

Engagement report 2016



Relationships between asset owners and asset managers are evolving in response to more sophisticated, more complex, more meaningful requests and motivations. Partnership relationships are forged instead of purely commercial relations. This development is also found in the relationship with the issuers. The dialogue between companies and their shareholders around Environmental, Social and Governance (ESG) issues and outside the framework of shareholders' meetings is now a common practice. This actually benefits both parties, by offering companies the opportunity to improve their practices and compare themselves with the highest standards, and by giving shareholders better control over the risks associated with their investments. This dialogue also benefits all other business stakeholders: employees, local communities, clients, suppliers.

Together, institutional investors, companies and asset managers are seeking to demonstrate their impact on the environment and society. They want to assert their choices and measure their effectiveness. Some advocate divesting from entire industry sectors, but engagement combined with a best-in-class approach is often a highly effective tool, if only to fine-tune positions.

Within this new environment, Amundi believes no subjects or sectors should be taboo: the most sensitive themes need to be addressed. Among other topics, we notably raised the issue of child labour in the food industry and tobacco in 2016. We have engaged in dialogue with companies all over the world, in both developed and emerging markets. Even if our values sometimes differ, a good number of our environmental and social concerns are common and shared, and we note that some companies are taking on a cohesive and innovative role in areas where governments and regulations sometimes fail. Asset managers now practise engagement on behalf of pension funds and other institutional investors with companies all over the world.

For Amundi, engagement therefore provides an additional angle to building ESG criteria into our fund management. We consider that dialogue with companies is fully relevant when it is used to optimise portfolio management and construction, notably when seeking to limit risk. We assess the scope of our actions by measuring the progress made by companies from one year to the next, and reflect the impact of taking into account ESG criteria through reports dedicated to environmental, social and governance indicators for our most engaged portfolios. We can also calculate the carbon footprint of our clients' portfolios and we evaluate the carbon footprint of assets managed by Amundi.

Of course, we realise that there is still room for improvement in terms of ESG practices, both at corporate and shareholder level: indicators can still be inaccurate or irrelevant. Cross-cutting issues also need to be addressed. We therefore intend to continue our actions through market initiatives designed to standardise practices. In 2016, we were actively involved in the Principles for Responsible Investment (PRI) Clearinghouse on human rights in the extractive sectors, in keeping with our engagement approach initiated in 2013. We have also worked with PRI signatories on strengthening engagement with the Access to Medicine Foundation. Finally, we have continued our engagement with various initiatives that we joined in 2015, notably the "Green Bond Principles", the "Portfolio Decarbonization Coalition (PDC)" and the "Montreal Carbon Pledge".

ESG integration has become one of our clients' primary concerns and now forms an integral part of their specifications and of our fiduciary responsibility. We are therefore proud, on their behalf, to work on the widespread adoption and standardisation of these criteria by companies and their stakeholders.

Pascal Blanqué

**Global Head of Institutional Division
and Chief Investment Officer**

ENGAGEMENT REPORT

AMUNDI – ANNÉE 2016

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INTRODUCTION

Article 173 of the French law of 17 August 2015 on the energy transition requires institutional investors to adopt greater transparency in their ESG integration process, their engagement policy and the measures implemented to fight global warming.

Within this scope, Amundi decided to address the theme of coal use in the electricity generation sector in its 2016 engagement report. Coal stands out as the largest source of CO₂ and presents a significant climate risk due to its low cost and considerable existing reserves. Coal is also the most polluting fossil fuel and its use in the energy sector is increasingly being called into question, notably with regard to ageing and polluting power plants. Replacing coal with less polluting energy sources appears to be one of the most effective levers to reduce global emissions. At the same time, we opted to exclude the companies most exposed to coal extraction, as detailed in this report.

Amundi also presents another social theme in its engagement report, focusing on child labour in the cocoa and tobacco industries. Since the early 1990s, a number of international conventions have been created to integrate the theme of child labour in the international legal framework. One of the most important of these is the United Nations Convention on the Rights of the Child (UNCRC). The rights of children established by the United Nations Convention are detailed in the regulations of the International Labour Organization (ILO). The concept of “*child labour*” includes all activities that deprive children of their childhood, potential and dignity, and adversely affect their education, health, physical and mental development. Amundi has looked particularly at the cocoa and tobacco sectors, which have specific features requiring special attention.

Our 4th engagement report is also an opportunity to take stock of the dialogue that began with companies on themes introduced in 2013 and 2014:

- Respect for human rights in the mining and oil sectors;
- Fight against food waste in the food and food retail sectors;
- Compliance of minerals from conflict zones.

Finally, we present in this report three other themes on which we have had constructive dialogue with companies: palm oil production, human rights, and endocrine disruptors. The latter theme bears witness to the importance we attach to covering all the risks, even emerging, that companies face.

ENGAGEMENT: overview of our philosophy and process

PHILOSOPHY

Our investment strategies are based on several principles: promoting respect for international conventions on human rights, the International Labour Organization (ILO) and the environment, as well as advocating a model for responsible and sustainable social development.

The first application of these principles consisted in excluding from our investment strategies companies and countries with unacceptable behaviors :

- Companies that violate these conventions repeatedly, without implementing suitable corrective measures.
- Companies involved in the production or sale of anti-personnel mines and cluster bombs (exclusions resulting from France's ratification of the Ottawa and Oslo treaties) as well as chemical, biological and depleted uranium weapons.
- Countries that systematically and willfully violate human rights and make themselves guilty of the worst crimes: war crimes and crimes against humanity.
- Companies that generate more than 50% of their sales from coal extraction

However, excluding stocks from funds must remain an exception. It is often an inadequate response. We have noticed two things :

- Companies change their environment lastingly and sometimes have to deal with contradictory interests. In these circumstances, they can face more or less serious controversy. Exclusion must therefore be applied only in extreme cases.
- No longer being a shareholder means losing influence on the company.

We prefer to focus on dialogue with companies through an engagement process.

This engagement process comes within the broader scope of integrating ESG criteria in Amundi's investment management. Details on this policy are provided in the document: "*ESG Integration - Governance, Policy & Strategy*". Finally, a charter describing the principles of dialogue on ESG issues was sent to a broad base of issuers.

<http://about.amundi.com/Navigation/A-committed-player/Developing-responsible-finance>

DETAILED ENGAGEMENT PROCESS

ENGAGEMENT WITH COMPANIES TAKES THREE FORMS

1. Engagement for influence

This consists in meetings with companies intended to influence their practices. Recommendations made at company meetings concern cross-cutting themes common to a company's business sector. They highlight best practices and measure companies' progress based on a grid of success indicators set up by the ESG/SRI Analysis team.

2. Data collection for rating purposes

Within this scope, company meetings are aimed at finetuning their ESG rating.

With the support of eight suppliers of extra-financial data, Amundi awards Environmental, Social and Governance (ESG) ratings to more than 4,000 issuers. The 2016 report presents the key statistics relating to meetings with companies for rating purposes.

3. Voting at general shareholders' meetings and pre-meeting dialogue

- **Voting:** The corporate governance team systematically votes at the general meetings of French companies or of companies in which Amundi holds more than 0.05% of the capital, i.e. more than 2,600 general meetings a year.
- **Pre-meeting dialogue:** Amundi has implemented a formalised dialogue system to inform the companies in which it holds its largest positions of its voting intentions, to initiate a dialogue and contribute to the improvement of their practices. As well as this proactive approach, Amundi is open to all meetings requested by issuers to discuss general meeting or, more generally, governance themes. This second element is tending to increase in importance as it enables upstream and more constructive dialogue.

RESULTS OF ENGAGEMENT POLICY IN 2016

ENGAGEMENT FOR INFLUENCE

Driven by our constant determination to encourage companies to adopt a progressive approach, our engagement for influence once again revolved around three complementary lines of work this year:

■ The launch of two new themes

- Managing use of coal in electricity generation sector
- Eliminate child labour in the supply chains of tobacco and cocoa sectors






■ An exhaustive analysis of changes in the performance of companies with whom we have been exchanging since 2014 on the theme of the responsible & compliant sourcing of minerals from conflict zones.

■ An interim evaluation of a panel of companies analysed in 2013 on the two following themes:

- Respect for human rights in the mining and oil sectors
- Access to food and the fight against food waste in the food and food retail sectors.


Methodology rating

In order to enable the companies analysed to know where they stand, we assessed the positioning of each one in relation to best practices.

For the sake of clarity, we opted for a three-tier assessment: ,  and  ( representing the best practices) reflecting how the company's approach matches up to best sector practices. In order to highlight the corrective actions to be implemented in priority, an assessment different from  may, in certain cases, not give rise to a recommendation for 2017, but will be kept under review.

In addition, changes in practices and the status of recommendations are also represented graphically:

■ Change in practices:


 **Positive momentum:** significant improvement in corporate practices

 **Neutral momentum:** little or no significant change

 **Negative momentum:** regression in corporate practices

■ Status of recommendations:

 All the recommendations have been followed

 Partially followed recommendations and/or being introduced

 One or more recommendations have not been followed

— No recommendations issued in 2014

Of the 66 companies met, 51 agreed to be specifically mentioned.

NEW THEMES INTRODUCED IN 2016

Theme 1 – Managing use of coal in electricity generation sector

Theme overview

In a context of energy transition in major European countries, and with the United States and China moving away from coal (the most polluting of fossil fuels), as evidenced by the recent decisions to cancel construction of new coal-fired power plants, companies in the electricity generation sector are being held accountable – scrutinised for the many ageing, polluting coal-fired power plants.

Over and above the carbon emission problems posed by these plants, governments are concerned by pollution and ash and particle emissions. A 2010 European directive of 2010, the *Industrial Emissions Directive** (IED), requires that the emissions of air pollutants (sulphur dioxide, soot, carbon and polluting substances) by coal-fired power plants be reduced by 1 January 2016.

Complying with these new obligations is possible if the companies concerned adopt a proactive and effective policy: installing filters and desulphurisation and smoke denitrification units, improving plant efficiency, etc.

In order to help the companies concerned in their efforts to limit carbon emissions and pollutants related to their coal-fired power plants, we initiated an engagement

dialogue to support them to encourage them to go in going beyond regulations and meet meeting best sector practices in terms of reducing their exposure to coal and their environmental impact.

The majority of companies within the "*Utilites*" sector are concerned by issues related to the production of electricity using coal. In order to assess the quality of risk management related to this theme, we selected various profiles to apprehend the spectrum of different regulations in each country.

- Given the diverse profiles of the groups exposed, notably in terms of geographic footprint, size, maturity and exposure to coal, and in order to have a representative view of the different situations, we selected representative sector players with significant coal exposure.
- The companies selected have more or less advanced policies on this topic: while some groups do not have a very advanced coal policy, others stand out by their good practices and have succeeded in implementing adequate measures to limit the environmental impact of their power plants and reduce their

* Definition in glossary.

Legislative framework and local regulations

■ Context

In a context of population growth and industrial and economic development, players in the Utilities sector have to meet growing demand while having an energy mix with low CO₂ emissions, both reliable and diversified. In the light of rising political tensions, the supply issue is becoming increasingly worrying and it is up to sector groups to ensure the security of electricity supply. Under these conditions, and given the increasing carbon regulation risk, it is now essential for sector players to rethink their *energy mix** while factoring in the growing opportunities and risks related to their activity.

Within the sector, each company's exposure to carbon risk is unique and depends on its energy mix and its geographical location. As the various sources of energy have highly differing costs and emissions levels, it can be tricky for sector players to define a suitable carbon policy.

One of the essential points conditioning companies' coal policy therefore resides in their geographic exposure to more or less restrictive countries in terms of coal generation, and with more or less influence on decisions concerning the various energy utilities' leeway. For instance, utilities in the sector cannot act independently from the country in which they operate and any decision to close or sell a plant, or invest in a coal-fired facility, must be authorised by the government concerned. Some groups therefore face considerable constraints while others have more leeway to implement their coal policy.

The energy transition, which refers to the gradual shift towards carbon-free energy by relying on the development of renewable energy and energy efficiency, appears essential to develop a lower-carbon economy. It responds to the failure of the carbon quotas scheme implemented in Europe in the early 2000s. The reduction of sector groups' exposure to coal is therefore conditioned by the implementation of high carbon prices.

■ Regulation: energy transition at various stages of implementation

In Germany, 37% of greenhouse gas emissions come from the Utilities sector and 80% of the sector's emissions come from the exploitation of lignite or coal. Germany ranks among the most polluting countries in Europe, with heavy environmental impacts associated with its coal-fired plants. Exiting coal is a problem because of the economic (compensation for energy utilities) and social consequences (restructuring and impact on employment in mining areas) that it would involve. In Germany, coal is also a social issue: coal plants are often backed by lignite or coal mines, so any closing of a coal-fired plant would lead to the closing of the associated mine, with significant social implications in terms of job losses. As a result, proposals to close coal-fired plants by players present in Germany have often been rejected by the government. A recurrent and important request by these groups is also for the government to award subsidies or set up a mechanism to compensate for the loss of revenue resulting from closing coal plants and mines. In addition, higher carbon prices would lead to the use of gas-fired plants instead of coal-fired plants. A good practice could therefore consist in these groups lobbying for more restrictive environmental regulations and high carbon prices, helping them to achieve their objective of a low carbon energy mix. It is worth noting that while the groups present in Germany no longer build coal-fired plants in Europe, that is not the case of local authorities and German municipal utilities (Stadtwerke) in charge of several local economic sectors such as urban transport, waste collection and energy production and distribution. These local authorities build coal-fired power plants in order to ensure security of supply.

* Definition in glossary.

In November 2016, the British government announced a consultation on the closing of all coal-fired production capacity by end-2025. In the UK, certain players within the sector that are exposed coal have decided to turn towards biomass, converting their existing coal-fired power plants.

In the United States, several recent announcements reflect the government's desire to give Americans access to cheap, abundant gas and relaunching cheap production of American oil and coal. The message seems inconsistent as expanding gas production would necessarily be at the expense of coal. Today, coal does not appear profitable but one should keep an eye on the regulatory framework that could be put in place to revive this fossil energy. In this case, given the more or less opportunistic profile of US companies, caution will be in order with regard to the positioning of companies possibly tempted to refocus on coal for financial reasons.

In Canada, the Alberta province published in 2015 the *Climate Leadership Plan*^{*}, which outlines the initiatives planned to set up a new carbon market from 2018 and to ensure that all the province's coal facilities are closed by 2030. The Plan also encourages the development of renewable technologies so that wind and solar power may account for 30% of Alberta's energy mix by 2030.

China is in the process of building coal-fired power plants at a very steady pace and dependence remains very strong. Domestic coal production has been reduced following the government's request to close the most polluting and dangerous coal mines. A recent *Carbon Tracker*^{*} study highlights the new coal plant construction programme, even though the country's existing plants reportedly only work at 45% of capacity and are underused. The Chinese government has launched an energy transition programme and has to manage the country's huge energy needs. The Chinese authority in charge of energy regulation recently ordered over 100 coal-based production projects to be stopped, a decision in line with the government's energy transition programme.

In India, coal extraction and production are significant but the infrastructure is not sufficiently developed to allow coal to be transported inland for local use. India wants to increase its electricity production as efficiently as possible, notably by supporting solar power, and is considering measures such as converting coal-fired power plants or upgrading them to reduce emissions. Indian energy utilities must therefore submit a roadmap to the government detailing how to decarbonise their energy mix, either by switching to gas or by supporting renewable energy. India notably announced through its electricity regulator that the construction of new coal-fired power plants would no longer be authorised.

Russia remains an intensive user and producer of coal and environmental issues are still little taken into account. Caution is in order with regard to the exposure of a number of European groups to this country. Coal-related regulations in particular need to be monitored, as on the face of it they are less strict than in European countries.

Finally, Poland seems to have no plans to reduce its strong dependence on coal (more than 50% of its energy consumption in 2015) given the social and labour impacts associated with this fossil fuel. While security of supply is still the main issue for Poland, reflection is under way on how to change the country's energy mix, but the debate is not yet at an advanced stage.

^{*} Definition in glossary.

Selected analysis criteria

Our analysis covers four main pillars for which we have selected key criteria indicating the relative positioning of the companies reviewed:

■ Scope and exposure

We determined the exposure of the various groups in terms of:

- Coal capacity in absolute terms, in MW
- Share of coal capacity in total installed capacity
- Total coal generation (GWh)
- Share of electricity generation from coal in the energy mix
- Levels of SO_x, NO_x and CO₂ emissions
- Geographical exposure to carbon/coal regulations
- New coal-fired power plant projects
- Regulatory flexibility

■ Policy & Strategy

Limiting coal's environmental impact can be effected in several key steps. In order to assess the policy dedicated to coal, we took into account in our analysis to what extent companies were engaged in the actions detailed below:

- Assessment and diagnosis of the power plant fleet so as to identify the oldest and most emissions-intensive plants,
- Strategy and actions for these emissions-intensive plants (upgrade, installation of emissions reduction devices, closing, conversion, etc.),
- Objective for share of coal in energy mix/installed capacity,
- Explicit policy for coal exit in the short- to long term,
- Participation in market initiatives (for less polluting power plants, and responsible coal sourcing),
- Conversion of coal-fired power plants.

■ Closing / upgrade and measures implemented

In order to assess the roll-out of the various companies' coal strategy for the aspect related to power plant management and the various measures envisaged for each of the plants, we considered the following aspects:

- Publication of the list of coal-fired power plants and of the measures associated with each plant (closing, conversion, upgrade, etc.),
- Details on time horizon for the closing of coal-fired plants,
- Plant upgrades and installation of emission reduction devices,
- Closing of oldest power plants,
- Detailed process and ambitious technical requirements for the construction of new power plants (CCS, technology, energy efficiency ratio)

■ Engagement and results

In order to assess the results of the companies concerned, we looked at the following indicators:

- Trends in reduction of SO_x, NO_x and CO₂ emissions intensity (annual variation over the period considered),
- Intensity levels of SO_x, NO_x and CO₂ emissions,
- Level of research and development (R&D) for the conversion of coal-fired power plants,
- The positioning of the company's policy over and above local environmental regulatory requirements,
- Management of waste from coal-fired power plants and participation in circular economy* projects

The companies' exposure to controversies related to coal (pollution, emissions) was also taken into consideration, as well as the quality of their response in case of controversy.

* Definition in glossary.

Good practices identified

KEY POINTS	BEST PRACTICES
COAL IN THE UTILITIES SECTOR	
POLICIES & STRATEGIES	<ul style="list-style-type: none"> ➤ Assessment and diagnosis of the power plant fleet so as to identify the oldest and most emissions-intensive plants, ➤ Strategy and actions for these emissions-intensive plants (upgrade, installation of emissions reduction devices, closing, conversion, etc.), ➤ Objective for share of coal in energy mix/installed capacity, ➤ Explicit policy for coal exit in the short- to long term, ➤ Participation in market initiatives (for less polluting power plants, and responsible coal sourcing), ➤ Conversion process of coal-fired power plants into gas or biomass plants.
CLOSING / UPGRADE AND MEASURES IMPLEMENTED	<ul style="list-style-type: none"> ➤ Publication of the list of coal-fired power plants and of the measures associated with each plant (closing, conversion, upgrade, etc.), ➤ Details on time horizon for the closing of coal-fired plants, ➤ Plant upgrades and installation of emission reduction devices, ➤ Closing of oldest power plants, ➤ Existence of a detailed process and ambitious technical requirements for the construction of new power plants (CCS, technology, energy efficiency ratio)
ENGAGEMENT AND RESULTS	<ul style="list-style-type: none"> ➤ Strong downward trend in intensity of SO_x, NO_x, CO₂ emissions (in annual variation over the period considered) ➤ Low intensity levels of SO_x, NO_x and CO₂ emissions ➤ Significant level of R&D for the conversion of coal-fired power plants ➤ Positioning of the company's policy over and above local environmental regulatory requirements, ➤ Good management of coal plants' waste and participation in circular economy projects

Summary of engagement with companies in the sector

Trend and major areas for improvement

■ Trend

In the course of our analysis, we noted that issues related to managing coal-related environmental impacts were adequately taken into account by most companies in the Utilities sector, with a small number of players lagging somewhat.

In the face of intense public and regulatory pressure on the issue of climate change related to rising carbon emissions, and growing controversies related to pollution from coal-fired power plants, sector players have increasingly developed their coal policies, with a raft of announcements on a complete withdrawal from coal or a transition of their energy mix to less carbon-intensive energies.

Most of the companies in our sample have equipped almost all of their coal-fired power plants with installations to reduce pollutant emissions (SO_x, NO_x, and ash). They seem clearly aware of the need to identify the most emissions-intensive plants and determined to take appropriate measures.

That said, there is still room for improvement concerning the construction of new coal power plants and the closing of the oldest, most emissions-intensive plants, as some groups have made no plans to shut down or to stop expanding their installed coal-fired capacity.

■ Main recommendations

Generally speaking, some points remain to be improved by implementing the following measures:

- **Policy & Strategy:** Increase transparency by providing the list of coal-fired plants, setting a target for the share of coal in the group's energy mix, reviewing the fossil asset portfolio in order to identify target assets for a possible exit from coal, participating in international initiatives related to fighting climate change and improving the quality of coal;
- **Closing / Upgrade, measures applied:** Ensure correct implementation of plant closures / sales (social aspects, environmental rehabilitation, etc.), roll out measures to improve plants' efficiency and reduce pollutant emissions;
- **Engagement and results:** Roll out waste recovery initiatives on a wider scale, apply the strictest environmental standards to the entire power plant portfolio, set emissions reduction target for group, implement measures to reduce carbon emissions intensity.

Of the 15 companies we met, 13 agreed to be mentioned by name and one requested that its analysis be published anonymously.

Detailed fact sheets

AMERICAN ELECTRIC POWER (AEP)

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, American Electric Power had coal capacity of 18,262 MW, representing 54% of the company's total installed capacity. For the first time in 2016, the proportion of coal in AEP's energy mix fell below 50%, as AEP retired two coal units totalling 998 MW. All of AEP's plants are located in the US; therefore, each of AEP's plants falls under the regulations of the state in which it is located.	
POLICIES & STRATEGIES	●●	<p>The company discloses a detailed list of its coal power plants, with their capacity, their retirement date if they are supposed to be shut down, if not their environmental control system in service and the one planned (such as SRC, Selective Catalytic Reduction for NOx control).</p> <p>AEP evaluates each of its coal units to determine their economic viability. To do so, the company analyses for each unit: their age, their efficiency, the cost for modernisation to comply with new environmental regulations (installation of filters, etc.), and the internal carbon price that AEP implemented 10 years ago.</p> <p>To reduce potential exposure to carbon risk, AEP is diversifying its assets and closing some coal power units. The company will already have retired approximately 25% of its coal fleet by the end of 2016. The company has not made any commitment to exit coal, however there are no plans to build new coal plants and the company's investments are mainly allocated to the development of renewable energies and to transmissions for renewable connexions. Moreover, AEP invests to refuel or repower some coal units with natural gas, or invests to build new combined-cycle natural gas units. The proportion of coal in AEP's energy mix should drop to 45% by 2026.</p> <p>The company does not participate in any international climate-related initiatives.</p>	<ul style="list-style-type: none"> ➤ Set up a specific target, mid-term and long-term, to reduce the proportion of coal in AEP's energy mix ➤ Participate in international initiatives and roundtables linked to climate change mitigation
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●●●	Between 2011 and mid-2016, AEP retired more than 7,200 megawatts (MW) of coal-fuelled generating capacity. AEP plans to retire around 5,738 MW of coal capacity out to 2033 and reports retrofitting with emissions controls ("Baghouse", "Selective Catalytic Reduction") or refuelling (coal to natural gas) another 6,090 MW. Currently, 42% of AEP's coal fleet is equipped with SRC (Selective Catalytic Reduction for NOx control) and 69% with FGD (Flue Gas Desulfurization for SOx control). To respect the new environmental norms, the company plans to press on with the modernisation of its coal units. AEP also assessed the commercial viability of CCS*, including conducting a \$100 million (US) demonstration project at one of its coal-fired power plants of an integrated CO ₂ capture and deep underground injection technology, but concluded that the technology remains too expensive.	<ul style="list-style-type: none"> ➤ Ensure implementation of closure/sale of coal power plants (social aspects, environmental rehabilitation, etc.) ➤ Modernise all of the coal units to reduce pollutant emissions
ENGAGEMENT & RESULTS	●●	<p>AEP discloses a detailed carbon profile analysis on its sustainability website. AEP's CO₂ emissions decreased by 16.5% since 2014 and by approximately 39% since 2000. Since 1990, SOx and NOx emissions have been reduced by about 88% and 87% respectively, while mercury emissions have declined by nearly 73% since 2001.</p> <p>However, AEP has not set any quantitative targets for reducing any of its emissions, partly because if the necessary investments to reduce pollutant emissions impact the price for the consumer, then the state where the coal unit is located refuses the investment. This fact also explains why AEP is struggling to go beyond regulatory rates.</p> <p>AEP sells approximately 40% of its ash for cement construction or road products.</p>	<ul style="list-style-type: none"> ➤ Roll out circular economy initiatives reusing coal waste to a larger scale ➤ Set up specific mid-term and long-term targets for air emissions reduction (SOx, NOx, CO₂)

* Definition in glossary.

AGL ENERGY

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, AGL Energy had coal capacity of 6850 MW, representing 65% of the company's total installed capacity. The company operates three coal fired generation facilities in Australia and its coal supply comes exclusively from Australia.	
POLICIES & STRATEGIES	●●	The company discloses its coal power plants list with their capacity and their planned retirement date. To comply with the Paris agreement signed in 2015, AGL Energy will no longer invest in coal, the objective being to exit coal completely by 2050. However, the company is still working on improving the energy efficiency of its existing coal power plants, partly because carbon emission externalities will be priced in in the future, since AGL has committed to incorporating a future carbon price into all its generation capital expenditure decisions. The company does not take part in the global climate-related initiatives focused on coal, but it participates in 20 local projects in Australia.	
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	<p>AGL is going to let its power stations run until the end of their operational lives, but will not invest to extend the planned date. AGL has committed to closing its three coal utilities between 2020 and 2050, with specific end dates for each plant. The company works with community representatives to establish how employees and communities within the regions impacted by the closures can transition to new industries.</p> <p>AGL coal power plants are undergoing continual improvement to maintain and improve the efficiency of their operations, including modernization to reduce greenhouse gas (GHG), NOx and SOx emissions, as well as other pollutants registered under the <i>Australian National Pollutant Inventory</i>*. AGL also hosts a post-combustion carbon dioxide capture pilot plant alongside industry and scientific research project partners as part of a two-year research program that aims at improving the efficiency of carbon dioxide (CO₂) capture.</p>	<p>➤ Ensure proper implementation of coal power plant closures (social aspects, environmental rehabilitation, etc.)</p>
ENGAGEMENT & RESULTS	●	<p>AGL's greenhouse gas emissions intensity decreased by 4% between 2013 and 2015. Between 2015 and 2016, SOx and NOx emissions intensity rates decreased respectively by 12% and 23%.</p> <p>AGL investigates and assesses a range of circular economy and alternative uses and sources for AGL waste products and feedstocks.</p>	<p>➤ Set SOx and NOx emissions intensity reduction mid-term targets</p>

* Definition in glossary.

