

2 ZERO
HUNGER



Amundi
ASSET MANAGEMENT

cpr asset
management



FOOD FOR GENERATIONS ANNUAL IMPACT REPORT 2020

CPR INVEST - FOOD FOR GENERATIONS

KEY FIGURES 2020

Assets under management: €556 million

Stocks in the portfolio: 63



-40%

Reduction of the portfolio's carbon intensity compared to its investment universe¹ over 2020



<2.5x

The portfolio's water intensity is 2.5 times lower than that of its universe¹



>70%

Recycling ratio of the waste generated by the companies in the portfolio



87%

Share of agro-food companies that market products with specific health and safety benefits



84%

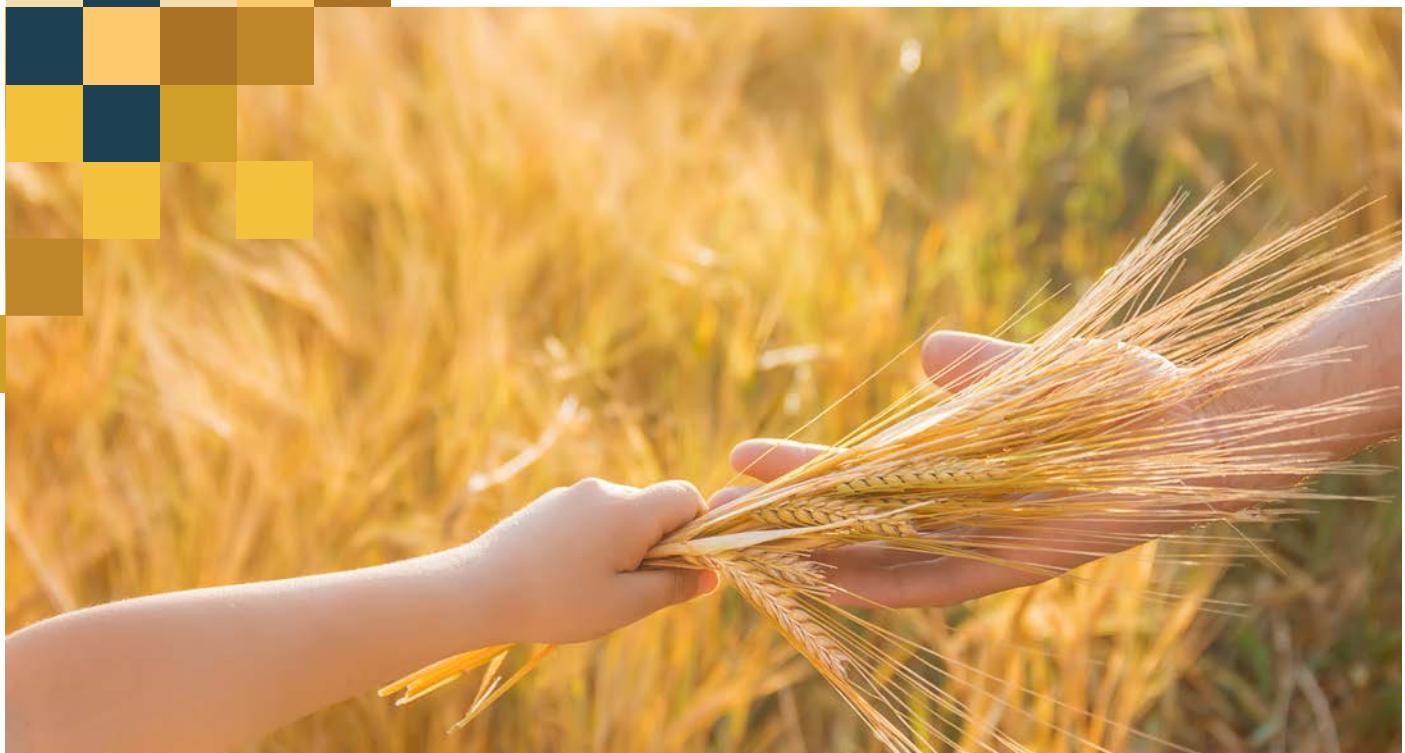
Share of companies that have put in place sustainable packaging policies²



91%

Share of stocks in the portfolio without or with low levels of ESG controversies

1- The investment universe includes companies operating throughout the food value chain prior to the implementation of our sustainable investment approach. 2- Companies operating in sectors with a high packaging demand.
Data as of 31/12/2020. Sources are available on page 23.



FOREWORD

Produce more, better and sustainably... this is the major challenge faced by our planet: feeding a growing population while mitigating the environmental impact of food consumption and production.

Some figures speak for themselves and perfectly illustrate the pressure that the food value chain is putting on our planet. Indeed, the agro-food system is responsible for 20 to 30% of greenhouse gas emissions, agriculture alone accounts for 70% of all freshwater withdrawals globally and 91% of plastic packaging is not recycled. By 2030, more than 840 million people will go hungry should these recent trends persist.

It is based on all these challenges and with the objective of contributing to the heavy investments required for the transition towards a more sustainable agri-food model that the Food For Generations fund was launched on September 2017. To this end, our impact philosophy has been incorporated all along the different stages composing the fund's investment process, from the definition of the initial universe to the implementation of impact objectives in the management of the portfolio.

At the launch of this fund, CPR AM deployed what at the time was considered an unprecedented approach and which consisted in the definition of ambitious objectives. These objectives were based on three impact criteria considered as highly material and essential with regard to the fund's main theme and within a universe that by definition is a major consumer of natural resources: minimise the portfolio's carbon

and water intensities compared to its initial universe levels and maintain a high recycling waste ratio. To be transparent with the commitments made, since the fund's launch, the three selected metrics are measured and disclosed monthly.

To support companies in their progress towards more sustainable practices, the engagement and dialogue with companies are also key elements; and it is within this framework that the role played by investors takes all its meaning. Relying on the resources and capabilities pooled by Amundi Group and through an ambitious engagement policy, we have the ability to influence issuers' behaviours and practices.

We invite you to explore the first edition of Food For Generation's impact report and discover its complete sustainable approach, illustrated with concrete examples of the impact generated indirectly by our investments, and directly from the engagement commitments with companies.



Frederic Samama

Chief Responsible Investment Officer - CPR AM

MEETING TODAY THE SUSTAINABLE CHALLENGES OF TOMORROW'S FOOD

The global food system is at the crossroads of many intertwined challenges such as the climatic, ecological, health, economic and social ones among others. Thus, it has undoubtedly a key role to play in building a more sustainable future.

