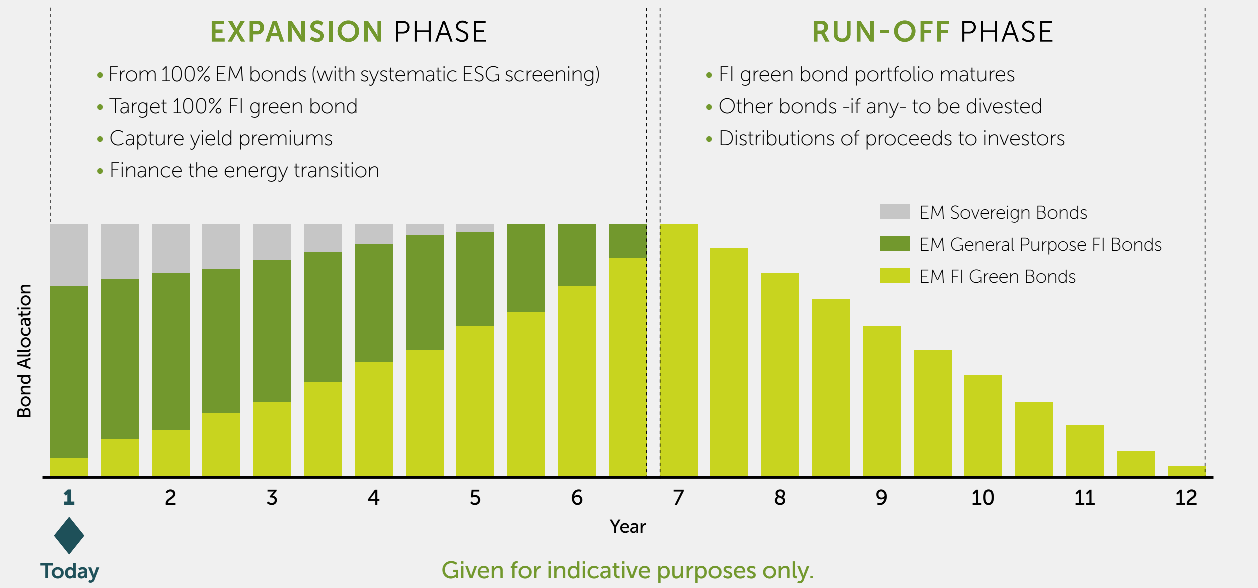
This document is the Fund's first Annual Impact Report. The content is divided between reporting on the impact of AP EGO investments and general engagement activities supportive of emerging market green bond issuances. It covers the environmental, social and governance profile of issuers in the Fund's portfolio, along with a deep dive into the Fund's green bond holdings and their respective environmental performance.

4. The definition of emerging markets/economies/countries is based on the Fund's investment universe. It consists of the Fund's Target Countries, which are IFC member countries, including countries eligible to receive International Development Association's (IDA) resources and countries eligible to receive Official Development Assistance (ODA) as defined by the Organisation of Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), which qualify as Emerging Markets. Cuba, Iran, Libya, Myanmar, North Korea, Russia, Somalia, South Sudan, Sudan and any country with a score equal or less than 15 on the Corruption Perception Index by Transparency International are all excluded as per the Fund's Investment Guidelines.

THE FUND

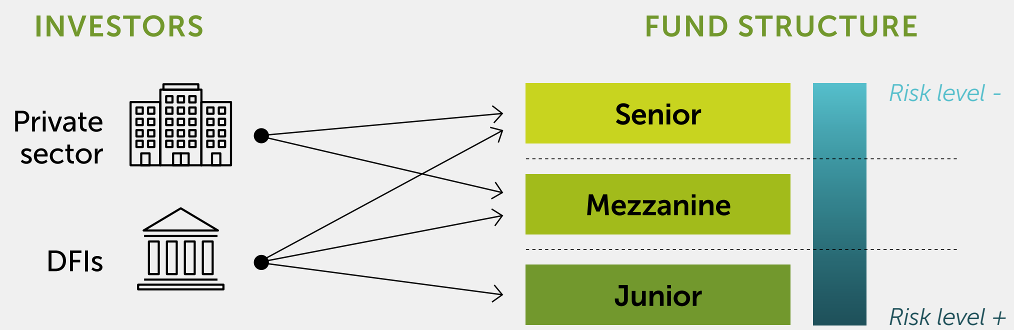
IFC selected Amundi as the fund manager through a comprehensive and competitive international tender offer. The Fund was created by Amundi and closed on February 28, 2018.

In the context of limited green bond issuances from financial institutions active in emerging markets, the Fund follows an innovative portfolio rotation strategy. With a seven-year investment period, AP EGO is intended to transition from a diverse emerging market debt portfolio to a 100% green bond portfolio.[5] The transition follows clear green bond holding targets and aims to stimulate new issuances of best practice green bonds in emerging markets, in line with the Green Bond Principles (GBP).[6]



Given for indicative purposes only.

AP EGO is a layered fund with a credit enhancement mechanism. Junior tranches, invested by IFC and other developmental financial institutions, provide a risk cushion by taking first losses in case of credit events. This mechanism aims to provide institutional investors with appropriate risk/return profiles, while targeting emerging market debt premium. It also enables the Fund to meet the stringent investment criteria of institutional investors seeking to invest in emerging markets.



Given for indicative purposes only.

5. For further details on the investment policy, please refer to the Fund's prospectus and the Key Investor Information Document (KIID). 6. Issued by the International Capital Markets Association, available here: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf

"The Fund represents a new business model of public-private partnerships between renowned development finance institutions (DFIs) and asset managers. Instead of DFIs directly financing projects on their balance sheets (which by definition is limited), their capital can be deployed to unlock private sector investments to create new markets with impact. AP EGO underlines the critical role that financial innovation can play in mobilizing institutional investors into new markets. The risk cushion provided by subordinated tranches was essential to AP EGO investors' decision to commit capital to the senior tranche, especially for those with no previous experience in emerging market debt."

Jean-Jacques Barbéris
Executive Committee Member
& Co-Head of Institutional
Clients Coverage
Amundi

Frédéric Samama
Co-Head of Institutional
Clients Coverage
Amundi

TECHNICAL ASSISTANCE PROGRAM

IFC supports the Fund through a Green Bond Technical Assistance Program, which is funded by donors, among others. Its work is instrumental in providing technical support on green bond issuances and creating global public goods by disseminating knowledge and best practice. Over AP EGO's seven-year investment period, the Program's activities aim to enhance the supply of green bonds in countries where the Fund is active.

Donor funding and contribution

The GB-TAP is supported with funding from the Swiss State Secretariat for Economic Affairs, the Ministry of Finance of Luxembourg and the Swedish International Development Cooperation Agency.

Luxembourg Ministry of Finance

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Finance

In May 2018, IFC and the Government of Luxembourg signed an agreement for Luxembourg to provide funding for technical assistance activities.

SECO
Swiss State Secretariat for Economic Affairs

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO

In April 2018, SECO signed an agreement with IFC to provide funding for technical assistance activities over the period from 2018 to 2023.

Sida
Swedish International Development Cooperation Agency

Sweden
Sverige

In November 2018, Sida signed an agreement to provide funding for technical assistance activities over the period from 2018 to 2022.

In addition, in June 2018, IFC signed a Memorandum of Understanding with the Monetary Authority of Singapore to work together to accelerate the growth of the green bond market in Asia.

PORTFOLIO CHARACTERISTICS AND IMPACT OVERVIEW

ESG POLICY IMPLEMENTATION AND OPERATION

Amundi developed AP EGO's environmental, social and governance (ESG) policy with IFC and other DFIs, to ensure best practices related to green bond investing in emerging markets.

