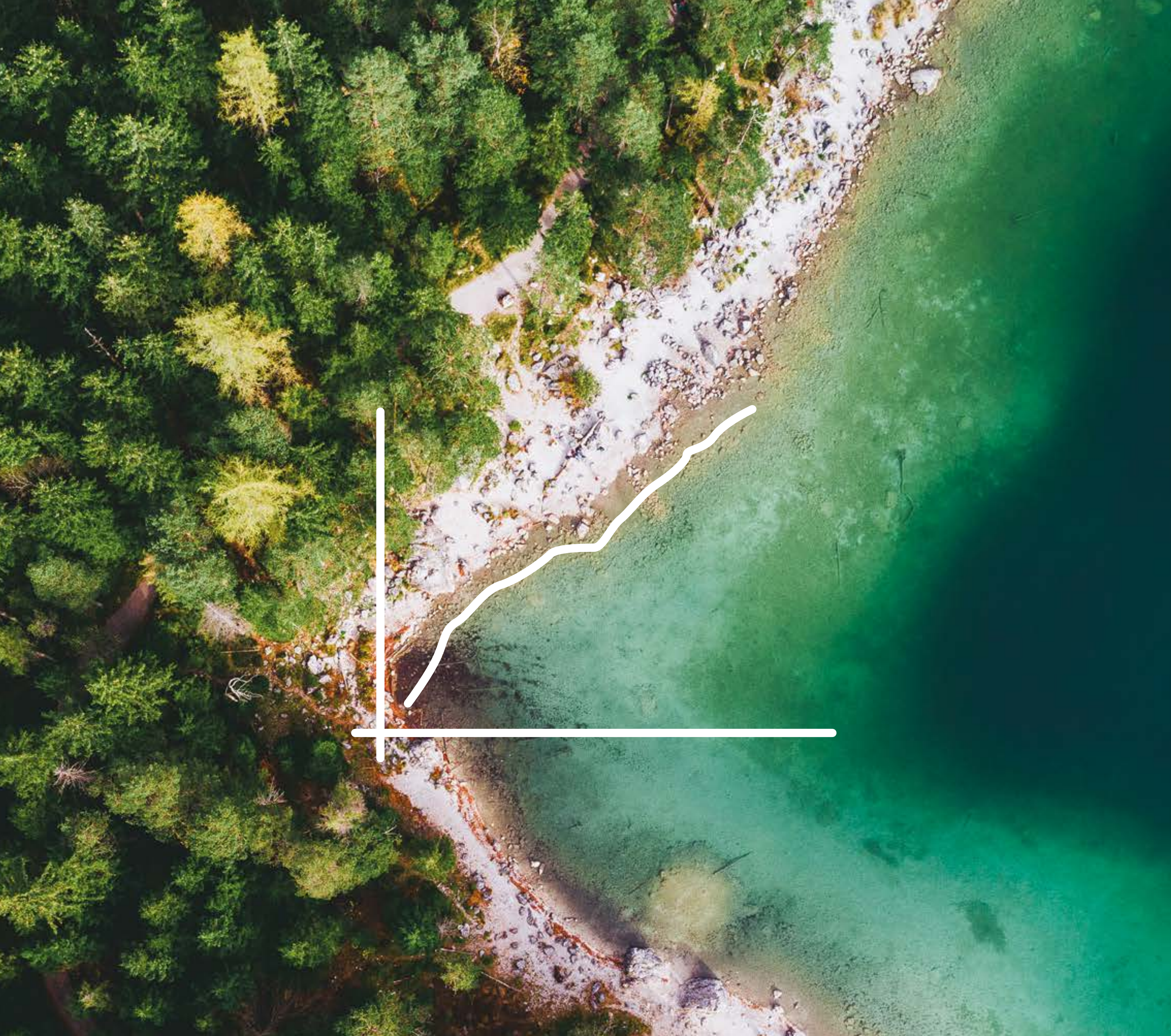


2020 Climate Report

This Climate report sets out our response to the requirements of:

- the Task Force on Climate-related Financial Disclosures (TCFD Report)
- the French Energy Transition for Green Growth Act (Article 173 Report)

Confidence must be earned

Contents

Publication date: 30 June 2021
Revised: 31 July 2021

Foreword

Jean-Jacques Barbéris

Executive Committee Member,
Head of ESG

As a responsible asset manager since its creation in 2010, Amundi has been deeply committed to integrating Environmental, Social and Governance factors in its investment processes and supporting sustainable transitions through an ambitious stewardship policy, sustainable investing strategies geared towards climate mitigation and social cohesion, and sustainable capital market development.

Climate Change is arguably the greatest challenge of our times. Exacerbated by human activities, it presents itself as one of the greatest systemic risks for society with long-lasting impact for investors and financial actors. One of the first meetings organized to address this challenge took place at The Rockefeller Foundation Bellagio Center in April 2011, organized by Columbia University and Amundi sponsored Sovereign Wealth Fund Research Initiative.

A key outcome of this meeting was the decision by some participants to take the historic step to start decarbonizing portfolios. The meeting eventually led to the creation in 2014 of the Portfolio Decarbonization Coalition, co-founded by Amundi, to align Institutional Investment portfolios with a low carbon economy.

Since the Paris Agreement in 2015, we have strengthened our ambition to support climate action across geographies and asset classes. Our success and continued progress on this front has been possible through the strategic partnerships forged with the World Bank Group's International Finance Corporation, the European Investment Bank, the Asian Infrastructure Investment Bank, and through the support of our clients across the world.

Acknowledging that there is an urgent need to accelerate the transition towards global net zero emissions, **Amundi was proud to join the Net Zero Asset Managers Initiative this year**, committing to supporting the goal of net zero emissions by 2050.

By joining the Net Zero Asset Managers Initiative Amundi not only embraces global carbon neutrality objectives, but is actively taking action to accelerate investing aligned with net zero emissions by 2050 or sooner. This is a key milestone in Amundi's commitment to climate leadership, and as we embark on this journey with reinforced climate ambition, here are the key convictions that will guide our action:

- **The financial sector is a key catalyst for action** - While maintaining a stringent sector policy to phase out coal, we will focus on supporting net-zero aligned investment across sectors and regions, and on ensuring investors are equipped with efficient and ambitious climate investment strategies supporting global neutrality.
- **Change must be embraced at every layer of the organization** - Amundi will not only align its own operations with global carbon neutrality objectives, but will ensure that this mission is shared throughout the organization, empowering staff to be actors of change.
- **Transition will need to be socially just and respectful of our environment** - COP26 will be held in a context marked by the social and economic fallout from the sanitary crisis. We are convinced of the need to achieve a low-carbon transition that is socially acceptable, and have co-founded "Investors for a Just Transition", the first investor coalition on the just transition, to support collaborative efforts addressing this complex challenge.
- **Knowledge, data and analytics are significant drivers of change** - Aligning financial flows with carbon neutrality objectives requires significant improvement in our ability to integrate climate change risk, transition opportunities, and adverse impact on sustainability factors, when allocating capital. From value chain carbon data, to implied temperature ratings and exposure to physical risks, companies and investors have a common interest in building meaningful and reliable analytics.
- **Engaging companies on a climate-neutral path** will remain a key pillar of our climate strategy. We fully integrate the emissions' trajectory of the companies we invest in in our ESG analysis. Amundi also encourages companies to have increased transparency on their strategy to reduce emissions, and deeper public commitments on carbon emissions reduction plans, by notably declaring an alignment objective with the Paris agreements under the Science-Based Targets framework.

This report details Amundi's ambitions, analysis, practices and operational setup to tackle climate change. It is also meant to become a key reference document to present Amundi's ESG and Climate initiatives to all stakeholders.

We wish you a good read and look forward for the 2021 edition.

Key figures

12,000 issuers
covered by ESG analysis
as of March 2021

705 bn€
of responsible AUM
as of March 2021

Announcement of a
Net-Zero Target by 2050 in July 2021

28 bn€ AUM
in specific Environmental initiatives
as of March 2021

86% of climate related shareholder resolutions supported in 2020
31% of opposition rate on resolutions regarding remuneration

617 issuers excluded by ESG policy at the end of 2020
Thermal coal exclusion policy has been extended to coal developers

100% of Amundi's active open-ended funds*
now include an environmental and social profile analysis
**All open-ended funds actively managed by Amundi to which an ESG rating methodology can be applied, as of February 2021*

Engagement with:
447 companies
on **human rights and the protection of direct and indirect employees**
472 companies
on **energy transition and climate change**
378 companies
on **ecosystem protection**

Amundi joined the **Finance for Biodiversity Pledge** in May 2021

April 2021 saw the launch of the **Just Transition for Climate** fund

526 m€ AUM
managed by Amundi Energy Transition

In 2020, **3 ETFs replicating the Paris-Aligned Benchmark (PAB)** indices were launched

SFDR: 450 bn€ of assets managed under Articles 8 and 9,
or **650 funds and mandates**
As of February 2021

All number are at 31/12/2020 unless otherwise indicated

01 Governance

Governance

Acting as a responsible financial institution is a core commitment of Amundi's strategy. This commitment is reflected in its responsible management approach and is integrated throughout its governance structure. The accountability and responsibilities for meeting its ESG – including climate – objectives are therefore integrated into executive and management roles as well as remuneration policies.

In doing so, Amundi has integrated ESG into the core of its management approach and has introduced a dedicated governance structure that has been designed to implement and monitor Responsible Investment within the Group with a strong consideration of climate change impacts.

As such, ESG at Amundi is governed through dedicated committees reporting to the board and executive committee. It has a dedicated Business Line with 4 teams to limit the exposures of its portfolios to ESG and climate-related risks and to design strategies that aim to pursue climate-related opportunities.

Oversight of ESG risks & opportunities embedded in executive responsibilities

As a responsible financial player, ESG considerations are key within the strategic decisions the Amundi Board of Directors makes. While it delegates operational elements of the management of ESG (including climate) related risks and opportunities to specialised committees and the ESG Business Line, it oversees the implementation of strategic goals and is therefore ultimately responsible for ESG-related matters at Amundi.

Each year, the Board approves the CSR (Corporate Social Responsibility) report and URD (Universal Registration Document), within which the prior year's actions related to financing the energy transition are listed. In 2017, the Board of Amundi entrusted its ESG-related tasks to its General Management Committee in order to strengthen the weight of ESG within Amundi.

The General Management Committee of Amundi has overall oversight and accountability for responsible investment. This includes accountability and/or management responsibilities for climate-related issues.

Board of Directors

The Board of Directors is keen on ensuring that Amundi fulfills its role as a responsible financial player. At each board meeting, progress on ESG-related KPIs are discussed, with at least one meeting a year dedicated to ESG-related strategy.

The Board members receive regular training on climate-related matters – for instance on Amundi's voting and engagement policy in 2020 and are supported in their decision-making processes by in-house experts.

Chief Executive Officer (CEO)

The role of Amundi's CEO is central to the development of Amundi Group's Climate strategy. The CEO develops the Climate strategy for the entire Amundi Group, in line with the climate's objectives of our parent company, the Crédit Agricole Group.

The CEO chairs the ESG and Climate Strategic Committee at Amundi and is also a member of the Climate Committee in Crédit Agricole.

The CEO plays an active role in engaging with companies on ESG and climate topics and sends a public annual letter to the Chairs and CEOs of the largest international and European companies.

Chief Responsible Investment Officer (CRIO)

Amundi's CRIO leads the Responsible Investment department and is in charge of implementing Amundi's Responsible Investment policies and strategy, including climate. The CRIO identifies the overall climate targets to be achieved for all teams belonging to the Amundi ESG Business Line.

A dedicated structure to monitor and manage ESG-related risks and opportunities

Since its creation, Amundi has annually grown its ESG-dedicated team, which is now made up of 39 members, of whom 17 are focused on ESG research, 5 on voting policies and 5 are quantitative analysts (as of May 2021).

To support this team, Amundi has four committees dedicated to responsible investment including climate-related considerations. These committees are monitored by Amundi's CEO on a regular basis and are supported by dedicated ESG teams:

ESG and Climate Strategic Committee

Chaired by Amundi's CEO, this committee meets on a bi-annual basis and define and validate the ESG policy and the Amundi Group's strategic guidelines. It:

- Steers, validates, and monitors Amundi 's ESG and Climate strategy;
- Validates major strategic orientations of the Responsible Investment policy (Sector policy, Exclusion policy, Voting policy, Engagement policy);
- Monitors key strategic projects.

ESG Rating Committee

This committee meets monthly. It defines Amundi's ESG analysis methodology, exclusion rules and reviews ESG rating issues. It:

- Defines and validates Amundi's ESG standard methodology;
- Reviews exclusion and sector-related policies, and validate application rules;
- Reviews and takes decisions regarding rating issues.