As such, food has become a priority for the international community and it is one of the 17 Sustainable Development Goals (SDGs) established by the United Nations. The SDG 2, Zero Hunger, seeks to "end hunger, achieve food security and improved nutrition and promote sustainable agriculture".

Food production is also at the crossroads of the major contemporary trends that are shaping the demand and generating pressure on supply. This pressure, which is both quantitative, through an increase in global consumption, and qualitative, through changes in dietary and eating habits, has to meet an increasing number of environmental challenges related to the agro-food world.



A GROWING DEMAND, UNDER PRESSURE RESOURCES

Food demand is primarily driven by the increase in the world population. **In 2050, more than 9.7 billion people will need to be fed, compared with 6.1 billion in 2000.**

At the same time, the world's urban population is in constant growth, especially in the emerging countries whose population is concomitantly also benefiting from rising incomes. All of these demographical and societal developments are leading to major changes in lifestyles and eating habits.

This growing food demand has to undeniably take into account the constraints on natural resources, which are already under strong pressure and increasingly limited.

- **The expansion of arable land is stagnating.** The global area of cultivated land has more than halved since 1960 and is expected to drop by a further 15% by 2050.

- **Water scarcity continues to worsen.** By 2025, 1.8 billion people are expected to be living in countries or regions with absolute water scarcity with food production being one of its major causes. Indeed, agriculture accounts for 70% of all freshwater withdrawals globally.
- **Rising temperatures** and the increasing intensity of extreme weather events are affecting the productivity of crops, livestock, fisheries and forestry. Agriculture is a significant contributor to global warming as well, since it is responsible for 13.5% of greenhouse gas emissions worldwide.
- **Food waste** has never been so high in both developed and emerging countries

FOOD TRENDS AND EATING HABITS ARE CHANGING

The ongoing economic development coupled with the rapid urbanisation are generating a change in eating habits and consumption patterns. This phenomenon does not affect developed countries only. Emerging countries as well are looking for more specialised, better quality and high-end products.

Consumers are becoming more demanding and are looking for better quality food. They require more transparency from food companies regarding where their food comes from and how it has been produced. Home-made, organic and seasonal farming, local products, fair remuneration of farmers... these are some of the current consumer behaviour trends furthermore accelerated by the recent health crisis.

The global organic market, for example, has been growing rapidly and was worth more than 112 billion euros in 2019. More than a trend, eating organic has become a way of life that illustrates the current concerns about health and the protection of the planet.

Increasing urbanisation is driving consumers to seek more flexibility in their food options: takeaway meals, home delivery, meal preparation kits. The global health crisis has reinforced these trends. The adoption of strict lockdown measures obliged many households to consume their daily meals exclusively at home and redirect their demand towards the consumption options mentioned previously. Thus, in such context, packaging becomes a sensitive issue as these new accelerating consumption patterns that are here to stay go along with an increased risk of over-packaging and plastic pollution.

A SUSTAINABLE TRANSITION SUPPORTED BY INNOVATION

Throughout the food value chain, many innovative solutions are taking place to meet the challenges of a growing food production with the transition towards a circular economy model designed to promote more sustainable production and consumption patterns. Some of these innovations include:



Precision agriculture to improve the profitability and sustainability of agricultural production through the application of new technologies.



Water optimisation and recycling technologies to meet the irrigation needs of agricultural activities.



Supply chain digitisation to guarantee a better food transparency by tracing the path followed from its source to the final consumers.



Sustainable packaging to limit plastic pollution.

DID YOU KNOW?



+ 70%

growth in food production by 2050



91%

of plastic waste is not recycled



30%

of the world's food is wasted,
representing over \$1 trillion

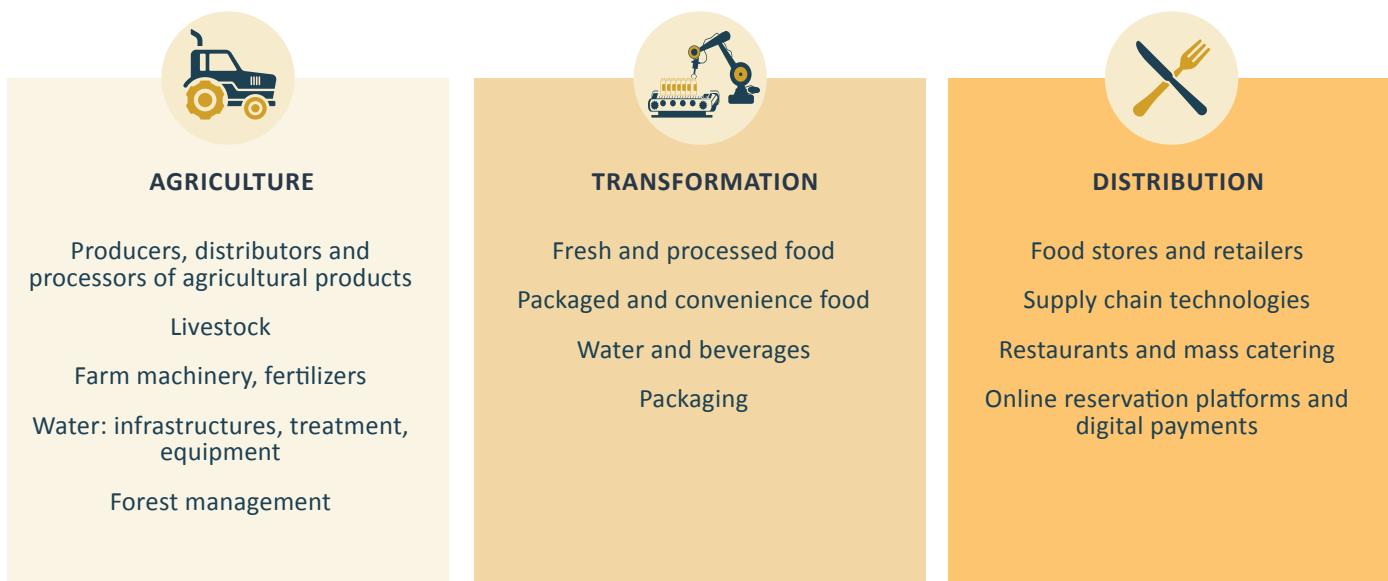
OUR RESPONSE TO THE GLOBAL FOOD CHALLENGE

CPR Invest – Food For Generations aims to address the challenge of feeding the world's growing population healthily, adequately and sustainably.

To achieve these challenges and maximise the impact of the investments, the fund's universe is global including emerging

countries and composed by companies operating throughout the value chain of the food industry, from farms to forks.

We have grouped these companies in three main pillars, upstream to downstream: production, transformation and distribution.