CEZ AS

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	①	As at December 2015, the company had coal capacity of 8,055 MW, representing 51% of the company's total installed capacity. Most of CEZ's coal power plants are located in the Czech Republic, the rest being in Bulgaria and Poland.	
POLICIES & STRATEGIES	①	CEZ doesn't have a global dedicated strategy for the management of its coal-fired power plants. It has been decided to close some coal power plants before the end of their life, which will impact coal capacity that will gradually decline and is expected to drop by 30%. CEZ has identified the highest-emitting, oldest and least efficient coal power plants in its fleet and has been closely monitoring the emissions of each power plant. In the last two years, the company has been investing to reduce SOx and NOx emissions in compliance with stricter environmental regulations.	➤ Set a target for proportion of renewables/coal in the company's energy mix
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	③③③	For each of its coal power plants, CEZ reports on closing or refurbishment plans and timeframe. The minimal requirements for the construction of a new coal power plant often go beyond local requirements, as the choice is made for the best technology available in respect of environmental impacts and economical aspects.	➤ Ensure implementation of the closure/sale of coal power plants (social aspects, environmental rehabilitation, etc.)
ENGAGEMENT & RESULTS	②②	The company is one of the most transparent in the sector in terms of reporting: details are given for each power plant on installed capacity, generated volume, carbon, SOx, NOx, and CO ₂ emissions and intensity. CEZ coal fleet's emissions intensity has been improving marginally due to improved turbine efficiency and to the upgrading of the coal power plant fleet.	➤ Develop circular economy initiatives reusing coal waste

CHINA RESOURCES POWER

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, China Resources Power had coal capacity of 30,120 MW, representing 87% of the company's total installed capacity. All of the company's coal power plants are located in China.	
POLICIES & STRATEGIES	●	The company releases the list of its thermal power plants, but the main developments and measures planned for each plant, e.g. modernisation or closure, are not disclosed. 9% of coal power plants are considered by the group as inefficient; China Resources Power plans to either modernise them, convert them into cogeneration units or close the ones that are not financially worth modernising. The company continues to build one new coal plant a year but is also allocating 44% of its total <i>Capex</i> * to the development of renewable energies. Therefore, the share of renewables in China Resources' energy mix is set to increase from 15% to 20% by 2020. China Resources participates in international coal initiatives such as <i>BetterCoal</i> * and is also developing circular recycling projects with industries to help reduce pollution.	<ul style="list-style-type: none"> ➤ Increase transparency by reporting detailed list of coal power plants amongst thermal power plants, and the dedicated measures planned for each power plant ➤ Set a target for proportion of coal in the company's energy mix
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	The company plans to shut down the oldest, smallest and least efficient coal power plants. The other coal power plants are under a global modernisation plan that started in 2014 and is scheduled for completion by the end of 2017 (before the mandatory 2020 timeframe imposed by the Chinese government): the ultra-low emission technology is being implemented, resulting in a drastic decrease in terms of SO _x , NO _x , and particles emissions (at a lower level than gas power plants). Each new power plant built has to be equipped with this technology and have a low coal consumption rate.	<ul style="list-style-type: none"> ➤ Ensure proper implementation of coal power plant closures (social aspects, environmental rehabilitation, etc.)
ENGAGEMENT & RESULTS	●●●●	SO _x and NO _x emission rates decreased by almost 53% and 72%, respectively, between 2013 and 2015, while CO ₂ emissions remained stable. Coal consumption rate decreased from 320g/kWh in 2012 to 303g/kWh in 2016, which meets the Chinese government's requirements. A new technology is being tested at one of the company's coal power plants in order to lower this rate below regulatory requirements to 270g/kWh. More generally, the company is seeking to reduce its environmental impact by developing numerous pilot R & D projects on the transTraining of coal-fired power plants and by developing circular economy initiatives to reuse coal-bearing waste.	<ul style="list-style-type: none"> ➤ Set up specific mid-term targets for emissions reduction ➤ Implement measures to reduce CO₂ emissions

* Definition in glossary.

DRAX

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, Drax had coal capacity of 2,257 MW, representing 57% of its total installed capacity. The company's coal power plants are located in the UK.	
POLICIES & STRATEGIES	●●●●	<p>In November 2016, the UK government announced a consultation on the closure of all unabated coal generation by the end date of 2025. The company's answer to the problem of coal is sustainable biomass: Drax has upgraded and converted half of its power stations to biomass technology and plans to convert its three remaining coal power plants to biomass with appropriate policy frameworks. Drax has therefore reduced its coal-fired electricity generation from 93% at end-2012 to 30% at end-June 2016.</p> <p>Drax has a target of 50% reduction in CO₂ emissions intensity by 2017 vs. 2007, which was already reached in 2015. The company won't be building any new coal power plants.</p>	<p>➤ Work closely with the government to ensure the policy framework enabling acceleration of coal conversion to biomass</p>
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●●●	All coal power plants are equipped with de-nitrification systems for NOx abatement and desulfurisation systems for SO ₂ abatement, in accordance with local environmental requirements.	
ENGAGEMENT & RESULTS	●●	<p>Carbon emissions intensity decreased by 35% between 2013 and 2015. SOx and NOx emissions intensity decreased by almost 45% and 20%, respectively, between 2013 and 2015. Drax has been able to achieve these reductions through the progressive conversion of its coal power plants to biomass.</p> <p>Drax reuses by-products from the generation process: one million tonne of ash produced in 2015 was sold as a cement replacement product and aggregates.</p>	<p>➤ Roll out circular economy initiatives reusing coal waste on a larger scale</p>

DUKE ENERGY

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●	As at December 2015, the company had coal capacity of 18,697 MW, representing 33% of its total installed capacity. All of the company's coal power plants are located in the US, since all coal assets in Latin America have recently been sold.	
POLICIES & STRATEGIES	●●●●	<p>The company discloses the list of its power plants and of the measures planned for each plant. Duke Energy prepares forward-looking "integrated resource plans" for its various utility companies on a regular basis. These detailed, highly technical plans are based on the company's thorough analysis of many factors, including existing coal power plants, future coal plant retirements, electricity demand forecasts, the costs of new power plants, fuel price projections and potential environmental and regulatory scenarios. Since 2009, a price on carbon emissions that could be introduced in 2020 has been factored into the models.</p> <p>In 2005, coal accounted for 58% of US generation output (MWh). This proportion decreased to 35% in 2015. It is expected to decrease further to 23% in 2030. Duke Energy does not plan to build any new coal-fired power plants in the US in the foreseeable future. The company set targets to reduce CO₂ emissions by 2020 compared to 2005, both in absolute terms (17% reduction) and in intensity (27% reduction). By 2015, Duke Energy had already reduced its emissions in absolute terms by 28%, well above the target set for 2020.</p> <p>Duke Energy provides substantial support to an independent, non-profit organisation, the <i>Electric Power Research Institute (EPRI)*</i>, to conduct research and development for the electric power industry, including <i>advanced ultra-supercritical (A-USC)*</i> power plant research.</p>	
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●●●	<p>The company has been moving its power plant fleet to lower carbon fuels and renewables in accordance with federal emissions and state regulations, the economics of coal and its efficiency when compared to natural gas and the age of coal plants. The company gives a detailed list of actual/planned coal unit retirements in its sustainability report. During the early stages of decommissioning, and in the demolition and restoration phases, chemicals and other materials are removed and land is rehabilitated.</p> <p>Most coal plant units that will remain in operation already have NOx catalytic reduction technology and scrubbers to lower nitrogen oxide and sulfur dioxide emissions.</p>	<ul style="list-style-type: none"> ➤ Ensure implementation of the closure/sale of coal power plants (social aspects, environmental rehabilitation, etc.)
ENGAGEMENT & RESULTS	●●	<p>Since 2005, US carbon emissions have decreased by 28%, SOx emissions by 90% and NOx emissions by 68%.</p> <p>During the 2000s-2010s, Duke Energy installed technology in most of its operating coal units to store fly ash in dry form. The company is closing legacy coal ash basins to better address security and environmental concerns and to minimize the impact on communities while managing the associated costs. Duke Energy plans to close all of its coal ash basins by 2029 and has safely moved more than five million tonnes of coal ash from six sites to permanent solutions so far in 2016. In 2015, 63% of the ash produced was recycled to make concrete or as a structural fill material in lieu of soil.</p>	<ul style="list-style-type: none"> ➤ Continue reporting efforts on ash basin closure and emissions monitoring ➤ Roll out ash recycling to other power plants

* Definition in glossary.

EDF SA

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	①	At end-2015, EDF had coal-fired capacity of 9,800 MW, or 7% of the group's total capacity. These plants are located in France, the United Kingdom, Poland and China. Given the strategic challenge, both in labour and in energy terms, the group has very limited leeway, which might explain the time between the decision to shut down or sell a coal power plant and its effective implementation.	
POLICIES & STRATEGIES	③③③	EDF provides a list of fossil-fired plants and performed a review of its portfolio of fossil assets to determine a specific strategy by country and then for each of the plants. In connection with its <i>CAP 2030*</i> Strategy, the Group has set itself a target of withdrawing from coal and has decided not to build any new coal power plants. The group is more in favour of selling or closing plants than converting them to another source of energy, even though in the past EDF has converted coal-fired power plants to fuel or gas. EDF is one of the founding members of <i>BetterCoal*</i> , an international initiative bringing together energy utilities and aiming to promote corporate responsibility in the coal supply chain and to ensure respect for fundamental rights in mines.	➤ Increase transparency by providing the list of coal-fired power plants within the list of fossil-fired plants.
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	③③③	As part of its objective to exit coal, the group is studying the possibility of closing or selling each of its plants, with no precise timing as this process is subject to local regulatory approvals. All of the group's coal plants have been upgraded in order to reduce SOx and NOx emissions, in accordance with the environmental regulations in force. Concerning <i>CCS*</i> technology, the group has taken part in experiments and pilot projects and maintains a high level of awareness on the subject, even though at this stage the technology is not considered mature enough to be rolled out.	➤ Ensure correct implementation of plant closures / sales (social aspects, environmental rehabilitation, etc.).
ENGAGEMENT & RESULTS	③③③	Due to the sale of the coal assets and the upgrade of existing plants, the group's carbon, SOx, and NOx emissions intensity decreased by 20%, 35% and 40%, respectively, between 2013 and 2015. The group has a long-standing engagement in projects to have ash recycled by other industries (cement, gypsum), as well as using the hot water produced by coal-fired power plants for thermal reuse.	➤ Apply the most exacting environmental standards to the entire power plant portfolio.

* Definition in glossary.

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, the company had coal capacity of 16,841 MW, representing 19% of its total installed capacity. The company's coal power plants are mostly located in Italy and Spain. Slovakia has been deconsolidated and Russia's Reftinskaya plant is undergoing a selling process.	
POLICIES & STRATEGIES	●●	<p>The company's strategic plan includes power plant sales and decommissioning. In Italy, in particular, the company has included in its "Futur-E" project the closure of three coal power plants; Porto Marghera has already been sold while Bastardo and Genova are at the end of their operating life. Decommissioning plans are supported by the commitment to carry on with the "Futur-E" project launched in Italy in 2015 for a different use of plant sites after the end of their service life, encouraging and supporting the next owner to develop the most suitable and sustainable intended use in the local context.</p> <p>The company has not set a short-term target for the proportion of coal in its energy mix. This is due to the fact that the company has a long-term target to decarbonize its mix by 2050.</p> <p>The company's current targets in terms of emissions are a 25% reduction in CO₂ emissions by 2020 vs. 2007, and a 30% reduction in SOx and NOx emissions by 2020 vs. 2010. Enel also have a target relating to particulates emissions reduction of 70% by 2020 vs 2010. The company won't be building any new coal power plants.</p> <p>Finally, Enel participates in international coal initiatives such as <i>BetterCoal</i>®.</p>	<ul style="list-style-type: none"> ➤ Increase transparency by reporting the detailed list of coal power plants and dedicated measures planned for each power plant. ➤ Set a target for the proportion of coal in the company's energy mix.
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	<p>Investments are planned to align coal power plants with best sector practices, which entails installing and/or improving efficiency of the best available techniques to reduce pollutant emissions at all operational power plants, also aimed at improving efficiency.</p> <p>Italian and Chilean coal fleets are equipped with abatement systems aligned with the best available technologies: de-nitrification systems for NOx abatement, desulfurisation systems for SOx abatement and de-dusting systems, already installed at all sites. The Spanish coal fleet will be aligned as soon as implementation of the Transitional National Plan has been completed. The 2017-2019 plan includes initial investment to align Colombia to best sector practices</p>	<ul style="list-style-type: none"> ➤ Roll out improvement of efficiency and techniques for pollutant emissions reduction to other power plants. ➤ Accelerate the modernisation timeframe to go beyond legal requirements.
ENGAGEMENT & RESULTS	●●	<p>Carbon emissions intensity decreased by 12% between 2007 and 2015. NOx emissions intensity decreased by 10% between 2010 and 2015, while SOx emissions intensity increased by 10% during that period.</p> <p>All ash and flue-gas desulphurisation gypsum from Italian coal power plants are recovered, replacing equivalent raw material in industrial use.</p>	<ul style="list-style-type: none"> ➤ Develop circular economy initiatives reusing coal waste to a larger scale.

ENGIE

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	①	At end-2015, Engie had coal-fired capacity of 13.3 GW (on a consolidated basis), or 16% of the group's total capacity. These plants are located mainly in Australia, Poland, the United Kingdom and Germany. In 2016, the group announced the sale or closing of more than 50% of its coal capacity (based on installed capacity at end-2015).	
POLICIES & STRATEGIES	③③③	Engie provides the list of coal-fired power plants. In October 2015, the group decided to stop building coal-fired power plants. Engie is involved in a process of decarbonising and optimising its existing capacity by replacing coal power plants by more efficient units. The group aims to reduce its average carbon intensity by 10% (in kg/MWh) between 2012 and 2020, an objective that it revised upwards in 2016 to 20%, within the scope of its decision to stop new coal projects. Furthermore, the group's objective is for low-carbon-intensive activities to account for more than 90% of its <i>EBITDA</i> * by 2018.	➤ Perform a review of portfolio of fossil assets in order to identify those to be targeted for a possible withdrawal from coal.
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	③③③	In November 2016, Engie announced the closure of the Hazelwood plant in Australia by March 2017. In 2014, a brush fire had spread to the nearby coal mine, emitting a cloud of toxic fumes for an entire month. The group also sold its shares in coal assets and its coal plants in Indonesia, India, America and Poland and shut down Vado Ligure in Italy, Rugeley in the United Kingdom and Gelderland in the Netherlands. The group's coal plants have been upgraded in order to reduce SOx and NOx emissions, in accordance with the environmental regulations in force.	➤ Ensure correct implementation of plant closings / sales (social aspects, environmental rehabilitation, etc.).
ENGAGEMENT & RESULTS	③③	Carbon emissions intensity increased by 5% between 2013 and 2015 as a result of the full-year operation of two new coal-fired power plants in Germany and the Netherlands. The intensity of SOx and NOx emissions was reduced by 15% and 6%, respectively, between 2013 and 2015. The group has implemented several initiatives to recover the waste produced by its coal-fired plants, notably through contracts for coal ash recovery in Chile and the United Kingdom.	➤ Put in place measures to reduce carbon emissions intensity. ➤ Roll out waste recovery initiatives on a broader scale.

* Definition in glossary.

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	○○	As at December 2015, RWE had coal capacity of 19.8 GW, representing 41% of its total installed capacity. The company's coal power plants are mostly located in Germany, in the UK and in the Netherlands. RWE cannot act independently from the political framework: security of supply has to be maintained, which has to be taken into account before any coal power plant closure decision.	
POLICIES & STRATEGIES	○○	<p>The company discloses the list of its coal power plants along with the detail of specific measures for each of its coal power plants. No short-term target in terms of the share of coal in its energy mix has been set.</p> <p>The company has a current target of 0.62 mt CO₂/MWh for its carbon intensity by 2020, the 2015 carbon intensity being 0.708 mt CO₂/MWh. RWE has committed to increasing its power plants' energy efficiency to a target value of 40.3% by 2018, the 2015 average efficiency of energy use being 40.2%. RWE has no plans to build new coal power plants.</p>	<p>➤ Participate in international initiatives and roundtables linked to climate change mitigation and improving coal quality.</p>
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	○○	<p>According to the German government's commitment to reduce its CO₂ emissions by 40% by 2020 compared with levels in 1990, older and less efficient lignite-fired power plants should be phased out from the grid from 2016. Five power plant units operated by RWE of 300 MW each will be used for security standby over a period of four years and will then be shut down completely. In the Netherlands, a power plant was decommissioned in 2016.</p> <p>All coal power plants are equipped with de-nitrification systems for NOx abatement and desulfurisation systems for SOx abatement in accordance with local environment requirements.</p>	<p>➤ Ensure implementation of the closure/sale of coal power plants (social aspects, environmental rehabilitation, etc.).</p>
ENGAGEMENT & RESULTS	○○	Carbon emissions intensity decreased by 6% between 2013 and 2015. SOx and NOx emissions intensity decreased by almost 30% and 20%, respectively, between 2013 and 2015. RWE recycles part of its ash coming from lignite power plants, using it as certified fly ash for building materials or as aggregates for construction roads and footpaths. Most of the gypsum produced by flue-gas desulfurisation systems is used for recycling in the building materials industry.	<p>➤ Develop circular economy initiatives reusing coal waste to a larger scale.</p> <p>➤ Set SOx and NOx emissions intensity reduction targets.</p>

SOUTHERN COMPANY

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●	As at December 2015, the company had coal capacity of approximately 14 GW, representing 33% of its total installed capacity. The average age of Southern Company's coal units is 50 years. All of the company's coal power plants are located in the US, except for a small plant in the Bahamas.	
POLICIES & STRATEGIES	●●	<p>The company discloses the list of its coal power plants with their age and capacity. Southern Company has already retired some of its coal units. In addition to plant closures, several units have been converted from coal to natural gas. The company has no firm commitment to retire additional coal capacity. Southern Company evaluates each of its coal power plants every year based on nine scenarios depending on future natural gas prices and possible CO₂ prices. If the coal power plant appears economically viable under these scenarios, investments are made to modernise it and meet or exceed environmental regulations. If not, the coal power plant is closed. Therefore, by 2020, the share of coal in Southern Company's energy mix should be in a range of 25% to 35%, assuming a low or high natural gas pricing scenario.</p> <p>Southern Company is involved in multiple Research & Development efforts related to its existing generation fleet and partners with other entities, such as the Department of Energy, <i>Electric Power Research Institute (EPRI)</i>* and equipment manufacturers.</p>	<p>➤ Increase transparency by reporting dedicated measures planned for each power plant (date of closure, modernisation...).</p>
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	<p>The company has no firm commitment to retire additional coal capacity, but it recently converted over 2,000 MW of coal capacity to use natural gas as the primary fuel, the lowest cost option at these facilities.</p> <p>Southern Company is currently building the Kemper County integrated gasification combined cycle <i>IGCC</i>* plant, which would be the first designed to capture carbon dioxide (2/3 of the CO₂ emitted) by turning coal into gas. This demonstrates Southern Company's strategy of pursuing coal power plant modernisation with <i>CCS</i>* technology.</p> <p>Southern Company is equipping its coal power fleet with environmental controls such as baghouses, selective catalytic reduction devices (SCRs), and flue gas desulfurisation (FGD) in addition to working on the <i>CCS</i>* technology closely with the National Carbon Capture Center in Wilsonville, Alabama.</p> <p>Except for its very small units, all of Southern Company's coal power plants are equipped with desulfurisation, denitrification, mercury capture and particle capture systems.</p>	<p>➤ Roll out coal units' transTraining on a larger scale.</p> <p>➤ Modernise all of the coal units to reduce pollutant emissions.</p>
ENGAGEMENT & RESULTS	●●	<p>Southern Company's coal power plants' emission rates meet or exceed the targets set by local regulations. Mercury emissions have decreased by 79% since 2005. SO_x and NO_x emissions have decreased by 64% and 40%, respectively, since 2011, and by 91% and 84% since 1990.</p> <p>Southern Company seeks to operate all its power plants in compliance with environmental regulatory requirements, including new rules and regulations as they become applicable, such as the potential <i>Clean Power Plan</i>*.</p> <p>About 40% to 50 % of Southern Company's coal waste is sold for reuse to other industries. Moreover, the company committed to stop putting its coal ashes in pounds and place them in landfills with monitored water in order to reduce water pollution.</p>	<p>➤ Explore research and development on preliminary quality of coal to reduce its emissions.</p> <p>➤ Set up specific mid-term and long-term targets for air emissions reduction (SO_x, NO_x, CO₂).</p>

* Definition in glossary.

TRANSALTA

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●	As at December 2015, Transalta had coal capacity of 4,931 MW, representing 56 per cent of its total installed capacity. TransAlta operates three coal power plants, is a joint-venture partner in two plants in Alberta, Canada, and operates one in the Pacific Northwest (US). The Province of Alberta released its <i>Climate Leadership Plan*</i> in 2015, which outlines anticipated plans to implement a new carbon market from 2018, and retire all Alberta's coal power plants by 2030. It also gives incentives to develop renewable energies for wind and solar to account for 30 per cent of Alberta's energy mix by 2030. Transalta has therefore built its strategy to comply with this regulation, sooner than what is expected.	
POLICIES & STRATEGIES	●●	<p>The company discloses the list of its coal power plants with their capacity and their planned retirement date. To comply with regulations, TransAlta previously planned to exit coal by 2030, shutting down all of its coal units between 2019 and 2030. However, TransAlta has recently announced an agreement with the Government of Alberta to accelerate its transition away from coal. As per the plan, the company will be converting coal plants to gas in the early 2020's and ramping up the development of renewable energy sources. The company is the largest wind producer in Canada and largest hydro producer in Alberta and is well positioned to grow its renewable fleet. In summary, TransAlta plans neither to modernise any of its coal power plants nor build new coal power plants, but to convert coal plants to gas in order to reduce greenhouse gas emissions sooner and maintain system reliability during the transition of the Alberta power market.</p> <p>The company does not participate in global climate-related initiatives focused on coal, but it has been a long standing member of the Canadian Clean Power Coalition and annual revenue from its coal fired power generation in Alberta is directed to the CCEMC (Climate Change and Emissions Management Corporation), a local non-profit organisation in Alberta that supports projects to help Alberta reduce greenhouse gas emissions and adapt to climate change. TransAlta also sits on the board of several local trade associations working on climate change and energy transition.</p>	
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	TransAlta will exit coal by 2030, at the very latest. Two coal units will be shut down by 2019, and the majority of operated coal units will be converted to gas in the early 2020's. Any remaining coal units be retired by 2030. Therefore, the company does not plan any coal power plant modernisations, either to limit SOx, NOx and dust emissions, or to implement new technologies such as <i>CCS*</i> .	➤ Ensure implementation of coal power plant closures (social aspects, environmental rehabilitation, etc.).
ENGAGEMENT & RESULTS	●●	Transalta is optimising its coal-power plants' production efficiency as well as its CO ₂ emissions thanks to a preliminary quality analysis of the coal in three external laboratories. Furthermore, 80% of mercury emissions are captured. Since 2005, SOx emissions intensity has decreased by 31% and NOx emissions intensity by 10%. Transalta has set specific reduction targets for air emissions, such as a 95% reduction target for both NOx and SOx emissions by 2030. The company should achieve these targets by transforming coal units into gas and by closing the rest of its coal power plants. TransAlta recycles part of its coal by-product materials through circular economy initiatives.	

* Definition in glossary.

UNIPER

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	1	As at December 2015, Uniper had coal capacity in Central Europe of 9 GW and 0.9 GW of lignite capacity, representing 28% of its total installed capacity. The company's coal power plants are mostly located in Germany, in the UK and in France.	
POLICIES & STRATEGIES	2	<p>The company discloses the list of its power plants but without specifying measures for each of its coal power plants. No short-term target in terms of the share of coal in its energy mix has been set.</p> <p>The company has no emissions reduction targets for CO₂, SOx or NOx emissions.</p> <p>The company won't be building any new coal power plants and is in an ongoing process of shutting down any power plant that isn't profitable in the current regulatory environment.</p>	<ul style="list-style-type: none"> ➤ Participate in international initiatives and roundtables linked to climate change mitigation and improving coal quality. ➤ Set carbon, SOx and NOx emissions intensity reduction targets.
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	2	Modernising old, inefficient coal power plants doesn't seem relevant to the company. Uniper highlights that the average efficiency of its coal power plants is better than the mean efficiency of the sector. All coal power plants are equipped with de-nitrification systems for NOx abatement and desulfurisation systems for SOx abatement in accordance with local environment requirements. 7.5 GW of coal power plants are to be shut down between 2012 and 2017. Uniper's coal capacity was 18.5 GW in 2012.	<ul style="list-style-type: none"> ➤ Ensure implementation of closure/sale of coal power plants (social aspects, environmental rehabilitation, etc.).
ENGAGEMENT & RESULTS	2	<p>Carbon emissions intensity decreased by 10% between 2013 and 2015. SOx and NOx emissions intensity decreased by almost 35% and 20%, respectively, between 2013 and 2015. In order to reduce its carbon emissions, Uniper has been equipping several coal power plants with the technology for pure biomass operation. After using the Ironbridge power plant (UK) as a biomass test site from 2013 and the end of its operating life in 2015, unit 4 of Provence coal-fired power plant (France) is being converted to biomass firing.</p> <p>Uniper produces gypsum as a by-product of gas desulfurisation in its coal power plants, used as a building material in Germany, Belgium and the Netherlands.</p>	<ul style="list-style-type: none"> ➤ Roll out coal to biomass conversion to other power plants and use biomass as a fuel in a large scale. ➤ Develop circular economy initiatives reusing coal waste to a larger scale.

COMPANY A

COAL ENGAGEMENT			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
SCOPE	●●●●	<p>As at December 2015, the company had coal capacity of 26,274 MW, representing 36% of its total installed capacity. The average age of the coal units is 21 years. Most of the company's coal power plants are located in South Korea; the company participates in the operation of four other plants in China, the Philippines and Vietnam, but holds stakes of less than 50% in these sites.</p> <p>The South Korean government holds, directly or indirectly, at least 51% of the company, meaning the company will have to comply with the decisions of the 7th Long-term Electricity Supply & Demand Plan that will be announced in detail at the end of 2017.</p>	
POLICIES & STRATEGIES	●	<p>The company discloses the list of its domestic coal power plants and the main developments and measures planned for each plant; the oldest and most emitting coal power plants have been identified.</p> <p>According to the South Korean government's July 2016 announcement, in broad outlines, of the 7th Long-term Electricity Supply & Demand Plan for South Korea, all of the company's coal power plants have been divided into three groups based on their age. Each group will follow a specific retirement or modernisation plan. After decommissioning, some units will be transformed into renewable generation facilities (biomass, etc.) or LNG power plants, while others may be reused to build new coal-fired power plants.</p> <p>The company is going to add approximately 9 GW in coal assets, bringing the proportion of coal in its energy mix to 37% in 2030.</p> <p>The company does not participate in any international climate-related initiatives, but it is tracking the source of its burnt coal, 46% of which comes from Australia.</p>	<p>► Participate in international initiatives and roundtables linked to climate change mitigation.</p>
CLOSURE / MODERNISATION MEASURES IMPLEMENTED	●●	<p>Domestic plants older than 30 years (group 1) will be decommissioned or switched to a different fuel type at the end of their useful life, while investments will be made in coal plants in group 2 and 3 (under 30 years) to improve efficiency and reduce pollutant emissions before being retrofitted once they reach 30 years. The company won't extend the life of any of its existing coal power plants.</p> <p>CCS* technology has been tested successfully; it might be rolled out on a larger scale if included in the government's 2017 plan.</p> <p>Since 2005, the new coal power plants built by the company have met super-critical/ultra-critical standards, with a minimum generation efficiency of 40%. The company will not build any additional coal power plants after 2019.</p>	<p>► Ensure the proper implementation of coal power plant closures (social aspects, environmental rehabilitation, etc.).</p>
ENGAGEMENT & RESULTS	●●	<p>The company has a target of reducing its greenhouse gas emissions by 40% between 2007 and 2020, bearing in mind that the company's GHG emission rates were already 24% below the national permitted amount. CO₂ emissions decreased by 7% between 2013 and 2015, while SO_x and NO_x emissions decreased by 8.5% and 19%, respectively, between 2013 and 2015.</p> <p>South Korea, signatory to the Paris Agreement, will have to reduce its CO₂ emissions by 37% by 2030. However, the company's CO₂ emissions may increase in the near future due to the construction of additional coal thermal power plants, but they are expected to decrease longer term.</p> <p>The company operates wastewater treatment facilities for reuse or discharge, while desulfurised gypsum generated from coal-fired power plants is reused for cement production. The company is working on developing a more effective waste management system.</p>	<p>► Accelerate coal units' modernisation to reduce air emissions.</p>

Summary table of analysis

	SCOPE	POLICIES & STRATEGIES	CLOSURE / MODERNISATION MEASURES IMPLEMENTED	ENGAGEMENT & RESULTS
AMERICAN ELECTRIC POWER (AEP)	○○	○○	○○○	○
AGL ENERGY	○○	○○	○○	○
CEZ AS	○	○	○○○	○○
CHINA RESOURCES POWER	○○	○	○○	○○○
DRAX	○○	○○○	○○○	○○
DUKE ENERGY	○	○○○	○○○	○○
EDF SA	○	○○○	○○○	○○○
ENEL	○○	○○	○○	○○
ENGIE	○	○○○	○○○	○○
RWE	○○	○○	○○	○○
SOUTHERN COMPANY	○	○○	○○	○○
TRANSALTA	○○	○○	○○	○○
UNIPER	○	○○	○○	○○
COMPANY A	○○○	○	○○	○○

Theme 2 - Eliminate child labour in the supply chains of tobacco and cocoa sectors

Presentation of the theme

In 2015, 193 countries agreed upon the target 8.7 of the United Nations Sustainable Development Goals (SDG) which calls to “take immediate and effective measures to [...] secure the prohibition and elimination of the worst forms of child labour, including the recruitment and use of child soldiers, and by 2025 end child labour in all forms”.

This citation depicts the global agreement about the urgent need to end child labour. Latest numbers from the International Labour Organisation (2013) suggest that worldwide around 168 million children are engaged in child labour. This absolute count translates into a 10% prevalence rate in the Asia Pacific region and an even more striking incidence rate in Sub-Saharan Africa, where almost every fourth child is engaged in child labour (21.4%).

The roots of child labour are diverse and complex. In an attempt to decrypt the underlying causes, it can be stated that the main reason to push children to enter the working world is the poverty of households. Economic inequality, insufficient access to schooling or a lack of quality employment opportunities may further perpetuate the vicious circle of poverty that spurs the occurrence of child labour.