Voting Committee

This committee is held on an ad hoc basis (at least once a year) and reports to the CEO on sensitive topics. It:

- Advises on voting decisions for individual cases (conflict of interest, subsidiarity with the voting committee);
- Provides voting policies of the different entities, ensuring their global consistency;
- Provides specific / local approaches not directly covered by the voting policies;
- Provides periodical reports on voting or proxy-voting disclosure;
- Ensures alignment of engagement and voting activities with key ESG engagement themes.

Strategic and CSR Committee

The remit of this Board of Directors' Committee is to deepen the strategic thinking of the Group across its various business lines, both in France and abroad. It reviews, at least annually, the actions taken by the Group with regards to CSR. Chaired by an Independent Director, duly qualified for the role, the Committee is also comprised of the Chief Executive Officer and the Chair of the Board in order to ensure the overall alignment of the Company's strategic vision. Work generated by its recurring missions includes:

- An analysis of the annual report in relation to social, environmental and societal information;
- An examination of the broad guidelines and progress report in respect of Amundi's ESG strategy;
- A review of the Group's strategic ambitions 2018-2022.

Other committees

Amundi participates in a number of leading global initiatives on ESG and climate and is a signatory of many public commitments (see page 12).

It also participates in the *Medici Committee*, a think-tank supported by Amundi and chaired by Amundi's CEO, that reflects on the principles, techniques and impacts of responsible investment. Its ambition is twofold: to analyse ongoing changes and issue concrete recommendations that may guide the practices of economic and financial players.

Resources dedicated to ESG and climate change topics

Amundi has integrated ESG into the core of its management approach and has created a dedicated cross-function business line which is organized in 4 principal teams.

Research, Engagement and Voting

This international team spans across Paris, Dublin, London and Tokyo. ESG analysts meet, engage and maintain dialogue with companies to improve their ESG practices, with the responsibility of rating these companies and defining exclusion rules. ESG analysts work alongside a team of specialists dedicated to voting policy and pre-meeting dialogue. Based in Paris, they define General Assemblies' voting policies for companies in which Amundi invests on behalf of its clients.

ESG Method and Solutions

This team of quantitative analysts and financial engineers is in charge of maintaining and developing Amundi proprietary ESG scoring system and ESG-related data management systems (including selecting external data providers to generate proprietary ESG scores). They help analysts and portfolio managers integrating ESG considerations into their investment decisions, as well as business development teams to create innovative solutions by integrating sustainability-related data within financial products (ESG Ratings, climate data, impact metrics, controversies, among other data). They oversee the development and integration of ESG-related tools in Amundi Portfolio Management Systems and Client Reporting Systems and are also in charge of implementing clients' specific ESG exclusion rules.

ESG Business Development & Advocacy

This team is in charge of supporting and developing the ESG solutions offering that match investors needs and challenges, ESG advisory and services for all Amundi clients. They are also in charge of managing ESG advocacy and collaboration efforts with sustainable finance initiatives, and developing training programs for our clients.

COO Office

This team is in charge of coordinating the ESG-related projects of the ESG Business line with the support functions of the Group, producing the dashboards for the monitoring of the activity (Business, Budget, IT, Audit, projects), and supervising major transversal projects.

Raising awareness

Throughout 2020, Amundi organised a number of training sessions and programmes for its staff and clients.

Client sessions

Amundi organized multiple responsible investment training sessions, events and promotional actions in 2020 for distributors, institutional and retail clients as well as issuers (investor relations, heads of sustainable development) to explain Amundi's ESG rating methodology and approach to engagement, as well as bringing awareness to the growing importance of responsible investment practices.

In addition, though fewer events took place due to COVID-related restrictions, Amundi organised a number of proprietary events and roadshows dedicated to Responsible Investment including: Amundi World Investment Forum, Amundi Investment Day, Amundi Retail & Product Summit, Amundi Crossroads 2020.

Amundi also participated in a number of virtual conferences and training workshops in Europe, US and Asia on responsible investment and climate-related topics, including: EMEA PRI conference, Climate Bond Initiative conference, Central Banking conference, ECB Institutional Investor Dialogue, Global Positive Forum, Sustainable Finance Conference, CDP Europe Awards, IFC seminars for banks in Emerging Markets, Carbonomics conference, Global Invest Forum.

Staff sessions

Amundi offers a range of external and internal ESG courses for its staff.

- **Technical sessions**

  More than 150 staff members followed one of the following sessions:
  - Internal sessions with Amundi's ESG investment specialists about ESG approaches and implementation: ESG rating process, Exclusion policies, Engagement, sustainable finance labels etc;
  - External sessions: e-learning module with the PRI Academy, ESG courses with the SFAF (French Society of Financial Analysts), and with training organizations on specific topics (green bonds, ESG in private equity ...);
  - Dedicated annual sessions for analysts and portfolio managers on ESG issues in emerging markets from a partner Multilateral Development Bank.
- **Sector & Thematic sessions**

  In addition, the ESG department proposes:
  - Monthly training sessions led by ESG analysts on specific sectors or ESG themes for Analysts and Investment teams (see table for ESG 2020 sessions);
  - Quarterly webinars to all employees worldwide on specific topics, for example: temperature methodologies, stewardship practices, evolution of the regulatory framework.
- **Internal actions**

  Internal communication actions are also a strong lever in terms of awareness:
  - The “MyCO2” interactive conference organized with Carbone4 in 2020 was followed by 200 employees who assessed their personal carbon footprint (food, accommodation, travel, consumption ...);
  - The “ESG Spirit Challenge” gathered 650 participants in 22 countries who answered questions on sustainable finance and helped plant 9,700 trees with Reforest’Action.

ESG 2020 SESSIONS

Oil and Gas - Sector Review
ESG Mining & Metals - Sector Review
Insurance ESG sector review - Sector Review
Corona crisis’ ESG implications on the insurance sector
Banks through the ESG lenses
Telecom services - Industry Review
Biodiversity - Thematic Review
Food & staples retailing - Sector Review
Real Estate - Sector Review
Aerospace & Defence - Sector Review
Healthcare Equipment & Supplies - Sector Review
Pharmaceuticals Biotech Life Science ESG - Sector Review

Integration of ESG components into remuneration

The remuneration of the CEO, Top Managers, Portfolio Managers and ESG and Voting Analysts is linked to the CSR and ESG elements within the business performance review, through the following metrics:

CEO of Amundi

The variable compensation of the CEO of Amundi is linked, among others, to CSR and ESG indicators:

- **annual grant:** for 2020 and 2021, 20% of the objectives that drive the achievement of the variable remuneration are based on the CSR / ESG topics (e.g. Implementation of the ESG policy, Steering of Crédit Agricole Group's societal project, Feminisation of management bodies...) ;
- **deferred compensation:** for 2020 payment of the deferred variable compensation is conditioned, among other indicators, on the level of the FReD[1] index, an internal system for managing and measuring Crédit Agricole Group progress on CSR matters.

Top Management

Likewise, ESG is integrated into the remuneration of Top Management. For illustration, the **implementation of the ESG policy** weights for 20% in the performance criteria used for the Long Term Incentive plan granted to reward 2020 performance.

Portfolio Managers

ESG criteria are fully integrated in portfolio managers' role description and as such are part of their annual evaluation and their compensation. In addition, our investment teams are incentivised on risk-adjusted investment performance over periods up to 5 years.

From 2021 onwards, among the qualitative criteria helping us assess the risk-adjusted aspects is an assessment of **compliance with the ESG policy and other risk factors**. The expectation as part of our 2021 ambitions that active open-ended funds have the objective to exceed their benchmarks on ESG measures has automatically raised the threshold for delivery of this qualitative requirement in recent years.

ESG analysts

The ESG team members are benchmarked against peers. Their variable remuneration is based on both qualitative and quantitative analysis of their effectiveness and delivery against expectations, as well as an element of broader profit sharing based on Amundi's overall performance.

For **ESG analysts, quantitative criteria** are primarily related to the number of:

- analyses and meetings with companies;
- sector analysis;
- and cross-sector thematic analysis.

The **qualitative criteria** include:

- quality of analysis;
- understanding of companies and sectors;
- maintenance of the analysis;
- proficiency in ESG analysis and efforts to continuously improve analytical skills;
- active participation in engagements;
- active participation in thematic research.

Similarly, **voting analysts** are evaluated based on both **quantitative and qualitative factors** relevant to their responsibilities.

Participation in international ESG and climate-related initiatives

Amundi is a member or signatory of many key international initiatives covering environmental, social and governance issues. These coalitions and other groups support the development of tools and methodologies to facilitate the integration of ESG-related topics into overall governance and management processes.

In 2020, Amundi contributed in particular to the following initiatives:

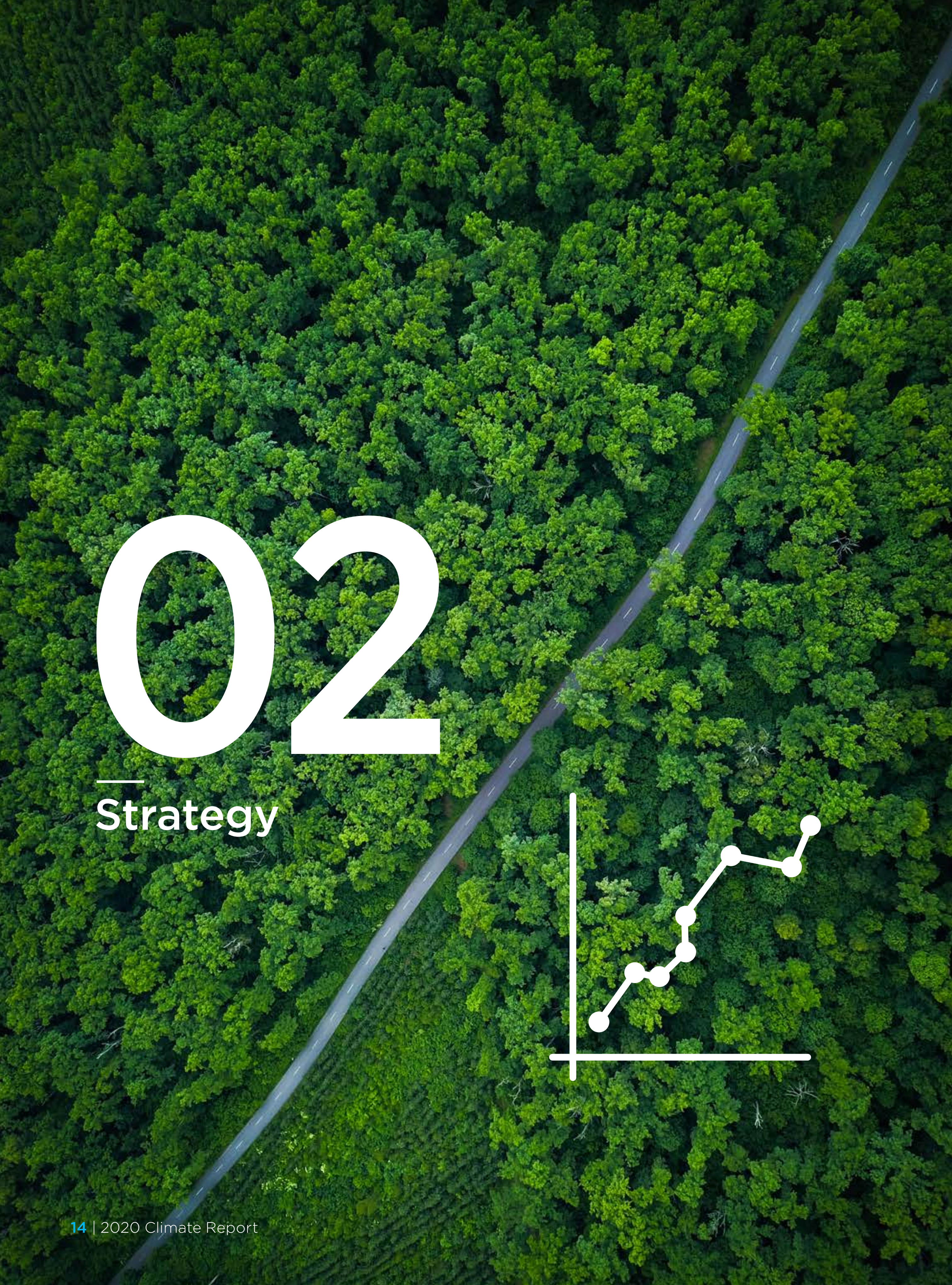
- **Science-Based Targets**: Amundi wrote to 253 companies in different sectors to invite them to commit to or upgrade their Science Based Targets (SBTs) to fight climate change.

1. https://www.credit-agricole.com/responsable-et-engage/notre-strategie-rse-etre-acteur-d-une-societe-durable/pilotage-de-la-performance-extra-financiere-avec-le-dispositif-fred/les-resultats-de-fred.

