



**Reporting under Article 173-VI of the French Act n°2015-992 of 17 August  
2015 on the Energy Transition for Green Growth**

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**METROPOLE Gestion**

**2019 Reporting**



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In accordance with the Article 173-6 of the French Act n°2015-992 on the Energy Transition for Green Growth, METROPOLE Gestion produces the following report regarding its strategy on the incorporation of ESG criteria in its investment strategy and risk management.

## 1- Our global approach to incorporating ESG criteria and climate change risks

The responsible investment approach of METROPOLE Gestion emanates from its founding values.

Implementing a Value management style means investing in companies that have been discounted vis-à-vis their industrial value and therefore tend to be neglected by the financial markets. It necessarily calls for particular vigilance regarding the risks inherent to such companies – not only the financial risks but also governance, social and environmental risks. In 2008, therefore, METROPOLE Gestion launched a Value and SRI style eurozone equities fund and subsequently established a partnership with the Clermont Auvergne University in order to apply academic rigour to the analysis of the ESG risks inherent to the companies, at a time when company reports on such matters were in their infancy and the associated responsibilities were poorly defined. In collaboration with the Clermont Auvergne University, METROPOLE Gestion therefore established a quantitative company rating methodology exploiting ESG criteria, covering some 150 fundamental indicators broken down into 4 analytical themes, namely Environment, Social, Governance and Stakeholders.

In addition to the risks companies face in these areas, we believed it was essential to encourage them to improve by adopting a responsible and sustainable approach to growth. We therefore apply a best-in-class and best effort methodology, engage with the companies from the very outset, integrate these criteria in the exercise of our voting rights and maintain direct dialogue with them.

In order to extend our approach and encourage academic research into such issues, since 2012 METROPOLE Gestion has funded a research chair at the Clermont Auvergne University Foundation to enable young researchers to work on ESG issues.

Research Chair: <https://chaire-valeur-et-rse.fr/>



The METROPOLE Gestion approach is detailed in its CSR policy published on the company's website.

CSR Policy: [http://doc.metropolegestion.fr/pdf/MG\\_CSR\\_Policy\\_2019.pdf](http://doc.metropolegestion.fr/pdf/MG_CSR_Policy_2019.pdf)

Since 2016, we have paid a greater attention to the assessment of climate change in our rating criteria of companies but also by implementing such criteria in our investment management policy.

Our assessment of climate change risks is based on both a quantitative and qualitative approach.

A set of climate change indicators is integrated within our in-house model. 35 indicators out of 150, i.e. over 20% of the indicators we monitor are climate change criteria and are distributed among the 4 analytical pillars. These criteria form an integral part of the quantitative rating of each company and are subjected to ESG analysis as described above.

In addition, we have a rating dedicated to climate risk management that enables us to rank companies on their performances accordingly. As such, we calculate a “climate risk score” for each company, that

takes into account the physical and transition risks faced by the companies. This score has 22 sub-indicators grouped into percentiles that are then equally weighted.

This quantitative approach is completed by a qualitative approach for each company during interviews conducted directly with them.

They are broken down into the following themes:

Physical risks induced by climate change

- Risks induced by transition to a low-carbon economy
- Benefits of favouring a low-carbon economy
- Compatibility with the 2°C pledge
- Consequences of climate change and of extreme weather events
- Changing availability of resources “climatically” compatible with the objectives
- Consistency of investment expenditure with the low-carbon strategy
- Measurement of greenhouse gas emissions

METROPOLE Gestion has established a Responsible Value management policy available on our website, integrating these criteria in its investment policy.

Responsible Value Policy: [http://doc.metropolegestion.fr/pdf/Responsible\\_Value\\_policy.pdf](http://doc.metropolegestion.fr/pdf/Responsible_Value_policy.pdf)

Since its founding, METROPOLE Gestion has always believed that exercising voting rights on behalf of our clients forms an integral part of establishing a dialogue with the companies, encouraging them to develop their ESG practices. Over the years we have also observed companies increasing propensity to give full consideration to shareholders’ votes and to establish dialogue with their investors.

