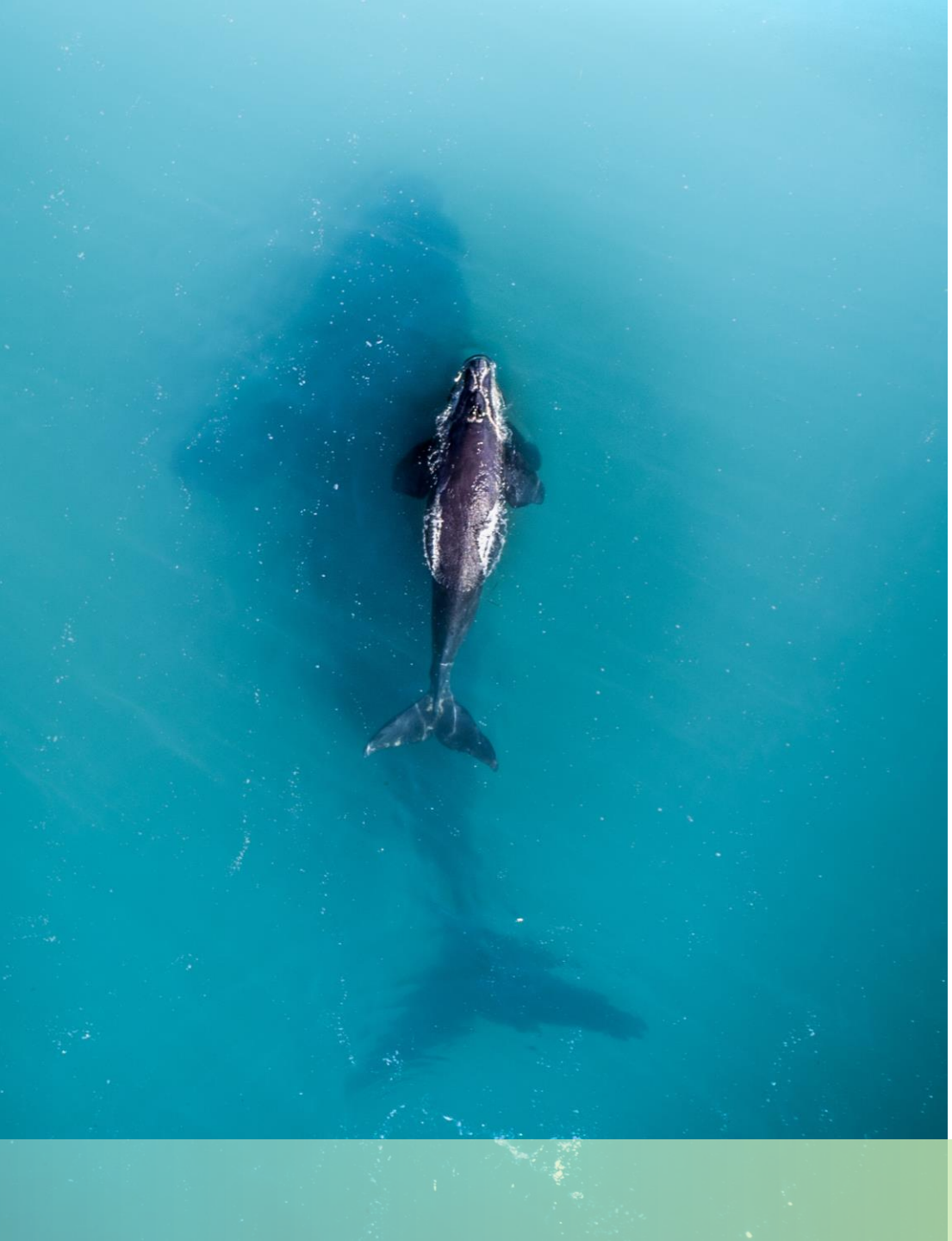

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Defining and understanding ESG Derivatives

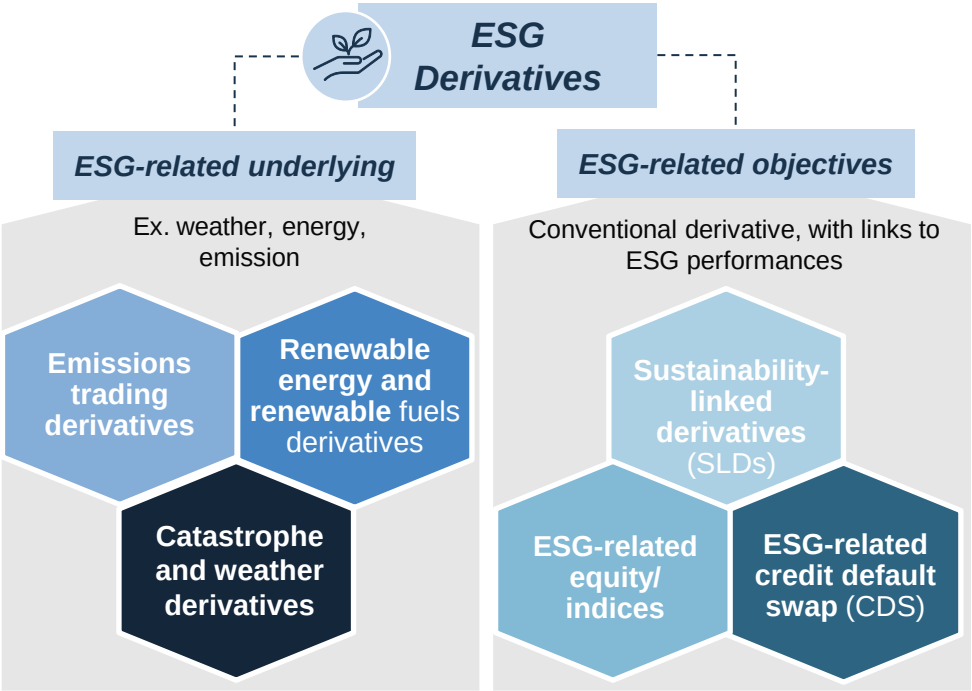
September 2022

SUMMARY

The use of derivatives for the promotion of Sustainable Investment & ESG derivatives

Derivatives can contribute in different ways to the development of sustainable investments. In most of the cases, they are **embedded in ESG instruments** (as regular derivatives instruments) or they can have theirs own ESG characteristics and fall under the category of **ESG derivatives.** Although define an ESG Derivative can represent an hard challenge, considering either the **nature of the underlying of the derivative** (ESG) and/or the **integration of ESG objectives**

- Derivatives instruments are a key component of the financial market, and they are already largely used to support investment strategies. **The use of derivatives in Sustainable investments can take different forms** according to the role they play and where the ESG factors are integrated.
- As of today, there is **no true consensus around the definition of what an ESG derivatives may be** (ESMA : *"The term ESG derivative captures very different products, and each market participant seems to have their own view as to the reasons why their product is 'ESG'.")*
- **The lack of official definition of ESG derivatives or ESG-related derivatives is one of the obstacles** for the recognition of those instruments.
- The absence of disclosure requirements and minimum sustainability criteria implies that **the impact of these instruments cannot be measured.**
- A large variety of ESG derivatives products and transaction types are already on the scene. In this note we will **focus on what we defined as ESG derivatives** keeping aside all the cases where derivatives can be embedded within a hybrid instrument which has itself ESG characteristics.