Another factor that increases the complexity of the issue of child labour is the broad variety of forms in which child labour can occur. While major international guidelines determine the broad definition of child labour, the forms of child labour found depend not only on the country and local laws but also on the sector of activity .

In recent years, the international press as well as Non-Governmental Organisations increasingly reported on incidences of child labour within global value chains. With 60%, the majority of children implicated in child labour are said to work in agriculture (60%), one of the most dangerous sectors in terms of its high incidence rate of work related fatalities. Unfortunately, the complexity of multinational's agricultural supply chains increases the difficulty of establishing the duty of care from parent companies for issues such as child labour.

Sectors under review

Two of the most controversial agricultural sectors in relation to child labour are the production of cocoa and tobacco:

■ Cocoa

Ghana and the Ivory Coast are the world's leading cocoa producers (60% of global cocoa supply) as well as the two cocoa producing countries that are most at risk when it comes to child labour. In 2015, approximately 2.12 million children were implicated in child labour which constitutes an increase of 21% since 2009. Furthermore, many of the activities related to cocoa farming fall under the category of the worst forms of child labour. For instance, practices that are "likely to harm the health, safety, or morals of children" such as working with agrochemicals or the use of "hazardous tools" like bush knives to cut the cocoa pods from the trees (ILO Convention No. 182).

■ Tobacco

During the process of tobacco leaf harvesting, children that work on tobacco farms are engaged in different forms of hazardous work, particularly due to the exposure to the *Green Tobacco Sickness* (GES). GES is a form of nicotine poisoning inherent to the cultivation of tobacco, which is caused by an ongoing absorption of nicotine through the skin into the blood stream. Fainting, dizziness, nausea, vomiting, abdominal cramps, diarrhoea, increased heart rate and transpiration are the illness' symptoms. Children are particularly exposed to GES since their bodies have not yet built up any tolerance against nicotine.

International legislation and initiatives

The ILO Convention Number 138 was adopted in 1973 and defines all forms of labour that are likely to compromise the (I) health, (II) safety (III) or moral integrity of a child as hazardous work that should not be executed by children younger than 18 years old. About 26 years later, in 1999, the ILO adopted the Convention Number 182 which defines the worst forms of child labour according to four major pillars. These two conventions outline the scope of economic activities for children that fall under the realm of child labour and define the age limitations for said activities.

Apart from this international standards, during the past decade, collaborative private sector initiatives have started to emerge that should help increased the duty of care of parent companies. Concerning the cocoa and tobacco industry, two prominent initiatives that bring together private sector companies and public sector actors to combat child labour in supply chains are the Harkin-Engel Protocol and the Eliminating Child Labour in Tobacco Growing Foundation. While both initiatives have gained the support of international organisations and government officials, it remains unclear to what extent private sector companies act as executor of the terms defined within these initiatives.

Examples of initiatives against child labour in the cocoa and tobacco industries :

NAME	DATE	DESCRIPTION
COCOACTION INITIATIVE	2014	An initiative launched by companies from the cocoa industry that constitutes a voluntary industry-wide strategy aiming at the development of partnerships between governments, cocoa farmers and the cocoa industry to help increase farmer's productivity and to strengthen community development in the Ivory Coast and Ghana.
INTERNATIONAL COCOA INITIATIVE	2002	The ICI is an organisation promoting child protection in cocoa-growing communities. It facilitates the collaboration between the cocoa industry, civil society and national governments in cocoa-producing countries to ensure the elimination of child labour.
HARKIN-ENGEL PROTOCOL	2001	A protocol established by US Senator Tom Harkin and Representative Eliot Engel with private sector representatives. It aims at eliminating the worst forms of child labour in the cocoa industry through the development of industry-wide standards and independent monitoring, reporting, and public certification programmes and includes a commitment to a time-bound solving approach implemented in the Ivory Coast and Ghana. The Tulane Report serves as independent assessment of the improvements achieved. In 2010, the Declaration and the Framework of Joint Action to Support the Implementation of the Harkin-Engel Protocol were established in order to recall the pledge made in 2001 and to elaborate on concrete activities necessary in order to achieve the new aim of reducing the worst forms of child labour by 70% until 2020.
ELIMINATING CHILD LABOUR IN TOBACCO FOUNDATION	2000	The foundation aims at preventing child labour and at protecting and improving the lives of children in tobacco growing areas. Through community projects, research and policy negotiation the ECLT wants to allow children in tobacco growing communities to have access to a healthy, educated and safe life.

Main criteria of the analysis

■ Strategy & policies

In order to evaluate the policies of companies we analysed if the strategy outlined by the firms is based on the ILO Conventions No. 182 and 138. Furthermore it was inquired if the policy includes qualitative and quantitative goals, if it the scope of the policy is accurate and if the firm established a special policy against child trafficking. an adequate policy scope.

■ Implementation

The focus to analyse the quality of the implementation lied on five particular aspects: (I) collaboration with local entities to increase the efficiency and reach of the policy; (II) an outline of the supply chain including a risk assessment; (III) farming training to increase the yields; (IV) awareness raising about the issue of child labour and on how to prevent its occurrence for farmers and community members.

■ Assessment

Evaluating the implementation activities and its results is a crucial aspect to increase transparency and credibility. It should include an internal and external assessment with adequate reach and frequency, the implementation of monitoring and performance measurement indicators on the incidence of child labour and on the scope and results of the farming and awareness raising programmes as well as a high level of transparency on areas for improvement.

■ In case of non-compliance

Companies' performances in the case of non-compliance was evaluated by analysing if the firms have implemented a grievance and remediation system and how transparent they are on the results and reach of the mechanisms.

Best practices

KEY POINTS	BEST PRACTICES
CHILD LABOUR	
POLICY & STRATEGY	<ul style="list-style-type: none"> ➤ Precise policy to combat child labour, including qualitative (e.g. targeted populations) and quantitative objectives (e.g. budget size allocated to combat child labour should be in relation to the country risk and the size of the company) ➤ Establishment of a Supplier Code of Conduct ➤ Coherence with standards defined by national and international authorities such as the ILO Convention No. 182 on the worst forms of child labour and the ILO Convention No. 138 on the minimum age for admission to employment and work ➤ Implementation of a special policy and operational plan against child trafficking
IMPLEMENTATION	<ul style="list-style-type: none"> ➤ Collaboration with governments, institutions and NGO's to gain understanding of the context on the ground and to increase the efficiency of child the labour strategy ➤ Mapping of entire supply chain including stakeholders and identification of associated risks ➤ Clearly defined structure of representation & support on the ground ➤ Education on issue of child labour for local communities and staff members (farmers, traders, suppliers, families, teachers) ➤ Training and support for farmers on methods that help create higher returns without hiring child labour
ASSESSMENT	<ul style="list-style-type: none"> ➤ Performance tracking via internal and independent external assessment ➤ Active communication on results, objectives and areas for improvement of the activities to fight child labour ➤ Adjustments of policies, indicators and objectives according to the audit results ➤ Formulation of monitoring and performance measurement indicators ➤ Active communication on scope and results of the training/education workshops (qualitative and quantitative)
IN CASE OF NON-COMPLIANCE	<ul style="list-style-type: none"> ➤ Implementation of an efficient mechanism through which farmers, workers and contractors can report child labour incidences ➤ Active communication on number and reach of complaints ➤ Streamline and systematise remediation system at operational level ➤ Active communication on scope and result of the remediation system (e.g. Scope: mechanism of control to ensure child labourer found are in possession of their birth certificates; Result: number of children reintegrated in school etc.)

Summary of the engagement of the companies from the sectors

Tendencies and major points for improvement

■ Tendencies

The results of our analysis show that the companies from both sectors have dedicated policies based on the ILO Convention No. 182 and 138 that aim at the elimination of child labour within their supply chains. Nonetheless, for most of the actors the policies remain rather broadly formulated.

Furthermore, cocoa and tobacco firms collaborate with local actors to implement actions against child labour. In particular, all the companies interviewed provide farmers with technical support and training that aims at improving their yields and a majority of firms has put in place initiatives to educate farmers and community members about the dangers and possibilities to prevent child labour.

In view of high public pressure, in recent years, a number of firms have started increasing their level of transparency on their child labour performance through frequent independent assessments whose results are publicly communicated. For most parts, the indicators used to communicate the performances remain rather broad but the overall level of transparency is improving.

■ Points for improvement

On a general note, certain points remain to be improved in order to increase the duty of care of the firms:

- Strategy & Policies: enhancing the quality of policies by incorporating a set of qualitative and quantitative goals in the strategy outline; formalise a policy on child trafficking.
- Implementation: streamline initiatives for the education of farmers and community members on the issue and the prevention of child labour; increase scope of farming and awareness raising programmes implemented to a higher percentage of the supply chain; map out the supply chain in detail and identify risk areas in relation to child labour.
- Assessment : improve the reach and frequency of external assessments to an adequate level; communicate on a broad set of detailed and informative performance measurement indicators that allow for a higher level of transparency and the identification of areas of improvement.
- In case of non-compliance: put in place a grievance mechanism that is accessible at a farm level; streamline a remediation system with adequate case-by-case action plans; increase transparency on number and type of complaints and remediation activities.

From the 10 companies interviewed, 8 have agreed to be cited by name within this report.

BRITISH AMERICAN TOBACCO

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	1	<p>The strategy of British American Tobacco (BAT) comprises child labour and sets out a policy framework to combat the issue.</p> <p>A crucial element of the policy is the Supplier Code of Conduct through which the company aims at ensuring that all its operations are free from child labour. It does so by indirectly referring to the ILO Convention No. 138 and No. 182 on the minimum age for work. To complement this strategy, it could be useful to include quantitative and qualitative objectives concerning child labour in the Sustainability Agenda.</p> <p>According to BAT, child trafficking is not a key risk in the tobacco industry, which is why the firm has not established an explicit policy but rather implicitly covers the subject within its wider human rights policy.</p>	<ul style="list-style-type: none"> ➤ Set up overall quantitative and qualitative objectives comprising the child labour strategy ➤ Include an operational plan against child trafficking in the policy outline
IMPLEMENTATION	2	<p>The highly vertically-integrated company works with local stakeholders and NGOs on community programmes for the prevention of child labour in various sourcing countries. The Government on the Blossom Programme in Mexico or the Growing Up Right Programme in Brazil are two such examples.</p> <p>Apart from these community initiatives, the company implemented its child labour policy through the industry initiative Social Responsibility in Tobacco Production programme (SRTP). The SRTP sets out the minimum performance expectations for BAT's tobacco leaf suppliers and also comprises guidelines for activities to prevent child labour. The aim is to understand the reasoning behind child labour, to increase access to schooling and to address vulnerability through an efforts tracking system.</p> <p>The more than 1,000 BAT leaf technicians have supported 90,000 farmers in increasing their yields. BAT also provides educational programmes on risk factors such as the green tobacco sickness. Nevertheless, it would be interesting to learn more about what the assistance generated by the leaf technicians entails and if the farmers are supported in providing personal protective equipment to prevent the green tobacco sickness.</p> <p>After 15 years, the SRTP was replaced by the Sustainable Tobacco Programme (STP) in 2016. This industry initiative initiated in 2015 is said to draw on best sector practices while being aligned with external standards. It will be interesting to see if this cross-sectoral approach increases the efficiency of BAT's child labour initiatives and how it will be put into practice by BAT.</p>	<ul style="list-style-type: none"> ➤ Increase transparency about content and scope of SRTP/STP initiative in relation to child labour ➤ Communicate on indicators that exhibit the frequency, scope and results of the programmes undertaken under the SRTP/STP ➤ Continue implementing further community initiatives
ASSESSMENT	2	<p>Under the SRTP, the company conducted an internal audit in the form of annual self-assessments of its first-tier leaf suppliers and independent external auditors from <i>AB Sustain*</i> assessed these suppliers every four years. Under the STP, the visits will increase to a frequency of every three years. The external audit is announced 48 hours in advance and conducted on a sample of farms.</p> <p>The leaf supplier's anti-child labour scores and sustainability performances are available online at the Sustainability Performance Centre. It would be interesting to learn in greater depth what the score contains and how it is calculated.</p>	<ul style="list-style-type: none"> ➤ Implement child labour indicators to monitor progress and to identify areas for improvement ➤ Increase transparency about scope and results of internal and external assessments through the sustainability performance centre
IN CASE OF NON-COMPLIANCE	1	<p>According to the company, a core element of the STP programme are grievance mechanisms in the form of farmer clubs, whistleblowing, relationships with field technicians and other channels. Furthermore, BAT seems to have established a well-functioning remediation system. It would be interesting to learn more about the firm's actions in case of non-compliance.</p>	<ul style="list-style-type: none"> ➤ Increase transparency on the workings of the grievance mechanism and of the remediation system

* Definition in glossary.

IMPERIAL BRANDS

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	1	<p>Within the Modern Slavery Act 2015 Statement, Imperial Brands makes reference to its stand against human trafficking and child labour. The company detaches itself from any form of forced labour and bases its operations on the standards outlined in the Modern Slavery Act, the UN Declaration of Human Rights and ILO Conventions. Imperial Brands expects its suppliers to comply with these international standards that are included in the Code of Conduct, but also with local laws and regulations, particularly in the context of child labour.</p> <p>Furthermore, the company established a general qualitative objective for the combat against child labour, which broadly states that Imperial Brands shall continue working to eliminate child labour.</p>	<ul style="list-style-type: none"> ➤ Set up quantitative and qualitative objectives comprising the child labour strategy
IMPLEMENTATION	2	<p>Imperial Brands works with suppliers and stakeholders by specifying required labour standards and by supporting local projects that aim at risk mitigation. For instance, Human Rights Watch (HRW) approached Imperial Brands in 2014 as part of its research on child labour in tobacco growing in the USA. The two entities engaged in order to share the firm's approach to addressing child labour and the perspectives and recommendations of HRW.</p> <p>All of Imperial Brands' leaf suppliers must participate in the industry's Social Responsibility in Tobacco Production (SRTP) programme. Within the SRTP, the suppliers take part in capacity-building activities to increase their income and to improve agricultural techniques. Also, they receive training on health and safety standards and crop protection, the appropriate use of agro-chemicals and on specific requirements regarding Personal Protection Equipment to mitigate the risk of nicotine poisoning. In 2016, the SRTP evolved to be replaced by the more challenging industry-initiative the Sustainability Tobacco Programme (STP). It incorporates the same areas – including child labour protection – as covered by its predecessor, but does so in greater depth. Hence, the updated programme is supported by Imperial Brands' regional Leaf Sustainability Managers, who work in partnership with suppliers, and by Leaf Technicians, who work directly with growers.</p> <p>Other measures provided to prevent child labour include training sessions related to human rights and social accountability standards. It would be interesting to learn more about the scope and the content of such trainings.</p>	<ul style="list-style-type: none"> ➤ Precise how the STP will be implemented and to what extent the programme contains actions regarding the fight against child labour ➤ Communicate on indicators that exhibit the frequency, scope and results of the programmes undertaken under the STP ➤ Communicate on the scope of the training on child labour issues
ASSESSMENT	2	<p>The company assesses its first tier suppliers internally. Also, in order to increase the reach of supplier standards throughout the wider supply chain, Imperial Brands encourages its suppliers to evaluate sub-contractors against set standards. Until now, assessments included self-audits of the leaf suppliers via questionnaires and a monitoring procedure, with on-site visits by an independent third party once every four years to check the declarations made in the self-assessments. The company indicates its willingness for greater public disclosure of the external and internal assessment going forward.</p> <p>In 2016, the company launched a human rights assessment for all first tier leaf suppliers and non-tobacco material suppliers that identified the most prominent risks for each stakeholder, whereby child labour was not identified as one such risk.</p>	<ul style="list-style-type: none"> ➤ Set up indicators and performance measurement indicators for child labour ➤ Increase the frequency of the external assessment ➤ Communicate on the scope and results of internal and external assessment
IN CASE OF NON-COMPLIANCE	1	<p>Any case of non-compliance will bring about an increase in monitoring and visits and, at worst, a termination of the contract. It would be interesting to learn if accessibility to the grievance and remediation mechanism is guaranteed for suppliers at farm level.</p>	<ul style="list-style-type: none"> ➤ Implementation of a grievance mechanism

JAPAN TOBACCO INC.

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	①	<p>With the ILO's support, JT Group has developed a clear strategy to fight child labour. The strategy is based on three pillars (social, economic, and regulatory) that aim at addressing the underlying causes which foster the occurrence of child labour.</p> <p>The group's policy of the Agricultural Labour Practices (ALP) refers directly to the ILO Conventions No. 138 and No. 182. In view of such a concise strategy to fight child labour, it is surprising to note that the JT Group has not specifically formalised a special policy against child trafficking.</p>	<ul style="list-style-type: none"> ➤ Set up overall quantitative and qualitative objectives comprising the child labour strategy ➤ Include an operational plan against child trafficking in the policy outline
IMPLEMENTATION	②③	<p>The JT Group puts its strategy against child labour into practice by implementing its own field programmes. In 2013, the company launched the Agricultural Labour Practices (ALP) in order to complement the industry initiative SRTP. The ALP define standards expected from farmers in relation to child labour prevention, workers' rights and health and safety. Furthermore, the ALP provide training in agricultural practices for farmers to achieve a sustainable yield increase.</p> <p>All first tier farmers have signed the ALP or localised versions. This represents 50% of total farmers. In 2015, the JT Group started to encourage merchants who supply the company with the other 50% of tobacco leaves to apply the ALP within their supply chain. The JT Group therefore hopes to achieve full coverage of its leaf supply chain with the ALP by 2019.</p> <p>The second initiative in place is the <i>ARISE programme</i>* (Achieving Reduction of Child Labour in Support of Education) which was initiated in 2012 with the support of the ILO and the US-based NGO Winrock International. The preliminary goal of ARISE is to tackle the underlying causes of child labour through education and higher living standards. In 2015, ARISE helped take a daily average of around 26 children out of child labour and provided a total of 32,160 people with education about child labour.</p> <p>So far, ARISE has been implemented in Brazil, Malawi, Zambia and Tanzania. Hopefully, the JT Group will continue to implement the purposeful initiative in other countries from which the company sources tobacco. One can also look forward to the establishment of a 100% coverage of the leaf supply chain in respect of the ALP. It will be interesting to learn more about the scope of the programme during this process.</p>	<ul style="list-style-type: none"> ➤ Continue to implement the ARISE programme in other countries ➤ Define risk areas for child labour ➤ Introduce child labour sensitising programmes to educate farmers and communities on the issue of child labour and communicate on it with adequate indicators about the scope and results
ASSESSMENT	②	<p>Under the ALP programme, the JT Group trained farming experts to observe labour practices during farm visits and to suggest improvement possibilities. In 2015, 7% of tier one leaf suppliers underwent such an internal assessment with the aim of reaching 100% by 2019. The observations made by the farming experts allow the JT Group to use this data to further develop its programmes and to provide personalised social investment and remediation support.</p> <p>The results of the collaborative works are publicly available in the form of a set of key indicators.</p>	<ul style="list-style-type: none"> ➤ Establish an independent external assessment mechanism ➤ Increase the number of quality indicators on child labour ➤ Communicate in depth on audit findings and frequency
IN CASE OF NON-COMPLIANCE	②	<p>If non-compliance is detected, the JT Group claims to initiate corrective action plans and operational remediation activities. It would be interesting to learn more about the company's remediation system as well as the accessibility of the company's grievance mechanism.</p>	<ul style="list-style-type: none"> ➤ Ensure accessibility of grievance mechanism

* Definition in glossary.

PHILIP MORRIS INTERNATIONAL

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	○○	<p>Philip Morris International (PMI) committed itself to progressively eliminating child labour and other labour abuses and to establishing safe and fair working conditions. The policy objectives are adapted individually to countries from which PMI or its suppliers source tobacco.</p> <p>PMI explicitly states in its ALP Code, mandatory for all tobacco leaf suppliers, that there shall be no child labour. Among others, the code includes the standards set out in the ILO Convention No. 138 on the minimum age for work and defines special conditions for child work on family farms.</p> <p>Furthermore, PMI established special procedures against child trafficking in countries where the risk is elevated (Mozambique, Malawi, etc.).</p>	
IMPLEMENTATION	○○	<p>Through the knowledge provided by the NGO Verité, PMI was able to set up the Agricultural Labour Practices Program (ALP), one of the pillars of the Good Agricultural Practices (GAP).</p> <p>As part of the ALP, the company and its suppliers compiled farm profiles of 91% of PMI's global sourcing footprint. The farm profiles allow for insights into the socio-economic conditions of a farmer. Based on the results and a farm-by-farm monitoring throughout the crop season, PMI can assess the risks present in the countries and on each farm specifically.</p> <p>The company sought to contract farmers directly, which enabled the implementation of ALP and increased its reach. PMI therefore shifted gradually from a multi-layered purchasing system towards an integrated production system. Today, around 3,500 field technicians visit the 450,000 contracted farms under the ALP Program to provide technical support on good agricultural practices. Furthermore, the field technicians assist the farmers in implementing the ALP Code, notably by providing training on child labour, the green tobacco sickness and personal protective equipment.</p> <p>In 2015, the company collaborated with a total of 31 NGOs to complement operational investments to promote sustainable tobacco production with community initiatives aimed at improving quality and access to education, providing economic opportunity and empowering women.</p>	
ASSESSMENT	○	<p>The field technicians are not only in charge of technical support, but also conduct internal monitoring. This comprises a systematic assessment of individual farmers' performances measured against the 7 principles and 32 measurable standards of the ALP Code. PMI communicates the performances through indicators, revealing interesting data on the scope of the programme and areas in need for improvement. Nonetheless, it would add to the company's successful reporting if it were to include the frequency of field technicians' visits in the data provided.</p> <p>The Control Union (CU) is the independent external auditor of the ALP Program. So far, CU conducted assessments in Brazil, Mexico, Italy, the Philippines, the United States, Indonesia, Tanzania, Colombia, Poland, Turkey and Mozambique. The selection of states was chosen by taking into consideration the relative volumes of tobacco sourced as well as the geographical and socio-economic diversity. The results of the reports are publicly available and include corrective action plans.</p>	<ul style="list-style-type: none"> ➤ Communicate about frequency of assessments and visits of field technicians ➤ Continue increasing the scope of the external auditing system
IN CASE OF NON-COMPLIANCE	○○	<p>If non-compliance is detected, PMI works in collaboration with the farmers and suppliers to achieve improvements. In case of persistent lack of action, the contract will ultimately be terminated.</p> <p>Since 2013, PMI has been working with suppliers to establish targeted grievance mechanisms for workers and farmers across its supply chain.</p>	<ul style="list-style-type: none"> ➤ Continue to improve and further implement the grievance mechanism and communicate on it

SWEDISH MATCH

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	1	<p>As part of its human rights policy, Swedish Match expresses its strategy concerning worker's rights which also incorporates the combat against child labour.</p> <p>The company's Supplier Code of Conduct is in accordance with numerous international standards and includes direct references to the UN Convention on the rights of children as well as the ILO Conventions No. 138 and No. 182.</p> <p>The Swedish enterprise has not integrated a special policy against child trafficking in its strategy.</p>	<ul style="list-style-type: none"> ➤ Set up overall quantitative and qualitative objectives comprising the child labour strategy ➤ Include an operational plan against child trafficking in the policy outline
IMPLEMENTATION	2	<p>Despite its particular role as a relatively small tobacco company specialised in the production of snus, moist snuff and chewing tobacco, Swedish Match is a board member of the ECLT with equal rights and responsibilities. The company states that collaborations with entities such as the ECLT are preferable, since they increase the reach of the actions taken compared with activities the company could launch by itself.</p> <p>Swedish Match sources tobacco through intermediaries and not from farmers directly. The company therefore decided to work with its tobacco suppliers to eliminate child labour in its supply chain.</p> <p>Hence, the company states that it supports industry collaborations such as the Sustainability Tobacco Programme (STP) that replaced the Social Responsibility in Tobacco Production (SRTP) in 2015. However, Swedish Match reveals only limited information about the extent of support and the results of the programmes.</p> <p>Considering Swedish Match's position in its supply chain, it would be interesting to know more about the details of the engagement of the company with its suppliers and industry peers to reach compliance.</p>	<ul style="list-style-type: none"> ➤ Increase transparency on initiatives supported by the company and what role the company takes within such initiatives ➤ Create a risk assessment of the supply chain to channel resources efficiently on specific points of intervention
ASSESSMENT	3	<p>As part of the internal assessment programme, the company's tobacco purchasers visit suppliers and tobacco markets annually to promote and discuss social issues such as the respect for human rights, which also includes child labour.</p> <p>Through the STP programme, suppliers that are defined as "higher risk suppliers" have to fill out a self-assessment questionnaire on a yearly basis. AB Sustain subsequently performs independent external audits during which it visits suppliers and farms every three years to compare the reality on the ground to the statements made in the questionnaire.</p> <p>In addition to the internal and external audit mechanisms established by Swedish Match, the intermediary companies that serve Swedish Match's demand for tobacco have put in place their own assessments to audit for child labour. It would be of interest to get to know the absolute scope of the assessments as well as findings and results.</p>	<ul style="list-style-type: none"> ➤ Increase scope of internal assessment ➤ Communicate on results and scope of external and internal assessments of the whole supply chain; use results to develop improvement plans
IN CASE OF NON-COMPLIANCE	3	<p>While a grievance mechanism is absent, the company established a system of remediation that constitutes of action plans and dialogue processes to follow up on breaches of compliance.</p>	<ul style="list-style-type: none"> ➤ Establish a grievance mechanism to report non-compliance ➤ Communicate on workings and results of remediation system

LINDT & SPRÜNGLI

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	○○	<p>Lindt & Sprüngli has set out a strategy to combat the causes of poverty among cocoa farmers which includes the fight against child labour.</p> <p>In that regard, the company requires its suppliers to comply with the Supplier Code of Conduct, which includes a prohibition of child labour according to the ILO Conventions No. 138 and 182. Additionally, the Supplier Code of Conduct prohibits child trafficking. Although no specific action plan is established, the firm's Minimum Requirements for Internal Monitoring include the verification against child trafficking.</p>	<p>➤ Set up overall quantitative and qualitative objectives comprising the child labour strategy</p>
IMPLEMENTATION	○○	<p>The Farming Programme was developed as the company's own action plan to increase the sustainability of its supply chain. Lindt & Sprüngli chose to implement the programme on its own initiative in order to increase the company's responsibility for its supply chain.</p> <p>The majority of Lindt's cocoa beans are sourced in Ghana where its only supplier is Ecom. In 2008, Ecom and Lindt founded the NGO Source Trust with the aim of 100% ensuring the traceability of its cocoa beans sourcing in Ghana and of verifying the progress made by the farmers on the ground. The goal of full traceability was attained in 2008 in Ghana, while the aim to verify 100% of the progress was reached in 2016. An important step to reach the objective was to identify the actors of the supply chain in Ghana by registering all the 52,757 farmers that Lindt sources from. Lindt organised them in groups of 25-50 farmers and GPS-mapped 36,000 cocoa farms. For 2017, Lindt plans to follow up on Ghana's success story in Ecuador and Madagascar, by aiming at reaching a traceability of 95% and a verification percentage of 90% for its total cocoa bean supply. With regards to other cocoa products such as cocoa butter, the firm started a sustainable cocoa butter project in October 2016 that so far covers 10% of the butter supply.</p> <p>The NGO Source Trust not only serves as an enabler for increased traceability but also as an ecosystem builder. For instance, in order to increase the yields, more than 52,000 farmers received training on agricultural practices and the issue of child labour. In order to finance these training sessions and to increase the farmers' income, Lindt Country a premium for each tonne of traceable and verified cocoa.</p>	
ASSESSMENT	○	<p>In 2016, Lindt established a verification guidance document for the cocoa sector, outlining the internal monitoring standards and processes as well as specifying that every farmer who is part of the Farming Programme should be visited as often as needed and at least once per year. For instance, the number of visits should depend on a risk assessment or necessary corrective action plan supervision.</p> <p>Since 2016, The Forest Trust* (TFT) has been conducting the external assessments for Lindt. From now on, results and recommendations of the annual visits will be published online on the TFT Transparency Hub. It will be interesting to see if publications on the Transparency Hub contain indicators providing inTraining on the scope and progress of Lindt's initiatives as well as indicators on child labour monitoring.</p>	<p>➤ Communicate on a set of indicators to assess child labour monitoring results and the scope and progress of initiatives implemented</p>
IN CASE OF NON-COMPLIANCE	○○	<p>Cases of child labour are remediated in the form of corrective action plans, while re-audits assure improvements. In case of ongoing non-compliance, the farmers ultimately have to leave the Farming Programme. In view of this solid performance considering remediation activities, it would be interesting to know if Lindt has put in place a mechanism to facilitate confidential non-compliance-reporting that is accessible at farm level.</p>	<p>➤ Implement a complaints system</p>

* Definition in glossary.

