Stewardship Report 2021

October 2022

Confidence must be earned

Amundi ASSET MANAGEMENT

Preface

Stewardship is central to Amundi's Responsible investing approach

"Amundi's robust stewardship policy and targeted focus on society's key global challenges defines its responsible investment practices. We use the Paris Agreement framework to inform and challenge our business strategy and relationship with investee companies. As active stewards, Amundi relies on its influence and scale to deliver real world impact. ESG risks and opportunities are integrated in our engagement strategy, investment decisions, and voting activities. We also collaborate on an industry-wide level to lead change and create common standards. We believe these actions not only drive long-term value for our clients' portfolios, they provide an impetus for positive change in our society.

Over the last years, we have reinforced our engagement efforts especially with climate change, natural capital preservation, social cohesion and equality. Although we were already convinced that the environmental and social dimensions of ESG have an economic impact, the recent geopolitical events and repetitive climate extreme events are more indicators of the magnitude those impacts could reach. In this context, we welcome the reinforcement stewardship activities among investors, the development of Stewardship Codes around the world, and the recommendation of the Shareholder Rights Directive II that each European Union country should have its own such Code.

This report is organised according to the principles of the UK Stewardship Code but intends to set out our response to the requirements of a number of different Stewardship Codes. As an appendix, we provide a guide to how this report delivers on the expectations of the EFAMA Stewardship Code, and the relevant codes and principles for Australia, Canada, Italy and Japan."

Jean-Jacques Barbéris
Executive Committee Member,
Head of ESG

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Principle 1

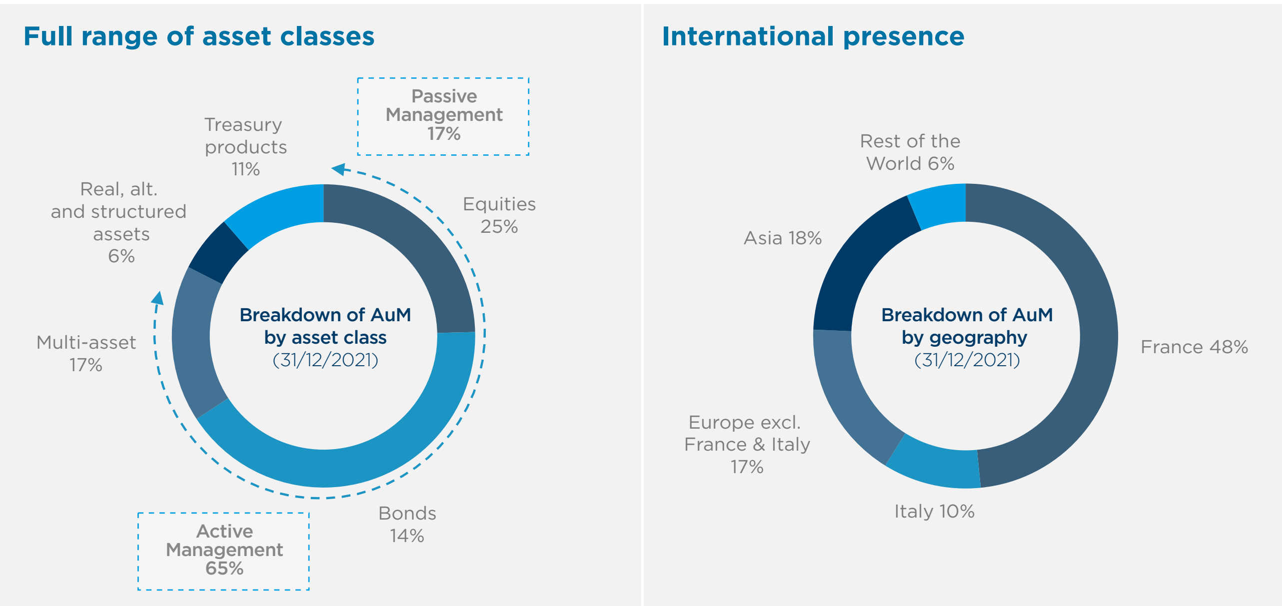
Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

1. Responsible investing at Amundi: our philosophy, investment beliefs and approach

Amundi is a leading European asset manager with EUR 2.1 trillion managed on behalf of clients as of 31 December 2021. Amundi’s mission is to be a trusted partner that acts every day in the interest of its clients and society. Our ability to earn the trust of a wide variety of private and institutional investors all over the world has led us to have a global client base of over 100 million retail clients through our distribution partners, as well as over 1,300 direct institutional and corporate clients.

a. A broad geographical and asset class basis

Graph 1: **Amundi’s AUM by asset class and geography**



As of December 2021, including Lyxor

b. Responsible investing: a founding pillar of Amundi's investment philosophy

Amundi Asset Management is 70% owned by Crédit Agricole (CA), France's largest bank and insurer. CA was founded by French farmers as a cooperative and a mutual financial institution more than a century ago. We are proud of this heritage, which makes it natural for Amundi to think first of clients' best interests and to be responsive to social needs and the environment.

Amundi's culture is nourished by four shared values: Courage, Team spirit, entrepreneurial spirit and Solidarity, influencing individual and collective behaviour.

We believe that our role is to deliver long-term value for our clients while being conscious of the needs of the world around us. Responsible Investment was set out as one of the four founding pillars of Amundi since its inception in 2010 and it continues to be a key component of our strategy. This commitment is reflected both in our management process, in the solutions range Amundi has developed, and the advisory capabilities we deploy to help clients define and implement their own approach.

Our core investment beliefs are founded on the understanding that long-term and sustainable success lies in collective effort and sound processes. Those beliefs are:

"In a non-stationary world, Investment theory is a support not a dogma"
Economic and financial models as well as sustainability risk models should be used with a clear awareness of their underlying assumptions

"Risk is multi-faceted"
Risk goes beyond market risk to encompass other dimensions such as liquidity risk, credit risk, sustainability risks or reputational risk

"Only a prepared mind can react"
Investment requires the adaptation of widely-accepted assumptions and the ability to process economical, geopolitical and sustainability factors to navigate increasingly frequent markets disruptions and paradigms' changes

"Value creation goes beyond performance"
Being asset owners and managers brings responsibilities

"Investing for the long term is an advantage"
Investing over the long term allows to capture sources of growth such as risk premia or sustainability-linked innovation

"Optimality is not universal"
Opportunities should be assessed within the investor's context and sustainability preferences

"Long-term & sustainable success lies in collective effort & solid processes"
Teamwork and idea cross-fertilization are sources of added value

c. What we believe acting as a responsible investor means

Amundi's approach to responsible investing lies on three main convictions:

- **Economic and financial players bear a societal responsibility;**
- **The integration of Environmental, Social and Governance dimensions in investment choices is a source of long-term performance;**
- **ESG will be a growth driver for Amundi worldwide.**

A true industrial revolution is required to successfully transition our economies to a more sustainable, low-carbon, and inclusive model. This can only be done if the major players - governments, businesses, and the larger financial system - are aligned. Governments must redefine public, industrial and fiscal policies and coherent regulations, whereas businesses must develop the necessary technological solutions, and the financial system must support companies by allocating the capital necessary to achieve these objectives.

We acknowledge that it is our responsibility to support efforts to address systemic problems and to effectively allocate capital for the future. As a major shareholder in several companies via the funds and mandates we manage on behalf of its clients, we particularly believe that it is our responsibility to encourage and accelerate the transition of companies towards a more sustainable model.

> ***"Amundi firmly believes that companies and investors have a responsibility to support a transformation of the economy and society towards more sustainable models and that the integration of ESG issues has a positive impact on long-term financial performance, due to the strategic management of risks and opportunities associated with these issues".***

2. Responsible investing at Amundi: our strategy

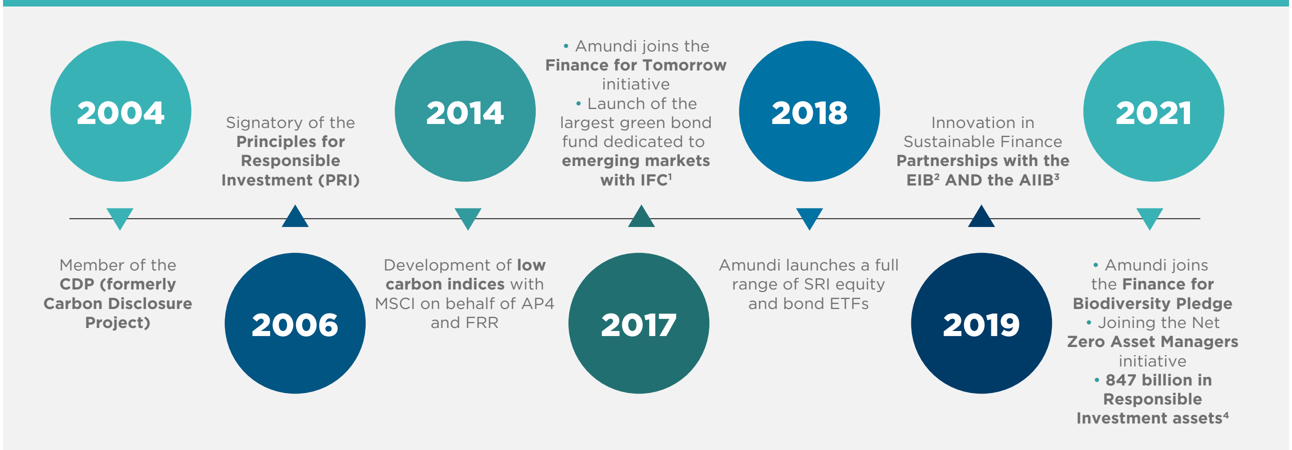
a. From philosophy to actions

As a result of these convictions and beliefs, Amundi has made a commitment to incorporating ESG factors into its investment processes as well as supporting a sustainable transition through its ambitious engagement policy, the development of sustainable capital markets, and the mobilization of capital on a global scale since its creation in 2010.

This strategy is integrated within various asset management activities in Amundi thanks to: policies governing asset exclusion, ESG integration into investment process and voting activity as well as through the range of dedicated responsible solutions and services that Amundi has developed.

Having dedicated resources enables the deployment of our responsible investment strategy, by ensuring on one side common principles and standards across Amundi responsible investment solutions' range, and on the other, the ability to customize solutions and services to the various ESG preferences of our clients. Having proprietary ESG rating methodology and fundamental qualitative ESG research capabilities are key pillars of our strategy, to ensure our actions are consistent with stated beliefs and convictions. The significance given to ESG and climate change issues is reflected in ambitious action plans, the 2018 – 2021 ESG plan achieved in 2021 and the new "*Ambition 2025*"plan, currently underway.

Illustration 1: **Amundi's key commitments of the past 20 years**



➜ Our progress in 2021

✔ In July 2021, Amundi confirmed the strategic importance of tackling climate change and financing a just transition by announcing its membership in the Net Zero Asset Managers initiative (see Principle 4)

✔ As an active member of this initiative, Amundi spoke on behalf of the Finance for Biodiversity Pledge and the financial sector during the High Level Segment of the 15th UN Conference on Biodiversity (COP 15).

✔ In 2018, Amundi set out a three-year action plan to implement a responsible investment approach across its entire product platform. In December 2021, Amundi announced the 2018-2021 ESG plan's achievements.

Illustration 2: **Achievements of the 2018-2021 ESG plan**

The plan was concluded in December 2021 with all key objectives met.

In terms of its savings and investment solutions:

- ESG criteria have been integrated into all actively managed open-ended funds, with the aim of achieving a higher ESG rating than the benchmark[1];
- Responsible investment assets under passive management reached some EUR95 billion[2] thanks to the development of a dedicated ESG and Climate offer;
- Assets dedicated to specific initiatives promoting energy transition or social cohesion[3] reached EUR34.8 billion, supported in particular by several innovations to support energy transition in emerging markets and through private-assets.
- The Amundi Solidarité fund, deployed EUR440 million[4] in the social and solidarity economy, and is the largest solidarity fund in France;
- Amundi developed an ESG advisory offering dedicated to institutional investors and distributors to support them in their ESG transition.

In terms of its actions with businesses:

- Environmental and social issues have been systematically considered in discussions with issuers and in how voting rights are exercised. Amundi voted at more than 7,300 General Meetings and engaged in dialogue with nearly 1,033 businesses on issues such as the transition to a low-carbon economy, preserving natural capital, social cohesion, sound governance, and so on.

As of end of December 2021, thanks to the plan's rollout, Amundi held almost EUR 850 billion in Responsible Investment assets, compared to EUR378 billion as of end of 2020.

As part of this 2018-2021 ESG plan implementation, Amundi created training and knowledge transfer programs to help support clients on their journey to progressively implement ESG considerations in their investments

In December 2021, Amundi presented a new ESG strategic plan for the 2022–2025 period, strengthening its ambitions to support a fair environmental transition. Amundi's new action plan aims to increase its commitments through the savings and investment solutions offered to its clients, actions taken to assist businesses, and measures to align its employees with its new ambitions.

Illustration 3: **Clients' trainings campaign**

- 94 seminars, training sessions, and meetings took place in 2021, for over 100 institutional clients reaching more than 1,200 professional investors.
- 16 seminars, trainings, and meetings, were held with private banking clients and other distributors, reaching more than 18,500 retail investors.

1. Scope of active open funds, where technically feasible
2. The objective of doubling the responsible investment assets held in passive management published as of 8 October 2018
3. The objective of doubling the assets dedicated to specific initiatives promoting energy transition or social cohesion published as of 8 October 2018
4. Objective of EUR500 million as of 31 December 2021

Illustration 4: **Release of the new “*Ambition 2025*” plan**

Amundi “*Ambition 2025*” plan comprises ten key measures: Amundi’s new ESG action plan aims to increase its commitments through the savings and investment solutions offered to its clients, actions taken to assist businesses, and measures to align its employees with its new ambitions.

In terms of its savings or technology solutions offering, by 2025 Amundi commits to:

1. Incorporate a new environmental transition rating into its open-ended active management funds that have an ESG performance target. This rating will be used to assess businesses based on their decarbonisation efforts and the development of their green activities. The portfolio’s stated objective of the portfolios in question would be to have a better environmental transition profile than their reference investment universe;

2. Offer open-ended funds with a “*Net-Zero 2050*” investment objective across all major asset classes;

3. Reach EUR20 billion in impact funds that will invest in businesses or finance projects that seek to achieve positive environmental or social performance;

4. Have 40% of its range of ETF passively managed funds made up of ESG funds;

5. Develop Alto Sustainability, within Amundi Technology, a technological solution to aid analysis and decision making for investors on environmental and societal issues.

In terms of its actions targeting businesses, Amundi commits to:

1. Include 1,000 more companies within the scope of businesses with which it engages in an ongoing climate dialogue, aimed at defining credible strategies to reduce their carbon footprint, to ensure these are voted on at general meetings, and to ensure their executives commit part of their remuneration to these strategies;

2. Exclude as of 2022 all companies that conduct more than 30% of their business in non-conventional oil and gas sectors from its investments[5].

In order to align its employees and shareholders with this new ambition, Amundi resolved to:

1. Reduce its direct greenhouse gas emissions by nearly 30% per employee in 2025 compared to 2018;

2. Index 20% of the compensation of its 200 senior executives to the achievement of its responsible investment objectives and to set ESG objectives for all its managers and salespeople;

3. Present its climate strategy at the next General Meeting in 2022 to its shareholders.

b. Engagement & Voting, a key pillar of our strategy.

To learn more, please refer to Principle 9 to 12.

Stewardship activity is central to Amundi’s responsible investing philosophy, as it plays a key role in enabling a wide transition towards a sustainable, inclusive low carbon economy. In addition to the systematic integration of ESG criteria in our active investments. Amundi has developed an active stewardship activities through engagement and voting.

As one of the main shareholders for some investee companies, Amundi has a role to play in driving capital towards the leading actors in ESG and in influencing laggards so that they modify their strategies relatively to these issues. This is why stewardship is central to our Responsible Investing strategy, and to our overall investment philosophy. We recognise

5. Oil sands, shale oil and shale gas.
This targeted exclusion policy will be implemented in 2022 across the same scope as Amundi’s other sectoral exclusion policies (active management strategies where Amundi has full portfolio management discretion, and ESG ETFs except for highly concentrated indices).

that we are part-owners of the companies in which we invest and that we have an obligation to influence their strategies towards approaches that more effectively take account of ESG issues more effectively. We seek constructive dialogue to help drive change by laggards, and to support those which are already delivering positive results.

Our pro-active engagement policy seeks to:

- Contribute to best practice dissemination and drive a better integration of sustainability in companies' governance, operations and business models
- Trigger positive change concerning how companies are managing their impacts on specific topics that are paramount to the sustainability of our society and of our economy,
- Support companies in their own transition towards a more sustainable, inclusive and low carbon business model
- Engage to push issuers to increase their level of investment in Capex/R&D in highly needed areas for this transition

Our voting activity is an integrated arm of our stewardship activities. Insufficient improvements following an active engagement could trigger a negative vote. Engagements are also triggered by our voting activity to encourage issuers and issuers' boards to better integrate sustainability and long-term views in their company's strategic planning.

Our voting policy makes best use of our duties as part-owners of issuers that emphasize the need,

- For an accountable, diversified & well-functioning board
- For corporates' governance and board that grasp the environmental and social challenges,
- To ensure that boards & corporates are appropriately positioned and prepared to handle the transition towards a sustainable, inclusive low carbon economy

We believe that engagement and voting will play an even greater role going forward and already forms a key pillar of our "*Ambition 2025*" plan. Amundi's ambition is to scale up the different initiatives we created with the investment platforms in 2020 and 2021 in order to leverage our engagement effort by empowering the investment professionals that already have active dialogues with issuers.

→ Our progress in 2021

✔ We voted in over 7,300 annual general meetings (AGMs), representing a significant increase compared to 2020 (4,240 AGMs).

✔ 547 engagements have been done on the energy transition and climate change, 165 on natural capital preservation and 222 on social cohesion matters.

✔ We supported 86% of resolutions in favour of better integration of climate objectives. We supported 83% of resolutions on social and human rights related topics.

✔ We also voted against executive compensation plans that did not have ESG indicators, or climate-related KPIs which resulted in us opposing 45% of the relevant resolutions on this topic.

Principle 2

Signatories' governance, resources and incentives support stewardship.

1. How our structure supports and enables responsible investing and stewardship deployment

Because taking action as a responsible financial institution is an essential component of Amundi's strategy, the governance structure now integrates issues of responsible management. The responsibilities linked to achieving the group's ESG objectives are reflected both in the supervisory and management bodies, and in the way these governance bodies operate.

The responsible investment strategy is discussed at the highest levels. It is governed by dedicated committees reporting to the Board of Directors and the General Management Committee. These governance bodies interact with each other and with the various business lines working on these issues, primarily via the Responsible Investment team.

Graph 2: **Governance of ESG issues within Amundi**

➜ Our progress in 2021

Responsible investment department as a standalone department[6]

In mid 2020, Amundi decided to adjust the organisation around the Responsible Investment department. Previously belonging to the Investment Platform division under the supervision of the Chief Investment Officer, the Responsible Investment department has been positioned in June 2020 as a standalone department, reporting directly to Amundi CEO. This organisational change first reflected the recognition that the Responsible Investment department should serve both Amundi Investment professionals and Amundi clients segment needs, and secondly that the transformation at play could trigger strategic decisions that should be taken at the highest level of seniority. 2021 was the first complete year during which Amundi has operated according to such new set-up, under the ultimate supervision of our CEO, Valérie Baudson, in charge since May 2021.

2. A dedicated internal organisation to monitor and manage the responsible investment strategy

As far as Responsible Investment is concerned, four committees ensure the regular and structured follow-up of all work carried out. Amongst them, the ESG & Climate Strategy Committee is responsible for setting and monitoring Responsible Investment strategy and is chaired by Amundi's CEO.

6. For further details on the Responsible Investment department's increase of resources, see the tables "*Key figures in 2021*" and "*Our progress in 2021*" page 15

The ESG Strategic Committee

Chaired by Amundi's CEO, this committee approves and monitors:

- Amundi's ESG and climate strategy
- Strategic positioning of the Responsible Investment policy
- Steering and monitoring the "*Ambition 2025*" plan
- Decisions on issues escalated from the ESG Ratings committee or the Voting committee

ESG Rating Committee

Including senior managers from investment, financial, extra financia and risk departments. Includes research, ESG, compliance and risk departments.

Responsible for:

- Defining Amundi's ESG methodologies, systems, processes and resources
- Approving the rules on exclusion and sectoral policies
- Reviewing and taking decisions regarding ESG rating on specific cases of exclusion based of due diligences done by the ESG team, or in case of escalation
- Approving changes to the ESG methodology requested by investment managers
- Developing Amundi's ESG jurisprudence on emerging issues

The Committee also deals with ESG topics related to climate and the energy transition (such as our coal policy, carbon footprint methodology, rating of issuers facing climate related controversies), and social and societal issues.

Voting Committee

Including ESG departments and external advisors.

Responsible for:

- Supervising the voting policy and its consistency, acts as an adviser for voting decisions on individual cases
- Reviewing and validating the following key voting activities:
- Principles of Amundi as an active and responsible shareholder, and interaction with issuers
- Periodic reports on voting activities
- Local or individual issues not covered by voting policies
- Escalation process with issuers presenting specific risks
- Voting decisions for individual cases where the implementation of the voting policy could not be in the best interest of the holders of the funds
- Ensuring alignment of voting activities with key ESG engagement themes

ESG Management Committee

Includes the senior leadership of the ESG department. This committee is responsible for:

- Setting objectives and priorities for the ESG and voting teams
- Building a consolidated view of ESG capabilities and resources across the Group
- Promoting ESG across the business, addressing key client requests and business opportunities

➜ Our progress in 2021

Increased frequency of the ESG & Climate Strategic Committee

Early 2021, the periodicity of the ESG & Climate Strategic Committee has been increased from a quarterly to a monthly one. This decision was based in recognising that strategic decisions and frequent monitoring should be performed at the highest level of the organisation, considering the combination of following components: the strategic features of ESG & Climate considerations, the systematic integration of ESG into the bulk of Amundi activities, the strong client demand around ESG integration, the significant numbers of regulations that will come into force in coming years impacting activities, the required level of ESG scrutiny to maintain clients' trust, as well as the sustainability challenges ahead of us, like Climate change.

3. A dedicated Responsible Investment team

Amundi has set up a team dedicated to responsible investment, under the supervision of Jean-Jacques Barbéris, an Executive Director of the firm and Supervisor of ESG. This department is positioned as an autonomous and independent unit within the overall organisation, serving the needs of institutional, distributor and retails clients as well as investment platforms.

a. General organisation and figures

The team is organized around four areas of expertise, each with its own senior leadership:

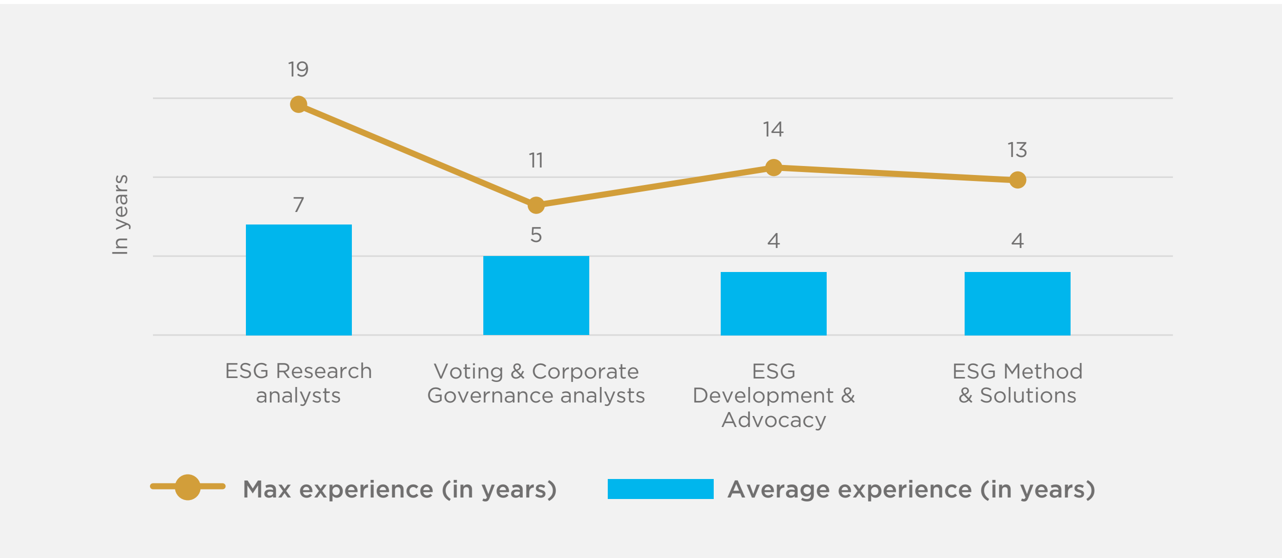
- The **ESG Research, Engagement and Voting** team
- The **ESG Method and Solutions** team
- The **ESG Business Development & Advocacy** team,
- The **ESG COO Office**

Graph 3: **Organisation and positioning of the Responsible Investment team**

Source: Amundi, as of December 31, 2021

The Responsible Investment team has an overall average experience in the ESG / CSR industry of 6 years (the average experience in this area is comprised between 4 and 7 years depending on the sub-department), and is composed of 64% women.

