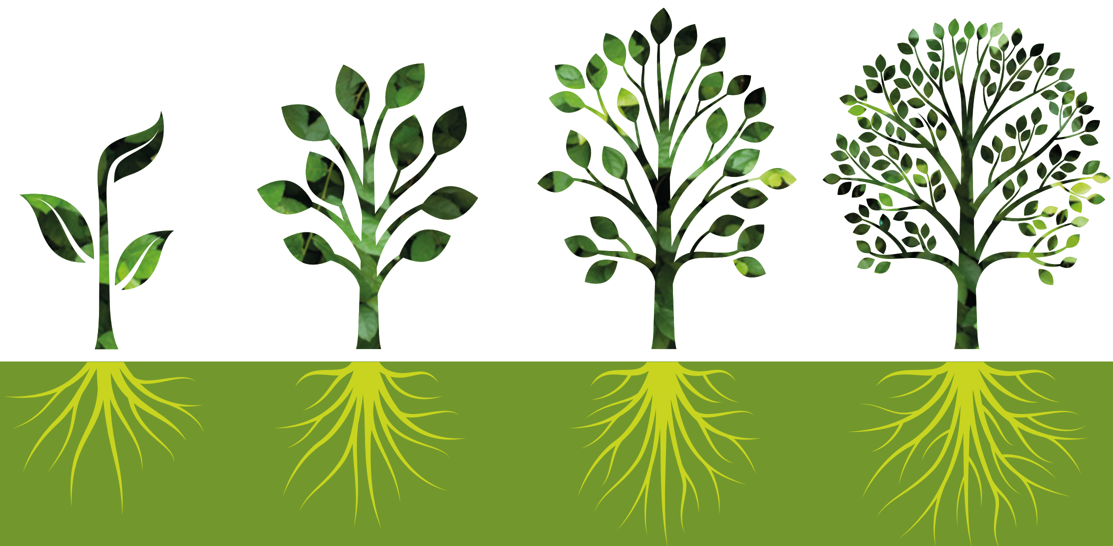
AMUNDI PLANET EMERGING GREEN ONE

Annual Impact Report 2019



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, 2019. Reference to portfolio holdings should not be considered a recommendation to buy or sell any security, and securities are subject to risk.

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, Erwan Crehalet, Tobias Hessenberger, Timothee Jaulin, Martin Lebelle, Alexandre Lefebvre, Yvoni Ouziel, Sergei Strigo, Maxim Vydrine; IFC: Francisco Avendano, Egidio Germanetti, Haruko Koide, Jean-Marie Masse, Piotr Mazurkiewicz, Kaikham Onedamdy, Maria Antonia Paraan, and Xing Zhang).

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

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2019 HIGHLIGHTS[1]

23

green bonds in the portfolio

31.8%

weight of green bonds in the portfolio

443.5 tCO_2e

avoided emissions per €1mn invested per year based on all the Fund's investments

1,353.7 tCO_2e

avoided emissions per €1mn invested per year based on the Fund's green bond investments

11

emerging countries with green projects financed

61

(41% women)

emerging market bankers trained from 20 financial institutions across 9 countries

6 awards won

Real world impact initiative of the year by Principles for Responsible Investment
Green finance collaboration by Climate Bonds Initiative
Green bond development bank by Climate Bonds Initiative (Joint award with IFC Treasury)
Environmental and social innovation by European Bank of Reconstruction and Development
Initiative of the year by Environmental Finance
Green bond fund of the year by Environmental Finance

1. Source: Amundi analysis. Please refer to Appendix for details on the impact analysis methodology. Date as of December 31, 2019

FOREWORD

AMUNDI ASSET MANAGEMENT

Yves Perrier, Chief Executive Officer

"A cornerstone of Amundi's strategic vision is to foster innovation and accelerate global climate solutions and financing to the low-carbon transition. Amundi Planet Emerging Green One stands as a prime example of our commitment to pushing the green bond market to new frontiers. As such initiatives mature, it becomes more important to highlight the resulting on-the-ground impact, without which any success is undermined. After a successful first year, both Amundi Planet Emerging Green One and IFC's Technical Assistance Program achieved results beyond expectations having deployed 31.8% of the portfolio into green bonds. In the same spirit, this second annual impact report goes a step further, setting the standard in impact reporting for green bond funds globally."

INTERNATIONAL FINANCE CORPORATION

Philippe Le Houérou, Chief Executive Officer

"2019 was a milestone year for the green bond market with a record $240 billion in green bond issuance globally. It was also a historic year for IFC as we broke the $10 billion mark in cumulative green bond issuance. IFC was one of the earliest issuers of green bonds, launching our program in 2010 to help catalyze the market. Since then, we have issued 165 green bonds, funding projects in such areas as clean energy, waste management, sustainable land use, and green banking. IFC has played the role of issuer, investor, advocate for standards and principles, and provider of advisory services, technical assistance, and risk mitigation instruments in the green bond market. We helped develop and finance the Amundi Planet Emerging Green One Bond Fund, and we welcome Amundi's continuing leadership in the green bond market as noted in this second Annual Impact Report. The report highlights the work of the Fund, and its associated IFC-managed technical assistance program, to develop the supply and demand for emerging market green bonds—efforts that are crucial to unlocking the potential of green bonds and financing green solutions in emerging markets."

ALECTA

Magnus Billing, Chief Executive Officer

"Managing occupational pension funds for millions of people, Alecta is committed to responsible investments from both a financial and sustainability perspective. Amundi Planet Emerging Green One offered us an impact investing opportunity of scale with an organization that has extensive experience of EMs. It is an innovative approach that promotes a transition to a greener economy through financing. It is a journey we are excited to be a part of."

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
EM: Emerging market
DM: Developed market
GB: Green bond
ESG: Environmental, social, and governance
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
G10: Group of 10
MW: Megawatt

INTRODUCTION

In 2017 IFC developed the concept of the Green Cornerstone Bond Program (GCBP), a fixed income fund dedicated to investing in green bonds in emerging markets (EMs). The concept came from mounting evidence about the impact of climate change and the lack of any scalable investment solutions, especially in relation to developing economies.

Following a competitive international tender offer, Amundi was selected by IFC as its partner to implement 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 partnership provides an innovative platform that combines extensive expertise in asset management (Amundi) with private sector development in EMs (IFC) to help developing economies achieve long-term sustainable growth.