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	○○○	<p>Nestlé has developed a comprehensive set of policies as part of its strategy to combat child labour that includes quantitative and qualitative timebound objectives. The company's Supplier Code abides by the prohibition of child labour in accordance with the ILO Convention No. 138 and No. 182.</p> <p>Furthermore, Nestlé has established a zero tolerance rule for child trafficking and states that it reports incidences to the appropriate authorities when child trafficking is detected.</p>	
IMPLEMENTATION	○○	<p>The company collaborates with a broad set of institutions to put in place its child labour policy. For instance, as member of the <i>International Cocoa Initiative</i>* (ICI) and the Child Labour Cocoa Coordinating Group the company introduced the programme "Nestlé Cocoa Plan" (NCP) in the Ivory Coast, through which efforts for the fight against child labour are channelled.</p> <p>In 2016, the NCP covered 30% of Nestlé's total cocoa sourcing. As part of the plan, farmers receive training and support in good agricultural practices in order to increase their yields. Good farming practices are further encouraged through a premium paid for each tonne of quality cocoa.</p> <p>In addition, by the end of 2015, more than 12,000 farmers and 35,000 community members were included in Nestlé's Child Labour Monitoring and Remediation System (CLMRS). Important aspects of this are awareness raising on various aspects of child labour, including the impact on a child's health as well as the importance of birth certificates and education for children.</p> <p>Nestlé plans to cover 100% of the NCP with its CLMRS by 2016. The company has mapped out its whole supply chain covered by the CLMRS and established a set of monitoring and performance measurement indicators to review the support on the ground. However, the numbers are not decisive considering the scope of the initiatives.</p> <p>As proof of the industry-wide recognition that the CLMRS has gained, the members of the CocoaAction initiative decided to implement the CLMRS in the supply chain of all participating companies.</p>	<p>► Communicate on indicators to estimate the efficiency of the NCP</p>
ASSESSMENT	○○	<p>The CLMRS mainly functions as an internal assessment mechanism based on a system of 53 Child Labour Agents and 917 Community Liaison People who continuously collect data on the supply chain and child labour.</p> <p>Nestlé was the first company in the cocoa industry to collaborate with the Fair Labour Association (FLA) in 2012. Since then, the FLA has been conducting the external assessment of the firm's NCP supply chain. Due to this collaboration, Nestlé achieves a high level of transparency on the method, timeline, frequency and results of the assessment. Based on the FLA's findings, Nestlé formulates corrective action plans and adjusts its objectives in order to guarantee the ongoing improvement of the CLMRS.</p> <p>However, the internal and external assessment covers only farms under the NCP, or the CLMRS respectively, which means that the other 70% of cocoa farmers who do not yet receive farming training or education on child labour are not monitored.</p>	<p>► Increase reach of internal and external assessment</p>
IN CASE OF NON-COMPLIANCE	○○	<p>The CLMRS includes a remediation system in the event child labour is detected. The remediation actions are taken on a case by case basis and therefore vary in their scope. In its external assessment, the Fair Labour Organisation stated that workers and producer's families are not fully aware of the existence of a grievance mechanism and/or do not have access to it.</p>	<p>► Continue to broaden the scope of the grievance mechanism</p>

OLAM

CHILD LABOUR			
THEMES	LEVEL (1 TO 3)	ANALYSIS	RECOMMENDATION(S)
POLICIES & STRATEGIES	1	<p>The company has formulated a strategy to combat child labour that is based on concrete policy plans. One such policy is Olam's Supplier Code, which is built in direct reference to the ILO Conventions No. 138 and No. 182. Olam has also set itself an objective, included in its child labour strategy, of not having to report any compliance breaches during audits.</p> <p>Child trafficking constitutes a major concern for the company, which has led it to establish a zero-tolerance policy and an operational plan against child trafficking.</p>	<ul style="list-style-type: none"> ➤ Set up overall quantitative and qualitative objectives comprising the child labour strategy
IMPLEMENTATION	2	<p>Olam collaborates with numerous local bodies such as "Coffee – Cocoa" Council and the "National Monitoring Committee" against the worst forms of child labour in the Ivory Coast, in order to promote the implementation of its strategy. For instance, the company uses the results of the Olam Farmers InTraining System (OFIS) not only to assess the risk of child labour on each farm, but also to detect where schools are lacking. This inTraining is used to build schools in collaboration with the government.</p> <p>Olam's implementation strategy is based on a broad set of action plans. Concerning the actions taken to teach farmers about child labour, the company educates its suppliers about the Supplier Code through posters and leaflets that illustrate the Code in pictograms in order to make the inTraining contained accessible for the illiterate. Furthermore, in partnership with selected branded Chocolate companies and the Fair Labour Association (FLA), Olam is implementing the Project CLEAR, an internal monitoring system that aims at increasing awareness and compliance with labour standards, particularly with child labour rules. CLEAR has so far been implemented in three cooperatives in the three key producing regions and the results are then rolled out to all the supply chain.</p> <p>Under the Olam Livelihood Charter Olam trained 28,000 farmers to increase their yields by providing pre-finance, cocoa seedlings and training in agricultural practices by 2015. The programme also includes farmer entrepreneurship training to improve their management capability.</p> <p>In 2015, Olam reported having achieved 100% traceability of its traceability of its certified & sustainable cocoa supply in the Ivory Coast. This positive result sums up the efforts made by the company in recent years to combat child labour and particularly to support sustainable practices in its supply chain.</p>	<ul style="list-style-type: none"> ➤ Extend coverage of CLEAR project to other cooperatives ➤ Communicate on indicators to estimate the efficiency of the CLEAR programme and the Livelihood Charter Programme
ASSESSMENT	2	<p>Since 2011, Olam is an affiliate member of the Fair Labour Association (FLA) who monitors its supply chain in the Ivory Coast. The results of the annual independent assessment are published and include recommendations and corrective action plans.</p> <p>Under the FLA Olam has implemented the Child Labour Monitoring and Remediation System (CLMRS) in all their certified & sustainable cocoa cooperatives. As part of this implementation, a first report on productivity indicators and later on also on community development performance measures will be published by Cocoa Action in 2017.</p>	<ul style="list-style-type: none"> ➤ Establish monitoring indicators to increase transparency on scope and quality of the programmes ➤ Increase coverage of external audit and communicate the frequency of internal audits
IN CASE OF NON-COMPLIANCE	1	<p>As part of the CLMRS, Olam coordinates remediation plans and corrective actions with the cooperatives. Efficiency has been increased through the implementation of a grievance policy including a help line number that is distributed to all cooperatives and farmers under the revised Supplier Code.</p>	<ul style="list-style-type: none"> ➤ Establish a grievance mechanism and increase coherence of remediation efforts

Summary table of analysis

	POLICIES & STRATEGIES	IMPLEMENTATION	ASSESSMENT	IN CASE OF NON-COMPLIANCE
TABACCO				
BRITISH AMERICAN TOBACCO	⊙	⊙⊙	⊙	⊙
IMPERIAL BRANDS	⊙	⊙⊙	⊙	⊙
JAPAN TOBACCO	⊙	⊙⊙	⊙	⊙
PHILIP MORRIS INTERNATIONAL	⊙⊙	⊙	⊙⊙	⊙⊙
SWEDISH MATCH	⊙	⊙	⊙	⊙
COCOA				
LINDT & SPRÜNGLI	⊙⊙	⊙⊙	⊙	⊙⊙
NESTLÉ	⊙⊙⊙	⊙⊙	⊙⊙	⊙⊙
OLAM	⊙	⊙⊙	⊙⊙	⊙

THEMES INITIATED IN 2014 AND 2013: ANALYSIS OF CHANGES IN CORPORATE PRACTICES

Full review of the practices of the companies met in 2014, in order to assess their progress and identify major changes in their practices on the theme of compliance of minerals from conflict zones.

Reminder of the theme

Context

For decades, the African Great Lakes region has been infamous for the atrocities that have taken place there and for recurring armed conflict. NGOs estimate that between 1980 and 2000, these conflicts cost the lives of more than 100,000 civilian victims every year. The total number of victims is over 5 million, armed forces and civilians combined.

Today, armed groups are still fighting over territory and on religious and ethnic grounds. These tensions are particularly apparent in the Kivu region, between the Democratic Republic of Congo (DRC) and its neighboring countries (Uganda, Rwanda, Burundi and Tanzania). In order to get funding, these armed bands levy illegal taxes on minerals (notably gold, tungsten, tantalum and tin) extracted from artisanal mines in the African Great Lakes region. The exploitation by these militias of the DRC's mineral wealth contributes directly to the proliferation and entrenchment of violence and to multiple human rights violations in this territory. *Conflict minerals** trade enables armed bands to secure funding in the amount of tens of millions of dollars every year.

In concrete terms, the main impacts concern:

- Human rights: extreme working conditions, child labour, violence, armed conflict.
- Environment and ecology: mineral extraction with no consideration for the environment, effluents discharged without any treatment, plundering of resources.
- Economic development: the region's growth is hampered by the diversion of mineral resources.

Illicit trafficking, smuggling and racketing of all kinds are perpetrated on a huge scale. Some NGOs (*notably Enough Project**) mention amounts ranging from \$150m to \$250m, plus around \$250m for the Rwandese militia over the period from 1998 to 2000 alone.

Sector reviewed

■ Electronics

Although the regulations defined in section 1502 of the *Dodd-Frank Act** concern a large number of industries, some sectors are more closely concerned. This is notably the case for automotive, electronics, luxury and electronics. Furthermore, the restricted scope of the Dodd-Frank was expanded by the European legislation.

In order to better assess the quality of risk management, suggest sources of improvement and issue recommendations, we initiated an engagement policy covering this issue. We decided to focus on the electronics sector for several reasons:

- It is highly exposed given its significant dependency on these minerals: tin is broadly used for welding and alloys (1% to 2% of the total weight of laptops and smartphones), while two-thirds of the tantalum extracted globally is used for the capacitors used in electronics.
- The great variety of players (in terms of country, size and activity) and the disparity between them in terms of progress made in this area. While some companies seem to be lagging with regard to conflict minerals, others stand out by their good practices, showing that it is possible to certify some conflict-free products even in a sector where it is difficult to have a thorough control of the supply chain.
- The heavy impact on the sector of the US legislation and the imminent adoption of similar regulations in Europe, which will soon trigger obligations for European companies.

* Definition in glossary.

Reminder of best practices identified

KEY POINTS	BEST PRACTICES
CONFLICT MINERALS IN THE ELECTRONICS SECTOR	
POLICY & STRATEGY	<ul style="list-style-type: none"> ➤ Specific policy, including qualitative objectives (e.g. assisting suppliers) and quantitative objectives (e.g. the proportion of conflict-free certified products). ➤ Policy of influence in favour of the legislation on conflict minerals. ➤ Training courses for employees on this theme (e.g. purchasing managers). ➤ Procedure for monitoring implementation of corporate policy. ➤ Monitoring and performance measurement indicators. ➤ Communication on results, objectives, areas for improvement, etc. ➤ Transparency on the deployment of the policy, audits and controls.
TRACEABILITY	<ul style="list-style-type: none"> ➤ Identification of country of origin of 3TG minerals with suppliers. ➤ Transparency of the list of smelters using one of the 3TG and the respective country of origin of these minerals. ➤ Support for suppliers, proportion of suppliers having a specific policy.
CONTROL, MONITORING, CERTIFICATION	<ul style="list-style-type: none"> ➤ Participation in the <i>Conflict-Free Smelter Early Adopters Fund*</i>, which partly finances smelter audits. ➤ Foundry control and certification missions. ➤ Training courses for the suppliers as well as the employees of the company concerned, surveillance, monitoring.
ENGAGEMENT & RESULTS	<ul style="list-style-type: none"> ➤ Conflict-free certification of group products and of smelters used in the supply chain. ➤ Publication of a special report on conflict minerals. ➤ Extend issue of responsible procurement to other countries posing problem (e.g. tin in Indonesia). ➤ Participation in sector initiatives like the <i>CFS*</i> and <i>EICC-GeS*</i>. ➤ Participation in NGO initiatives (<i>Enough*</i>, <i>Raise Hope*</i>, <i>Resolve*</i>...). ➤ Number of controversies related to conflict minerals. ➤ Suitable response in the event of controversy (rapid public response and corrective actions).

* Definition in glossary.

Trend and major areas for improvement

In the course of our analysis, we noted that issues related to managing the conflict minerals risk were taken into account by most companies in the electronics sector, with a small number of players lagging somewhat.

Given its strong dependence on conflict minerals, the electronics sector had to develop traceability processes for its supply chain at a very early stage. Sector initiatives such as the *Electronics Industry Citizenship Coalition (EICC)** and the *Globale Sustainability Initiative (GeSI)** helped increase the number and quality of audits of the smelters related to these four minerals.

Given increasing regulatory and public pressure on the players in this sector, some of which have particularly strong brand visibility, the transparency of the supply chain has recently made significant progress, which should lead to the dissemination of best practices within the sector.

More generally, certain points could be improved by implementing the following measures:

- Policy & Strategy: Check that suppliers' engagements comply with *EICC** Code of Conduct.
- Traceability: Implementation of a policy associated with clear action and improvement plans; transparency of communication on systematic compliance control of suppliers.
- Control, monitoring, certification: Implementation of a more systematic approach with suppliers; financing of smelter control and certification inspections to contribute to the development of a secure and high-quality database; implementation of direct or indirect certification audits and site visits; setting up of the means necessary to achieve the engagements announced.
- Engagement and results: Implementation of quantified objectives to achieve

Changes in corporate practices since previous analysis

As we emphasised in 2014 and 2015, the issues related to responsible supply of minerals in conflict zones seem to be well taken into account by companies through their specific policies. They focus on monitoring and supporting suppliers through training and corrective action plans.

While at present, the Dodd Frank Act and European regulations are binding and require importers in these regions to ensure traceability, Chinese regulation is currently represented only by voluntary industry guidelines.

In the last two years, we have seen real momentum concerning this subject, notably in various guides for businesses for a better management of this issue and for consumers for a better understanding of responsible purchasing related to this topic.

The companies in our panel kept up their strong momentum, with the most advanced players pushing their efforts even further.

* Definition in glossary.

In terms of traceability, the most advanced companies have reaffirmed their good positioning in terms of transparency and identifying minerals' country of origin, while progress has been made by those players that were lagging. Specific surveys have been conducted and special attention was paid to supporting suppliers so that they work with smelters on audits of the "Conflict Free Smelter" programme. Monitoring of and communication with suppliers has been strengthened, with particular attention paid to their specific policies and a requirement for responsible sourcing for the most easily traceable minerals, such as tantalum.

Regarding the control and certification aspects, progress is visible. In line with the recommendations of our 2014 engagement report, some players have joined market initiatives on this theme and initiated financial support for smelter controls and audits, while others have progressed towards greater transparency and more frequent use of controls and audits as part of market initiatives. We were able to observe a better knowledge of the supply chain and of suppliers thanks to the development of dedicated tools and programmes.

Regarding engagements and results, the various players we met continued to strengthen supplier monitoring and now have more formalised and detailed policies. Some players have made genuine progress in the last two years. For instance, Intel managed to develop the first fully "conflict-free"-certified microprocessor. A significant proportion of industry players were able to justify 100% conflict-free certification of their tantalum smelters. There is room for improvement, but the results obtained during our engagement period clearly showed a positive trend.

This 2016 report concludes our work on minerals from conflict zones. The regulatory framework is now well in place and in our view, companies have reached a certain degree of maturity on this topic. We noted several key points. First, the theme is taken into account in many different ways in the industry, with some players having made particularly good progress while others were just starting their reflection on the subject and are still in the process of rolling out their dedicated policy. The players concerned have gained a strong awareness of the issue and what with stricter regulations tending to become widespread, we have seen a real improvement and formalisation of the policies of the various sector players. We hope that our dialogue will have helped place the issue of responsible sourcing of minerals from conflict areas at the heart of the debate in the electronics sector, enabling each sector player to reflect on this topic, better understand it and allocate appropriate resources to it.

In 2014, of the five companies we met, two agreed to be mentioned by name and one wished to remain anonymous in our report. In 2016, on a panel reduced to four companies following the mergers of two stocks in our sample, three agreed to be mentioned by name and one did not wish to continue the dialogue.

Detailed fact sheets

ERICSSON

THEMES	LEVEL (1 TO 3)	DYNAMIC	STATUS (OF RECOMMEN- DATIONS)	ANALYSIS	RECOMMENDATION(S) RENEWED OR NEW
POLICIES & STRATEGIES	○○	▲	●	<p>In 2014, when we initiated our engagement approach with the company, it had not formalised a specific policy on conflict minerals. In response to our recommendation on improving communication on systematic compliance control of suppliers, the company has been increasing supplier communication and has continued to implement its strategy and the statement on Conflict Minerals, both internally and at suppliers. The company's current targets are a 95% response rate and a long term objective of 100% conflict-free smelters in its entire portfolio. The company's Conflict Minerals Report (CMR) includes the name of smelters included in its supply chain and tables showing the number of conflict-free smelters in its supply chain.</p> <p>The company would do well to set up a more transparent policy on conflict minerals and a clear plan for action and improvement.</p>	<ul style="list-style-type: none"> ➤ Set up a more transparent policy on conflict minerals and a clear plan for action and improvement. ➤ Communicate more on systematic compliance control of its suppliers.
TRACEABILITY	●	➤	○	<p>As a member of the Conflict Free Smelter Initiative (CFSI) and a user of their tools for traceability, the company has conducted supply chain surveys to increase traceability. In response to our recommendation on inciting suppliers to adopt a specific policy and purchase only from certified sources, the company has been encouraging suppliers to source only from certified smelters.</p> <p>Emphasis has thus been placed on outreach efforts with suppliers, resulting in higher response rates, better quality of responses and a higher share of certified smelters.</p>	<ul style="list-style-type: none"> ➤ Increase number of smelter visits so as to improve knowledge of supply chain. ➤ Encourage suppliers to adopt specific policy and create strong incentives to make them purchase only from certified sources.
CONTROL, MONITORING, CERTIFICATION	○○	▲	○	<p>In response to our recommendation on adopting a more systematic approach with its suppliers, the company has put in place several programmes to improve knowledge of its supply chain. Thus, in the last year, a specific, free of charge, webinar on conflict minerals was launched and promoted among the company's suppliers. Several follow-up activities with suppliers were also launched to increase their understanding of and commitment to conflict-free sourcing.</p>	<ul style="list-style-type: none"> ➤ Adopt a more systematic approach, better perceived by suppliers, to benefit from the legislation on conflict minerals so as to improve knowledge of its supply chain.
ENGAGEMENT & RESULTS	○○	▲	●	<p>As mentioned in 2014, the company has a leading position in the Digital Europe Group on conflict minerals. 95% of the smelters in its supply chain are currently certified as conflict-free or in the process of becoming certified as conflict-free.</p> <p>In 2015, the company concluded, based on its supplier surveys and due diligence activities, that all of the tantalum smelters identified as being part of its supply chain were certified as conflict-free by CFSI.</p> <p>In connection with our recommendation to rely on sector initiatives, the company is engaged and actively cooperates with other major manufacturers and participates in 3TG industry initiatives such as the Conflict Free Sourcing Initiative (CFSI) driven by the Global e-Sustainability Initiative (GeSI) and the Electronic Industry Citizenship Coalition (EICC).</p>	<ul style="list-style-type: none"> ➤ Rely to a greater extent on sector initiatives and methods of other sector players.

DYNAMIC : ▲ positive ➤ neutral ▼ negative

RECOMMENDATIONS : ● followed ● Partially followed recommendations and/or being introduced ○ not been followed — no recommendations issued in 2014

* Definition in glossary.

THEMES	LEVEL (1 TO 3)	DYNAMIC	STATUS (OF RECOMMEN- DATIONS)	ANALYSIS	RECOMMENDATION(S) RENEWED OR NEW OR COMPLETED
POLICIES & STRATEGIES	○○○	▲	●	<p>Intel focused on the management of its supply chain, more specifically the issue of conflict minerals, from a very early stage. The company has been strengthening its leadership in this issue with each passing year. Hence, in pursuit of a conflict-free supply chain, Intel has been raising awareness about the conflict minerals issue and inspiring consumers to make conflict-free choices.</p> <p>Its participation in sourcing initiatives such as the Conflict-Free Sourcing Initiative (CFSI) and the Conflict-Free Smelter Program (CFSP) allows Intel to collaborate regularly with other companies and industries to address this issue.</p> <p>In connection with our recommendation to extend and strengthen its policy of influence, Intel has supported initiatives that enable responsible in-region minerals trade from the DRC and adjoining countries. Intel has also been extending its work in additional regions/metals with a five-year commitment to the European Partnership for Responsible Minerals, as a founding, strategic member. In recent years, the company has made educating consumers on how to choose products responsibly a priority. Several awareness programmes have been introduced via a dedicated website and a describing the steps taken to increase and improve due diligence and transparency around conflict minerals.</p>	<p>➤ Extend and strengthen policy of influence exercised so as to drive the implementation of new laws covering other materials and geographic regions.</p>
TRACEABILITY	○○○○	➤	—	<p>As early as 2014 and our first exchanges with the company, a high level of transparency was demonstrated. Intel requests that direct suppliers identify the smelters, refiners, and countries of origin of the conflict minerals in products they supply to the company and regularly reviews and updates this in Training several times a year.</p> <p>Even though the milestone of manufacturing conflict-free microprocessors has been achieved, Intel continues to make smelter visits and support independent third-party smelter audits; encourage participation in the CFSI and CFSP; and work with business partners, governments, and NGOs to make faster and deeper strides toward conflict-free products worldwide.</p>	
CONTROL, MONITORING, CERTIFICATION	○○○○	➤	●	<p>As we mentioned in our previous report, Intel participates in the Conflict-Free Smelter Early Adopters Fund, which partly finances smelter audits and has a proactive attitude towards sector initiatives like the CFSI and EICC-GeSI. In recent years, Intel continued to work with governments and NGOs to support legitimate mineral suppliers, both independently and as part of the CFSI.</p> <p>For example, Intel supports Solutions for Hope and is an associate member of the International Tin Research Institute Tin Supply Chain Initiative. Intel is on the governance committee for the Better Sourcing Program, a newer initiative to develop in region responsible sourcing schemes. These programmes help enable responsibly sourced tin, tantalum, and tungsten from the DRC and adjoining countries to enter the supply chain by verifying that the minerals meet the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals From Conflict-Affected and High-Risk Areas. Intel also supports the U.S. Department of State and U.S. Agency for International Development Public-Private Alliance for Responsible Minerals Trade.</p> <p>By December 2016, Intel had visited 107 smelters and refiners in 23 countries, and 244 smelters and refiners had been identified as compliant with the CFSP audit protocol or similar independent third-party audit programmes. Intel is working closely with smelters and refiners which are not yet compliant to ensure they have the support needed to meet the CFSP requirements.</p>	<p>➤ Maintain leadership in these organisations and encourage companies to join these initiatives and take an active part in them.</p>
ENGAGEMENT & RESULTS	○○○	▲	●	<p>As early as 2013, we stressed the company's excellent positioning on this criterion, Intel having elaborated the first entirely conflict-free microprocessor. More recently, the company announced that all its processors are now <i>conflict-free</i>*. In response to our recommendation on extending the conflict-free certification to other products, Intel is continuing to validate more of its broader product base as free of tantalum, tin, tungsten, or gold derived from conflict minerals. Intel is a founding member of the EICC's Responsible Raw Materials Initiative, which is working to address issues in other minerals and regions.</p>	<p>➤ Extend "conflict-free" certification to other products.</p> <p>➤ Extend issue of responsible procurement to other countries posing problem (e.g. tin in Indonesia).</p>

DYNAMIC : ▲ positive ➤ neutral ▼ negative

RECOMMENDATIONS : ● followed ● Partially followed recommendations and/or being introduced ○ not been followed — no recommendations issued in 2014

* Definition in glossary.

NOKIA

THEMES	LEVEL (1 TO 3)	DYNAMIC	STATUS (OF RECOMMEN- DATIONS)	ANALYSIS	RECOMMENDATION(S) RENEWED OR NEW OR COMPLETED
POLICIES & STRATEGIES	⦿⦿	➤	⦿	As mentioned in our 2015 engagement report, Nokia has maintained its commitments toward its suppliers by organising webinars and one-on-one sessions with suppliers that needed help. There have been at least two feedback and review rounds for suppliers who are medium- or high-risk.	<ul style="list-style-type: none"> ➤ Provide more training on conflict minerals for subcontractors and suppliers and increase the company's participation in sector initiatives. ➤ Check that suppliers' engagements comply with EICC Code of Conduct.
TRACEABILITY	⦿⦿	➤	⦿	<p>Nokia has been going through major integration with the former Alcatel Lucent, revising its conflict minerals policy and updating its conflict minerals strategy by setting clear targets. The company details its progress on main KPIs in its Conflict Minerals report and its annual People and Planet report. Conflict minerals pilot audits allowed Nokia to increase its traceability.</p> <p>As mentioned in our 2015 engagement report, Nokia asked suppliers to focus on getting 100% of smelters mapped in their respective supply chains, to engage with smelters on Conflict-Free Smelter Program audits and to purchase conflict-free validated tantalum only.</p>	<ul style="list-style-type: none"> ➤ Encourage suppliers to adopt specific policy on conflict minerals and create strong incentives to make them purchase only from certified sources ➤ Heighten suppliers' awareness of this issue to encourage them to be more involved
CONTROL, MONITORING, CERTIFICATION	⦿	➤	⦿	In connection with our recommendation on funding and participating in smelter control, the company participates indirectly in smelter control and certification projects through its engagement in the Conflict-Free Sourcing Initiative and Smelter Engagement Team, helping to motivate and prepare smelters to go through third-party audits. In 2016, Nokia also contributed financially to the CFSP (industry) Audit Fund.	<ul style="list-style-type: none"> ➤ Fund and participate in smelter control and certification projects so as to contribute to the development of a reliable database. ➤ Specify origin of minerals so as to conduct, directly or indirectly, audits, certifications and site visits.
ENGAGEMENT & RESULTS	⦿⦿	➤	●	<p>In 2014, when we initiated our engagement approach with Nokia, the company highlighted the poor quality of data provided by suppliers and subcontractors and stressed the importance of having smelter inspections validated by a third party. Nokia therefore relied for certain statements in its conflict minerals report on its membership in the CFSI, using the Reasonable Country of Origin Inquiry report. In order to improve data quality and completeness, Nokia also conducted several rounds of surveys with suppliers, provided feedback on supplier templates and agreed on corrective actions if necessary.</p> <p>The company's current long-term target is to have 100% of its suppliers conflict-free and 100% of the smelters identified in its mobile networks supply chain validated as conflict-free by 2018.</p> <p>In total, Nokia identified 306 of its smelters: 70% (of the known smelters) have been validated by the CFSP or mutually recognised programmes compared with 61% in 2014. 83% (of the known smelters) are validated or active in the validation process compared with 73% in 2014.</p>	<ul style="list-style-type: none"> ➤ Set quantified objectives to achieve conflict-free certification of its smelters ➤ Implement the resources needed to meet these commitments

Summary table of analysis 2016

	ERICSSON		INTEL		NOKIA	
POLICIES & STRATEGIES	⊙⊙	↗	⊙⊙	↗	⊙⊙	↗
TRACEABILITY	⊙	➤	⊙⊙⊙	➤	⊙⊙	➤
CONTROL, MONITORING, CERTIFICATION	⊙⊙	↗	⊙⊙⊙	➤	⊙	↗
ENGAGEMENT AND RESULTS	⊙⊙	↗	⊙⊙	↗	⊙⊙	↗

DYNAMIC: ↗ positive ➤ neutral ↘ negative

RECOMMENDATIONS: ● followed ● Partially followed recommendations and/or being introduced ○ not been followed — no recommendations issued in 2014

* Definition in glossary.

Themes initiated in 2013 : N°1 - Respect for human rights in the mining and oil sectors.

Reminder of the theme

For the oil and mining sectors, we decided to focus our engagement on the integration of human rights issues. The societal pillar is fundamental and companies typically lag on the human rights aspect, which is one of the most difficult component to apprehend as it is difficult to quantify. In many respects, this is a key issue for sector players who must protect themselves from operational and reputation risks

Human rights are a cross-cutting theme, related to all essential CSR themes. Since 2011, when the UN Guiding Principles were adopted, companies have made significant efforts concerning this theme. A new momentum has been set and even if processes are still in a construction phase on the whole, we felt it was interesting to make a first status report on the adoption of these new trends.

Main recommendations made in 2013 & 2015 and their level of maturity

In the course of our analysis, we found that oil and mining companies had made not inconsiderable progress in terms of rolling out human rights policies.

The publication of the *UN Guiding Principles** on *Business and Human Rights** in 2011 was a milestone for the consideration of human rights in the corporate world. It defined an authoritative conceptual framework and set concrete recommendations, on which most mining and

energy actors based themselves to install fresh momentum in their engagement for human rights.

This new impetus can also be felt concerning the *Voluntary Principles on Security and Human Rights (VPSHR)**, which are increasingly followed.