Graph. 4: **Experience in the ESG / Corporate Social Responsibility industry of Responsible Investment Team**



b. The ESG Research, Engagement and Voting team, the keystone of stewardship exercise

Led by Caroline Le Meaux, the ESG Research, Engagement and Voting team sits within the Responsible Investment division at Amundi and is an independent business line from the investment management and financial analysis teams. This ensures the quality and the independence of the ESG analysis, while allowing to working in close collaboration with portfolio management teams. Through its stewardship activities, Amundi is seeking to have an impact on the economy, as we truly believe that this active ownership can generally trigger stronger outcomes that divestment in general.

Organised into two divisions, the Responsible Investment team consists, at the end of 2021, of 22 dedicated specialists[7]: 16 dedicated ESG analysts and 6 Voting & Corporate Governance specialists, spread across Paris, London, Munich, Dublin, Singapore, Tokyo, Hong Kong and the United States, that contribute actively to the stewardship effort.

- The **ESG Research team** is responsible for internal ESG content and organises the engagement effort. Each analyst specializes in various sectors and themes and is the primary person responsible for driving ESG research and engagement strategies internally on those sectors and topics. ESG analysts meet, engage and maintain constant dialogue with companies to improve their ESG practices and have the final say over ESG ratings of companies to ensure that internal ESG scores are accurate and in line with key Amundi convictions.

  The team is also responsible for monitoring sector trends, staying abreast of established and emerging ESG topics, assessing the impact of ESG topics on the macro-sectors covered (both risks and opportunities) and the impact of those sectors on the sustainability factors.

  While ESG analysts work in close collaboration with research analysts and portfolio management teams of the broader firm, their independent status ensures the quality and the objectivity of the ESG analysis that they carry out.

- The **Amundi Voting & Corporate Governance team** consists of specialists that analyse resolutions and organise ongoing dialogue that Amundi wishes to have with companies pre and post Annual General Meeting (AGM) with the aim of better understanding their strategy better and pushing for continuous improvement in practices. These conversations are also an opportunity to exchange with issuers on practices that foster progress. We recognize that company approaches take time to evolve and we look for progress and momentum as much as achievement. Our pre-AGM dialogue with companies aims to encourage ongoing improvement backed concretely through our voting actions. By applying the general voting policy principles, Amundi is able to cast votes consistent with the shareholder dialogue.

This team is in charge of coordinating all voting-related tasks, and responsible for managing the voting rights that have been delegated by the funds and subsidiaries.

The ESG Research, Engagement & Voting team is the in-house center of ESG content expertise that supports all of Amundi's investment platforms. The team members work actively with fund managers and financial analysts to strengthen ESG knowhow and expertise across the whole company including ESG trends or ESG positioning of issuers.

7. 31 people as of October 31st (23 dedicated ESG analysts and 8 voting & corporate governance specialists)

The profiles of the ESG analysts are diverse and we continue to seek to maintain a balance of skills and backgrounds within the team. They are of seven nationalities and based in five offices around the world, having had work experience in 10 different countries. We believe this diversity is one of the key features that contributes to the quality of our ESG research. There is strong experience across the team in analysis, both on the sell- and buy-sides, but also a range of experience in audit and in ESG and CSR consultancy, as well as direct industry experience in a variety of businesses, from fashion to insurance, and from construction to IT software. The team's industry specialities are shaped by this range of experience, and gives strong insight into the operational challenges of business, enabling more thoughtful understanding of the issues faced by the companies in which we invest on clients' behalf.

c. The ESG Research, Engagement and Voting team is supported by three other teams

- The **ESG Method and Solutions team**

The team is led by Tegwen Le Berthe and is in charge of maintaining and developing Amundi's proprietary ESG scoring system and ESG-related data management systems (including selecting external data providers to generate proprietary ESG scores, and making sustainability-related data and analytics available). They help analysts and portfolio managers integrate ESG and sustainability 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...). They oversee the development and integration of analytical ESG tools in Amundi Portfolio Management Systems and Client Reporting Systems and are also in charge of implementing clients' specific ESG exclusion rules.

- The **ESG Business Development & Advocacy team**

Present in Paris, Munich, Tokyo and Hong Kong, the team is in charge of supporting and developing the ESG offering and solutions that match investors' needs and challenges, ESG advisory and services for all Amundi clients, and managing ESG advocacy and collaboration with responsible finance initiatives, and developing training programs for our clients. The team is led by Timothee Jaulin.

- The **ESG COO Office**

Under the responsibility of Hélène Nanty, the team is in charge of coordinating and streamlining developments between the Responsible Investment Business Line with the support functions of the Group, such as producing dashboards for the monitoring of the Business Line's activities (Business, Budget, IT, Audit, projects), and supervising major transversal projects.

KEY FIGURES IN 2021

As of December 31st, 2021, the Responsible Investment department had 40 members:

✔ 5 people, within the **ESG Method and Solutions team**, are responsible for data provider selection & ESG rating methodology

✔ 16 people, within the **ESG Research team**, are responsible for ESG research & engagement (based in Paris, London, Dublin, Tokyo, Singapore)

✔ 6 people, within the **Amundi Voting & Corporate Governance team**, are responsible for voting pre-meeting dialogue

✔ 10 people, within the **ESG Business Development & Advocacy team**, cover advocacy and the development of new products and approaches through close dialogue with clients about their needs (Paris, Munich, Hong Kong, Tokyo)

✔ 3 people, within the **ESG COO Office**, offer central leadership and oversight

➜ Our progress in 2021

Illustration 5: **Reinforcement plan**

In 2021, the Responsible Investment department increased from 33 members to 40, notably through investment into the ESG Research team and the ESG Business Development team for which local resources outside the headquarters have been appointed in order to be closer to clients' needs, and country's local dynamic.

In September 2021, Amundi decided to further expand the department, with a reinforcement plan of 16 collaborators spread across the diverse teams, amongst which 6 additional members for the ESG Research team, 1 for the Voting & Corporate Governance team, 3 for the ESG Method and Solutions and 4 on the ESG Business development & Advocacy team.

4. External research providers, an essential resource

a. Integrating external data in ESG analysis and rating work

Our ESG Research team leverages off data provided by external providers. The information received covers ESG scores, ESG controversies, and other ESG-related information. Our ESG analysis draws on this data to generate proprietary scores and ratings, controversies analysis, and processes the data to serve clients' specific exclusion requirements. Some external research providers have also been chosen for their climate-related data concerning climate risk management and CO_2 data.

We source inputs from specialist global providers. Each firm has its own methodology and inbuilt biases. By taking inputs from a range of sources and applying our own proprietary analysis and approach, we can gain a fuller understanding of companies and provide our investment teams with unique and valuable insights.

We use these data sources to inform our proprietary ESG analysis and rating methodology. As far as Amundi ESG ratings are concerned, this applies 38 quantifiable and measurable criteria reflecting key challenges by sector. Among them, 17 are applied across all sectors and 21 are specific criteria only applied to one or more sectors. These criteria are weighted using performance drivers (reputation, operational efficiency and regulation), and the weights assigned to each criterion translate its importance into the final ESG ratings. Our ESG analysts retain discretion and are expected to make an independent professional judgement before agreeing on the Amundi ESG ratings. We update our ratings on a monthly basis.

- It allows for a greater overall coverage of issuers by combining different footprints (some providers have better coverage of particular regions/ sectors/asset classes).
- As data providers take different approaches to analyse a particular criterion, the use of multiple data providers' information gives the ESG analysis team a 360° view on critical ESG topics and relevant issuer behaviour.
- It gives Amundi access to more frequent analysis updates, as each data provider updates their analyses according to different schedules.
- It enables Amundi selecting external data methodologies wisely and to ensure consistency with stated Amundi principles.

At present, the different data providers we use are as follows

External data providers

General scope

TRUCOST, MSCI, ISS ESG, V.E, SUSTAINALYTICS, REFINITIV, EthiFinance, HUMPACT

Controversies / controversial weapons

ISS ESG, SUSTAINALYTICS, RepRisk, MSCI

Climate

MSCI, TRUCOST, CDP, FTSE Russell, Climate Bonds, Iceberg Data Lab, LUXEMBOURG GREEN EXCHANGE

Sovereigns

Verisk Maplecroft

Such data providers are selected according to a dedicated due-diligence process performed by the ESG Method & Solution team, notably in charge of maintaining and developing Amundi's proprietary ESG scoring system and ESG-related data management systems. The latter dimension covers selecting external data providers to generate proprietary ESG scores, and making sustainability-related data and analytics available.

Illustration 6: **Getting equipped with issuers' temperature data, while methodologies are still nascent**

Since 2020, Amundi has been working on implementing temperature metrics to measure alignment of portfolios with global climate scenarios. After conducting data and methodology review processes over 2020 and 2021, Amundi decided to use three providers, as methodolohgies were from different, but strong underlying assumptions, and issuer coverage.

Notably :

• All three providers, Trucost, Iceberg Data Lab[8] and CDP analyse issuers' ambitions. However, 2 include past emissions in their trajectory estimates.
• Iceberg Data Lab proactively considers the credibility of issuers, analysing the actions implemented in relation to issuers' commitments.
• Many issuers have yet to publish a carbon reduction target. As a result, one data provider has chosen to apply a default +3.2°C degree trajectory for these issuers.
• Trucost has developed a different methodology for aggregating temperatures at the portfolio level. Instead of using a weighted average, Trucost weighs the carbon budgets of each company against a reference scenario in order to aggregate them at a portfolio level.

	Data	Scope	Type	Specificities
CDP	• Carbon reduction targets from the CDP questionnaire	Scopes 1 + 2 + 3	Absolute and intensity	• Carbon reduction targets only • Baseline temperature (3.2°C)
Iceberg Data Lab	• Background: GHG emissions since 2010 • Outlook: CDP and SBTi carbon reduction targets	Scopes 1 + 2 + 3	Intensity only	• Assessment of the credibility of issuers • Sector approach for several non SDA sector
Trucost	• Background: Own GHG emissions since 2010 • Outlook: CDP & SBTi target + estimated production projections	Scopes 1 + 2	Intensity only	• S&P Physical output data used to estimate trajectories

Amundi has chosen then to incorporate these different methodological approaches in order to perform the best possible assessment of portfolio temperatures.

Temperature modelling is not fully developed and needs to be monitored carefully. While starting to implement this metrics, we engage in parallel with the data providers in order to progressively promote a convergance toward a common approach.

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Our ESG analysts also have access to information from additional sources beyond these extra-financial data providers, including:

- Dialogue with companies' management and stakeholders
- Companies' publicly disclosed documents
- Equity and credit analysts of the Amundi Group
- Sectoral experts
- NGOs, scientists, unions, media, brokers sell-side reports
- Bloomberg, Reuters

There is therefore a direct feedback loop from engagement activity into the ESG ratings and analysis – and so into the integration of ESG matters into the investment decisions of our portfolio managers. These sources of information form an essential component in the ESG analysis process. They allow ESG analysts to crosscheck information and data on specific topics, as quality and reliability of information is essential.

All the information provided by external suppliers, once quality checked and filtered through the professional assessment by our analysts, feeds into our internal portfolio management system (ALTO). This insight in ALTO enables all of our Portfolio Managers to deliver thoughtful and active ESG fund management.

➜ Our progress in 2021

Illustration 7: **Further reinforcing robustness of the ESG data processing and rating production process**

In 2021, in order to benefit from the robust processes already in place for the integration of financial data, it has been decided to transfer the responsibility of the integration of the ESG data and the monthly calculation of the ESG score from the Responsible Investment department to the Global Data Management department. Specialized in data processing, 6 analysts will be specialized on ESG data integration and ESG rating production. Started in 2021, this project is aimed to be completed in mid 2022.

b. The role of external providers to support our voting activity

Amundi's Voting & Corporate Governance team also relies on services from external providers. In particular, Amundi uses a platform, provided by ISS – ProxyExchange - to monitor its voting positions and to send its voting instructions. Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions more efficiently, while retaining complete autonomy from their recommendations.

ISS also provides customized voting recommendations based on Amundi's voting policy. Using research and recommendations from multiple proxy advisors allows the Voting &Corporate Governance team to make informed voting decisions, taking into account different viewpoints. The voting decisions are also informed by the dialogue the Voting & Corporate Governance team undertakes with companies as well as the views of internal experts, including the Responsible Investment team.

All the votes are instructed on the voting platform ProxyExchange in accordance with Amundi's voting policy and with certain custom voting policies, provided for specific client mandates.

c. ESG analysis at the core of our investment platforms

Amundi's ESG analysis is embedded into our portfolio management systems, made available in real time in the fund managers' tools to provide them with a seamless access to corporate and sovereign issuers' ESG ratings alongside financial ratings.

Portfolio managers and investment analysts from all investment platforms have access at all times to issuers' ESG scores, and related ESG analytics and metrics. This enables fund managers to factor in sustainability risks in their investment decision process and apply Amundi's exclusion policy whenever applicable. They are also able to design and manage their portfolio in compliance with specific ESG rules and ESG objectives that may apply to the investment strategies and products that fall under their remit.

5. Integrating ESG considerations within remuneration structures

ESG is integrated into remuneration structures across the organisation, from the CEO downwards.

The Compensation Committee submits the remuneration policy to the Board. The compensation policy is aligned with the Company's corporate interest, its values, its economic and commercial strategy and its longterm objectives.

Through its role in defining all components of remuneration and benefits for executives, the Compensation Committee's work involves ESG and climate issues in order to incorporate them in structuring remuneration. Article 4 of the Internal Regulations of Amundi's Board of Directors specifies that the Compensation Committee "*analyses the remuneration policy and its implementation with regard to social and environmental issues.*"

→ Our progress in 2021

Illustration 8: **Recommendation around integration of ESG and Climate issues**

Over the course of 2021, the Remuneration Committee issued a recommendation on including the integration of ESG and climate issues after reviewing the 2021 remuneration policy and analysing the implementation of the 2020 remuneration policy. It also issued a recommendation regarding the orientation of Amundi's gender equality policy, in light of its examination of the report on gender equality in the workplace.

ESG and climate issues are taken into account in the Group's remuneration policies at several levels and in multiple phases.

Reflecting the strategic importance of these issues, a portion of the variable remuneration attributed to Amundi's CEO is tied to environmental, social and governance indicators. In 2021, ESG and CSR criteria weighted for 20% of the variable compensation granted for performance year 2021, split across the implementation of the ESG policy weights, the gender diversity of management bodies and the achievement of the Human and Societal project of Credit Agricole SA.

Portfolio managers fully integrate ESG criteria into their work. As such, targets related to these criteria have a bearing on their annual evaluations and discretionary bonus. Since 2021, compliance with the Responsible Investment Policy has been included among qualitative criteria for assessing the risk-adjusted aspects of responsible investment. The 2018-2021 ESG plan called for 100% of actively managed funds to integrate ESG criteria, with the aim of achieving an ESG rating higher than that of the respective benchmark universe.

The salaries of 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. All ESG team members are evaluated on their collaboration with the investment teams and Clients’ segment departments as well as according to the efforts made to integrate ESG in the investment processes.

➜ Our progress in 2021

Illustration 9: **The announcement of a new "*incentive plan*"**

As implementation of the “*Ambition 2025*” plan will only be possible with a well functionning employee alignment system, Amundi has announced end of December 2021, the following new incentives plan in December 2021..

- From 2022 onwards, in accordance with the commitment number 8 of the "*Ambition 2025*" plan,
- Amundi will gradually integrate ESG objectives in the performance assessment of portfolio managers and sales representatives, so that the determination of their variable compensation takes into account this dimension.
- The implementation of the “*Ambition 2025*” plan will account for 20% of the criteria supporting the performance share plan granted to Amundi's 200 most senior managers.
- For the CEO, the ESG / CSR will weight for 20% of the annual variable remuneration granted for performance year 2022. This 20% is split between 10% related to the implementation of Amundi ESG projects and the other 10% are represented by the roll out of the Crédit Agricole S.A. Group’s Customer, Human and Societal Project. In addition, the implementation of “*Ambition 2025*” plan will weight for 20% of the performance criteria taken into account for the performance shares plan granted to the CEO.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Amundi takes conflicts of interests very seriously and intends to minimize their occurrence. For this reason, the firm has put in place numerous arrangements to drive transparency and ensure that potential and actual conflict situations are monitored and dealt with.

Illustration 10: **General measures to minimize and monitor conflicts of interests**

- Conflicts register of cross-directorships of senior Amundi staff
- Policy for managing conflicts of interest detailing employees' responsibilities to identify, prevent and manage conflicts
- Procedures and rules governing the primacy of the client interest
- Procedures and rules governing the selection and remuneration of intermediaries
- Internal committees (broker/dealer, products, risk management, compliance, audit, compensation), which take full account of ethical considerations in their decisions
- A Debt Restructuring Committee
- Appropriate training of relevant employees to ensure that they are fully aware of their responsibilities and obligations

1. Amundi's relationship with Crédit Agricole

From an ESG perspective, Amundi is participating in elaborating Group policies of Crédit Agricole, setting common minimum exclusion principles on certain sectors across the group's activities (like for instance thermal coal). Minimum standards are set such as ensuring Group and entities' level of stated ambitions, considering to group's activities to serve best interest of the clients. The derived policies are validated through Group governance to which Amundi is represented and Amundi dedicated governance, in particular the Amundi ESG & Climate Strategic Committee for strategic decision and the Amundi Rating Committee. Once the policies are validated, these will apply to all Amundi's active investing strategies over which Amundi has full discretion and ESG ETF products range. On top of these minimum requirements, Amundi can apply additional exclusions, as appropriate. Amundi's exclusion policies are defined by the

Rating committee based on propositions made by the ESG department. Provided minimum standards Group requirement are complied with, Amundi manages assets on behalf of its clients, in their best interest through dedicated governance in all aspects of ESG, including engagement and voting that are conducted in full independence.

2. Avoiding conflicts of interest in stewardship activities

Conflicts of interests may arise when exercising stewardship activities. Avoiding them is essential to preserve the best interest of our clients and beneficiaries. For this reason and in addition to generic measures taken at Amundi's level, specific measures apply at the stewardship level.

a. A global setup intended to prevent conflicts of interests

- **Organisational measures** - Amundi maintains strict independence of the voting and stewardship function from the client relationships area to segregate stewardship from any possible conflicts.
- **Procedures and controls** – The following mechanisms are in place: ❶ internal policy on conflicts and code of ethics, requiring employees to identify, mitigate and manage conflicts; ❷ strict procedures asserting the primacy of clients' best interests; and ❸ an ad-hoc committee can be called to deal with the approach to any appropriate conflict. For example, any voting decision in relation to Amundi's partner and joint venture companies is automatically escalated to the Voting Committee and the decision-making on all votes is fully documented – with particular attention to any situation where the vote is not in accord with the usual Amundi voting policy.
- **A remuneration policy** that aligns the interests of our senior management and investment staff with those of our clients.

b. Voting on companies that have links with Amundi

In the exercise of the voting rights of its open-ended funds, Amundi may face situations of potential conflicts of interest. Measures to prevent and manage such risks have therefore been put in place.

The first preventive measure is the definition and publication of the voting policy validated by the management bodies of the group's management companies.

The second measure consists of submitting to the Voting Committee, for validation prior to the general meeting, the voting proposals for resolutions relating to a pre-established list of listed companies that are sensitive because of their links with Amundi.

These sensitive listed companies for which a potential *"conflict of interest"* has been pre-identified, are defined as follows:

1. Issuers with a controlling interest in Amundi or owned by Amundi,
2. Issuers which are our Partners,
3. Issuers with which Amundi shares an Executive Officer/Director,
4. Issuers that are among the most significant clients of Amundi.

In addition to these previously identified issuers, the Voting & Corporate Governance team also submits to the voting committee any potential conflicts of interest that may result from the analysis of resolutions from general meetings.

Case study 1: **Management of conflict of interests**

During 2021, the voting committee was asked to confirm a proposed voting decision on behalf of Amundi's clients at a finance company that is a distributor of Amundi's products. We were concerned by the resolution regarding executive remuneration. In particular, the stringency of the remuneration criteria seemed difficult to assess, and the CSR and climate-related KPIs were vague and undemanding.

We concluded that it was not appropriate to support the proposed remuneration on behalf of clients without greater clarity regarding the link of pay to performance. We challenged the board's delegation and control of risk from the top to lower levels in the organization.

The board did neither recognize a pattern nor take sufficient responsibility over the past years. We choose to escalate by voting against the renewal of 2 board members, members of the remuneration committee. The voting committee confirmed this decision to vote against, notwithstanding the existence of the conflict of interest.

3. Other specific initiatives to avoid conflicts of interest

When a need is identified, Amundi takes steps to minimise and monitor potential and actual conflicts.

➜ Our progress in 2021

Examples of specific measures are described below.

At employees' level

In 2021, Amundi decided to reinforce its management of conflict of interests and detailed policy is being finalised. It will be made publicly available during Q2 2022. It includes prevention measures and covers the management of conflicts for all Amundi employees. It incorporates a risk mapping of potential conflicts and details the prevention and control measures as well as applicable procedures. It also includes a process for dealing with conflicts of interests, and a description of the control framework. All employees are required to complete a conflicts of interest declaration and attestation on an annual basis.

A new training programme on conflicts of interest will be rolled out for all the entities of Amundi Group in H2 2022. The conflicts of interest prevention and management framework is scheduled to be regularly reassessed by the compliance department with the participation of all business lines involved. We will continue to enhance our approach with regards to conflicts in the area of ESG and stewardship specifically, to ensure that clients have full confidence that we continue to operate solely in their best interests.

When restructuring debt and/or capital

In the context of a restructuring of a debt or of the capital of an issuer, Amundi has set up a specific process, in 2021, to closely manage the risks and the potential conflicts of interests. These may arise from Amundi being simultaneously invested in different parts of the capital structure or in equities and debt where the respective interests of each investment in the outcome of the restructuring are asymmetrical. The Active Distressed Securities Committee of Amundi (UK) Ltd has authority to monitor specific restructuring situations, review the positions across all the portfolios under its responsibility and take the decisions needed to manage the restructuring in the best interests of each type of holding and/or portfolio. This committee is informed by analysis conducted by the distressed debt investment team on each distressed exposure (bonds, equities, options, any specific securities). The committee is chaired by the Global Head of the Emerging Markets business line and includes members of the emerging investment teams, the risk, compliance and legal departments and representatives from each management Company which could be impacted by its decisions. Risk and compliance representatives have a power of veto to ensure no unreasonable risks are taken in the portfolios and that potential conflicts of interests, if any, are managed properly. Finally, the final decision is well balanced and takes the best interests of all clients into account. When the committee has finalized a decision that includes voting, it shares it with the Voting & Corporate Governance team who will be in charge of the implementation of the voting decision.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

The Group has a culture of prudence and develops a comprehensive framework to control the risks associated with its activities.

Amundi believes that a well-functioning financial system can only be achieved by the combination of ➊ a rigorous risk management at entities level, with ➋ the dedication to promote good practices through risk-management related innovations and coalition.