Based on the belief that institutional investors have both the capacity and appetite to deploy significant amounts of capital in EMs, the Amundi–IFC partnership aims to offer them an opportunity to invest substantial amounts. Amundi believes investors are attracted to EM yields (when most G10 sovereign bond yields are negative) and want to make a positive impact on the transition to cleaner sources of energy in countries with the largest financing needs (when the private sector is at the center of global climate change initiatives).

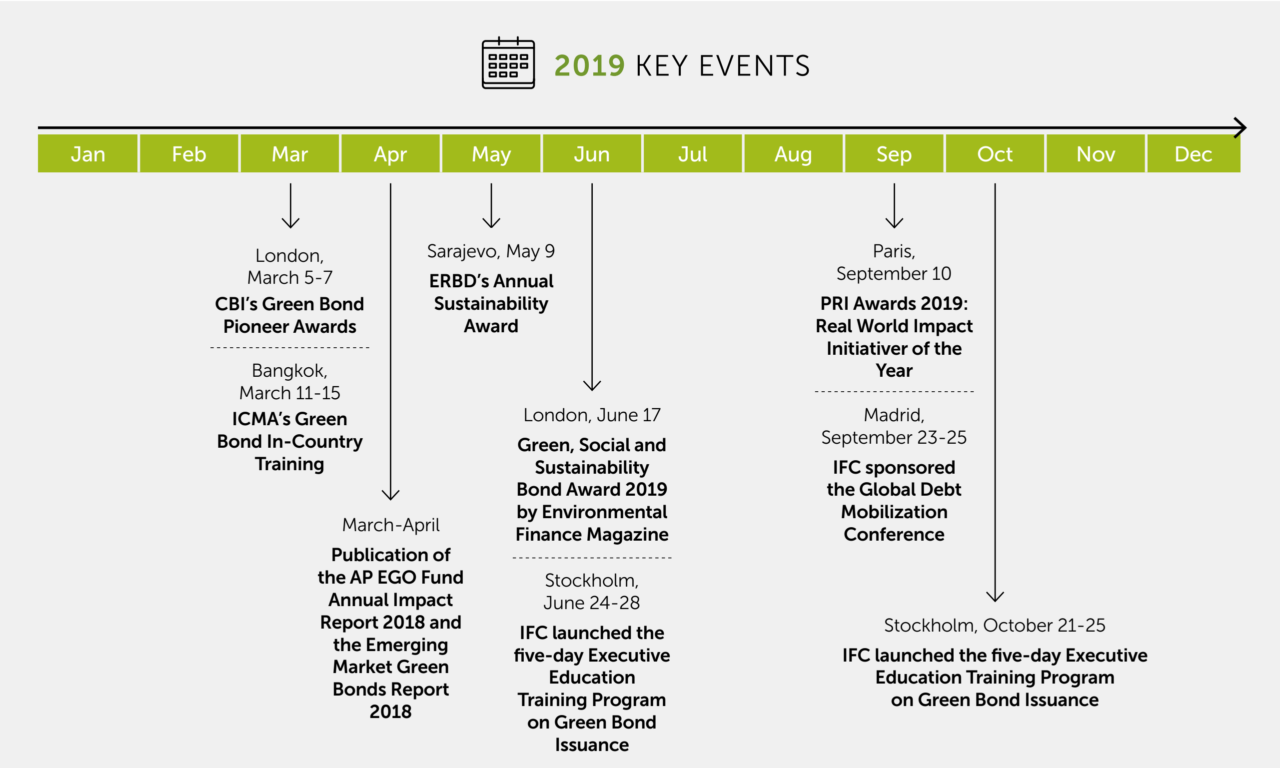
AP EGO is a layered fund with a credit enhancement mechanism. Amundi launched the Fund in March 2018, with US$1.42 billion assets under management, with the aim of deepening local capital markets and expanding financing for climate investments. Three features highlight the Fund as a landmark for green finance:

- Size: the largest green bond fund seeking to deploy up to US$2 billion into EM green bonds over its lifetime.
- Focus: the first green bond fund solely focused on EM financial institution green bonds.
- Mechanism: the first comprehensive sustainable capital markets program combining a demand and a supply mechanism.

The Fund stands as a sign of confidence in the green bond market, especially in EMs, and encourages more investors to gain exposure. On the one hand, the Fund's strict criteria for green bond selection challenges issuers to uphold best practices. On the other, IFC's GB-TAP helps local financial institutions to issue green bonds. The partnership drives EMs to build functioning and sustainable debt capital markets as part of a wider ecosystem involving regulators and stock exchanges, as well as investment banks.

The Fund published its first *Annual Impact Report 2018* last year, which covered the impact of AP EGO investments and activities that support EM green bond issuance. The Fund's second Annual Impact Report builds on last year's publication, and represents a landmark impact report for green bond funds.

KEY ACHIEVEMENTS OF THE PARTNERSHIP IN 2019



1. The AP EGO Fund and IFC-Amundi's partnership received six global awards

The AP EGO Fund has been well recognized in the industry and received six global awards in 2019, granted by independent judges.

1) Green Bond Pioneer Awards by the Climate Bonds Initiative ("CBI") in (London, March 5-7, 2019):
   - Green finance collaboration 2018,
   - Green bond development bank 2018 (also in recognition to IFC Treasury green bonds programs)

2) EBRD's Annual Sustainability Award (Sarajevo, May 9, 2019): Environmental and social innovation (Bronze winner)

3) Green, Social and Sustainability Bond Awards 2019 by Environmental Finance Magazine (London, June 17, 2019):
   - Initiative of the year,
   - Green bond fund of the year

4) PRI (Principles for Responsible Investment) Awards 2019: Real World Impact Initiative of the Year (Paris, September 10, 2019)

2. Publication of the AP EGO Fund Annual Impact Report and the IFC-Amundi Joint Research Report in March/April 2019

Amundi and IFC published two major reports in March to April 2019:

- Amundi Planet Emerging Green One Fund Annual Impact Report 2018 ("AP EGO Fund Annual Impact Report")
- Amundi-IFC joint research report Emerging Market Green Bonds Report 2018

3. IFC launched the five-day Executive Education Training Program on Green Bond issuance

A key highlight of GB-TAP in 2019 was the launch of the five-day Green Bond and Sustainable Finance Executive Training program, a unique one-week-long executive course tailored for EM financial institutions. The first and second cohorts attended the program at the Stockholm School of Economics in Sweden in June and October 2019. Amundi hosted an "investor pitch session", which provided a good opportunity for participants to understand investor perspectives.