ISSUE	MATURITY	MAIN AREAS OF PROGRESS
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	○○○	<ul style="list-style-type: none"> ➤ Better integrate human rights issues in functions and processes ➤ Strengthen training programmes to create a culture of human rights
SUPPLY CHAIN	○○○	<ul style="list-style-type: none"> ➤ Extend the scope of human rights issues in the supplier relationship ➤ Assist suppliers, influence in Joint Ventures
SECURITY FORCES	○○	<ul style="list-style-type: none"> ➤ Report transparently on risk exposure and consideration of the human rights and armed forces issue
GRIEVANCE MECHANISMS	○○	<ul style="list-style-type: none"> ➤ Streamline and systematise grievance mechanisms at operational level
PERFORMANCE INDICATORS & EXTERNAL AUDITS	○	<ul style="list-style-type: none"> ➤ Define relevant indicators with the industry so as to report on performance to all stakeholders ➤ Provide evidence

* Definition in glossary.

Reminder of best practices identified

KEY POINTS	BEST PRACTICES
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	<ul style="list-style-type: none"> ➤ Formalised, legible policies based on international standards. ➤ Clear strategy including objectives and detailed roadmap. ➤ Integration of UN Guiding Principles. ➤ Works in collaboration with <i>IPIECA</i>* (global oil and gas industry association for environmental and social issues), <i>DIHR</i>* (Danish Institute for Human Rights) or other pertinent working group. ➤ Top management support. ➤ Integration in risk management and project cycle processes. ➤ Analysis of gaps between <i>UN Guiding Principles</i>* and internal policies. ➤ Transparency and details on the entire due diligence process (themes, trigger thresholds, type, frequency, teams, etc.). ➤ Policies on land use, involuntary resettlements and indigenous people. ➤ Application of <i>IFC</i>* standards.
SUPPLY CHAIN	<ul style="list-style-type: none"> ➤ Integrate human rights issue in contracts and audits. ➤ Integrate human rights issue in due diligence of key suppliers. ➤ Cascade integration in suppliers' supply chain.
SECURITY FORCES	<ul style="list-style-type: none"> ➤ Training, supervision, monitoring. ➤ Application of recommendations and/or member of <i>Voluntary Principles on Security and Human Rights</i>* (VPSHR). ➤ Reporting on VPSHR implementation. ➤ Transparency on risk areas. ➤ Indication of efforts with public armed forces.
STAKEHOLDER COMPLAINTS MECHANISMS (GRIEVANCE MECHANISMS)	<ul style="list-style-type: none"> ➤ Transparency on roll-out and tools, communication, handling, audit, control, independence. ➤ Coherence with <i>IPIECA</i>* recommendations.
PERFORMANCE INDICATORS & EXTERNAL AUDITS	<ul style="list-style-type: none"> ➤ Integration in internal audit. ➤ Development of indicators and pilots via the industry's think tanks. ➤ External audits such as <i>Goodcorperation</i>*, <i>CDA</i>*, or based on the upcoming <i>RAFI</i>* reporting standard. ➤ Publication of results.
CONTROVERSY	<ul style="list-style-type: none"> ➤ No controversy. ➤ Suitable response (rapid public response and corrective actions).
TRAINING	<ul style="list-style-type: none"> ➤ Integration in existing training programmes. ➤ Specific training for the different key jobs. ➤ Focus on lean management, top executives and sensitive functions. ➤ Security training.

* Definition in glossary.

Summary table of analysis 2015

	HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	SUPPLY CHAIN	SECURITY & HUMAN RIGHTS	STAKEHOLDER COMPLAINTS MECHANISM (GRIEVANCE MECHANISMS)	PERFORMANCE INDICATORS & EXTERNAL AUDITS
ANGLOAMERICAN	●●●	●●	●●	●●	●●
ARCELOMITTAL	●●	●●	●	●●	●●
BG	●●●	●●●	●●●	●●	●
BP	●	●●●	●●●	●●	●
ENI	●●●	●●●	●	●●	●●●
OMV	●●	●●	●	●	●
PETROBRAS	●	●●	●	●●	●●
SHELL	●●	●●●	●●	●●●	●●
STATOIL	●●●	●●	●●●	●●●	●●
TOTAL	●●●	●●●	●●	●●●	●

Changes in corporate practices since previous analysis

In 2013, when we initiated our engagement approach on the issue of human rights in the oil and mining sector, we were struck by the gap between sector companies' exposure to risk and the sometimes nascent aspect of their practices and reporting on the subject. At the time, the level of transparency was not sufficient to give us a precise idea of the extent to which companies integrated human rights issues in their processes. Companies tended to refer to the subject in relatively broad terms, or on the contrary would focus on attempting to refute very specific controversies. Our dialogue with a dozen major sector players enabled us to have a clearer view. We realised that the outline of human rights programmes was far from defined and that engagement work on this subject was legitimate and probably necessary for shareholders. The work of John Ruggie under the aegis of the United Nations played a spectacular role in accelerating the consideration given to human rights at the companies we met.

During these three years, we first observed a trend for a major overhaul of their position on human rights and a structuring of their approach based on the guiding principles. We then noted, and this is reassuring, that once this work on policies had been conducted (and sometimes concomitantly), companies in our sample focused on the operational roll-out of their ambition in terms of human rights. Concerning the use of armed forces, or the implementation of complaints mechanisms, we saw a general rallying to the VPSHR (with admittedly mixed levels of transparency regarding their implementation) and a multiplication of pilot projects enabling local communities to make their voices heard. We noted with interest that progress was very often achieved

within the scope of collective industry initiatives, a virtuous approach that makes it possible to share experience and harmonise practices.

In the last two rounds of our dialogue, we discerned positive signs of the integration of the human rights issue in the value chain. Companies have become aware of their vulnerability in this area and, reflecting a certain level of maturity, have embarked (at varying degrees) on the major project that consists in extending their ambition in terms of human rights to their vast partner network. Despite significant efforts by some groups, the issue of transparency and the definition of performance indicators remains unsettled. The topic of human rights is extremely sensitive and complex, but we deplore the sector's excessive modesty in terms of reporting. It seems to us that the industry has currently reached a sufficient level of maturity in human rights mechanisms to embark resolutely on measuring performance and reporting transparently to stakeholders.

Concerning our engagement work, this year we reach the end of our formal and bilateral engagement cycle on this theme. Our work will continue through the UN PRI collective initiative, which started a year after our cycle on human rights. It enables us to extend our impact to new companies and share with our peers. The issue of human rights also remains a key focus in our analytical work and we will continue the dialogue to ensure that this fundamental theme remains firmly anchored in the priorities of exposed companies.

ANGLO AMERICAN

2015 RECOMMENDATIONS	CHANGES 2016
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	<p>In line with Anglo American's global strategy, the company has pursued its effort to integrate human rights issues. Anglo American has replaced its Business Principles with a new Code of Conduct, which reiterates its human rights and broader commitments to responsible business practices.</p>
SUPPLY CHAIN <ul style="list-style-type: none"> ➤ Increase transparency concerning controls performed and report on them 	<p>Anglo American have launched in 2016 a new responsible sourcing code which incorporates requirements related to the UK Modern Slavery Act. A new version will be published soon.</p>
SECURITY FORCES <ul style="list-style-type: none"> ➤ Provide a more detailed reporting on VPSHR's implementation in higher risk settings 	<p>A signatory of the <i>Voluntary Principles on Security and Human Rights</i>* (VPSHR) since 2005, the company ensures that security firms are duly registered in the countries in which it operates. Since our last report, Anglo American published a implementation report on the VPSHR. For 12 countries like Colombia, Namibia or Chile, Anglo American published a pre-employment screening process for security employees and private security service providers.</p>
STAKEHOLDER COMPLAINTS MECHANISM <ul style="list-style-type: none"> ➤ Develop indicators to demonstrate the effectiveness of complaints mechanisms 	
PERFORMANCE INDICATORS & AUDITS <ul style="list-style-type: none"> ➤ Have information checked by independent third parties 	

* Definition in glossary.

ARCELORMITTAL

2015 RECOMMENDATIONS	CHANGES 2016
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS <ul style="list-style-type: none"> ➤ Continue align the company's policies with the UN Guiding Principles ➤ Have a third party audit the roll-out of its policy ➤ Establish a human rights risk mapping 	<p>In 2015, ArcelorMittal decided to conduct a comprehensive review of the group's approach to human rights, and explore how they could embed human rights further into their SD objectives and other processes. This work, coordinated by an external consultant, showed them the progress they have made in raising understanding of human rights issues across the business, and that ArcelorMittal has some of the right management tools in place for ongoing due diligence. It also highlighted where ArcelorMittal can improve, including how they can better identify social risks at site level, and how the 10 outcomes (People, Products, Community...) will support them to respect and observe human rights principles.</p> <p>In 2017, ArcelorMittal plans to publish a statement describing in more details how the group implement its human rights policy and due diligence approach, and where they plan to do more. In order to make sure ArcelorMittal capitalizes on the progress made so far, and continue to embed an effective approach to human rights into its business.</p> <p>Since our last report, the percentage of employees having received training on human rights in the past 3 years has increased and amounts to 81% in 2015 (76% in 2014).</p>
SUPPLY CHAIN <ul style="list-style-type: none"> ➤ Encourage suppliers to integrate human rights in their own supply chain ➤ Develop assessment indicators and publish them 	<p>ArcelorMittal established a cross-functional supply chain working group, including representatives from purchasing, environment, compliance, sales, mining and corporate responsibility. This group has been running workshops to identify key environmental and social risks in its supply chain, and to plan what they need to do to make significant progress, including learning from other industries.</p> <p>As a result, ArcelorMittal has established that the most significant social risks in its supply chain lie in the procurement of raw materials. This includes iron ore, solid fuels (largely coking coal), what is known as 'ferroalloys', and base metals such as zinc, tin, aluminum, and nickel.</p> <p>One example of how they are responding to such risks is its direct participation in the Tin Working Group, led by the Dutch NGO IDH (the Sustainable Trade Initiative). This multi-stakeholder group is focused on improving the social and environmental impacts of informal tin mining in Indonesia.</p> <p>ArcelorMittal has taken an active and leading role on the steering boards of Responsible Steel and the Initiative for Responsible Mining Assurance. This will give ArcelorMittal a platform to help these two industries move towards global sustainability standards, including on human rights.</p>
SECURITY FORCES <ul style="list-style-type: none"> ➤ Increase transparency on the respect of human rights when securing sites in high-risk countries ➤ Formalise company's engagement vis-à-vis the Voluntary Principles on Security on Human Rights (VPSHR) 	
STAKEHOLDER COMPLAINTS MECHANISM <ul style="list-style-type: none"> ➤ Continue optimising complaints mechanisms and report on this issue ➤ Develop KPIs on complaints management: how are complaints solved? What is the satisfaction level? 	<p>ArcelorMittal put deployed project-level confidential whistleblowing mechanisms at 30 sites.</p> <p>To understand the expectations of local communities, ArcelorMittal carried out reputation surveys in eight countries in 2015. This survey helped the company's local stakeholder make a clearer distinction between community investment and community relations. The results show that stakeholders value the latter more, and that is has a bigger impact on the company's reputation.</p> <p>ArcelorMittal published community grievance guidelines in 2015, and they encourage local sustainability reports to include information about how these are being used.</p>
PERFORMANCE INDICATORS & AUDITS <ul style="list-style-type: none"> ➤ Implement relevant indicators to assess the real impact of the company's actions ➤ Have actions validated by external audits 	



2015 RECOMMENDATIONS	CHANGES 2016
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	<p>Policy: July 2016 - renewal of Global Agreement with Trade Unions to reaffirm Eni's commitment to respect human and labour rights in compliance with the UN Universal Declaration on Human Rights, the ILO conventions, the OECD Guidelines for Multinational Enterprises, the Global Compact principles and the "UN Guiding principles for Business and Human Rights".</p> <p>Awareness and Training: October 2016 - the CEO of Eni chaired the first internal event dedicated to human rights and addressed to Eni's senior managers in order to raise their awareness on the respect of Human Rights. Experts from the most influential organizations, such as the Danish Institute for Human Rights, Amnesty International, the Institute for Human Rights and Business, the University of Notre Dame and IPIECA took part to the initiative. The presentation was cascaded down throughout the company's organization. Additionally, in 2016 a mandatory training course on "business and human rights" for employees, senior staff and middle managers involved more than 20,000 employees worldwide.</p> <p>Due Diligence process: Pilot project for assessing the impact on Human Rights from planned exploration activities in Myanmar following the acquisition of two exploration blocks in 2014. The Human Rights Impact Assessment (HRIA) was carried out with the support of the Danish Institute for Human Rights, and included consultations at major villages in the area of planned exploration activities. The results of the HRIA and the Danish Institute for Human Rights Report DIHR (related to March 2016 scoping mission in Myanmar) are available (full version) on Eni's website at: https://www.eni.com</p>
SUPPLY CHAIN	<p>Eni is in the process to re-analyze and re-assess the supply chain process in order to verify the opportunity to enhance further the consideration of human rights in the different phases of the supply chain and in the qualification, tender, signing of the contract, contract management and feedback. Besides, the company is going forward in its social risk based audit plan on suppliers, in order to assess with a third party their procedures and practices according to the most relevant requirements of the ILO Conventions. The company is also into the process of implementing the actions required to be compliant with the UK Modern Slavery Act.</p>
SECURITY FORCES > Formalise the company's commitment to the VPSHR* and report on its deployment in high risk areas (notably Libya).	<p>In addressing security issues, Eni refers to the Voluntary Principles on Security & Human Rights (VPSHR) and it is committed to training for the protection of human rights in the countries in which it operates.</p> <p>Eni has worked with the procurement department to increase the percentage of security contracts including screening on human rights, reaching coverage of 87% of security contracts in place.</p> <p>Eni has continued training programs for public and private security forces that operate at Eni sites. In 2016, two trainings sessions on security and human rights were held in Venezuela and Ecuador and two training sessions dedicated for newly appointed Security Managers and Officers at Eni's subsidiaries were organized.</p>
STAKEHOLDER COMPLAINTS MECHANISM > Continue work to overhaul grievance mechanisms.	<p>Eni's commitment to the implementation of sound grievance mechanisms dates back to 2014. Since then, a growing number of subsidiaries/districts were progressively involved in the implementation of Grievance Mechanisms. Besides, Eni has collaborated on this topic within the IPIECA's Working Group.</p> <p>In 2016, the Grievance Mechanism GM procedure on how to collect and manage local complaints was updated by including the description of cases/circumstances/projects whose related grievances are considered relevant and worth of analysis at HQ level. The implementation of this Procedure is mandatory for all subsidiaries worldwide.</p> <p>So far, 21 subsidiaries have a GM already in place, including Eni Ghana that has developed its GM in accordance with IFC performance Standards requirements.</p> <p>Eni is about to implement an IT tool dedicated to stakeholder management in order to ease the analysis of local grievances at central level. In 2017, the new IT system will be tested in 4 subsidiaries.</p> <p>Additionally, stakeholders' perception will be monitored also through independent research as part of the company's "Reputation risk dash-board" project under development at communication as well as integrated risk management departments.</p>
PERFORMANCE INDICATORS & AUDITS	<p>A selection of Human Right related KPIs, the ones that are relevant under the strategic perspective, will be reported in 2016 Integrated Annual Report.</p> <p>The non-strategic KPIs will continue to be monitored for management purposes. Being a cross-functional issue, Human Rights KPIs are related to a number of processes, in particular: Security, Procurement, Human Resources and Whistleblowing. With regard to Whistleblowing, whistleblowing reports related to human rights issues are disaggregated to highlight: socio economic impacts on communities; impacts on health, security and safety on local communities, worker' rights and relevant to HSE issues.</p>

* Definition in glossary.

2015 RECOMMENDATIONS	CHANGES 2016
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS <ul style="list-style-type: none"> ➤ Align existing policy on John Ruggie principles and report thereon 	<p>OMV is working on updating the Human Rights management system (Human Rights policy, Human Rights standards, Due diligence process, Human Rights matrix). In addition, this year we launched a new eLearning tool that will facilitate the training of the employees on Human Rights topic.</p>
SUPPLY CHAIN <ul style="list-style-type: none"> ➤ Strengthen controls and provide evidence through external audits 	<p>OMV started a pilot project in OMV Petrom with the involvement of Procurement department and Sustainability department in order to assess the ESG performance of the suppliers.</p>
SECURITY FORCES <ul style="list-style-type: none"> ➤ Increase transparency on the respect of human rights when securing sites in high-risk countries (notably Libya) and the use of public armed forces 	<p>Details about OMV approach on Security projects and initiatives are available in the 2015 OMV Sustainability Report/OMV Annual Report.</p> <p>OMV follows in the operating countries the IOGP guidelines on the Principles of discharging "Duty of Care" in insecure environment.</p> <p>OMV has also started an initiative for a possible cooperation with ICoCA (International Code of Conduct Association) to improve the level of awareness on human rights topic in the private security companies that OMV collaborates with.</p> <p>Finally, OMV has secured Memorandum of Understanding with all the public security forces in the high risk countries that includes also human rights topics.</p>
STAKEHOLDER COMPLAINTS MECHANISM	<p>In 2015, OMV has finalized the roll out of an effective operational level Community Grievance Mechanism in all Upstream operating countries. No significant human rights impacts or violations were detected in 2015. 26 human rights grievances or incidents in relation to OMV business activities or supply chain, were registered and solved in 2015.</p> <p>The figures for 2016 will be available in the upcoming OMV Sustainability Report.</p>
PERFORMANCE INDICATORS & AUDITS <ul style="list-style-type: none"> ➤ Continue rolling out performance indicators and report thereon 	<p>Human Rights KPIs defined in 2014 have been used to steer OMV's performance also in 2016.</p>

TOTAL

2015 RECOMMENDATIONS	CHANGES 2016
HUMAN RIGHTS POLICY & DUE DILIGENCE PROCESS	<p>Total has decided to make its "Business Ethics Day" a regular occurrence. In 2016, the theme of this event was the Supply Chain. Furthermore, in 2016, Total published a detailed specific report on human rights based on the UN Guiding Principles Reporting Framework, detailing the policies and due diligence procedures implemented.</p>
SUPPLY CHAIN > Increase transparency concerning controls performed and report on them	<p>Total's "Sustainable procurement" working group is continuing to monitor actions implemented across the group with regard to suppliers, notably those identified as being at risk after an analysis and assessment process. Total has also mandated external providers who rated various projects, notably concerning suppliers.</p>
SECURITY FORCES > Provide more detailed reporting on implementation of <i>Voluntary Principles on Security and Human Rights*</i> , in particular in the most risky countries	<p>Total released its annual report on implementation of the Voluntary Principles on Security and Human Rights. Moreover, Total's specific report on human rights includes information on what the group does with regard to this issue.</p>
STAKEHOLDER COMPLAINTS MECHANISM > Report on roll-out of stakeholder complaints mechanisms and their effective use	<p>Total's specific report on human rights includes a description of the complaints mechanisms and indicators on how these mechanisms are rolled out.</p>
PERFORMANCE INDICATORS & AUDITS > Define and publish KPIs on human rights	<p>Total communicates the number of ethical cases handled. The Group has also asked external companies to perform audits.</p>

* Definition in glossary.

Themes initiated in 2013 : n°2 - Fight against malnutrition and food waste in the food and food retail sectors

Reminder of the theme

2.3 billion people worldwide suffer from obesity, malnutrition or chronic food-related diseases, i.e. almost one third of the world population. This affects both emerging and developing countries, with significant economic and social consequences. Against this backdrop, food companies and large retailers play an important role in the nutritional quality of the products they offer in the different markets, by adapting their products to local nutritional needs and making them more accessible to all populations, including the most disadvantaged. By developing healthy and safe products with nutritional profiles meeting the highest standards, these companies also improve their reputation and nurture a strong brand image.

Amundi's engagement aims at better understanding corporate health and nutrition strategies, access to products, notably for disadvantaged populations, and prompting companies to improve their practices. Concerning food waste, companies must implement tools to reduce their own waste and waste in the food chain, « from the farm to the table ». Fighting food waste and optimizing logistics chains also makes it possible to reduce costs while improving the company's reputation.

Managing food waste is an increasingly central theme, which companies handle unevenly.

Main recommendations made in 2013 & 2015 and their level of maturity

Generally speaking, issues related to malnutrition, undernutrition and improving the nutritional quality of products seem to be well factored by companies, although some players are lagging slightly. Implementation of adequate policies and strategies is becoming widespread.

By contrast, we note that access to food is one of the areas with the greatest room for improvement. Responsible marketing practices in the food sector are consistent and

in line with best practices, but we recommend that they be extended to a broader public. Concerning the fight against waste, the retail sector, although it still has a fair amount of room for improvement, is more advanced than the food sector and takes a more structured view of this issue. Actions on food waste would deserve to be more formalised, but our exchanges with companies indicate interesting prospects in this respect.

ISSUE	MATURITY	MAIN AREAS OF PROGRESS
MALNUTRITION, UNDERNUTRITION AND IMPROVEMENT IN PRODUCTS' NUTRITIONAL QUALITY		
POLICIES & STRATEGIES QUALITY & NUTRITION	●●●●	<ul style="list-style-type: none"> ➤ Continue reformulating own-label products ➤ Define reduction targets (salt, sugar, fat) ➤ Report systematically on scientific control of health claims
ACCESS TO FOOD	●●	<ul style="list-style-type: none"> ➤ Develop targeted initiatives in terms of appropriate pricing ➤ Accelerate development of alternative distribution networks
MARKETING	●●	<ul style="list-style-type: none"> ➤ Extend specific policies aimed at a broader public (children over 12)
REDUCE FOOD WASTE		
POLICIES AND STRATEGIES VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED	●	<ul style="list-style-type: none"> ➤ Implement a formalised policy ➤ Identify areas of waste in the value chain ➤ Create specific reporting associated with detailed objectives ➤ Set targets and associated monitoring indicators

Reminder of best practices identified

KEY POINTS	BEST PRACTICES
MALNUTRITION, UNDERNUTRITION AND IMPROVEMENT IN PRODUCTS' NUTRITIONAL QUALITY	
POLICIES & STRATEGIES	<ul style="list-style-type: none"> ➤ Precise policy, including qualitative (e.g. targeted populations) and quantitative objectives (e.g. proportion of portfolio reformulated). ➤ Coherence with standards defined by national and international health authorities. ➤ Procedure for monitoring implementation of corporate policy. ➤ Monitoring and performance measurement indicators. ➤ Communication on results, objectives, areas for improvement, etc.
QUALITY AND NUTRITION	<ul style="list-style-type: none"> ➤ Reformulation and optimisation strategy. ➤ Specific R&D dedicated to improving products' nutritional quality. ➤ Transparency about the proportion in the portfolio of products with optimal nutrition quality. ➤ Clinical studies and scientific validation. ➤ Consumer impact measurement. ➤ Nutritional labelling. ➤ Product responsibility. ➤ Nutritional claims controlled and validated scientifically.
ACCESS TO FOOD	<ul style="list-style-type: none"> ➤ Objectives and policy in terms of affordable products. ➤ Responsible pricing structure. ➤ Development of initiatives (products adapted to specific local characteristics, implementation of alternative distribution methods, etc.) ➤ Mapping of specific products, monitoring and reporting on actions undertaken. ➤ Launch of fortified products compensating recurring deficiencies.
MARKETING	<ul style="list-style-type: none"> ➤ Responsible marketing, notably for products intended for children (at the very least, compliance with <i>EU Pledge*</i> and <i>IFBA*</i>). ➤ Extend criteria of EU Pledge and <i>IFBA*</i> to children over 12, secondary schools and all media.
REDUCE FOOD WASTE	
POLICIES & STRATEGIES	<ul style="list-style-type: none"> ➤ Clear and precise anti-waste policy with detailed objectives and areas for improvement. ➤ Monitoring procedure supported by qualitative and quantitative indicators. ➤ Impact on variable remuneration.
VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED	<ul style="list-style-type: none"> ➤ Studies intended to improve and optimise supply chain. ➤ Draft mapping of waste. ➤ Identify hotspots in the value chain. ➤ Cooperate with all stakeholders (government bodies, producers, suppliers, consumers, etc.). ➤ Implement targeted action plans. ➤ Responsible packaging adapted to real needs. ➤ Definition and roll-out of a management process for unsold goods. ➤ Structuring of food donations.

* Definition in glossary.

Summary table of analysis 2015

REDUCE FOOD WASTE		
	POLICIES & STRATEGIES	VALUE CHAIN: ANALYSES AND ACTIONS IMPLEMENTED
FOOD RETAIL		
AHOLD	● ●	● ● ●
CARREFOUR	● ●	● ● ●
CASINO	● ●	● ●
METRO	● ●	● ●
TESCO	● ●	● ● ●
FOOD		
DANONE	● ●	●
MONDELEZ	●	●
NESTLE	● ●	●
UNILEVER	● ●	● ● ●

Changes in corporate practices since previous analysis

Since the launch of our engagement approach in 2013, companies have made good progress on the whole. Nutrition and food waste remain topical subjects, integrated in corporate policies.

While the trend is positive for the two themes, progress has been more significant concerning food waste than for nutritional aspects. Corporate strategies have included improving products' nutritional qualities for several years, while action plans tend to have been structured only far more recently. There is therefore more room for improvement in managing food waste.

Significant progress has been made in reducing food waste. Policies are generally well-established now and action plans are better structured. The implementation phase is under way. The retail and food sectors have introduced clear strategies to reduce food waste through more precise action plans. The retail sector has also formed partnerships to collect food donations with charities dedicated to fighting food waste. The trend for food companies is also positive with commitments to reduce waste, more particularly food waste. Both sectors still have room for improvement, however, notably in terms of communicating results and providing performance measurement indicators.

Regarding nutrition seen from the angle of malnutrition, undernutrition and improvement of products' nutritional quality, the practices of the companies reviewed are also trending positively. In the retail sector, the main positive developments concern the proportion of healthy products and of products with better nutritional profiles. Some players believe they have gone as far as they can in reformulating products without adulterating them. Improvements are regular on the whole and most players seem keen to improve continuously. Regarding access to food, the results are mixed for the food sector. There is still a lack of clarity concerning product ranges for lowest income groups. The retail sector is organised around a range of healthy products for low incomes and rolling out ranges of certified products to meet local specificities and deficiencies. Food groups also work with local stakeholders to constantly adapt products to local needs.

This 2016 report ends our work on access to food, started in 2013. Given companies' maturity on the subject, the action plans set up and the progress made, observed thanks to good transparency on the subject, we feel it is now more relevant to focus our engagement on fighting food waste, where there is more room for further progress.

Detailed fact sheets: Example of main changes in corporate practices in our sample

CARREFOUR

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
POLICIES & STRATEGIES <ul style="list-style-type: none"> ➤ Formalise waste reporting 	<ul style="list-style-type: none"> ➤ Engagement in 2015 alongside other members of the <i>Consumer Goods Forum (CGF)*</i> to halve its food waste by 2025, combined with reporting on the progress made in meeting this target. ➤ Raise customer awareness about food waste.
VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED	<ul style="list-style-type: none"> ➤ Work with suppliers and start-ups on anti-food waste innovation (example of “Tous Antigaspi” brand, developed in collaboration with “<i>Les Gueules Cassées</i>”, an initiative to sell imperfect fruit and vegetables in stores) ➤ Award for best supplier practices in fighting food waste as part of the “Grand Défi des Fournisseurs” (Grand Challenge for Suppliers) organised by Carrefour. ➤ Work on extending life of its own-brand products by changing, after a quality control, the use by dates of some SKUs: extension of date of minimum durability of 155 grocery products (cereals, rice, dried fruit, compotes), removal of this reference on more than 100 SKUs and extension of use by date for more than 240 SKUs ➤ In Spain, roll-out of promotions on products with short expiry date.

CASINO

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
POLICIES & STRATEGIES <ul style="list-style-type: none"> ➤ Strengthen policies on food waste ➤ Continue structuring food donation programmes in small and medium-sized stores 	<ul style="list-style-type: none"> ➤ Strengthening of partnership with organisations for the collection and redistribution of food products by the group’s brands in France. ➤ Strong development of partnerships with local food banks - More than 5,600 tons of donations by the Latin American brands in 2015. ➤ Awareness programmes for customers and employees: in Brazil, education campaigns for employees and customers to teach “<i>small gestures to save food</i>”, notably proper food management, 2016 campaigns in France to fight food waste, development of food truck initiatives for damaged fruit and vegetables.
VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED <ul style="list-style-type: none"> ➤ Continue its engagement with suppliers in terms of reducing food waste (reducing loss rates, increasing the proportion of suppliers covered by programmes to fight food waste, etc.) 	<ul style="list-style-type: none"> ➤ Strengthening of partnership with organisations for the collection and redistribution of food products by the group’s brands in France. ➤ Strong development of partnerships with local food banks - More than 5,600 tons of donations by the Latin American brands in 2015. ➤ Awareness programmes for customers and employees: in Brazil, education campaigns for employees and customers to teach “<i>small gestures to save food</i>”, notably proper food management, 2016 campaigns in France to fight food waste, development of food truck initiatives for damaged fruit and vegetables.