A sustainable approach at each stage

Through its investments, the funds seeks to fully support the agro-food system companies in their efforts for implementing all the developments and adaptations required to meet their sustainable challenges.

This approach begins with the definition of the initial investment universe and is subsequently reflected at different stages:



MATERIALITY AT THE HEART OF OUR SUSTAINABLE APPROACH

As a member of Amundi Group, CPR AM relies on the research capabilities provided by Amundi's extra-financial analysis team, which pools data, resources and expertise for the whole Group. Additionally, CPR AM's research team supports portfolio managers in implementing the ESG methodology specific to our thematic funds.

At CPR AM we believe that an issuer's overall rating is certainly essential information but we also think that we should focus on the underlying criteria composing the overall rating as

well. Indeed, the overall rating can mask inappropriate ESG behaviours on one or more specific criteria and therefore negatively affect the financial valuation of a company.

As such, our approach consists in excluding companies with the worst ESG behaviours based on the overall rating as well as on a selection of specific criteria closely related to the theme's challenges. For the Food For Generations fund, we have identified five such criteria, all of them having a strong link with the food supply chain:



Our approach is completed by a controversies' follow-up, which is ensured by three external providers.

A stock flagged by at least one of the three mentioned filters – overall ESG rating, rating on ESG criteria or controversy - cannot integrate the portfolio. An ad-hoc committee supervises and reviews the eligible universe on a monthly basis.

Impact monitoring and improvement

Since its launch in 2017, the fund's management process has incorporated transparency, monitoring and improvement objectives on three impact indicators. These indicators, which are calculated and reported with a monthly frequency, have been selected based on their high materiality with regard to the fund's philosophy, their homogeneity and their coverage ratio. The regular monitoring and assessment of the impact generated by the companies of the portfolio is key to achieving an increase of the positive contribution of the investments over time.

A certified ESG methodology

CPR Invest – Food For Generations has been awarded the ESG LuxFlag label for the April 2020 – March 2021 period and the Towards Sustainability label for the February 2020 – February 2021 period (annual renewal).



3 IMPACT OBJECTIVES



CARBON INTENSITY



WATER INTENSITY



WASTE RECYCLING RATIO

MINIMISE THE PORTFOLIO'S CARBON AND WATER INTENSITY COMPARED TO ITS INVESTMENT UNIVERSE, WHICH IS CHARACTERISED BY HIGH LEVELS OF NATURAL RESOURCES' CONSUMPTION.

MAINTAIN A HIGH LEVEL OF WASTE RECYCLING RATIO

FOCUS ON JOHN DEERE

John Deere is a leading agricultural machinery manufacturer. For more than 20 years now, John Deere has been investing heavily in precision agriculture technologies with the objective of making farming more automated, more precise and more sustainable. Its intelligent and automated equipment allow to manage field zones and individual rows and help farmers produce more with less: fewer herbicides and pesticides, less fertilizers and fewer passes in the field.

John Deere promotes investments in high-tech farming equipment as it strongly believes that the use of artificial intelligence and robotics in agriculture has a large potential in providing solutions to the major challenges faced by the agri-food system. This belief is fully reflected in the 2017 acquisition of the Californian start-up Blue River Technology.

The « See & Spray » concept

Blue River Technology is among the pioneers in the use of artificial intelligence in farming equipment. The company has developed an advanced technology capable of sensing subtle differences between crop and weed allowing to reduce the amount of herbicides used.

This technology leverages machine learning algorithms and is nourished by millions of images captured by high-resolution cameras. It also uses technologies similar to those employed by self-driving cars to recognise crops. Upon weed detection, the corresponding field location is mapped and the machine automatically targets and sprays herbicide on the weed in just a matter of milliseconds. This approach is a key enabler of value for farmers as it decreases costs and promotes sustainable agricultural practices. Indeed, this precision farming technology can save farmers up to 90% of the volume of chemicals they might use with more traditional approaches. The technology also aims to efficiently process and exploit the data collected by cameras to help farmers in improving their decisions on irrigation or crop choices matters.



- 90%

Reduction of herbicide usage thanks to this technology compared with traditional approaches



An ambitious 2022 sustainability agenda



REDUCE GREENHOUSE GAS EMISSIONS (GHG)

by 15% through 50% renewable electricity supply. (vs. 2% and 25% respectively in 2019)



RECYCLE 85% of total waste.

(vs. 78% in 2019)



IMPLEMENT WATER BEST MANAGEMENT PRACTICES (BMP)

in 100% of water scarce manufacturing locations. (vs. 21% in 2019)