4. IFC launched an initiative to improve ESG data in EMs

The goal of this initiative is to encourage bond issuers in EMs to improve disclosure of their ESG performance indicators. Through a competitive request for proposal (RFP), IFC selected Arabesque, a global financial technology company that combines artificial intelligence (AI) analytics and ESG big data. Arabesque will help expand the availability of publicly available ESG data. This project is funded by GB-TAP.

5. IFC initiated the development of the Green Finance Review Protocol (GFRP)

IFC launched an initiative to develop a protocol for external review and quality reporting of green bonds in the EMs. This protocol will enable comparability of green bond data coming from second-opinions, external review reports, green bond frameworks, impact reports and diverse taxonomies used by market participants. This project is funded by GB-TAP.

6. IFC prepared a flagship report on hard-currency bonds in EMs

The new IFC report *"Opportunities Abound"* analyzes the hard-currency, cross-border bonds issued by financial institutions in EMs. It is based on an extensive database, which IFC developed using publicly available information. The report is funded by GB-TAP and will be published as a global public good.

7. IFC continued to offer in-country training on green bonds

IFC prepared and organized International Capital Market Association ("ICMA")'s green bond in-country training in Bangkok, on March 11–15, 2019. The program takes place over two days and covers green finance topics including green bonds and green buildings.

8. Amundi–IFC jointly sponsored the Global Debt Mobilization Conference (GDMC) hosted by IFC Treasury in Madrid on September 23–25 2019

Amundi–IFC supported the conference as gold sponsors. The event offered visibility and marketing opportunities for Amundi and IFC, but more importantly also for other organizations involved in the market.

Separately, IFC participated as speakers in eight green bond-related conferences throughout 2019 in London, Bogotá, Singapore, Frankfurt, Madrid, Tokyo and Hong Kong.

PORTFOLIO CHARACTERISTICS AND IMPACT OVERVIEW

ESG PERFORMANCE

The issuers in the Fund's portfolio are diversified across EMs and Amundi ESG ratings. Below is an overview of the regional allocations to issuers with certain ESG ratings.

ESG Criteria

The criteria are extra-financial metrics used to assess the ESG practices of companies, national governments and local authorities.

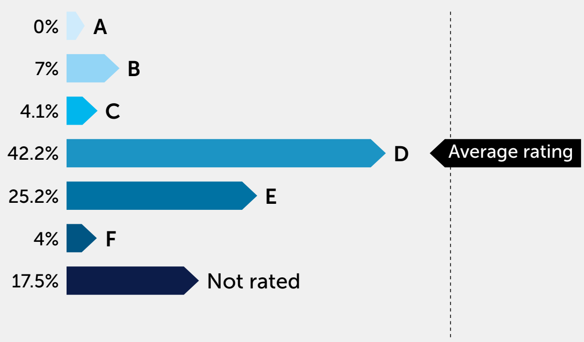
"E" for environment (including energy and gas consumption levels, and water and waste management).

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

"G" for governance (including independence of board of directors, and respect for shareholder rights).

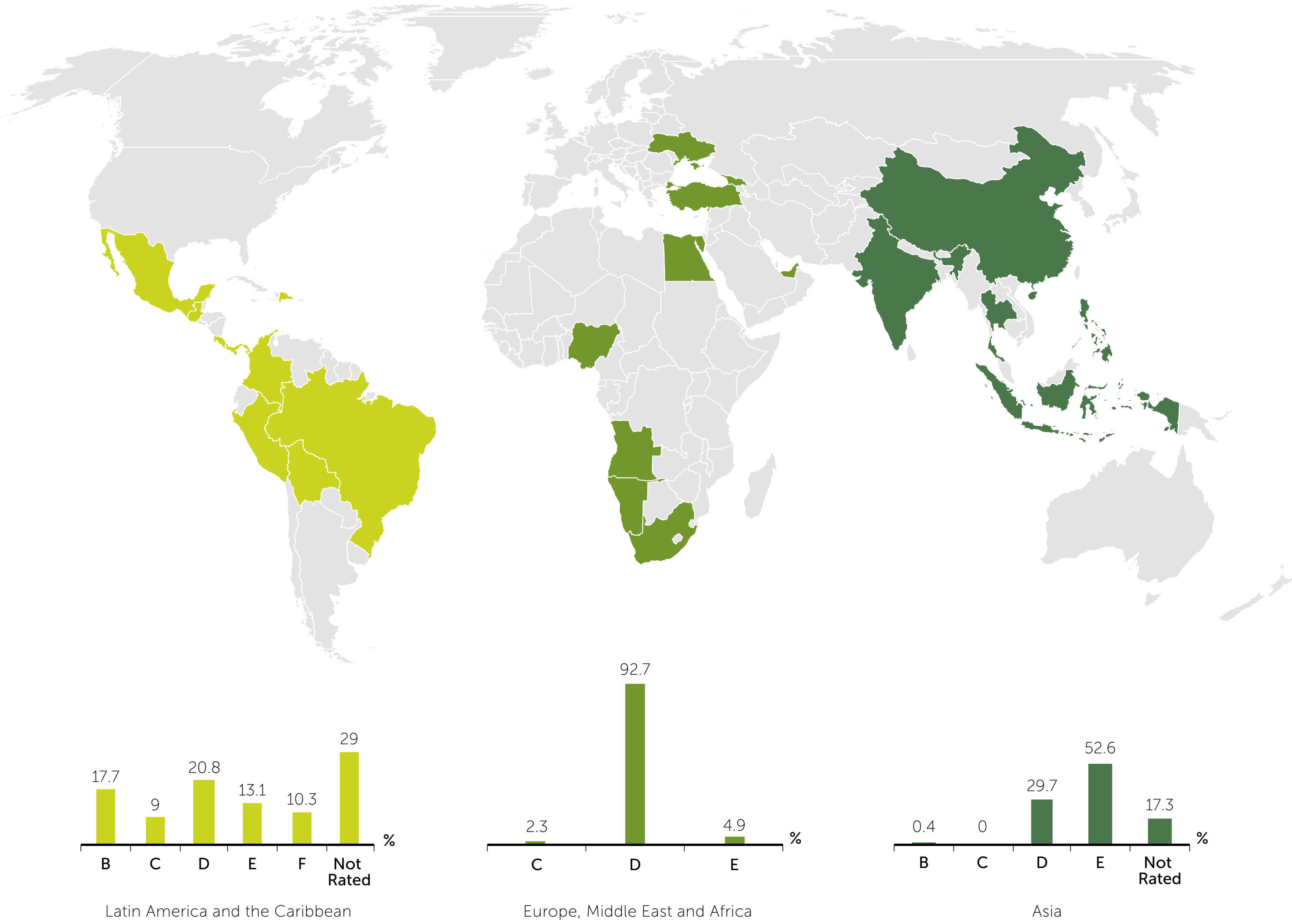
Rating scale form A (best score) to **G** (worst score)

Portfolio ESG Rating Breakdown



Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.
Notes: Includes corporates and green bond quasi-sovereigns.