Amundi understands that risk is multi-faceted and operates over different time-periods, requiring to look beyond market risk, and take into account credit, liquidity, and reputational risks, as well as ESG risk generated by a company's activities.

Investment professionals are supported by an independent risk department with a broad scope, and an ESG team that accesses specialist research and can provide its own in-depth analysis of ESG risks likely to impact portfolios.

1. Rigorous risk management to frame our activities

a. Identification of market-wide risks

Asset management is first and foremost a risk management activity, which is why Amundi constantly ensures that its organisation and processes enable it to identify and control risks. This approach is characterised by the sharing of experiences and good practices on the understanding and management of risks, facilitated by: operation in cross-functional business lines, systematic representation of the Risk, Compliance and Security control functions on the various investment management committees (products, investments, ESG, etc.), a single IT platform with risk assessment tools and methods, creating a common reference system for all teams, initiatives aimed at informing and discussing the various risks associated with the company's activity. Maintaining a risk culture also involves making clients aware of the risks to which their assets are exposed. Amundi publishes studies for its clients that describe these risks and their economic evolution, as well as the solutions to capitalise on them.

In the course of its business, Amundi is mainly exposed to risks related to third-party asset management activities and to financial risks, arising mainly from the management of its investment portfolio and the guarantees granted to certain products. The table below provides a summary.

Illustration 11: **Summary of market-wide risks faced by Amundi**

Investment risks	Other risks
• Credit risks • Market risks • Liquidity risks • ESG risk	• Operational risks – Mandate objectives – Process malfunction, human error; – Non-compliance, tax and legal; – Business discontinuity (including cybersecurity); – Human Resources. • Business risks • CSR risks (including duty of care, corruption)

b. A dedicated internal control system supported by adequate resources

General Management clearly defines the roles and responsibilities of internal control functions and allocates the appropriate resources. The internal control system covers the entire Group in France and internationally and is based on the following fundamental principles: systematic reporting to the Board of Directors on risk management, monitoring of limits, controls and results, and significant incidents, comprehensive coverage of businesses and risks, a clear definition of responsibilities, through formalised and updated delegations, effective separation of investment and control functions.

The internal control system is based on two main pillars:
- risk measurement, monitoring and control systems,
- a control mechanism.

Illustration 12: **Internal resources dedicated to risk and control management**

Headcount of business lines as of 01/01/2022

255	136	30	46
Risk Department	Compliance Department	Security Department	Internal audit

<table>
<tr><td>Amundi Board Committees</td><td colspan="6">Board Risk Committee and Audit Committee</td><td rowspan="7">Policies and procedures</td></tr>
<tr><td rowspan="2">Periodic Control Level 3</td><td colspan="6">Internal Control Committee</td></tr>
<tr><td colspan="6">Audit-Inspection</td></tr>
<tr><td rowspan="3">Permanent Control Level 2</td><td colspan="6">Group Risk Committee, Compliance Committee, Security Committee</td></tr>
<tr><td>Checks:</td><td>Function Risks</td><td>Checks:</td><td>Function Compliance</td><td>Checks:</td><td>Function Security</td></tr>
<tr><td colspan="2">Investment
Operational
Proprietary</td><td colspan="2">Financial security
Market integrity
Ethics
Client protection
Fraud and corruption</td><td colspan="2">IT security
Personal data
Business continuity
Safety and Security
of people and assets</td></tr>
<tr><td>Permanent Control Level 1</td><td colspan="6">Controls exercised by the operational units through the principle of separation of functions and hierarchical controls</td></tr>
</table>

c. Focus on integration of ESG risks into risk management processes

ESG criteria are integrated into Amundi's control framework, and responsibilities are divided between the first level of controls, conducted by the Investment teams, and the second level of controls, carried out by the Risk teams. These latter may at any time verify the compliance of a fund with ESG objectives and constraints. The Risk department is part of the governance framework designed around responsible investment. It monitors compliance with regulatory requirements and the management of risks related to these issues. Responsible investment rules are monitored by the Risk teams in the same way as any other rule within their sight, using the same tools and procedures. These rules include exclusion policies, eligibility criteria and fund-specific rules. Compliance checks for these rules are automated in the form of an internal compliance tool with pre-transactional or blocking alerts. These inform fund managers of potential breaches, after which they are required to restore portfolio compliance. This applies most notably to exclusion policies.

d. Physical and transition risk identification and assessment

Amundi has established indicators and targets to identify, qualify and effectively manage climate-related risks and opportunities. Using a wide range of indicators, Amundi is able to set short-, medium- and long-term targets. For this purpose, Amundi relies on a broad set of data providers to guarantee that its measurements and assessments are as accurate as possible.

During 2020 and 2021, Amundi has been working to diversify the indicators used to integrate climate-related risks and opportunities. These include portfolio temperature scores and Paris Agreement alignment indicators, as well as green- and brown-share indicators. As tools for calculating transition risks that complement issuers' carbon footprint, the introduction of these new indicators gives Amundi a more forward-looking and comprehensive view of its climate investment portfolio's performance.

Process for identifying physical climate risks

While Amundi has identified both short- and long-term physical risks that potentially have a significant impact on investment portfolios, the information available for assessing financial impact is limited and often lacks standardisation across sectors and regions. Therefore, Amundi's approach to physical climate risk assessment is applied to dedicated climate strategies. Investment portfolios are exposed to variably acute and chronic climate risk depending on companies' sectors and geography, and increased climate risk can have a significant impact on the financial performance of sectors with high climate risk.

Amundi's approach to physical climate risk assessment is based on data and methodology developed by Trucost[9]. Trucost maps the location data for companies' physical assets against seven climate hazards (fire, cold wave, heatwave, sea level rise, flood, tornado and drought) to analyse issuers' sensitivity to these different risks.

Process for identifying and managing climate, market and transition risks

Amundi's takes a threefold approach:

- **Calculate carbon risk:** the degree of exposure to risk should be assessed before taking action to reduce such risk;
- **Assess:** scoring in terms of energy transition to reflect a company's exposure to energy transition risk and how this risk is anticipated and managed by management;
- **Anticipate:** estimating the impact of non-convergence risk (+2°C objective) on the performance of a portfolio of securities.

Several tools are available to our investment professionals to apply this approach in practice.

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2. Promoting good practices through risk-management related innovation and coalition

We believe that investing for the long term is an advantage. This makes the integration of ESG into our investment approach a natural expression of this belief.. Our view that value creation goes beyond performance requires us to consider major systemic sustainability risks, such as climate change and growing inequalities.

We recognise our responsibility to contribute to efforts to address systemic issues, as well as to efficiently allocate capital for the future. Our role in raising standards, not least in terms of ESG performance by the companies in which we invest, is a key part of this responsibility. In general, we recognise that the private sector must integrate environmental, societal and governance issues for four main reasons:

1. In a more liberal economy, economic and financial actors have a greater responsibility towards society.
2. As long-term investors, asset managers have a major role to play in directing capital towards, for example, projects related to the energy transition.
3. We must also influence the strategies of companies, especially when we are among their main shareholders. ESG is a means of channelling money to the leading actors on these criteria, or on the contrary to put pressure on laggards, as part of a constructive dialogue.
4. We have a responsibility to our clients: we must deliver performance over the long-term. In a world where intangible assets represent an important part of the overall valuation of companies, ESG makes it possible to capture the decisive criteria over the long-term.

As far as Sustainability risk is concerned, Amundi does consider its contribution to the required collective effort, through

- the development of investment solutions enabling to direct capital where the financing needs are,
- an active, constructive and demanding shareholder dialogue (see Principle 9 for more details on these actions)
- the promotion of good practices in risks areas by contributing to collective initiatives (see Principle 10 for more details on these actions).

Illustration 13: **Commitment on three specific frontiers to promote a well-functioning financial sector**

With regard to Climate risk, mobilising the private financial sector at scale remains a significant challenge in financing climate policy and sustainable development, particularly in Emerging Markets and Developing Economies. Blended finance can be a solution to leverage on public capital to de-risk private investments and channel massive private investments across a multitude of works: developing key financial system infrastructures, support undeveloped segments of a market, while offering international investors investment opportunities with the right risk/return via mechanisms that include, but are not limited to, guarantees or credit enhancements.

To build bridges between climate-related investment demand on one side and climate-related financing needs on the other, Amundi has developed several private and public partnerships aiming at igniting a well-functioning green bonds market. .

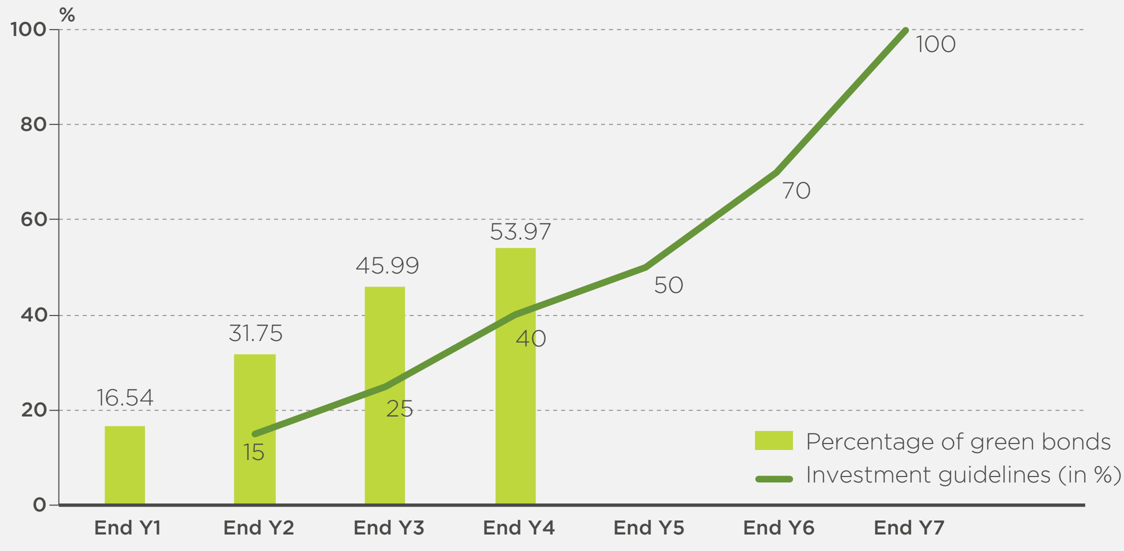
Case study 2: **Geographic Frontier – Emerging markets**

In partnership with the International Finance Corporation (IFC), Amundi has developed an approach that seeks to address the costly gap between the low-yield environment in developed markets that investors face and the extensive green infrastructure financing needs in developing economies. Amundi was selected by the IFC as its partner for implementing an innovative solution consisting of a fund, launched in March 2018 – the Amundi Planet Emerging Green One (AP EGO or "*the Fund*") – with additional support from the IFC's Green Bond Technical Assistance Program ("*GB-TAP*", or "*the Program*"). The partnership provides an innovative platform that combines extensive expertise in asset management (Amundi) with private sector development in EM (IFC) to help developing economies achieve long-term sustainable growth.

In 2021, the partnership enabled to

- Support enhanced data availability and share the IFC's methodology for ESG risk analysis through global public goods (IFC's ESG Performance Indicators for Capital Markets, IFC's Environmental and Social Management System Diagnostic Tool for Financial Institutions)
- Conduct training for EM financial institutions on green bond issuance to further stimulate growth of EM green bond issuance (e.g. four cohorts of the Green, Social, and Sustainability (GSS) Bonds Executive Online Training, which included a total of 134 participants (43% women) from 47 financial institutions located in 22 different countries)
- Increase awareness of the green bond principles and disseminate best practices in green finance,
- Increase the supply of EM green bonds. In turn this enabled us to allocation to green bonds at a steady progression pace well above the 40% targeted allocation for Year 4.

EM green bond ramp-up progress



Source: Amundi, fund data as of 31/12/21 on a mark-to-market basis.

Number of green bonds in portfolio: 34
Weight of green bonds in the portfolio: 53.97%

In 2021, a new partnership in collaboration with the International Finance Corporation has been set, announcing the launch of the "*Build Back Better Emerging Markets Sustainable Transition*" (BEST) strategy, a USD2 billion program to support a green, resilient and inclusive recovery from the Covid pandemic in Emerging Markets.

Case study 3: **Instrument Frontier - New and under-developed sectors**

In September 2020, the Asian Infrastructure Investment Bank (AIIB) and Amundi launched the AIIB-Amundi Climate Change Investment Framework (CCIF). Endorsed by the Climate Bonds Initiative (CBI), the AIIB-Amundi Climate Change Investment Framework's approach translates the key objectives of the Paris Agreement into fundamental metrics to assess an issuer's level of alignment with climate change mitigation, adaptation and low-carbon transition objectives. The CCIF delivers an extra financial impact as it is designed to encourage the integration of climate change risks and opportunities into business practices by targeting the engagement of B-list issuers (future climate champions with effective engagement) to help them transition to A-list credentials (climate champions).

This new investor tool provides, for the first time, a holistic issuer-level assessment of both climate change risks and opportunities. This framework, made public to promote common market practices, was utilised to launch in January 2021, the Asia Climate Bond Portfolio, a US USD300 million fixed income portfolio, actively managed by Amundi teams, which seeks outperformance by identifying, analysing and selecting tomorrow's Climate Champions. In 2021, almost half of the portfolio was comprised of bonds issued with the aim of financing infrastructure programs in sectors such as power and renewable electricity production, telecommunication services, transportation, gas utilities, and road & rail. A fourth of the allocation was dedicated to financing projects from other productive sectors, such as automobiles, chemicals, paper & forest products, and semiconductor equipment.

Case study 4: **Issuer Frontier - Private debt markets**

Launched in 2019 by Amundi with the support of the European Investment Bank, the objective of the Green Credit Continuum (GRECO) program is to support the most impactful, yet underdeveloped segments of green debt markets in Europe: high yield issuances, securitizations and private debt.

2021 was a very dynamic year for the green bonds market, especially in the high yield segment, enabling Amundi to complete 10 new transactions and perform our first capital.

With respect to private debt market and securitization, which are still at an early stage of growth and we continued our efforts to increase the supply. GRECO carried out its second transaction in the securitized segment in H1 2021 through a Dutch mortgage provider. We valued the provider strategy and the discounted rate offered by the bank to promote green projects among its clients, which also providers a strong rationale for regularly issuing green bonds. The provider has developed a list of proposed Nominated Projects & Assets which comply with the Low Carbon Buildings sector criteria of the Climate Bonds Standard.

Such initiatives have been complemented by additional commitments in 2021 and contribution to market standards and coalitions, in order to promote a well-functioning financial system, especially concerning Sustainability risks.

Illustration 14: **Commitment to the Net Zero Asset Manager initiative**

On July 6th 2021, Amundi joined the Net Zero Asset Managers initiative[10] and announced its intention to gradually align its portfolios and operations with a net zero emissions target by 2050 to limit global warming to 1.5°C. The Net Zero Asset Managers initiative is a group of 273 global asset managers with $61.3 trillion in assets under management[11] who have pledged to support the goal of zero net greenhouse gas emissions by 2050 or sooner, consistent with global efforts to limit warming to 1.5°C, and to support investment aligned with this goal.

This announcement constitutes a key step in Amundi's strategy to fight climate change and reflects the Group's convictions in this area, namely that:

- The financial sector is a key catalyst for action;
- Amundi must undertake to fight climate change at every level of the company;
- The transition will have to be fair, respectful of the environment, and aim to preserve and restore the latter;
- Knowledge, data and analysis are major drivers of change.

Amundi's "*Ambition 2025*" plan provides a concrete roadmap for meeting the Group's stated commitment to help achieve carbon neutrality.

Illustration 15: **Amundi's active participation in Green Bond Principles Executive Committee**

The Green Bond Principle have been developed and published as voluntary guidance to bond market participants for the issuance of Green Bonds. Amundi has been re-elected as a member of the Green Bond Principles Executive Committee for the year 2021-2022.

Amundi was involved in several working group (Impact Reporting, Climate Transition Finance, Sustainability-Linked Bonds, Social Bonds, Secured Sustainable Bonds task force).

10. This international initiative brings together asset managers who are committed to transitioning their investment portfolio to carbon neutrality by 2050.
11. Figure as of July 2021.

Illustration 16: **The example of biodiversity loss related risks**

Biodiversity loss in turn poses significant risks for society at large and also the companies we invest in. These include risks to food security, human health, and increased severity of physical events, which could have consequences not only for society but also for economic stability. The World Economic Forum's Global Risks Report[12] has for the past five years identified biodiversity loss and ecosystem collapse as a high level of global risk in terms of impact and likelihood. The WEF also found in 2020[13] that half of world's total GDP is moderately or highly dependent on nature and its services and, as a result, exposed to risks from nature loss.

Corporates and corporate actions both depend on biodiversity but also impact biodiversity loss. They derive value and material benefits from ecosystem services yet conversely, their activities put increasing pressure on the stability and reliability of the services and materials that nature.

Amundi is an active member of the Finance for Biodiversity Pledge This initiative brings together 84 financial institutions from around the globe, committing to protect and restore biodiversity through their finance activities and investments.

Amundi represented the signatories with a speech at the High Level Segment of the Fifteenth United Nations Conference on Biodiversity (COP15) to call on global leaders to protect and restore biodiversity.

In 2021, Amundi launched a specific engagement campaign on biodiversity (more details in Principle 9).

12. https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf
13. http://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

1. Review and assurance of our ESG approach

Each of the four key ESG committees is responsible for reviewing the policies and processes under their remit on an annual basis at the minimum.

- ESG Strategic Committee
- ESG Rating Committee
- Voting Committee
- ESG Management Committee

(More details on the four ESG committees in Principe 2)

They also oversee our progress towards delivering the changes necessary to fulfil our "*Ambition 2025*" plan's objectives (see Principle 1), having successfully achieved those for the 2018-2021 ESG plan.

On specific funds, we have French Socially Responsible Investment (SRI) labels in place and apply the International Financial Corporation's (IFC) Performance Standards. A significant part of Amundi's funds are certified by other French or international labels[14], and are therefore audited to ensure that the associated requirements are verified. We reinforce these external certifications through our internal assurance and oversight processes.

2. A three level control process on ESG topics

Amundi operates a 3-level control to ensure the consistency and good implementation of our Responsible Investment approach:

a. Risk Department.

ESG constraints are verified daily by our Risk Department. This ensures compliance with Amundi's exclusion policy and ESG-specific portfolio guidelines. ESG ratings (see Principle 7 for more details on the methodology) are among the tools available to the risk department. This enables ESG topics to be integrated within Amundi's control framework. The risk department oversees adherence to regulatory requirements and management of risks related to these topics, as well as monitoring adherence to ESG constraints (whether exclusions or other rules) within mandates – which are regarded in the same way as any other contractual requirements. Alerts for potential breaches are automated both pre and post-trade.

14. Essentially depending on the countries of distribution, the typology of clients, etc.

b. Internal Audit Department

Our ESG processes and systems are also audited internally by Amundi's Internal Audit Department. This oversight plays a key role in our oversight of ESG processes and systems, providing confidence and assurance about quality and consistency of our approach and delivery. The Audit team is independent and provides challenge and input across the business.

c. Group General Inspection (IGL)

Finally, the Group General Inspection (IGL) punctually leads different types of missions on ESG topics, to ensure the well-functioning of processes, the monitoring of risks, etc. The Group Inspector General reports directly to the Chief Executive Officer of Crédit Agricole S.A. They report regularly to various bodies: Crédit Agricole S.A.'s Audit and Risk Committee, the Group Internal Control Committee and Crédit Agricole S.A.'s General Management Committee. They also regularly interact with the regulators, primarily the Prudential Supervision and Resolution Authority.

Here are some examples of the main activities of the Audit/Inspection units:

- joint approval of audit plans, with IGL being the final decision-maker,
- communication to IGL of the conclusions of audit assignments,
- regular activity reporting to IGL by the Audit-Inspection units.

Given the sensitivity on ESG topics and the material importance for Amundi to protect its clients trust, Amundi may seek external assurance, over and above these three levels of control.

3. Dedicated control of data

Two levels of quality controls are applied on the ESG data inputted into our systems: the first relates to data (project management), and the second to business lines.

- The first, data-related quality control, is performed on the files provided by suppliers. It covers, in particular: ❶ checking the files' contents, not least to ensure scores are up-to-date; and ❷ checking the format quality of the files provided by suppliers.
- The second-level controls in the business line ensures the integration quality and scoring of the criteria. It is particularly used to detect missing criteria, as well as insignificant or anomalous scores.

Relevant alerts require members of the analyst team to intervene. Every month, in order to calculate ratings, a ratings simulation is sent to the entire team. Each analyst then validates the ratings of the companies that they oversee. In each step in the process, multiple quality controls are performed, including:

- controls on stability of the analysis universe, identifying entries and departures from the universe or those that are excluded, as well as companies coming close to doing so; and
- controls analysing the rotation rate, verifying the dynamic of the rating breakdowns by quintile between different months, and performed with respect to the overall rating (ESG) as well as each individual component (E, S, and G).

➜ Our progress in 2021

Illustration 17: **Risk team's input into our Stewardship activity and ESG work**

An annual risk assessment of our voting processes has been carried out for each of the last four years. The number of AGMs at which we voted doubled over that time frame, and there was an increase of more than 25% in the number of resolutions considered. The review process noted only a small number of operational issues. Following such review, we implemented a set of recommendations from this review process to enhance our procedures and remove the risk of human error, across a range of areas including:

- ensuring all portfolios are covered by our voting approach,
- all appropriate holdings are voted,
- powers of attorney are up to date, - stock recalls are successful,
- and ensuring our record-keeping covers every vote against management.

Illustration 18: **External assurance in the context of the Amundi 2021 ESG Ambition plan achievement**

Following the implementation of the 100% ESG integration objective related to the Amundi 2018-2021 ESG plan, an independent mission was conducted by PwC in April 2021 verify that it has been correctly implemented in the eligible scope of funds.

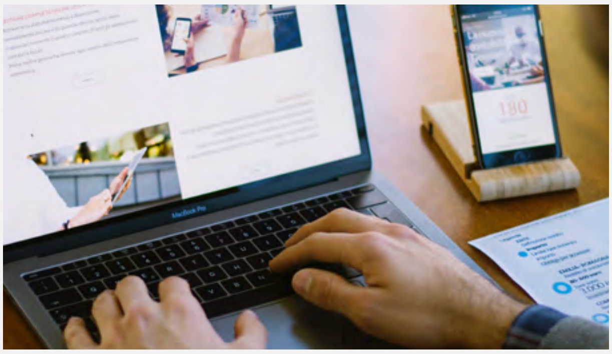


Illustration 19: **External assurance in the context of the Amundi responsible Investment AUM publication**

Regarding the annual publication and reporting of AUM qualified as Responsible Investments, Amundi's statutory auditors have carried out procedures on the amount of assets under management classified as Responsible Investments by Amundi of EUR847 billion as at 31 December 2021. Statutory auditors have issued a limited assurance report on the assets under management reported as Responsible Investments by Amundi which is presented in the Universal Registration Document for the financial year ended 2021. Their report indicates that based on the work they have performed and the evidence they have obtained, nothing has come to their attention that causes them to believe that the information is not prepared, in all material respects, in accordance with the Amundi reference framework.