The ESG policy is based on three pillars integral to the investment decision-making process: (i) an exclusion policy at the issuer level, based on the issuer's ESG scores and/or sector exclusions; (ii) an assessment of the issuer's green bond framework, focusing on transparency and disclosure levels; and (iii) an analysis seeking to ensure high performance standards of the green bonds regarding environmental benefits.[7]

Amundi's in-house ESG analysts implement the first pillar of the ESG policy, using a quantitative and qualitative rating model that covers more than 5,500 issuers.[8] ESG analysts rate companies on a scale from A-G (with G being the worst), updating their ratings monthly.

Amundi's ESG analysts specializing in green bonds enact the second and third pillars of the ESG policy, analyzing green bonds and engaging with green bond issuers. They work closely with portfolio managers to stay alert on new green bond issues. This guarantees a consistent and efficient decision-making process that upholds the International Capital Market Association's Green Bond Principles.

At the end of 2018, Amundi selected 111 issuers of green or non-green bonds for investment with environmental and social risk management systems in mind.

Green Bond Principles

Green Bond Principles are voluntary process guidelines that govern the recommended transparency and disclosure standards for green bond issuance and reporting. Established in 2014, they have helped develop the issuer practices under four pillars:

#1 *Use of proceeds:* The issuer should appropriately describe utilization of the proceeds for financing or re-financing of green projects. A list of broad categories for eligible green projects is provided.

#2 *Process for project evaluation and selection:* The issuer should communicate the process by which the green projects have been selected and identified, as well as related eligibility criteria.

#3 *Management of proceeds:* The proceeds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner.

#4 *Reporting:* Issuers should keep up-to-date information on the use of proceeds, to be renewed annually until full allocation of proceeds and as necessary after that, in case there are material developments to the use of proceeds. Where possible, qualitative performance indicators and quantitative ones are recommended.

The GBP also recommends that issuers use an external review (verification, consultant review, certification or green rating) to confirm alignment of their green bonds with the key features of the GBP.

ESG PERFORMANCE

ESG Criteria

The criteria are extra-financial metrics used to assess the environmental, social and governance practices of companies, states or local authorities.

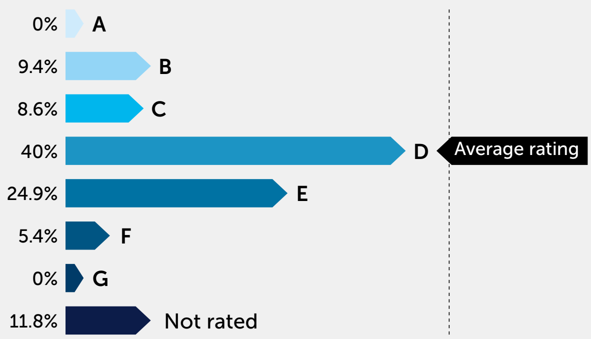
"E" for Environment (energy and gas consumption levels, water and waste management, etc.)

"S" for Social/society (respect for human rights, health and safety in the workplace, etc.)

"G" for Governance (independence of board of directors, respect for shareholder rights, etc.)

Rating scale form A (best score) to G (worst score)

Portfolio ESG Rating Breakdown

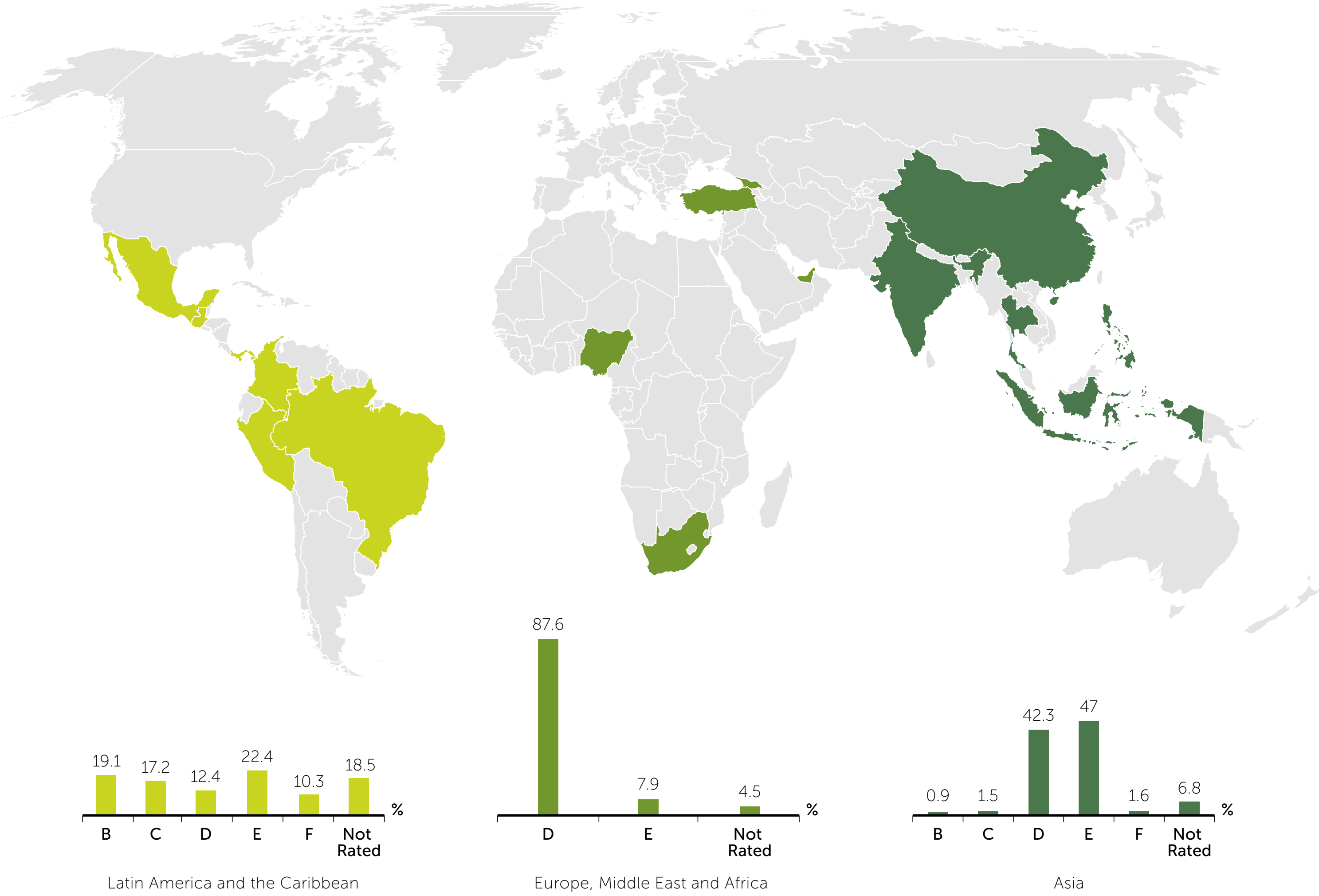


Applied to corporate bonds in portfolio. Source: Amundi

7. Please see the Fund's ESG policy within its investment guidelines for further details. 8. As of December 31, 2018.

The issuers in the Fund's portfolio are diversified across emerging markets and Amundi ESG ratings. Below is an overview of the portfolio's regional allocations, broken down by the percentage of the regional allocations to issuers with certain ESG ratings.

Emerging Market Region Breakdown by ESG Rating



Applied to corporate bonds in portfolio.

Stanislas Pottier
Chief Responsible Investment Officer
Amundi

"Compared to developed market issuers, emerging market issuers have ESG practices that are still less developed. For example, while most developed market bank issuers are signatories to the Equator Principles, we do not see the same dynamic with emerging market issuers. Even if most emerging market bank issuers state the existence of an environmental policy, they often lack precise targets, such as a commitment to reduce exposure to polluting sectors (e.g. coal financing).

Nevertheless, information on the environmental and governance profile of an issuer is relatively more available, especially in comparison to information on social performance."

GREEN BOND ALLOCATION LEVELS

Following the 90-day initial portfolio investment process, Amundi started ramping up the number of green bonds in the portfolio. Such work has been in line with Amundi's efforts to have a 100% green bond portfolio by the end of year seven.