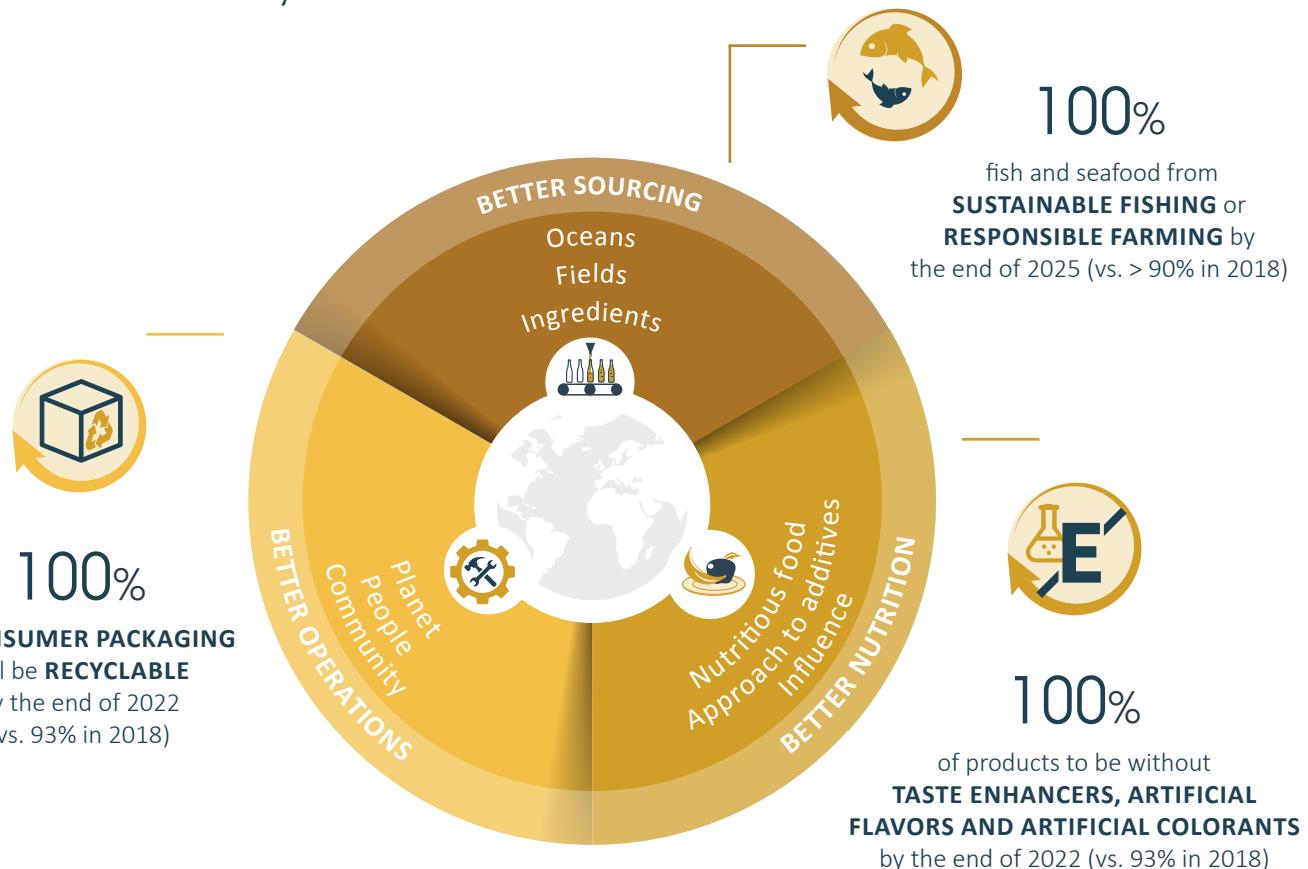
FOCUS ON Nomad Foods

The British Nomad Foods is Europe's leading frozen foods company. Its portfolio of iconic brands includes Birds Eye, Findus and Igloo among others.

Conscious of the impact that its products have on human health and on the planet, Nomad Foods has implemented a robust sustainable development strategy.

In 2018, Nomad Foods launched its Sustainable Path built on three sustainable principles, all of them defined and detailed very precisely. In 2019, Nomad Foods took it one step further and conducted a materiality assessment to identify with internal and external stakeholder the priority sustainable issues.

Nomad Foods' Sustainability Path



Commitment to the fight against food waste

In September 2020, Nomad Foods joined the "10x20x30" initiative whose objective is to achieve the SDG 12.3. As such, the company has committed to halve food loss and waste deriving from its supply chain by 2030, to measure and publish waste inventories, and to formulate actionable strategies to reduce this waste.

Moreover, Nomad Foods has established long lasting collaborations with local food banks across Europe, to ensure the redistribution of the available surplus food. For instance, in 2019 the company donated the equivalent of almost 490,000 meals.

FOCUS ON Smurfit Kappa

Smurfit Kappa is one of the world's leading providers of paper-based packaging solutions. The company operates throughout the paper value chain: from logging to packaging manufacturing. It employs a circular operating model and its sustainable packaging solutions derive from renewable, recyclable and biodegradable materials. All paper-based packaging produced comes from wood fibre: 75% is recycled fibre and the remaining 25% comes from sustainably managed forests.

The forest resources management as well is centered on sustainable development principles that align economic growth with a rational use of natural resources. This engagement is reflected by the Chain of Custody (COC) certification of its paper system with the company having voluntarily participated to the most important forest certification schemes FSC®, PEFC™ and SFI™. Smurfit Kappa also provides recycling solutions to ensure that its clients' cardboard and paper waste is handled responsibly.



6.5 Million tonnes

of recovered paper across the globe

Reimagine the future of sustainable packaging

Particularly committed to the environmental preservation, Smurfit Kappa launched in 2019 the Better Planet Packaging initiative. This initiative seeks to reduce packaging waste through research, innovation and collaboration. Through this project, Smurfit Kappa is willing to support both its partners and clients in their sustainable packaging ambitions.

For instance, in 2020, Smurfit Kappa was approached by Patani Global Food, a frozen foods supplier, to develop a sustainable alternative to the expanded polystyrene (EPS) packaging used for its Caribbean shipping. Indeed, seven states of the island decided a ban on one-time plastic packagings as a response to a rise of their marine plastic pollution. To meet Patani Global Food's requirements, Smurfit Kappa developed the fully recyclable Thermo Box, an innovative sustainable packaging solution with excellent thermal insulation properties.



The sustainable goals



CLIMATE CHANGE

40% reduction in fossil fuel emissions intensity in the mill system by 2030 (vs. 32.9% in 2005)



WATER

60% reduction in Chemical Oxygen Demand (COD) intensity by 2025 (vs. 35% in 2005)



WASTE

30% less waste to landfill by 2025 (vs. 7.1% in 2013)

FOCUS ON



Zebra Technologies Corporation is an American manufacturer of marking, tracking and computer printing technologies that allow companies to intelligently connect people, assets and data. The Zebra solutions optimise workflows, operations and decisions in real time for efficient and measurable results.



+95%

the increase in the store inventory availability
thanks to Zebra's SmartSight solution



On the forefront of food safety solutions

As a response to an increasing food transparency demand, Zebra has developed technological solutions that couple food safety applications with touch screen mobile computers and tablets.

These powerful devices are used to improve and automate food safety procedures by allowing to collect and record measurements, ranging from cooking and storage temperatures to employee sanitation procedures.

The system can also provide real-time reports so that the necessary actions are taken as quickly as a food safety problem is identified. The data can be immediately transferred to a database and traced data can be used to implement new improved procedures.

Innovative food waste reduction solutions

The French company, AEM Softs, has relied in Zebra's technological devices for developing an innovative mobile labelling solution to fight food waste.

The AEM Softs' application installed in a Zebra TC20 mobile and connected to a wireless Zebra portable printer allows to relabel and associate a promotional offer to food products near the end of their shelf life.

In addition to contributing to the food waste reduction, this solution enables an efficient destocking process and delivers a better brand image to customers.



48 Millions

Americans get sick every year by food-borne pathogens



\$55.5 Bn

the annual cost of medical treatment and productivity loss associated to food intoxication in the US

A young African girl with short hair, wearing a yellow and patterned top and shorts, is smiling at the camera. She is standing in a lush green vegetable garden, reaching out towards some leafy plants. The background shows more greenery and trees under a clear sky.

**IN A WORLD OF PLENTY,
IT IS A GRAVE AFFRONT**

THAT HUNDREDS OF MILLIONS
GO TO BED HUNGRY EACH NIGHT.