INVESTMENT APPROACH

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

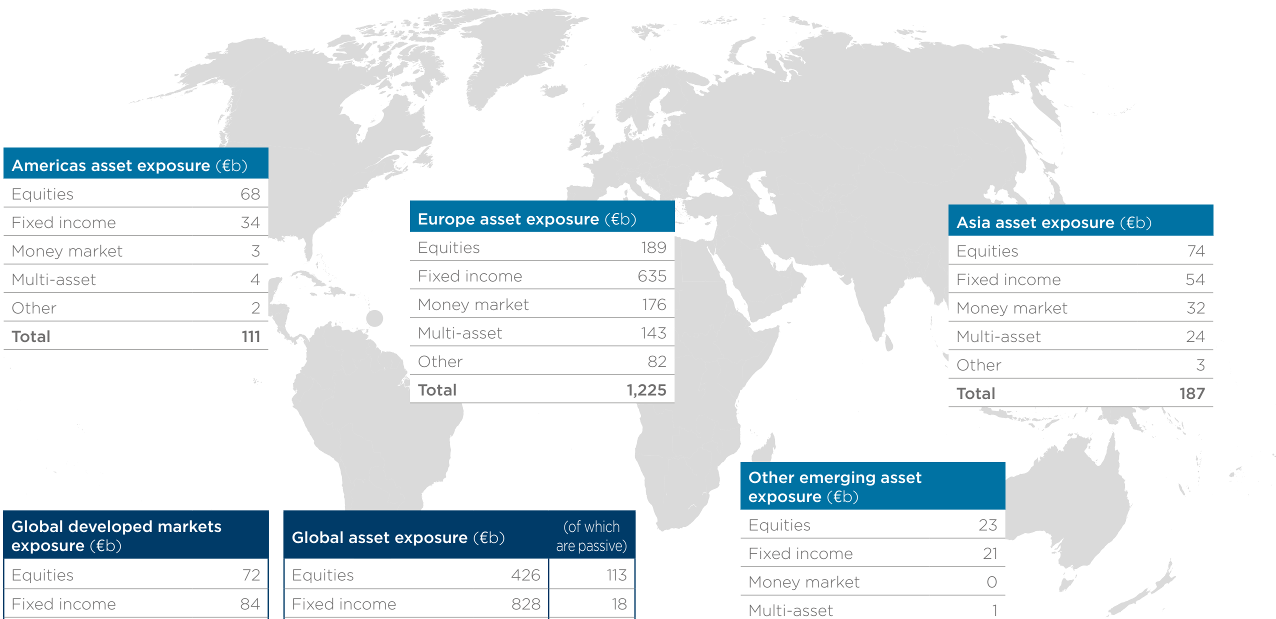
Amundi recognises the fiduciary duty placed on our shoulders by clients entrusting us with their money, and we work to deliver on that duty by investing with their long-term interests at heart.

We believe that our active stewardship framework can deliver meaningful change and value added over a 3-year horizon, on average. However, in some areas, it could take longer and we are prepared to stay the course. "*Investing for the long term is an advantage*" is one of our core investment beliefs. All clients should benefit from our long-term investment approach and our overall Responsible Investment approach.

1. Tailoring our approach to client needs

Graph 5: **AUM by geography and asset class (as of end of December 2021)**

Where our clients' assets are invested



Americas asset exposure (€b)	
Equities	68
Fixed income	34
Money market	3
Multi-asset	4
Other	2
Total	**111**

Europe asset exposure (€b)	
Equities	189
Fixed income	635
Money market	176
Multi-asset	143
Other	82
Total	**1,225**

Asia asset exposure (€b)	
Equities	74
Fixed income	54
Money market	32
Multi-asset	24
Other	3
Total	**187**

Other emerging asset exposure (€b)	
Equities	23
Fixed income	21
Money market	0
Multi-asset	1
Other	0
Total	**45**

Global developed markets exposure (€b)	
Equities	72
Fixed income	84
Money market	19
Multi-asset	150
Other	23
Total	**348**

Global asset exposure (€b)		(of which are passive)
Equities	426	113
Fixed income	828	18
Money market	230	0
Multi-asset	322	2
Other	110	0
Total	**1,916**	**133**

2. See Amundi's responsible investment policy

a. Our overall Responsible Investment approach

Please note that the ESG rating scale is discussed in more detail in the ESG Integration chapter of the report (Principle 7).

In all actively managed portfolios for which Amundi has full discretion, as well as in our ESG ETF products range, we apply a sectoral exclusion policy, and bar investment in assets from issuers that we deem of lowest ESG quality (rated G on our A-G scale). For any new mandate or dedicated fund, Amundi's exclusion policy shall be implemented in accordance with our pre-contractual documentation, unless otherwise requested by a client.

Our shareholder engagement approach applies across all of our assets under management, including passively managed funds. Our Responsible Investment solutions encompass the following approaches that can be exclusive or combined: negative screening, best-in-class screening, norms-based screening, sustainability themed investing, Impact investing.

b. Our Responsible Investment assets under management

As of end December 2021, Amundi managed EUR847 billion of Responsible Investment assets in the following areas, aiming to address the diverse ESG preferences of our clients:

- **Broad ESG integration solutions:** Portfolios that take into account E, S, and G criteria simultaneously in addition to traditional financial analysis. These solutions meet the vast range of responsible investment needs, objectives and motivations of our clients.

Most of these solutions, placed at the core of our ESG offering, combine a best-in-class approach, which consists in selecting within each sector the issuers with the best ESG practices. Many individual products, family of funds, etc. also have deeper ESG integration, through higher selectivity, rating or non-financial indicator upgrade, thematic selection, etc.

➜ Our progress in 2021

During 2021, Amundi defined its new ambition related to Broad ESG integration solutions. As stated by the "*Ambition 2025*" plan presented in December 2021, a new transition assessment score will be considered for the broad ESG integration solutions, to evaluate the companies on their journey towards a low-carbon economy. We also plan to expand our ESG passive offering to reach 40% of the total passively managed product range by 2025. This will be achieved by developing new products and by proactively converting standard exposures into an ESG equivalent.

- **Sustainability themed investment solutions:** Thematic and impact-oriented portfolios such as Paris-Aligned or Climate Transition (PAB/ CTB) index solutions, Just Transition for climate solutions, green, social and sustainability bond funds, green infrastructure / debt and others. Some of these initiatives have been developed in partnership with key public and private actors, such as the International Finance Corporation (IFC), the Asian Infrastructure Investment Bank (AIIB), the European Investment Bank (EIB), or Electricité de France (EDF).

➜ Our progress in 2021

As of end of December 2021, the Sustainability themed investment solutions, dedicated to specific initiatives promoting environmental and energy transition or social cohesion[15], reached EUR34.8 billion.

During 2021, Amundi defined its new ambition related to Sustainability themed investment solutions. As stated by the "*Ambition 2025*" plan presented in December 2021, Amundi is committed to support their deployment with the development of Net Zero 2050 funds over all main asset classes, and an objective of asset under managements in impact funds of EUR20 billion.

c. Understanding and responding to client needs

Amundi seeks to build close relationships with clients, to understand their needs and to ensure that products are tailored appropriately.

➜ Our progress in 2021

One of the objectives of our 2018-2021 ESG plan was to strengthen our strategic advisory activities to support our clients in their ESG development initiatives. Depending on individual client ESG integration goals and constraints, we developed in 2021 the following advisory capabilities support:

- Defining an ESG charter
- Creating a database of ESG criteria and calculating ad hoc ESG ratings
- A customised engagement program focusing on specific themes
- ESG analytical and portfolio management tools via Amundi's proprietary ALTO system.
- Designing an ESG reporting system
- Customised training programs covering various aspects of ESG such as integration methodologies, scoring systems, voting and the SDGs.

Feedback is formally collected from clients in order for us to continually improve the quality of the advisory and training services that we provide.

15. The objective of doubling the assets dedicated to specific initiatives promoting energy transition or social cohesion published as of 8 October 2018.

In a similar way, we have worked closely with clients to develop appropriate products to respond to their climate change investing needs. We have prioritised the transition to a low-carbon economy through an extended investment offering of off-the-shelf and bespoke climate solutions. Amundi aims to support investors in the design, management, and monitoring of their efforts to integrate climate change into their investment approaches centred around two major goals in constructing climate change-related investment solutions: managing risks and encouraging the transition.

This table shows the main strategies that we have developed alongside our clients:

	Equity	Fixed Income	Real Assets
Align Investments to a Net Zero Trajectory	**Paris Aligned & Climate Transition Benchmark ETFs**	**Paris Aligned & Climate Transition Benchmark ETFs**	**Paris Aligned & Climate Transition Benchmark ETFs**
	Global Green Equities	Euro Bond Climate	
	European Climate Equities	Just Transition for Climate	
	Global Climate Multi-Asset	Global Climate Multi-Asset	
Finance the Ecological and Energy Transition *For and with impact*	Global Sustainable Infrastructure	Global Green Bonds	Green Real Estate
	Global Natural Resources **Water Energy Global Resource**	EM Green Bonds	Green Senior Impact Debt
		GRECO Green Credit Continuum	
		Green Bonds ETFs	
	European Green Equities		
	ESG Thematic Equity ETFs: New Energy, World Water		
	Amundi-AIIB* Climate Change Investment Framework	Amundi-AIIB* Climate Change Investment Framework	

* AIIB: Asian Infrastructure Investment Bank

➜ Our progress in 2021

Illustration 20: **Accompanying clients in their Net-zero journey**

In 2021, Amundi pro actively accompanied two major European insurers in their Net Zero journey

By becoming signatory of the Net Zero Asset Owner Alliance (NZAOA), the two European insurers strengthened and clarified their commitment towards a low-carbon economy. Amundi played an active role by supporting the two insurers in becoming Climate Leaders in their industry:
- Carrying out in-depth review of carbon emissions exposure of portfolios.
- Aligning portfolio objectives with those of the Net Zero Asset Owner Alliance Protocol.
- Setting guidance in engagement, carbon reduction, sectoral and climate solutions targets.

Insurer 1 - Net Zero objective in 2050 with the following 2025 targets:
- Reduce the carbon footprint of its listed equity and corporate bond investment portfolios by 25%, compared to 2019.
- Double its investments in renewable energy

Insurer 2 - Net Zero objective in 2050 with the following 2025 targets:
- Reduce the carbon footprint of its equity and corporate bond portfolios by 30% by 2025 compared to 2018.
- Double the part of green investments between 2020 and 2025

Illustration 21: **Accompanying client understanding of their Climate risks**

In 2021, Amundi conducted a review of available transition and physical risk metrics to evaluate the exposure of existing mandates to climate-related risks for a European pension plan. By using transition and physical risk scores from different data providers, and by including in-house methodologies, some risk areas were identified and reported to the client. This has led to the implementation of new guidelines on both transition and physical risk when the concerned client renewed their mandates later in the year.

In addition to seeking direct client feedback on the quality of our products and services, we also use annual third party surveys including a "*customer recommendation index*" which is rolled out in Europe and Asia at present. On that basis, we believe that we manage and deliver funds that fully comply and respond to client needs.

➜ Our progress in 2021

Illustration 22: **Actions taken from customers' survey outcome**

In 2021, the results from our annual clients' survey highlighted a need for new thought leadership publications related to ESG dimensions. Following this outcome, Amundi decided to launch a new publication series entitled "*ESG Thema*". These short papers aim to shed light on Amundi's ESG expertise, by presenting key concepts, sectoral analyses, regulatory evolutions, and potential solutions for investors. Moreover, these easy-to-use pieces provide analytical frameworks to help investors understand sometimes complex issues around ESG and responsible investing. For example, the third paper of the ESG Thema series provides an original guide to help investors integrate Net Zero targets in their portfolios, through five "*key ideas for Net Zero*". Another paper provides an overview of the current ESG disclosure requirements for companies and seeks to identify best practices to increase the ambition and harmonization of corporate sustainability reporting.

Through these ESG Thema papers, Amundi has also been able to demonstrate its capacity to react quickly following important ESG-related news or events, and analyse their consequences for investors. For example, we have published a paper shortly after COP26, identifying the main sustainability and climate pledges taken by states and corporates, and the opportunities these could represent for institutional investors.

These papers are now part of Amundi Institute's most consulted publications, proving that there is a clear interest from clients and the financial industry at large to stay informed on rapidly evolving ESG topics.

Furthermore, we ensure that our contractual relationships with clients explicitly set out our delivery of ESG and stewardship on their behalf, and we work diligently to deliver against those client requirements.

Risk management is an important part of our stewardship approach. Two major risks appeared over the last two years: in the form of a health crisis and more recently a geopolitical one. The Covid-19 pandemic was a global event without modern precedent. It became an economic crisis which was reflected in the sharp drop in asset prices and an increased volatility on financial markets. Amundi managed the crisis and continued normal operations thanks to the actions taken in terms of risk management, human resources and IT to monitor the liquidity of our portfolios and to enable all Group employees to work remotely or on site, as appropriate throughout the year, under satisfactory and secure conditions. Maintaining this high level of service to our clients was achieved through rapid communication regarding the continuity of our service and ability to provide support, as well as the implementation of digital tools to support partner networks in understanding the market environment and conducting sales activities remotely.

2. Reporting openly and transparently to our clients

Amundi welcomes the opportunity to be fully transparent and open with its clients, and maintains clear channels of communication. This includes providing investors with a wealth of documentation on its Responsible Investment approach, Engagement and Voting policies and reports and other ESG-related reports. Furthermore, Amundi is able to provide both generic and customised ESG reporting depending on individual client needs. We include a list of the documents available and sample reporting in the appendix section.

➜ Our progress in 2021

Amundi published its first integrated Climate Report, aiming not only to answer to the French Energy Transition for green Growth Act's requirements and to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), but to become a key reference document to provide a comprehensive summary of Amundi's ESG and Climate initiatives accessible to all stakeholders.

3. An external certification to ensure the quality of our key internal processes and reporting capabilities

An annual ISAE 3402 audit is carried out by PricewaterhouseCoopers. This provides independent assurance in relation to our key internal processes and reporting capabilities, with a particular focus on our ability to deliver on behalf of clients and in line with our agreements. This bolsters our confidence that our work to assess the fairness of our reporting, and then to apply controls and checks, does in fact deliver fair and honest reporting on our activities to the benefit of all our clients.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

The environmental, social, and governance (ESG) issues that companies face have a major impact on society. They also have financial consequences for businesses, both in terms of risk and opportunities. Amundi aims to better understand these factors and to incorporate those risks and opportunities when making its investment decisions on behalf of our clients. We detail in this section how ESG criteria are incorporated into our management processes for ❶ corporate listed assets, ❷ sovereign debt issuers, ❸ real assets as well as ❹ delegated funds. In addition to the ESG analysis, Amundi applies a strict exclusionary policy explained hereafter. Finally, we provide a focus on the enhancing investment integration over 2018-2021.

1. ESG analysis consolidates value creation

Amundi believes that ESG analysis consolidates value creation as it provides a holistic understanding of the overall company. This belief has led us to integrate ESG criteria across all our active management processes, and to implement an engagement policy. Underlying ESG integration is the conviction that a strong sustainable development policy enables issuers to manage their regulatory and reputational risks better and in addition to improve their operational efficiency. By integrating such issues fully, investors can therefore take into account long-term risks (financial, operational, reputational, etc.) and also fully exercise their responsibility to clients and society as a whole.

For this reason, we believe that the aim of ESG analysis is to raise awareness and encourage companies to do business with a sustainable development approach, while assigning them an ESG rating. Our analysis makes it possible to incorporate risks related to the company's activity, enabling us to reduce the overall level of risk our clients face.

Therefore, we constantly monitor our investee companies, across all E, S and G factors as well as more traditional financial metrics. We seek to identify problems and concerns early before they damage company performance and affect our clients' investment performance.

Graph 6: **Rating of corporate, supranationals & agencies issuers**

1. Criteria & Weights

Using a Best-in-Class approach, the ESG analysts are in charge of:

- Defining the most relevant criteria for each sector
- Weighting the criteria and the underlying data by sector
- Assessing the quality of data providers & improving the methodology

Qualitative Approach

2. ESG rating calculation

- ESG Rating are calculated by using the ESG criteria and weights assigned by the analysts and combining the ESG scores obtained from our external data providers
- Strict calculation process
- Monthly update
- Over 10-year track record in ESG ratings

Quantitative Approach

3. Qualitative input

In addition to ESG ratings, our ESG analysts integrate qualitative input retrieved from:

- Meetings with companies
- Meetings with industry experts
- ESG data/research from external providers and open source materials

Qualitative Approach

+13,500 issuers ESG rated

ESG coverage spans all main equity & fixed income indexes

A B C D E F G

Source: Amundi as of November 2021

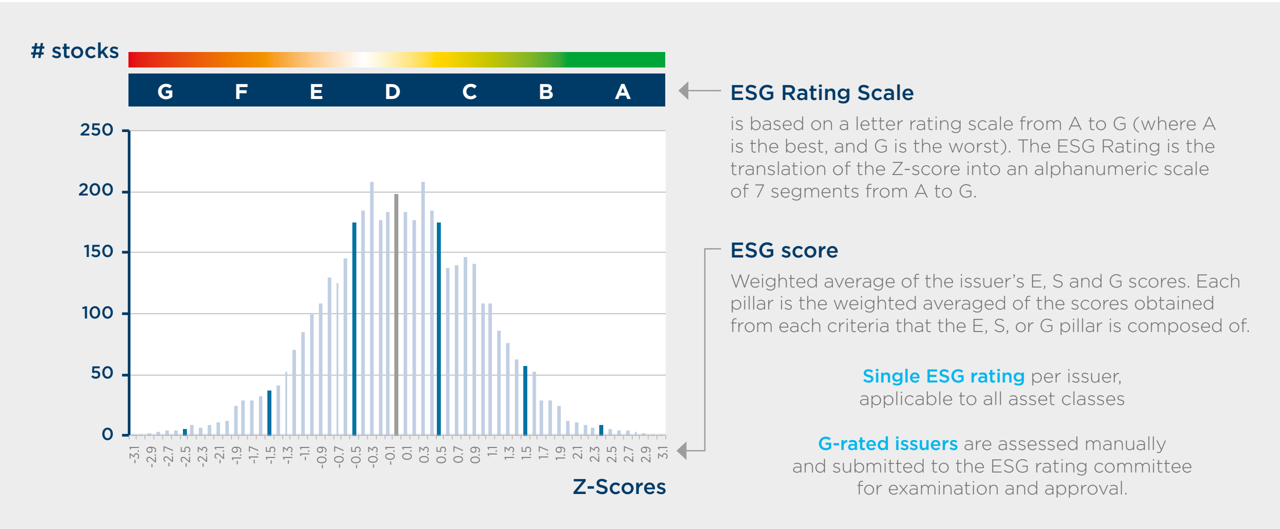
2. A proprietary ESG rating available to all portfolio managers

a. Overview of the ESG rating

The outcome of the E, S, and G ratings aggregation and analysis of a range of sources is our proprietary rating, now available for 13,500 issuers[16]. The ratings range from A to G, with G as the worst. Different funds are permitted to hold different stocks, but almost all portfolios (the only exceptions being some passively managed portfolios) are required to exclude G rated stocks.

16. As of end of September 2022

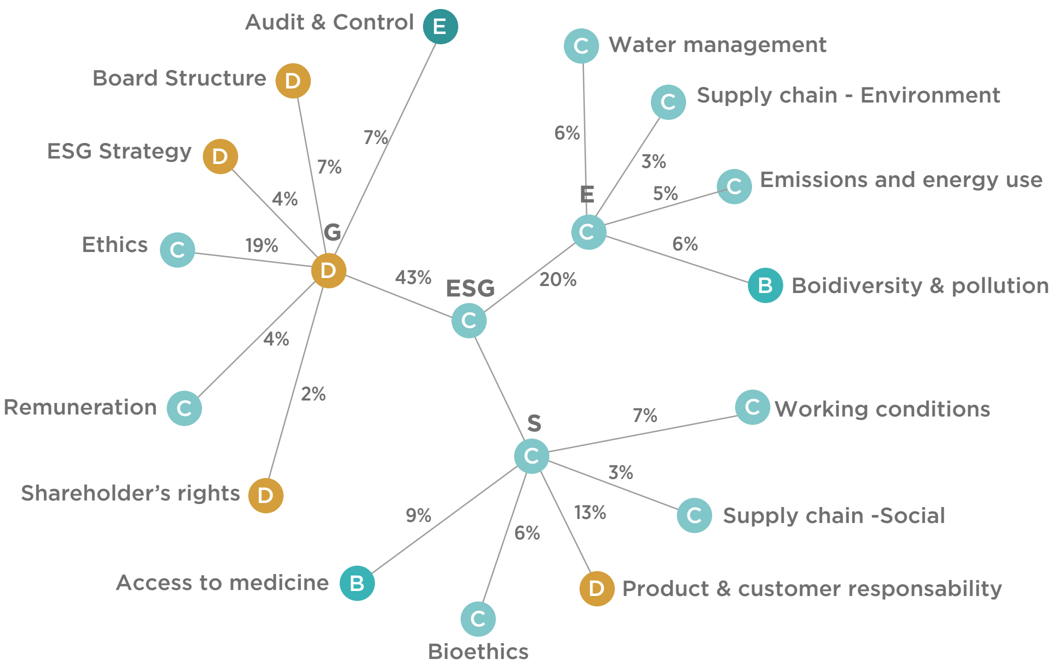
Graph 7: **From the ESG score to the ESG rating scale**



* Calculation methodology which transforms ESG criteria into Z-scores (deviation in the security's score compared with the average score for the sector, by number of standard deviations).

Issuers are monitored on an ongoing basis and any news on controversies is factored in the ESG analysis. Controversy analysis can lead to a change of rating either at the level of the relevant criterion or at the final ESG rating level. Our proprietary Stock Rating Integrator tool also enables total transparency. At any time, the rating assigned to a given issuer can be explained using a flower graph based on the company's scores on the various criteria. Here is an example of an ESG rating of a company displayed in the tool.

Graph 8: **Example of an ESG rating of a company displayed in the tool**



In addition to the standard calculation of ratings, an active and in-depth analysis is carried out on a number of issuers selected by the ESG analysts.

Such coverage of a company can be triggered by several reasons:
- specific requests from portfolio managers;
- the overall level of exposure of Amundi to a given issuer;
- our annual engagement campaigns;
- issuers with a particularly weak ESG rating for a given criterion; and
- the quarterly controversies screening.

b. A set up intended to provide the highest value to the clients

The ESG analysis team is independent. It works however closely with the investment management and financial analysis teams. This organisation ensures the quality and the independence of the ESG analysis and opinions.

In addition, all G-rated issuers are validated by the ESG Rating Committee, directly or through the approval of the exclusion process. The separation of the ESG analysis allows our portfolio managers to benefit from different skills sets (both financial analysis and ESG analysis) and to make their investment decisions independently. Except for G-rated issuers, our portfolio managers have the final say on whether or not they should invest in a given issuer's securities.

We believe this structure provides the highest value to our clients, who can benefit from the full expertise of our ESG analysis, financial analysis and investment management teams, collectively and individually. Amundi regards its active engagement approach as an integral part of its ESG integration policy. One aim of engagements is to assist companies in making progress in terms of our ESG ratings analysis. This enhances their impact on the real world, and also widens the investment universe for our portfolio managers and for our clients.

3. ESG analysis and rating across asset classes

a. Amundi proprietary ESG rating at company level, applying to both listed equity and debt

Our ratings approach is at the company level and applies to equity and fixed income instruments alike. This approach is reflected in Amundi's emphasis on double materiality. A negative real-world impact of an issuer should not be diminished in importance just because the asset class in question may be less financially sensitive to that impact.

Our ESG analysis framework is comprised of 38 criteria, of which 17 are cross-sector criteria, common to all companies whatever their business sector, and 21 sector specific criteria. These criteria were designed to either assess how sustainability issues might affect the issuer as well as the quality of the management of this dimension. Impact on sustainability factors as well as quality of the mitigation undertaken are also considered.

These ratings, and the calculations of the 38 criteria that are relevant for arriving at the ratings, are available to all of our portfolio managers through their investment portfolio management software tool. This enables them to integrate sustainability issues into their investment decisions and apply any relevant constraints for their portfolios.

Our ESG analysts also annually review the application and weightings of the 38 criteria to each sector. This enables us to maintain quality and ensure that we seek to continuously improve our analysis by considering the materiality of the criteria and their weights. Our ESG analysts are sector specialists and within each sector are tasked with:

- Tracking trends (macroeconomic, regulatory, etc.)
- Establishing weights based on the materiality of ESG factors
- Interviewing a representative panel of companies
- Writing sector analysis reports
- Selecting the most qualified external data suppliers meeting the definition of our criteria
- Defining the weights to each data supplier that represent the level of contribution of each supplier's ESG score to the final ESG score of an issuer.