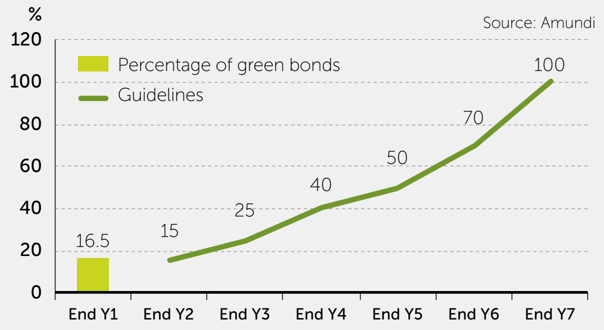
14

Number of green bonds in portfolio

16.5%

Weight of green bonds in the portfolio[9]

Green Bond Ramp-Up Progress



Stanislas Pottier
Chief Responsible Investment Officer
Amundi

"While lack of information is one of the key obstacles to properly assess the ESG profiles of emerging market issuers, we have experienced relatively better transparency with regard to green bond issuances. This is primarily encouraged by compliance with Green Bond Principles and, thus, a commitment to impact reporting.

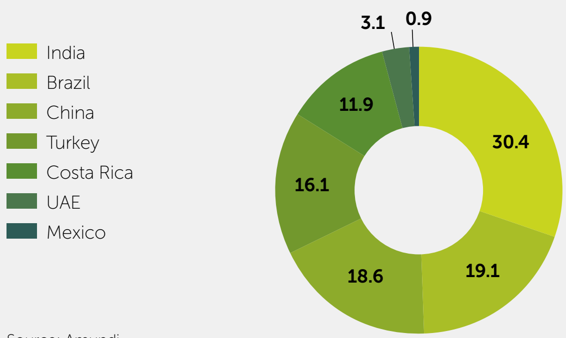
However, green bond impact reporting of emerging market issuers still lags behind developed market issuers. Notably, the level of granularity and detail of reporting differs widely, such as the description of the "use of proceeds" or the methodology used to assess the environmental impact of funded projects like GHG emissions avoided. At the same time, emerging market issuers have yet to report more precisely on the social impacts of the green bonds issued, that is a current trend for some developed market banks. We believe that the environmental benefits of emerging market green bonds should not be detrimental to other ESG aspects, such as the protection of biodiversity, respect towards local communities and the provision of affordable energy, among others."

IMPACT RECORDED

There were 14 green bonds in the Fund's portfolio by the end of calendar year 2018. The geographical distribution of the green bonds in the Fund's portfolio by issuer's headquarters location covers seven countries so far. Their relevant share in the Fund's portfolio can be seen in the figure below.

In terms of sector coverage, the use of proceeds are concentrated in five sectors: renewable energy, energy efficiency, green transport, green building and water management. For the green bond that has allocated proceeds into non-green projects, as defined by the Green Bond Principles ("non-green assets"), it has invested about 14% in projects in the health sector.

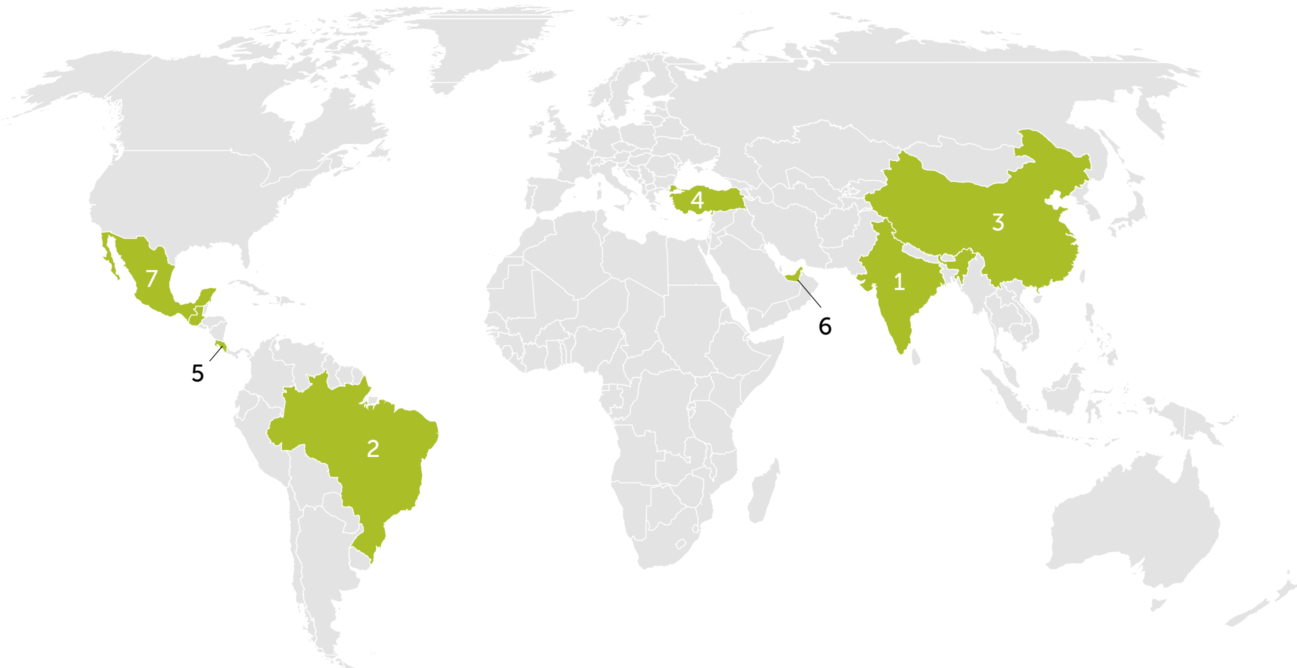
Green Bond Allocation Breakdown by Issuer Headquarter Location

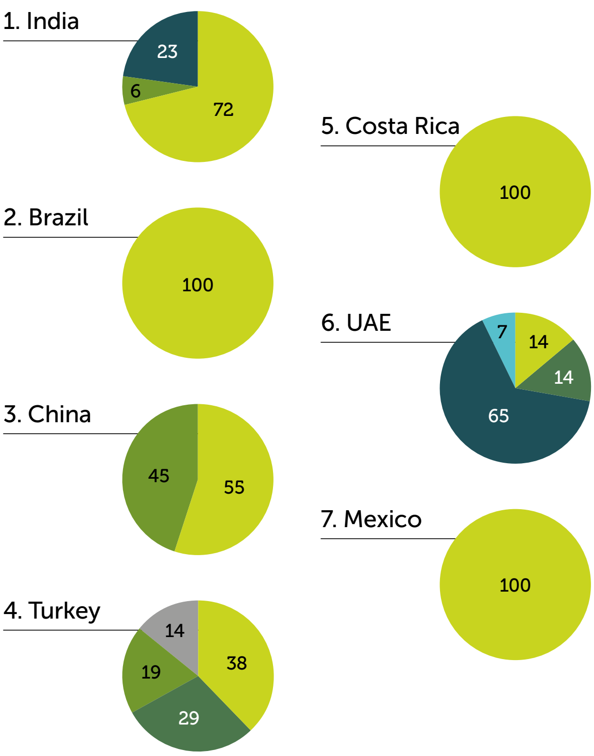


Source: Amundi

9. Calculated on a Mark to Market basis at the end of 2018.

Breakdown of Use of Proceeds by Country and Sector (in %)



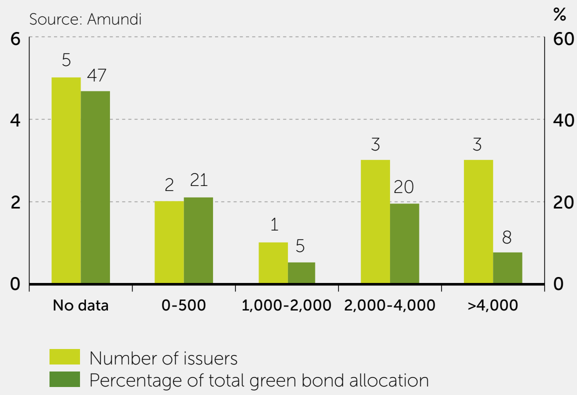


Renewable energy
Green transport
Energy efficiency
Green building
Water management
Non-green

Avoided Emissions

Total tons of Greenhouse Gases (GHG) avoided emissions per 1 million euros invested per year[10]	tCO_2e **232.6**

Breakdown of Avoided Emissions per Bond



Expressed in tCO_2e per million (in portfolio currency)

10. Calculation limited to the green bond portfolio, based on available data provided by green bond issuers.

GHG avoidance data for five green bonds is not available at the moment, largely because these bonds were issued very recently.