- **Climate Action 100+**: Amundi supported CA100+ in a collaborative engagement with four corporates: a Japanese capital goods company, a US construction materials company, a Brazilian Oil & Gas company and a Japanese auto manufacturer.
- **30% Club**: Amundi participated in the creation of the French 30% Club, a global campaign to take action to increase gender diversity at board and senior management levels.

Collective engagement actions are described in Amundi's 2020 Engagement Report.

Global Initiatives	▪ UN PRI – Principles for Responsible Investment ▪ Finance For Tomorrow ▪ IFC Operating Principles for Impact Management
Environmental Initiatives	▪ Net Zero Asset Managers initiative ▪ IIGCC – Institutional Investors Group on Climate Change ▪ AIGCC (Asia Investor Group On Climate Change) ▪ CDP – Carbon Disclosure Project ▪ Montréal Carbon Pledge ▪ Water Disclosure Project ▪ PDC – Portfolio Decarbonization Coalition ▪ Green Bonds Principles ▪ Climate Bonds Initiative ▪ Climate Action 100+ ▪ TCFD – Task Force on Climate-related Financial Disclosures ▪ The Japan TCFD Consortium ▪ OPSWF – One Planet Sovereign Wealth Fund ▪ FAIRR – Farm Animal Investment Risk and Return ▪ Tobacco-Free Finance Pledge ▪ The CDP Science-Based Targets (SBTs) Campaign ▪ Finance for Biodiversity Pledge ▪ PPCA - Powering Past Coal Alliance
Social Initiatives	▪ Access to Medicine Index ▪ Access to Nutrition Index ▪ Clinical Trials Transparency ▪ Human Rights Reporting and Assurance Frameworks Initiative ▪ PRI Human Rights Engagement ▪ WDI – Workforce Disclosure Initiative ▪ Finansol ▪ The Platform Living Wage Financials (PLWF) ▪ Investor Action on AMR initiative (lead by both FAIRR Initiative and Access to Medicine Foundation) ▪ The 30% Club France Investor Group ▪ Tobacco-Free Finance Pledge
Governance Initiatives	▪ ICGN – International Corporate Governance Network



02

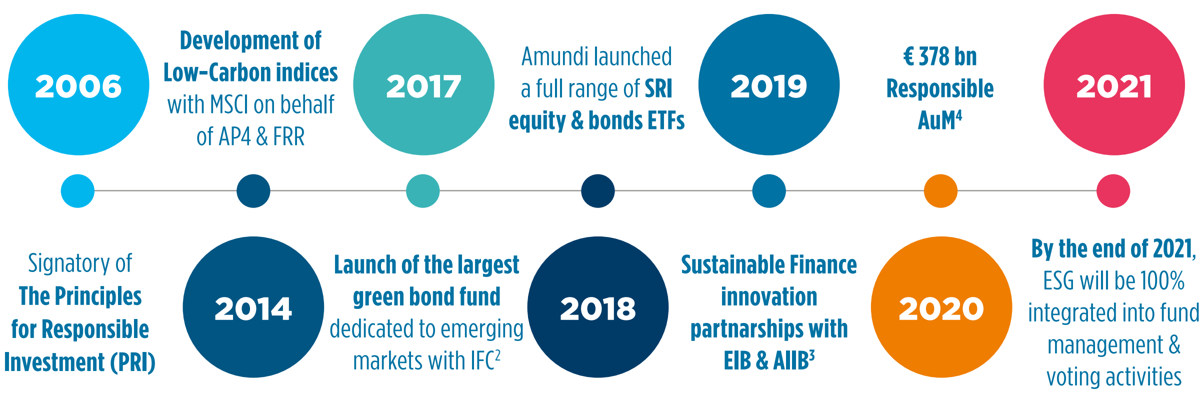
Strategy

Strategy

Climate change and ESG-related considerations are central to all decisions taken by Amundi. This is driven by its conviction that companies and investors have a responsibility in building a more sustainable society and that ESG has a positive impact on long-term financial performance through strategic management of ESG-related risks and opportunities.

As such, since its creation in 2010, Amundi has been deeply committed to integrating Environmental, Social and Governance factors in its investment processes and supporting sustainable transitions through an ambitious engagement policy, sustainable capital market development and the mobilization of capital globally. Amundi has placed ESG and climate-related financial risks and opportunities at the heart of its *raison d'être* which is to be a trusted partner working every day in the interest of its clients and society.

Over the past decade, Amundi has been an active and long-standing player in Responsible Investing. In 2006, Amundi became a co-founding signatory of the Principles for Responsible Investment (PRI). In the early 2010s, Amundi collaborated with a major index provider to launch some of the earliest low-carbon indices. In 2014, Amundi co-founded the Portfolio Decarbonization Coalition, alongside the United Nations Environment Program Finance Initiative (UNEP FI), to support this objective. In recent years, the development of internal climate analytics and research teams has strengthened Amundi's ability to design climate business solutions for its clients and expand the availability of ESG-related funds.



2. International Finance Corporation.

3. European Investment Bank (EIB) and Asian Investment Bank in the Infrastructure (AIIB).

4. AuM (rounded out) as of end December 2020.

In July 2021, Amundi confirmed the strategic importance of tackling climate change and financing a just transition by **announcing its target to be Net Zero by 2050**, thereby further cementing the full integration of ESG into overall strategic goals and management processes.

Amundi will support global carbon neutrality goals through:

- **Explicit engagement policy on Net Zero trajectories** in line with our historical commitment to climate change;
- **Significant capital mobilization** in ambitious climate-strategies supporting global carbon neutrality goals;
- **Designing, structuring and promoting highly impactful strategies** that are catalytic, focusing on critical technologies, regions, and segments of the economy.

Climate-related risks will play an increasing role in investment strategies in the coming decades. Amundi's responsible investment strategy therefore revolves around several major axes:

- **Integrating ESG into management**

All investment teams have access to the ESG ratings produced by the ESG Research and Method teams, i.e. 12,000 issuers worldwide (as of March 2020);

- **A targeted exclusion policy**

Amundi applies targeted exclusion rules in all of its active management strategies that concern companies that do not comply with its ESG policy, or with international and national conventions and frameworks. In addition, Amundi implements sector-specific exclusions' policy for the thermal coal and tobacco industries, which were strengthened at the end of 2020;

- **Engagement with issuers**

A key pillar of Amundi's responsible investment vision and commitments is demonstrated in our engagement activities. Amundi's ESG analysts hold ongoing dialogue with companies and also partake in individual or collaborative actions in regards to specific ESG themes;

- **ESG voting policy**

Amundi's voting policy is in line with its vision as a responsible investor and with the desire to help companies move towards more sustainable objectives, notably in terms of energy transition;

- **Responsible investment solutions**

Amundi offers its clients solutions tailored to the various ESG and Climate challenges and approaches: best-in-class funds, labelled funds, thematic funds and impact funds. In 2020, Amundi continued to innovate across all asset classes to develop this range;

- **Innovative partnerships**

Lastly, through innovative partnerships with major public investors, Amundi is developing solutions to finance the energy transition. Amundi favours initiatives that stimulate both supply and demand and contribute to the creation of a dynamic market for responsible investment instruments.

OUR COMMITMENTS TO NET ZERO

On July 6th 2021, Amundi joined the Net Zero Asset Managers initiative and announced in doing so its intention to align its portfolio and activities with a Net Zero by 2050 goal, in order to limit global warming to 1.5°C by the end of the century.

By joining the Net Zero Asset Managers initiative, Amundi not only embraces global carbon neutrality objectives, but is actively taking action to accelerate investing aligned with net zero emissions by 2050 or sooner. This is a key milestone in Amundi's commitment to contribute positively to address society's global challenge, and a significant step in our mobilization plan for climate action ahead of COP26.

AMUNDI NET ZERO CONVICTION n°1 – The financial sector is a key catalyst for action.

AMUNDI NET ZERO CONVICTION n°2 – We must embrace change at every layer of our organization.

AMUNDI NET ZERO CONVICTION n°3 – Transition will need to be just, respectful of our environment, and aim to preserve and restore.

AMUNDI NET ZERO CONVICTION n°4 – Knowledge, data and analytics are significant drivers of change.

What is the Net Zero Asset Managers initiative?

The Net Zero Asset Managers initiative is a group of 128 international asset managers with $43tn AuM (as of July 2021) committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

It is an initiative designed to mobilize action by the asset management industry that demonstrates leading practice in driving the transition to net zero and delivers the ambitious action and investment strategies that will be necessary to achieve the goal of net zero emissions. It also provides a forum to share best practice and overcome barriers to aligning investments to that net zero goal.

The initiative is managed globally by six Founding Partner investor networks: Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI).

Responsible Investment 2018-2021 Action Plan - Progress

Aware of its responsibility as a leading European asset manager, Amundi launched an ambitious action plan in October 2018 to mainstream ESG integration across all its value chain by the end 2021.

This ambitious three-year action plan explicitly included:

- the **inclusion of ESG criteria** in the management of all the Group's open-ended funds actively managed* within 2021;
- the **doubling of the amount raised to finance energy transition and social initiatives**;
- the **integration of ESG issues in voting practices** (4,241 votes in 2020).

	OBJECTIVES 2021 ANNOUNCED IN 2018	ACHIEVEMENTS AS OF MARCH 2021
ESG capabilities ambitions		
ESG Analysis	Increase number of issuers covered from 5,500 to 8,000.	Beyond the target: **12,000 issuers covered** as of March 2021.
Engagement	Systematically include ESG issues in voting policy.	In 2020, Amundi **supported 86% of climate-related** shareholder resolutions and **79% of social**, health & human rights resolutions. In 2020, the **opposition rate was 31% on compensation and 21% on dividends**. Amundi argued in favour of including ESG criteria in corporate officers' variable remuneration.
ESG mainstreaming ambitions		
Active Management	100% of open-ended funds* with an ESG score higher than that of their benchmark index.	**100% of Amundi's open-ended funds* now include an environmental and social profile analysis** of the companies in which Amundi invests. ESG is thus core to all Amundi's activities.
Responsible investment development		
Specific Initiatives	Step up Amundi's specific Environmental and Social initiatives, doubling assets under management from €10bn to €20bn.	**€28bn** as of end of March 2021.
Solidarity	Increase Amundi's commitments to social and solidarity-based economy, increasing AuM from €200m to €500m.	**€356m** AuM in the Amundi Solidarité Fund as of end of March 2021.
Advisory	Strengthen Amundi's advisory role by helping institutional investors to take into account ESG criteria.	**ESG Advisory Offering is finalized.** Deployment ongoing.

**All open-ended funds actively managed by Amundi to which an ESG-rating methodology can be applied.*

RECOGNIZED EXPERTISE

PRI Principles for Responsible Investment
Rated A+ for the 6th year in a row in Strategy & Governance

Environmental Finance Bond Awards 2020 Winner
GRECO & AP EGO[5] awarded Environmental Finance **green bond of the year** in 2019/2020

Label ISR
Several funds have been labeled SRI, Greenfin, LuxFlag, Towards Sustainability, Finansol

5. GRECO: The Green Credit Continuum program and AP EGO: Amundi Planet Emerging Green One.

Development of Climate-linked business solutions for investors

Amundi has developed a comprehensive range of investment solutions for investors seeking to mitigate climate-change related risks, favour a transition to sustainable business models and measure climate impact.

In 2020, Amundi accelerated the development of innovative solutions to finance climate-positive developments and energy transition, in line with its 3-Years Responsible Investment Action Plan. In doing so, Amundi prioritized initiatives that stimulate both supply and demand as well as contribute to building a dynamic marketplace for responsible investment instruments. Addressing social challenges is also a priority of Amundi, which has recently developed innovative social thematic funds.

- Launch of the "**Just Transition for Climate**" fund (see page 19), designed to finance a socially acceptable energy transition - January 2021;
- Launch of **AIIB (Asian Infrastructure Investment Bank) - Amundi Climate Change Investment Framework**, the first holistic approach for building portfolios resistant to climate risks and based on the three key objectives of the Paris Agreement - September 2020;
- Amundi pioneers the adoption of EU climate benchmarks, with the creation of **Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB)** index strategies and ETFs - June 2020;
- Launch of the **Green Credit Continuum program (GRECO)**, with the European Investment Bank (EIB) which aims to provide EUR 1bn for the development of green private debt in Europe - July 2019;
- Launch of the **Asia Climate Bond Portfolio with the AIIB**, a USD 500 million Portfolio, which aims to accelerate climate action in the Bank's members and address the underdevelopment of the climate bond market - September 2019;
- Launch of the **Amundi Planet Emerging Green One (AP EGO)**, with the International Finance Corporation (IFC), the world's largest targeted green bond fund focused on emerging markets ($2 bn) - March 2018;
- **Low Carbon index funds**. First in 2011 with AP4 (the Fourth Swedish National Pension Fund) for some prototypes and then AP4 and FRR (French Public Pension Reserve Fund) in 2014 for mainstream solutions, Amundi developed innovative low-carbon ETFs and index funds;
- **Joint Venture with EDF**. Amundi and EDF partnered in 2014 and created a new asset management firm dedicated to the financing of some green infrastructures. This unique partnership in the industry allows investors to access rare green assets in a long-term perspective;
- **Green Real Estate**. Amundi real estate team has developed a state-of-the-art green methodology that is used for 100% of the assets in order to assess the climate risks in all its dimensions (physical risks, regulatory risks, etc);
- Amundi, a founding member of the **One Planet Sovereign Wealth Fund Asset Manager**s Initiative, which supports the members of the One Planet Sovereign Wealth Fund (OPSWF) in the integration of climate change analysis into the management of large, long term and diversified asset pools - July 2019;
- Amundi, a co-founding member of the **Portfolio Decarbonization Coalition**, alongside AP4, UNEP FI, and CDP, aiming at gathering the asset owners leading in the green space and ready to commit an alignment of their portfolios with a low carbon economy - August 2014.