Emerging Market Region Breakdown by ESG Rating



Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

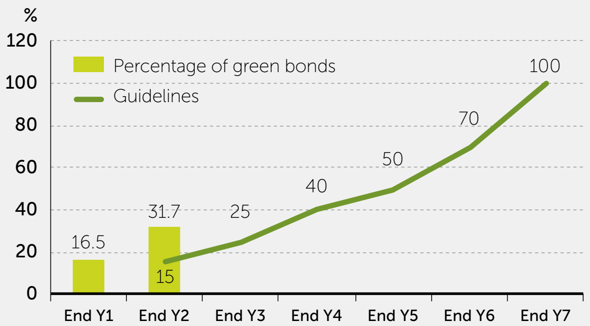
Piotr Mazurkiewicz

Principal E&S Risk Officer,
E&S Policy and Risk
International Finance
Corporation

"There are still some large gaps between best international practices and the requirements of local laws. Sound ESG regulations are not effectively enforced in many of these markets. The cost as well as the resources required to cover these gaps present a significant obstacle, and are often considered by financial institutions as a competitive disadvantage. Another important aspect that's particularly relevant for banks operating in smaller economies is lack of choice. Given the limited number of bankable projects, if there is a financing opportunity, banks often neglect ESG-related aspects in order to secure a deal. The business case for strong ESG risk management in such cases is not always evident. A strong signal from asset managers and institutional investors highlighting the weight attached to ESG risk management practices in their decision-making is very important. The lack of such information makes the decision-making process even more complex. It is crucial to differentiate strong ESG performers from the laggards. In the context of green bonds, the main issues relate to the scope and quality of second opinions on green assets. Reporting and disclosure of information is also important, in particular by financial institutions, including on ESG management systems and assessment standards."

GREEN BOND ALLOCATION LEVELS

Green Bond Ramp-Up Progress



Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

23

Number of green bonds in portfolio

31.75%

Weight of green bonds in the portfolio[9]

Erwan Crehalet
ESG Analyst
Climate Change
Amundi

"In many respects, the trends in green bond issuance in EMs resemble those in DMs. They suggest increasing diversity by sector, geography, deployment of capital and format. The growing adoption of the green bond label by sovereign issuers in EMs has proved popular too in 2019, with debut issues from Hong Kong, Chile and South Korea, although non-financial corporates contributed the most to issuance growth. Notably, there have been a number of deals aimed at financing the development of renewable energy in Asia. Financial institutions remain the largest issuing sector though, with increasing diversification outside China.

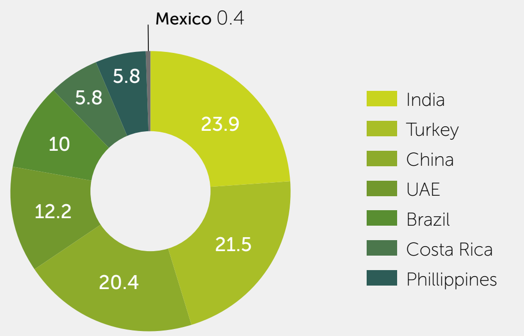
While mostly used by European issuers so far, we note that a growing number of EM issuers have embraced the sustainability bond format. This tends to make impact reporting less straightforward and more complex and puts the inclusion in green bond indices at risk. In terms of proceeds allocation, the green-building project type is less prevalent in EMs than in DMs, especially for the residential sector, where local systems of energy performance certificates appear to be a prerequisite for identifying eligible green assets. Apart from this, EM green bonds largely back the development of renewable energies and clean transportation infrastructures. However, green bond frameworks from some EM issuers can sometimes reflect specific local industrial contexts and challenges (such as battery material industry and hydrogen development plans in South Korea, and deforestation issues in Latin America). They test the usual boundaries of commonly accepted project categories."

RECORDED IMPACT

There were 23 green bonds in the Fund's portfolio by the end of the calendar year 2019. The geographical distribution by issuer's headquarters location covers eight countries. The Philippines is the additional covered country compared with the Fund's portfolio in 2018. Their relevant share in the Fund's portfolio can be seen in the figure below.

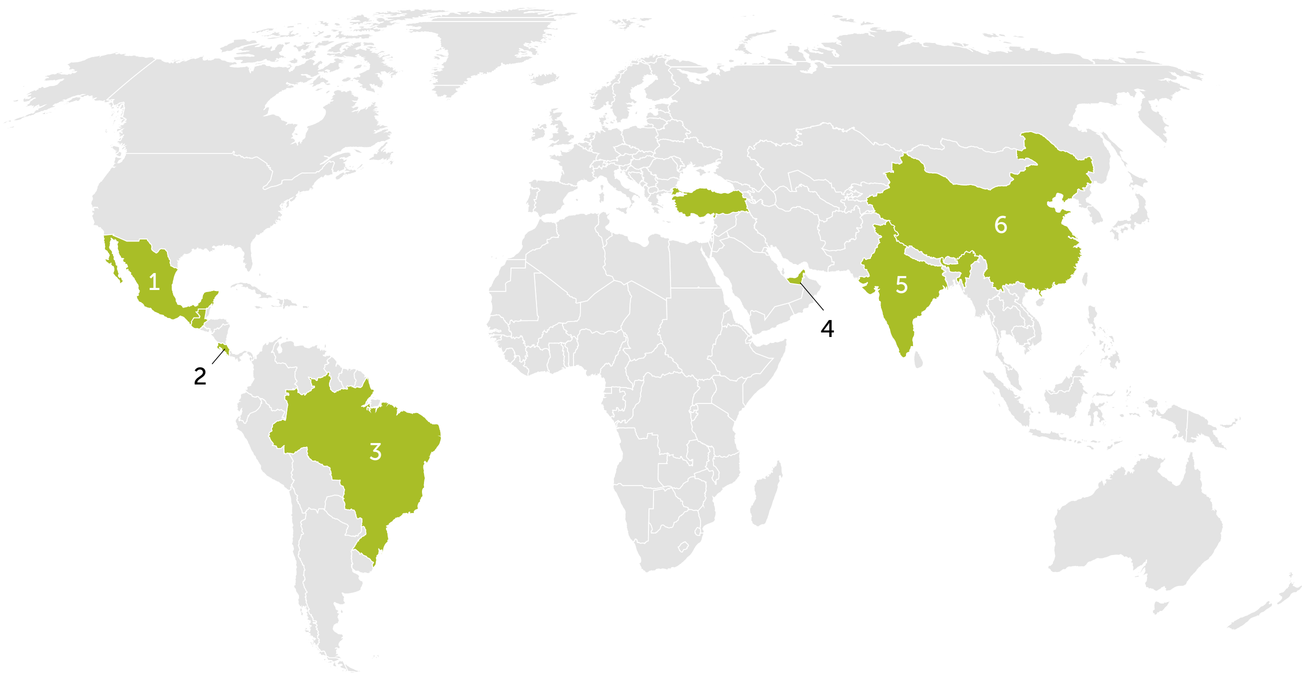
In terms of sector coverage, the use of proceeds is concentrated in five sectors: renewable energy, energy efficiency, green transport, green building and water management. The figure below only reflects sector coverage for green bonds that reported information on proceeds allocation. Therefore, most green bonds invested in 2019 may not be captured due to the very recent issuance. For example, though green bonds in Turkey and the Philippines are highlighted, information on their use of proceeds may only be available next year. In addition, one green bond[2] invested in 2018 was removed from the AP EGO fund portfolio because it did not meet the underlying green bond criteria.