Non - ESG Derivatives

Derivative does not contain a sustainability element and does not have ESG-related underlying

Traditional derivatives (ex. interest rate swaps) that are linked to a sustainable funding instrument.
The derivative as such does not contain a sustainability element

Hybrid ESG instrument = Non-derivative host contract + Embedded derivatives

Financial liability or asset (Green Bond, Green Loan)

FX, Cap/floor, IRS, …

Truly innovative products are **sustainability-linked derivatives**, voluntary **emissions trading** and **renewable energy** and fuel derivatives.
These products strengthen a corporate's commitment to meet sustainability targets or support investments in sustainable initiatives.

ESG investment accelerated since 2020 driving the demand for more types of investment products

- **Acceleration of AUM into ESG** funds in 2020
- **Record amounts of inflows Sustainable based funds**
- **ESG-based funds outperformed**
- **ESG specialist team growing** within the buyside
- **Further demand on new ESG products**
- **Growth in sustainability-linked loan (SLL) and sustainability-linked bonds (SLB)**
- **Increase of derivatives innovation to support Sustainable finance investments**

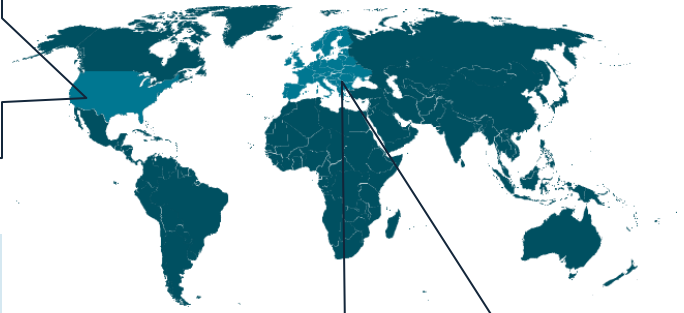
Despite the ESG phenomenon is not developing at the same speed around the world – in **Q1 2021 according to Morningstar search report, Europe counted for 82% of the total assets in global sustainable funds compared with 13% for the US** – the growth of ESG-related investment drives the need for more complexes instrument to design long-term sustainable investment strategies. The larges category of new innovative products which paved the way for the developments of ESG Derivative, have been **structured products integrating ESG component**. The successful adoption of ESG index-tracking strategies is highly dependent on the simultaneous development of related hedging solutions, through OTC swaps in an ESG construct or through regulated derivative market products (such as index futures/options),

Several types of OTC ESG derivatives have recently been traded bilaterality between corporates and banks, besides the more common exchange traded ones. The nature of such transactions makes it **difficult to estimate the exact size of the ESG derivatives market**, but according to BIS available statistics, the OTC derivatives market has reached a critical size that cannot longer be ignored : USD 598 trillion in notional amount as of end 2021 (with 80% being IRD), AMAFI estimated already that on June 2021 the global derivatives market was more than four times larger than the global equity and bonds markets combined, and the volumes are increasing since (size of OTC Derivative Market on June 2021 : USD 582 trillions).

Few figures on the developments of structured products in Europe and US, driving the need for ESG-related derivatives

Only about **1% of the roughly US$70bn in SEC-registered structured notes sold to US investors in 2021 were based on thematic indices** such as those screening companies on ESG criteria *(source : Barclays research)*

The US has been **slower to embrace ESG investment** themes. US end clients haven't historically been as interested in using thematic indices in structured products, preferring to stick to standard benchmarks such as the S&P 500 or popular stocks (such as Apple)



In Europe, equity-linked products have proved to be a **fast growth area thanks to the inclusion of ESG indices in billions of euros of structured notes. ESG indices in structured products in 2021 were roughly 10% of the bank's issuance in Europe**, compared with less than 5% in 2018

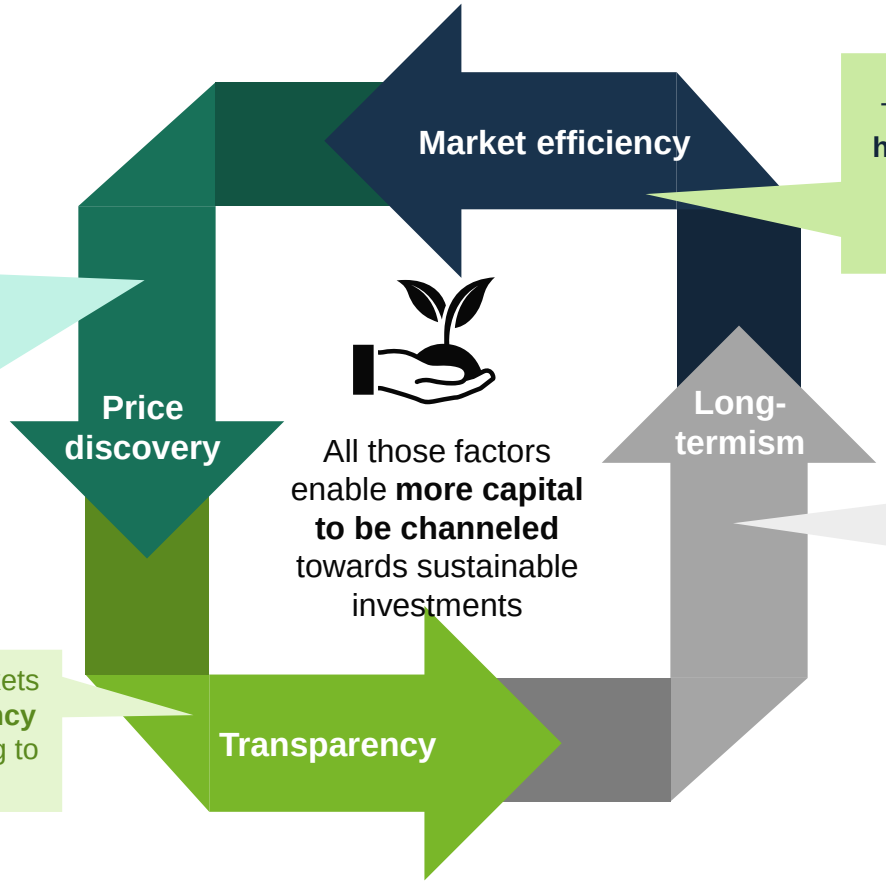
Derivatives market has often been the mean by which participants are able to hedge their exposure to different kind of assets, same happens for ESG assets

Derivatives are already used for more than **25 years to hedge climate-related risk,** various OTC and exchange-traded climate-related derivatives currently are used by agricultural (CME launches California water futures in December 2020), energy and metal market participants as well as financial entities.

But this previously niche marketplace is growing, reinforcing the idea that **derivatives have a key role to play** in the advancement of ESG objectives in the financial markets and the global transition to a green economy.

The role of ESG Derivatives extends further than hedging…

By virtue of being traded through markets (whether over the-counter (OTC) or on-exchange) and being forward-looking, derivatives provide **additional price information and insights** that are not always as easily available in the underlying market.
From barrel of crude oil to a megawatt of solar energy to a tone of CO2, they help business and policy makers to understand the true costs of climate change.



The use of derivatives creates **new hedging opportunities**, **increasing allocational efficiency, and decreasing price volatility**.