Launch of the *Just Transition* fund

Amundi, implemented in April 2021 a new investment strategy within the Amundi Responsible Investing SICAV with the *"Just Transition for Climate"* fund. This European bond fund has the quantifiable objective of supporting the energy transition while ensuring social cohesion.

The Paris Agreement has defined a framework for investors wishing to respond to climate change. As a pioneer in the development of responsible investment, Amundi is fully committed to a green and just transition, i.e., one that considers its social dimension.

The Just Transition for Climate fund is the very first fund to be:

- Aligned with the energy transition, by incorporating an ambitious objective to reduce its carbon footprint;
- Socially inclusive, by incorporating a "Just Transition" score that incorporates the various social components of a transition to a low-carbon economy: impact on workers, consumers, territories, and society in general;
- Dynamic and forward-looking, based on a commitment policy created to accompany issuers in their transition, in line with the environmental and social objectives of the strategy.

Integration and management of ESG and climate-related risk and criteria into Amundi's investment strategies

Amundi has developed detailed processes and management systems to assess, integrate and manage ESG and climate-related risks. Full details are in Chapter 3 '*Risk Management*'.

In order to quantify exposures to risks deemed material, Amundi has taken commitments to measure and reduce Amundi's exposure to activities that are heavily exposed to climate related risks.

The analysis of climate-related risks and opportunities is part of Amundi's fundamental ESG analysis process.

Amundi's internal reference values for analysis is made up of 37 criteria, of which 16 are generic criteria, common to all companies no-matter their business sector, and 21 sector-specific criteria. These criteria are constructed to either assess how sustainable issues might affect the issuer as well as the quality of the management of this dimension. Impact on sustainable factors as well as quality of the mitigation are also considered. All criteria are available in the fund managers' front office portfolio management system.

	Environment	Social	Governance
16 generic criteria	▪ Power consumption and greenhouse gas emissions ▪ Water ▪ Biodiversity, pollution, and waste	▪ Labour conditions and non-discrimination ▪ Health & safety ▪ Social relations ▪ Client/supplier relations ▪ Product responsibility ▪ Local communities and human rights	▪ Independance of board ▪ Audit and control ▪ Compensation ▪ Shareholders' rights ▪ Ethics ▪ ESG strategy ▪ Tax practices

	Environment	Social
21 sector - specific criteria	▪ Green vehicles (Automotive) ▪ Development and production of alternative energy and biofuels (Energy/Utilities) ▪ Responsible forestry (Paper & Forests) ▪ Eco-responsible financing (Banks/Financial Services/ Insurance) ▪ Green insurance (Insurance) ▪ Sustainable construction (Construction Industry Products) ▪ Packaging and eco-design (Food and Beverages) ▪ Green chemistry (Chemistry) ▪ Paper recycling (Paper & Forests)	▪ Bioethics (Pharmaceuticals) ▪ Access to medicine (Pharmaceuticals) ▪ Vehicle safety (Automotive) ▪ Passenger safety (Transportation) ▪ Healthy products (Food) ▪ Digital divide (Telecommunications) ▪ Responsible marketing (Pharma/Banking/Misc. Financial Services/Food and Beverages) ▪ Access to financial services (Banking/Misc. Financial Services) ▪ Healthy product development (Food and Beverages) ▪ Tobacco-related risks (Tobacco) ▪ Editorial ethics (Media) ▪ Personal data protection (Software)

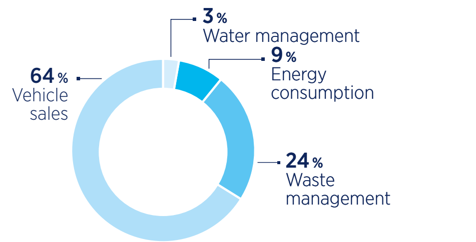
Each issuer is awarded an ESG rating based on 7 level-scale from A to G (Where A is the best, and G the worst rating, meaning exclusion). Each component E, S and G is also rated from A to G.

Amundi's ESG methodology also includes a sub-criterion solely focused on the low-carbon energy transition. This sub-criterion is fully integrated for most economic sectors and bears a significant weight for evaluating an issuer's "E" score. For instance, the "E" score of automobile manufacturers is mostly driven by their green car development strategy along with considerations for their direct emissions (scope 1). Therefore, a general ESG investment, given the current Amundi ESG scoring process, is embedded with considerations for climate change.

Example of weightings*:

	E	S	G
Automotive	37 %	37 %	26 %
Bank	24 %	29 %	47 %
Pharmaceuticals	17 %	40 %	43 %

Breakdown of environmental criterion in the automotive sector



**Sector Specific. Source: Amundi. Given for illustrative purposes only, may be changed without prior notice.*

The following transition and physical risks are considered in Amundi's climate related risk assessments:

Transition Risks	Physical Risks
Current regulation	Acute
Emerging regulation	Chronic
Technology	
Legal	
Market	
Reputation	

Integration of ESG criteria into investment strategy

Through 2020, Amundi worked on implementing **its 3-year responsible investment action plan** launched in 2018 (see page 17). One of its main objectives is to mainstream ESG integration across portfolios by systematically integrating ESG practices into active management.

Amundi considers that, as part of an asset manager's fiduciary duty, **it must assess and manage ESG risks to deliver better outcomes for its clients and their beneficiaries**. In the same vein, Amundi has implemented a firm-wide Responsible Investment policy that takes into account not only financial criteria, but also general interest criteria into the investment process, namely through environmental, social and governance (ESG) criteria.

By the end of 2021, all actively managed funds will be required to offer a ESG performance above the ESG rating of their benchmark indices or universes (whenever technically possible).

Amundi firmly believes that **this approach, which provides an all-round vision of companies, consolidates value creation**. In addition, a strong sustainable development policy enables issuers to better manage regulatory and reputational risks and contributes to improving their operational efficiency. Strategically, this aims to protect Amundi's portfolios from climate-related risks and to design strategies that aim to pursue climate-related opportunities.

As such, Amundi has taken commitments to measure and reduce its exposure to activities that are heavily exposed to climate-related risks.

In order to target all fossil fuels and carbon intensive assets, Amundi's approach goes beyond coal and Amundi has implemented a reduction of 50% of the carbon reserves of several portfolios that were the most exposed to such stranded assets.

A systematic ESG analysis of issuers is undertaken through an in-house ESG rating methodology which consists of:

- assessing issuers' exposure to ESG risks and opportunities and understanding how they manage these challenges; and
- rating issuers on their ESG practices according to their sector.

Examples of ESG incorporation strategy in Fixed Income
Screening strategy: exclusion of controversial weapons, tobacco, coal, unconventional oil & gas
Screening and Integration strategy: ESG rating, best in class rating process, certification
Screening and Thematic strategy: Green Bonds solutions

Portfolio and issuer exposure

At a portfolio level, Amundi assesses its exposure to ESG risks using approaches such as the Science-Based Targets initiative for Financial Institutions (SBTi-FI) methodology or temperature alignment tools.

The issuer's exposure to climate-related risks and opportunities is taken into account in Amundi's proprietary ESG analysis framework of 37 multi ESG criteria. The framework includes broad and sector-specific criteria for environmental, social and governance categories.

Within the environmental category, the ESG analysts assess criteria that are related to climate related issues. Both broad and sector specific environmental criteria are fully integrated into the analysis of the majority of business sectors and are over or under weighted in an issuer's "E" score, depending on the impact of the issuer and their industry's activities on the environment. The "E" score contributes to an issuer's overall Amundi ESG rating. The Environmental pillar of Amundi's ESG analysis not only consists of broad climate mitigation criteria, such as GHG emissions but also includes criteria with a wider consideration for activities that have a direct or indirect impact on the environment.

Broad Criteria	Sector-specific criteria
Power consumption and greenhouse gas emissions	Green vehicles
Water	Development and production of alternative energy and biofuels
Biodiversity	Responsible forestry
Pollution	Eco-responsible financing
Waste	Green insurance
	Sustainable construction
	Packaging and eco-design
	Green chemistry
	Paper recycling

Assessment of sector-level and client-specific transition risks

Amundi evaluates the current level of carbon emissions of a company across its entire value-chain and derives the transition risk exposure of companies. Amundi then assesses the company's level of commitment to reduce its footprint in order to potentially correct the level of transition risk exposure.

To do so, Amundi uses a combination of metrics:

- **carbon emissions;**
- **carbon intensity;**
- **green and brown activities and targets.**

In addition to the traditional data providers, Amundi also relies on open-source data to complete its comprehensive transition risk assessment (e.g. Science-Based Target Initiative database).

Amundi's approach is threefold:

1. Measure the Carbon Exposure

Before actions can be taken to tackle risks, the exposure to the risks must be measured. Amundi has developed a "bottom-up" carbon footprint methodology that measures the CO_2e/M€ invested in Amundi's client portfolios, for both equity and fixed income.

2. Assess: Energy Transition rating

For each individual issuer, Amundi has developed an Energy Transition rating (TE rating) that assesses both the exposure of a company to the energy transition risk and the way this risk is anticipated and managed by the company's management team. The rating assesses the contribution of a company to the Energy Transition. The rating scale ranges from A to G, with A being the highest rating. As an example, an energy company involved primarily in bituminous sands without a clear strategy to divest from the sector will have a TE rating of E or below.

3. Anticipate: estimate the impact of the 2°C Alignment risks on the performance of an investment portfolio

Amundi's 2 degrees approach consists of comparing a corporate's carbon emissions trajectory with sectorial carbon budgets. These carbon budgets are meant to be consistent with limiting global warming to 2°C or below 2°C.

A major review of all existing methodologies on the market was carried out in 2020, which has enabled Amundi to monitor closely the 2°C metrics on the market and their ongoing development. For temperature scores, Amundi relied on three main providers: CDP, Iceberg Data Lab, and Trucost. While their methodologies differ on a number of points, their ambition is the same: computing historical data on greenhouse gas emissions and/or targets disclosed by issuers on future carbon reduction to obtain a single temperature metric.

Across all three data providers, very few companies in global indices have a temperature score below 2°C. Amundi monitors the pioneering companies that have taken the lead in the zero-carbon transition by setting emissions reduction targets grounded in climate science through the Science Based Targets initiative (SBTi).

Assessment of sector-level and client-specific physicals risks

Amundi's physical risk assessments evaluate the location of a company's operations to determine whether they are exposed to chronic and/or acute climate hazards. For climate change-related physical risks, Amundi considers both short-term and long-term risks.

Amundi's analysis is based on the methodology developed by Trucost.

Integration of biodiversity into investment strategy

Building on years of work of increasing integration of biodiversity into strategic approaches and ESG analysis criteria, Amundi joined the **Finance for Biodiversity Pledge** in May 2021.

The Pledge was established in 2020 by financial institutions from around the globe to call upon world leaders to reverse nature loss this decade. The signatories commit to working together, engaging, assessing their own biodiversity impact, setting targets and reporting on biodiversity matters in relation to their own investment and financing activities by 2024 at the latest. The Finance for Biodiversity Pledge has been signed by 54 financial institutions, representing over € 9 trillion in total assets and 14 countries.

In 2020, Amundi examined the fundamentals of how to better implement biodiversity into internal analysis and investment processes. Due to the current lack of concrete data around the subject, the first step in addressing biodiversity with corporates will be to push for better reporting, management and disclosure of biodiversity impacts and risks.

Amundi engaged with a range of stakeholders on this topic in 2020, including but not limited to NGOs - such as CDP, and corporates on how they account for biodiversity management. In 2020, Amundi **engaged with 378 companies on ecosystem protection**.

Exclusion policies

As part of its fiduciary responsibility, Amundi applies targeted exclusion policies across its portfolios. These rules are applied to all active investing strategies over which Amundi has full discretion and exclude companies that do not comply with its ESG policy, international conventions, internationally recognized frame-works, and national regulations. These general exclusions are implemented unless otherwise requested by the clients and always subject to applicable laws prohibiting their implementation.