Issuer	Size (€mn) (11)	% held by Fund (12)	% of portfolio	Project description	GHG emission avoided (tCO_2e/year)	Geographical details	NDC Relevance (13)
Agricultural Bank of China	458	0.2%	0.4%	RE(14); Green transport.	1,748,995	China and overseas	✔
Axis Bank	458	1.2%	3%	RE; Low-carbon transport; EE(15) buildings.	1,000,000	India	✔
Banco Nacional de Costa Rica	429	4.9%	11.9%	RE (such as wind, solar or hydro projects that are less than or equal to 50 megawatt (MW)).	N/A	Costa Rica	✔
Beijing Capital Polaris Invest	406	1.8%	4.5%	Sustainable waste management; Air pollution control; Sustainable water management; Low-carbon transportation; Sustainable agriculture; Green buildings.	Promised	China	✔
Brazilian Development Bank	858	7.8%	19.1%	Eight wind power projects with a total of 1,323 MW new installed capacity.	421,608	Brazil	✔
China Development Bank	429	0.7%	1.7%	Clean transportation; RE; Pollution prevention and control; EE; Environmentally-sustainable management of living natural resources and land use; Climate change adaptation; Land and aquatic biodiversity conservation.	98,129	China	✔
China Industrial Bank	510	1.0%	3.1%	RE; Clean transportation.	Promised	China	✔
First Abu Dhabi Bank	504	1.1%	3.1%	RE; Green buildings; District cooling; Sustainable water management.	7,175,000	UAE and overseas	✔
Indian Railway Finance Corporation	429	7.5%	18.2%	Infrastructure and rolling stock for dedicated freight railway lines.	N/A	India	✔
Industrial & Commercial Bank of China	429	1.4%	3.6%	RE; Clean transportation.	3,907,438	China and overseas	✔
Industrial & Commercial Bank of China	339	2.6%	5.2%	RE; Clean transportation.	675,183	China and overseas	✔
Nacional Financiera SNC	458	0.4%	0.9%	RE (wind).	2,285,403	Mexico	✔
State Bank of India	561	2.9%	9.2%	RE; Low-carbon buildings, EE; Waste and pollution control; Sustainable transportation.	N/A	India	✔
Turkiye Sinai Kalkinma Bankasi(16)	256	8.7%	16.1%	RE; EE; Health; Electricity distribution; Ports.	630,829	Turkey	✔

11. Market cap of GB in EUR million. 12. Calculated based on market cap of green bond and the amount allocated by the Fund's portfolio based on a mark to market basis. 13. Relevance of the green bond's projects to the issuer country's nationally determined contributions submitted to the United Nations Framework Convention on Climate Change. 14. Renewable energy. 15. Energy efficiency. 16. In August 2018 the bond was classified as green by Amundi's ESG analysis in line with the investment guidelines and policy of the Fund. The Scientific Committee held on 18/01/2019 provided guidance on the classification of sustainability bonds. Based on the guidance, the bond is not classified as green anymore. Thus, it was excluded from the green bond portfolio as of February, 2019.

"Of all the green bonds we have analyzed for AP EGO, more than 80% fund renewable energy projects, including solar, wind, small hydro-power or sustainable biomass. About half of the green bonds also invest in green transportation, such as electric mass transportation. Furthermore, the green bonds fund other types of assets, such as green buildings, and water and waste management systems.

In developed markets, green bonds tend to be composed more of energy efficiency projects, while in emerging markets, green bonds primarily focus on renewable energy assets. This reflects the need for developed markets to upgrade existing infrastructure, while emerging markets are looking to build infrastructure that doesn't exist today."

Esther Dijkman Dulkes
ESG Analyst,
Green Bond Specialist
Amundi

IMPACT CASE STUDIES

The impact of AP EGO goes beyond the invested bonds' use of proceeds at project-level. The Fund's strategy to create markets includes an active engagement with issuers, stock exchanges, regulators and other stakeholders. Engagement areas include fast-tracking the implementation of international standards, such as the Green Bond Principles, issuers' alignment to climate policies, international best practices for impact reporting and others.

In the context of these active engagements, the Fund has shortlisted two cases. One profiles a bank that issues green bonds as part of an ESG and green finance corporate road map and another bank that leads country-level efforts to implement international standards.

Case Study #1: Axis Bank

Amitabh Chaudhry
MD & CEO, Axis Bank Limited

"As one of India's leading financial institutions, Axis Bank remains cognizant of its responsibility of helping individuals, communities and businesses achieve sustainable growth and real progress in their lives. In line with our commitment to sustainable development, we have strived to enhance our sustainable lending portfolio, scale up clean energy adoption and energy efficiency in our own operations, strengthen our environmental and social risk assessment systems, and support grassroots environmental initiatives."

India has been one of the strongest proponents of the global sustainable development agenda. The Government of India has established a target of 175 gigawatt (GW) of renewable energy installed capacity by 2022. India's green bond market has grown to $7 billion cumulative by October 2018[17], as domestic and global investors show an increasing appetite for investing in green assets in India.

Axis Bank is one of India's largest private sector banks offering a wide spectrum of financial products and services across diverse customer segments. Now in its 25th year, Axis Bank's organizational focus has been to catalyze positive economic, social and environmental value creation for its stakeholders. Through its Debt Capital Markets business, Axis Bank has helped marquee clients raise funds from global capital markets toward green financing.

The Bank has established a "Sustainable Lending Policy and Procedures" (SLPP) to manage the environmental and social risks related to its lending/financing activities. SLPP works in tandem with its Corporate Credit Policy and draws from IFC Performance Standards and the Equator Principles.

As a leading Indian financial institution, Axis Bank has striven to support India's climate commitments and scale up its portfolio

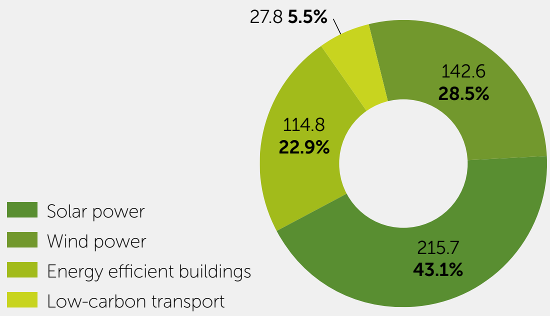
17. https://www.downtoearth.org.in/interviews/economy/-the-indian-green-bond-market-is-a-driver-for-people--61811

in sustainable sectors such as renewable energy generation, waste management and mass rapid transport. The Bank issued its inaugural green bond of $500 million (ISIN XS1410341389) in June 2016. The issuance was the first certified green bond by an Asian bank, certified under the Climate Bonds Initiative Standards 2.1. It was also the first bond issued from India to be listed on the London Stock Exchange.

Issuer Rating	Baa3, BBB-, BBB- (Moody's, S&P, Fitch)
Issue Rating	Baa3, BBB-, BBB- (Moody's, S&P, Fitch)
Issue Date	1st June 2016
Tranche	5 year
Size	$500 Million
Second Opinion Provider	KPMG
Certification	CBI Version 2.1
Listing Venue	London Stock Exchange and Singapore Exchange

From April 2017 to March 2018, the projects funded by the bond achieved over 1 million tCO_2e/year in annual GHG emission savings. The proceeds have been allocated to two large renewable energy generation projects that are profiled as part of this case study.