*António Guterres, Secretary-General of the United Nations,
16 October 2020, on World Food Day.*

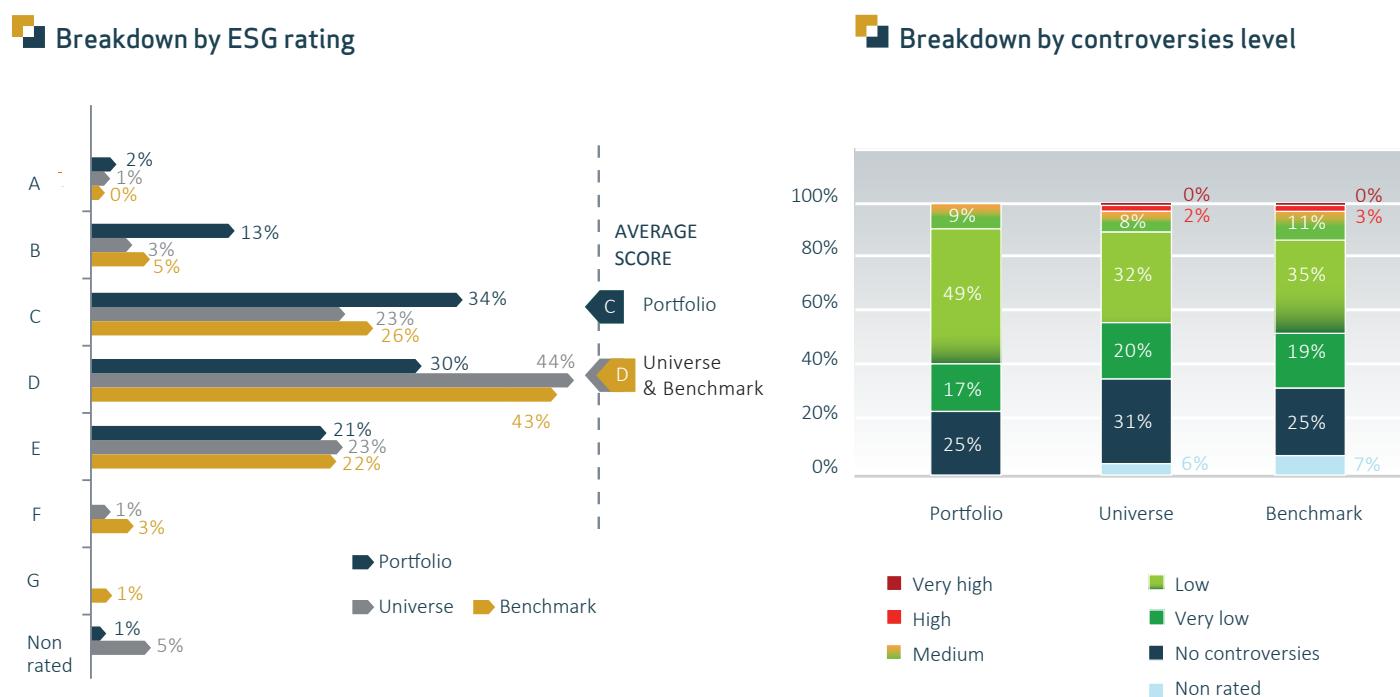
OUR SUSTAINABLE APPROACH RESULTS

As mentioned previously, our sustainable approach is based on the monthly analysis of the ESG profile of issuers as well as on the follow-up of the controversies they might be involved in. A company can be flagged at one or several levels (ESG overall rating, rating on the 5 specific selected criteria and controversies). As at 31 December 2020, a total of 74 ESG warnings have been reported leading to the exclusion of 58 stocks, representing more than 30% of the initial thematic universe (in capitalisation size).

This approach proves to be very complementary. Approximately 70% of the total warnings are due to insufficient ESG rating mainly on the specific criteria. The supply chain management criteria alone represents almost half of the ESG rating-based warnings.



The results obtained by applying the ESG rating and the controversies filters fully support our approach. By excluding the worst ESG behaviours, the portfolio achieves a better ESG rating than both its universe and benchmark (MSCI World, used a posteriori for comparative purposes only). Regarding the controversies, 91% of the stocks have low or very low controversies levels (calculated as an average of the providers' data).



EXCLUSION EXAMPLES ACCORDING TO OUR APPROACH

A monthly ESG ad-hoc committee reviews the eligible universe and conducts a detailed analysis of all the stocks flagged on one or more levels of our ESG approach and as such excluded. Here are a few examples.

Exclusion on overall ESG rating



A Brazilian meat processing company has been excluded from the universe because of poor overall ESG rating. The company faced a major controversy when local Federal authorities found evidence that it had been using chemicals to improve the appearance of expired meats.

Moreover, the company bribed health inspectors and politicians to get certification, and have them sold locally and overseas. The management was particularly involved as the company's CEO and chair had been paying USD millions of bribery for more than ten years.

So far, the management of the controversy is poor with no positive outlook. It remains unclear whether the newly appointed executives will be able to reform the company. Although the former managers have been removed, they still hold a very important controlling stake through a private investment holding company.

Exclusion on specific ESG criteria



An American company operating in the food & staples retailing sector has received an acceptable ESG overall rating but it has nevertheless been excluded from the investment universe because of an insufficient score on a specific criteria considered fundamental for the theme: the supply chain management. Additionally, the company has obtained a very poor score also on the labour relations criteria.

Supply chain management: the company is regularly linked to suppliers found to be involved in labour abuses including forced labour, low wages, excessively long hours, worker health and safety concerns etc. For example, an undercover investigation revealed child labour at a US factory that packages products for the company.

Labour relations: the company has faced numerous employee lawsuits claiming violations of labour rights. Reports of settlements with employees continue on a frequent basis increasing the financial costs.





Exclusions on ESG controversies



An American meat producer has been flagged by our controversies' providers because of its involvement in various types of ESG issues:

Pollution: a number of environmental groups have flagged its water pollution footprint. It includes manure from factory farms, runoff from grain and feed production and direct dumping from processing facilities.

Anti-competitiveness practices: the company has allegedly engaged in price fixing schemes to artificially increase the price of its meat product.

Labour relation: the company has been the subject of a relatively large number of class action lawsuits related to wage and hour issues, poor working conditions, etc.



A British company operating in the food retail sector, has faced important controversies in various criteria.

The most important controversy concerns legal proceedings on equal pay claims filed by shop floor workers who alleged having a lower hourly wage than warehouse workers, who have similar roles.

In 2014, the company has been criticized over its link to forced labour practices on Thai fishing boats that provide shrimp meal to one of the company's direct suppliers.

Furthermore, the company has faced allegations of selling food past its sell by date, mixing organic and non-organic meat products, using incorrect use-by-dates, manipulating food safety records, selling vegan and vegetarian meals containing traces of meat and frozen vegetables potentially contaminated with deadly bacteria.