Amundi excludes the following:

- Companies involved in the **production, sale, storage or services for and of anti-personnel mines and cluster bombs**, prohibited by the Ottawa and Oslo treaties;
- Companies involved in the **production, sale or storage of chemical, biological and depleted uranium weapons**;
- Companies that **violate, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action.**

These issuers are “G-rated”.

In addition, Amundi implements specific and targeted sectoral exclusion policies for coal and tobacco. These sectoral exclusions apply to all actively managed strategies over which Amundi has full portfolio management discretion.

The exclusion policy principles are decided by the ESG and Climate Strategic Committee and application rules are validated by the ESG Rating Committee. Excluded issuers are flagged in Front office tools and trades on those names are blocked on a pre-trading basis. Amundi’s risk department is in charge of the second level of control.

Thermal Coal Policy

The Group seeks to align its sectoral policies with the Paris Agreement by scheduling **a 2030 exit from thermal coal financing in European and OECD countries , and by 2040 for the rest of the world.**

As coal is the single biggest contributor to climate change derived from human activity, Amundi has implemented since 2016 a dedicated sector policy related to Thermal Coal, triggering the exclusion of certain corporate companies and issuers. Each year since then, Amundi has progressively reinforced its coal exclusion policy.

In 2020, as part of Amundi’s Thermal Coal Sector Policy update, Amundi further extended its exclusion policy to “Coal developers”, referring to any company developing or planning to develop new thermal coal capacities.

As such, Amundi excludes the following:

- Companies developing or planning to develop new thermal coal capacities along the entire value chain (mining, production, utilities, and transport infrastructures);
- Companies generating >25% of their revenue from thermal coal mining extraction;
- Companies with annual thermal coal extraction of 100 MT or more without intention to reduce;
- All companies with revenue in thermal coal mining extraction and thermal coal power generation >50% of their revenue without analysis;

- All coal power generation & coal mining extraction companies with a threshold between 25% and 50% with a deteriorated energy transition score.

Application to passive management

- **Passive ESG funds**

All ESG ETFs and ESG index funds apply Amundi's coal exclusion policy whenever possible, with the exception of very concentrated indices;

- **Non ESG passive funds**

The fiduciary duty in passive management is to replicate an index as closely as possible

As such, the portfolio manager has limited room for manoeuvre and must meet the contractual objectives to achieve a passive exposure that is fully consistent with the requested benchmark.

Therefore, Amundi index funds and ETFs replicating standard (non-ESG) benchmarks may not systematically apply sector exclusions.

However, in the context of securities excluded from the "thermal coal policy" in Amundi's active investment universe but which could be present in passive non-ESG funds, Amundi has reinforced its voting and engagement actions which could result in a vote "against" the management of the companies concerned.

Tobacco policy

Since October 2018, Amundi has been capping tobacco companies' ESG ratings at E, on a scale from A to G (where companies rated G are excluded). Amundi's policy applies to the tobacco sector in its entirety, including suppliers, cigarette manufacturers and retailers.

In May 2020, Amundi became a signatory of the Tobacco-Free Finance Pledge. Consequently, Amundi has strengthened its Tobacco policy.

Amundi applies the following rules:

- **Exclusions rules:** companies that manufacture complete tobacco products are excluded (thresholds for application: revenues above 5%);
- **Cap rules:** companies involved in the production, the supply and retailing of tobacco thresholds for application (revenues above 10%) are capped to E as ESG rating (ranging from A to G).

Methods for communicating on ESG and climate with clients

In order to regularly engage with clients regarding ESG and climate, these issues are integrated into different types of engagement and communication policies.

- **Responsible Investment Policy:** Amundi's Responsible Investment Policy is reviewed annually and posted on Amundi website. In particular, it details the organization, governance, dedicated resources, ESG approach and methodology, and exclusion policies.
- **Voting Policy:** Amundi's Voting Policy is reviewed annually and posted on Amundi website. It presents the general principles of Amundi's voting policy, the priority given to the energy transition and social cohesion themes, and details its approach in terms of shareholders'rights, governance bodies, financial structure and compensation policy.
- **Engagement policy:** Amundi releases its Engagement Report every year, outlining its continuous dialogue with companies and its willingness to drive responsible investment forwards. This annual report gathers all of Amundi's engagement activities and is structured around the four areas of Engagement Amundi conducts: Ongoing Engagement, Thematic Engagement, Collaborative engagement and Engagement through Pre-AGM Dialogue and Voting.

At the issuer level, Amundi engages investees or potential investees regardless of the type of securities held across Amundi's portfolios. Issuers engaged are primarily chosen based on the level of exposure to the subject of engagement. Amundi makes sure that it engages with issuers from different continents on a range of topics which reflect the dual materiality component of the ESG topics.

Engagement can be ongoing if the issuer or its sector face specific challenges or sustainability risks. Engagement may also be thematic if cross-sectorial and related to sustainability factors.

1. Thematic Engagement

Amundi engages companies both on topics related to climate and inequalities, as well as on other environmental, social and employee matters, respect for human rights and anti-bribery matters that are deemed to represent the building blocks of a sustainable economy.

2. Ongoing engagement

Amundi engages on sector or issuer specific topics as well as through pre-meeting dialogues. As a part of Amundi's "ongoing engagement", Amundi often focuses on companies where opportunities for improvement can be made. These "improvers" are generally companies with a borderline poor rating that have demonstrated a willingness to improve on ESG practices to help raise their score and open them up to wider investment opportunities. Amundi may as well engage prior to divestment.

3. Engagement through voting

Amundi votes for all holdings including those of Amundi's passive management portfolios.

The funds exercise their voting rights at the companies' meetings in which they have an equity investment.

However, in the interests of cost control and increased efficiency, Amundi reserves the right not to exercise its voting rights when it considers the economic cost to be prohibitive in relation to ownership.

Amundi has its own voting policy, which is notably in favour of a sustainable level of dividends and a level of executive compensation that allows equity among employees.

Overview of ESG-related communication methods with subscribers

In order to fully inform its subscribers and broader stakeholders and thereby ensure a full value chain understanding of the ESG topic, Amundi regularly communicates publicly and privately with them.

Since early 2021, Amundi reports on a monthly basis its proxy voting records on Amundi's website.

In addition to this, the primary communication channels used in 2020, and reports published to support these communication channels, are listed below:

Document name	Content	Frequency	Means used	Last publication/ Reference exercise
Responsible Investment Policy	Amundi's RI policy	Annual	Website Amundi.com	2021
Amundi Public Transparency Report	Amundi's annual report on its ESG reporting obligations resulting from its adherence to the Principles for Responsible Investment (PRI)	Annual	Website Amundi.com	2020
Stewardship Report	Sets out our ESG philosophy and approach, our engagement policy and activities and the exercise of our voting rights	Annual	Website Amundi.com	2021
Engagement report	Details on Amundi's engagement process, resulting from our dialogue and engagement with companies on issues related to environmental, social and governance risks	Annual	Website Amundi.com	2020
Voting policy	Analysis framework of Amundi's voting policy	Annual	Website Amundi.com	2021
Report on the exercise of voting rights and shareholder dialogue	Implementation of Amundi's voting policy	Monthly	Website Amundi.com	2021
ESG reporting	For SRI OPC: ESG ratings of the portofolio, including benchmark and/or investment universe Social, Governance and Environmental Indicators.	Monthly	Website Amundi.com	2021
SRI Transparency Code *Available only in French*	AFG-FIR/EUROSIF transparency code for Amundi SRI funds	Annual	Website Amundi.com	2020
Social impact reporting	For OPC with social impact: Details of solidarity investments by theme (employment, housing, healthcare, education, services to associations, international solidarity, environment), list of solidarity companies financed and testimonies.	Annual	https://amundi.oneheart.fr/	2020

03

Risks

Risks

Rooted in Amundi's belief that considering long-term risks that can affect performance is a matter of fiduciary duty, assessment of climate risks at Amundi consists of a robust and ongoing process of stakeholder consultation, research, and application. Having identified climate change as an increasingly material impact on portfolio assets, Amundi has set ambitious targets for 2021 to implement the widespread integration of ESG criteria in its investment practices.

The inclusion of ESG risk factors in products and strategy is a key matter. In the past years, Amundi has both strengthened and broadened its approach to embedding the identification and assessment of physical and transition climate-related risks into the investment strategy. As a testament to Amundi's dedication as a responsible investor, 100% of open-ended funds now include ESG criteria (when an ESG-rating methodoloy can be applied). To strengthen this commitment further, Amundi's ambition for the end of 2021 is for these funds to outperform their respective portfolio benchmark universe in terms of ESG rating. In addition, Amundi has exceeded its objective to increase the number of issuers covered in its ESG analysis from 5,000 to 8,000: the number of issuers covered at the end of 2020 was 10,000.

Furthermore, integrating ESG criteria for the general risk management processes is a key matter for Amundi. This process relies on a dedicated ESG business line to ensure that ESG approaches follow best practices in a fast-moving space, providing guidance on rating, assessment and scoring methodologies. Beyond these dedicated teams, Amundi has embedded ESG analysis directly into its portfolio management systems, across all investment platforms used by Portfolio Managers and investment analysts. In addition, ESG criteria are also embedded within Amundi's control frameworks, with the Risk teams playing a key role in approving investment strategies and corresponding constraints.

Process for identifying and assessing ESG risks

Amundi's process for identifying and assessing climate-related risks includes specific approaches for both market/transition and physical risks. This categorization of risks spans a multitude of timeframes, namely short and medium-term market risks as well as long-term physical risks. **Amundi has developed its own methodology to rate issuers according to ESG criteria for both corporate issuers and sovereign issuers**, outlined below. Amundi has also developed tailored methodologies for real estate, private equity, private debt, impact investing, in addition to specific instruments such as green or social bonds.

Table 1: Data sources used in Amundi's ESG rating methodology

Category	Data source
General	Trucost
	MSCI
	ISS ESG
	Vigeo Eiris
	Refinitiv
	EthiFinance
	Sustainanalytics
Climate change	FTSE Russel
	Climate Bonds Initiatives
	CDP
	Iceberg Data Lab
Controversies and controversial weapons	RepRisk
	ISS-Ethix
Sovereigns	Verisk Maplecroft

ESG rating methodology for corporate issuers of listed equity or debt

With an ESG integration approach based on Best-in-Class methods for corporate issuers (regardless of equity or debt), Amundi uses data from reputable ESG rating providers to build a rating of each corporate issuer on themes related to ESG. This rating builds on an assessment of exposure to sustainability risks and opportunities, in addition to the company's commitment and ability to manage these.

The result is presented as a rating ranging from A to G, with the former being the highest possible rating and the latter the lowest. Amundi defines a risk as material to an industry when companies could occur substantial costs as a result of exposure to the risk, with the impact of this factor integrated as a performance vector. Combining 16 generic criteria and 21 sector-specific criteria, Amundi's approach weights four to five criteria more heavily if the associated risk is deemed to be material for the specific sector in the portfolio (See Figure in Chapter 2). In addition, there is a sub-criterion that serves to rate on the low-carbon energy transition and that weighs significantly for the E criteria category of all sectors.

The final ESG rating is an average of these E, S and G criteria, scaled around the sector average so as to not penalize issuers based on the sector (with the exception of exclusion rules). Furthermore, the score is adjusted in the event of controversies, which are monitored by the ESG analyst team.

To rate companies more efficiently, Amundi has developed a proprietary tool, the Sustainable Rating Integrator (SRI), which is a platform where every team can find ESG ratings in addition to financial and non-financial relevant information.

ESG rating methodology for sovereign issuers

As with corporate issuers, Amundi's ESG rating methodology for sovereign issuers is summarized in a rating ranging from A to G, with A scoring the highest. ESG risks can indeed affect global stability and it is important for investors to be able to measure countries' ability to manage these, in addition to assessing their ability to repay its debt.

To assess sustainability performance of sovereign issuers specifically, Amundi has developed a set of 50 ESG indicators. These indicators, which are designed to measure a sovereign's performance on ESG issues, are categorized as followed:

- Environmental: climate change and natural capital;
- Social: human rights, social cohesion, human capital, civil rights;
- Governance: government effectiveness, economic environment.

These indicators, which are provided by a specialized data source, are weighed according to the materiality of their risk. This materiality assessment is conducted internally using proprietary data sources as well as open-source databases, for example from the World Bank Group and the United Nations.

Focus on climate-related factors: Amundi's process for identifying and assessing physical and transition risks

Processes to identify physical climate-related risks

While Amundi has identified both short-term and long-term physical risks that could have a significant impact on the investment portfolio, the level of information available to assess the financial impact is limited and often lacks standardization across sectors and regions. Therefore, Amundi's approach to assess physical climate-related risks is applied to dedicated climate strategies. The investment portfolio is exposed to both acute and chronic climate hazard through depending on a company's sector and geography, where increasing climate hazards could significantly impact the financial performance of sectors that are heavily exposed to these risks.