ESG derivatives are means of providing clients with the ability to integrate ESG in each step of their financing process, including as part of the associated financial risk management, helping them to **structure a long-term transition strategy**

The nature of Derivative markets enable to provide **transparency on real-time pricing** enabling to highlight risk exposure

The derivatives industry is engaged all around the world, trying to wake up regulators to take a clear position on their inclusion of not in the sustainable finance landscape

A report from the WFE and the SSE drafted on May 2021, highlighted the problems with data and suggested **exchanges introduce data to support the listing of new tradeable products based on ESG values** to promote the transition to sustainable economy.(*)

World Federation of Exchanges (WFE) publishes annual sustainability study. **WFE has a sustainability working group** focused on reporting and on equity listing. WFE has published papers exploring new risk mitigation and investment tools and incorporating sustainability elements into existing contracts.

Sustainable Stock Exchange Initiative (SSE) has published on how stock exchanges can advance sustainability. CME is co-authoring a paper with SSE on how sustainability impacts on commodity exchanges.

ISDA is highly supporting the ESG Derivatives development and the definition of market standards. They published several guidelines for instance on KPI for sustainability-linked derivatives and template for emission derivatives.

End 2020, FIA (leading global trade organization for the future, options and centrally cleared derivatives), **published a report on how derivatives markets are helping the world fight climate change.**

The European Capital Market institute with the **Center for European Policy Studies** publishes a report on July 2020 describing the role of Derivatives in Sustainable Finance as instrument to enable the green transition

Market organizations in Europe replied to the different consultations on EU Sustainable Finance regulations sharing their position on **the lack of consideration of the treatment of derivatives in the different texts**, highlighting their importance to contribute to Sustainable Investments developments

The Global Financial Markets Association's **(GFMA)** Global Foreign Exchange Division **(GFXD) has explored where and how ESG themes are or may be implicated in FX**, and what challenges, opportunities and headwinds this brings with it.

CFTC has a climate Subcommittee of the Market Risk Advisory Committee. Subcommittee published a report in 2020 that identified and examined climate-related financial and market risks highlighting that derivatives markets have a role to play in providing risk mitigation instruments.

AMAFI addressed a note to the EC stressing that derivatives have not so far benefited from enough attention even though they play an important role in the economy. A balanced regulatory approach for derivative instruments in upcoming reforms of the sustainable finance regulatory framework

Federation of European Securities Exchanges (FESE) argued in their reply to the draft RTS for Taxonomy-alignment ration proposed by ESA that **it is possible at present to assess the Taxonomy alignment of futures and options on single stocks, ETFs and indices because of their standardized nature.**

(*) How Derivatives Exchanges can Promote Sustainable Development - An Action Menu (May 2021 WFE – SSE)

SUMMARY

ESG derivatives goals

By incorporating additional criteria than the financial implication, **ESG derivatives can pursue additional goals**

Capture additional risk

- The historic role of derivatives of risk mitigation and hedging strategy implementation.
- Taking into consideration ESG factors additional risks must be integrated into risk models for example :
  - Land, water and air pollution;
  - Hard working condition (heat, drought...);
  - Rarefication of commodities (metals, fish…).
- ESG derivatives can help investors protect their portfolio investments from such risks by capturing this risks in the definition of the underlying price.

Cost Efficiency

- The transition towards a sustainable economy (energy transition, climate adaptation and mitigation…) requests an important financial investments in several industries
- To facilitate this adaptation ESG derivatives can offer a solution for impacted industries to plan their commodities consumption and associated cost to balance their return

Promote ESG & sustainability goals

- ESG derivatives can be based on ESG underlying or include ESG based indicators (KPI) that will modify the terms of the contracts.
- By taking these elements into consideration, ESG derivatives can act as strong financial instruments in the support of the fulfillment of ESG & sustainability goals.
- Their implication into the definition of future prices can support the planification of sustainable transition

Catalogue of the ESG derivatives offer

... And focus on Sustainable Linked Derivatives

Legend Focus provided further | Hedging risk | Promotion of ESG & Sustain. goals | Cost efficiency

Key considerations on Sustainability linked derivatives (SLDs) trading lifecycle

Emission trading markets

Introduction to carbon market instruments…

... And their importance as a leverages to target sustainable goals

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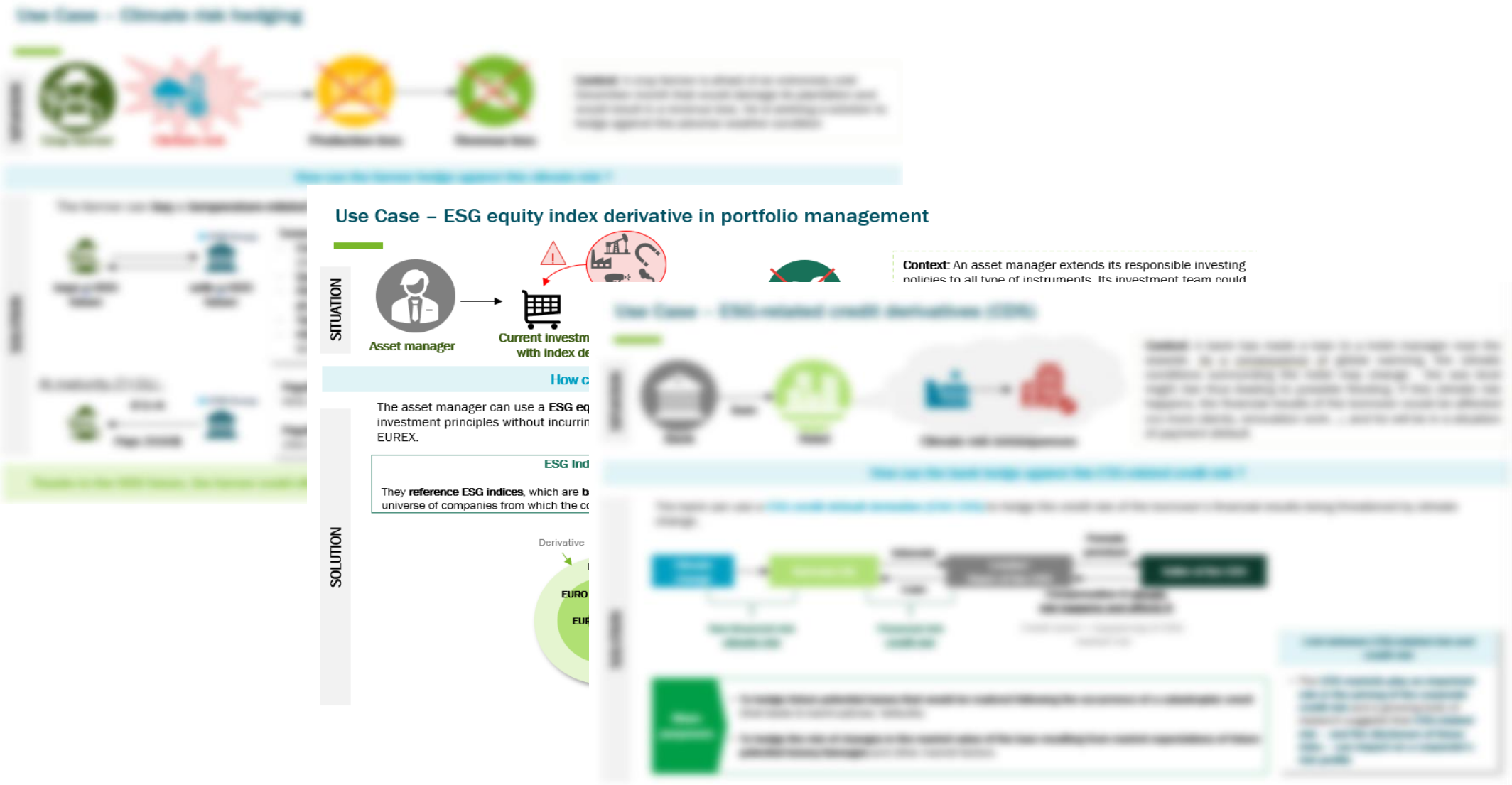
Use Cases