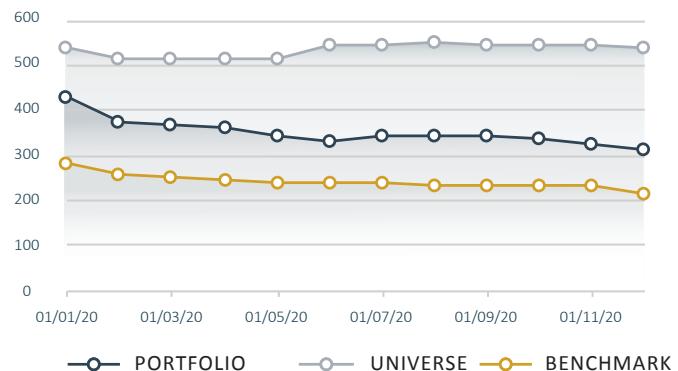
IMPACT METRICS MONITORING



CARBON INTENSITY

This metric measures the portfolio's average emissions in tons of CO₂ equivalent per unit of a company's revenue (in million euros). It is an indicator of the carbon intensity of the value chain of the portfolio's companies.

The evolution of the CO₂ intensity in 2020
(in teq CO₂ per million of revenues)



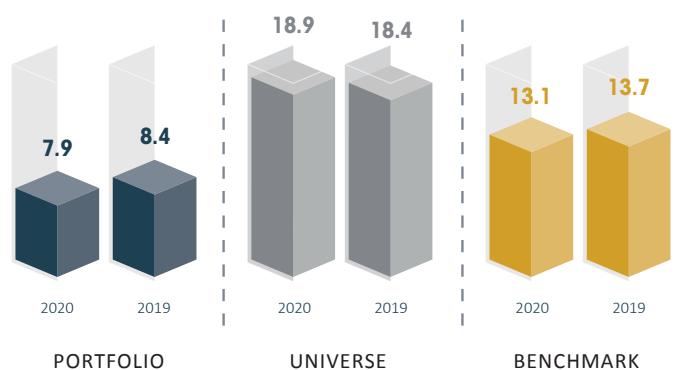
By the end of 2020, the portfolio's carbon intensity was 40% lower than that of the universe and amounts to 315 teq CO₂, against 524 for the universe. On 2020, the management team managed to reduce by 30% the portfolio's carbon emissions.



WATER INTENSITY

This metric measures the portfolio's average withdrawal in cubic meters per unit of a company's revenue (in million euros).

Water intensity 2020 vs. 2019
(in thousands of m³ per million of revenues)



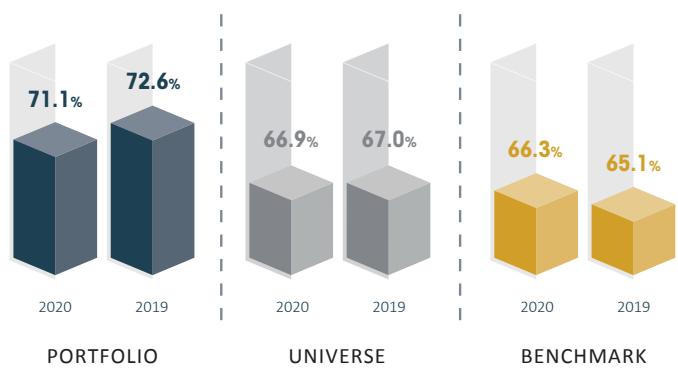
The portfolio's water intensity is 2.5 times lower than that of the initial universe and also lower than that of its benchmark. The water intensity generated on average by the companies in the portfolio has been reduced by 5% over a year.



WASTE RECYCLING RATIO

This indicator measures the ratio of waste recycled by the portfolio's companies over their total produced waste.