A similar approach is applied in a tailored way to other asset classes to reflect their particular impacts.

b. The specific situation of sovereign debt issuers

With regard to sovereign debt issuers, our approach again seeks to consider the main ESG issues to which an investor is exposed. We seek to assess the ESG issues embedded in governments' current and past policies, which could be reflected in a country's ability to reimburse its debt in the mid- to long-term, and so thus represent a risk for investors. We also seek to assess how countries handle the major sustainability issues that contribute to the stability of global society. Our methodology relies on about 50 indices or factors, each of which represents one ESG issue. These are constructed from an external data provider that bases them on information from various sources including the World Bank and the UN as well as proprietary databases and expert scorecards. These are combined into an Amundi ESG sovereign index, grouped into eight categories under the pillars E, S and G:

Graph 9: **Examples of thematics within each pillar**

Environment	Social	Governance
Climate Change	Human Rights	Government Effectiveness
Natural Capital	Social Cohesion	Economic Environment
	Human Capital	
	Civil Rights	

→ Our progress in 2021

Amundi implemented in 2021 a dedicated in-house ESG approach to cover Supranational entities and Agencies. This approach was designed in order to improve our coverage, especially on fixed income portfolios. It relies mainly on data collected at both corporate and sovereign level from third-party data vendors.

c. Real assets

With regard to other types of instruments or issuers, we have developed specific methodologies to assess the ESG quality of different instruments and issuers. These methodologies respond to issues arising from the nature of the relevant instruments or because our existing external data providers do not provide relevant coverage.

These methodologies cover private equity, private debt issuers, impact investing and real estate, as well as specific instruments such as green or social bonds. Each methodology is specific, but they all share the same target: the ability to anticipate and manage sustainability risks and opportunities, as well as the ability to mitigate their potential negative impacts on sustainability.

Amundi has developed a significant real assets activity, totalling more than EUR60 billion as of end of December 2021.

By integrating real estate, private equity, private debt, green infrastructure, multi-management and social impact investing expertise within one division, Amundi Real Assets can offer investors diversification opportunities and long-term returns. Through our proximity to market players and our regional presence, we are committed to facilitate access to responsible investment real assets solutions and to measure the impact of these solutions on society, people and the environment. The limited nature of the real assets investment universe and the manageable number of portfolio positions in each of the funds enable our investment teams to maintain close direct contact with all our counterparts. They are thus also better equipped to influence these counterparts on ESG issues and to ensure that they comply with their sustainable investment commitments.

➜ Our progress in 2021

Building on the drawing up of charters by asset class, Amundi decided in 2021 to introduce by 2022 an ESG charter common to all of Real Assets' areas of expertise.

In parallel, in 2021, we have strengthened the Real Assets division's ESG governance by creating a dedicated ESG team and setting up a community of employees who are involved in ESG issues within each area of expertise: the "*ESG Front Runners*". It provides an opportunity for ongoing exchange on regulatory changes and how to interpret them, and for sharing of information and best practices between our areas of expertise.

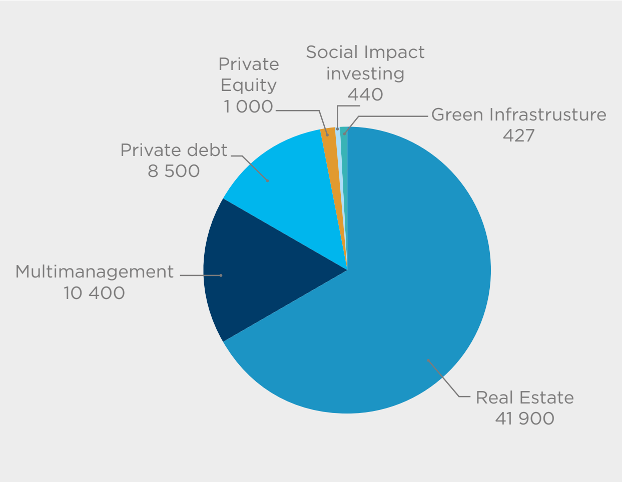
Another significant feature of Amundi Real Assets is the existence of an unlisted social impact strategy. The team in charge has over 10 years of experience and is responsible for the creation of the Amundi Finance et Solidarité fund.

Amundi Real Assets' commitments to a more sustainable world are articulated across three main pillars:

- Acting for the climate
- Increasing transparency
- Aligning the interests of all stakeholders

Amundi Real Assets division benefit from a 5-person ESG team dedicated supported by Amundi Responsible Investing team- and a 28-person ESG Front Runners team (management, marketing, layers, etc), who champion ESG issues.

Graph 10: **Amundi Real Assets AUM (EUR million) as of December 31, 2021**



- Amundi Private Equity's (PEF) ESG approach

Working with the ESG team, Amundi PEF has integrated an ESG approach into its investment process. It is characterised by the systematic deployment, upstream and downstream of the investment decision, of an exclusion process, an ESG rating process, and a process to support companies with regard to ESG issues over the entire holding period of the investment. All potential investments for an SRI fund must comply with the exclusion policy and undergo due diligence processes conducted by Amundi's ESG analysts (or under the analyst's supervision if the due diligence is outsourced), who assigns a rating prior to the investment. The process is further outlined in the chart below.

A rigorous investment process

Initiative Associate Director	Origination	- **A methodical dealflow selection** resulting from a network of local banks and independent business providers and a proactive approach
Weekly meeting	Initial review	- The **initial review** helps eliminate deals that do not correspond to our strict investment criteria; the ESG exclusion policy is applied - Pre-selection according to **ESG criteria**
	Financial and strategic analysis	- A **detailed analysis** is conducted by the team in charge, based on: • An assessment grid used to detect risks and opportunities • The use of external specialists for in-depth due diligence
	ESG analysis	- An **ESG analysis** eliminates companies failing to comply with the selected ESG criteria - Interview with an Amundi **non-financial analyst** and recommendations made at governance body level
Pre-due diligence Investment Committee **Investment Committee post-due diligence**	Decision	- The **decision to invest** is made by a committee, based on the detailed analysis of the project, the risk matrix and the due diligence review by a due diligence mentor • The risks matrix, made by risks and compliance – ethics teams, insures that the investment is realised within the framework of financial regulations and of the rules of conduct, especially concerning conflicts of interest
	Closing	- Each investment is **made and followed up in liaison with the cross-functional teams** (Financial Control and Operations, Risks and Compliance)
	Post-closing	- **Active role** in Supervisory Board - Implementation of **corrective measures** post-closing

The investment committee's decisions are made exclusively by the management team (with opinions from the Risk and Compliance departments)

- Private debt

Taking ESG criteria into account has been an integral part of the private debt investment process since inception in 2014, from the investment selection phase through to the maturity of the loans and bonds. The general principles common to all the areas of expertise are presented below:

	Origination	- Investment opportunities received by the Private Debt investment team and discussed during the weekly pipeline review meetings - Systematic participation by a member of the ESG team in pipeline meetings
First level ESG NO GO	**First filter**	- The initial review is used to eliminate any cases that do not meet the strict investment criteria - The ESG exclusion policy is appled or, in the case of pre-existing ESG rating, G-rated cases are automatically excludes
	First submission to committee	- An analysis of the major aggregates (credit profile, transaction) is conducted on the basis of information provided by the company's management - It goes to committee after the step, the ESG exclusion table/score being included in the document
Second level ESG validation	**ESG analysis**	- If there is no rating in the Amundi data base, ESG questionnaire sent by the ESG analyst and response by management or the person responsible for ESG matters - The ESG analyst formalises an analysis document with the conclusion in the form of a color code
	Second submission to committee	- In-depth credit analysis document including the ESG analysis (or ESG rating) - Second submission to committee to validate the credit profile. The ESG team has a permanent seat on the investment committee
Support and encouragement to improve ESG practices	**Final validation by committee**	- Negociation of loan documentation and price - integration of ESG information commitments, structuring of Sustainability-Linked Loans mechanisms if relevant - Definition of monitoring indicators and presentation to the issuer by the ESG analyst
	Follow up	- Follow-up at least once a year and ESG reporting sent to subscribers - Remedial actions for any ESG deviations

- Fund of funds – private assets

ESG in one of the pillars of our fund of funds due-diligence process, alongside financial, operational and legal aspects. In our selection process, we analyse ESG practices at the corporate or General Partnership (GP) level and ESG integration in their investment process. This analysis is based on our knowledge of current best practices.

We also pay special attention to the quality and scope of the ESG reports. Beside the integration of ESG criteria in our selection process, we also want to make our voice heard through continuous dialogue and engagement. We systematically include ESG requirements within a side letter agreement with GPs and we stipulate specific ESG reporting requirements.

- Real Estate

Client assets in real estate are mainly invested in office properties across European prime cities. Amundi is a leader in this market segment and invests in over 1,100 assets. The real estate division has developed a comprehensive Responsible Investment Charter that details its ESG approach. The assessment of the environmental and social performance of a real estate asset is based on the analysis of 8 pillars.

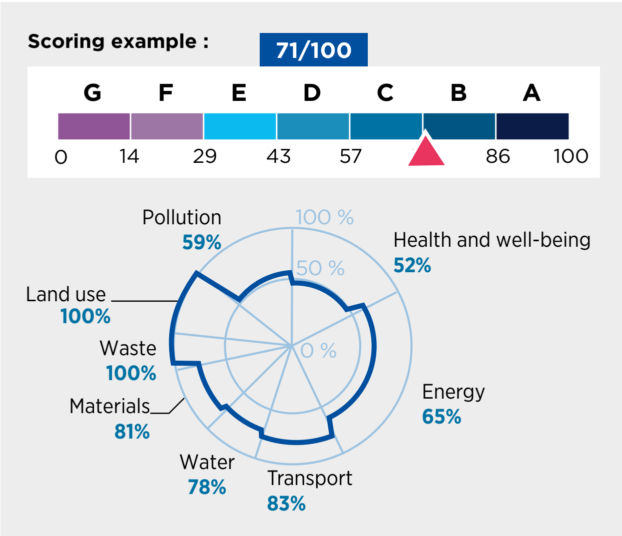
The presentation of these results is organised into 8 areas and each question falls under one of these categories:

- Health/Well-being
- Energy
- Transport
- Water
- Waste
- Pollution
- Sustainability of equipment
- Land use and ecology

The environmental and social mapping is designed to provide the level of detail necessary to identify the key factors affecting each asset. It is carried out via a 56-question survey based on the BREEAM[17] In-Use Part 1 standard (evaluation of the intrinsic performance of the building and installed equipment), except for the energy part for which we prefer to apply more stringent requirements by opting for a tailor-made criterion. Thus, each country is evaluated differently depending on its energy regulations and, more specifically, the regulations which apply to the building as determined by its year of construction.

Assessing the responses makes it possible to score the assets on a scale of 100 for their environmental and social performance. The score assigned to the asset for each criterion appears in blue in the diagram; The weighted average reflecting the asset's overall score is shown in the box. It is also possible to put the asset in context compared against the internal score (ranging from A to G, where A is the best score). We also use the help of SINTEO, a specialist environmental consultant.

Environmental and social performance



17. BREEAM: Building Research Establishment Environmental Assessment Method

➜ Our progress in 2021

In 2021, a review of Amundi Real Assets' ESG strategy was conducted. The aim of this study was to analyse the ESG practices of our various teams, to compare them with market practices and to identify avenues for improvement through the recommendations made. The conclusion of this review was presented to the management of Amundi Real Assets at the end of 2021 and led to the gradual implementation of a new organisation on ESG-related issues.

d. Delegation of fund management to third parties

Amundi sub-contracts the management of EUR 47.5 billion of assets to external fund managers. As part of our routine investment due diligence of delegated managers, we take a two pronged approach. In the first instance, we perform a qualitative evaluation based on the Responsible Investment policy of the organisation (25%), its responsible investment approaches (best in class, ESG integration, impact, etc.), including the exclusion policy (25%) and finally on the fund/delegation itself (50%).

As a second step, in order to verify what we have learned from the qualitative evaluation, we calculate a quantitative ESG score, using the proprietary ESG methodology of Amundi.

Both these qualitative and quantitative evaluations of a manager's approach to ESG are part of a broader due diligence process of the fund/mandate and the company (operational due diligence, quality of investment process, quality of teams, performances, etc.). When we delegate funds to managers, we also send them monthly a list of stocks to be excluded.

When Amundi just performs a fund hosting function, then the exclusion list does not necessarily apply.

Illustration 23: **Focus on fund of funds due-diligence process**

ESG is incorporated at every step of the process:

1. Qualitative evaluation
We send a qualitative questionnaire to the manager of each external fund. This questionnaire is Excel based and runs to over 100 questions. We systematically score the responses to form a qualitative view at three levels: firm, strategy and fund.

2. Quantitative evaluation
We source the holdings of external funds on a quarterly basis and integrate this data with the proprietary ESG scores for the securities and issuers. This enables us to calculate an ESG score for each fund consistent with our internal Amundi process.

3. Integration
We integrate these two scores in our investment due diligence in a dedicated section on ESG, scoring each fund based on the combination of our quantitative and qualitative evaluations. The overall rating and conviction level of the fund will be influenced by the ESG evaluation.

4. Portfolio construction

When constructing solutions for clients, Fund of Fund portfolio managers, seek to “*Beat the Benchmark*” in terms of ESG Score. To do this they use:

1. the “*look through*” or “*transparency*” to underlying securities in Alto to score internal Amundi Funds and delegated funds and mandates for ESG.
2. For ETF’s the ESG score of the reference index of each ETF is used as a proxy.
3. The ESG score of external funds as per section 2 above is integrated in our front office system, Alto

Case study 5: **Action taken in the context of qualitative and quantitative scores inconsistency**

Early 2021, a material inconsistency has been identified between the quantitative and the qualitative portfolio’s scores (2 rating-letter difference or more).

In February 2021, the inconsistency has been highlighted to the firm in question, with planned follow-up discussions to dig deeper. In March 2021, the firm has been contacted to advise of a redemption of circa EUR 10 million because of both a weakening performance trend and ESG concerns. In the meantime, our overall allocation to this firm has fallen by one third of AUM today.

Case study 6: **Action taken in the context of a poor ESG profile compared to peers**

During a process review, a positively rated portfolio scored poorly in ESG terms versus peers in the same asset class.

The firm has been contacted to be informed about Amundi ESG approach and potential consequences considering that Amundi portfolio managers have ESG performance objectives. As part of this discussion, it has been highlighted that their Emerging debt fund scores the weakest of the four "*Buy Listed*" funds on the same asset class using the Amundi Quantitative ESG Scoring. The firm has been informed of the risk to loose assets at the margin to equivalently rated funds that score better from an ESG perspective.

We encouraged them to consider ESG rating to rate their holdings and identify potentially controversial issuers. In the interim, the firm has made token efforts to address their ESG shortfalls. Meanwhile, our allocation to this fund has fallen to date.

4. Exclusionary approach

a. A targeted exclusion policy

Amundi applies a strict exclusion policy of the worst ESG-rated companies across all actively managed portfolios. We regard such targeted exclusions as arising directly from our fiduciary duty to protect clients' interests. These exclusion policies apply to all our active investment strategies and lead us to exclude companies that do not comply with our ESG policy, international conventions, internationally recognised frameworks, and national regulations. Our exclusion policy is kept under active consideration, and is formally reviewed annually and approved by the ESG Committee. The current exclusion policy bars any of our funds from investing in:

- Issuers involved in the production, sale, storage or services for and of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo treaties;
- Issuers involved in the production, sale or storage of chemical, biological and depleted uranium weapons;
- Issuers that violate, repeatedly and seriously, one or more of the 10 principles of the Global Compact.

In addition, Amundi applies specific sectoral exclusions to controversial industries, namely coal and tobacco. These sectoral exclusions apply to all actively managed strategies over which Amundi has full portfolio management discretion and always subject to applicable laws prohibiting their implementation.

Those exclusions apply unless clients specifically request otherwise in the context of individual mandates or tailored funds (or fully passive strategies).

Illustration 24: **Sectorial exclusions policy**

Thermal Coal[18]

Amundi has committed to reduce exposure to coal in portfolios with a formal coal exit in OECD countries by 2030 and 2040 for the rest of the world, in line with the Paris Agreement (see Principle 9 for more details on specific engagement on coal).

The following companies are already excluded from all active strategies:

- Any companies developing or planning to develop new thermal coal capacity along the entire value chain (mining, production, utilities and transport infrastructure).
- Companies generating more than 25% of their revenues from coal mining, or with annual coal extraction of 100 Mt or more, without having declared an intention to reduce this.
- Companies with revenues from coal mining and coal-fired electricity production equal to or greater than 50% of their total revenues.
- Coal-fired power generation and coal mining companies with revenue between these thresholds of 25% and 50% which do not have an improving energy transition score.

18. This policy has been revised in 2022, for more information see Amundi RI policy

Tobacco

As a signatory of the Tobacco Free Finance Pledge, in 2020 we further strengthened our tobacco exclusion policy.

This applies as follows:

- We exclude any investment in companies that manufacture complete tobacco products (applying a revenue threshold of 5%).
- We cap our ESG rating of an issuer with more than 10% of its turnover from tobacco (this includes suppliers, manufacturers and distributors) at E. As a result, such companies are excluded from our SRI funds range, which is historically subject to the exclusion of issuers rated E, F or G.

➜ Our progress in 2021

In the context of the new Amundi "*Ambition 2025*" plan, defined and released in 2021, Amundi announced that by 2022, an exclusion policy will be applied to unconventional Oil & Gas activities, for the companies that derive more than 30% of their revenues from these activities. – Amundi published its policy on unconventional oil & gas in March 2022. We will divest from this sector at the end of 2022.

Case study 7: **Exclusion of an issuer based in Thailand**

Amundi have monitored an issuer, based in Thailand, that had a project to develop a new coal unit.

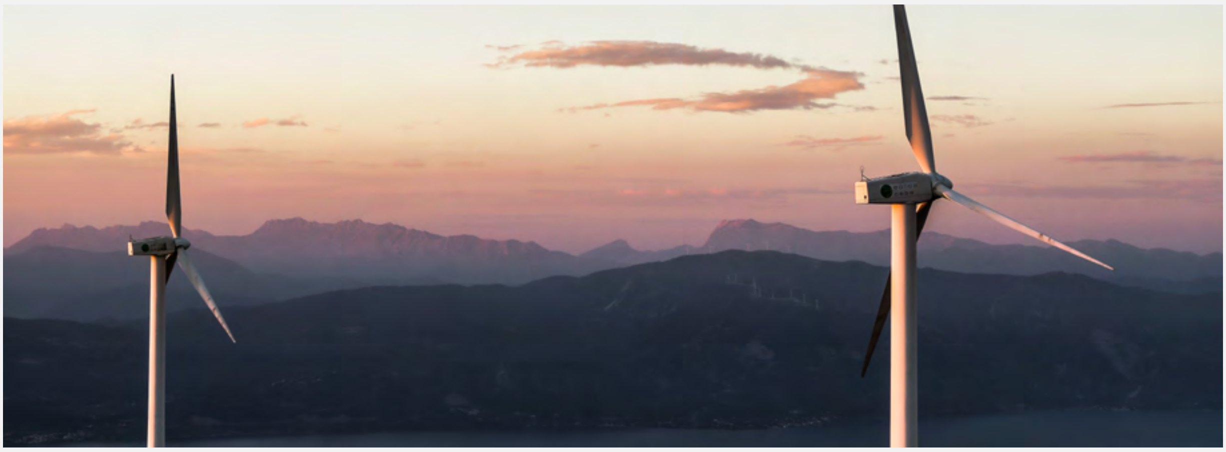
We did engage the company as the project was in pre-permit status to explain them our policy regarding coal developers. When the project has been revised to be permitted as of June 2021, the ESG rating committee decided to exclude the issuer from our active investment universe.

b. The specific case of non-ESG passive funds

Our exclusion policies already apply to all our actively managed funds and ESG ETF products, but do not apply to the non-ESG passive range. To increase the scope of application, Amundi's "*Ambition 2025*" plan includes a commitment to extend our ETF ESG products by 2025 to a minimum of 40% of our ETF range.

In parallel, for issuers held in non-ESG passive portfolios but excluded from our active and ESG ETF universe, Amundi uses its engagement and voting capabilities to express its concern. Where insufficient action is being taken on reducing harm and/or transitioning to a sustainable business model, Amundi votes against the discharge of the board or management or the re-election of the Chairman and of some Directors.

Case study 8: **J-Power (Japanese producer of electricity)**



Since Spring 2021, Amundi is co-lead on J-Power, excluded from our active universe, for the AIGCC utilities engagement program (Asia Investor Group on Climate Change). Amundi recognizes J-Power's effort on improving and enhancing ESG disclosure including the TCFD recommendations on climate scenario analysis, together with quantitative financial impacts and target timeline that includes 2030 as midway and 2050.

Nevertheless, we asked J-Power

- to upgrade its targets to be aligned with the goals of the Paris Agreement
- to upgrade its decarbonisation strategy and have a strategy relying on economically viable and feasible technologies
- to include KPIs based on the achievement of this climate strategy in the top management incentive plan.

This engagement has started in 2021 and does continue in 2022. As of December 31st, 2021 the companies did not upgrade its strategy[19].

19. In 2022, Amundi has co-filed 3 resolutions with ACCR : https://www.accr.org.au/news/strong-call-by-j-power-shareholders-to-strengthen-decarbonisation-strategy/

5. Enhancing integration of ESG considerations into investment activities: 2018-2021 ESG plan and climate developments

To fulfil 2018-2021 ESG plan objective that all actively managed open-ended funds maintain a higher ESG score than their benchmark index, Amundi worked to enhance the skills and processes of our investment teams. All investment hubs upgraded their investment processes in order to move from exclusionary screening toward full active and systematic integration of ESG factors in their respective management platforms.

a. Enhancing integration through innovation

To facilitate this, we have implemented a Straight Through Processing tool that enables managers and risk control teams to access companies' ESG ratings, alongside equity and credit ratings. This Stock Rating Integrator tool guarantees the consistency and transparency of information at all times. A security's rating may be justified at any time using a decision tree based on scores assigned to the security for each of the reference system's criteria.

The following ESG data is now uploaded as standard into the ALTO system used by all of our portfolio managers:

- ESG ratings: overall rating and component ratings (E, S and G pillars), as well as all underlying criteria.
- Energy Transition ratings
- Carbon data: CO_2 scope 1, 2, 3; CO_2 reserves; coal shares; etc.
- All data and information relevant to client specific exclusion lists or exclusions criteria (such as alcohol, weapons, fur producers, etc.).

This ALTO 'Sustainability Analysis' module is an asset allocation module that displays not only the data for each security held in a portfolio but also calculates the average ESG rating of a portfolio and compares it to the benchmark or universe of reference. Amundi portfolio managers thus benefit from our internal ESG ratings, and at all times know the financial and ESG ratings of the securities held in their portfolio, and its benchmark index, if any. Portfolio managers monitor the financial and ESG profiles of the issuers in which their funds invest and can liaise with the ESG analysts to get their insights to assist with buy, sell or hold decisions.

Depending on the investment strategy and the ESG approach of the fund, the portfolio manager may focus on:

- The overall ESG rating of the issuer. For example, SRI portfolio managers take both financial analysis and ESG analysis of an issuer into consideration before making a buy or sell decision. In most cases, this translates into a matrix of decision across both financial and ESG factors. The lower the ESG rating, the higher confidence in future financial performance is needed.
- The rating on specific criteria. For example, in our Green Bond strategies we focus on the environmental and energy transition sub-criteria in order to assess the ability of an issuer fully to embrace the energy transition.

b. Different asset classes and strategies involve differentiated approaches

Naturally, the weighting of the ESG Scores and Ratings within each investment process varies by asset class and by strategy. Given our particular focus on climate change issues, our approach in this area is especially developed.

➜ Our progress in 2021

In the course of 2021, a specific approach of climate issues has been developed.

While the approach is under continuous research, work analysis and enrichments, to date, we use scenario analysis to:

- Estimate the impact of CO_2 regulations ahead of their implementation in order to anticipate potential disruptions to investment cases
- Stress test the outlook for different types of activities under a carbon-constrained world.

As an illustration of the latter, we compare trends between the International Energy Agency's IEA 1.5°C scenario, the Sustainable Development Scenario (which factors in a carbon constraint aligned with objectives set under the Paris Agreement) and the International Energy Agency base case scenario. This allows us to identify which activities face more upside/downside as regulators tighten CO_2 regulations. We draw heat maps by sector to take into account risks both at the top-line level (price/volumes) and bottom-line (CO_2 costs). For instance, in the oil & gas sector, some activities appear more at risk than others, with the modelled downside much greater for oil prices (30% lower in IEA SDS than in the base case) than for gas (6% lower in Europe). We then compare the exposure of issuer portfolios against these heat maps.