Sector Breakdown of Use of Proceeds ($ Mn)



Tata Power Renewable Energy Ltd

Tata Power is considered among India's largest integrated power companies, with a conventional and renewable power generation capacity of over 10 GW and 2.6 million distribution customers.

Axis Bank has provided financing to Tata Power Renewable Energy Ltd (TPREL) which is Tata Power's primary investment vehicle for power generation based on clean and renewable energy.

TPREL develops, constructs and operates wind and solar power assets across 10 states in India, with its current operating capacity at 1,839 MW comprising 907 MW wind power and 932 MW solar power, and an additional 375 MW of solar and wind power projects under construction. Through these investments, the company aims to achieve 40 percent of its power generation capacity from non-fossil fuel based sources.

Doddanavar Global Energy

Over the last decade, India has significantly scaled up its power generation capacity, improving energy access for millions of Indians. Despite significant progress, parts of India continue to suffer from acute power shortage, such as certain areas in the northern region of the Indian state of Karnataka.

While rising raw material costs and fear of the resulting pollution made investing in conventional energy generation undesirable, the region offered an opportunity to harness its abundant wind energy potential. In addition, towards facilitating investments in the sector, the State Government permitted 'wheeling and banking of wind energy' which helps in supplying power directly to industries, making sale easier and more profitable.

Axis Bank provided financing to Doddanavar Global Energy, which had already commissioned a 15 MW wind project in Bijapur district in the state, and is in the process of commissioning a 32 MW wind project.

Case Study #2: ICBC

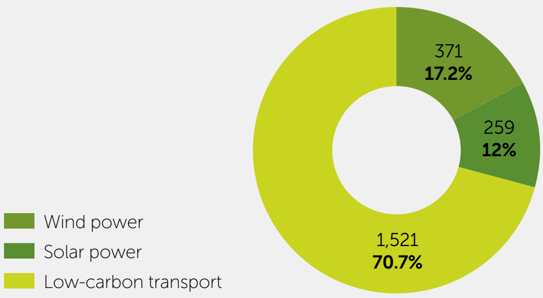
Chen Fei
General Manager ICBC
Luxembourg

"ICBC has integrated green financing in its long-term strategy. Over the years, ICBC has become the largest underwriter of green bonds in China and one of the largest lenders in the green economy. In addition, the bank promotes responsible banking while advancing China's Belt and Road Initiative. Tapping the international green capital market gives us a new channel to fund projects with environmental benefits."

China has prioritized the development of a national green finance system through its 13th Five Year Plan. Positive developments include the establishment of the Green Finance Committee under the People's Bank of China (PBoC), the implementation of the Guidelines for Establishing a Green Financial System, and efforts such as the "green" Belt and Road initiative to align infrastructure investments with national climate change policies. These measures aim to improve the regulatory mechanisms of green finance and are part of a pathway to reach international best practices.

The Industrial and Commercial Bank of China Limited (ICBC), one of the leading institutions championing the growth of green finance in China, is a Chinese multinational banking company and the largest bank in the world by total assets, deposits, loans, number of customers and number of employees. In practicing green finance, ICBC has actively put the concepts of "green development" and "green finance" into practice and boosted the green development of the economy and the society through green-oriented adjustment of the credit structure. In 2017, ICBC launched the "ICBC ESG Green Index" based on the green ratings of 180 companies listed on the Shanghai Stock Exchange, becoming the first to do so among its domestic peers. AP EGO has invested into ICBC's green bond issuance of September 2017. The annual GHG emissions savings from the activities financed by the proceeds of this bond reach more than 4.1 million tCO_2e/year.

Sector Breakdown of Use of Proceeds ($ Mn)



Issuer Rating	A1/A/A (Moody's/S&P/Fitch)		
Issue Rating	A1 (Moody's)		
Issue Date	28 September 2017		
Tranche	EUR 3Y FRN	$3Y FRN	$5Y FXD
Size	EUR 1,1 Bn	$450 M	$400 M
Second Opinion Provider	"Dark Green" shading from the Center for Climate and Environmental Research (CICERO)		
CBI Certification	Obtained by Green Bond Initiative on 26 September 2017		
Listing Venue	Luxembourg Stock Exchange LGX		

Offshore Wind Power

Project located 23 km away from the coastline of Jiangsu Province in P. R. China. The wind turbine has a total capacity of 300 MW and annual power output is 7,400,000 MWh and annual GHG emission reduction of 605,000 tCO_2e, and saving 2.1 million m3 of water.

Electric High-Speed Railway Transportation

The project includes a full line of 361 kilometers, and reduces the travel time from Guilin to Liuzhou from more than two hours to one hour, serving more than 11 million passengers and 12 million tons of cargo, with an annual GHG emission reduction of 819,000 tCO_2e/year. This project plays a key role in boosting the low emission development in the Asia-Pacific regional market.

THE TECHNICAL ASSISTANCE PROGRAM

As AP EGO transitions to the green bond portfolio, IFC's GB-TAP is vital to the success and development impact of the Fund.

Overall goals:

1. *Develop Capital Markets:* Contribute to increasing green bond issuances by financial institutions active in emerging markets and, in the process, develop debt capital markets in emerging markets.
2. *Address Climate Change:* Contribute to the reduction of greenhouse gases by financing eligible climate-smart projects in emerging markets.
3. *Mobilize Private Sector Resources:* Support deployment of the first fund dedicated to green bonds issued by financial institutions active in emerging markets.
4. *Disseminate Knowledge:* Develop and disseminate knowledge through activities, such as multi-lingual education and training, case studies and lessons learned from the Fund's investments.
5. *Enhance Enabling Policy Environment for green bond market and capacity building needs of potential issuers:* Support the development of national green finance frameworks and green bond policy guidelines by banking regulators, capital market regulators, stock exchanges and banking associations in selected markets and build internal capacities for financial institutions to originate green assets.[18]

In its first year of operation, the GB-TAP became fully operational following the structure given below.

GLOBAL PUBLIC GOODS

1	2	3	4
Training	**Green bond principles dissemination**	**Enhanced issuer reporting**	**Knowledge sharing**
• Executive Education • e-Training / e-Diploma	• Green Bond Principles Dissemination	• ESG databases • External Reviews and Annual Impact Reporting Methodologies	• Events/Workshop • Case Studies • Research

Components 1-4 aim at creating "global public goods" to develop the green bond asset class in emerging markets.

18. These activities are designed to contribute to the development of the green bond market and support building a bigger pool of green bond issuers. To avoid doubt AP EGO's investment decision will be made solely by the fund manager and all investments will be subject to the due diligence process agreed upon with the fund manager.

In 2018, the GB-TAP initiated work on all four components, as summarized below.

Component 1: Training

- **Objective:** Create, disseminate and provide green bond training programs to bankers from issuer banks in emerging markets and potentially other key stakeholders, including executives.
- **2018 Activities:** IFC organized two Green Bonds Executive Education Courses in Singapore with 90 participants from four countries (Singapore, Thailand, Brunei and Indonesia). The courses provided a thorough and practical introduction to the essentials of green bonds with a focus on financing for green buildings.
- **Region of Impact:** East Asia Pacific.

Component 2: Green Bond Principles Information Dissemination

- **Objective:** Embed and promote good standards for green bond second opinions and annual impact reporting by issuers to investors, using the Green Bond Principles as a market-driven standard.
- **2018 Activities:** IFC is working with *Environmental Finance Magazine* to produce marketing content that creates awareness about the value of the green bond market and an eventual supply of quality green bond assets. The topics aim to build engagement, awareness and knowledge around the subject of green bonds and the Green Bond Principles. Two articles have been published so far, with one article focusing on Asia and green building, and another article examining current prospects for the green bonds market in Latin America.[19]
- **Region of Impact:** East Asia Pacific, Latin America and the Caribbean.