Use Case – ESG equity index derivative in portfolio management
SITUATION
Asset manager
Context: An asset manager extends its responsible investing
SOLUTION
Derivative

SOMMAIRE

The wide development of ESG Derivatives is facing several structural challenges…adding up to financial institutions impacts to launch the offer of those type of products

Various Challenges to face…

Liquidity

The nature of ESG-linked Derivatives transactions, which are mostly OTC bespoke, does not allow the development of a liquid market to support the large use of those products

Regulatory

Lack of clarity of derivatives treatment in Sustainable Finance regulation

Transparency

For ESG derivatives which are bilaterally traded limited publicly information are available, meaning that information are not yet known by market participants when they need to take investment decisions

Data

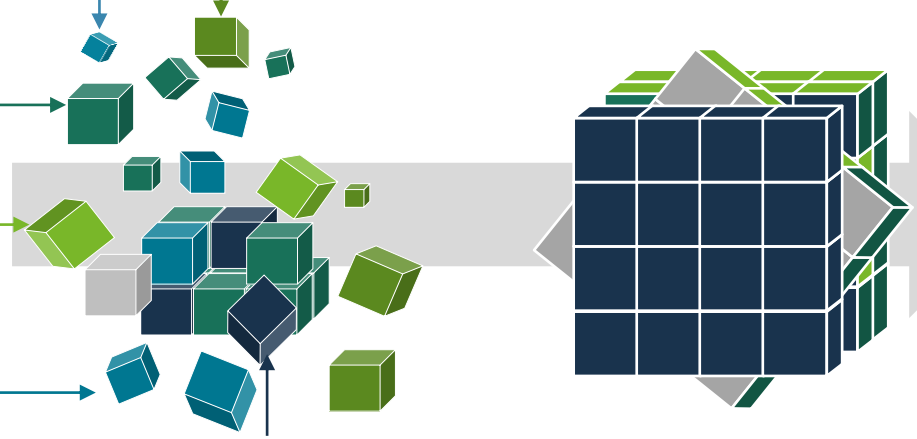
Large variety of data available to appreciate non-financial performance. Need to rely on qualitative information

Market infrastructure

Need for a most efficient infrastructure to integrate ESG factors as financial metrics

Risk management

New instruments are capturing new risks to integrate in the current risk management strategy



…and respective leads for solutions

Liquidity

Increase the standardization of ESG derivative contracts / documentation in order to foster liquidity (especially for OTC ESG derivatives)

Regulatory

Regulators to go further including derivatives in the current Sustainability Regulatory framework

Transparency

Draft common standards (ex. KPIs) that can be objectively verified and have legal certainty over how they operate and impact cash flow

Data

Harmonization of the data on which market relies and disclosure/reporting requirements standardization

Market infrastructure

Broader range of standardized market infrastructure (CME, EUREX, LCH) offering ESG derivative contracts and implementation of a Sustainable clearing offers

Risk management

Adapt current risk management process and models to enable ESG derivatives to contribute to climate change risk mitigation

Financial institutions may also need to assess the impacts related to the use of ESG Derivatives

Business
Identify business opportunities and engage partnerships

Regulatory
Assess regulatory impacts (valuation, tax and accounting implications)

IT infrastructure
Adapt current IT System to be able to treat more complex products (payoff, initial margin calculation,..)

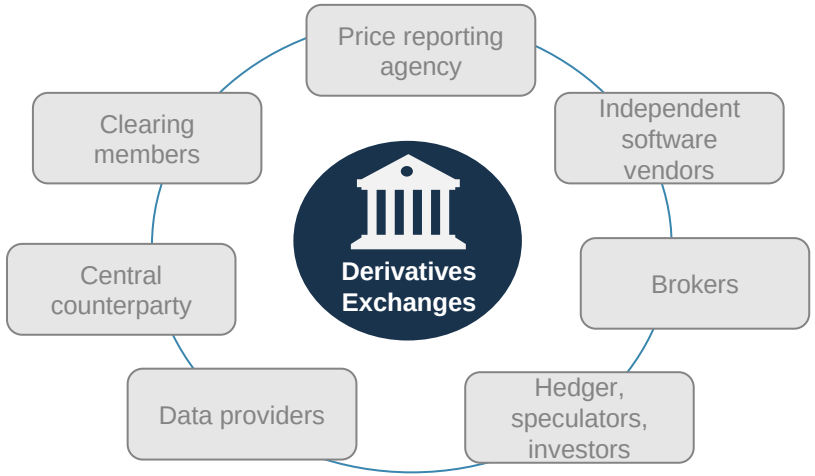
Legal
Specific legal knowledge are necessary to draft and understand implication of ESG-related derivatives contracts terms

Data
Collection, storage and management of data required to correctly valuate and report

Focus exchange-traded derivatives market infrastructure : the role of derivatives exchanges and CCP in promoting sustainable development

Derivatives exchanges are seen as particularly **important enablers of change** as they sit at the center of the exchange-traded market. Also, they are part of a **broader ecosystem** composed by several other actors **which contribution is essential for the development of ESG derivatives**

Exchange-trade derivatives market ecosystem



CME Group | ICE Exchanges | EURONEXT | EUREX | LME An HKEX Company

What Derivatives exchanges can do ?

- Promote **sustainable governance** in exchange practices
- Implement **ESG disclosure** among participating companies (ex. Commodities producers)
- Act as a **standard setter** (help on the development of industry-led solutions)
- **Promote traceability** (e.g. Bursa Malaysia for palm oil)
- **Listing new products** that enable better risk management of climate-related events, support the transition to a low-carbon economy and support a transition to a lesser polluting fuels

Certain OTC ESG derivatives may largely benefit from the inclusion in the exchange-traded derivatives market infrastructure

Advantages of trading via exchanges

- Liquidity
- Cost-efficiency
- Transparency of trade information (prices and volumes &clear market trend)
- Strictly regulated environment

Advantages of central clearing

- Multilateral netting
- Reduction of members exposure and margin requirements
- Improve transparency
- More effective counterparty credit risks management

Some examples

ABN·AMRO

able to track how issuers conducts their derivatives clearing operations

As a clearing member, ABN AMRO assumes responsibility for the derivatives transactions of its clients and therefore implements regular screening to ensure it is not servicing a client that does not conduct itself in accordance with good sustainable business ethics. Since 2012, ABN AMRO has been voluntarily integrating sustainability risks alongside more conventional risk factors like a firm's credit rating.