We try to use Net Zero 2050 and 2°C scenarios modelled by different institutions or by issuers themselves in their TCFD (Task Force on Climate-Related Financial Disclosure) reporting to increase our understanding of areas of uncertainty. After this exercise, we may end up having a different opinion on the sustainability benefits of certain technologies and their contribution to the low-carbon transition; but overall, we consider that using scenario analysis allows us to go a step beyond the initial carbon-intensity analysis of sectors, activities and issuers in our understanding of supply and demand shifts caused by carbon constraints. For instance, scenario analysis allows us to understand the likely pressure from the ramp up of electric cars on the supply of key battery materials such as nickel. This is not captured by current carbon footprint methodologies.

Principle 8

Signatories monitor and hold to account managers and/or service providers

Amundi continually monitors the market for developments and to ensure access to quality information. This ensures we are aware of increases in coverage and scope of the ESG data that is available, including making sure we have access to innovative products, including raw data and forward-looking assessments.

1. Data providers

Amundi constantly monitors ongoing development projects at important and innovative ESG data providers. Outlier data on individual companies are also checked. As well as this ability to cross-refer, the use of multiple data providers has several additional benefits:

- It allows for a greater overall coverage of issuers by combining different footprints (some providers have better coverage of particular regions / sectors / asset classes).
- As data providers take different approaches to analysing a particular criterion, the use of multiple data providers' information gives the ESG analysis team a 360° view on critical ESG topics and relevant issuer behaviour.
- It gives Amundi access to more frequent analysis updates, as each data provider updates their analyses according to different schedules.

We monitor controversies on companies and survey views amongst the team to ensure that our ratings reflect the current reality. ESG analysts have the ability to override any company rating if it does not reflect their judgement. In the case that such an override would lead to an exclusion, the decision is made by the Ratings Committee.

We also continuously monitor the quality of its ESG research and data from external sources. This monitoring includes an automated quality check (set out under Review and assurance of our ESG approach), as well as an ongoing qualitative check from our ESG analysts, who are specialists in each of their sectors.

Comparing the data is crucial in order to assess the quality of the underlying information that we use for our strategies. Typically, if ESG or climate-related data gives us very different outputs, we observe these discrepancies, and conduct a deeper analysis in addition to our principal ESG analysis. Sample ESG data are statistically verified internally at high level to assure their consistency.

On a formal basis, the ESG Method and Solutions team and the ESG Research Team analysts carry out the following actions, producing annual reports for consideration by the ESG Ratings Committee:

- Complete annual review of each major ESG supplier and production of a detailed assessment;
- Summary table of supplier offers in relevant ESG categories, updated regularly and including an assessment of services;
- Monitoring table of regular supplier meetings and discussions, including the main points covered; and
- Annual supplier assessment report updated by the ESG Analysis team, integrating the views of different analysts on all ESG data suppliers.

Amundi conducts an annual review of its main ESG vendors and their offers (ESG ratings, climate, controversies, etc.). Amundi also have regular calls and meetings with those vendors to keep up to date with the latest methodological developments and to provide feedback on their services and data, including any potential shortcomings.

Illustration 25: **Methodological issue with one of our ESG data providers**

In 2021, we faced an issue due to the lack of ESG rating coverage on Agency MBS by an external provider, in particular for one of our Fixed-Income portfolios. Agency MBS representing about 30% of the Bloomberg US Aggregate Bond Index (the benchmark of the concerned fund), one third of the index' underlying was therefore not rated. As the fund was assessed through a minimum coverage perspective amongst other criteria, this lack of rating coverage unfavourably affected the fund, for which coverage ratio (calculated by the same data provider) was computed on the basis of the full portfolio investment.

The data provider has been engaged in order to extend the scope of its ESG ratings data coverage to Agency MBS initially and ultimately to all US securitized universe, as well as revisit their coverage ratio to take into account their own lack of coverage in the ratio. A proposed tactical action plan has been discussed, for which the data provider has started a feasibility analysis. To date, such analysis is still under progress and Amundi is monitoring this engagement, waiting for the data provider to come-back with achievable roadmap and timeline.

Illustration 26: **ESG data delivery issues**

In 2021, we encountered ESG data delivery issues with some providers, particularly in terms of data completeness in the files delivered, as well as file formats changes without notification. We contacted these providers for correction by insisting on the importance of the stability of the data sent in terms of content and format. Following our engagement on this specific matter, the data provider corrected the issue. To date, we've observed a better stability but remain very attentive as part of our usual process to monitor closely all the data integration in order to reinforce data quality control framework.

2. Proxy advisors

Regarding proxy advisors, the team undertakes regular due diligence meetings with ISS in which we discuss issues such as timeliness and quality of their research and the application of our voting policy, through monthly meetings and mail exchanges. We provide feedback to proxy advisors on their methodology and any potential gaps we observe in their analysis.

The Voting & Corporate Governance team maintains in all cases the ability to override the default recommendation made by ISS applying the custom policy, in this case, the analyst will signal to ISS any identified error.

General meetings of companies' part of a pre-defined "*qualitative universe*" (that takes into account the financial materiality of the votes at the fund level and aggregated), as well as meetings considered significant due to the inclusion of specific proposals (e.g., shareholder proposals on environmental or social topics) will be systematically reviewed by the team.

Amundi accommodates certain custom voting policies, provided for specific client mandates.

ENGAGEMENT

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets

"*Engaging with purpose*" is Amundi's motto. At Amundi, engagement is a continuous and purpose driven process aiming at influencing the activities or behaviour of investee companies in order to support the transition of the economy to a more sustainable, low-carbon and inclusive model. For this reason, our engagement must be result-driven, proactive and integrated in our global ESG process.

1. The aims of engagement

Engagement can have various aims that can be presented in two categories:

- Engage an issuer to improve both the way it integrates the environmental and social dimension in its processes and the quality of its governance, in order to limit its sustainability risks
- Engage an issuer to improve its impact on environmental, social, and human rights related issues, or other sustainability matters that are material to society and the global economy, even though the financial materiality to the issuer might not be clear

Engagement is different from corporate access and traditional dialogue with a corporate. Engagement has the aim of influencing the activities or behaviour of investee companies to improve ESG practices or its impact on key sustainability linked topics.

More specifically, engaging implies having a specific agenda and targets that focus on real-life outcomes in expected timelines. Our engagement activities seek to be impactful and additional to the global effort of the financial community. The engagement period varies depending on the agenda, but the average engagement period is approximately 3 years. Amundi defines different milestones and engagement developments that are shared internally via our research platform, available to all investment teams. Formal assessments are carried out, at least on a yearly basis.

We wish to have a collaborative, supportive, pragmatic and ambitious dialogue with our investees, to inspire a wide range of actions that will benefit not only the issuers but to all stakeholders. We truly believe that dialogue is the corner stone of a sound, strong transition towards a sustainable and inclusive low carbon economy.

"At Amundi, Engagement is a continuous and purpose driven process"

"To engage means to have a specific agenda, and targets that focus on real life outcomes"

2. The nature of engagement

Engagement focuses on diverse sustainability factors, can take different forms, have different outcome expectations, be triggered according to distinct rationale.

Amundi aims at reaching a balance between ambition and pragmatism in order to optimize the efficiency of its engagement and therefore maximize its impact. For this reason, while pursuing the same midterm goal, our practices and demands are adapted to the maturity of a geography, market, theme or issuer.

a. Engagement themes framing our engagement activity

Amundi engages issuers around 6 main themes:

1. Transition towards a low carbon economy
2. Natural capital preservation (ecosystem protection & fight against biodiversity loss)
3. Social cohesion through the protection of direct & indirect employees, promotion of human rights
4. Client, product & societal responsibilities
5. Strong Governance practices that strengthen sustainable development
6. Dialogue to foster a stronger voting exercise and a sounder corporate governance

Illustration 27: **Engagement is an effective tool to promote SDGs by influencing the investees to tackle those challenges and have a positive impact on their outcome.**

In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development that aims to provide a "*shared blueprint for peace and prosperity for people and the planet, now and in the future*"[20].

The Sustainable Development Goals (or SDGs) are a globally collaborative and relatively comprehensive set of goals that apply to all countries and all actors. They include universally pressing issues such as poverty reduction, health, inequalities, environmental sustainability, ethics, and economic growth.

Each SDG has specific targets and indicators to monitor global progress to achieve these goals. These indicators present opportunities for not only the public sector but also civil society, and private entities to engage in sustainable development in a meaningful way and communicate so accordingly.

The SDGs offer a framework to risks and opportunities for particular sectors and companies and aid in analysis, strategy & product development.

ESG themes	Primary SDGs
Transition towards a low carbon economy	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Natural capital preservation	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND; 6 CLEAN WATER AND SANITATION
Social Cohesion	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Client, Product & Societal Responsability	1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
Governance Practices for Sustainable Development	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

20. https://sdgs.un.org/goals

In 2021, we continued to engage with issuers within our 6 key themes.

b. Thematic or Contextual rationale triggering our engagement

Thematic Trigger

When engagement is triggered by specific key sustainability topics on which Amundi seeks to have a positive impact, such as the energy transition, social cohesion, natural capital preservation, social responsibility and governance's accountability, we refer to it as a "*thematic trigger*". Based on the theme, companies are selected according to how material or salient the theme is to the company's business model and the company's exposure to relevant risks/opportunities.

Contextual Trigger

"*Contextual trigger*" is when engagement is triggered by specific contexts, situations of an issuer that lead Amundi to seek improvements and/or remediation. It is a contextual engagement that is triggered by a bottom-up, issuer related approach.

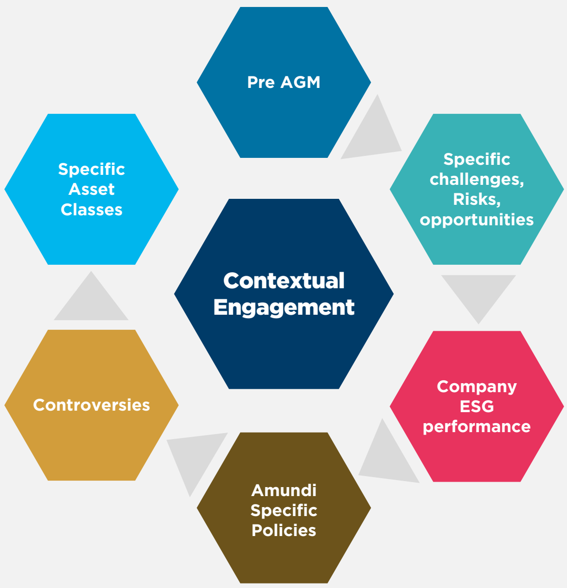
Illustration 28: **Contextual Engagement: engagement triggered by specific situations**

Whereas areas of engagement and themes are the same, the trigger of engagement is company specific, as it has the ultimate objective to improve a company's practices and ask for a smooth phase out of some activities.

Sometimes, engagement aims at highlighting sustainable opportunities that could deliver additional benefits to companies and stakeholders. Whatever the subject, the aim is to encourage overall improved performance as well as to encourage companies to meet specific performance benchmarks or impacts.

There are various triggers of contextual engagement.

They include :



Pre-AGM Dialogue

Amundi may undergo pre-AGM dialogue to encourage sounder corporate governance in line with our Voting Policy. Apart from items directly linked to AGMs agenda, pre-AGM dialogues are occasions to engage directly board members on key sustainability issues. Amundi encourages board accountability in terms of social responsibility and climate strategy. For underlying ESG issues, our ESG Research and Voting & Corporate Governance team may conduct joint company dialogues. Our voting reflects our overall approach to stewardship, meaning that we are committed to long-term relationships with the companies in which we invest, and strive to have active dialogue with them. Amundi is committed to transparency and, where possible, we inform issuers of planned negative votes.

Engagement around Specific Challenges, Sustainability Risks, or Opportunities

Contextual engagement can be triggered by specific challenges or sustainability risks faced by the issuer or its sector, such as for example, the use for an industry of a specific metal which extraction might imply human-right related challenges.

Specific ESG Performance

A company's ESG performance (in general or based on our proprietary ESG Rating Tools) can trigger engagement.

For laggards or companies that are improving, engagement will aim at triggering further improvement of either the overall ESG performance or of the performance on one or two specific criteria, ESG transparency and reporting, or at encouraging the adoption of best practices.

These types of engagements can take many angles. Engaging with a company may require multiple angles and thus the above are not mutually exclusive.

c. Established versus Emerging themes shaping outcome expectations

Established Themes

Established themes are themes that are frequently discussed and well researched, such as climate and water risks, but where corporate practices still need to improve. While improvements on those themes are still expected, companies and sectors are likely to have a strong level of awareness around the importance of the topic.

Regarding established themes, Amundi's objective is to push for the adoption of best practices.

Emerging Themes

Emerging themes are themes that are important for the transition towards a sustainable, low carbon and inclusive economy but for which awareness might remain limited and best practices are still emerging.

Regarding emerging themes, Amundi's objective is to raise awareness, create positive momentum and contribute to establishing market standards.

d. A specific relationship with investees leading to specific targets setting and modalities

Engagement provides investees with a unique perspective on industry best practices and can provide constructive feedback to corporates, especially for emerging topics. This is important to us as it helps corporates to see the benefit of engagement and not just consider it a useless exercise.

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held. Issuers engaged are primarily chosen by the level of exposure to the subject of engagement.

As the environmental, social, and governance issues that face companies have a major impact on society, both in terms of risk and opportunities, we consider that we need to assess the ESG quality of an issuer regardless of our position in the balance sheet (as a shareholder or a bondholder). If ESG issues could have financial consequences for businesses, those issues will be considered by our investment professionals (equity or credit analysts, portfolio managers) in their valuation models and investment processes.

Illustration 29: **Engaging with all companies, no matter their ESG performance, is important to trigger adoption and improvement of best practices**

Engagement angle for ESG performance	Definition	How and why Amundi engages on this angle
Engagement with Leaders	Discussions with leading issuers with strong ESG performance to offer them positive encouragement and incentivize them to remain a leader through continued improvements. "*Best in Class*" is a moving target, it is important to recognize leaders with strong performance but continue encouraging them to make improvements.	Engaging with leaders can help Amundi get a better sense of current strong practices and the direction the sector is going to manage specific risks. These key insights can help to set feasible benchmarks for companies who may lag behind.
Engagement with Improvers	Companies in the early days of their ESG journey that lag behind peers but express a strong desire to improve. Includes companies with a limited knowledge of ESG best practices such as SMEs (small-medium enterprises) or companies in emerging markets.	Amundi may work closely with the company to encourage improved performance by helping the company identify feasible yet ambitious short-term and longer-term targets that will lead to improved ESG performance.
Engagement with Laggards	Companies that demonstrate poor performance on one or many ESG criteria and lack the motivation to improve.	Engagements target specific areas where companies lag behind and aim to incentivize companies to make necessary improvements.
Engagement for Better ESG Disclosure	Companies that lag behind their peers because of poor disclosure but not necessarily poor practices (such as in high yield, small cap, or emerging market spaces)	Engagement to encourage transparency aims to help companies develop their reporting and become a more responsible corporate actor. Having a clear, well implemented, management framework for ESG issues is key to demonstrate to investors that the company prudently manages risks as measurement is the first step of management.

Source: Amundi Asset Management

e. Engagement needs to adapt to specificities

Specific asset classes, such as green bonds, social bonds, asset-backed securities and sovereign debt, may require dedicated engagement strategies. These engagements have a specific focus on ESG topics relevant to the asset class and aim to foster better practices or disclosures. Amundi participates in general meetings for bonds when requested by the fund managers. Subsequently, we engage on ESG issues at issuer level, when investment professionals, apart from their holistic ESG-related active dialogues with issuers, engage also the issuers on ESG subjects that have financial materiality for the value of the instrument they are invested into.

In addition, Amundi's engagement spans across different continents and takes into account local realities. The aim is to keep an equal level of ambition globally while taking into account regional realities.

Asset class-based engagement – Supporting Emerging Markets to speed up ESG integration and disclosure

It is a conviction of Amundi's Emerging Markets (EM) team that engagement can drive value enhancement in a mutually beneficial way. Apart from the different engagement streams that could trigger dialogues with issuers from emerging markets, the ESG Research team, EM fund managers and financial analysts have together built a specific engagement stream for Emerging Markets.

➜ Our progress in 2021

Actions

Building upon our work in 2020, the specific Emerging Markets Engagement campaign on ESG issues has increased in scale and scope, in 2021.

Amundi initiated conversations with 107 companies (compared to roughly 80 the year prior) across Central and Eastern Europe, Middle East, Africa, Latin America and Emerging Asia. In 2021, the majority of engagements have been bottom up in nature, focusing on company specific material issues identified with Amundi's proprietary ESG rating tool. A wider range of ESG topics were included in the questionnaires, including but not limited to sector specific topics such as green chemicals, sustainable construction, and responsible forest management.

Outcomes

In 2021, we noted an increased interest from EM issuers that strived to better understand the concept of ESG materiality and its importance to investors, from both a risk and an opportunities perspective.

While ESG is not as advanced in EM as in Developed Markets (DM), it is rapidly catching up.

We believe there is sizeable value to be captured through engagement and it is critical that, as these markets grow, issuers within these markets not only grow at a similar or faster pace but also responsibly, creating value for both their shareholders as well as associated stakeholders.

Case study 9: **ENN Natural Gas: a fast ESG improver thanks to dedicated engagement:**

Context

Amundi observed that ENN Natural Gas, a China-based company, was lagging on several E, S and G criteria, like GHG emissions, Health & Safety, and various Corporate Governance concerns. Amundi conducted an engagement process consisting first in understanding where the issuer was headed and what changes could be expected on each respective front, if any.

On emissions, we noted that the issuer plans to revise its reduction targets in line with climate science. For Health & Safety (H&S), we noted the company's plans to expand certifications to more member companies, but not all.

Actions

While acknowledging progress, Amundi wished to push further the company in their actions, by providing them concrete recommendations of improvement related to:

- the disclosure of the methodology used for their emissions reduction targets,
- the expansion of targets' scope to scope 3, including but not limited to consumer end usage,
- the assessment and disclosure of climate related risks and opportunities (TCFD framework),
- the integration of climate related KPIs in executive remuneration,
- the certification of 100% of company sites to an international H&S standard
- the set-up of a business ethics trainings for all suppliers and contractors as early as possible.

Outcome and next steps

Amundi considers that to date the dialogue has been constructive. Amundi continues engaging with the issuer with the aim to map progress as well as drive further improvements.

Asset class-based engagement – Engaging with sovereign entities

On the sovereign front, engagement plays an important part in our portfolio management and allows us to guide these sovereigns on what we consider a good global standard. Amundi has been actively approached by various sovereign issuers (especially amongst EM issuers) to seek our guidance on how they should structure their ESG framework.

Sovereign engagement occurs most of the time when an entity is interested in issuing new bonds, and would like to gather most popular features amongst investors in order to maximize the demand. Typically, both Amundi investment team and sovereign ESG analysts participate in the engagement, covering topics from macro-economics to increasingly ESG-related questions such as corruption, deforestation or indigenous rights, and related to their sustainability framework, if any.

Illustration 30: **Chile Social Bonds issuance**

Amundi participated in one of the small group investor calls organized by the Chilean Ministry of Finance, during which the Ministry of Finance (MoF) explained their Sustainable Bond Framework and sought recommendation from investors prior the issuance of new social bonds. Amundi's focus was related to sustainability dimensions on deforestation and Indigenous people's rights issues. The MoF offered a medium term plan. Taking into account both our internal ESG team assessment as well as valuation, we decided to participate in both the 2033 and 2028 bonds.

When a country goes into default and has to restructure its external debt due to its inability to honor the existing one, the major bondholders form a group with the solicitor to negotiate directly with the sovereign what terms and conditions the bond restructuring agreement should have. The bondholders who hold the most of that country's debt will have a bigger weight in the negotiation process. This type of engagement is much more direct and intense than when the issuer is issuing new bond. As the country is already struggling to meet its debt payment, negotiation tends to be more difficult because firstly, the country is usually already in a quite distressed situation and it may be difficult for the government to concede to bondholders' requests easily. And secondly, bondholders may have a different agenda, which makes it time-consuming to agree to common terms.

In any case, Amundi pushed and will continue to push for bond restructuring to be linked to relevant KPIs for the underlying countries and to exercise its say as bondholder to promote sustainability-linked issuance.

Illustration 31: **Debt restructuring**

- An example of a successful restructuring linked to sustainable objective is the Belize Blue Conservation bond. The Nature Conservancy (TNC) and the Government of Belize worked together on restructuring the entirety of Belize's external commercial debt. As part of the terms of the transaction, Belize has formally committed to several important conservation goals, such as protecting approximately 30% of its ocean, including coral reefs, mangroves and fish spawning sites.

- In the context of the debt restructuring of a recent Latin American sub sovereign issuer, Amundi was one of the 10 bondholders in the discussion. Amundi proposed the restructured bond coupon to be linked to SDG #4 (quality education) or SDG #6 (clean water and sanitation) via a Sustainability-linked bond format. Although the proposal was not included in last year's restructuring, our proposal had nonetheless raised the keen interest from the sub sovereign to issue a SDG-linked bond in the future. Amundi will remain attentive to such a development.

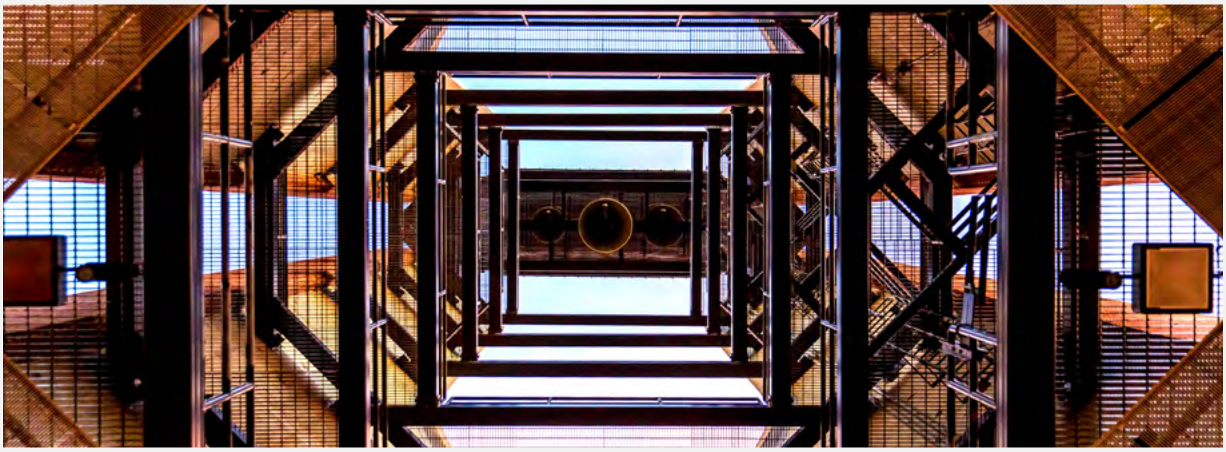
Asset class-based engagement – Supporting Green bonds to make the energy transition concrete

Amundi believes that the green bonds asset class has the potential to channel private capital towards energy-transition financing needs.

Our engagement activity relating to that asset class was focused on the improvement of reporting capabilities.

➜ Our progress in 2021

Illustration 32: **Improving reporting practices**



Context

In 2021, 20 green bond issuers have been engaged to improve impact reporting. More specifically, Amundi engaged with issuers on two key priorities related to impact reporting:

1. the adoption of the International Capital Market Association (ICMA) Harmonized Framework for Impact Reporting
2. the adoption of Life Cycle Assessments, to calculate Environmental Impact

Amundi observed that for certain sectors, adopting the Harmonized Framework for Impact Reporting or even life cycle assessment is not yet a prevalent market practice, due to reasons related to data availability. Based on this observation, Amundi made this a key topic for engagement.