* Definition in glossary.

AHOLD DELHAIZE

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
POLICIES & STRATEGIES	<ul style="list-style-type: none"> ➤ Commitment to report on the percentage of food waste compared to total food sales
<p>VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED</p> <ul style="list-style-type: none"> ➤ Educate consumers on best behaviours ➤ Extend application of Group Metric matrix and reporting on analysed data to all subsidiaries. 	<ul style="list-style-type: none"> ➤ Raising consumer's awareness by educating customers in terms of the quantities to cook for family meals. ➤ In 2016, major step in diverting zero waste to landfill by opening a very first anaerobic digester system. ➤ Cooperation with food bank partners to increase the share of food that can be donated. ➤ Innovative ideas like Instock restaurant in the Netherlands, where associates turn surplus food into meals.

METRO

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
<p>POLICIES & STRATEGIES</p> <ul style="list-style-type: none"> ➤ Formalise reporting and develop impact assessment indicators. 	<ul style="list-style-type: none"> ➤ Commitment through targets to food waste resolution of Consumer Goods Forum: target of halving food waste by 2025 within member retail and manufacturing operations; and support of UN Goals on food waste reduction at consumer level and across supply chains.
<p>VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED</p> <ul style="list-style-type: none"> ➤ Identify the steps in the value chain that generate the most food waste and implement appropriate measures. 	<ul style="list-style-type: none"> ➤ Food banks support in 15 countries. ➤ Metro Cash & Carry Germany: Analyze "on shelf availability" of category bread to improve ordering process to reduce shrinkage and waste. ➤ Harmonization project for all MCC countries on stock correction process via the merchandising system (shrinkage codes) in order to set a harmonized baseline to measure food waste. ➤ Reduction of food waste by METRO International Supply in warehouses in Italy and Netherlands based on shrinkage data in the area of food. ➤ Cooperation of Cash & Carry Germany with United Against Food Waste to encourage and support hotel and restaurant customers to reduce food waste in their kitchens by providing an analysis tool. ➤ Raising wholesale customers' awareness of the value of food. Collaboration to reduce the amount of food that goes uneaten in Italy, France and Germany with various project partners to design a doggy bag for restaurants and caterers. ➤ Cooperation with startups providing food waste reduction solutions for customers (ResQ, Sharecy etc...).

TESCO

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
<p>POLICIES & STRATEGIES</p> <ul style="list-style-type: none"> ➤ Extend “food waste profile of a typical Tesco shop” to markets outside the UK”. 	<ul style="list-style-type: none"> ➤ Commitment in March 2016 that by the end of 2017, no food that is safe for human consumption will be wasted inside the UK Tesco operation. ➤ Extension of Community Food Connection food surplus donation programme to all UK stores and extension to 122 convenience stores in the UK with the donation of 3.1 million meals ➤ Supply chain: “Perfectly Imperfect” range to capture crops which previously fell outside specifications. ➤ Structural changes to the supply chain to reduce waste, working with suppliers in Spain to remove a packing stage in the journey from farm to fork (process called “Direct Delivery”). ➤ To tackle the effect of marketing promotions on food waste, no “Buy One, Get One Free” promotions on fruit and vegetables since April 2014. ➤ In the UK, removal of ‘Display Until’ dates across fresh produce, meat and dairy. Work on a range of product innovations and packaging technologies to extend product shelf life. ➤ Commitment to offer surplus for donation from all Central European stores by 2020. ➤ In Malaysia, trial of a new food surplus donation app similar to the FareShare FoodCloud platform in the UK.
<p>VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED</p> <ul style="list-style-type: none"> ➤ Quantify gains generated by its strong commitment to fighting waste 	<ul style="list-style-type: none"> ➤ Tesco has continued to focus on transparency and measuring food waste in order to identify food waste hotspots and tackle root causes. Tesco was the first UK retailer in 2013 to publish data for the levels of waste in UK operations and will continue to do so on an annual basis with external assurance.

MONDELEZ

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
POLICIES & STRATEGIES <ul style="list-style-type: none"> Specify engagements on value chain optimisation so as to reduce food waste 	<ul style="list-style-type: none"> Refining of measures to record on amounts of organic waste Focus on identification of waste sources in order to reduce total waste generated Participation in the Consumer Goods Forum Resolution that aims at decreasing waste by 50% until 2025
VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED <ul style="list-style-type: none"> Implement programmes to reduce waste across the value chain 	<ul style="list-style-type: none"> Ahead of the 15% net waste per tonne reduction target for 2010-2015 achieving a reduction of 70% With a reduction of 3% in 2015 Mondelez seems on track to achieve the target 2020 (2013 baseline) to reduce total manufacturing waste by 20% Communication on examples of food waste reduction in certain plants, but the communication remains anecdotal

NESTLÉ

2015 RECOMMENDATIONS	CHANGES 2016
REDUCE FOOD WASTE	
POLICIES & STRATEGIES <ul style="list-style-type: none"> Set quantitative criteria 	<ul style="list-style-type: none"> Public Engagement «Nestlé Commitment to reduce food loss and waste» guides the efforts to reduce food waste by focusing on : prevention, minimisation and recovery of waste; awareness raising and training for employees and consumers; participation in multi-stakeholder initiatives; reporting Participation in the «Food Waste Resolution» of the Consumer Goods Forum that includes the objective of halving food waste in all the company's activities between 2016 and 2025
VALUE CHAIN: ANALYSES & ACTIONS IMPLEMENTED <ul style="list-style-type: none"> Measure impact of actions and progress achieved and report on this 	<ul style="list-style-type: none"> Implementation of the «Nestlé Zero Food Wastage Taskforce» in 2013 Communication on progress realised through programmes such as the enhancement of packaging in Poland that allowed to reduce packaging damages of water bottles and thereby decreased the loss of water - reporting stays limited to examples Piloted the Food Loss and Waste Protocol: Milk loss in the Nestle Pakistani supply chain was estimated to be only 1.4%, significantly lower than other estimates (approximately 15% to 19% of the milk sold by Pakistani farmers is wasted en route to market, according to an Asian Development Bank report of 2004). Aim of zero waste for disposal in all the company's factories by 2020 reached in 105 factories in 2015 Reduction of waste for disposal per tonne of product by 75% compared to 2005

EXCLUSIONS

As a reminder, exclusions concern:

- Companies that violate one or several principles of the Global Compact repeatedly, without implementing suitable corrective measures.
- Companies involved in the production or sale of antipersonnel mines and cluster bombs (exclusions resulting from France's ratification of the Ottawa and Oslo treaties) as well as chemical, biological and depleted uranium weapons.
- Countries that systematically and willfully violate human rights and make themselves guilty of the worst crimes: war crimes and crimes against humanity. These are countries that intentionally and systematically commit the worst of crimes.
- Companies that generate more than 50% of their sales from coal extraction

Issuers are identified through a monitoring system that gives analysts access to targeted media sources on specific extra-financial subjects. The seriousness of

controversy is determined by analysing:

- The gravity of human or environmental damage.
- The repetitive nature of the controversy.

Specific heed is paid to analysing the credibility of information sources.

Dialogue is therefore aimed at putting an end to the most controversial corporate practices.

Dialogue is considered as productive if:

- The company proves its determination to make a commitment.
- It implements corrective measures.
- It sets up adequate means to obtain lasting results.
- It has its approach certified by an independent third party.

Dialogue is considered as unproductive if:

- The company makes no response.
- The company carries on the controversial activity.
- Amundi concludes it has no influence on the company.

In this case, the engagement policy can result in an exclusion of the stocks (normative exclusion policy).

The tables below provide details on the exclusions made by Amundi:

	CONTROVER- SIAL WEAPONS	COMPANIES VIOLATING ONE OR SEVERAL OF THE GLOBAL COMPACT PRINCIPLES	COUNTRIES SYSTE- MATICALLY VIOLATING ONE OR SEVERAL OF THE GLOBAL COMPACT PRINCIPLES	COMPANIES THAT GENERATE MORE THAN 50% OF THEIR SALES FROM COAL EXTRACTION	TOTAL
NUMBER OF CASES IDENTIFIED	78	13	4	34	129
NUMBER OF ISSUERS CONCERNED	98	42	4	59	203

Detail of companies excluded for having violated one or several principles of the Global Compact:

CASES IDENTIFIED	NUMBER OF COMPANIES EXCLUDED	SECTOR	GLOBAL COMPACT PRINCIPLES* INVOLVED
CASE 1	4	Real Estate	1, 2
CASE 2	1	Energy	7, 8, 9
CASE 3	2	Energy	1, 7, 10
CASE 4	3	Automobiles & Components	1
CASE 5	3	Capital Goods	1, 2
CASE 6	7	Technology Hardware & Equipment	4
CASE 7	3	Materials	1, 7
CASE 8	10	Materials	1, 2, 7, 8, 9, 10
CASE 9	2	Materials	1, 7, 8, 9
CASE 10	4	Technology Hardware & Equipment	1,2
CASE 11	1	Utilities	7,8
CASE 12	1	Capital Goods	1,2,5,7,8
CASE 13	1	Materials	1,2,7

* Definition in glossary.

COLLECTIVE INITIATIVES

Amundi supports several collective initiatives:

INITIATIVES	THEMES	SUPPORTED BY AMUNDI SINCE:
INSTITUTIONAL INVESTORS' GROUP ON CLIMATE CHANGE (IIGCC),	CLIMATE CHANGE	2003
CARBON DISCLOSURE PROJECT (CDP)	CO2 EMISSIONS- TRANSPARENCY OF ESG DATA	2004
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)	RESPONSIBLE MANAGEMENT OF NATURAL RESOURCES	2006
FOREST FOOTPRINT DISCLOSURE PROJECT	DEFORESTATION	2009
WATER DISCLOSURE PROJECT	USE OF WATER RESOURCES	2010
ACCESS TO MEDECINE INDEX	ACCESS TO MEDICINE	2010
ACCESS TO NUTRITION INDEX	ACCESS TO FOOD	2013
CLINICAL TRIALS TRANSPARENCY	CLINICAL TRIALS	2014
HUMAN RIGHTS REPORTING AND ASSURANCE FRAMEWORKS INITIATIVE (RAFI)	HUMAN RIGHTS	2014
UNPRI LETTER CALLING STOCK EXCHANGES TO PUT IN PLACE VOLUNTARY GUIDANCE FOR ISSUERS ON REPORTING ESG INFORMATION BY THE END OF 2016.	ESG REPORTING	2016
IIGCC LETTER TO 77 EU COMPANIES ON THEIR POSITIONS AND LOBBYING ACTIVITIES ON EU CLIMATE AND ENERGY POLICY.	CLIMATE CHANGE	2015
PRI HUMAN RIGHTS ENGAGEMENT	HUMAN RIGHTS – ESG REPORTING	2015
MONTREAL CARBON PLEDGE	CLIMATE CHANGE	2015
GREEN BONDS PRINCIPLES	CLIMATE CHANGE	2015
PARIS GREEN BONDS STATEMENT DE LA CLIMATE BONDS INITIATIVE	CLIMATE CHANGE	2015
PORTFOLIO DECARBONIZATION COALITION (PDC)	CLIMATE CHANGE	2015

As a responsible investor, with growing influence on the consideration given to ESG criteria, Amundi takes part in and is a signatory of many ESG initiatives, notably the Principles for Responsible Investment (PRI), which celebrated their 10th anniversary in 2016. Convinced from its creation of the relevance of this initiative, Amundi was one of the first signatories of the PRI. Amundi is now rated A+, the best score possible, in the annual PRI evaluation survey, for its responsible investment approach, its implementation in its equity and bonds management (financial and non-financial corporates) and its engagement and voting policy. Amundi is also a founding member of the "Portfolio Decarbonization Coalition" jointly with the Finance Initiative of the United Nations Environment Programme (UNEP FI), the fourth national pension fund of Sweden (AP4), and the Carbon Disclosure Project (CDP).

These international initiatives group together institutional investors and professional asset managers. Their objective is to encourage companies to improve their practices and transparency in the fight against climate change and deforestation, the protection of water resources as well as healthcare and nutrition in developing countries. They also aim at getting the oil and mining industries to adopt greater transparency in their relations with the countries in which they have operations. The human rights aspect is also included in the initiatives selected.

In 2016, Amundi once again reiterated its support to several collective initiatives specific to the extractive and pharmaceutical industries, in line with our engagement themes, and also relating to climate change issues and the need to standardise ESG reporting. This approach buttresses our efforts of the past two years with companies in these sectors.

■ Examples of actions taken in 2016:

	HEALTH	HUMAN RIGHTS IN THE EXTRACTIVE SECTOR
	<p>➤ Strengthening of engagement with Access To Medicine Foundation</p>	<p>➤ Amundi has taken part in the PRI's engagement since 2015</p>
CHANGES 2016	<p>With Candriam Investors Group, Öhman and PGGM, and in collaboration with more than twenty other institutional investors, Amundi invited the PRI signatories to sign a letter calling the biggest pharmaceutical research companies to participate as extensively as possible in the Access to Medicine Foundation's data collection process. In February and March, letters were sent to all the pharmaceutical companies included in the Access to Medicine ranking, calling for full participation in the Foundation's data collection process. The 2016 index was published in November 2016 and Amundi once again hosted the French launch event at its premises.</p>	<p>In 2016, Amundi stepped up its engagement with this initiative, which it has been supporting since 2015. Amundi is convinced that its engagement on the theme of human rights in the extractive sector is complementary with high-quality collective initiatives and has therefore partnered the PRI collective initiative on human rights in the extractive industry: The United Nations Guiding Principles Reporting Framework on Business and Human Rights set a reference framework for companies' reporting on human rights. In various different ways (exchanges are confidential), this enables us to take part in our peers' collective efforts and to further broaden the spectrum of companies with which we exchange.</p>

This year also provided Amundi with the opportunity to extend its engagement with the various initiatives it joined in 2015, such as the UN PRI letter calling on stock markets to encourage issuers to adopt a formal information process for their ESG practices by end-2016, or the IIGCC's letter addressed to 77 European companies, asking them to declare their positions and lobbying activities with regard to climate and energy policy. Amundi also supported collective engagement on the transparency of clinical trials through the PRI's Collaboration Platform.

As a reminder, in 2015, Amundi also became a member of new market bodies, such as the Montreal Carbon Pledge and the Green Bond Principles, and supports the Paris Green Bonds Statement of the Climate Bonds Initiative. In keeping with this positive momentum, Amundi developed several financial innovations in 2016 in the area of climate change, such as the Low Carbon Indices created in partnership with MSCI and the decarbonisation of Smart Beta portfolios.

Amundi also strengthened its expertise in Green Bonds and currently offers a range of investment vehicles tailored to the specificities of these bonds, ideally suited to our clients' expectations:

In parallel, Amundi continued its support to academic research:

- Amundi is one of the founding members of the Sustainable Finance and Responsible Investment chair sponsored by the French Asset Management Association (AFG) and steered jointly by the Toulouse Institut d'Economie Industrielle (IDEI) and the economics department of Ecole Polytechnique;
- Amundi also supports the Climate Economy chair, a joint initiative of CDC Climat and the Paris-Dauphine University, as a partner of the research unit on Carbon Prices and Market;
- Amundi is also a member of the Steering Committee and funds the FIR/PRI European award for Finance and Sustainable Development, which rewards the best European academic works in this field.

DATA COLLECTION FOR RATING PURPOSES

PHILOSOPHY

In order to award a rating to all the stocks in its investment universe, Amundi has formed a partnership with eight suppliers of extra-financial data. Amundi thus awards ESG ratings to more than 4,000 issuers.

Furthermore, in order to fine-tune these ratings, the extra-financial analysts regularly stage meetings with more than 200 companies. These companies are selected according to Amundi's stake in their capital and to the weight of the stocks in the portfolios or in the benchmark indices.

Measuring the quality of ESG policies is a prerequisite to measure the progress made by companies within the scope of engagement for influence.

RESULTS

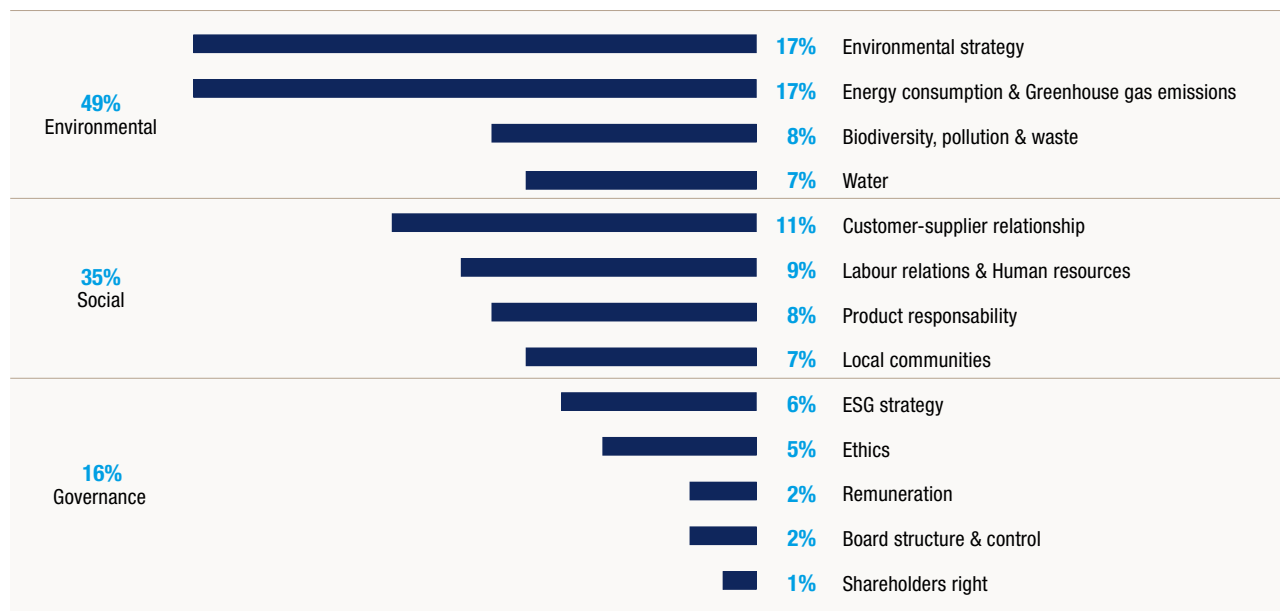
Statistics

■ For 2016

NUMBER OF INTERVIEWS*	241
INTERVIEW	201
➤ Credit & Equity	122
➤ Credit only	4
➤ Equity only	115
NUMBER OF COMPANIES MET	205
NUMBER OF QUESTIONS ASKED	845
AVERAGE NUMBER OF THEMES ADDRESSED BY COMPANY	4

* The same company can be met several times.

■ Breakdown of subjects addressed by criterion in 2016



Further details in appendices:

- Breakdown of meetings with companies addressed by sector and by region (Appendix 2)
- Companies met in 2016 in chronological order (Appendix 3)

SUMMARY OF THEMATIC STUDIES CONDUCTED IN 2016

Coal extraction and mining: sector exclusion or greater selectivity?

Given the proliferation of environmental and social risks related to coal mining and combustion, is it possible to define good practices in the sectors concerned by these processes, or should one systematically exclude companies operating in these sectors (upstream in mines, downstream in electricity production)?

Against the backdrop of growing awareness of the risk of global warming and the determination of the 195 countries present at the 21st Conference of the Parties (COP 21) to limit the rise in temperatures to well below 2°C, the use of coal in the energy sector is increasingly called into question. Thermal coal stands out as the largest source of CO₂ and presents a significant climate risk due to its low cost and considerable existing reserves.

After a detailed analysis of the different types of coal, mining techniques and the economic context of the coal market, we will examine how substituting coal with less polluting energy sources appears to be one of the most effective levers to reduce global emissions.

Over and above the issue of CO₂ emissions, coal mining also raises issues related to the pollution of surrounding resources and the impact on biodiversity. Another issue is the health and safety of employees working in mines, who face significant occupational hazards such as exposure to harmful agents or to landslides and floods. Finally, coal mining also generates problems in terms of respect for human rights and local communities, for instance forced displacement of populations.

We will identify the ESG issues related to coal mining and combustion, the main actions implemented by the companies concerned, and the impact on these companies' extra-financial ratings. For the mining sector, we will detail companies' positioning in respect of the following issues:

- Biodiversity and waste
- Health & Safety
- Local communities and Human rights

For the electric utilities sector, we will focus on the Emissions and Energy criterion, which is the main one related to coal. Finally, the positioning of companies in the financial sector will be examined for the Eco-investing criterion.

For each of the various criteria, we will assess companies' exposure to the risk represented by coal and if their management is adapted to the scale of this risk. In order to assess companies on these criteria, we will specify:

- The key indicators used to estimate each company's risk exposure to coal-related criteria. This risk can be reputational, operational or regulatory.
- The key indicators used to assess the quality of each company's risk management.

Because of the very different risk profiles of the major countries of extraction, the geographic breakdown of the revenues of the companies reviewed is an important part of our risk assessment. In addition, the business profile of the different companies (underground or opencast mines) has an impact on their Biodiversity and Health and Safety risk.

In terms of managing the various risks, we will specify the best practices observed for each of the criteria studied in order to identify the least well-positioned players, which cannot be included in SRI portfolios given their sub-par performance in respect of the coal theme.

Finally, we will see that players who generate more than 50% of their revenues from coal mining have an ESG and financial risk profile that, in our view, is too high for them to be included in Amundi's portfolios. We therefore recommend excluding these stocks from all Amundi's portfolios.

Regarding the Utilities sector, excluding the companies in question from SRI portfolios depends on the non-publication of CO₂ emissions for companies exposed to coal, on their relative level of carbon intensity compared with their peers and on the technologies of the coal plants owned by these companies: 29 companies would have to be excluded from SRI portfolios based on the filter defined by the above criteria.

Endocrine disruptors

Endocrine disruptors, the definition of which has not yet been ratified within the European Union, are chemicals that may affect the normal functioning of the endocrine glands to which humans may be exposed through different channels (WHO, 2012). Their main characteristic is that their toxicity is not correlated with their dose (strong effects can be seen at low doses and slight effects at strong doses). This goes against the principle of Paracelsus, the father of toxicology, which asserts that the dose makes the poison.

The best-known examples of these endocrine disruptors are certain Phthalates, Bisphenol A and Parabens, in widespread use in Western countries. People are exposed via food products, packaging, furniture, many consumer goods such as cosmetics and detergents, as well as UV filters, clothing, etc. According to a number of scientific studies, these endocrine disruptors can cause cancers, metabolic diseases (obesity, diabetes), developmental diseases, impaired fertility and neurological diseases.

In order to perform an overview of some corporate practices, we conducted a study on 50 companies operating in the sectors that we consider to be exposed, based on scientific references on the subject.

The main findings show that among the companies reviewed, communication on the topic remains very immature and that there is clearly a gap between sector issues and the responses given.:

- Companies in the chemicals sector and in cosmetics and detergents, citing the lack of definition at European level, do not communicate on this subject. Some of these companies are in fact accused of aggressive lobbying activities. The precautionary principle is cited, but mostly in negative terms by some chemicals companies, which accuse it of hampering innovation.
- The retailing sector sees more opportunities and considers that the subject can be used as a lever to encourage some of their suppliers to progress. The sector focuses more on managing reputation and boycott risks in business contexts where it is more exposed, such as in B2C (Business to Consumer).
- The textile and luxury sectors are greater advocates of the precautionary principle, frequently publishing lists of restrictive substances and issuing special reports.

Observing these practices has given us a better understanding of this theme and will enable us to act and refine on it in the ESG ratings of some of the companies present in Amundi's investment universe.

Human rights

Three tensions between society and the individual are at the origin of human rights: the individual's desire to preserve his freedom, the search for equality, and the quest for brotherhood. After the second world war, the United Nations translated these rights into international texts.

After the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (1998) that obligates member states to respect the fundamental rights to which every worker is entitled and the United Nations Global Compact (2000) introducing the notion of responsibility within companies' sphere of influence, the UN Guiding Principles on Business and Human Rights (2011) seek to regulate the entire relationship between corporations and human rights. Thus, according to the UN Guiding Principles, companies should not only avoid infringing these rights, but also prevent and mitigate serious impacts within their entire sphere of influence. While these Principles constitute a milestone in the definition and understanding of the relationship between human rights and corporations, the rules for their application are still under debate. Since their publication, several initiatives have emerged to turn these theoretical principles into practical reality.

While some companies show good practices, the real challenge today is to move from engagement to action, notably by creating and strengthening their due diligence process on this subject. This appears all the more important in that binding legislation on the subject is being contemplated at several regulatory levels.

The model proposed here is designed to assess the quality of the methods used by companies to manage their human rights responsibility, by measuring their efforts to implement a framework favorable to the development of good practices. This model is adaptable and can apply to all business sectors. Some qualitative indicators, however, depend on the analyst's view of issues specific to the sector he covers.

Palm Oil

Palm oil, used mainly and on a massive scale today by the agri-food and cosmetic industries, is severely criticised.

Thanks to its high yield and very interesting physical properties for these industries, palm oil is the most consumed vegetable oil in the world. With 62 million tons produced annually, it represents 38% of the world production of vegetable oil, while it occupies less than 10% of the surface of vegetable oil crops. Indonesia and Malaysia are the main producers and provide 85% of palm oil.

However, oil palm cultivation is accused of contributing significantly to the destruction of primary forests, mainly in Indonesia and Malaysia, causing irreversible harm to biodiversity and huge fires, with extremely serious health consequences on local populations and on those of neighbouring countries. In addition, oil palm cultivation gives rise to many social conflicts due to the non-respect of local communities' rights to their land, and this holds true for all producing countries.

Finally, palm oil has often been called into question for its high content in saturated fatty acids, which are believed to increase the risk of cardiovascular disease.

This study helped make an assessment of the environmental and social issues related to oil palm plantations by studying a sample of listed companies. Local legislations, private or government certifications, corporate initiatives are all vectors to improve practices. However, despite a significant amount of data and information provided by the various stakeholders, it is very difficult to have a clear mapping of the responsibilities of companies, national and local governments and other stakeholders, because transparency and communication is very uneven from one party to another. There are wrongs on all sides, but the various parties consistently shift the responsibility onto each other. In addition, the practices are also very unequal between the different companies making up the sample.

Some issues are still insufficiently considered by companies and other stakeholders, notably human rights for social issues, or greenhouse gas emissions and effluents for environmental themes.

That said, there is a positive development in the practices and transparency shown by companies, even though the sector is regularly affected by very significant controversies.

Under these conditions, the Best-in-Class approach is the best option given the difficulty of substituting other vegetable oils for palm oil (interesting features for the industry and high yield).

2016 ACTIVITY AT AMUNDI JAPAN

Following the formulation of Japan's Stewardship Code in February 2014 and Japan's Corporate Governance Code in June 2015, the Financial Services Agency established the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code in August 2015. In response, initiatives to promote the stewardship responsibilities of institutional investors and moves to strengthen corporate governance at companies have progressed in Japan.

Meanwhile, following the signing of the PRI by Japan's Government Pension Investment Fund (GPIF) in September 2015, at the 10th PRI in Person, which was held in Asia for the first time in 2016, Hiromichi Mizuno, the CIO of the GPIF, gave a candidacy speech for election to the PRI Board manifesting the aspiration to drive responsible investment in Asia. Subsequently, Mr. Mizuno was elected as a Board member, and the movement towards ESG integration in Japan gathered momentum, with more and more asset managers in Japan setting up departments specializing in stewardship and ESG.

According to the latest data provided by the Japan Sustainable Investment Forum (JSIF), the amount of responsible investment had expanded to 56 trillion yen (458 billion euros) as of November 2016, with ESG integration increasing to 14 trillion yen (116 billion euros) and investment assets for ESG-related engagement and the exercising of voting rights increasing to 19 trillion yen (148 billion euros).

The GSIA Review that will be updated this year is likely to reflect an increase in the amount of assets under management allocated to responsible investment in Japan.

In terms of ESG issues, addressing climate change following the Paris agreement is becoming increasingly important. In addition, in terms of problems that are specific to Japan, issues related to the use of human capital, such as work-life balance, the management of working hours and the use of women, which are associated with the structural problems of the declining birth rate, the ageing society, the declining population and the declining working population, have become urgent issues.

At Dentsu, a major advertising company, a controversy involving a suicide caused by the excessive work of a female employee highlighted an issue specific to Japan in the social dimension, and moves to strengthen regulations on long working hours are therefore likely to intensify. In the area of governance, which still has a low evaluation on a global basis, there is a further need to reinforce monitoring amid successive corporate scandals, as well as a continuous need to enhance the effectiveness and diversity of management. At the same time, transparent compensation schemes that reward good management and align the interests of management with those of shareholders are much desired.