The analysis of resolutions and the implementation of votes are monitored by the METROPOLE Gestion fund management team with the support of the analytics firm ISS.

Voting Policy: [http://doc.metropolegestion.fr/pdf/Voting\\_Policy.pdf](http://doc.metropolegestion.fr/pdf/Voting_Policy.pdf)

In addition to exercising voting rights, the fund management team of METROPOLE Gestion has always maintained dialogue with the companies in which it invests on behalf of its clients, by meeting not only the companies’ CSR managers but also their CEOs and CFOs in order to assess their commitment to the sustainable development of their company. Over and above the process of direct dialogue with the companies, more recently METROPOLE Gestion commenced an annual process of thematic dialogue covering specific topics that are addressed by each company that is met. Lastly, through the auspices of the CDP (Carbon Disclosure Project), METROPOLE Gestion engages with companies within the framework of collective engagement designed to exert greater influence over their activities, notably in terms of their climate action.

This approach is defined in our Engagement Policy. METROPOLE Gestion Engagement report is published each year.

Engagement policy: [http://doc.metropolegestion.fr/pdf/MG\\_Engagement\\_Policy.pdf](http://doc.metropolegestion.fr/pdf/MG_Engagement_Policy.pdf)

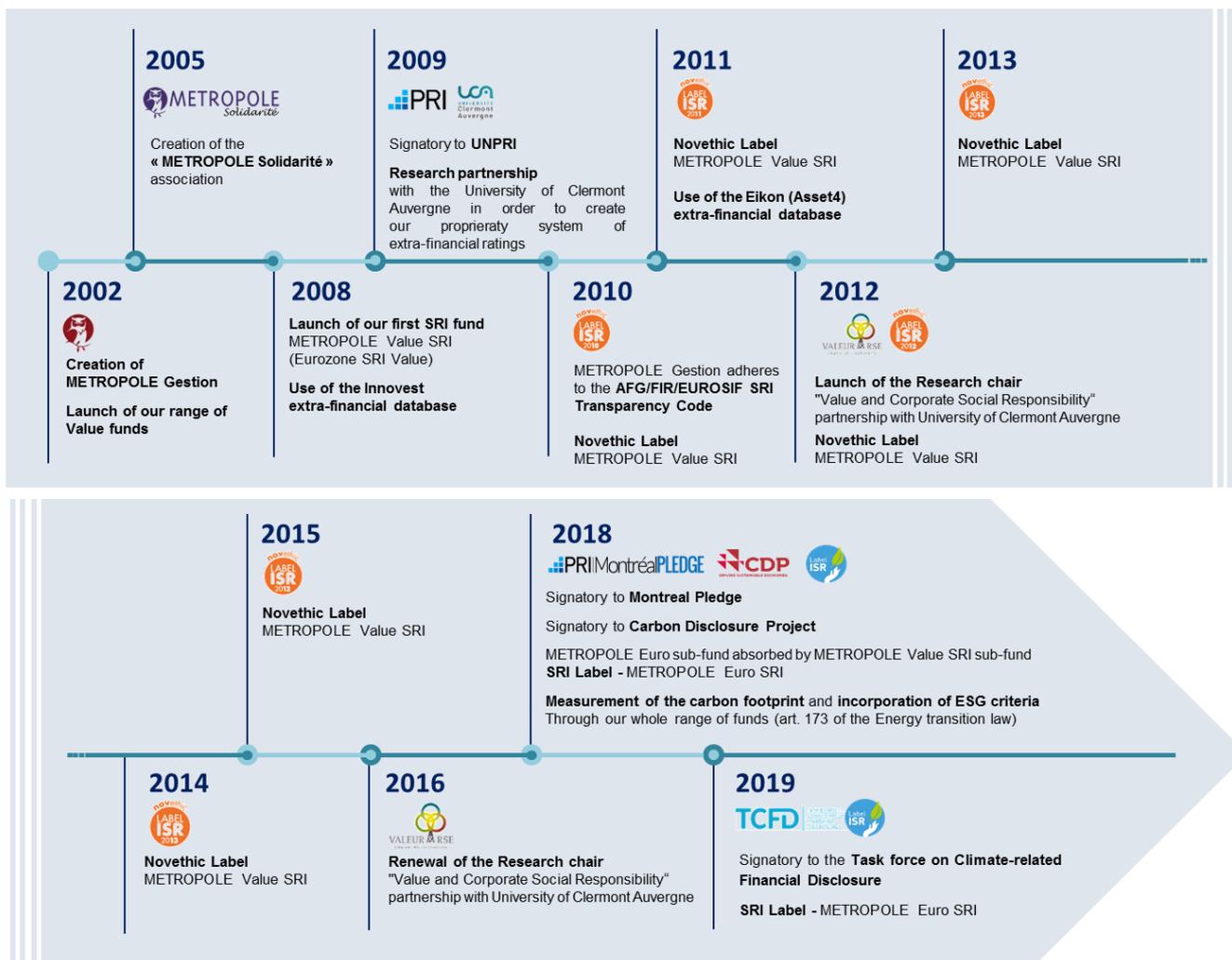
METROPOLE Gestion has always applied a best-in-class and best effort approach to encourage companies to evolve towards sustainable development. In this regard, METROPOLE Gestion does not favour systematic exclusion preventing any form of dialogue with excluded companies, given the necessity of transition in certain sectors where alternatives are still in their infancy. We have nevertheless adopted a targeted exclusion policy fully in keeping with our policy of ESG engagement, focussing on all the Sustainable Development Goals of the United Nations, notably in terms of respect for human dignity, the environment and the objectives of the Paris Climate Agreement.

