

Lyxor places climate issues at the core of its responsible investment strategy with its new Climate Policy

Lyxor Asset Management today unveils its new Climate Policy, which places climate issues at the heart of its responsible investment policy. Structured along four main pillars, Lyxor's Climate Policy provides a conceptual and operational framework for taking climate issues into account in our everyday business as an asset manager. Our Climate Policy reflects the willingness to fast-track the implementation of our commitment to fighting climate change and, consequently, contribute to the worldwide ambition of keeping global warming below two degrees by 2100, as set out in the Paris Agreement.

This new framework measures the financial impact of the energy and environmental transition, one of the major issues affecting investment stakeholders who will have to adapt, measure the environmental risk of their portfolios and seize new opportunities for their clients. It is intended to evolve in order to better respond to the challenges of climate change and the shift to a low-carbon economy.

The four pillars of the Lyxor Climate Policy are as follows:

- **Divesting from coal**

While it is necessary to invest in low-carbon energies in order to meet the pledges of the Paris Agreement, coal divestment has become a key factor in the fight against climate change. Within the scope of its active management, Lyxor has decided to withdraw from companies most exposed to the sector by excluding:

- ✓ Those that generate more than 10% of their turnover from activities related to thermal coal mining;
- ✓ Energy sector companies for which over 30% of the electricity production is derived from coal.

Lyxor has divested EUR 350 million to date.

Lyxor is in line with the Société Générale Group's strategy of total exit from the coal sector by 2030 for companies with assets in the EU or the OECD, and by 2040 for the rest of the world.

PRESS RELATIONS

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- **Designing innovative solutions for climate transition:**
 In line with its strong culture of innovation, Lyxor intends to continue to play a **pioneering role in the development of innovative investment vehicles** that have a positive environmental impact. One example is Lyxor's Green Bond ETF, the first exchange traded fund of its kind worldwide launched in 2017. This ETF has since received the GreenFin label of excellence, guaranteeing that bonds are monitored in order to avoid financing controversial or non-sustainable projects. In total, the Green Bond¹, New Energy² and World Water³ ETFs contribute to three of the 17 United Nations Sustainable Development Goals (clean water and sanitation, clean and affordable energy, and climate change) and have about EUR 900 million under management⁴.

- **Acting as a committed and responsible shareholder:**
 Continuing its commitment to the United Nations-supported Principles for Responsible Investment (PRI), Lyxor is implementing an **engagement policy** comprising two complementary components:

 - ✓ **A climate-change voting policy** means objections may be made at general meetings to votes on a number of resolutions in the event of environmental controversies (discharge of the board of directors, renewal of the chairman of the audit committee, etc.). This policy is also reflected in engaging in proactive dialogue in advance of general meetings and throughout the year to encourage the companies we invest in to adopt the best environmental practices.
 - ✓ **Entering into numerous partnerships with financial and non-financial actors involved in the fight against climate change:** adherence to the Climate Bond Initiative programme, the Green Bonds Principles and Climate Action 100+. Lyxor has also formed several academic partnerships to facilitate research in sustainable investment and finance, such as the *Finance Durable et Investissement Responsable* research chair and the Lyxor Dauphine Research Academy.

- **Assessing the climate-related risk of portfolios:**
 Lyxor believes that it is vital to assess the climate risks of all of its funds under management, beyond the overall ESG risks. We have hence developed a **proprietary methodology to reference simple and easily measurable indicators on both the risks and opportunities that are associated with climate change in portfolios.**

These indicators relate first to the portfolios' carbon footprint (measurement of greenhouse gas emissions) as well as to the share of fossil reserves that an investor would be responsible for and the potential emissions of these known fuel reserves.

Then, a second series of indicators classifies issuers according to their efforts in terms of energy initiatives (use of cleaner energy sources, management of energy consumption, etc.) and evaluates the share of their profits derived from environmental solutions contributing to the United Nations Sustainable Development Goals.

¹ Launched in 2017, the Lyxor Green Bond UCITS ETF was the first ETF in the world to be exposed to this asset class. It was also the first ETF to be awarded the GreenFin label in March 2018.

² Listed in 2007, the Lyxor New Energy UCITS ETF follows the World Alternative Energy Total Return Index, which includes the 40 largest stocks involved in renewable energy, energy efficiency and energy supply decentralisation.

³ The Lyxor World Water UCITS ETF, among the largest ETFs on this exposure in Europe (more than EUR 600 million assets under management as of 30/09/2019), replicates the World Water CW Total Return index, which includes the 30 largest companies in the water supply, infrastructure and water treatment sectors.

⁴ EUR 867.4mn, as of 07/10/2019.

As of 15 September 2019, Lyxor has performed an ESG & Climate rating on 325 funds, based on 150 criteria.

Florent Deixonne, Head of SRI at Lyxor Asset Management commented on the Climate Policy: “With its Climate Policy, Lyxor has created an ambitious framework to support the climate transition. I am convinced that by focusing on the four pillars of constructive dialogue with issuers, innovative investment solution design, exclusionary policies and portfolios’ climate indicators, we are equipping ourselves to put investment at the service of the transition to a low-carbon world.”

For more information about the Climate Policy, please [click here](#).

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Notes to editors:



Lyxor Asset Management Group ("the Lyxor group"), wholly-owned directly or indirectly by Societe Generale and composed notably of two subsidiaries ⁽¹⁾ ⁽²⁾, is a European asset management specialist, an expert in all investment styles, active, passive and alternative. From ETFs to multi-management, with EUR 150.8 billion* under management and advisory, Lyxor group creates innovative investment solutions to meet the long-term challenges of managing savings. Thanks to its experts and its engineering tradition and research, Lyxor group combines search for performance and risk management.

⁽¹⁾ Lyxor Asset Management S.A.S. is approved by the «Autorité des marchés financiers» (French regulator) under the agreement # GP98019.

⁽²⁾ Lyxor International Asset Management S.A.S. is approved by the «Autorité des Marchés Financiers» (French regulator) under the agreement # GP04024.

* - Including EUR 16.3 bn assets under advisory. Equivalent of USD 166.5 bn in assets under management and advisory (including USD 18 bn assets under advisory) at the end of August 2019.
- Including AUM from Commerz Funds Solutions, acquired in May 2019.