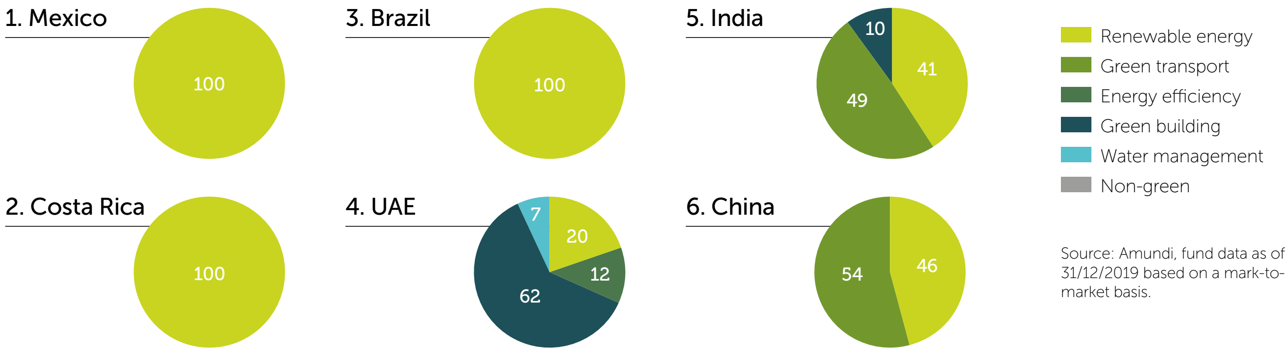
2019 Green Bond Allocation Breakdown by Issuer Headquarter Location (in %)



Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

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





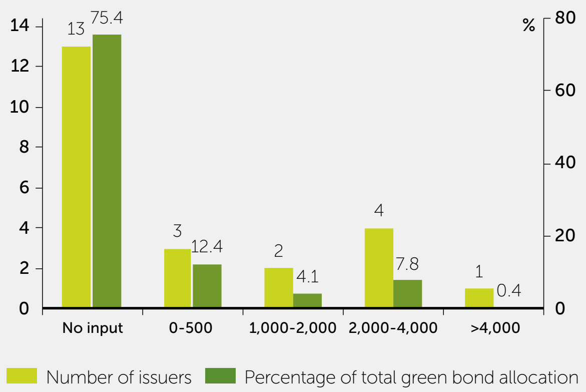
Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

Avoided Emissions

Total tons of avoided GHG emissions per €1 million invested per year	tCO_2e
Full AP EGO portfolio	**443.5**
AP EGO green bond portfolio only	**1353.7**

Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

Breakdown of Avoided Emissions per Bond



Source: Amundi, fund data as of 31/12/2019 based on a mark-to-market basis.

2. Turkiye Sinai Kalkinma Bankasi. In August 2018 the bond was classified as green by Amundi's ESG analysis in line with the Fund's investment guidelines and policy. 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 any more. Therefore, it was excluded from the green bond portfolio as of February, 2019.

GHG avoidance data for 13 green bonds is not available at the moment, largely because these bonds were issued very recently and detailed use-of-proceeds allocations and impact information are not yet available. Notably, GHG avoidance at both full portfolio (including non-green) and the green bond only portfolio are calculated above. As AP EGO Green Bonds portfolio ramps

Green Bond Portfolio Insight

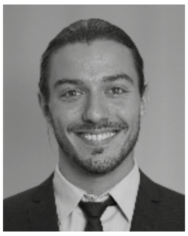
Year Invested	Issuer	Amount issued[3]	Subscription amount[4]	% of GB portfolio	Region	GHG emission avoided (tCO2e/year)
2018	Agricultural Bank of China	500	0.20%	0.44%	China and overseas	1,552,497
2018	Axis Bank	500	1.40%	1.40%	India	1,327,000
2018	Banco Nacional de Costa Rica	350	7.65%	5.83%	Costa Rica	N/A
2018	Beijing Capital Polaris Investment	500	2.00%	2.15%	China	N/A
2018	BNDES-Banco Nacional de Desenvolvimento Econômico e Social	500	9.36%	10.44%	Brazil	346,352
2018	China Development Bank	500	0.80%	0.85%	China	208,045
2018	First Abu Dhabi Bank	587	1.19%	1.50%	UAE and overseas	575,272
2018	Indian Railway Finance Corporation	500	8.80%	9.61%	India	N/A
2018	Industrial & Commercial Bank of China	500	1.60%	1.68%	China and overseas	937,032
2018	Industrial & Commercial Bank of China	400	3.00%	2.56%	China and overseas	590,887
2018	Industrial Bank	600	1.17%	1.47%	China	72,948
2018	Nacional Finciera SNC	500	0.40%	0.42%	Mexico	2,285,403
2018	State Bank of India	650	3.11%	4.53%	India	1,461,669
2019	Axis Bank	40	100.00%	8.78%	India	N/A
2019	Bank of China	350	1.43%	1.05%	China	N/A
2019	First Abu Dhabi Bank	50	100.00%	10.41%	UAE and overseas	N/A
2019	Industrial & Commercial Bank of China	500	0.50%	0.53%	China	N/A
2019	Industrial & Commercial Bank of China	600	3.75%	4.75%	China and overseas	N/A
2019	BPI - Bank of the Philippine Islands	300	9.00%	5.65%	Philippines	N/A
2019	Shanghai Pudong Development Bank	300	1.67%	1.05%	China and others	N/A
2019	State Development & Investment	500	3.64%	3.93%	China	N/A
2019	Turkiye Garanti Bankasi AS	50	100.00%	10.50%	Turkey	N/A
2019	Turkiye Is Bankasi	50	100.00%	10.61%	Turkey	N/A