Amundi's approach to assess physical climate risk is based on data and methodology developed by Trucost, an ESG provider. Each company's vulnerability to physical climate risks are analysed and is used to calculate Amundi's risk exposure by way of its portfolio. Trucost data maps companies' physical assets' geographic location against seven climate hazards – fire, cold wave, heat wave, sea level rise, flood, tornado, and drought – to analyse their sensitivity to these various risks.

Processes to identify and manage market and transition climate-related risks

Transition risks are completely integrated in Amundi's ESG methodology. These risks are likely to arise as sectors and companies undergo a systemic shift to toward a low-carbon economy, with the aim to limit emission levels to below 2°C levels in alignment with the net-zero targets. Transition risks can indeed materialize in the short to long term as a result of a change of government policies and regulation, innovative technology, research, and development and changing consumer behaviour. Energy transition risks can result from a host of CO_2-related regulations, which are likely to increase compliance costs in the short to medium term.

Transition risk identification process: portfolio carbon footprint

Climate transition risks identified by Amundi follow three key steps:

1. **Measure the carbon exposure** of assets using Trucost data, a trusted carbon data provider. Amundi follows a carbon footprint approach that measures the CO_2e/M€ invested in Amundi's portfolio, for both equity and fixed income.
2. Along with the other Crédit Agricole Group entities, Amundi develop an **Energy Transition (TE) rating**. This rating combines a company's exposure to energy transition risks with their ability and effort to both anticipate and manage this risk.
3. Finally, Amundi goes beyond this rating by conducting **Paris Alignment analysis** on the investment portfolio using a 2°C approach, through the use of data providers.

Energy Transition (TE) Rating

At Amundi and across other Crédit Agricole Group entities, the Energy Transition (TE) rating has been developed for the assessment of a portfolio carbon footprint.

Calculated for each individual issuer, the TE rating assesses, in addition to the exposure to the climate transition risk, its ability to anticipate and manage this risk. For example, a company significantly involved in activities that pose a material climate-related risk with no divestment strategy may receive a low TE rating of E or below. In contrast, an issuer that has identified a climate-related transition risk may receive a higher TE rating if there is a clear strategy to manage the risk.

Amundi uses open-source data to achieve this assessment, for example using the Science-Based Target Initiative database, and metrics such as carbon emissions, carbon intensity, as well as green and brown targets. This additional layer allows to account for an issuer's understanding and strategy to mitigate the risk and is thus an important factor to consider for Amundi's investment portfolio.

Strengthened integration of temperature ratings

To further reinforce the assessment of climate transition risks, Amundi performs a Paris Alignment analysis of its investment portfolio. To do so, the IEA's Sustainable Development Scenario is used along with the IEA's base case scenario, and sector-specific carbon budgets are used to compare with a company's emissions trajectory. Amundi regularly monitors the development of emerging approaches, which have not yet stabilized.

In an effort to improve the management of portfolio climate transition risks, Amundi also draws on temperature scores developed by several providers, including Trucost, Iceberg Data Lab and CDP. These three providers have differing methodologies and data collection scopes, for example in the inclusion of companies' past emission trends in addition to carbon reduction targets, credibility discounts, and treatment of non-disclosure. Amundi has chosen to include this variety of methodological differences to best assess portfolio temperatures. In 2020, Amundi was the first asset manager to engage with CDP (formerly Carbon Disclosure Project) and integrate its new temperature rating methodology and data in its ESG analysis. Co-developed with the WWF, CDP's temperature ratings measure the value chain global warming path of over 4,000 global companies by transforming information like emissions targets into temperatures, allowing investors to better manage climate transition risks in their portfolios. These have so far been released on four of Amundi's equity funds and is used by CPR to calculate temperatures linked to the emission trajectory of the companies in the fund's portfolio. The use of CDP temperature ratings, in addition to existing Iceberg Data Lab and Trucost ratings, has expanded Amundi's array of tools to prioritize and engage with companies, particularly in the setting of science-based targets.

Management of ESG and climate-related risks

Exclusions

To ensure that the most severe ESG risks are anticipated, a set of criteria to negatively rate and possibly exclude companies is integrated in Amundi's active management strategy. These criteria, which are integrated in Amundi's ESG ratings, allow us to engage with the issuers and potentially exclude them if they score G on the rating system. These include social criteria such as the respect of human rights and acute environmental degradation (discussed in further detail in Section 2):

- Exclusion of companies that commit a breach of the **United Nations Global Compact 10 Principles** by repeating serious human rights violations without showing that they are taking measures to modify this behaviour;
- **Tobacco exclusion.** Amundi has enforced its tobacco exclusion policy as a consequence of the activity's many adverse health, social and environmental impacts;
- **Thermal coal exclusion.** Amundi's thermal coal exclusion strategy, which has been in place since 2016 and improved annually, is one of its key transition risk mitigation policies and is based on scientific research and recommendations using IEA scenarios, Science-Based Targets and Climate Analytics as well as Trucost data. For passive funds specifically, the ESG ETFs and ESG index funds generally apply the coal exclusion, except for very concentrated indices. While this is more challenging to achieve for non-ESG passive funds due to the necessity to be aligned with index benchmarks, Amundi has committed to strengthen engagement and voting for issuers included in passive funds that would have been excluded if rated following the active management approach;
- **Mines and cluster munitions exclusion.** In line with the Ottawa and Oslo conventions: exclusion if the issuer is involved in the manufacture, trading, stocking, or servicing of anti-personnel mines or cluster munitions;
- **Weapons exclusion.** Amundi excludes businesses producing, stocking, or marketing chemical, biological and depleted uranium weapons.

Focus on partnerships and research collaborations

At Amundi, partnerships with public institutions are key to driving the development of innovative solutions to catalyse capital to climate-related objectives. Amundi's **partnerships with the International Finance Corporation** (IFC) on the launch of a USD 2 billion emerging green bond fund and the **European Investment Bank** (EIB) on an energy transition project fund are examples of recent collaborations with public sector institutions. The **AIIB-Amundi Climate Change Investment Framework** developed with the Asian Infrastructure Investment Bank (AIIB) in 2020 is an innovative holistic approach, built on the Paris Agreement, to building climate risk-resilient portfolios. A full list of charters Amundi is involved in can be found in CSR Report 2020. To encourage better disclosure from companies in its investment universe, **Amundi has supported CDP** by sending letters during the data collector's annual non-disclosure campaign. This reflects Amundi's firm belief that proper disclosure is a cornerstone of asset managers' ability to assess climate-related risks.

Furthermore, **Amundi is strongly engaged in research on climate-related risk management**. In 2020, Amundi co-authored the book Green Swan – *Central banking and financial stability in the age of climate change* with the Bank for International Settlements, Banque de France and Columbia University. The book examines the potential severe disruption to financial markets caused by climate-related events. It explores the methodological issues surrounding the integration of climate-related risks into risk management practices, which has so far followed a traditional approach using historical data and following a normal distribution. Discussing the current use of forward looking, scenario-based approaches, authors conclude that these do not yet overcome the intrinsic challenges of probabilistic approaches and will not be enough to hedge against green swan events.

Amundi has also contributed to other research initiatives regarding climate-related risks:

- In 2021, Amundi published **Measuring and pricing cyclone-related physical risk under changing climate**, which develops a methodology to quantify the financial implications associated with the physical risks of tropical cyclones, by providing an integrated cyclone generation approach combined with combining sovereign risk exposure and vulnerability assessments to estimate the impact on bond spreads;
- In 2015, Amundi co-published an academic research paper, **Hedging Climate Risk**, along with researchers at AP4 and Columbia University, which develops a strategy to enable long-term passive investors to hedge climate risk while significantly minimizing tracking error with respect to the benchmark index.

Finally, Amundi contributes actively to **the European Union Green Taxonomy Working Group**, in addition to the European Green Deal. While the EU Taxonomy represents a commendable effort in standardizing categorization of activities, it is Amundi's belief that the Taxonomy should be more flexible in including new green technologies and take into account social aspects, to ensure a fair and equal transition to a low-carbon economy.

ESG and climate-related risks integrated into Amundi's enterprise risk management processes

Processes to identify, assess and respond to ESG risks and opportunities are fully integrated into Amundi's company-wide management processes. Amundi has taken the commitment to integrate ESG criteria into the investment process of actively managed open-ended funds*, with an objective to maintain, in addition to financial objectives, portfolio average ESG scores above the average ESG score of their respective investment universe. To achieve this, Amundi has worked to integrate climate-related risks in at all investment and risk levels.

ESG Business Line

Amundi's ESG Business Line is an expertise centre that provides ESG rating, assessment and scoring methodologies as well as qualitative analysis. A large perimeter of listed companies and issuers are evaluated based on a proprietary ESG rating methodology described in the section "ESG Analysis". It also provides research, support, and knowledge transfer to the investment hubs across the firm. All team members collaborate with investment professionals to help them integrate ESG into their investment processes and expertise.

Furthermore, **ESG analysis is embedded into Amundi's portfolio management systems**, made available in real time in the fund manager's tools to provide them with a seamless access to corporate and sovereign issuers' ESG scores alongside financial ratings. Portfolio Managers and investment analysts from all investment platforms have therefore access at all times to issuers' ESG scores, and related ESG analytics and metrics. This set-up enables fund managers to factor in Sustainability risks in their investment decision process and apply Amundi exclusion policy whenever applicable. They are also able to design and manage their portfolio in compliance

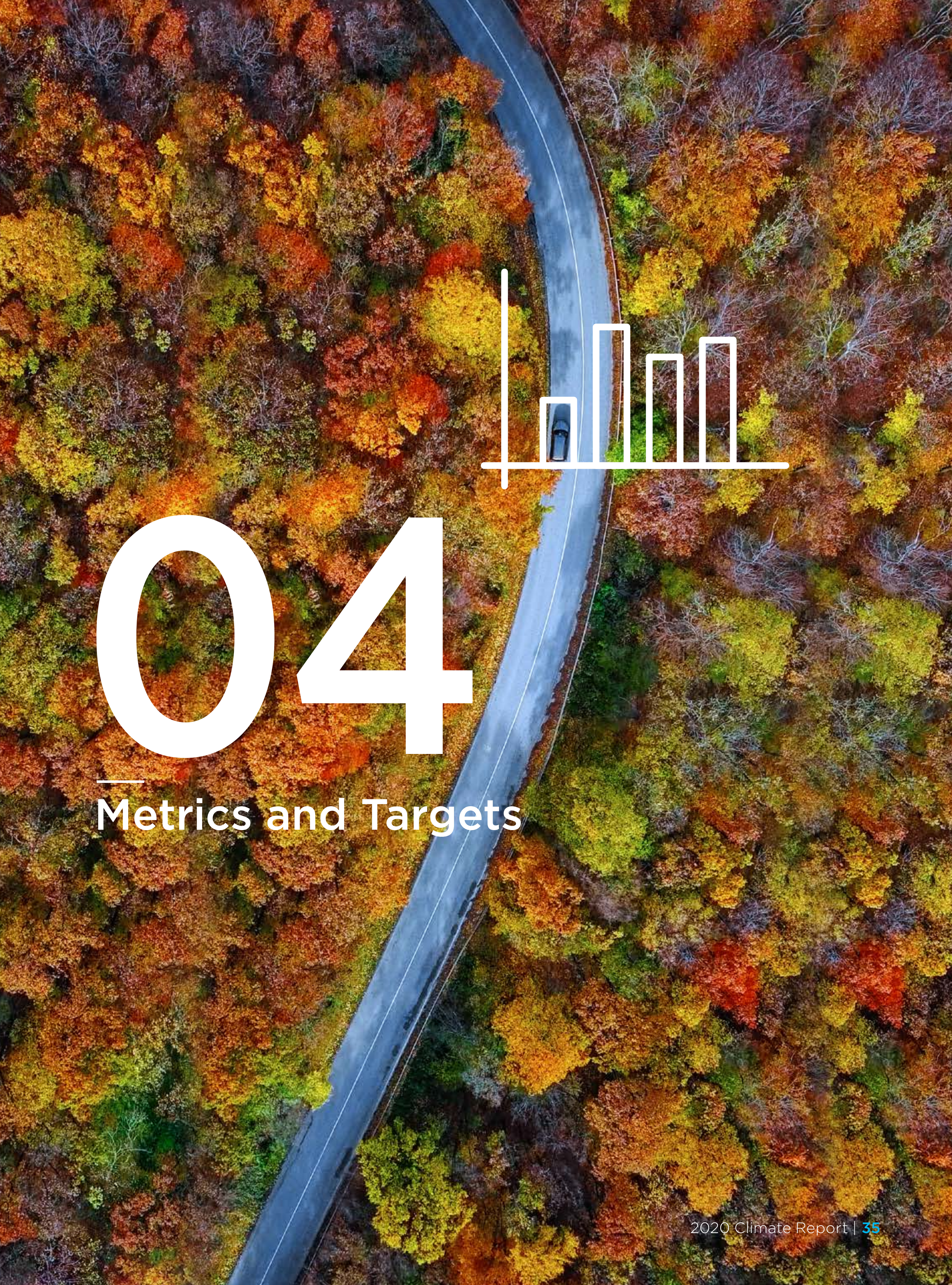
**All open-ended funds actively managed by Amundi to which an ESG-rating methodology can be applied.*

with specific ESG rules and ESG objectives that may apply to the investment strategies and products that fall under their remit. Tools include the Sustainable Rating Integrator (SRI), a proprietary platform that aggregates financial, extra-financial and ESG ratings data and is connected to Amundi's risk control tools.