In 2016, Amundi Japan undertook the following initiatives:

- The ESG Working Group in the Ministry of the Environment, we were involved in formulating a guidebook to encourage a basic understanding of ESG integration among asset owners,
- The pilot project to develop an environmental reporting platform led by the Ministry of the Environment,
- Dialogue between companies and investors,
- Discussions to promote diversity at the Ministry of Economy, Trade and Industry (METI)
- interviews regarding human capital information disclosure at the Ministry of Health, Labour and Welfare.

Furthermore, we actively took part in the activities of the PRI, CDP and UNGC in Japan and explained France's Energy Transition Law as well as Amundi's initiatives related to climate change and ESG so as to raise awareness at corporates. The demand from issuers to discuss corporate governance, general meetings and ESG has been increasing, and we have been open to such dialogue requested by issuers.

In the area of investment, Amundi Japan has initiated management of the Quality Reinforcement Strategy that invests in about 30 Japanese companies, with the aim of improving corporate value through engagement. This is a strategy aimed at delivering solid medium- to long-term returns to asset owners by

- 1. selecting high-quality companies based on financial and non-financial attributes such as ROIC and ESG ratings and

- 2. enhancing corporate value through engagement, by which the team will influence company management to improve ROE and ESG. The Active Japan Department and the ESG Department will collaborate in the engagement, and rely on the expertise of Amundi's ESG Analysis Team.

Finally, we would like to emphasise that there is a growing movement where Japanese asset owners such as GPIF are demanding that investment institutions fulfil stewardship responsibilities not only in regard to Japanese equities but also global equities. In response to this movement, with respect to the global equity strategy that Amundi Japan manages, we need to extensively rely on Amundi's Corporate Governance Team and ESG Analysis Team in relation to the exercise of voting rights, shareholder dialogue and ESG engagement activities. In Japan, the added value of Amundi's global stewardship platform is increasing more than ever.

Statistics 2016

ESG DIALOGUE	SHAREHOLDER DIALOGUE
AEON CO	DAI-ICHI LIFE HOLDINGS
ASAHI GROUP HOLDINGS	DAIKIN INDUSTRIES
ASHAI KASEI	FUKUOKA FINANCIAL GROUP
FANCL	HODOGAYA CHEMICAL
FUJI HEAVY	KAWASAKI KISEN KAISHA
FUJITSU	KENEDIX
INPEX	KONOIKE
ITOCHU CORPORATION	MITSUBISHI CORPORATION
KAJIMA CORPORATION	MTSUI MINING & SMELTING
KAO	NICHIKO PHARMACEUTICAL
KOMATSU	NIKKON HOLDINGS
KONICA MINOLTA	NIPPON SIGNAL
KONOIKE	NIPPON TELEGRAPH AND TELEPHONE
MTSUI CHEMICALS	NOMURA REAL ESTATE HOLDINGS
NEC	SECOM
NISSAN MOTOR	SHIONOGI & CO
NTT DOCOMO	STANLEY ELECTRIC
OLYMPUS	SUMITOMO RUBBER INDUSTRIES
OMRON	TOKYO ELECTRIC POWER
RICOH	
SHIN-ETSU CHEMICAL	
SUMITOMO CHEMICAL	
SUMITOMO HEAVY INDUSTRIES	
TOKYO ELECTRIC POWER	
TOYOTA MOTORS*	
YAMATO TRANSPORT	

*Questionnaires from Paris for which Tokyo played an intermediary role

VOTING AT GENERAL MEETINGS AND PRE-MEETING DIALOGUE

PHILOSOPHY

Amundi focuses primarily on the financial performance of the companies in which it invests. This performance can only be sustainable as part of a long-term vision, combined with exemplary corporate governance and strong societal and environmental responsibility. Amundi comes fully into its own as a shareholder within this scope of analysis, notably by exercising its voting rights and through shareholder dialogue.

A special report on the exercise of voting rights and shareholder dialogue is available here:
<http://about.amundi.com/Navigation/A-committed-player/Developingresponsible-finance>

2016 Voting season

The 2016 voting season was once again marked by the issue of pay. France experienced its first Say on Pay rebuff at Renault, while BP in the United Kingdom and Deutsche Bank in Germany also faced shareholder rebellion against executive pay rises. Apart from these high-profile cases, in which Amundi joined the opposition, the transparency of information on compensation, the practices and the quality of dialogue with companies have improved, notably in France. This resulted in a slight drop in the number of our opposition votes concerning this theme.

But the heart of governance remains the proper operation of Boards, on which really usable information remains limited and objective indicators such as independence are often insufficient. Companies are trying to highlight the role of the Board in their documentation and useful information filters increasingly often, notably through the results of Board assessments. The main change in Amundi's 2016 voting policy was the reaffirmation of the interest of direct dialogue between investors and the Board of Directors. This approach makes it possible to both better understand

how the Board operates and ensure that investors' opinions are properly escalated to the Board. France had remained somewhat isolated from this trend, which is growing in several countries, but 2016 marked a change and we had the opportunity to talk directly with many more directors this year.

Finally, the 2016 season was also marked by shareholder engagement on climate issues. In line with the 2015 resolutions at BP and Shell, that we had supported, we jointly tabled resolutions requesting more information on the climate risk management strategy at Anglo American, Glencore and Rio Tinto, which were approved by the Boards of these companies and then widely approved at the general meetings. We also took part in initiatives on this same topic with ENI and Total, which resulted in the publication of additional information by these companies. Finally, we publicly announced our support for similar resolutions at Exxon, Chevron and AES, although they were not approved at the general meeting.












RESULTS

In 2016 Amundi participated in more than 2,600 annual general meetings worldwide and engaged with more than 240 issuers, resulting in substantial improvements (warranting a change in our voting intentions) in corporate practices in almost fifty cases.

VOTING STATISTICS		
	2016	2015
GENERAL MEETINGS AT WHICH WE VOTED	2 623	2 565
> of which in France	249	263
> of which International	2 374	2 302
GENERAL MEETINGS AT WHICH WE VOTED AGAINST AT LEAST ONE RESOLUTION	76%	76%
> of which in France	79%	83%
> of which International	75%	76%
RESOLUTIONS VOTED	32 771	32 396
VOTES AGAINST RESOLUTIONS	17%	18%
THEMATIC BREAKDOWN OF VOTES AGAINST RESOLUTIONS		
STRUCTURE OF THE BOARD	38%	43%
REMUNERATION	29%	26%
CAPITAL TRANSACTION	18%	16%
SHAREHOLDER RESOLUTIONS	6%	7%
OTHER	9%	8%

STATISTICS ON SHAREHOLDER DIALOGUE		
	2016	2015
PRE-GM ALERTS	120	162
ISSUER INITIATIVES	120	98
NUMBER OF ALERTS + ISSUER INITIATIVES	240	260
> of which in France	98	103
> of which International	142	157
DIALOGUE RATE	72 %	72 %
> of which in France	77 %	73 %
> of which International	69 %	71 %

EXAMPLES

COMPANY	COUNTRY	RESOLUTIONS	VOTE	CONTEXT
COMPASS GROUP	United Kingdom	Severance package	 then 	Upon the departure of an executive, the board decided to use its discretion to maintain the full vesting of his long term incentive plan. After dialogue, the company decided to finally apply a proration on this award.
METRO	Germany	Issuance without preemptive rights	 then Withdrawal	The company proposed an authorization for a capital issuance without preemptive rights amounting for nearly 40% of the issued capital and without sufficient justifications. We informed the company of our negative voting intention and the resolution was finally withdrawn.
NOVARTIS	Switzerland	Re-election of directors	 then 	We were concerned by the independence and potential overboarding of the chairman of the audit committee. After dialogue, the company committed to tackle that issue in its succession plan and we finally supported the reelection.
EXXON / CHEVRON / AES	United States	External resolution on climate risks		An investor coalition filed resolution asking for more transparency on the carbon risk's impact on return on investment. Despite negative recommendation from the board, we voted for those resolutions and publicly announced our support ahead of the shareholder meetings.
RENAULT	France	Remuneration report + Performance shares	  then  	We considered that the performance criteria under the long term incentive were not challenging enough. After dialogue, they strengthened the criteria which allowed to support the new long term incentive but not the remuneration report where awards were based on the unchallenging former criteria. Finally the remuneration report was rejected.
ANGLO AMERICAN/ GLENCORE/ RIO TINTO	United Kingdom	External resolution on climate risks		An investor coalition filed resolution asking for more transparency on the carbon risk's impact on return on investment. We participated to the co-filing of those resolutions that were supported by the boards and finally adopted by a huge majority at the AGMs.

 For -  Against

APPENDICES

APPENDIX 1

GLOSSARY

3TG: Tantalum, Tungsten, Tin and Gold.

AB Sustain: A specialist in data relating to the agriculture logistics chain, AB Sustain works with distributors, processors and brands (abagri.com)

Advanced ultra-supercritical plants (A-USC): Power plants equipped with technology allowing them to operate at temperatures and pressures above water critical point, i.e. above the temperature and pressure at which liquid and gaseous water phases coexist in balance. Ultra-supercritical plants therefore require less coal per megawatt hour produced, which means fewer emissions (notably of carbon dioxide and mercury), greater efficiency (on average 45% efficiency against 32% for conventional coal-fired power plants) and lower costs per megawatt. (greenfacts.org)

ARISE: The Achieving Reduction of Child Labour in Support of Education (ARISE) programme was initiated in 2012 with the support of the ILO and American NGO Winrock International. ARISE is dedicated primarily to removing the underlying causes of child labour through education and improving living standards.

Bettercoal initiative: A global, non-profit initiative founded by a group of major energy companies (DONG Energy, EDF, Enel, E.ON, GDF Suez, RWE and Vattenfall) to promote continuous improvement of the social responsibility of enterprises in the coal supply chain, with particular emphasis placed on the mines themselves. (bettercoal.org)

Business Roundtable: Conservative lobby composed of executives of major US companies (businessroundtable.org)

CAP 2030: "In the context of the energy transition, EDF has defined a strategy called CAP 2030, which embodies the Group's ambition: to be an efficient and responsible electricity utility and the champion of low carbon growth. CAP 2030 revolves around three key priorities: Increasing proximity to customers; Doubling the production of renewable energy by 2030; Tripling the share of business conducted internationally by 2030." (edf.fr)

Capex: "For a company, an administration or an association, Capex (short for capital expenditure) is the total of (tangible and intangible) investment spending dedicated to purchasing professional equipment. (www.daf-mag.fr)

Carbon Capture and Storage (CCS): CCS refers to the succession of operations ranging from the capture of CO₂ to its transport and geological storage in hydrocarbon deposits or deep saline aquifers. The principle is to trap CO₂ molecules before, during or after the combustion stage of fossil fuels (coal, petroleum products, natural gas) in order to prevent their release into the atmosphere, then carry these molecules (in gaseous or liquid form) either by pipeline, ship, or by truck for small quantities, and finally store them in underground geological formations so as to sequester them for the long term. (encyclopedie-energie.org)

Carbon Tracker: The Carbon Tracker Initiative is a non-profit financial think-tank working for a climate-friendly global energy market, by bringing capital markets in line with climatic realities. The Carbon Tracker financial, energy and legal expert team works to limit future greenhouse gas emissions. (carbontracker.org)

Clean Power Plan: "In the United States, the Clean Power Plan forms part of the main energy-related environmental policies implemented under Barack Obama's mandates. It aims to reduce the United States' CO₂ emissions related to electricity production by 28% by 2025 and by 32% by 2030, based on 2005 levels." (connaissancedesenergies.org)

Climate Leadership Plan: The Climate Leadership Plan is a strategy developed by the Canadian Province of Alberta to reduce carbon emissions while diversifying the economy and creating jobs. Key aspects of the plan are: implementing a new carbon price for greenhouse gas emissions, ending pollution from coal-generated electricity by 2030, developing renewable energies, capping oil sand emissions at 100 megatons per year, reducing methane emissions by 45% by 2025. (alberta.ca/climate-leadership-plan.aspx#toc-0)

Code of conduct of the Electronic Industry Citizenship Coalition (EICC): Set of principles relating to social, environmental and ethical issues for the electronics sector and its supply chain. These principles take as reference international standards, notably the International Labour Standards defined by the ILO and the OECD Guidelines for Multinational Enterprises. (eiccoalition.org/standards/code-of-conduct)

Codex: The Codex Alimentarius Commission, established by the FAO and WHO in 1963, develops harmonised international food standards, guidelines and codes of practice to protect the health of consumers and ensure fair practices in the food trade. The Commission also promotes coordination of all food standards work undertaken by international governmental and non-governmental organisations.

Conflict-free: Products containing none of the minerals financing, directly or indirectly, armed groups in the Democratic Republic of Congo and its neighboring countries.

Conflict Free Smelter Early Adopter Fund: Initiative aiming to offer smelters a grant to finance the additional costs related to the audits. (<http://solutions-network.org/site-cfs>)

Conflict-Free Smelter Program (CFSP): The flagship of the CFSI, the Conflict-Free Smelter Program (CFSP) helps companies manage the theme of conflict minerals in their supply chain on the basis of independent audits carried out by third parties. These audits help identify the smelters that have a system to ensure a supply of "conflict-free" minerals. (conflictreesourcing.org/conflict-free-smelter-program)

Conflict-Free Smelter Initiative (CFSI): The CFSI comprises tools and resources such as the Conflict-Free Smelter Program, the Conflict Minerals Reporting Template, data from the Reasonable Country of Origin Inquiry as well as a range of reference materials on the sourcing of conflict minerals. The CFSI has more than 200 participating companies and manages several working groups on issues related to conflict minerals. It contributes to the development of all appropriate policies while communicating actively with the various NGOs concerned. (conflictreesourcing.org)

Conflict-Free Tin Initiative (CFTI): Project aiming to develop realistic and sustainable solutions to meet the challenges of conflict minerals and more specifically tin. (<http://solutionsnetwork.org/site-cfti>)

Digital Europe Group: Initiative representing the digital technology sector in Europe having set up several working groups on environmental, technical and regulatory aspects. (digitaleurope.org)

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

ECLT: "Eliminating Child Labour in Tobacco Growing is a non-profit organisation whose goal is the elimination of the worst forms of child labour and forced labour in the cultivation and production of tobacco. The ECLT Foundation is a multi-stakeholder partnership composed of unions, tobacco growers as well as multinationals of the tobacco industry. The Foundation also relies on the International Labour Office, the permanent secretariat of the International Labour Organization. We are working with a unique and integrated approach to address the problem of child labour." <http://www.eclt.org>

Electric Power Research Institute (EPRI): "The Electric Power Research Institute (EPRI) carries out research and development work on the production, delivery and use of electricity in the United States for the benefit of the public. An independent non-profit organisation, EPRI brings together scientists and engineers as well as experts from the academic world and the industry to meet the challenges of electricity, including reliability, efficiency, affordability, health, safety and the environment. EPRI also provides technological, political and economic analyses for the long-term planning of research and development, and supports research in emerging technologies." (epri.com)

Electronics Industry Citizenship Coalition (EICC): Founded in 2004, the EICC is a group of companies in the electronics sector aiming to establish social, environmental and ethical standards for the sector as a whole and its supply chain. (eiccoalition.org)

Energy mix: "The energy mix refers to the breakdown of the different primary energy sources (nuclear, coal, oil, wind, etc.) used to produce a well-defined energy, such as electricity." The share of each primary energy source is expressed as a percentage (%)." (futura-sciences.com)

Enough Project: Project stemming from the Center for American Progress aimed at ending genocide and crimes against humanity. Founded in 2007, Enough focuses on crises in Sudan, southern Sudan and Congo. Enough conducts intensive field studies and has developed several tools to provide citizens and working groups with practical methods to cope with these crises. (enoughproject.org)

Global e-Sustainability Initiative (GeSI): An initiative launched in collaboration with several major players in the electronics and communication sector and global organisations, GeSI is an independent source of information and resources aimed at the promotion of the best social and environmental practices in the sector of electronics and communication. (gesi.org)

Greenhouse gas emissions (GHG): "GHG emissions refer to the sum of the seven greenhouse gases that directly influence climate change: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), chlorofluorocarbons (CFC), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Other air emissions are sulphur oxides (SO_x) and nitrogen oxides (NO_x), expressed in quantities of SO₂ and NO₂, carbon monoxide (CO) and volatile organic compounds (VOC), excluding methane." (data.oecd.org)

ICI: Created in 2002, the International Cocoa Initiative (ICI) is the leading organisation promoting child protection in cocoa-growing communities. ICI works with the cocoa industry, civil society and national governments in cocoa-producing countries to ensure a better future for children and contribute to the elimination of child labour. Operating in Côte d'Ivoire and Ghana since 2007, ICI has worked in more than 890 cocoa-growing communities, where it has supported more than 3,000 community development actions to benefit more than one million people, more than half of whom are children. As a result of ICI's assistance, more than 50,000 of these children now have improved access to quality education. (<http://www.cocoainitiative.org/>)

ILO Conventions no. 138 and 182: "Conventions no. 138 and 182 are fundamental conventions. Under the ILO Declaration, even if a Member State has not ratified these conventions, it is bound to respect, promote and realise the principles enacted by this statement. ILO Convention No. 138 on the minimum age for admission to employment and work. One of the most effective methods to ensure that children do not start working too young is to determine the age at which they are likely to be employed or permitted to work. ILO Convention no. 182 on the worst forms of child labour, 1999. Child labour, as the statistics clearly show, is a global problem. Following comprehensive research on this issue, the ILO concluded that it was necessary to strengthen existing conventions on child labour. Convention no. 182 helped focus international attention on the urgency of actions to be undertaken, which address in priority the worst forms of child labour, without losing sight of the long-term goal for the effective elimination of child labour." (<http://ilo.org/>)

Industrial Emissions Directive (IED): EU directive aiming to achieve a high level of environmental protection through the prevention and reduction of pollution from a wide range of industrial and agricultural activities. The directive provides that the best available techniques (BAT) form the basis for the definition of emission limit values (ELV) and for other conditions for the operations authorisation of the activities concerned. The conditions for authorisation must be reviewed periodically. The directive also provides for the reclamation of the site in a state at least equivalent to that described in a “basic report” describing the state of the soil and groundwater before the commissioning of the operation. (ied.ineris.fr/directive_ied)

Integrated Gasification Combined Cycle (IGCC): “Technology of power plants using gas produced from coal with a high sulphur content, from heavy oil residues. This is an advanced energy production technology that reduces emissions of, and particulates and improves coal’s energy efficiency. It combines two technologies: • coal gasification, which uses coal to obtain clean combustion gas (synthesis gas). • combined cycle, which is the most effective method to produce electricity from the gas available commercially today (a gas turbine produces electricity and the waste heat is used to produce steam and generate additional electricity via a steam turbine).” (greenfacts.org)

IPIECA: “IPIECA is the international association for research on the environmental and social issues of the oil and gas sector. IPIECA helps oil and gas companies to achieve better results on environmental and social aspects. The IPIECA social responsibility working group is currently studying human rights, indigenous peoples, local content, sustainable social investment, management systems and responsible security. Many of its publications set standards in the sector.” (IPIECA)

Grievance mechanisms: “A grievance mechanism is a process consisting in receiving, investigating and responding to the concerns and complaints formulated by the stakeholders concerned, in a timely and systematic manner.” (IPIECA)

Conflict minerals: Mineral extracted in the Democratic Republic of Congo (DRC) and neighboring countries and used to finance armed groups in these countries

National Association of Manufacturers: Association of US industrial companies aiming to improve the competitiveness of American manufacturers by encouraging the creation of a legislative and regulatory environment favourable to its members. (nam.org)

National Pollutant Inventory (NPI): Australia’s National Pollutant Inventory (NPI) provides the community, industry and government with free information on substance emissions in the air, ground and water in Australia. It contains estimates of emissions of 93 toxic substances as well as the source and location of these emissions. (npi.gov.au)

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Set of detailed recommendations aimed at helping companies to respect

human rights and prevent contribution to the financing of armed forces through purchases of minerals. The Due Diligence Guidance is usable by any company that could purchase conflict minerals. (oecd.org/corporate/mne/mining)

Physician Payment Sunshine Act: Requires that manufacturers of drugs and other medical or biological devices involved in health programmes in the United States be transparent. They are requested to report the payments and objects of value offered to healthcare professionals (primarily doctors and teaching hospitals). This payment transparency programme is commonly referred to as ‘Open Payments Program’. In this context, manufacturers are now required to disclose this information in a specific report. (ama-assn.org)

PPA: Public-Private Alliance for responsible minerals trade: Multi-sector initiative bringing together companies, government representatives and NGOs, aimed at the promotion of solutions for the transparency of the supply chain in DRC. This initiative provides funding and coordinates working groups to encourage responsible sourcing in the region. (resolv.org/site-ppa)

OECD Guidelines: The OECD Guidelines for Multinational Enterprises are recommendations to help these companies conduct their activities in a responsible manner. 44 Governments have adhered to the guidelines (representing all regions of the world and 85% of foreign direct investment and encourage their companies to observe them, regardless of where they operate. (oecd.org)

RAFI (Reporting and Assurance Frameworks Initiative): “RAFI is an international advisory project to develop frameworks of reference for reporting and its reliability, based on the UN guiding principles. This project was initiated by Shift (an independent non-profit organisation for the respect of human rights in business) and Mazars (international audit, accounting and advisory firm) in cooperation with the resource center for human rights of ASEAN (the Association of South-East Asian nations).” (<http://shiftproject.org/project/humanrights-reporting-and-assuranceframeworksinitiative-rafi>)

Raise Hope for Congo: A campaign of the Enough Project devoted to the defence of citizens of the Democratic Republic of Congo and the fight against local conflicts. Raise Hope for Congo and the Enough Project collaborate with national groups in the United States and local Congolese organisations. (raisehopeforcongo.org)

Resolve: NGO founded in 1977 to address environmental, social and health challenges. This organisation provides lasting solutions to identified problems and develops collaborative approaches and dedicated programmes. (resolv.org)

SEC (Securities & Exchange Commission): US federal agency for the regulation and control of financial markets. (sec.gov)

Section 1502 du Dodd-Frank Act (Dodd-Frank Wall Street Reform and Consumer Protection Act (2010)): Regulation imposing

transparency and disclosure requirements on companies that use to manufacture their products conflict minerals extracted in the Democratic Republic of Congo (DRC) and neighboring countries. This regulation is applicable to manufacturing companies which need conflict minerals for the production or use of end products.

Solutions for Hope: Platform designed to support companies and NGOs on the theme of responsible sourcing of minerals from conflict zones. (solutions-network.org/site-solutionsforhope)

SRTP: The Social Responsibility in Tobacco Production programme, or SRTP, defines minimum result objectives for suppliers of tobacco leaves and also includes guidelines for measures to be taken to prevent child labour. The goal is to understand the reasoning that lies at the origin of child labour, improve access to education and solve vulnerability issues through an effort monitoring system.

STP: The Sustainable Tobacco Programme (STP) replaced the SRTP in 2016. This sector initiative, launched in 2015, presents the best sector practices complying with external standards.

TFT (The Forest Trust): “The Forest Trust, or TFT (formerly Tropical Forest Trust) is an organisation created in the United Kingdom whose purpose is to support businesses and communities in marketing responsible products. TFT works in the field, in forests, farms and factories, to help create products that respect the environment and improve the lives of local populations. TFT helps companies transform their raw material supply chains and thus curb deforestation. It notably ensures that businesses obtain tropical timber not originating from the plunder of rain forests. TFT is a non-profit organisation based in 14 countries with its headquarters in Crassier, Switzerland. It is headed by a Board of Directors composed of representatives of its members as well as independent experts.” (<http://www.tft-earth.org/>)

United Nations Global Compact (UN Global Compact): “The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour and environmental standards, and the fight against corruption.” (unglobalcompact.org)

United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) & Principes de John Ruggie: “In June 2011, the United Nations Human Rights Council adopted a new framework for corporate human rights. This set of principles is designed to make companies better respect human rights in their practices and management. The Guiding Principles adopted by the Council are the result of six years of research conducted by Harvard professor John Ruggie, involving governments, businesses, civil society organisations and investors from all over the world. The Principles are based on 47 consultations and visits to more than 20 countries as well as online consultations, enabling people from 120 countries to participate. The new standards should make it possible

to apply the United Nations framework, “Protect, Respect, Remedy” so as to better manage business and protect human rights.” (un.org)

US Chamber of commerce: Non-profit business federation representing about three million businesses in the country, 2,000 local and State chambers, and 830 business associations, aiming to promote human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility. (uschamber.com)

Voluntary Principles on Security on Human Rights (VPSHR): “Founded in 2000, the Voluntary Principles on Security and Human Rights are a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights.” (voluntaryprinciples.org)

PRI Clearinghouse: “Is a unique global platform for collaborative engagement initiatives. It provides PRI signatories with a private forum to pool resources, share information, enhance influence and engage with companies, stakeholders, policymakers and other actors in the investment value chain on environmental, social and corporate governance issues across different sectors and regions. The vision of the Clearinghouse is to foster sustainable long-term value creation through collaboration, benefiting the environment and society as a whole.” (www.unpri.org)

Institutional Investors Group on Climate Change (IIGCC): “Is a network of 120 members, composed of some of the largest pension funds and asset managers in Europe, which account for nearly €13 trillion in assets and adopt a proactive approach to the management of the risks and opportunities related to climate change.” (www.iigcc.org)

Global Compact - The ten principles

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

The elimination of all forms of forced and compulsory labour.

Principle 5

The effective abolition of child labour; and

Principle 6

The elimination of discrimination in respect of employment and occupation.

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.