3. Quantity of issuance.
4. Percentage of amount issued held by the Fund.
5. Relevance of the green bond's projects to the issuer's country's nationally determined contributions submitted to the United Nations Framework Convention on Climate Change.

up, the GHG avoidance at the full portfolio level will increase accordingly. It is a methodological change from the approach applied in the 2018 Annual Impact Report, which tends to overly underestimate the GHG avoidance benefits by assuming zero GHG avoidance for those green bonds because the GHG data were not yet available at the time.

Project description	NDC relevance[5]	Relevant SDGs[6]
RE; green transport.	Yes	3,7,9,11,13
RE; low carbon transport; EE buildings.	Yes	3,7,8,9,11,12,13,15,17
RE (such as wind, solar or hydro projects that are less than or equal to 50 MW).	Yes	7, 13
Sustainable waste management; air pollution control; sustainable water management; low-carbon transportation; sustainable agriculture; green buildings.	Yes	2,3,6,7,9,11,13
Eight wind power projects with a total of 1,323 MW new installed capacity.	Yes	7,9,11,13
Clean transportation; RE; EE; pollution prevention and control; sustainable management of living natural resources and land-use; climate change adaptation; land and aquatic biodiversity conservation.	Yes	3,7,9,11,13
RE; green buildings; district cooling; sustainable water management.	Yes	6,7,9,13
Infrastructure and rolling stock for dedicated freight railway lines.	Yes	3,7,9,11,13
RE; clean transportation.	Yes	3,7,9,11,13
RE; clean transportation.	Yes	3,7,9,11,13
RE; clean transportation.	Yes	3,7,9,11,13
RE (wind).	Yes	7, 13
RE; clean transportation.	Yes	3,7,9,11,13
RE; low-carbon transport; EE buildings	Yes	3,7,8,9,11,12,13,15,17
RE; clean transportation.	Yes	3,7,9,11,13
RE; EE; efficient buildings; sustainable waste management; clean transportation; sustainable water management; climate change adaptation; decarbonizing technologies.	Yes	6,7,9,13
RE; EE; green transportation; sustainable water and wastewater management.	Yes	3,7,9,11,13
RE; EE; clean transportation; water management.	Yes	3,7,9,11,13
RE; EE; sustainable water and wastewater management; pollution prevention and control; green buildings.	Yes	N/A
RE; EE; clean transportation; sustainable water and wastewater management; green buildings; sustainable management of living natural resources and land use.	Yes	N/A
RE; sustainable water and wastewater management.	Yes	6, 7, 13
RE; EE (including energy recovery); green buildings; sustainable transport; water; waste management.	Yes	N/A
Categories included in ICMA's Green Bond Principles 2018, such as RE, EE, pollution prevention and control.	Yes	N/A

6. Relevance to the UN Sustainable Development Goals, based on the issuer's Green Bond Framework and the proceeds allocation, where available. Sectoral analysis from reputable source is also considered in in-house analysis. For example, the analysis conducted by the World Green Building Council for the Green Buildings contribution to the SDG (www.worldgbc.org/)



Martin Lebelle
ESG and Green Bond Analyst – PhD student, Amundi

"Today's portfolio is mainly invested in green bond issues that raise money for renewable energy-related projects in EMs – in particular, solar, wind and biomass. We noticed an increase in financing for rail-based transportation initiatives for both passengers and freight, and infrastructure projects related to water and waste management, which is a key issue in developing countries.
In terms of countries represented in the portfolio, we note that China remains the most significant. However, we are encouraged to see other countries entering the green bond market, such as Turkey and the Philippines. We are also pleased to see that green bond issuers are respecting industry standards and adhering to best practices. The ongoing evolution of this market confirms our determination to keep working with issuers as part of our efforts to help fight against climate change."

IMPACT CASE STUDIES

In addition to investing in green bonds issued in EMs, the Fund actively engages with issuers as part of our ongoing efforts to develop and implement best practices within the green bond markets. This may include fast-tracking the implementation of transparency standards, such as the Green Bond Principles, issuers' contribution to climate targets or policies of the host country, and international best practices for impact reporting, such as applying the ICMA Handbook on Harmonized Impact Reporting[7] and the upcoming Green Finance Review Protocol (GFRP) being developed by the GB-TAP.

In the context of the Fund's active engagements, this section highlights the profiles of select financial institutions that have issued green bonds in which the Fund has invested.

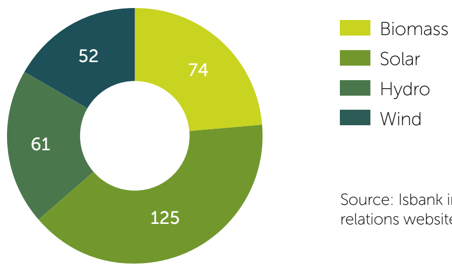
Case Study #1: ISBANK

Türkiye İş Bankası A.Ş. (İşbank) is Turkey's largest private bank and was founded 100 years ago. Isbank is committed to playing an active role in the transition to a low-carbon economy, and aligning its funding and sustainability activities with these objectives.

In June 2019 Isbank participated in the first Green Bonds and Sustainable Finance Executive Program offered by the GB-TAP of IFC in partnership with the Stockholm School of Economics (SSE) and the ICMA. Isbank recently developed a sustainability bond framework and issued a sustainability bond to finance and refinance a broad range of eligible loans to deliver positive environmental and social outcomes. AP EGO has invested in Isbank's sustainability bond.