At risk level, ESG criteria are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and second level of controls performed by the Risk teams, who can monitor the compliance with ESG objectives and constraints of a fund at all time. The Risk department is part of the "Responsible Investment" governance (described in section "Dedicated Governance"). They oversee the adherence to regulatory requirements and management of risks related to these topics.

ESG rules are monitored by the Risk teams the same way as any rule falling into their control perimeter, relying on the same tools and on the same procedures. The ESG rules consist of exclusion policies, as well as of eligibility criteria and rules specific to funds. Regarding these rules, compliance controls are automated in a proprietary compliance tool with pre-trade alarm or blocking alerts, notifying fund managers when potential breaches occur, and they are required to bring portfolios back into compliance. This is in particular applied with regards to exclusion policies.

Amundi has chosen to totally integrate ESG-related matters in risk management teams. In addition, Amundi sends out an annual ESG questionnaire to companies as part of the due diligence process for private equity and debt issuers for which data is not available. This questionnaire includes questions regarding topics such as carbon footprint calculation and coal activities.



04

Metrics and Targets

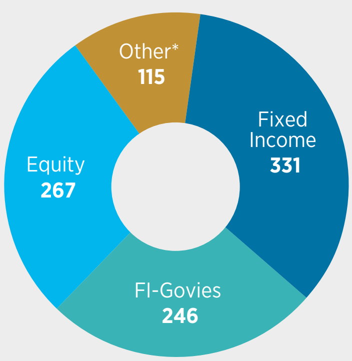
Metrics and Targets

Amundi has determined metrics and targets to effectively identify, qualify and manage climate-related risks and opportunities. Using a wide range of metrics, Amundi is able to set targets in the short, medium, and long-term.

In the past year, Amundi has worked to increase the variety of metrics used to integrate climate-related risks and opportunities. These include portfolio temperature scores and Paris Agreement alignment metrics, in addition to green and brown share metrics. As complementary tools to carbon footprint transition risk calculations, introducing these new indicators will provide Amundi a more forward-looking and complete perspective of the climate-related investment portfolio performance. Amundi is indeed continuing to refine its approach by using a wide range of data providers and methodologies, as well as participating in emerging methodologies such as the new temperature scores developed by CDP and the WWF.

Figure 1. Scope of AuM under analysis, by asset class (€M) as of December 31, 2020

Total: 959 €M



** Other govies, Convertible bonds, Forex, Money Market, OTC, Reference Entity, Term deposit.*

Carbon footprint of portfolios under management: figures and tools

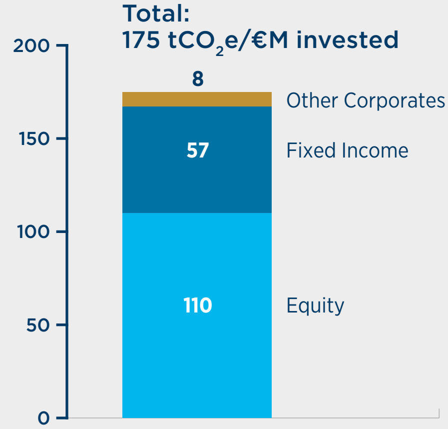
Amundi's ESG analysis to measure the carbon footprint of corporates relies on private issuers' carbon emissions data from Trucost, the global leader in environmental and climate data. If necessary, data gaps are supplemented by data from the parent company. Rateable portfolio assets (excluding derivatives or securities issued by States, for instance) are used in calculating the portfolio carbon footprint. Amundi develops two carbon footprint indicators: carbon emissions in million euros invested, and carbon emissions in million euros of turnover. These data and methodologies are used in the reporting of funds and to inform Amundi's strategy to reduce the carbon footprint of the investment portfolios.

Measuring company emissions

Amundi uses companies' carbon emissions to estimate the carbon footprint of equities and bonds issued by private issuers companies and financial companies. Trucost data and methodology is used in order to measure the portfolio's greenhouse gas emissions. See Figure 2 for a breakdown of the

Figure 2. Carbon footprint of corporate issuers by asset class (tCO_2e/€M invested)

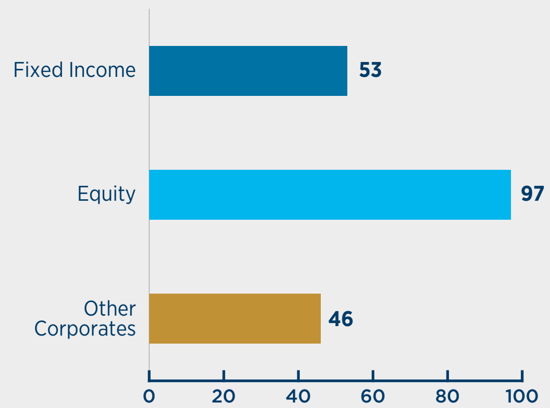
Total: 175 tCO_2e/€M invested



Other: Convertible bonds, Forex, Money Market, OTC, Reference Entity, Term deposit. EcoAct based on Amundi analysis and Trucost data.
As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

portfolio carbon footprint, by GHG intensity, and Figure 3 for the coverage of the carbon footprint.

Figure 3. Coverage of carbon footprint by asset class (% of Total AuM)



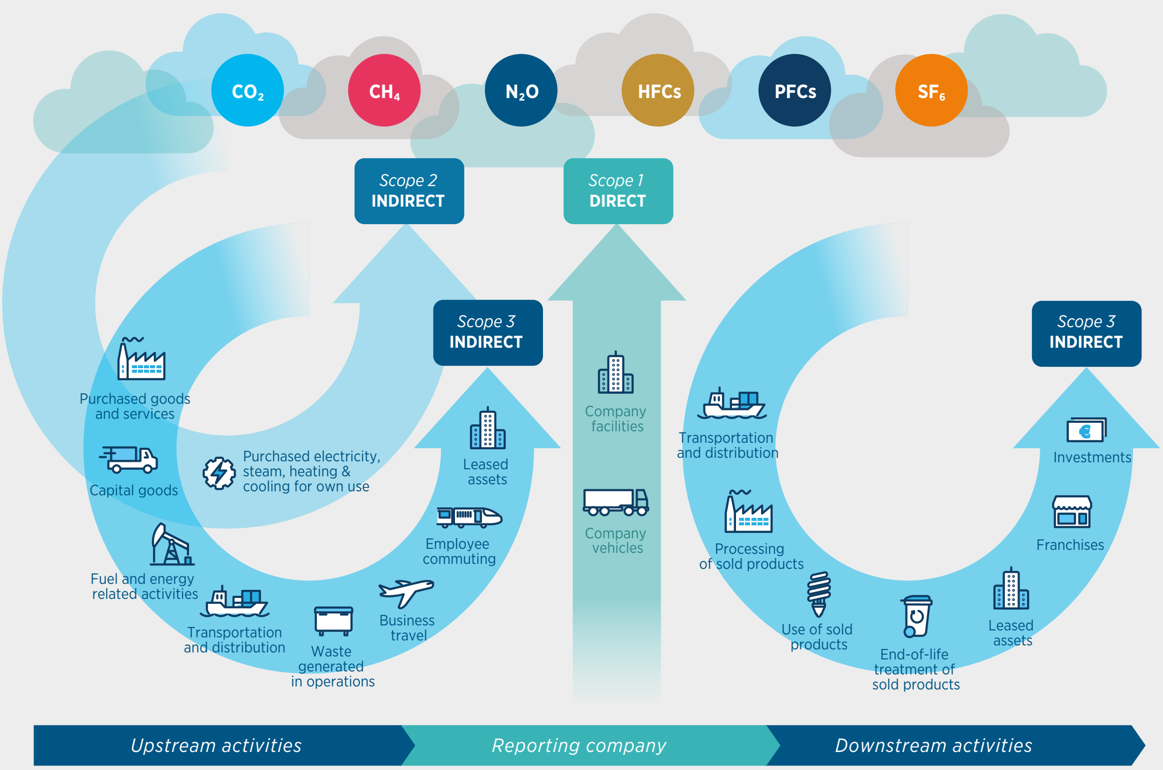
EcoAct based on Amundi analysis and Trucost data.
As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

With respect to greenhouse gas emissions, the scope of analysis across equity, bond and diversified funds includes the following emissions (see Figure 4):

- Scope 1: Direct emissions originating from sources owned or controlled by the company;
- Scope 2: Indirect emissions from energy purchases (electricity, heat, etc.);
- Scope 3 Upstream: Emissions from indirect upstream activities.

Amundi's methodology is based on the Greenhouse Gas Protocol, and includes the following GHG emissions: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (CF_6).

Figure 4. Amundi's carbon footprint perimeter

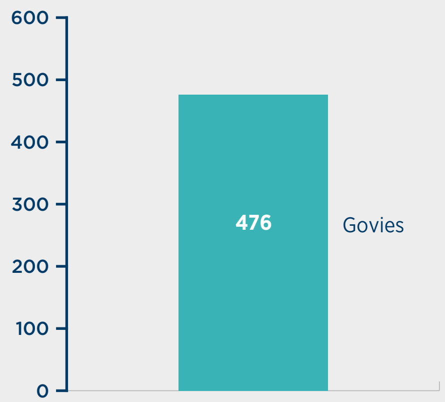


Source: Greenhouse Gas Protocol

Measuring country emissions

Furthermore, Amundi's methodology is based on a Consumption Based Carbon Accounting (CBCA) approach, which includes both direct domestic emissions and indirect, imported and exported emissions. This approach was chosen for its comprehensiveness and for its ability to factor in carbon leakage to emerging economies.

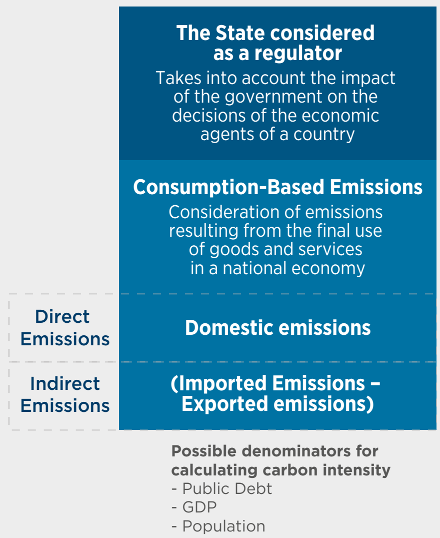
Figure 5. Carbon footprint – Govies (tCO_2e/€M invested)



As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

A large portion of fixed income is not covered due to the large portion of supra- and para-public entities. 68% of Govies in the portfolio were covered for the calculation of the carbon footprint in Figure 5.