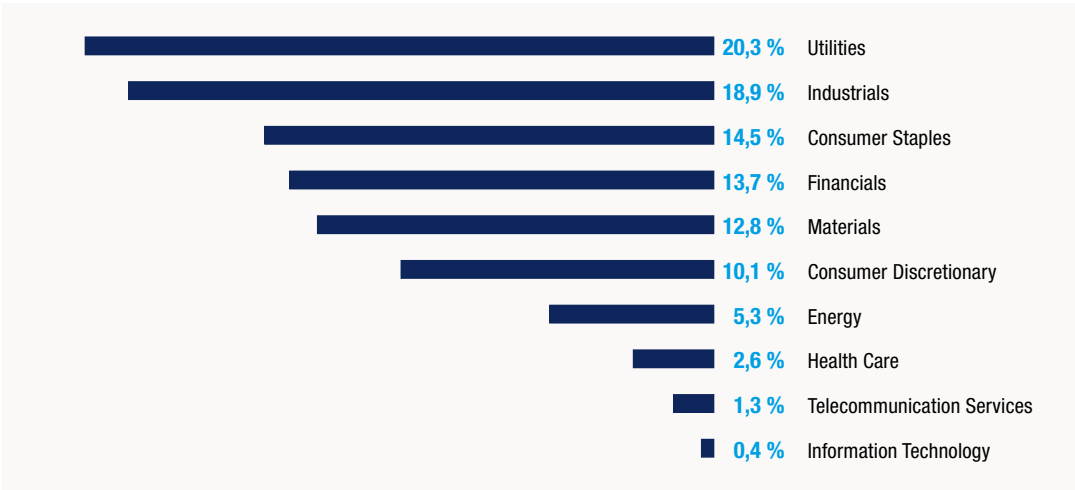
Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

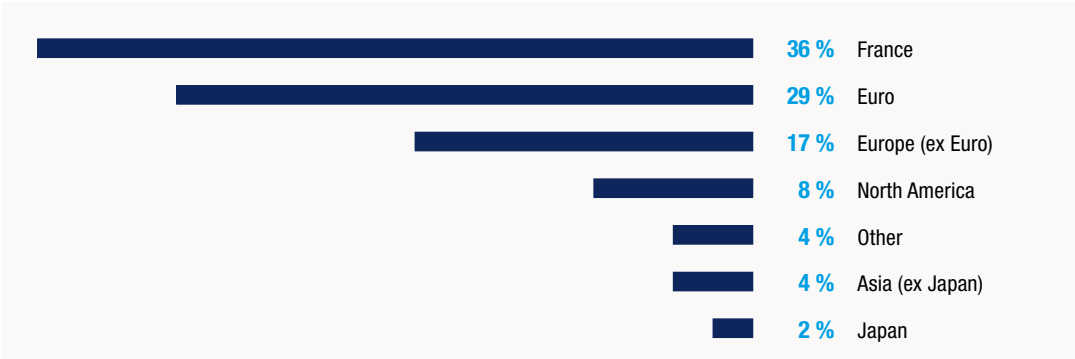
(www.pactemonial.org)

APPENDIX 2

Breakdown of meetings with companies addressed by sector



Breakdown of meetings with companies addressed by region



APPENDIX 3

Companies met in 2016 (excluding Amundi Japan) in chronological order

ESG/SRI Analysis team

COMPANIES	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
WACKER CHEMIE AG	DE000WCH8881	Germany	07/01/16				
NATUREX	FR0000054694	France	07/01/16	●	●	●	
TOUTPARGEL	NA	France	07/01/16	●	●	●	
INTERPARFUMS	NA	France	07/01/16	●			
MAUNEA KEA	NA	France	07/01/16		●		
ALLIANZ SE	DE0008404005	Germany	08/01/16		●		
BONDUELLE SA	FR0000063935	France	08/01/16	●			
SERGE FERRARI	NA	France	08/01/16	●			
ENI SPA	IT0003132476	Italy	12/01/16	●			
RWE AG	DE0007037129	Germany	20/01/16		●		
CHAROEN POKPHAND FOODS PCL	TH0101A10Z01	Thailand	22/01/16				
MADA	NA	France	25/01/16	●			
THAI UNION GROUP PCL	TH0450010R15	Thailand	26/01/16		●	●	
RED ELECTRICA CORP SA	ES0173093115	Spain	28/01/16				
NORDEX SE	DE000A0D6554	Germany	01/02/16		●		
PSI	NA	Germany	01/02/16		●		
LECLANCHE	NA	Switzerland	01/02/16		●		
CENTROTEC	NA	Germany	01/02/16				
METRO AG	DE0007257503	Germany	02/02/16		●		
EDP-ENERGIAS DE PORTUGAL SA	PTEDP0AM0009	Portugal	02/02/16		●		
EDP RENOVAVEIS SA	ES0127797019	Spain	02/02/16		●		
IBERDROLA SA	ES0144580Y14	Spain	02/02/16		●		
SOLARWORLD AG	DE000A1YCMM2	Germany	02/02/16		●	●	
PENNON GROUP PLC	GB00B18V8630	United Kingdom	02/02/16		●		
EVN AG	AT0000741053	Austria	02/02/16		●		
GEO GROUP INC/THE	US36162J1060	The United Stat	03/02/16				
BP PLC	GB0007980591	United Kingdom	03/02/16				
LVMH-MOET HENNESSY LOUIS VUITT	FR0000121014	France	03/02/16		●		
UNIBAIL-RODAMCO SE	US9045871020	France	04/02/16				
NTPC LTD	INE733E01010	India	05/02/16				
UNIBAIL-RODAMCO SE	US9045871020	France	09/02/16	●			
INTESA SANPAOLO SPA	IT0000072618	Italy	11/02/16				
SOCIETE GENERALE	FR0000130809	France	12/02/16	●			
FAURECIA	FR0000121147	France	15/02/16	●			
UNICREDIT SPA	IT0004781412	Italy	15/02/16				
RENAULT SA	FR0000131906	France	15/02/16	●			

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDIAPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
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ESG/SRI Analysis team

COMPANIES	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
ORANGE SA	FR0000133308	France	18/02/16				
CAP GEMINI SA	FR0000125338	France	19/02/16				
VALEO SA	FR0000130338	France	19/02/16	●			
CREDIT AGRICOLE SA	FR0000045072	France	19/02/16				
RAMSAY HEALTH CARE LTD	AU000000RHC8	Australia	25/02/16				
SUEZ ENVIRONNEMENT COMPANY SA	FR0010613471	France	25/02/16				
ARCELORMITTAL	LU0323134006	Luxembourg	01/03/16	●	●		
AXA SA	FR0000120628	France	04/03/16	●	●	●	
ENGIE	FR0010208488	France	08/03/16				
BPCE SA	XX0002866395	France	09/03/16		●		
CREDIT AGRICOLE SA	FR0000045072	France	11/03/16				
HEINEKEN NV	NL0000009165	The Netherlands	11/03/16				
SOLVAY SA	BE0003470755	Belgium	14/03/16				
SUEZ ENVIRONNEMENT COMPANY SA	FR0010613471	France	15/03/16			●	
TOKYO ELECTRIC POWER CO INC/TH	JP3585800000	Japan	15/03/16				
LEGRAND FRANCE SA	FR0010307819	France	16/03/16	●			
INTERNATIONAL FINANCE CORP	US45950KBX72	Supranational	16/03/16	●			
ACERINOX SA	ES0132105018	Spain	16/03/16				
AIR FRANCE-KLM	FR0000031122	France	17/03/16	●	●		
ATLAS COPCO AB	SE0006886750	Sweden	17/03/16	●	●		
HAMMERSON PLC	GB0004065016	United Kingdom	17/03/16	●	●	●	
HAMMERSON PLC	GB0004065016	United Kingdom	17/03/16	●	●		
NOBLE GROUP LTD	BMG6542T1190	Hong Kong	18/03/16	●	●		
CASINO GUICHARD PERRACHON SA	FR0000125585	France	21/03/16		●	●	
GOLDEN AGRI RESOURCES LTD	MU0117U00026	Singapore	21/03/16	●	●		
CA ANIMATION	NA	France	04/04/16	●			
BP PLC	GB0007980591	United Kingdom	06/04/16	●	●	●	
CARREFOUR SA	FR0000120172	France	08/04/16		●	●	
DAEWOO INTERNATIONAL CORP	KR7047050000	Korea	15/04/16	●			
TENNET HOLDING BV	XX0003133840	The Netherlands	25/04/16	●		●	
IJM CORP BHD	MYL333600004	Malaysia	25/04/16	●		●	
KUALA LUMPUR KEPONG BHD	MYL244500004	Malaysia	26/04/16				
RAMSAY HEALTH CARE LTD	AU000000RHC8	Australia	28/04/16				
VEDANTA LTD	INE205A01025	India	29/04/16		●	●	
NEWMONT MINING CORP	US6516391066	The United Stat	29/04/16				
FREEPORT-MCMORAN INC	US35671D8570	The United Stat	02/05/16		●	●	
BANCO BILBAO VIZCAYA ARGENTARI	ES0113211835	Spain	04/05/16		●	●	

ESG/SRI Analysis team

COMPANIES	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
ERAMET	FR0000131757	France	04/05/16	●	●	●	
ALTRAD	NA	France	06/05/16	●	●	●	
DIAGEO PLC	GB0002374006	United Kingdom	09/05/16				
ANHEUSER-BUSCH INBEV NV	BE0003793107	Belgium	10/05/16	●			
VERBUND AG	AT0000746409	Austria	11/05/16				
ALSTOM SA	FR0010220475	France	11/05/16				
HSBC HOLDINGS PLC	GB0005405286	United Kingdom	11/05/16	●			
SOCIETE GENERALE	FR0000130809	France	11/05/16			●	
EUROPEAN INVESTMENT BANK (BEI)	XX0008022890	European Union	12/05/16		●		
GRUPO MEXIQUE SAB DE CV	MXP370841019	Mexico	13/05/16			●	
IPS	NA	France	20/05/16	●	●	●	
ANGLO AMERICAN PLC	GB00B1XZS820	United Kingdom	23/05/16				
BHP BILLITON PLC	GB0000566504	Australia	23/05/16		●	●	
ANGLO AMERICAN PLC	GB00B1XZS820	United Kingdom	23/05/16		●	●	
RIO TINTO PLC	GB0007188757	United Kingdom	23/05/16				
SECHE ENVIRONNEMENT SA	FR0000039109	France	24/05/16	●			
SODEXO	FR0000121220	France	24/05/16	●			
ELECTRICITE DE FRANCE-EDF SA	FR0010242511	France	25/05/16		●	●	
BOLIDEN AB	SE0000869646	Sweden	25/05/16	●	●		
BRICONORD	NA	France	27/05/16	●	●	●	
COOPERATIEVE RABOBANK UA	XX0008022630	The Netherlands	30/05/16		●		
ACCOR SA	FR0000120404	France	31/05/16		●	●	
ACCOR SA	FR0000120404	France	31/05/16	●	●	●	
ACCOR SA	FR0000120404	France	31/05/16	●	●	●	
ANTOFAGASTA PLC	GB0000456144	Chile	02/06/16	●		●	
DIDACTIC	NA	France	07/06/16	●	●	●	
BNP PARIBAS	FR0000131104	France	07/06/16	●	●	●	
MARCEL & FILS	NA	France	08/06/16	●	●	●	
RWE AG	DE0007037129	Germany	08/06/16				
MICHELIN (CIE GALE DES ETABTS)	FR0000121261	France	09/06/16	●	●		
SKANSKA AB	SE0000113250	Sweden	09/06/16	●	●	●	
STATOIL ASA	N00010096985	Norway	09/06/16	●	●	●	
ROYAL DUTCH SHELL PLC	GB00B03MM408	The Netherlands	09/06/16	●	●	●	
REPSOL OIL & GAS CANADA INC	CA87425E1034	Canada	09/06/16	●	●		
DANONE (EX GROUPE DANONE)	FR0000120644	France	09/06/16	●			
UMICORE	BE0003884047	Belgium	09/06/16		●		
AIR LIQUIDE SA	FR0000120073	France	09/06/16	●		●	
FROGPUBS	NA	France	10/06/16	●	●	●	
SECHE ENVIRONNEMENT SA	FR0000039109	France	10/06/16			●	

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDIAPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
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ESG/SRI Analysis team

COMPANIES	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
FORTUM OYJ	FI0009007132	Finland	10/06/16		●		
NESTE OYJ	FI0009013296	Finland	10/06/16	●	●		
SIEMENS AG	DE0007236101	Germany	10/06/16	●	●		
AEROPORTS DE PARIS	FR0010340141	France	10/06/16	●	●		
SCHNEIDER ELECTRIC SE	FR0000121972	France	10/06/16	●			
SCOR SE	FR0010411983	France	10/06/16	●	●		
VALEO SA	FR0000130338	France	10/06/16	●			
SOLVAY SA	BE0003470755	Belgium	10/06/16		●		
IBERDROLA SA	ES0144580Y14	Spain	11/06/16		●	●	
VEOLIA ENVIRONNEMENT	FR0000124141	France	11/06/16		●		
NATIONAL GRID PLC	GB00B08SNH34	United Kingdom	11/06/16	●		●	
INDICIA	NA	France	14/06/16	●	●	●	
ENEL SPA	IT0003128367	Italy	14/06/16	●	●		
RWE AG	DE0007037129	Germany	14/06/16	●	●		
IBERDROLA SA	ES0144580Y14	Spain	14/06/16	●	●		
E.ON SE	DE000ENAG999	Germany	14/06/16	●	●		
CENTRICA PLC	GB00B033F229	United Kingdom	14/06/16	●	●		
UNITED UTILITIES GROUP PLC	GB00B39J2M42	United Kingdom	14/06/16	●	●		
EDP-ENERGIAS DE PORTUGAL SA	PTEDP0AM0009	Portugal	14/06/16	●		●	
NISSAN MOTOR CO LTD	JP3672400003	Japan	15/06/16	●			
BHP BILLITON PLC	GB0000566504	Australia	15/06/16		●		
TERNA SPA-RETE ELETTR NTL SPA	IT0003242622	Italy	15/06/16	●	●		
ELECTRICITE DE FRANCE-EDF SA	FR0010242511	France	15/06/16	●	●		
GOLDCORP INC	CA3809564097	Canada	16/06/16				
BRITISH AMERICAN TOBACCO PLC	GB0002875804	United Kingdom	16/06/16		●		
SOUTHERN COPPER CORP	US84265V1052	Peru	17/06/16				
SWEDISH MATCH AB	SE0000310336	Sweden	17/06/16	●			
IMPERIAL BRANDS PLC	GB0004544929	United Kingdom	20/06/16				
PHILIP MORRIS INTERNATIONAL	US7181721090	The United Stat	20/06/16		●	●	
VALE SA	BRVALEACNOR0	Brazil	21/06/16				
TOYOTA MOTOR CORP	JP3633400001	Japan	22/06/16	●			
LAFARGEHOLCIM LTD	CH0012214059	Switzerland	22/06/16				
SIME DARBY BHD	MYL419700009	Malaysia	24/06/16	●	●		
DGF	NA	France	27/06/16	●	●	●	
ENGIE	FR0010208488	France	27/06/16		●	●	
BONDUELLE SA	FR0000063935	France	28/06/16	●		●	
BUMITAMA AGRI LTD	SG2E67980267	Indonesia	29/06/16	●	●	●	
WILMAR INTERNATIONAL LTD	SG1T56930848	Singapore	30/06/16	●			

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDIAPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
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ESG/SRI Analysis team

COMPANIES	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
JAPAN TOBACCO INC	JP3726800000	Japan	30/06/16		●	●	
DAIMLER AG	DE0007100000	Germany	01/07/16	●	●		
PEUGEOT SA	FR0000121501	France	01/07/16	●	●	●	
BMW-BAYERISCHE MOTOR WERKE AG	DE0005190003	Germany	05/07/16	●	●	●	
IOI CORP BHD	MYL196100001	Malaysia	05/07/16		●		
GENERAL MOTORS CORP	US37045V1008	The United States	06/07/16	●	●		
DELTA AIR LINES INC	US2473617023	The United States	06/07/16	●	●		
UNITED PARCEL SERVICE INC	US9113121068	The United States	06/07/16	●	●		
VOLKSWAGEN AG	DE0007664005	Germany	07/07/16	●	●		
GL EVENTS	NA	France	08/07/16	●	●		
BRIDGESTONE CORP	JP3830800003	Japan	08/07/16	●	●		
PETIT FORESTIER	NA	France	21/07/16	●	●	●	
GECINA SA	FR0010040865	France	25/07/16	●	●		
UNILEVER NV	NL0000388619	United Kingdom	16/08/16	●			
CEZ AS	CZ0005112300	Czech Republic	18/08/16	●			
ALSTOM SA	FR0010220475	France	24/08/16	●			
CONTINENTAL AG	DE0005439004	Germany	25/08/16	●	●		
RWE AG	DE0007037129	Germany	29/08/16	●	●		
BARRY CALLEBAUT AG	CH0009002962	Switzerland	29/08/16		●		
FORD MOTOR COMPANY	US3453708600	The United States	01/09/16	●			
THALES SA	FR0000121329	France	01/09/16	●			
KUEHNE + NAGEL INTERNATIONAL AG	CH0025238863	Switzerland	06/09/16	●	●		
RENAULT SA	FR0000131906	France	06/09/16	●			
OLAM INTERNATIONAL LTD	SG1Q75923504	Singapore	06/09/16				
AREVA SA	FR0011027143	France	06/09/16				
CARREFOUR SA	FR0000120172	France	06/09/16		●	●	
ENGIE	FR0010208488	France	06/09/16		●		
STAGECOACH GROUP PLC	GB00B6YTLS95	United Kingdom	07/09/16	●	●		
AGL ENERGY LTD	AU000000AGL7	Australia	09/09/16		●		
TOTAL SA	FR0000120271	France	12/09/16	●	●		
MTU AERO ENGINES AG	DE000A0D9PT0	Germany	12/09/16	●	●		
MAN SE	DE0005937007	Germany	12/09/16	●			
SCHNEIDER ELECTRIC SE	FR0000121972	France	12/09/16	●	●		
VINCI SA	FR0000125486	France	15/09/16		●		
VOLVO AB	SE0000115446	Sweden	15/09/16	●	●		
ALLIANZ SE	DE0008404005	Germany	16/09/16	●			
AIRBUS GROUP SE	NL0000235190	France	20/09/16		●		
FORESTFINANCE	NA	France	20/09/16	●	●	●	

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDIAPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
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ESG/SRI Analysis team

COMPANIES

	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
FIAT CHRYSLER AUTOMOBILES NV	NL0010877643	United Kingdom	21/09/16	●	●		
SOLIFAP	XFCS00X0MZV4	France	21/09/16	●	●		
ENEL SPA	IT0003128367	Italy	22/09/16	●	●		
FRAPORT AG FRANKFURT AIRPORT S	DE0005773303	Germany	22/09/16	●	●		
PIRELLI & C SPA	IT0004623051	Italy	23/09/16	●	●		
TRANSALTA CORP	CA89346D1078	Canada	26/09/16	●			
SAFRAN SA	FR0000073272	France	26/09/16	●		●	
PACCAR INC	US6937181088	The United Stat	26/09/16	●	●		
LINDT & SPRUENGLI AG	CH0010570759	Switzerland	27/09/16		●		
AIR FRANCE-KLM	FR0000031122	France	27/09/16	●	●		
BOEING CO/THE	US0970231058	The United Stat	28/09/16	●			
ZODIAC AEROSPACE	FR0000125684	France	29/09/16		●		
A P MOLLER - MAERSK A/S	DK0010244508	Denmark	29/09/16	●	●		
MIIMOSA	NA	France	30/09/16	●	●		
TOTAL SA	FR0000120271	France	03/10/16	●	●		
KOREA ELECTRIC POWER CORP	KR7015760002	Korea	06/10/16	●	●		
EUROFINS SCIENTIFIC	FR0000038259	Luxembourg	08/10/16	●	●		
PIERRE HOUE	NA	France	12/10/16	●	●	●	
GBH	NA	France	18/10/16	●			
AXAEREAL	NA	France	18/10/16	●	●		
CHINA RESOURCES POWER HOLDINGS	HK0836012952	China	31/10/16	●	●		
ROYAL BK SCOTL GROUP PLC	GB00B7T77214	United Kingdom	03/11/16	●			
BANK OF AMERICA CORP	US0605051046	The United Stat	03/11/16	●			
TOTAL SA	FR0000120271	France	03/11/16	●			
NESTLE SA	CH0038863350	Switzerland	03/11/16	●	●		
SOCIETE GENERALE	FR0000130809	France	07/11/16	●	●		
HUADIAN POWER INTERNATIONAL CO	CNE000001LJ2	China	07/11/16	●	●		
BANCO SANTANDER SA	ES0113900J37	Spain	08/11/16	●	●		
BANCO BILBAO VIZCAYA ARGENTARI	ES0113211835	Spain	08/11/16	●	●		
HOCHTIEF AG	DE0006070006	Germany	08/11/16	●	●		
KONINKLIJKE PHILIPS NV	NL0000009538	The Netherlands	08/11/16	●	●		
DEUTSCHE LUFTHANSA AG	DE0008232125	Germany	08/11/16	●	●		
SCHNEIDER ELECTRIC SE	FR0000121972	France	08/11/16	●			
ITM	NA	France	09/11/16	●	●		
REPSOL SA	ES0173516115	Spain	09/11/16	●	●		
E.ON SE	DE000ENAG999	Germany	10/11/16	●	●		
AKZO NOBEL NV	NL0000009132	The Netherlands	10/11/16		●	●	
SPIE	NA	France	14/11/16	●	●		
SOUTHERN CO/THE	US8425871071	The United Stat	17/11/16	●		●	

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDIAPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
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ESG/SRI Analysis team

COMPANIES

	ISIN	GEOGRAPHIC AREA	DATE	ENVIRONMENTAL STRATEGY	EMISSIONS AND ENERGY USE	WATER	
ERAMET	FR0000131757	France	18/11/16				
BNP PARIBAS	FR0000131104	France	21/11/16	●	●		
NOVO NORDISK A/S	DK0060534915	Denmark	22/11/16				
GLAXOSMITHKLINE PLC	GB0009252882	United Kingdom	22/11/16				
ROCHE HOLDING AG	CH0012032048	Switzerland	22/11/16				
LM ERICSSON TELEFONAKTIEBOLAG	SE0000108656	Sweden	22/11/16		●	●	
ABB LTD (ASEA BROWN BOVERI)	CH0012221716	Switzerland	22/11/16	●			
HSBC HOLDINGS PLC	GB0005405286	United Kingdom	22/11/16	●			
ING GROEP NV	NL0000303600	The Netherlands	22/11/16	●	●	●	
ROYAL DUTCH SHELL PLC	GB00B03MM408	The Netherlands	22/11/16	●	●		
ENGIE	FR0010208488	France	23/11/16	●	●		
ENEL SPA	IT0003128367	Italy	29/11/16	●	●		
DUKE ENERGY CORP	US26441C2044	The United Stat	29/11/16	●	●		
KONINKLIJKE AHOLD NV	NL0010672325	The Netherlands	30/11/16	●			
AMERICAN ELECTRIC POWER CO INC	US0255371017	The United Stat	01/12/16	●	●		
SIMPLON	NA	France	02/12/16	●	●		
CRH PLC	IE0001827041	Ireland	07/12/16		●		
DANONE (EX GROUPE DANONE)	FR0000120644	France	09/12/16	●	●		
HEIDELBERGCEMENT AG	DE0006047004	Germany	14/12/16				
FM LOGISTICS	NA	France	15/12/16	●	●	●	
DRAX GROUP PLC	GB00B1VNSX38	United Kingdom	16/12/16	●	●		
LAFARGEHOLCIM LTD	CH0012214059	Switzerland	21/12/16		●		
BUZZI UNICEM SPA	IT0001347308	Italy	28/12/16		●	●	

	WASTE, RECYCLING, BIODIVERSITY & POLLUTION	LABOUR RELATIONS & EMPLOYMENT PRACTICES	SUPPLY CHAIN & CUSTOMERS	PRODUCT RESPONSIBILITY	COMMUNITY INVOLVEMENT & HUMAN RIGHTS	INDEPENDENCE & CONTROL	REMUNERATION	SHAREHOLDERS' RIGHTS	ETHICS	ESG STRATEGY
					●					
				●					●	
				●					●	
				●					●	
	●	●	●							
				●						
		●		●		●	●		●	
	●	●			●				●	●
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	●									
	●	●	●			●				
	●	●	●	●	●	●		●	●	●
	●	●	●	●						●
	●	●	●						●	
	●	●	●							

Corporate governance team: List of commitments made in 2016 (alerts and initiative of issuers)

COMPANY	COUNTRY
ABB	Switzerland
ABENGOA	Spain
ABERTIS	Spain
ACCIONA	Spain
ACCOR	France
ACS	Spain
ACTELION LIMITED	Switzerland
ADIDAS	Germany
ADOCIA	France
ADVANCED SEMICONDUCTOR ENGINEERING	Taiwan
AEGON NV	Holland
AHOLD DELHAIZE	Holland
AIR FRANCE	France
AIR LIQUIDE	France
AIRBUS GROUP	Holland
AKZO NOBEL NV	Holland
ALCATEL	France
ALSTOM	France
ALTEN	France
ALTRAN	France
AMADEUS	Spain
ANDRITZ	Austria
ANHEUSER BUSCH INBEV SA	Belgium
APACHE	The United Stat
APERAM SA	Luxembourg
ARCELOR MITTAL SA	Luxembourg
AREVA	France
ARKEMA	France
ASML HOLDING NV	Holland
ASTALDI	Italy
ATOS	France
AXA	France
AXEL SPRINGER	Germany
BANCO COMMERCIAL PORTUGUES	Portugal

COMPANY	COUNTRY
BANCO POPULAR	Spain
BANCO SABADELL	Spain
BANCO SANTANDER	Spain
BANKIA	Spain
BBVA	Spain
BEIERSDORF	Germany
BELGACOM	Belgium
BG	United Kingdom
BHP BILLITON	United Kingdom
BIC	France
BIOMERIEUX	France
BMW	Germany
BNP	France
BOFA	The United Stat
BOLSAS Y MERCADOS	Spain
BOUYGUES	France
BURBERRY	United Kingdom
BUREAU VERITAS	France
CAIXA BANK	Spain
CAP GEMINI	France
CARLSBERG	Denmark
CARREFOUR	France
CASA	France
CASINO	France
CASTELLUM	Sweden
CGG	France
CLARIANT	Switzerland
CLUB MED	France
COFACE	France
COMMERZBANK	Germany
CONTINENTAL AG	Germany
CREDIT SUISSE GROUP AG	Switzerland
CYFROWY POLSAT	Poland
DANONE	France
DBV	France

COMPANY	COUNTRY
DEUTSCHE LUFTHANSA	Germany
DEUTSCHE BANK	Germany
DEUTSCHE BORSE	Germany
DEUTSCHE EUROSHOP	Germany
DIA	Spain
E.ON	Germany
EDENRED	France
EDP ENERGIAS	Germany
EDP RENOVAIS	Portugal
EIFFAGE	France
ENAGAS	Spain
ENDESA	Spain
ENI	Italy
ESSILOR	France
EULER HERMES	France
EURAZEO	France
EUROFINS SCIENTIFIC SE	Luxembourg
EUROTUNNEL	France
EUTLESAT	France
FAURECIA	France
FDR	France
FERROVIAL	Spain
FIAT CHRYSLER AUTOMOBILES NV	Holland
FINMECCANICA	Italy
FIRST GULF BANK PJSC	United Arab Emirates
FOMENTO DE CONSTRUCCIONES	Spain
GALP ENERGIA	Portugal
GAMESA	Spain
GAS NATURAL	Spain
GAZTRANSPORT	France
GBL	Belgium
GDF	France
GECINA	France
GEMALTO	Holland

COMPANY	COUNTRY
GENERALI	Italy
GENFIT	France
GRIFOLS	Spain
GROUPE DELHAIZE	Belgium
HANNOVER RE	Germany
HEIDELBERG CEMENT	Germany
HEINEKEN HOLDING & HEINENKEN NV	Holland
HENKEL	Germany
HERMES	France
HUFVUDSTADEN	Sweden
IBERDOLA	Spain
ICADE	France
ICG AIRLINES	Spain
ILIAD	France
IMERYS	France
INBEV	Belgium
INDITEX	Spain
INDRA	Spain
INFINEON	Germany
ING	The Netherlands
INGENICO	France
INNATE PHARMA	France
INTESA	Italy
IPSEN	France
IPSOS	France
JCDECAUX	France
JERONIMO MARTINS	Portugal
JYSKE BANK	Denmark
KABEL	Germany
KBC GROUP NV	Belgium
KERING	France
KLEPIERRE	France
KLOCKNER	Germany
KONE	Finland

Corporate governance team: List of commitments made in 2016 (alerts and initiative of issuers)

COMPANY	COUNTRY
KORIAN	France
KPN	Holland
LAFARGE	France
LAGARDERE	France
LANXESS	Germany
LECTRA	France
LEGRAND	France
LINDT & SPRUENGLI AG	Switzerland
L'OREAL	France
LUNDBECK	Denmark
LVMH	France
M6	France
MAN SE	Germany
MAPFRE	Spain
MAUREL & PROM	France
MEDIOBANCA	Italy
MERCIALYS	France
MERCK KGAA	Germany
MERLIN PROPERTIES	Spain
METRO	Germany
MICHELIN	France
MOBISTAR	Belgium
MONTUPET	France
MOTA ENGIL	Portugal
MUNICH RE	Germany
NATIONAL BANK OF GREECE SA	Greece
NATIXIS	France
NEOPOST	France
NESTLE	Switzerland
NEXANS	France
NEXITY	France
NH HOTEL	Spain
NOKIA CORPORATION	Finland

COMPANY	COUNTRY
NORDEA BANK	Sweden
NOVARTIS	Switzerland
NOVO DORDISK	Denmark
NOVOZYMES A/S	Denmark
OMV AG	Austria
ORANGE	France
ORIENTAL WEAVERS	Egypt
ORION	Finland
ORPEA	France
OSRAM	Germany
OTP BANK PLC	Hungary
PERNOD	France
PETROLEUM GEO SERVICES ASA	Norway
PEUGEOT	France
PHAROL	Portugal
PHILIPS NV	Holland
PLASTIC OMNIUM	France
PORTUCEL	Portugal
PORTUGAL TELECOM	Portugal
PRYSMIAN	Italy
PSP SWISS PROPERTY AG	Switzerland
PUBLICIS	France
PUMA	Germany
QIAGEN NV	Holland
RED ELECTRICA	Spain
REDES ENERGETICAS	Portugal
REMY COINTREAU	France
RENAULT	France
REPSOL	Spain
REXEL	France
RUBIS	France
RWE	Germany
SAFRAN	France
SAFT	France

COMPANY	COUNTRY
SAINT GOBAIN	France
SAIPEM	Italy
SAMSUNG C&T	Korea
SAMSUNG ELECTRONICS	Hong Kong
SANLAM LIMITED	South Africa
SANOFI	France
SAP SE	Germany
SBM OFFSHORE NV	Holland
SCHNEIDER	France
SCOR	France
SEB	France
SG	France
SIEMENS	Germany
SNAM	Italy
SODEXO	France
SOLOCAL	France
SOLVAY SA	Belgium
ST MICROELECTRONICS NV	Holland
STROERR	Germany
SUBSEA 7 SA	Luxembourg
SUEZ ENVIRONNEMENT	France
TARKETT	France
TECHNICOLOR	France
TECHNIP	France
TEFEFONICA DEUTSCHLAND	Germany
TELECOM ITALIA	Italy
TELEFONICA ESPAGNE	Germany
TELENOR ASA	Norway
TELEPERFORMANCE	France
TERNA	Italy
TF1	France
THALES	France
THYSSEN KRUPP	Germany
TNT EXPRESS NV	Holland
TOTAL	France

COMPANY	COUNTRY
TUI	Germany
UBISOFT	France
UBS GROUP NV	Switzerland
UCB SA	Belgium
UNIBAIL	France
UNICREDIT	Italy
UNILEVER NV	Holland
VALEO	France
VALLOUREC	France
VEOLIA	France
VINCI	France
VIRBAC	France
VIVENDI	France
VOLKSWAGEN	Germany
VOLVO AB	Sweden
WIHLBORGS FASTIGHETER AB	Sweden
X5 RETAIL GROUP	Holland
YAMANA	Canada
YOOX	Italy
ZEALAND PHARMA	Denmark
ZODIAC	France

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