Waste recycling ratio 2020 vs. 2019

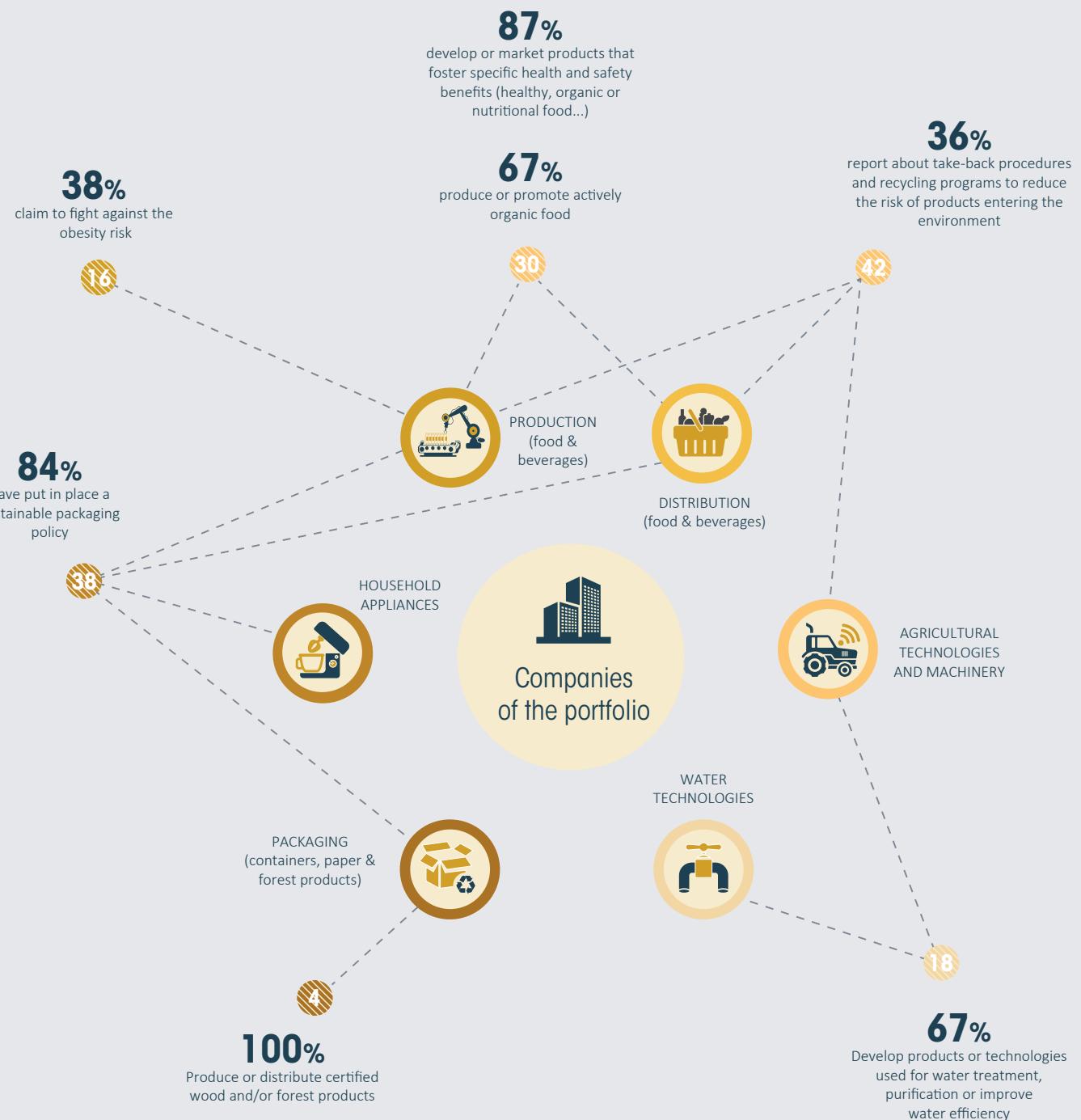


More than 70% of the waste generated by the companies of the portfolio is recycled. This is considered a high recycling level for both the universe and the benchmark and the portfolio's ratio is 4 to 5% higher.

PORTFOLIO'S SUSTAINABILITY INDICATORS

To appreciate the investments' contribution on the sustainable transition of the agri-food system, we have selected and measured a number of sustainability indicators corresponding to the most reported, collected and homogenous ones with regard to the activity of the companies in the portfolio. All of them have a coverage ratio of over 90% and reflect the dynamism of the 63 companies selected by the portfolio managers.

Each indicator is related to a specific challenge faced by the agri-food universe and as such it refers only to the companies concerned by the represented challenge. That is why we have decided to apply a segmentation of the companies in the portfolio by type of activity. An indicator can relate to one or more segments of activity and is expressed as a percentage of the companies that respond positively to the associated challenge.



Number of the portfolio's covered companies that belong to the segments of activity concerned by the sustainability indicator

ENGAGEMENT POLICY, VOTING AND DIALOGUE

The engagement and dialogue policy with the issuers is ensured by Amundi's ESG Analysis and Corporate teams which operate on behalf of the Group and its subsidiaries, including CPR AM.

The Group's engagement process is part of its wider ESG criteria integration framework aiming to support companies in their progress towards more sustainable activities.

The three main areas of the engagement process:



Thematic engagement



Information gathering
for scoring and
rating purposes



Voting at general
meetings following a
pre-meeting dialogue

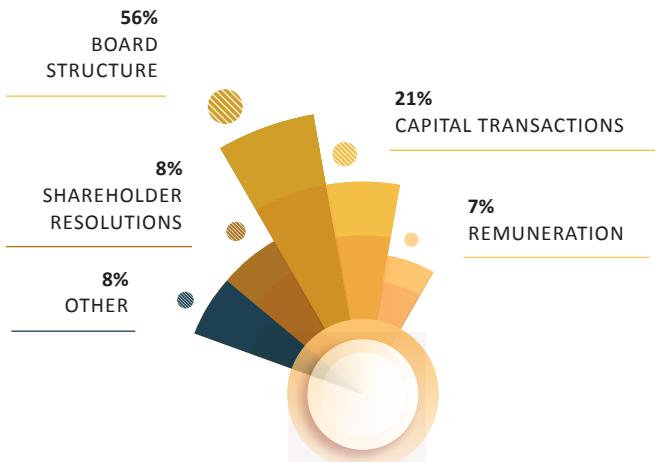
Voting policy

The "voting policy and engagement" team systematically votes at the general meetings of French companies or of companies in which Amundi holds more than 0.05% of the capital.

Nevertheless, for the Food For Generations fund we have derogated from the Group's minimum holding rule and set a 100% participation objective to general meetings.

In 2020, Food For Generations has actively participated to 99% of the general meetings held, representing a total of 1,025 voted resolutions. The votes against amounted to 16% with half of them concerning board structures followed by capital transactions, which accounted for one-fifth.

Breakdown of votes against resolutions



99%

Participation rate
to general meetings



1,025

Number of voted
resolutions



16%

Votes against in
the general meetings

THEMATIC ENGAGEMENT

Thematic engagement is the term used to describe engagement on a specific topic identified as under addressed by companies. The purpose is to gain more insight on the selected topic, identify best practices and encourage their progressive adoption by companies in a few years time. A new engagement theme is launched every year.

Plastic

In 2019, Amundi introduced the plastic engagement theme. The main objective of this engagement is to observe how companies are managing their plastic exposure and the measures they have put in place to fight against plastic pollution considering the increasing pressure on the matter by both regulators and public opinion.

In this context, Amundi strongly encourages companies that use plastic packaging to disclose more pertinent and detailed reports on the subject by elaborating indicators that specify the different types of plastic used as well as the packaging recyclability by type of product. Amundi also urges companies to evaluate the consequences of plastic waste on the environment in general and more particularly in specific geographical areas considered more at risk.



Living wage

Since 2017, Amundi has been addressing the non-payment of living wage with a focus on global supply chains in general accompanied by an in-depth engagement on food retail in particular. Companies in this sector are particularly exposed as they often have a high number of employees with a large proportion of them often earning a minimum wage.

Through this campaign, Amundi encourages companies to detail more precisely their remuneration and social advantages policies and report on a regular basis on the progress made. Indeed, higher transparency allows to identify the gaps between minimum and living wage salaries. Amundi also insists on the global dimension of this engagement, which should not cover only the countries disposing of a restrictive regulatory framework on the subject but all the countries where a company is located.

ONGOING ENGAGEMENT

Ongoing engagement has a dual purpose: to improve our analysis of the risks and opportunities faced by companies and support them in making progress in their sustainability policies through discussions and interviews with management teams. Regarding the agri-food value chain, Amundi has recently decided to deepen its engagement on the circular economy discussions as a response to the new structural challenges, such as plastic, pollution and resource scarcity.



Case study: A meal-kit delivery company

In 2020, the ESG analysis team had several discussions with a rapidly growing company benefiting from the lockdown of the population and the generalisation of teleworking. The company's offer is advantageous on many levels: a great variety of easy to make recipes, conceived by nutritionists and prepared with seasonal ingredients, and a direct supply from producers allowing to remove intermediaries and ensure a fair remuneration.

The ESG analysis team recognises the undeniable benefits of this meal offer (less food waste, meal diversity, nutritional benefits, etc.). Nevertheless, the ESG analysts found that the company's approach was lacking three important points:

- a structured CSR strategy,
- the identification of material issues and CSR risks (over-packaging, transparency in the Board of Directors remuneration policies, etc.) and,
- a reporting with pertinent, precise and quantitative metrics allowing to evaluate the company's performance over time.