LME An HKEX Company

Incorporates ESG standards in derivatives metal contracts

In response to consumers concerns on the impact of the mining and metals industries, end 2019 LME started to incorporates ESG standards into its derivatives (and stock) metal contract : responsible sourcing, emissions limits, and acknowledgement of sustainable sourcing methods (ex. Recycling). LME contributed to the implementations of OECD (*) policy standards.

CME Group

Launch of a Sustainable Clearing

Any on-exchange or OTC derivative trade that flows though CME Clearing, where the hedge is used to manage the risk of financing a Sustainable Business project.
CME Clearing will then report back the level of trading activity that has been cleared for a given time period, information that can then be used in reporting and stakeholder communication

(*) Organization for Economic Co-operation and Development

Regulatory challenges for ESG Derivatives – State of play

Regulation(*) that should impact ESG derivatives can be spitted in 3 groups

Sustainable Finance Regulations: regulation edited in the context of the EU Green Deal with a focus in integrating ESG factors

Financial Market regulations : regulation tending to define financial market, products and participants

Prudential & accounting : regulation consolidating prudential requirements and define standards

Main facts

- ESG derivatives, as they are before everything derivatives, they must comply with the applicable regulation for their products category (EMIR, MiFID…).
- However, as the sustainability of the investment linked to the use of a derivative is complex, the EU Commission excluded ESG derivatives from the EU package regulation. In addition, derivatives regulation (EMIR, MiFID…) are not yet considering ESG derivatives as an asset class on their own

Current state of ESG derivatives in regulation

Under discussion

MIFID II & IDD *Client preferences*	• The assessment of sustainability factors for ESG derivatives is difficult to achieve on the three criteria (Taxonomy, SFDR and PAI) because they are either excluded for the regulations (ex. ESG derivatives are currently excluded from SFDR even if it is possible to calculate an "SFDR like" rate) or the methodology to calculate the indicators is not clearly defined (EU taxonomy).
EU Taxonomy	• ESG derivatives can be integrated in the denominator of the Green Asset Ratio but are yet excluded from the numerator creating a weight asymmetry for ESG derivatives
EU Eco Label	• Requirements for the use of derivatives by retail UCITS or AIFs if their use is in line with the fund's (environmental) investment objectives, and it is for either hedging or exposure management • The underlying assets shall also comply with EU Ecolabel criteria, including on ESG exclusions
SFDR	• Derivatives are currently excluded from SFDR reporting as sustainable investment • However, the Commission is ready to reassess this ban during SFDR revision

Not yet integrated

CSRD	EMIR /EMIR REFIT	CRR II (Pillar I)
Benchmark Regulation	MIFID II *(DTO)*	IFRS 9 / IAS 39
UCITS IV & AIFMD		Climate stress tests
SFDR		FRTB
EU Eco Label		CVA framework
EU Taxonomy		

(*) Focus here is only on European regulations

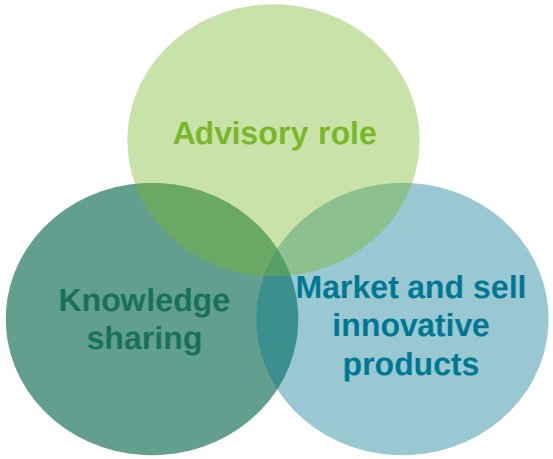
Regulatory considerations on the treatment of ESG Derivatives

Opportunities : Develop market offer to meet the increasing demand

The growing need of **more innovative products** able to reply to evolving needs, offer the opportunity for the financial institution to take a **central position as key actor in partnership with corporations** to reach the Green Deal objectives and engage long term transition plans.

Identify the opportunities…..

Help clients to understand the ESG issues that are applicable in their own industry and the evolution of the regulatory requirement that are needed globally

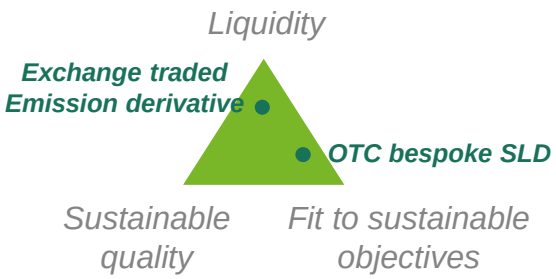


Clients are not always aware of the available tools to allow transition and may not be informed of the possibility to structure tailor-made products corresponding to their needs

Be able to respond to market signals and opportunities created by regulatory developments, with new innovative products (ex. Carbon voluntary market)

… considering the headache of innovation tradeoff…

Opportunity triangle



Challenge

Create contracts that are sufficiently standardized to be liquid, yet sufficiently specific to hedge the risk that the users are exposed to will determine how successful derivatives will be in driving capital towards sustainability

… and leveraging on market ecosystem

Sell side

- **Arrange and participate in commercial loans** directly to corporation
- **Structure derivatives issuances** and distribute the securities through the bank institutional salesforce
- **Contribute to product liquidity** by market making activity

Buy side

- **Buy and invest large portions of securities** for the purpose of money or fund management
- Securities can include equity, bonds, derivatives, **or a variety of other products that are issued by the Sell Side**

Corporations

- Needs funds for various growth opportunities
- **Needs investment products** to hedge their risk (more or less customized according to the business strategy)

Conclusions and next steps on ESG-related products developments

Main conclusions, convictions….

The exclusion of the ESG Derivatives (and most generally all kind of derivatives) from all form of Sustainable reporting (NFRD, SFDR, etc..) does **not allow to properly quantify their contribution to sustainable investments**

Despite the be-spoke nature of some type of ESG Derivatives is essential to fit with the counterparty's specific needs, **some aspects have to be standardized in order to avoid greenwashing.**

Lack of consistency among market organizations in derivative markets (ISDA, FESE, FIA, ..) on the consideration or not of ESG Derivatives as a stand-alone green asset is increasing complexity for the regulator to come out with a final decision

A large variety of innovative products are showing off (especially derivatives and structured products) in the sustainable finance landscape. **Market watch is essential to follow the actual tendencies.**

Sell side have a crucial role to play in the development of innovative products as ESG derivatives to help other market participants to meet their ESG objectives

Other infrastructures similar to the carbon market may emerge in the coming years to oblige the most concerned actors to comply with defined thresholds (water usage ?, biodiversity degradation ?)