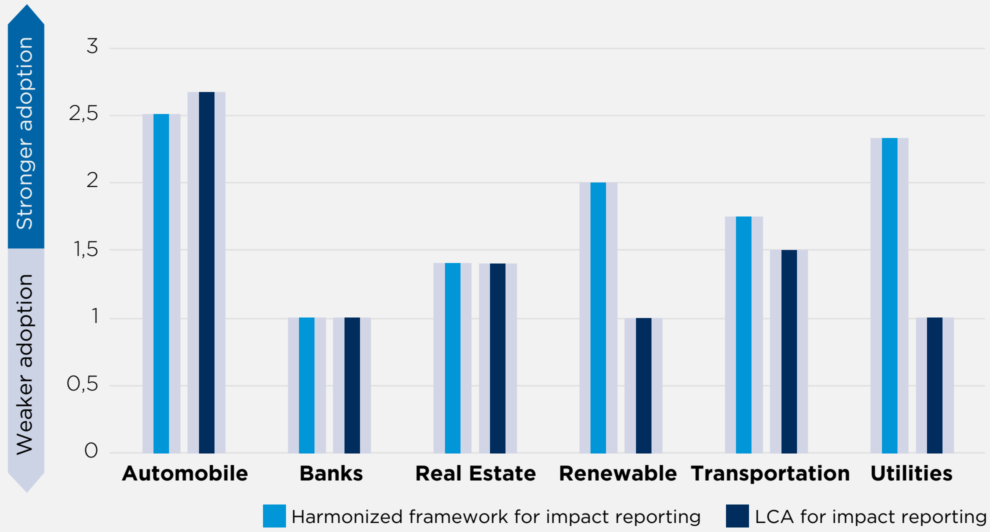
Actions

We picked 20 issuers, equally split between developing and developed markets, and spread across a variety of sectors. Through engagement, almost all issuers have shared the difficulties to collect, harmonize and report the relevant climate impacts and metrics when projects cover a wide variety of categories.

Outcomes

In the context of the engagement campaign, Amundi witnesses that some issuers have taken steps to ensure alignment with the Harmonized Framework for Impact Reporting. Others have allocated resources allocation.

Companies' Adoption of the ICMA's Harmonized Framework for Impact Reporting and LCAs Need To Be Stronger



Source: Amundi Asset Management

The same sample of issuers has been engaged on their adoption of life cycle assessments (LCA), as a method to calculate the environmental impact in a way to would capture particularly the scope 3 emissions across the value chain (upstream to downstream).

The outcome appears to be quite sector dependent. The level of adoption in the automobile sector is considered quite mature in terms of carrying out LCA approach on impact reporting (as well as on the adoption of the harmonized framework). For other less manufacturing-dependent sectors such as utilities, the study and adoption of LCA in impact reporting are rather scattered. Some issuers cite data availability issues, hindering successful adoption of LCA reporting.

Next Steps

Going forward Amundi will encourage these issuers to go beyond the adoption of the core indicators in the Harmonized Framework to spur more comprehensive disclosure. For LCA impact reporting, we understand the complexities, but we encourage issuers to seek out external expertise to better carry out LCAs across the value chain.

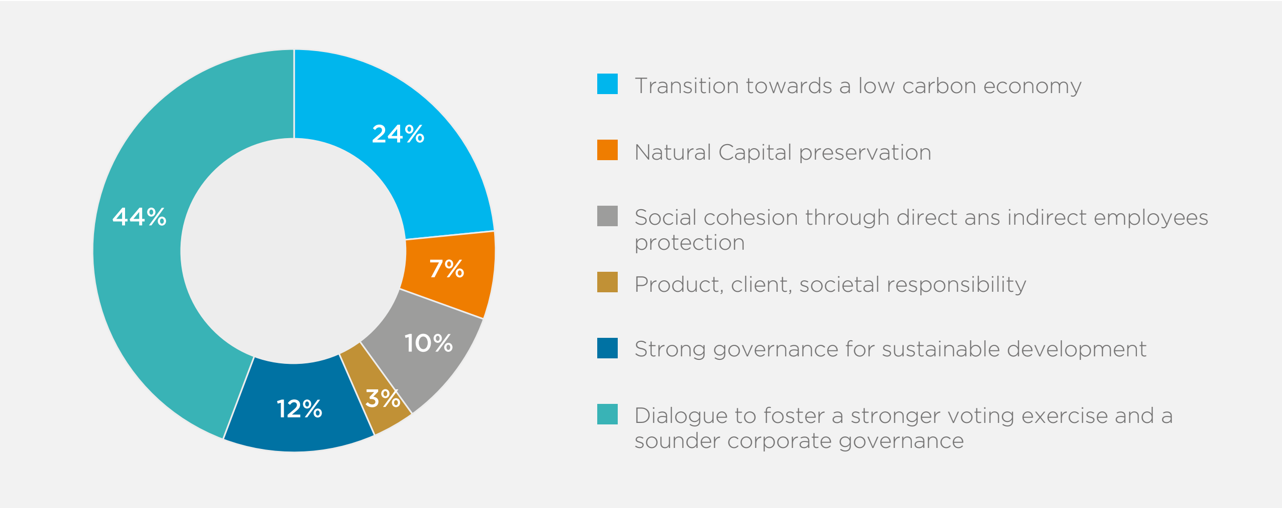
3. The 2021 Campaign

2021 Key Figures

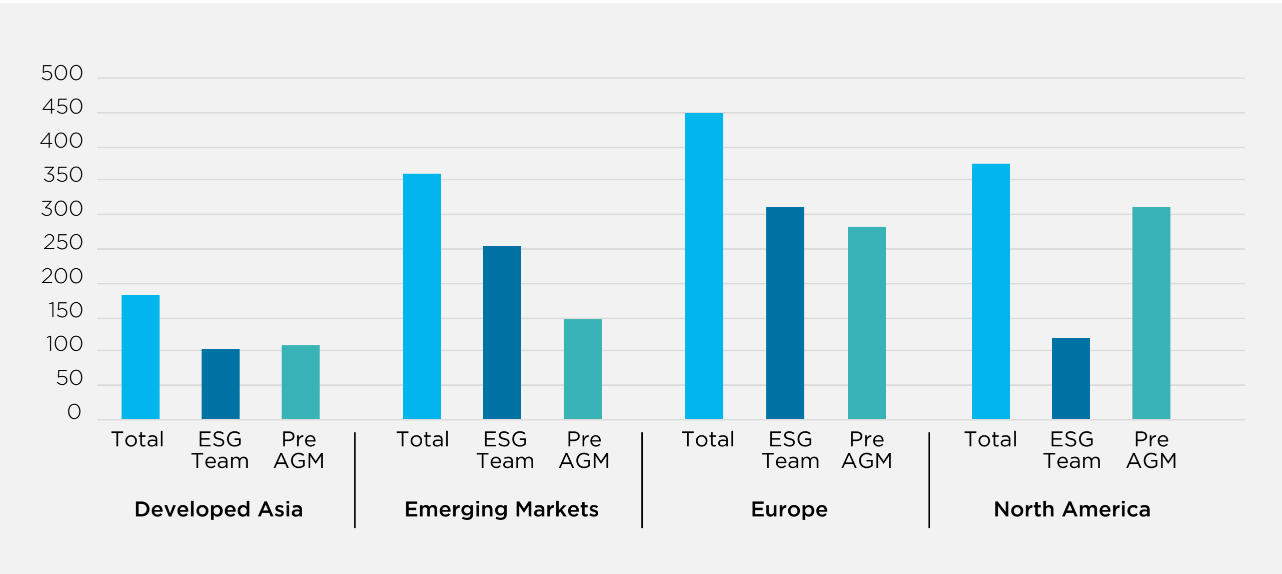
Number of issuers engaged in 2021 according to Amundi's engagement themes

We performed 2,334 engagement actions with 1,364 different companies, broken down as follows:

2021 Engagement broken down by topic



Geographic Breakdown of Engagements: conducted by the ESG Research Team, Corporate Governance Team, and total (in number of companies)



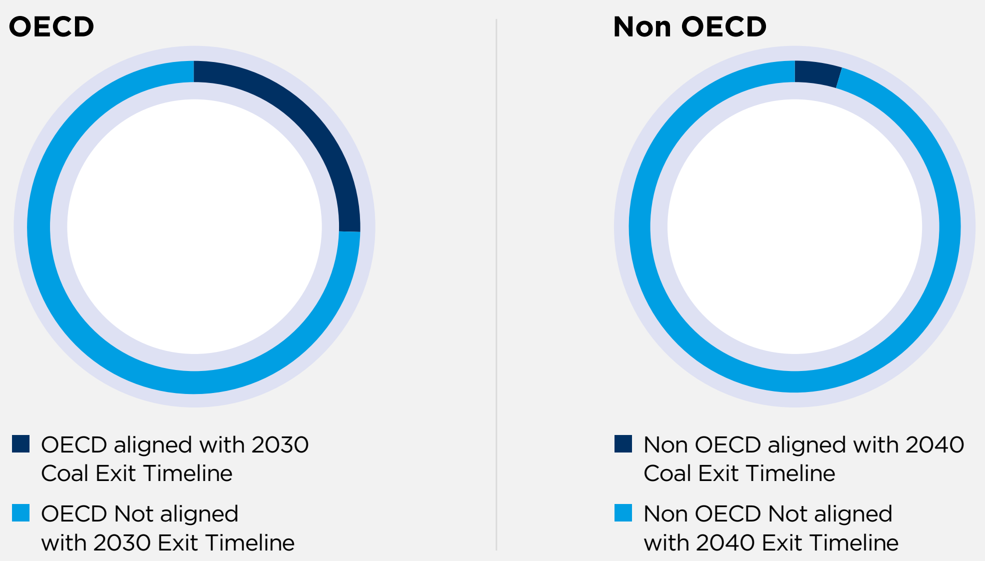
Illustrations and progress operated in 2021

1. Transition towards a low carbon economy

➜ Our progress in 2021

Speeding up the coal exit according to our responsible investment policy
Amundi is keeping-on its transition away from thermal coal, which will lead to a significant reduction in financial support for companies operating coal assets without strong phase out plans in the next few years. Our philosophy is that companies need to contribute to the low carbon economy by shutting down (not selling) coal assets and converting to green energy while taking into account the need for a just transition. To speed up the withdrawal from thermal coal assets according to the 2030/2040 schedule for respectively OECD/ Rest of the world, 100% of companies under investment that have thermal coal exposure and no public coal phase out plans have been reached to share our thermal coal phase out policy. Replies and publically announced coal exits are tracked to create a database. This database will enable us to monitor our coal exposure in years to come and to identify candidates for escalation.

Status of Phase-Out Plans for Issuers with Coal Exposure[21]



Source: Amundi Asset Management

We consider this 2021 email campaign as the first step in engaging with all companies exposed to thermal coal. Amundi has already undergone direct dialogue with many companies flagged for coal exposure (by the ESG Research team, investment teams, or a combination of the two). Our internal database helps us holistically track companies where progress is too slow and further active engagement is required.

21. Amundi engaged with all issuers flagged as having thermal coal exposure according do our data providers MSCI and Trucost

Case study 10: **Driving momentum through engagement with RWE**

Context

Amundi has committed to phase out thermal coal from its investments by 2030 in the European Union and OECD countries and in 2040 in non-OECD countries. Despite RWE's progress since the beginning of their decarbonisation journey, prior to 2021, RWE phase out was not planned to be fully implemented before 2038.

Action

On Amundi's side, we have conducted a fair share of engagement with RWE regarding their decarbonisation plans and coal phase out (both on coal generation and thermal coal mining), nudging them to decarbonise according to the pathway set by the Paris Agreement. Our engagement effort has progressively intensified since 2020, as their 2038 target for phase-out was incompatible with the 2030 required timeline. In addition to this active dialogue focused on their coal phase out plan and climate strategy, Amundi brought the topic to their 2021 AGM, by asking them a related question, as part of an escalation process.

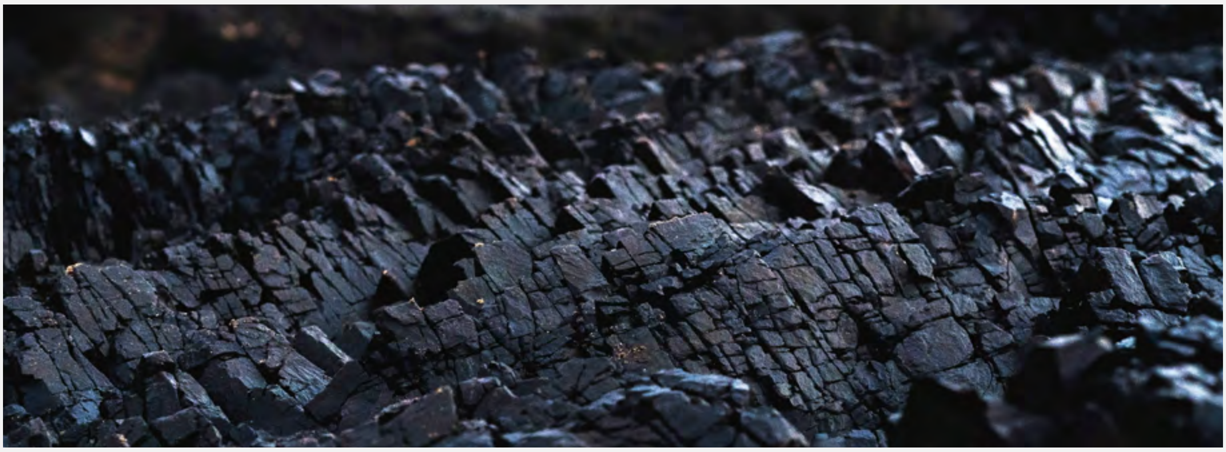
Outcomes, issuer's dynamic & perspective

Since November 2021, we have observed that RWE is positive about the recent government announcement to phase out coal by 2030 and we believe that continuous engagement on thermal coal played a role in that.

Indeed, RWE is now open to an accelerated coal exit, in line with the coalition treaty of Germany's new Government. However, the coalition partners are convinced that a necessary pre-requisite is a massive growth of renewables and networks as well as a sizeable build out of firm capacity like hydrogen-ready gas-fired power plants, to ensure security of supply. RWE supports this logic and contributes to it with investments of EUR 15 billion in Germany by 2030. RWE has also actively increased the likelihood of an early coal exit and while a number of strategic components still need to be figured out, this is a major step in the right direction. While this faster momentum is largely due to the German government, the investor community engagement played a role. This case shows the importance of aligning stakeholders action to accelerate the energy transition.

Amundi will continue to engage with RWE to promote a successful 2030 exit.

Case study 11: **Phasing out from Thermal Coal: A Crucial Role for the Insurance Sector**



Building upon its work in 2020, Amundi's engagement with insurers on their coal policies continued during 2021. The insurance industry carries an important responsibility to the contribution of reducing climate change impact. The sector can significantly support the energy transition through its investment portfolios as well as its underwriting policies. At the same time, climate change also forms a risk for the industry as it led to increasingly frequent and severe weather events around the globe, such as floods, droughts, wildfires and storms, which impact the claims that insurers are to carry.

Burning coal remains the single biggest source of CO_2 emissions. The NZE (Net Zero Emissions) scenario presented by the International Energy Agency (IEA) in its recent Net Zero by 2050 report leaves no room for new unabated coal plants approved for development, new coal mines or mine extensions after 2021. It also stipulates there needs to be a phase-out of unabated coal in advanced economies by 2030 and in the rest of the world by 2040.

Action

Amundi has initiated an annual dialogue with insurers on their coal exit strategies to demand a coal phase out by 2030 in OECD and EU countries and by 2040 for the rest of the world.

Outcomes, issuer's dynamic & perspective

Over 2021, we saw greater momentum than the prior year. Two thirds of our sample of companies announced a reinforcement of their coal policy during the year.

We observed that most insurers have difficulty or are hesitant to commit to a full phase out plan for thermal coal in line with a 1.5°C scenario (by 2030 for the OECD countries and by 2040 for the rest of the world). Some of the Asian insurers appeared unwilling to move faster than their country policies. Some insurers also mentioned that a lack of data was preventing them from tightening their policy (to exclude coal developers, or to introduce an absolute threshold).

All Companies but three have improved their Coal Exit Strategy in 2021:

Company	Achievements during 2021	Change	Demands for next steps
Insurer A (US)	Still no announcement of a policy.	=	Formally publish a coal exit policy.
Insurer B (Japan)	A reservation on the policy has been removed.	↑	Exclusion of new coalmines and mine extensions. Exclusion of coal developers. Adopt an exit policy for existing coal plants and coalmines. Define a full phase out plan.
Insurer C (Japan)	Policy has been extended from coal power projects to now also include coal mining projects. Some exceptions have been eliminated.	↑	Extend the policy to all coal-related companies and infrastructures (from projects only). Exclusion of coal developers. Adopt an exit policy for existing coal plants and coalmines. Define a full phase out plan.
Insurer D (UK)	First announcement of a policy.	↑	Introduction of an absolute threshold. Exclusion of coal developers. Define a full phase out plan. Extend the coal policy to its third party assets.
Insurer E (Hong Kong)	First announcement of a policy.	↑	Exclusion of coal developers. Extend the coal policy to its third party assets.
Insurer F (US)	No evolution of policy.	=	Introduction of an absolute threshold. Exclusion of coal developers. Define a full phase out plan.
Insurer G (the Netherlands)	Tightening of the relative exclusion threshold for coal-fired power plants Divestment and exclusion of coal developers. Exit strategy for coal related investments, to be finalized over 2022-2024.	↑	Finalize coal exit strategy
Insurer H (Italy)	Tightening of relative and absolute thresholds for coal mining and coal-fired power plants. Introduction of an absolute threshold for coal developers. Commitment to full phase out for investments and underwriting. No new property cover underwriting.	↑	Remove the exception for heavily coal-dependent countries (doubts remain on full phase out attainability for these issuers). Extend the coal policy to its third party assets.
Insurer I (Germany)	No evolution of policy.	=	Advance the phase out from coal for OECD from 2040 to 2030. Extend the coal policy to the treaty reinsurance business.

Source: Amundi Asset Management

2. Natural capital preservation (ecosystem protection & fight against biodiversity loss)

Case study 12: **Plastic engagement - Year 3**

Context

Plastic pollution is a key environmental issue. Plastic currently constitutes 85% of all marine litter and the amount of plastic in the oceans and waterways could more than double by 2030 and triple by 2040[22].

Action

In 2019, Amundi ESG Research team launched a plastic engagement campaign with the aim to open a dialogue with sectors where plastic is a material issue, namely: household personal products, automotive components, and healthcare.

Outcomes, issuer's dynamic & perspective

After 3 years of consistent engagement, Amundi's conclusion is that work still needs to be done to ignite better practices adoption. For this reason, Amundi will continue its engagement on plastic. We understand that some of our recommendations can take time to implement but we believe that engagement might accelerate the momentum.

In 2022, Amundi has decided to launch a new campaign. It covers the 3 sectors already addressed by the former campaign and includes follow-up targets (see table hereafter for the targets detailed by sector), but the scope is also extended to new sectors (Chemicals from the supply chain and Food that has high exposure to plastic).

Sector	2019 Recommendations	Current Status	Going Forward
Household Personal Products	More granular reporting on plastic exposure including by product type, product category and geography More reporting on direct negative impacts/externalities of company plastic in high risk regions	Increased efforts to reduce the use of virgin plastic usage by strengthening plastic recycled content goal. Targets to reduce plastic by 2030 (such as increase in % recycled content or % reduction of overall use of virgin plastic) Evidence of mid-term 2025 targets on plastic Companies involvement in collaborative initiatives such as Ellen MacArthur foundation	Improvements in plastic reporting still needed such as increased disclosure on single-use packaging (as well as breakdown by other product type), and geographic reporting especially for high risk geographies
Healthcare	Shape a strategy on plastic Improve plastic reporting	Positive momentum in efforts when possible to reduce packaging by volume, increasing recyclability and using renewable materials (such as recycled or bio-based plastic). Greater focus on eco-design in R&D process, aimed at reducing hazardous substance such as phthalates or PVC or on making the product easier to recycle after its use.	Companies still need to become more quantitative in their reporting, both in terms of metrics, KPIs and targets.
Automobile Components & Tyres	Improve transparency and reporting including plastic exposure and environmental impacts	More efforts to analyze the impact of unintentionally released microplastics with the aim to reduce them. More efforts to engage with upstream suppliers on plastic reduction	Companies should be more transparent and disclose dedicated KPIs such as the amount of plastic reduced during the year.

Source: Amundi Asset Management

22. https://www.breakfreefromplastic.org/wp-content/uploads/2021/10/BRAND-AUDIT-REPORT-2021.pdf

➜ Our progress in 2021

Illustration 33: **Launch of an engagement campaign on biodiversity**

Context

The UN Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) provides evidence that the so-called Holocene extinction is unprecedented and is a result of human activity. Biodiversity loss has accelerated rapidly over the last 60+ years across all regions of the globe[23].

While biodiversity loss represents multiple risks, companies are not addressing their impact at a quick enough pace. This can be explained by the complexities of measuring biodiversity and the fact that many of the key frameworks to guide disclosure are still in development. However, we believe that companies must start acting now to preserve biodiversity. For this reason, Amundi launched a formal engagement campaign around biodiversity in 2021. Based on the outcome of our engagement efforts in 2020 with 96 companies - mentioned in the previous report-, we concluded that, across the sectors, issuers had a low level of maturity of practices and that a common framework and guidelines were required in order for a company to make progress.

Action

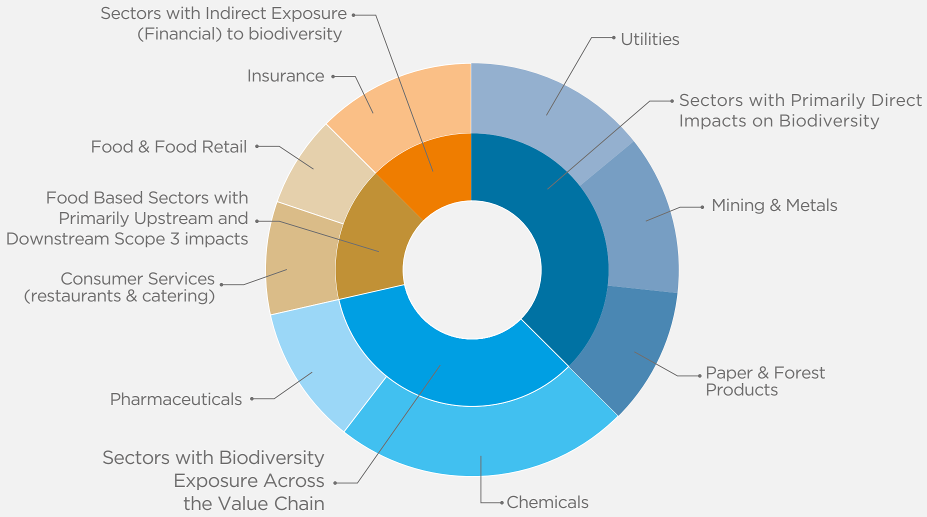
Amundi decided to address the lack of maturity on this issue by engaging a smaller number of companies, in order to be able to push sector specific best practices rather than a generic solution, before re-engaging the previous sample of 96 companies. The aim for this second year of engagement on biodiversity was therefore not to demand improvements to the 96 previously engaged companies but rather to address a significant gap related to common framework guidelines.

Amundi therefore directed its engagement effort, in conjunction with its membership to the "*Finance for Biodiversity*" pledge, into a fundamental work of establishing sector-based best practices and recommendations.