It is designed to exclude controversial weapons, the production and consumption of coal, tobacco producers and pornography.

Exclusion Policy: [http://doc.metropolegestion.fr/pdf/Sector\\_exclusion\\_policy.pdf](http://doc.metropolegestion.fr/pdf/Sector_exclusion_policy.pdf)

## 2- Our contributions to the promotion of responsible investment

Since its foundation, METROPOLE Gestion has constantly contributed to the promotion of responsible Investment as described below:



The historical timeline shown above materializes our commitments through local and global initiatives supported by METROPOLE Gestion. These initiatives deal with the issues of responsible investments practices as well as climate change risk awareness in companies in which we invest. They also cover promoting and financing academic studies on responsible investment and the enforcement of such principles in our investment management process.

### 3- SRI Firm asset under management

At 31/12/2019, ESG/SRI Value investments represent €1,809.3m, or 84.8% of total assets managed by METROPOLE Gestion.

On its website [www.metropolegestion.com](http://www.metropolegestion.com), METROPOLE Gestion publishes a list of funds open to the public and makes available to investors all annual and periodic documentation for every sub-fund:

- METROPOLE Sélection
- METROPOLE Euro SRI
- METROPOLE Avenir Europe

### 4- Transparency and publications available to investors

METROPOLE Gestion has implemented a series of policies covering our SRI management principles and a set of reports intended for investors.

All of this information can be viewed on our website.

Policies:

- [CSR](#)
- [Voting policy](#)
- [Engagement](#)
- [Responsible Value management](#)
- ESG control

Reports:

- [Annual report on the exercise of voting rights](#)
- [Annual engagement report](#)
- Annual impact report
- Monthly average ESG rating of the METROPOLE Euro SRI fund (monthly factsheet)
- Average carbon footprint of each portfolio (monthly factsheets)
- Reporting Article 173-VI of [METROPOLE Gestion](#), [METROPOLE Sélection](#) and [METROPOLE Euro SRI](#)
- [ESG information incorporated within the annual report](#)
- [UNPRI transparency report](#)

ESG research:

- Research chair "[Value and Corporate Social Responsibility](#)" partnership with University of Clermont Auvergne
- Publication of an SRI letter three times each year, accessible on our website