… and ongoing develompents

Several initiatives are currently in progress to integrate and/or create standards for new products in sustainable finance

- ✓ on Structured products
  - **AMAFI's proposal for a Sustainable Structured Products Label (« SSP Label »)**
  - **ESG label on structured products (Durable Structured Product label) by two fintechs (Quantalys and Feefty)**
- ✓ Total Return Swam on ESG funds
  - **FBF & AMAFI charter regarding « synthetic » ESG funds**
- ✓ Sustainable Linked Derivatives
  - **ISDA survey on the determination of SLD standard criteria (deadline May 31th 2022)**

Initiatives in progress : draft proposal for a sustainable structured products label

Draft as of June 2022, final proposition currently under discussion

AMAFI is currently defining a **dedicated ESG label for sustainable structured products** in order to make them part of the overall ESG offering. The label is considering the sustainability of the two main components (which are cumulative) of the structured product and is based on existing ESG standards and regulations.
Target implementation Q2 2022

2 levels of ESG evaluation

Components of the structured products

Issuer's ESG quality (debt security wrapper)

- The issuer is a member of the main International initiatives regarding ESG practices
- The issuer's exclusion policies

Underlying component's ESG features

Indices

To qualify under the "ESG integration", the following cumulative conditions should be met :

- The index and its administrator have to comply to the EU BMR ESG regulation
- If the administrator is out of scope or in transition, the issuer or a third party may guarantee that the index comply with EU BMR ESG criteria
- The index complies with EU SFDR regulation

Other

Input data from an independent ESG agency or have to comply with BMR regulation

Selection/Exclusions :

- Pursue one or more « ESG » thematic
- Select assets according to an »ESG » filter or combination of filters
- Excludes companies in breach of the UN Global compact principles
- Apply common sector-based exclusions
- The whole set of « ESG » filters must exclude at least 20% of the initial universe

Aligned with ISR Label

ESG characteristics ESG integration

1

- The issuer is a member of the main International initiatives regarding ESG practices
- The issuer's exclusion policies

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ESG Objectives

2

- Dedicated use of proceeds
- Mandatory alignment with one of recognized framework

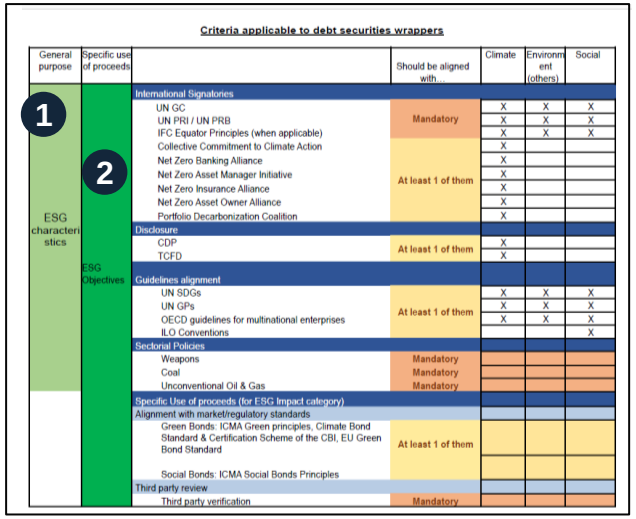
ESG characteristics + compliance with 1 or several of the below conditions :

- It qualifies as PAB or CTB under EU BMR ESG regulation
- It meets the rules of the GreenFin label
- It meets the criteria to fit within Art. 9 in the EU SFDR regulation
- It meets all selection/exclusion rules above and the whole set of "ESG" filters exclude at least 50% of the initial universe

Compliance with 1 or several of the below conditions :

- It qualifies as PAB or CTB under EU BMR ESG regulation
- It meets the rules of the GreenFin label
- It meets the criteria to fit within Art. 9 in the EU SFDR regulation
- It meets all selection/exclusion rules and the whole set of "ESG" filters exclude at least 50% of the initial universe

Aligned with EU ESG BMR



Criteria applicable to debt securities wrappers

General purpose	Specific use of proceeds		Should be aligned with…	Climate	Environment (others)	Social
1 ESG characteristics	2 ESG Objectives	**International Signatories**				
		UN GC	Mandatory	X	X	X
		UN PRI / UN PRB		X	X	X
		IFC Equator Principles (when applicable)		X	X	X
		Collective Commitment to Climate Action	At least 1 of them	X		
		Net Zero Banking Alliance		X		
		Net Zero Asset Manager Initiative		X		
		Net Zero Insurance Alliance		X		
		Net Zero Asset Owner Alliance		X		
		Portfolio Decarbonization Coalition		X		
		Disclosure				
		CDP	At least 1 of them	X		
		TCFD		X		
		Guidelines alignment				
		UN SDGs	At least 1 of them	X	X	X
		UN GPs		X	X	X
		OECD guidelines for multinational enterprises		X	X	X
		ILO Conventions				X
		Sectorial Policies				
		Weapons	Mandatory			
		Coal	Mandatory			
		Unconventional Oil & Gas	Mandatory			
		Specific Use of proceeds (for ESG Impact category)				
		Alignment with market/regulatory standards				
		Green Bonds: ICMA Green principles, Climate Bond Standard & Certification Scheme of the CBI, EU Green Bond Standard	At least 1 of them			
		Social Bonds: ICMA Social Bonds Principles				
		Third party review				
		Third party verification	Mandatory			

Reporting commitments for structured product issuers'

- Explain why the *wrapper instrument* and the underlying are eligible either to the ESG integration or the ESG objective category
- Comply with other existing local requirements
- Comply with (ESG-related) regulatory reporting requirement

Initiatives in progress : charter to integrate derivatives in ESG strategies. Example of synthetic ESG fund (TRS)

FÉDÉRATION BANCAIRE FRANÇAISE

Amafi

Aim of the charter : to offer a robust and homogeneous framework :

- For the development of product offerings based on ESG exposure
- To ensure than the use of derivatives (total return swaps) remains in line with the ESG objectives which made it possible to qualify the fund as such, and without altering investor trust in so-called “synthetic” ESG funds
- **French FMA can control the compliance of the fund with the charter anytime**

How does a fund in synthetic replication with a total return swap (TRS) work ?

ESG Fund

Assets owned
(not necessarily consider ESG criteria)

Assets the fund is holding without being exposed to them : the fund holds these assets but gives away their financial performance via the total return swap

Performance of assets held →

← **Contractual performance of assets**

Counterparty (bank)

Portfolio
(Physical replication of ESG assets : from inventory or effective investment)

Assets to which the fund is exposed without holding them : the fund does not hold the assets but receive their financial performance via the total return swap

No contractual agreement with the Fund regarding effective investment in ESG securities, quantity securities bought nor reporting available

Recommandations included in the charter (submitted to AMF)

Conditions to be met for the Fund to be allowed to communicate to investors that it takes into account ESG criteria in the Fund performance

The bank acting as the counterparty of the TRS has to be committed to sustainable development (has to be a signatory of PRB – Principles for Responsible Banking)

The bank must meet particular conditions for TRS concluded with Funds that use ESG synthetic exposure strategy :

Bank’s portfolio has to buy at least 90% of the securities constituting the performance of the fund indexation

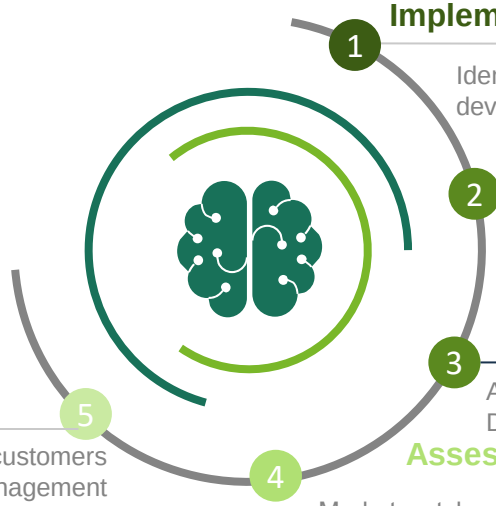
It has to provide a **quarterly reporting to the Fund**