According to the respective public[8] second-party opinion, the intended use of proceeds is aligned to the Green Bond Principles 2018, will contribute to progress on key UN Sustainable Development Goals and include: (i) renewable energy, (ii) energy efficiency, (iii) eco-efficient and/or circular economy adapted products, (iv) green buildings, (v) clean transportation, (vi) pollution prevention and control, (vii) environmentally sustainable management of living natural resources and land use, (viii) access to essential services, and (ix) employment generation, including through SME financing.

ISBANK Green Bond Lending Breakdown
($ Million)



Source: Isbank investor relations website

Highlights on ISBANK investments in renewable energy

Share of renewable energy projects in total energy generation projects portfolio:	**66%**
Share of renewable energy projects in total financing:	**6.50%**
Number of renewable energy projects financed by Isbank in 2018:	**87**
Total installed capacity of renewable energy projects financed by Isbank in 2018:	**617 MW**
Cumulative installed capacity of renewable energy projects financed by Isbank by 2018:	**7564 MW**

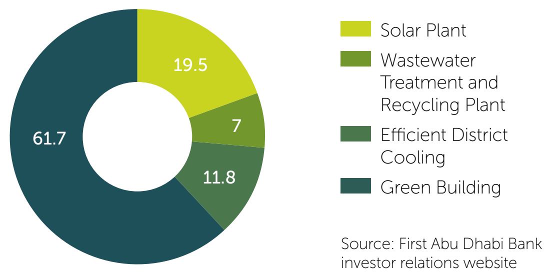
Case Study #2: FIRST ABU DHABI BANK (FAB)

FAB is the United Arab Emirates' largest bank with US$200 billion of assets and a market capitalization of US$45.1 billion. FAB is the result of the merger between First Gulf Bank PJSC and National Bank of Abu Dhabi (NBAD), which was completed in April 2017.

The green trajectory of FAB has been remarkable over the past few years. In 2015, NBAD became the first UAE bank to adopt the Equator Principles, and align its strategies to the UAE Vision 2021, the UAE Green Agenda 2015–2030, the UN Sustainable Development Goals (SDGs) 2030, the Abu Dhabi Economic Vision 2030, the UAE National Climate Change Plan 2017–2050 and the UAE Energy Strategy 2050. In March 2017 FAB issued the first ever green bond from the Middle East. The proceeds have been used to finance climate change action through renewable energy, energy efficiency and sustainable water management.

The Amundi AP Emerging Green One Fund has invested in FAB's green bonds. FAB's ESG due diligence process is based on stringent international standards and recommendations including those of IFC, the European Bank for Reconstruction and Development (EBRD), the World Bank, Equator Principles, OECD, International Labour Organization (ILO), the UN's Universal Declaration of Human Rights, and country-specific environmental and labor laws.

FAB Green Bond Lending Breakdown
(% of total)



Source: First Abu Dhabi Bank investor relations website

One of the best-in-class practices implemented by FAB is the application of the guidelines for mapping SDGs to green bonds and the application of the ICMA Handbook on Harmonized Impact Reporting[7]. This reporting practice helps green bond investors and stakeholders to have comparable information when making decisions.

THE GREEN BOND TECHNICAL ASSISTANCE PROGRAM

IFC's GB-TAP focuses on accelerating the growth of green bonds in EMs. The key objective of the program is to stimulate the supply of green bonds issued by financial institutions active in these regions by creating global public goods through (i) sharing knowledge, (ii) building capacity through training, (iii) disseminating Green Bond Principles and (iv) enhancing the quality of information disclosure from green bond issuers. The GB-TAP is an IFC-managed and administered technical assistance program in partnership with Luxembourg's Ministry of Finance, the Swedish International Development Cooperation Agency (SIDA) and Switzerland's State Secretariat for Economic Affairs (SECO).

7. www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf
8. www.isbank.com.tr/contentmanagement/IsbankInvestorRelationsGeneric/prospectuses-and-offering-circulars/isbank-second-party-opinion.pdf

2019 Key Highlights

Component 1: Training

• Five-day executive education:

As part of the IFC GB-TAP, the IFC implemented its first five-day **Executive Education Program on Green Bonds and Sustainable Finance** in Stockholm from June 24 to 28, 2019, followed by the second cohort from Oct 21 to 25, 2019. The Executive Education Program was jointly designed by Stockholm School of Economics (SSE), International Capital Market Association (ICMA) and the IFC with the support of the Luxembourg Stock Exchange. The Executive Education Program had 61 participants from 20 financial institutions across nine countries. Participants included senior executives responsible for green bond issuances from different departments, including treasury, sustainability, credit and corporate/retail lending.

• In-country training:

To complement the week-long executive training, the IFC organized two shorter courses on green bonds and green building in Bangkok. They were oversubscribed (110 participants, of which 63% women) and attracted professionals from 55 financial institutions.

In addition, the IFC launched three initiatives to continue promoting and sharing best practice on green bond issuance: translated the Green Bond Principles into Thai; partnered with Environmental Finance magazine to publish two articles on green bond market opportunities; and sponsored the Green Bonds Asia 2019 conference in Hong Kong.

Component 3a: Green Finance Review Protocol (GFRP)

The IFC initiated the Green Finance Review protocol (GFRP) for EMs to help standardize external review reporting and ensure robust information disclosure by green bond issuers to investors as green finance scales up across these regions.

This initiative is to develop a protocol for external review and quality reporting of green bonds in EMs. It aims to define the second-opinion process, minimum contents of external review reports, level of assurance and actionable recommendations for issuers. The GFRP will contribute to the development of green bond markets as it will connect existing green taxonomies and make it possible to compare and aggregate green bond information generated by diverse green bond issuers in EMs.

Component 3b: ESG database

The IFC has been exploring ways to encourage bond issuers in EMs to improve disclosure of their ESG performance indicators. It conducted a competitive request for proposal (RFP) for ESG data providers and selected Arabesque, a global financial technology company that combines artificial intelligence (AI) analytics and ESG data.

Arabesque will expand the availability of publicly available ESG data by collecting information from public sources as defined by the IFC ESG Performance Indicators for EM issuers. The ESG data collected by Arabesque will be available for open access through Arabesque's Company Book data platform.

Kerstin Jonsson Cisse
Head of Unit for Global Sustainable Economic Development,
Department for International Organisations and Policy Support, SIDA

"Meeting the ambitions of the Paris Agreement as well as the SDGs requires climate finance and investment on an unprecedented scale. The mobilization of private capital is crucial for success.