Component 3: Enhanced Issuer Reporting

- **Objective:** Enhance issuer reporting by supporting ESG databases, external reviews, and annual impact reporting.
- **2018 Activities:** IFC's ESG-led work is in the process of developing Performance Indicators relevant for ESG and green bonds, building on IFC's performance standards.
- **Region of Impact:** Global.

Component 4: Knowledge Sharing

- **Objective:** Organize a series of knowledge-sharing activities on green bond market development, globally and regionally with a focus on emerging markets. It includes event participation, research and case studies.
- **2018 Activities:**
  Event participation: IFC hosted and participated in multiple key global green bond-related events (Lima, Singapore, Washington, D.C., Vienna, Bueno Aires, Amsterdam, Punta Cana, Rio de Janeiro and Tokyo) where the Fund's key features were discussed. In November 2018, IFC launched the Green Banking Academy (GBAC) for Latin America and the Caribbean, during the Annual Assembly of the Federation of Latin American Banks (FELABAN).
  Research in support of the growth of the green bond asset class in emerging markets: In October, the Sustainable Banking Network (SBN), with IFC as secretariat, published a report on the emerging economy green bond market[20] and contributed to the G20 Sustainable Finance Study Group.
  Case studies: Model green bond transactions were showcased, creating demonstration effects for others to replicate and use as training material.
- **Region of Impact:** East Asia Pacific, Latin America and the Caribbean, plus global.

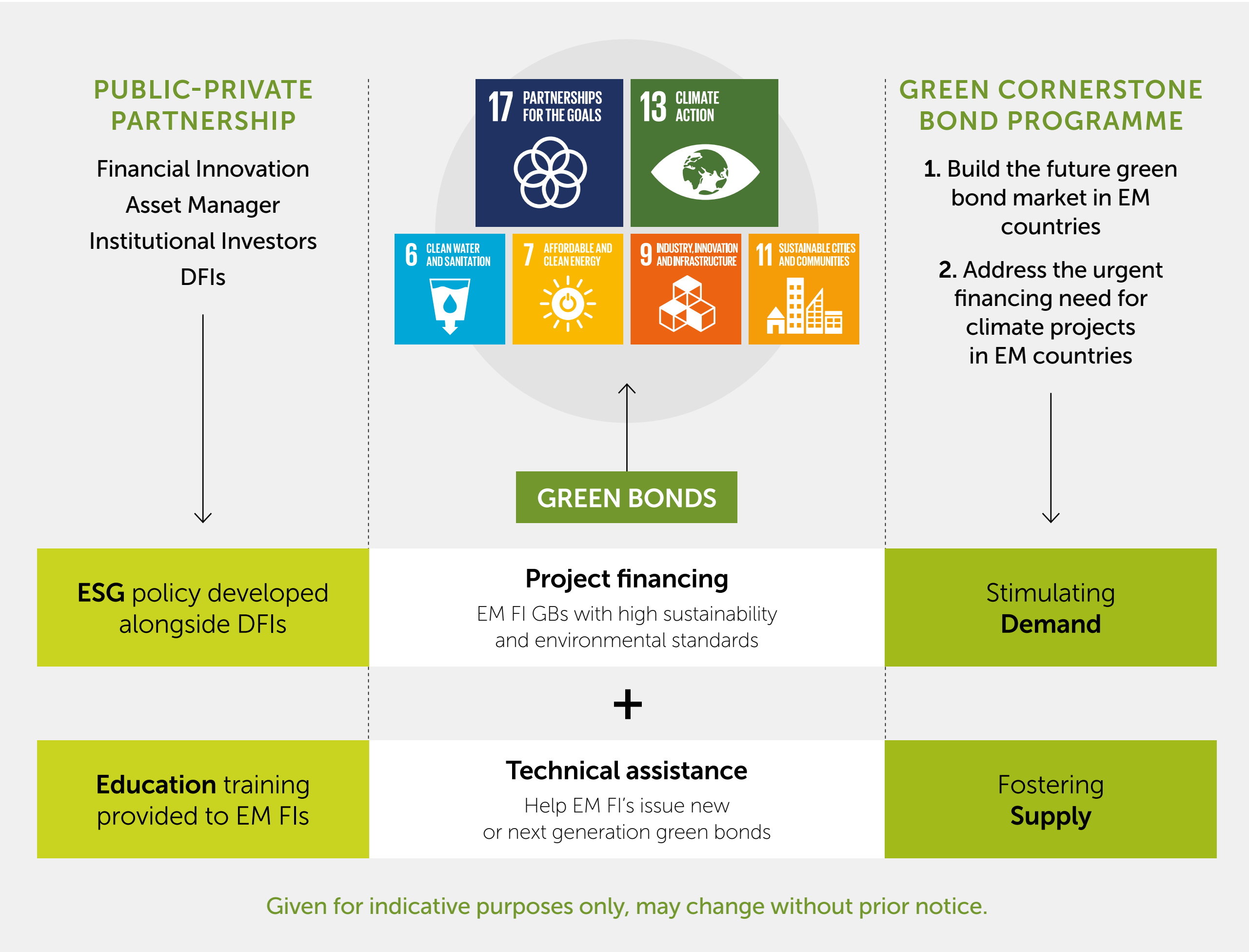
19. First article: https://www.environmental-finance.com/content/market-insight/opportunity-awaits-financing-asias-green-buildings-through-green-bonds.html. Second article: https://www.environmental-finance.com/content/market-insight/opportunity-awaits-financing-asias-green-buildings-through-green-bonds.html
20. Available here : https://www.ifc.org/wps/wcm/connect/55e5e479-b2a8-41a6-9931-93306369b529/SBN+Creating+Green+Bond+Markets+Report+2018.pdf?MOD=AJPERES

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) Sustainable Development Goals[21] (SDGs) are a set of 17 goals for sustainable development adopted by the UN in 2015, with targets to be achieved by 2030. To display AP EGO's alignment with global sustainability goals, the Fund's activities can be mapped across the SDGs, as illustrated below. The activities are most relevant to SDG 17 and SDG 13.

Regarding SDG 17 (Partnerships for the Goals), AP EGO mobilized additional financial resources for developing countries by originating the majority of capital deployed from private sector sources in developed countries.

Regarding SDG 13 (Climate Action), the Fund contributes to global climate action through investments into green bonds that support the development of infrastructure across sectors related to the SDGs 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth) and 11 (Sustainable Cities and Communities).



21. https://sustainabledevelopment.un.org/sdgs

GREEN BOND MARKET RESEARCH

This section places the Fund's activities into the wider context of the green bond market in emerging economies, with relevant green bond policy developments in mind. Notably, it outlines the standing of financial institution issuances, outlining the developments of the Fund's investment universe.

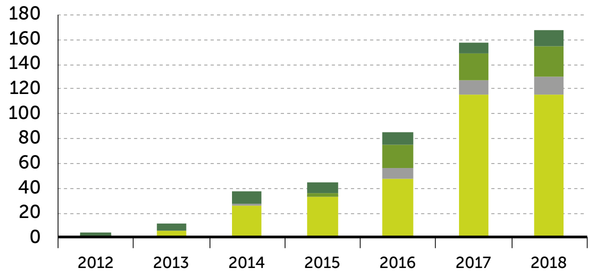
2018 IN REVIEW

Since the launch of AP EGO, the green bond market has continued to show positive signs of growth, increasing the available investment opportunities for the Fund. This has facilitated AP EGO's first year transitioning to a 100% green bond portfolio.

Developed market countries
Emerging market (FI issuances)
Emerging market (other issuances)
Supranationals

Source: Climate Bonds Initiative database [22] as of March 28th, 2019.