The **investors of the Fund are informed that the voting right associated with the securities won’t be exercised** (except in specific conditions)

SOMMAIRE

Practical assignments we'd like to deliver for you

Strong of our convictions, Ailancy can help you on different stages of the ESG Derivatives subscription or offer development



1 Implement a systematic regulatory assessment

Identification of all regulation impacted and monitor further developments

2 Assess data and reporting challenges

Advise on the best data sourcing (and partnerships) solution to meet reporting obligations and KPI monitoring

3 Assess Risk management impacts and opportunities

Address the analysis of existing and new risk embedded in ESG Derivatives

4 Assess business opportunities

Market watch on the evolution's practices and customers' needs

5 Commercial modus operandis

Marketing strategy definition, target customers identification, Front Office change management

Our general added value on ESG projects implementation

ESG awareness (#Regulatory #Strategy)

- Holistic regulatory framing
- Taxonomy, CSRD, SFDR
- CRR Pillar 3 reporting , MIFID 2

ESG awareness (#Datalake #ESGReporting)

- Concrete strategy implementation
- Processes review
- Reporting set-up, etc

ESG Data Power map (#Governance #Quality)

- Data dictionary
- Data maturity assessment
- Data lineage / data quality

Organization & governance (#Regulatory #Strategy)

- Organization set-up
- Central/local organization
- Articulation with CSR, business, IT

TOM & sourcing model (#FinTech #ValueCain)

- Scenarios definition
- Sourcing options (tech., dev., partnership)
- Data architecture

A complete service offering focused on the Financial Services industry

- Retail banking
- Investment Services & Asset Management
- Corporate & Investment Banking
- Insurance
- Wealth Management
- Finance, Risks, Compliance & Data and Sustainability
- Innovation & Digital

Management & Organization consulting

- Strategy & Business Development
- Competitive organizations
- Risk & Compliance
- Project Management
- Information Systems transformation
- Digital transformation

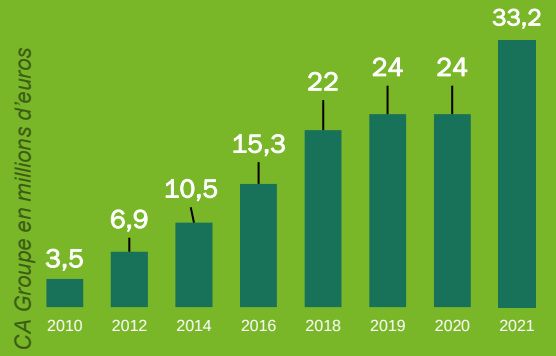
Expertise & Solutions

- IT Project Implementation
- Technical / functional expertise
- Development of digital projects
- Follow-up and maintenance of solutions

+200 consultants (*) split into four entities

+1000 projects

Consistent growth over the past 10 years



3 locations

PARIS	CASABLANCA	LUXEMBOURG
+150 consultants	+15 consultants	+5 consultants

Depuis 2017

PARIS CASABLANCA TUNIS

50 LUXEMBOURG

Salaried IS consultants
(PO, PM, BA, SM, UX, DEV, Architects...)

+300 Independent experts

(*) Excluding independent experts

Ailancy Group Partners

Ailancy

Marie-Thérèse AYCARD
Chairman

Christophe DAVIES
Chief Executive

Romuald HAJERI
Associate Chief Executive

Investment Management & Asset Management

Vincent MOREAU
Thibaut DE LAJUDIE

Finance, Risks, Compliance & Data and Sustainability

Franck GRENIER
Guillaume LOUVET

Avanty

Séverine LE VAILLANT
Chief Executive

Corporate & Investment Banking

Jérôme CHARPENTIER
Thomas BORN

Ailancy Maroc

Christophe DAVIES

Frédéric PHILIBERT
Chief Executive

Retail Banking & specialized Financial Services

Olivier LEHOUCQ
Philippe DENYS
Yves José de MIGUEL

Wealth Management & Life Insurance

Yannick GAILLARD
Séverine LE VAILLANT

Insurance

Sébastien FAUVEAU

Ailancy Luxembourg

Géraldine Escalier
Directrice

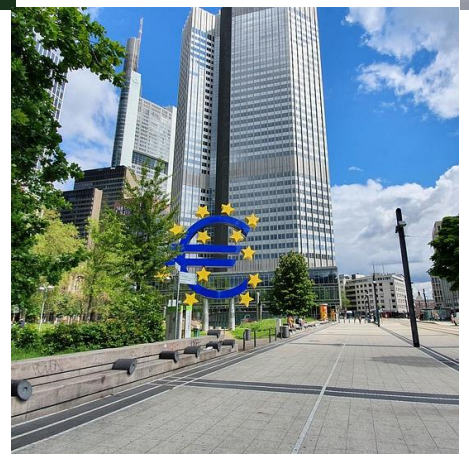
A tier 1 CIB consultancy team with strong subject matter expertise and hands-on management

Large EU and FR client base: **5+ CIBs**, **4+ Brokers** and **4+ market infrastructures**

End-to-end chain transformation expertise:

FO, Operations, IT, Compliance, Risks, HR

50+ consultants with CIB expertise & a strong **hands-on management**



Complete CIB Expertise : **Global markets**, **Structured financing**, **Trade finance** & **Transaction Banking**

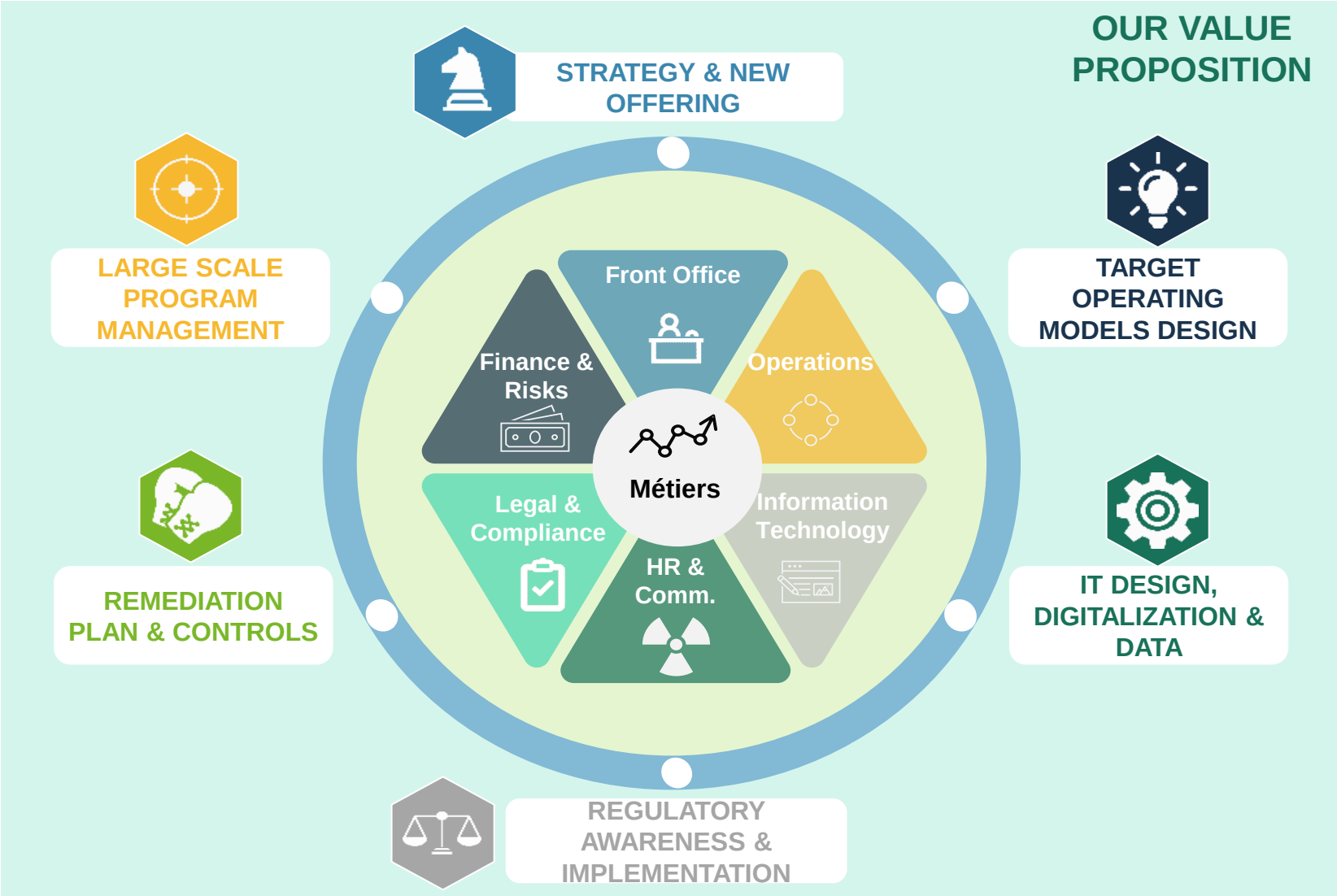
Our team knows your clients & your ecosystem as they are also our clients (AM, Insurance, WM, Retail)