AREAS OF IMPROVEMENT

The ESG analysis team encouraged the company to adopt a more proactive approach towards CSR issues with, at very least, the conception of a materiality matrix to identify the risks and the important topics on the subject for the various stakeholders.

In December 2020, the company contacted Amundi to respond to a survey carried out for materiality analysis purposes, proving that it had considered and taken into account the recommendations provided. The materiality matrix should be out in 2021 and lay the cornerstone of a structured CSR strategy and action plan.



Case study: a food retail company

In 2020, the ESG analysis team held various discussions with an international food retailer with the objective of better understanding the policies that the company had put in place to fight against food waste and the reflexions made around the transparency of the available data on the subject.

The company has committed to halve its food waste by 2025. To this end, a waste reduction policy has been defined in all the countries where the brand is established and different key levers identified:

- **In-store acting:** better monitoring of stocks, better quantification of food waste at the level of each shop, better anticipation of demand, special offers for soon-to-expire products or with minor visual defects, donation of surplus food, etc;
- **Collaborating with suppliers** to find innovative solutions notably on the extension of the use-by-dates (UBD) of products: more than 400 references have had their UBD extended while the best before date (BBD) has been removed from more than 100 references. The company took it one step further in its home country by selling products with an expired BBD. The results speak for themselves since the unsold stock of these products has dropped by 50%.



AREAS OF IMPROVEMENT

The ESG analysis team appreciated the initiatives taken but also insisted on the following points:

- extend good practices in all countries and all shops and not only in Europe where the regulation is more restrictive on the subject;
- more transparency on the reported data and publication of additional indicators: turnover represented by products on which the UBD has been modified or the BBD removed, percentage of unsold stock recovered, etc;
- deepen the ongoing collaboration with stakeholders on food waste.

The ESG analysis team will monitor the progress made by the company as well as its requests in the discussions that will take place over the coming years to ensure that the company's commitments are met.

FOOD FOR GENERATIONS: COMPLEMENTARY SKILLS AND EXPERTISE

Portfolio & Research Management



Anne Le Borgne
Thematic Equity Portfolio Manager



Stéphane Soussan, CIIA
Thematic Equity Portfolio Manager



Catherine Crozat, CIIA
Financial Engineer, Head of ESG projects



Frédéric Samama
Chief Responsible Investment Officer



Recent publications

- Circular economy, a choice for society and business, October 2020
- Food For Generations – from farm to fork sustainably, October 2020, Interview with Stéphane Soussan and Anne Le Borgne
- How the food industry is adapting to the Coronavirus?, October 2020, by Stéphane Soussan
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 Find out more on our websites:

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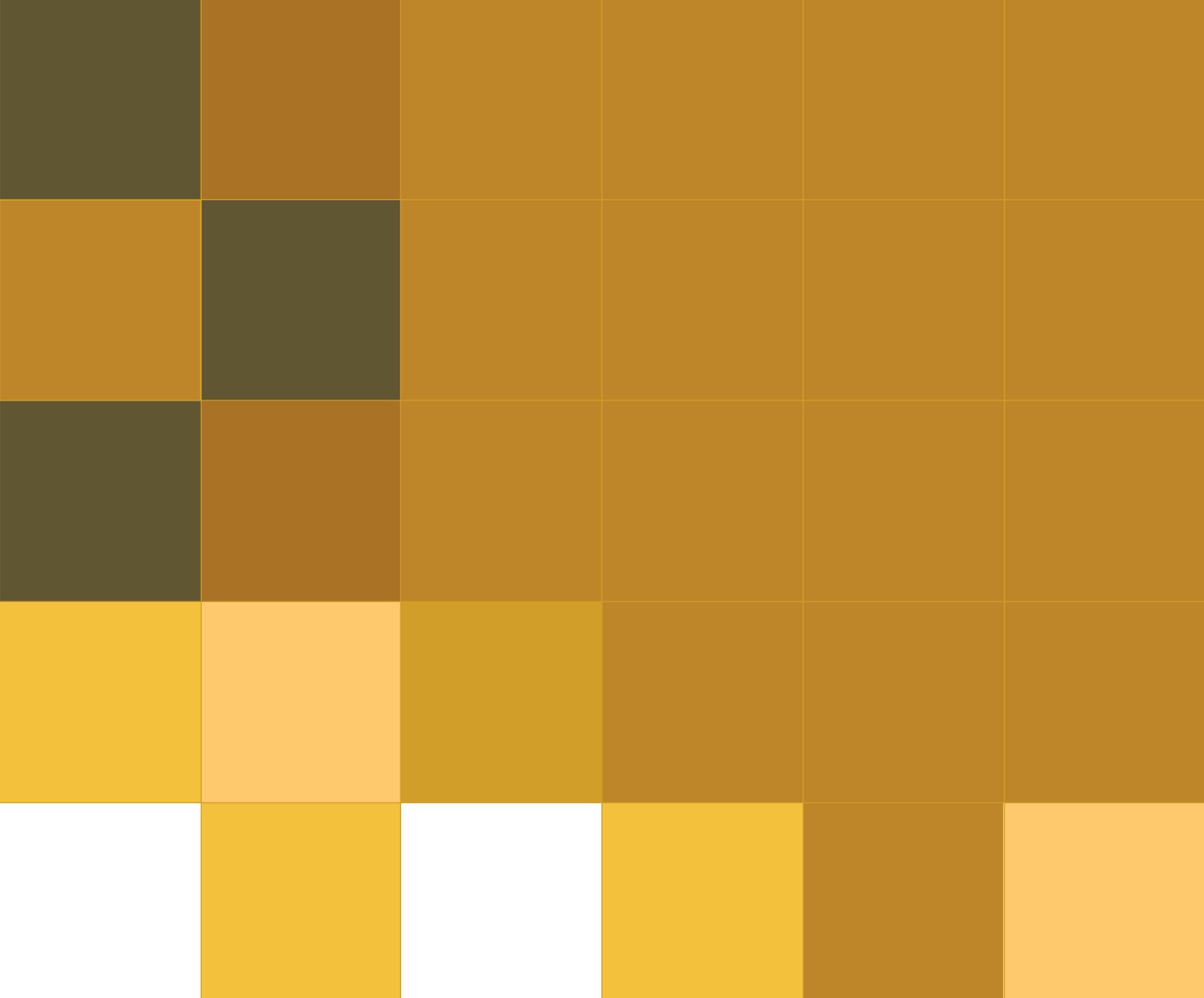
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