Any financial market needs demand and supply to function. Amundi's Planet Emerging Green One Fund has been a very important part of the global effort to increase the scale of climate finance by encouraging the demand for green bonds in EMs. The international awards received in 2019 confirm that the Amundi EGO fund is a market leader, showing the way for others to follow.

The lack of supply of green bonds in EMs is a challenge for all potential investors, but also provides an opportunity for development finance institutions and agencies. By co-funding IFC's GB-TAP, Sida supports the development of green bond issuance in EMs. It is encouraging to see that some of the participating banks have already started to issue green bonds.

Measuring and reporting impact is crucial for understanding if green bonds are meeting their objectives – in terms of both financial returns and the environmental effects. Therefore, it is encouraging to see Amundi and IFC leading the way on impact reporting with the second Annual Impact Report for the EGO fund. This report establishes a clear link between the initiatives to reduce GHG emissions and specific SDGs, with illustrations from specific case studies."

The Green Bond and Sustainable Finance Executive Training Program

The Green Bond and Sustainable Finance Executive Training program is a first-of-its-kind initiative conceived by IFC, ICMA and the Stockholm School of Economics Executive Education (SSE ExEd). According to the participants of the first two training sessions, the program provided a complete and pragmatic journey on how to issue green bonds. It included lectures, case studies and working groups that explored how to develop a green bond framework. Participants pitched to real investors in a simulated "roadshow", met green bonds issuers, and visited a green building. The program brought together leading industry trainers and speakers, including from Alecta, AP4, Amundi, Cicero, ISS-oekom, MSCI, ICBC, Isbank Länsförsäkringar, Kommuninvest, SEB, Volvofinans Bank, the Climate Bond Initiative, Luxembourg Stock Exchange, the Stockholm Environment Institute, and the Stockholm Sustainable Finance Centre.

Participants gained greater awareness of the green bond market and the skills to address the strategic and operational complexities involved when issuing green bonds in different markets. These skills range from how to form an effective project team, to more technical subjects, such as how to select eligible assets, as well as effective treasury management and reporting requirements. The program has trained 61 participants (of which 41% are women) from 20 financial institutions around the world (Armenia, Georgia, Indonesia, Nigeria, Philippines, Thailand, Turkey, South Africa and West Africa). To date, three of these financial institutions have successfully issued green bonds. Below are some of the testimonials from the participants of the two first training cohorts.

Wilawan Chokkhanchitchay
Senior Vice President, Sustainability Office Division, Corporate Office Function, Chief Strategy Office, Siam Commercial Bank Public Company Limited

"I was delighted to participate in such an excellent training opportunity. Before the session, I had limited knowledge of green bond issuance, and this valuable program has taught me the framework and the process, including a pitching session to real investors. This technical understanding really helps me drive green finance initiatives in our bank. Also, I highly appreciate the well-scheduled course and its great location."

Mr. Florian Grohs
Managing Director Symbiotics
Netherlands

"IFC's green bond training opened my eyes to the huge potential of green bonds to help reduce CO2 emissions in EMs. With this training, we could initiate and guide our company in issuing our own green bond framework in only three months. This will enable us to assist financial institutions in EMs to issue green bonds."

APPENDIX

IMPACT REPORTING METHODOLOGY FOR GHG AVOIDANCE

Amundi Planet Emerging Green One seeks to provide accurate and timely information to clients, partners and stakeholders about the Fund's investment activities. We disclose relevant information about the project, environmental and social implications, as well as expected impact.

Disclosure of impact regarding the Fund's investments relies on publicly available information, such as annual impact reports, dedicated newsletters and official websites of green bond issuers, if available. We tailor our selected indicators to summarize the impact of eligible projects that have been financed by the green bonds in which the Fund invests. Examples of measures we use include the renewable energy generated (GWh), energy saved (GWh) and water saved (m3). In addition, we also track the distribution of green bonds in the Fund's portfolio by sector and geography, according to the issuer's main location. We also track how the proceeds of each green bond are used by location and sector to enrich the impact reporting.

Avoided GHG emissions has been chosen as one of the key indicators for reporting the impact of the Fund's investments. Specifically, we use the following approach:

- We follow the same definitions of Scope 1, 2 and 3 emissions as defined in the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). That is, Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions.
- We account only for GHG emissions from Scope 1 and Scope 2, with a uniform metric of tCO2 equivalent. We consider Scope 3 GHG emissions on a case-by-case basis and only when supported with well-documented data. Whenever applicable, we are conservative when reporting the extent to which an initiative avoids GHG emissions. For example, one green bond has fully allocated its proceeds to six renewable projects and one transport project. However, the issuer has disclosed the avoided GHG emissions for the six renewable projects, but not for the transport project. In this instance, we will still use the disclosed data for the Fund's impact report because it is conservative.
- The Fund has calculated GHG avoided emissions per €1 million invested per year using two methods for the level of investment:
  1) investments in green bonds only, calculated by the total GHG avoidance attributed to Fund's subscription (tCO2e per year) divided by the volume of the Fund's Green Bond portfolio (million Euro)[9]. This method prevails in the market and has been focusing on the GHG avoidance impact of the green bond portfolio only;
  2) total investments (green plus non-green) of the Fund, calculated by the total GHG avoidance attributed to Fund's subscription (tCO2e per year) divided by the total volume of the Fund's full portfolio including non-green (million Euro)[10]. Compared with the method above, this method intends to track the GHG avoidance impact along the green bond ramp-up process of the Fund. As more green bonds are included in the Fund portfolio, it is expected to increase accordingly.
- We apply the following considerations in the calculation:
  - At the time of preparing the Fund's impact report, some recent investments in green bond issuances did not have impact data published by the issuers. In those cases, if the issuer has published impact data for previous green bonds, it was assumed that the GHG avoidance rate (tCO2e/million euro invested) would be similar. This is used as a proxy to get a high level estimate of the potential impact.
  - GHG avoidance for non-green bonds in AP EGO's full portfolio is assumed as zero.

Whenever a proration is needed in order to attribute impact to the Fund's investment, it is achieved based on the respective issuance/investment volume. Proration is often needed for the following situations:

- The underlying green bond is issued in tranches, while the Fund has only invested in one of them. In this case, we will calculate the proportional impact, since the Issuer may often disclose the impact only at the overall bond level.
- Proceeds of the underlying green bond is only a fraction of the total financing for the portfolio, whereas impact is disclosed by the issuer at the portfolio level.

9. i.e., 1353.7 tCO2e as referred to in the Impact Recorded section
10. i.e., 443.5 tCO2e as referred to in the Impact Recorded section

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