With 20+ years of missions, Ailancy is the key partner to frame and deliver your major transformation programs

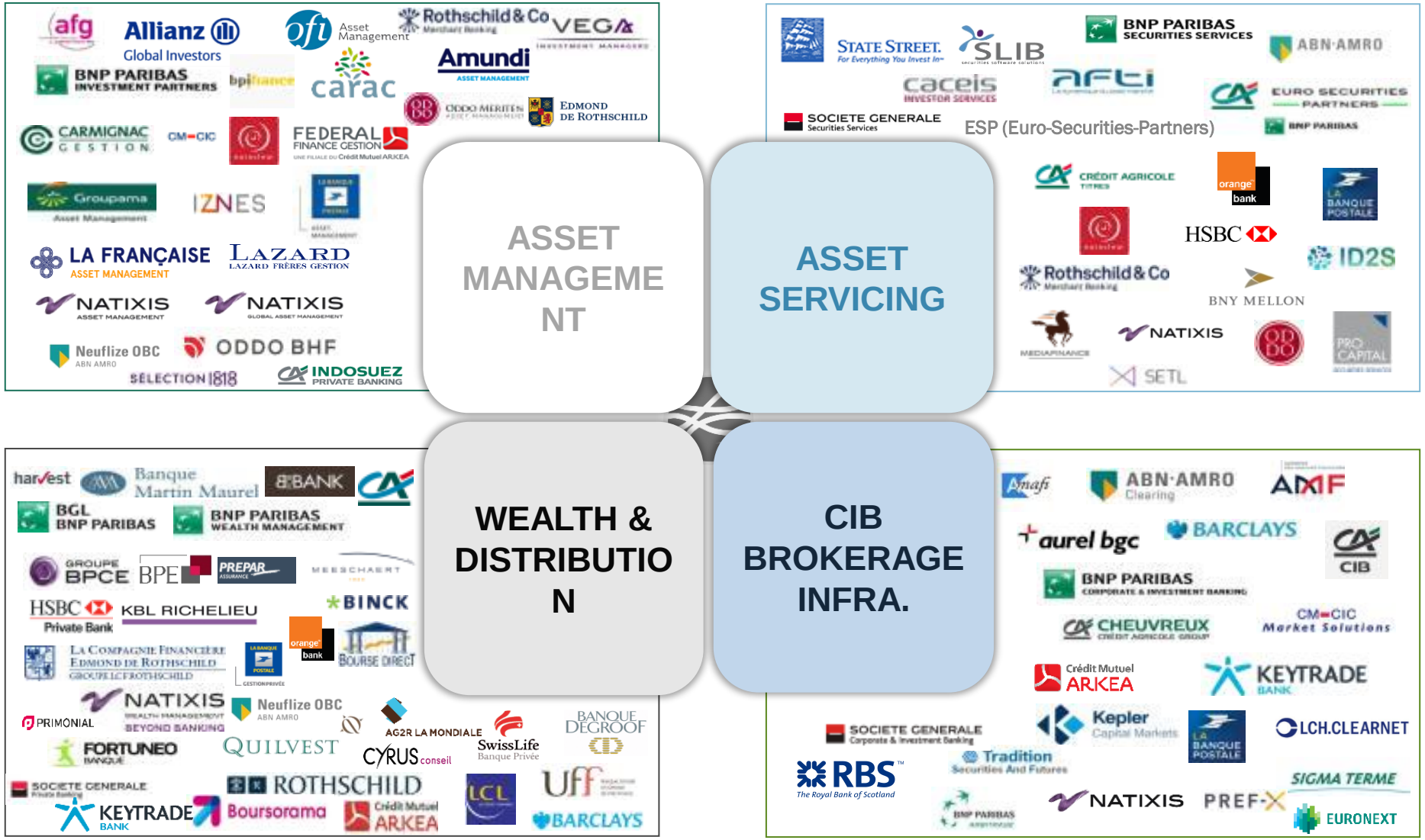
A comprehensive value proposition for CIBs

Ailancy support your **transformation projects** on all CIB departments, both on **global markets** and **corporate banking** sides.

The combination of our know-how in terms of **business expertise** and **project management** allow us to propose a wide and complete service



Our client base



Our ESG assets to support you – an active research centre

Our recent publications on Sustainable Finance

#ESG Strategy

#ESG #MIF2 #IDD

#EUTaxonomy

#SFDR

#CSRD

#ESG CIB Challenges

#ESG Derivatives

#ESG Regulatory outlook

#ESG DATA

Animation of multiple events on sustainable finance challenges

Professional association active member

PARIS 2021 CLIMATE FINANCE DAY

FINANCE FOR TOMORROW by Paris Europlace

Roundtable on the Digital revolution around Sustainable Finance

afg association française de la gestion financière

Sustainable finance working group

Finance Innovation Pôle de compétitivité mondial

afti La dynamique du post-marché

OCBF Des compétences partagées

ESG Thematic presentations

Leading a think tank on ESG Finance

AmbitiousFinance

The launch of a Think Tank to brainstorm about the finance of tomorrow

Bertrand Badré (Blue like an orange)
Denis Duverne (Axa)
Christophe Harrigan (Mutuelle Générale)
Jean-Claude Mailly (Alixio)
lexandre Malafaye (Synopia)
Laurent Mignon (BPCE)
Agnès Verdier Moligné (IFRA)
Frédéric de Saint Sernin (Acted)
Frédéric Tibeghien (Finansol)
…

Ailancy
make it happen!

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