Annual Green Bond Issuances ($ billion)



Global Green Bonds ($438 billion outstanding)[23]

2018 was a year of stability for green bond issuances, surpassing 2017 issuance levels and cementing the green bond market with a second consecutive year of issuance of $150 billion[24].

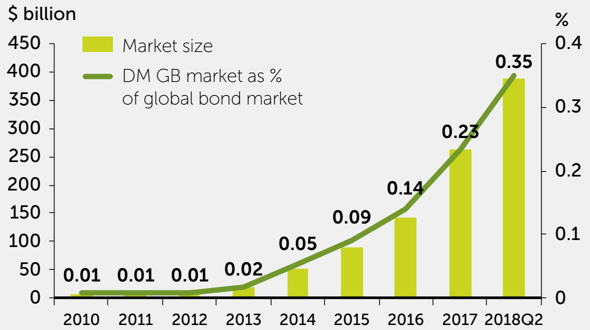
Emerging Market Green Bonds ($104 billion outstanding)[23]

Emerging markets accounted for 23% of global green bond issuances with $40 billion of annual issuance in 2018, recording a fifth consecutive year of increasing issuance levels[24].

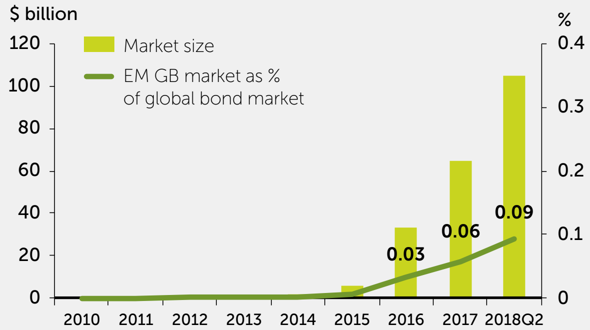
Emerging Market Green Bonds from Financial Institutions ($69 billion outstanding)[23]

After a fourth consecutive year of increasing issuance volumes, financial institutions accounted for over 50% of annual emerging market green bond issuances, with more than $20 billion of annual issuance in 2018.

Green Bond Market Size - Developed Economies



Green Bond Market Size - Emerging Economies



Source: Bank of International Settlements and Climate Bonds Initiative database as of March 28th, 2019.
Note: Developed markets (EM), emerging markets (EM), financial institutions (FI).

22. The Climate Bonds Initiative screens green debt instruments with reference to the Climate Bonds Taxonomy, identifying green bonds and loans eligible for the CBI Green Bond Database. Details on the screening approach and the database maintenance process are described online here: https://www.climatebonds.net/files/files/Climate%20Bonds%20Initiative_Green%20Bond%20Methodology_Sep2018_final.pdf 23. As of December 31, 2018. 24. Excluding issuances from Supranationals as defined in the CBI database.

Overall, these trends have resulted in the expansion of AP EGO's relevant investment universe from $42 billion at the fund's launch date of March 2018 to $64 billion at the end of 2018. The majority of relevant issuances have continued to originate from China, followed by India, Brazil, Mexico and South Africa.

Sergei Strigo
Co-Head of Emerging Markets
Fixed Income
Amundi London

Maxim Vydrine
Co-Head of Emerging Markets
Corporate and High Yield
Fixed Income
Amundi London

"Due to uncertainties in global growth, trade wars and commodity prices, as well as idiosyncratic stories in emerging markets, 2018 saw a lower supply of emerging market green bonds. Issuers refrained from tapping bond markets because of widening credit spreads. However, ramping up the green bond portfolio was not hampered, and we saw some green bond issuances from banks in China and India and selectively participated in those issuances. We observed a trend in the dominance of state-owned banks over private institutions. We see this as a natural trend in new markets. When stronger issuers (sovereigns and quasi) are the first ones to "open the market," their engagement provides pricing references for private issuers to often follow. As the emerging market green bond market matures, we expect this balance to shift to more private issuers."

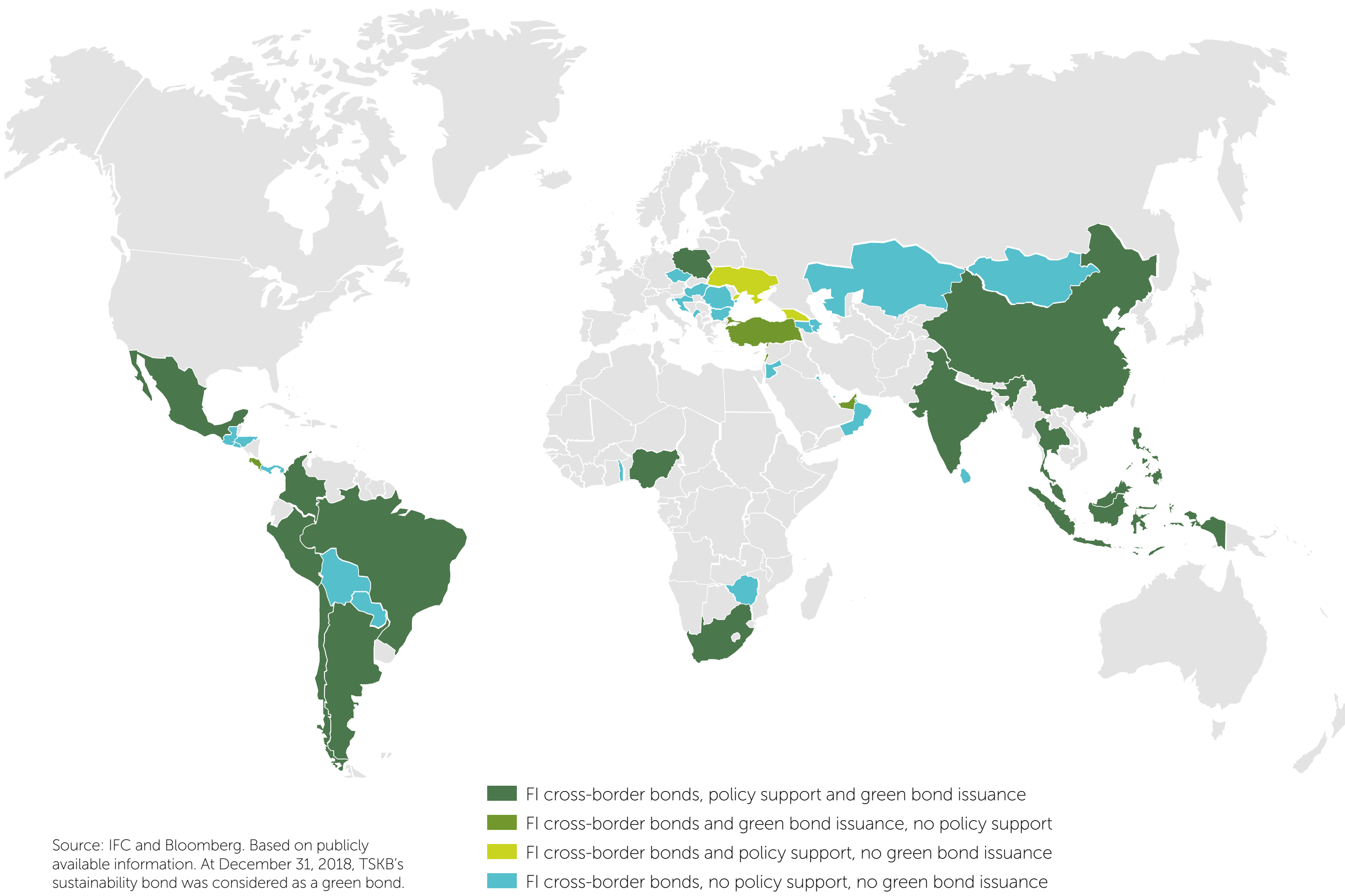
2019 OUTLOOK

As the Fund enters its second year of ramping up the green bond portfolio, emerging markets continue to make strides, developing green bond markets with financial institutions at the forefront. Such mobilization is commonly earmarked to policy makers and/or market-based initiatives that provide green bond market guidance through the implementation of local green bond standards and/or frameworks. Meanwhile, the maturity of local financial institutions in issuing cross-border bonds is vital.