Figure 6. Amundi's approach to estimate countries emissions

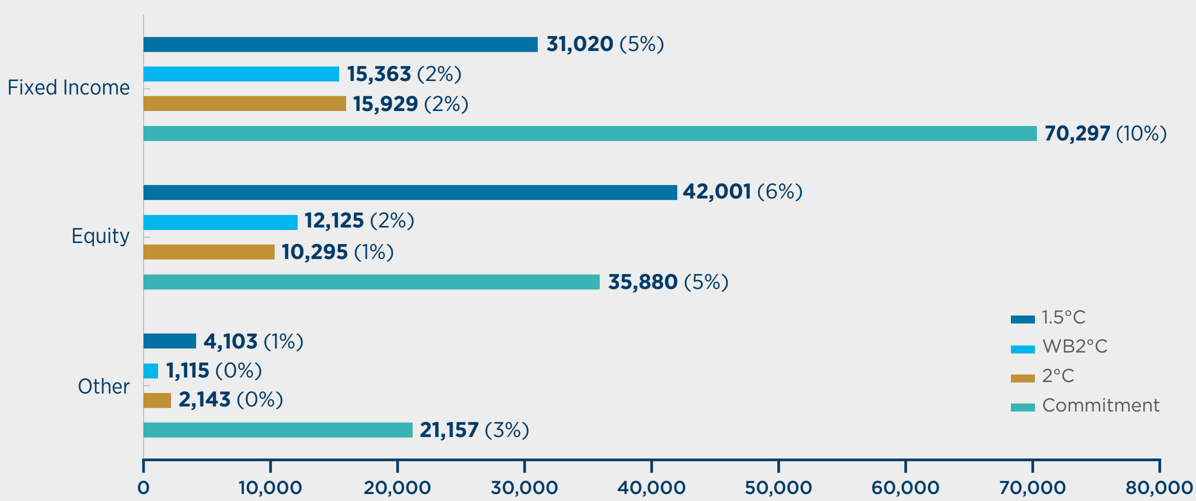


Source: Amundi

Measuring portfolio alignment with decarbonisation scenarios

SBTi alignment

Figure 7. Outstanding aligned by scenario (M€ and % of total AuM ex-Govies)



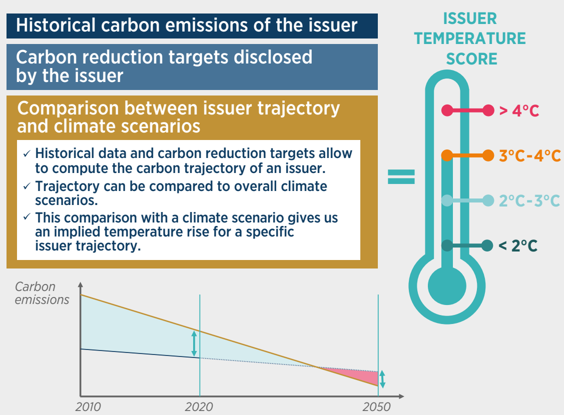
Source: EcoAct based on Amundi analysis and Science-Based Target initiative data
As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

Amundi calculates the **alignment of portfolio companies** using data from the Science Based Targets Initiative (figure 7), where the gap between company and benchmark emissions is calculated. To do this, Amundi's approach is based on the Sectoral Decarbonization Approach (SDA), a method endorsed by the SBTi.

Temperature score metrics

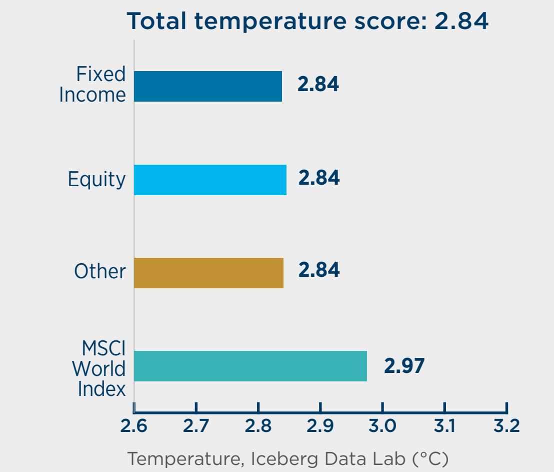
To calculate the portfolio's alignment to Paris Agreement objectives as well as temperature scores, Amundi follows Iceberg Data Lab's SB2A methodology, resulting in a metric that indicates an entity's alignment to Paris Agreement objective of limiting global temperature increase to well below 2°C when compared to pre-industrial levels. To obtain a temperature score, we compute a company trajectory based on its past performance in terms of physical carbon intensity and its carbon reduction commitments. This trajectory is compared to reference sectorial scenarios to calculate an alignment metric under the form of a temperature score (see Figure 8).

Figure 8. SB2A methodology to calculate temperature score



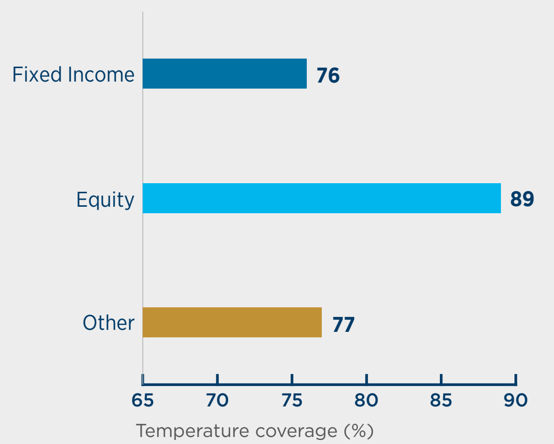
Source: Amundi and Iceberg Data Lab data

Figure 9. Temperature score of portfolio, by asset class, and index benchmark (°C)



Source: EcoAct based on Amundi analysis and Iceberg Data Lab data
As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

Figure 10. Coverage of portfolio temperature score (% of total AuM ex-Govies)



Source: EcoAct based on Amundi analysis and Iceberg Data Lab data
As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

Temperature scores have been adopted as a key tool for investors to align investment portfolios with the goal of net zero global emissions by 2050. Amundi's temperature scores are derived from those developed by Iceberg Data Lab (Figure 9 and 10), as well as CDP and Trucost.

Amundi has worked to increasingly integrate criteria based on company trajectory metrics and temperature scores into responsible investment strategies, used as a complement to other climate data and indicators.

Based on Iceberg Data Lab's SB2A Approach, these temperature scores are calculated by estimating the impact on temperature of the cumulated emission gap calculated for the alignment metric (Figure 9 and 10). These are then used in conjunction with other metrics to define a strategy: for example, a company performing poorly on temperature scores may be downrated and excluded from the portfolio. Furthermore, Amundi uses temperature scores for monitoring, to compare against benchmark temperatures and ensure that the portfolio temperature scores remain below.

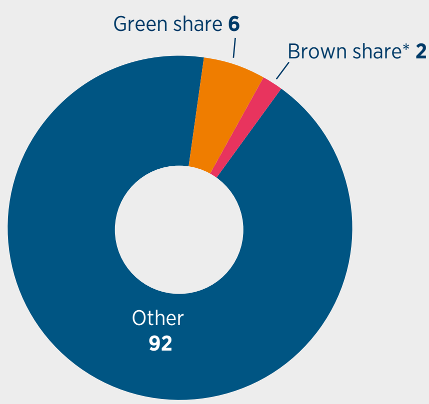
Amundi analysis indicates that maintaining portfolio temperature scores below 2°C or 1.5°C remains a challenge. Iceberg Data Lab metrics show that more than 60% of companies in the MSCI World index have temperature scores ranging from 2.5°C to 3.5°C (as of 10/03/2021). While Amundi's portfolio temperature score remains below the MSCI World index, it remains above the reference scenario of 2°C.

Green/brown share

To measure the green and brown shares of the investment portfolio – with the former invested into activities that contribute positively to Paris Agreement objectives, while the brown share of the portfolio is said to contribute negatively – Amundi relies on methodologies developed by three data providers: MSCI, FTSE and Trucost. To calculate the green share, the activities of issuers in the portfolio are categorized as "green" – and conversely for the brown share*. This breakdown is illustrated in Figure 11 as a percentage of revenue with the addition of a "other " share, which corresponds to data that could not be categorized as green or brown.

** Brown share: This criteria encompasses all thermal coal related activities (mining and power generation) as well as the production and exploration of oil & gas and fossil fuel related power generation.*

Figure 11. Green and brown share of revenue, adjusted by data coverage (% of revenue)



Source: EcoAct based on Amundi analysis and MSCI/FTSE/Trucost data. As of December 31, 2020 - Covered perimeter: Please refer to Fig.1

Table of indicators

Table for reference as disclosed in Amundi 2020 Universal Registration Document

Responsible Finance Indicators		Unit	2020	2019	2018
Total assets under management		€ billion	1,728.8	1,653.4	1,425.1
Responsible investment	Assets under management	€ billion	378.3	323.5	275.8
	Multi-ESG integration solutions	€ billion	355.9	310.9	267.3
	Specific solutions related to Environment and Social features	€ billion	21.9	12.3	8.2
	Fund "Finance et Solidarité"	€ million	331	256	219
ESG analysis	Issuers rated on ESG criteria	Number	> 10,000	> 8,000	> 5,000
	Number of issuers excluded	Number	617	319	214
	Specialists in ESG Analysis, Voting and Quantitative Analysis	Number	24	20	18
	Commitment with issuers	Number	871	-	-
Assets carbon footprint of the portfolios	Assets subject to a carbon footprint calculation	€ billion	574.33	545	479.1
	Carbon emissions in million euros of revenue	tCO_2e	243.82	254.2	231.3
	Carbon emissions in millions of euros invested	tCO_2e	147.19	149.1	151.4
Portfolios' exposure to thermal coal	Weighted exposure of portfolios	€ billion	0.6702	1.006	-
	Proportion of portfolios exposed to thermal coal	%	0.07	0.09	-

Methodology and scope for calculating the carbon footprint of portfolios under management

Amundi has retained the provider Trucost for carbon emission data (expressed in tonnes of CO_2e) from private and public issuers.

For private issuers, this data relates to scopes 1 and 2 and a part of scope 3 corresponding to indirect emissions related to the first-tier suppliers ("Scope 3 upstream first tier"). The data received is then incorporated into the Amundi information system and assigned to an issuer. For companies for which we have not received a value from Trucost, these are supplemented by inherited data from the parent company, where applicable.

For public issuers, this data relates to domestic emissions (territorial emissions) and emissions resulting from international trade (imported emissions – exported emissions).

The calculation of a portfolio's carbon footprint initially consists of calculating the amount of rateable assets in the portfolio. Non-rated and non-rateable securities (securities issued by States, derivatives, UCITS-type funds, etc.) are excluded. The amount of rated assets is then determined, i.e. the amount of the assets for which we have Trucost data.

Carbon emissions in million euros invested for corporate issuers

This indicator is used to quantify the carbon emissions resulting from the investment in the portfolio. It is calculated according to the following formula:

$$\text{Portfolio's emissions} \left(\frac{tCO_2e}{\text{€m invested}}\right) = \frac{\sum_i^n \text{Company's emissions in the portfolio } (tCO_2e)}{\text{Rated portfolio assets (€m)}}$$

with:

$$\text{Company's emissions in the portfolio}_i\ (tCO_2e) = \text{Participation share}_i\ (\%) \times \text{Company's emissions}_i\ (tCO_2e)$$

And

$$\text{Participation share}_i\ (\%) = \frac{\text{Amount invested in a company (shares or debt)}_i\ (\text{€m})}{\text{Company value (shares+debt)}_i\ (\text{€m})}$$

Carbon emissions in million euros invested for sovereign issuers

This indicator is used to quantify the carbon emissions resulting from the investment in the portfolio. It is calculated according to the following formula:

$$\text{Portfolio's emissions} \left(\frac{tCO_2e}{\text{€m invested}}\right) = \frac{\sum_i^n \text{Country's emissions in the portfolio } (tCO_2e)}{\text{Rated portfolio assets (€m)}}$$

with:

$$\text{Country's emissions in the portfolio}_i = \text{Participation share}_i\ (\%) \times \text{Country's emissions}_i\ (tCO_2e)$$

And

$$\text{Participation share}_i\ (\%) = \frac{\text{Amount invested in country}_y\ (\text{€m})}{\text{Company public debt}_y\ (\text{€m})}$$

Carbon emissions in million euros of turnover for corporate issuers

This indicator is used to quantify the carbon intensity of the value chain of issuers in the portfolio. It is equal to the weighted sum of the carbon footprints of the securities of wich it is comprised, i.e.:

$$\text{Portfolio's emissions } (tCO_2e/\text{€m of revenue}) = \sum_i^n \text{Company's relative overall weighting in the portfolio}_i\ (\%) \times \frac{\text{Company's emissions}_i\ (tCO_2e)}{\text{Revenue}_i\ (\text{€m})}$$

Methodology for calculating the coal exposure of portfolios under management

Based on data supplied by Trucost, Amundi identifies the issuers having activity (electricity generation, extraction) linked to thermal coal.

In the absence of Trucost data, a rate of 0% is allocated to companies not identified as being linked to coal (as a result of the sector in particular) or otherwise the percentage declared by the company (public report, website or direct information).

Two indicators are calculated, the methodology of which is detailed below:

Weighted exposure of portfolios in billions of euros

For each of the issuers identified, its coal exposure (i.e. the percentage of revenue from coal-related activities) is multiplied by the amount invested in the company in question:

$$\sum_{i}^{n} \text{Company's exposure}_i \text{ (€) x X\% of coal in the sales revenue of the company}_i$$

Proportion of portfolios exposed to thermal coal as %

The weighted exposure of portfolios is compared to the total amount of Amundi Group investments in order to calculate the share of portfolios exposed to thermal coal:

$$\frac{\sum_{i}^{n} \text{Company's exposure}_i \text{ (€) x X\% of coal in the sales revenue of the company}_i}{\text{Total amount of Amundi Group investments}}$$

These methodologies apply to the perimeter of assets covered in the **Amundi 2020 Universal Registration Document**

This report was written in partnership with EcoAct, an Atos company. EcoAct is an international climate consultancy and project developer.

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ASSET MANAGEMENT