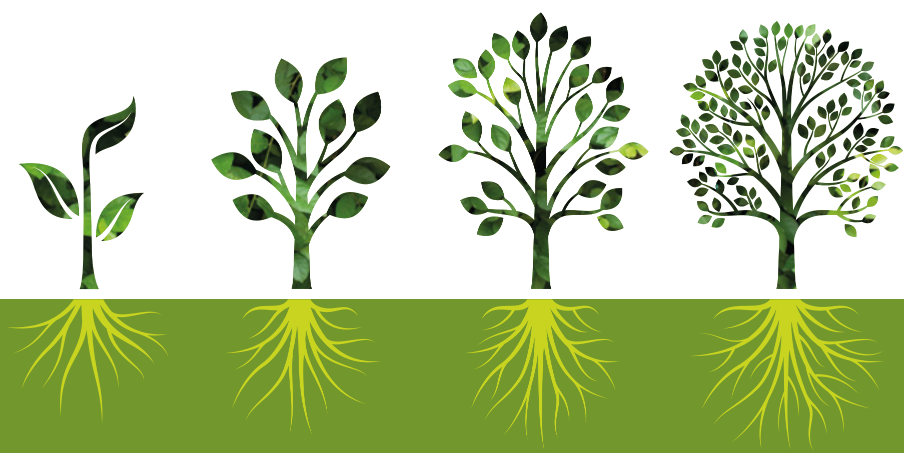
As seen in the country mapping (see page 22), the maturity in the development of local green bond markets varies. An IFC analysis of 44 countries relevant to the Fund's investment universe finds that countries with existing local green bond markets tend to have outstanding issuance of conventional cross-border bonds[25] from local financial institutions, along with national green bond policy support. Within the scope of the study, all 44 of these countries have outstanding conventional cross-border bonds, and over 40% of these have green bonds outstanding. Of the 25 countries without green bond issues, two countries have policy support, while the others have no relevant green bond policy mobilization to date. For a detailed breakdown of emerging economies across these three variables,[25] please see the diagram on the next page.

25. Cross-border bonds are defined as bond issued in USD or EUR with a maturity of at least one year. Perpetual bonds are excluded and private placements are included. 25. The variables analyzed are whether the country has cross-border bond issuances from financial institutions, green bond policy support and past green bond issuances.

Emerging Market Country Mapping



Source: IFC and Bloomberg. Based on publicly available information. At December 31, 2018, TSKB's sustainability bond was considered as a green bond.



APPENDIX A
IMPACT REPORTING

The AP EGO Fund seeks to provide accurate and timely information regarding the Fund's investment activities to clients, partners and stakeholders. Disclosure of expected impact regarding the Fund's investments relies exclusively on publicly-available information, such as annual impact reports, dedicated newsletters and/or official websites regarding the green bond issuers, if available.

At the project level the expected impact is accounted using indicators relevant to the project type. For example, annual renewable energy generated (GWh/y) is an indicator for Renewable Energy projects, energy saved (GWh/y) for energy efficiency projects and avoided water use (m3/y) for water saving projects among others.

At the market level, the Fund tracks the sectoral and geographical distribution of its green bond portfolio, the issuer's Headquarter location and use of proceeds location. This tracking is complemented by green bond market research.

Beyond the indicator by project type, the Fund uses Avoided GHG emissions as the key indicator for impact reporting. Only avoided GHG emissions from Scope 1 and Scope 2 are accounted, with a uniform metric of tCO_2 equivalent. Avoided Scope 3 GHG emissions will only be considered on a case-by-case basis and only when supported with well documented data.

The principle of conservativeness is applied for the reporting of avoided GHG emissions. In cases where the issuer has disclosed the avoided GHG emissions for only a subset of the use of proceeds, the Fund reports its impact based on this limited reported impact. If the Fund invests in a specific tranche of a large green bond issuance and the issuer only reports an aggregated impact for several tranches, then the Fund will prorate the impact based on the amount of the tranche in which it has invested.

The Fund's green bond impact calculation is based on Amundi's in-house approach and it has the objective to provide investors with a figure based on a clear methodology. The Tons of CO_2 equivalent (tCO_2e) avoided per year for every €million euro invested is a weighted average calculation across all green bond holdings in the Fund's portfolio. Annually, Amundi calculates the tCO_2e emissions avoided per €million euro invested for each green bond in the portfolio. Per green bond, this represents the total tCO_2e emissions avoided divided by the size of the bond in €million euro. A weighted average is then taken to compute the impact figure at the portfolio level.

APPENDIX B
GREEN BOND SELECTION APPROACH

Acting as portfolio manager, Amundi has the sole responsibility of ensuring the integrity of the green bonds selected for investment. The first pillar of the green bond selection process includes ESG screening at issuer level, which has specificities for green bonds. Thereafter, to ensure the quality of the selected green bonds, the following considerations are applied:

- Compliance with the Green Bond Principles;
- Environmental and Social analysis based on IFC's Performance Standards to ensure that the use of proceeds:
  - Do not finance projects deemed not investable (for example, fossil fuel projects);
  - Focus on projects with limited adverse environmental and social impact in line with relevant IFC Performance Standards.
- Selection of only green bond for which there is a commitment to implement an impact assessment of the use of proceeds.

The Fund's green bond holdings are then subject to constant monitoring to ensure compliance with all aforementioned aspects until maturity or divestment.

APPENDIX C

EMERGING MARKETS FINANCIAL INSTITUTIONS (FIs) CROSS-BORDER BOND OVERVIEW

	Volume of FIs Cross-Border Issuance, 2014-2018 ($ billion)	**Number of FIs that Issued Cross-Border Bonds, 2014-2018**	**Number of Cross-Border Bonds, Issued by FIs, 2014-2018**
China	419.24	44	14,581
United Arab Emirates	46.57	16	637
Turkey	29.42	18	232
India	18.29	13	72
Brazil	17.79	13	2,137
Costa Rica	14.89	11	33
Mexico	11.74	12	26
Czech Republic	8.35	6	34
Panama	8.18	29	383
Poland	8.04	6	40
Malaysia	6.92	6	46
Chile	6.82	7	150
Colombia	5.92	6	20
Thailand	5.46	6	46
South Africa	4.35	8	99
Philippines	4.06	6	11
Nigeria	3.50	7	9
Ukraine	3.38	4	19
Peru	2.51	8	17
Oman	2.20	2	5
Kuweit	1.95	3	6
Azerbaijan	1.86	4	7
Argentina	1.60	5	10
Indonesia	1.51	4	6
Hungary	1.39	4	79
Bahrain	0.92	2	3
Georgia	0.81	1	10
Kazakhstan	0.79	3	3
Mongolia	0.50	1	1
Armenia	0.45	13	52
Paraguay	0.45	8	24
El Salvador	0.30	1	1
Guatemala	0.30	1	1
Lebanon	0.30	1	1
Romania	0.29	1	1
Sri Lanka	0.25	1	1
Togo	0.15	1	1
Honduras	0.15	1	1
Zimbabwe	0.06	2	2
Croatia	0.05	1	1
Jordan	0.03	1	1
Bolivia	0.02	1	2
Montenegro	0.01	1	1
Bulgaria	0.01	2	2

Source: IFC and Bloomberg.

CONTACTS AND LEGAL INFORMATION

Timothée Jaulin
timothee.jaulin@amundi.com
Head of Supranational Entities Coverage
Amundi

Alexandre Lefebvre
alexandre.lefebvre@amundi.com
Head of EM Institutional Portfolio Management
Amundi

Tobias Hessenberger
tobias.hessenberger@amundi.com
Business Solutions and Innovation
Amundi

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Amundi Asset Management – 90 Boulevard Pasteur 75015 Paris France – Tel: +33 1 76 33 30 30

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