23. WWF, Living Planet Report, 2020.

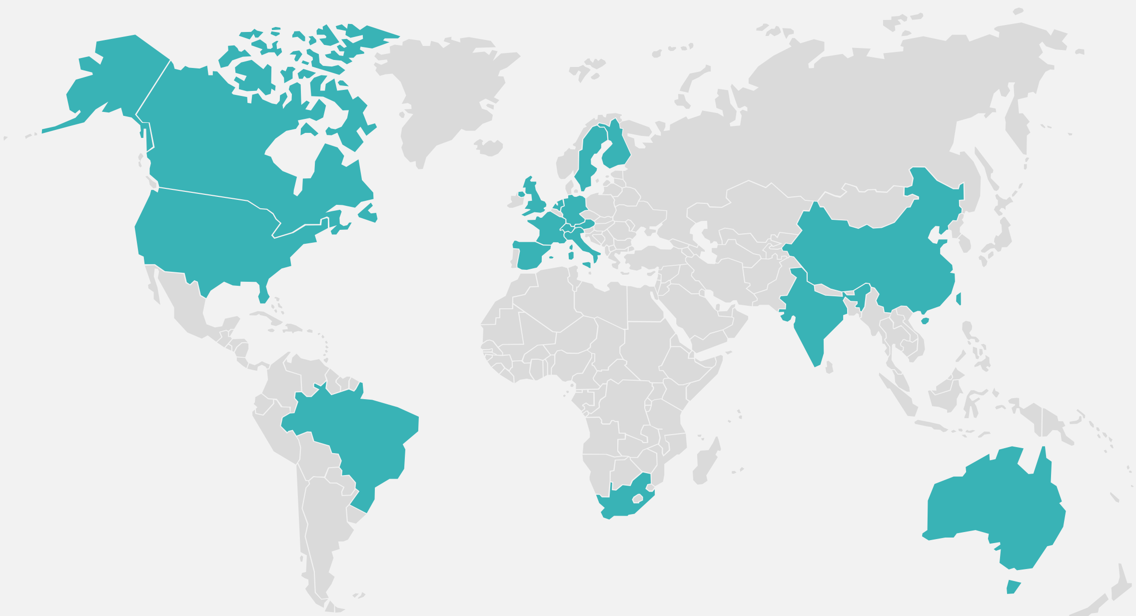
Amundi reached out to over 67 companies and conducted 56 engagement calls on biodiversity. Our engagement campaign covered 8 different sectors divided into four macro categories.

Engagement with 56 companies, across 8 sectors and 18 countries



Source: Amundi Asset Management

56 Engagements in 18 countries



Source: Amundi Asset Management

Outcomes, issuer's dynamic & perspective

Amundi aims to improve common knowledge of biodiversity-related issues among issuers as well as within the finance industry. In line with this objective, we published a Thematic Paper on the topic for issuers to refer to in Q4 2022 in an attempt to improve best practices, as we did for "*Circular Economy*".

Case study 13: **Biodiversity in Restaurant & Catering sector**

Context

The food industry is frequently mentioned as the sector primarily driving biodiversity loss globally[24]. While the industry is responsible for severe biodiversity loss[25], it is also heavily dependent on biodiversity and faces significant risks associated with its depletion. The food sector impacts on biodiversity are often indirect, primarily caused by the sourcing of raw materials. This makes the topic difficult to measure and manage, partly because of the scale of global supply chains. The restaurant and catering sub sector has an additional layer of complexity as there is a high degree of independence among various operations, geographies, branches, and stores with sourcing decisions often made at a country or regional level.

Action

Regarding the matter of biodiversity in the restaurant & catering sector, Amundi's demands are as follows :

1. Strategy from the top: extent to which biodiversity is a specific subject at the board level and degree to which the company has formalized its biodiversity strategy

2. Identification and management of Impacts, Risks, Dependencies, and Opportunities: extent to which the company has identified and is managing biodiversity linked impacts, risks, dependencies and opportunities

3. Metrics, Targets, and Reporting: how a company is currently measuring and assessing biodiversity risks and impacts and the extent to which the company is working collectively with peers and its ecosystem to address reporting difficulties

In the specific case of engaging with a company in the Restaurant & Catering Sector, the first priority was to map the company's supply chains to support both their climate and biodiversity related goals. Indeed, although sourcing decisions are made locally, the global policy is translated at the local level (and then re-aggregated for top down reporting). We consider that the company can begin making sourcing commitments at a more local level with accompanying indicators to help measure the progress towards their wider goals. We understand that the complexity of the business means that the change must start with a few key commodities and impact drivers (i.e. soy, seafood, food waste, plastic, etc.) and that each commodity needs its own approach. This is a very common approach for the sector and while an important first step, it could mean that some commodities or impacts remain unaddressed. Like many companies in this engagement, we urge the company to do the exercise of assessing how they impact biodiversity more holistically so they can begin to understand (and manage) these other impacts.

Outcomes, issuer's dynamic & perspective

Amundi's dialogue with the company is at initial stage, which means that it is too early to confirm improvements. Despite the challenges inherent to addressing biodiversity loss, the company already demonstrated strong awareness of the topic and is actively working on related issues.

24. https://www.unep.org/news-and-stories/press-release/our-global-food-system-primary-driver-biodiversity-loss
25. The Encore Tool identified Consumer Staples as having "*very high materiality rating*" for terrestrial ecosystem use, water use, freshwater ecosystem use, marine Ecosystem use and "*high materiality rating*" for GHG emissions, non-GHG air pollutants, water pollutants, soil pollutants, solid waste, and other disturbances https://encore.naturalcapital.finance/en/explore?tab=impacts

The company acknowledges the rise in demand from their customers for vegetarian and plant-based options worldwide. To support its commitment to propose 33% plant-based dishes in their menus by 2025, the company has launched the Future Food Collective, a collaborative research initiative bringing its chefs together with industry experts and key suppliers to reshape consumption habits. More interestingly, they have identified a business opportunity related to their activity of catering services. To support their clients in their own climate and environmental commitments, they can position their catering services as a way to help their clients achieve their own climate targets. While for the moment they mainly see the climate aspects of this proposition, growing awareness around biodiversity loss may allow to extend this innovative service to support new targets.

3. Social cohesion through the protection of direct & indirect employees, promotion of human rights

Case study 14: **Living Wage engagement on Carrefour**

Context

Carrefour is one of the biggest food retailers in the world with more than 12,000 stores and 320,000 employees in 30 countries. With a large employee base, wage related matters are a significant issue for the company. While a majority of their operations are in countries that offer some degree of worker protections, Carrefour historically had no overarching policy to ensure their employees globally received a wage beyond local minimums, sufficient to meet basic needs.

Action

Although Amundi already engaged with Carrefour on a living wage in global supply chains through the Platform Living Wage Financials (PLWF - see Amundi 2020 engagement report for reference-), we decided that specific engagement on a living wage for direct employees was also required.

Outcomes, issuer's dynamic & perspective

Amundi began engaging with Carrefour on this topic in 2019 and saw a successful outcome in 2021. Indeed, Carrefour has made promising progress by including language related to a living wage into its group wide remuneration policy (covering the 30 markets in which it is active). They namely acknowledge that living wage is a human right recognized by the United Nations (UN) and the International Labor Organization (ILO) and state that "*wages must enable employees to meet their basic needs and those of their families and to attain a decent standard of living. These must cover the purchase of goods and services to cover the needs of food, health, clothing, as well as education and transport*"[26].

26. https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees

Amundi strongly welcomes this significant progress from Carrefour, which positions them as a standard setter for retailers globally. Nonetheless, going forward, we will remain attentive to how Carrefour plans to implement and monitor this policy across 30 markets, especially when the living wage varies per region. An additional positive development is that Carrefour strongly supports collective bargaining agreements as a means of facilitating social dialogue and has signed pledges with global unions as well as local collective agreements. We see this as a major strength in Carrefour's plan to implement this global living wage policy but still expect to get more clarity on how Carrefour operations will directly monitor and implement it (especially in markets that Carrefour might consider to be higher risk).

Case study 15: **Engaging on the Just transition with Volkswagen**

Context

The automotive industry is undergoing considerable structural changes due to the rise of automation and electrification. Because this can have disruptive consequences for employees, there is a considerable need for strategies focused on a just transition. Volkswagen is no exception as the company employs more than 660,000 people worldwide and has pledged to spend EUR33 billion on its electric vehicle (EV) business over the next few years[27]. A large portion of the workforce is likely to be impacted by this shift to EVs. Thus, Amundi selected Volkswagen as part of our initial just transition engagement pool, in order to better understand the social impacts of their shift to EVs.

Historically, Volkswagen has demonstrated relatively strong employee development programs for the sector[28]. As the topic of just transition is still considered an emerging topic, we still see room to improve transparency regarding how the company will manage this specific transition.

Action

Amundi's key asks to Volkswagen in 2021 were as follows:

- Assessment (reported publically) of the company training needs to successfully manage a just transition now and in the future, including the share of current employees whose competencies will become obsolete and the projected number of employees with new skills that will be needed to support the evolving business.
- More transparency on just transition specific employee training at the company, including internal KPIs used to measure the impact and effectiveness of this training.
- More transparency on how the human resources department is managing the just transition internally, including the identification of potential redundancy bottlenecks.

27. Volkswagen, 2021
28. In 2020, Volkswagen reported that there will be no major redundancies planned until 2029 and most of the job reductions will be through retirements. They also reached an agreement in 2016 between Volkswagen's union and the board of management on the company's future strategy to transition in a "*socially compatible way*" https://www.volkswagen-newsroom.com/en/press-releases/volkswagen-concludes-pact-for-greater-economic-viability-and-a-more-secure-future-1653

Outcomes, issuer's dynamic & perspective

We have witnessed some positive developments. For example, Volkswagen has reported that roughly 50% of their employees continue to perform manual jobs in production and that the current structure of the workforce does not reflect expected changes to their employment needs including a surplus of staff in certain manual areas and an increased demand for tech professionals. They are working with an academic institution to have a clearer picture of the areas where job cuts will occur and those where further qualifications are needed (in particular digitalization and electrification). Furthermore, Volkswagen has specified that future employee training will focus on important future technologies.

While we welcome these developments, we are aware that the company is still in the process of fully developing its just transition strategy. Amundi will continue to engage with the company going forward to encourage more transparent reporting on how Volkswagen will manage and report on its just transition.

Case study 16: **Engagement with Top Glove following a controversy related to a potential breach of the UN Global Compact**

Context

When a human rights abuse occurs, following the UN Guiding Principles, Amundi works to ensure that companies carry out effective remediation to those impacted and enhance processes to prevent repeated occurrences.

In general, we prefer engagement to divestment as we have a greater ability to encourage positive change when invested in the company. For cases of severe and repeated violations without proper remediation plan, when engagement fails, we may escalate in order to accelerate the momentum of the remediation.

Multiple controversies arose regarding poor Covid-19-related work conditions at the Malaysian company Top Glove, the leading manufacturer of disposable rubber gloves. Following up from a whistleblowing alert and its mishandling, the company was under investigation over the mass outbreak of Covid-19 at its facilities.

Action

Poor labour practices and governance issues led Amundi to oppose the election of the entire Board of Directors at the 2021 Annual General Meeting. We had notified the Company of our voting intentions.

An engagement call with Top Glove was arranged on January 21, 2021, to discuss the serious governance concerns Amundi had and, areas for improvements, such as:

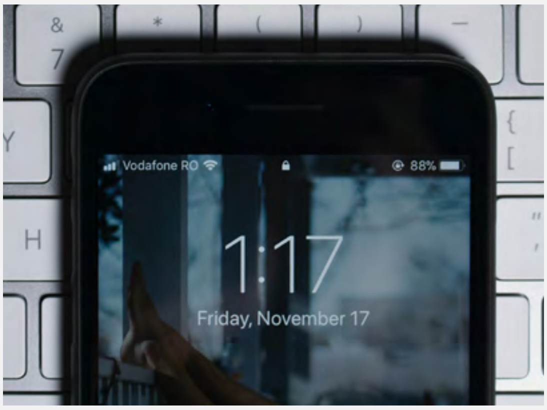
- Improvement in workers' accommodation, improved health care and preventing measures,
- Introducing helpline to workers and other communication tools,
- Election of workers' representatives,
- Establishment of a whistleblowing committee.

Outcomes, issuer's dynamic & perspective

The engagement calls concluded with the mention of immediate measures planned by the company. Amundi will remain vigilant to the corrective dynamics of the company's policies and their implementation in the future.

4. Client, product & societal responsibilities

Case study 17: **Vodafone, a committed actor willing to further improve the transparency it provides**



Context

Vodafone is one of the largest telecommunication companies operating across many different geographies. It is the second-highest ranking telecommunication company in the 2020 Ranking Digital Rights (RDR) index and notably commits to protect individual rights across its operations and activities, including in the development of algorithmic systems. Nonetheless, the RDR index highlighted room to improve transparency over some of its practices.

Action

Through a dedicated engagement campaign in 2021, Amundi asked Vodafone to disclose further outcomes of individual rights due diligence conducted on its existing services, the enforcement of its policies, its algorithms and targeted advertising, as well as zero-rating programs.

Outcomes, issuer's dynamic & perspective

Vodafone was both receptive and prepared: they informed Amundi that they had recently carried out two human rights impact assessments on child rights and high-risk markets. In addition, the company is in the process of integrating human & individual rights further into key processes such as product design, Artificial Intelligence technologies, but also their enterprise sales process. While engagement with the company in 2021 highlighted several positive developments, our conclusion was that Vodafone could develop a more systematic approach to human rights controls and risk management, as well as strengthen its efforts on data privacy and user rights.

As the next step, Amundi will continue to engage with Vodafone with the expectation that it carries out a comprehensive human rights due diligence, discloses its scope and outcomes and sets relevant objectives for the future.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

As a responsible investor with a clear understanding of the role and importance of ESG criteria, Amundi participates in numerous initiatives as a member and signatory. We are an active participant in working groups at a range of market bodies – both regulatory and industry-led organisations – aimed at moving responsible finance, sustainable development and corporate governance forward in the interests of our clients.

1. Collaborative engagement: working with our peers to help drive the conversation

Collective efforts can have a great impact. Just as we encourage issuers to act collectively on key sustainability issues, investors also often collaborate. Collaborative initiatives can provide additional scale and scope for engagement or provide opportunities for greater impact.

When deciding between engaging collectively or on our own, Amundi will choose the most efficient method to push the agenda, which could favour a collaborative method. Amundi may supplement collaborative efforts with direct engagement if a collaborative engagement does not cover particular issues, sectors, or companies, or if the collaborative initiative does not address the topic in a way Amundi might wish. Amundi values both engagement types as a mean to have a positive impact on sustainable outcomes.

Amundi usually plays an active role in collaborative initiatives. Amundi generally takes the role of lead investor on engagement with one or more companies. Sometimes an 'active role' also means that that Amundi contributes to the planning, methodology and operations of the initiative.

By contrast, on some occasions, Amundi is simply a participant in a collective initiative. This is often the case when the initiative is dynamic and impactful without particular assistance from Amundi. For other collective actions, Amundi might contribute to the thought leadership on emerging topics or provides contacts and resources. As a participant, Amundi has the opportunity to gain insights into new and emerging problems or advise the group on the feasibility of proposed methodologies to prepare for eventual active engagement.

International initiatives include institutional investors and asset management professionals. Their goal is to encourage businesses to improve their practices and transparency in terms of combatting climate change and deforestation, protecting water resources, health, nutrition in developing countries, and so on. We actively participate in the development of standards and initiatives where we believe the additional effort will be important to client outcomes, and lend our weight to other initiatives where we feel this is the most positive contribution we can make.

2. Collaborative engagement: involvement of Amundi in industry bodies

Industry bodies on which Amundi staff member hold formal roles

Initiative	Topic	Purpose	Amundi's involvement
FIR (Forum pour l'Investissement Responsable)	Responsible finance	The FIR seeks Socially Responsible Investment (SRI), to ensure that more investments integrate the issues of social cohesion and sustainable development. With other SIFs (Sustainable Investment Forum), the French SIF is a founding member of the European network, Eurosif.	• FIR- AG CAC 40: Active participation in drafting ESG questions at CAC40 companies' AGMs Chair of the engagement commission
Association Française de la Gestion financière	Responsible finance	Professional body	• Amundi co-headed the working group that led to the publication of guidelines to asset management companies for setting a fossil fuel policy for the oil & gas sector • Working group on gender diversity and disability
ICMA - International Capital Market Association (Green Bonds Principles, Social Bonds Principles and Sustainability-Linked Bond Principles)	Environnement and social	ICMA brings together members from all segments of the wholesale and retail debt securities market and focuses on a comprehensive range of regulatory and market practice issues which impact all aspects of international market functioning.	• Member of executive Committee (Green Bonds and Social Bonds) • Member of Working Group (SLBs) • Leader of the Impact Measurement WG for Social Bonds in 2020-2021 season
Finance for Tomorrow	Responsible finance	Finance for Tomorrow, an initiative led by Paris EUROPLACE aims to promote sustainable finance in France and internationally.	• Founding member • Active membership and contributor to "*Taxonomy and European Green Deal*"; "*Just Transition" and "Green Bonds"* Working Groups • Investors for a Just Transition coalition (Lead on Transport Working Group; Participation in Building & Construction Working Group) – Member of the biodiversity working group as well.
WDI - Workforce Disclosure Initiative Letter	Corporate workforce disclosure	This urges companies to disclose better and more comparable data on their employees and supply chains, and shows the intention of Amundi to integrate workforce issues into its investment decisions.	• Drafting and sending letters to companies complete the WDI survey • Member of advisory committee in 2021

Access to Medicine Index	Access to Medicine	This initiative identifies access to medicine best practice (in pricing, licensing and R&D for instance).	• Co-lead investor for the engagement of a pharmaceutical company
PLWF - Platform for Living Wage Financials	Living Wage	The PLWF aims to address the non-payment of living wage in global supply chains in the garment industry, retail/food retail, and food.	• Active Member of Garment & footwear WG: active engagement (lead on multiple company engagements), jointly presented our findings about Covid19/Living Wage at the 2021 OECD Garment & Footwear Forum • Participant in Food & Agri WG – jointly sent AGM questions to two food retail companies on the topic of living wage
La Fondation de la Mer	Biodiversity / Pollution	The Fondation de la Mer contributes to the research and protection of the Oceans.	• Steering Committee Participant for the Ocean Framework (a tool helping companies to identify and improve the impact of the interactions with the oceans.
The 30% Club France Investor Group	Gender diversity	Six asset managers, including Amundi, call on French large caps to establish action plan to have at least 30% women in executive management teams by 2025.	• Founding member • Co-chair for 2021 engagement season • Active engagement with companies (lead on multiple engagements and participant in most other engagements)

Further industry organisations in which Amundi is involved

Initiative	Topic	Purpose	Amundi's involvement
IIGCC - Institutional Investors Group on Climate Change	Climate change	The IIGCC mobilizes capital for the low carbon transition and to ensure resilience to the impacts of a changing climate.	• Amundi signed the IIGCC's Investor Expectations for the banking sector to take into consideration the banking sector's critical role in aligning the real economy with the goal of net zero emissions by 2050 and in limiting warming to 1.5 degrees (reduce the financing of fossil fuels and increase funding of low carbon solutions). • Amundi provided feedback in the consultation phase for the Net Zero Standard for Oil and Gas published in September 2021, notably on the need to have more transparency and enhanced granularity on corporate capex budgets to test their level of alignment with net zero scenarios

AIGCC (Asia Investor Group On Climate Change)	Climate Change	The Asia Investor Group on Climate Change (AIGCC), a subsidiary of the IGCC is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.	• Participation in the Utilities Engagement program
CDP - Ex Carbon Disclosure Project	Climate / Forest / Water	CDP runs the global disclosure system for companies, cities, states and regions to manage their environmental impacts.	• Active member of the CDP Water Disclosure Project and of the CDP-Non-Disclosure Campaign (Climate, Water, Forest) in which Amundi engages with companies that have not responded to CDP requests. • Participant to the CDP's Science Based target campaign • Active discussions about CDP Forest data use and the development of biodiversity information
Climate Action 100+	Climate change	Launched in December 2017 at the One Planet Summit. This initiative seeks to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.	• Active membership • Lead on company engagement on different sectors (Construction materials; Airlines)
FAIRR - Farm Animal Investment Risk & Return	Environment	A global network of investors addressing ESG issues in protein supply chains.	• Lead on specific companies' engagements • Contribution to working group in FAIRR's Sustainable Proteins Engagement in which 25 global food manufacturers are asked to disclose information on their intention and long-term approach to transitioning proteins portfolios towards lower impact and more sustainable sources in line with the 1.5°C world
Investor Action on AMR initiative	Antimicrobial resistance	A collaboration between the FAIRR Initiative, the Access to Medicine Foundation, the Principles for Responsible Investment, and the UK Government to galvanize investor efforts to address global antimicrobial resistance.	• Active engagement with companies and data providers
World Benchmarking Alliance	Responsible finance	The World Benchmarking Alliance (WBA) seeks to change the way that business impact is measured to boost motivation and stimulate action for a sustainable future.	• Participation to working groups (definition of Just Transition assessment framework)

Finance for Biodiversity Pledge	Biodiversity	84 financial institutions from around the globe signed the Finance for Biodiversity Pledge. They commit to protect and restore biodiversity through their finance activities and investments.	• Amundi is an active member of the initiative and participate in its three working groups (Engagement with companies; Impact assessment • Public policy advocacy) – Amundi represented the signatories with a speech at the High Level Segment of the Fifteenth United Nations Conference on Biodiversity (COP15) to call on global leaders to protect and restore biodiversity
RHSF - Ressources Humaines Sans Frontières	Human rights	Initiative to address the complexity of forced labor.	• Active role in determining standards and KPIs that could be used by the financial industry
France Invest - ESG Commission	Responsible finance	Support private markets players in taking ESG issues into account.	• Amundi participated in the update of the Recommendation to facilitate the dialogue between private equity and debt issuers and investors.
Human Technology Foundation	Societal impacts of technology	Collaboration to better understand the societal impacts of technology.	• Working group to better understand the societal impacts of technology
ICCR - Human Rights in ICT sector	Human rights	Initiative to urge companies to uphold human rights in online environment.	• Amundi led the engagement with two ICT actors
ASCOR - Assessing Sovereign Climate-related Opportunities and Risks	Climate change	Coalition of investors seeking to assess sovereign debt issuers and their actions on climate change	• Amundi contributed to preparation works and now co-chairs two of the working groups on policies and funding needs for climate change mitigation and adaptation

3. Illustrations of collective actions in which Amundi has been involved

a. Collaborative work with regulators

Illustration 34: **2 examples of collaboration with regulators**

European Financial Reporting Advisory Group lab task force

Amundi was part of the Project Task Force on Reporting of Non-Financial Risks and Opportunities and Linkage to the Business Model, that began its work in September 2020 and ended in October 2021. The PTF-RNFRO was asked to review the current state of play and identify good practices in the reporting of non-financial risks and opportunities and their linkage to the business model.

ICMA[29] - Green, Social, and Sustainability-Linked Bonds Principles

Amundi is an Executive Committee member since 2017 and consequently plays an active role addressing matters relating to the Principles e.g. the development of Green Bonds market, the standardization and impact reporting practices. Until June 2021, Amundi was also leading the Social Bond working group. Amundi is member of the Sustainability-Linked Bonds working group, Social Bonds working group. Amundi is also member of other groups from ICMA: Impact Reporting working group, Climate Transition Finance working group, Sustainable/ESG Indices Working Group, Advisory and dialogue with other markets Working Group

b. Collaborative work on Climate

Case study 18: **Amundi's action with Climate Action 100+**

Action

Amundi is an active member of Climate Action 100+, an investor led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. In 2021, Amundi supported CA100+ in a collaborative engagement with seven corporates from various sectors and regions: two Japanese companies (capital goods, automotive), three oil & gas companies (France, Brazil, Mexico), a US construction materials company, and a French airline company

Outcome, Issuer's dynamic and perspective

Companies results to our Climate Action 100+ are mixed

29. International Capital Markets Association

Japanese Automotive manufacturer

In our 2020 engagement report, we had expressed concerns on the climate lobbying practices of the Japanese automotive manufacturer. We noted some positive developments in 2021: after stating that it would re-evaluate its climate lobbying practices, the company provided its official support to the newly proposed CO_2 standards and electric vehicles goals in the US (while advocating for fair incentives), and released its first climate lobbying report.

US Construction Materials Company

Unfortunately, we saw a lack of progress with the US based construction company under engagement. The company is also cited as a climate laggard in the CA100+ Net-Zero Company Benchmark. Thus, we decided to escalate by voting down all but one item at its 2021 AGM.

Mexican oil & gas company

In 2021, we conducted an assessment of its new carbon/methane reduction targets based on its new business plan to support the engagement by CA100+ lead investors. A call will be set up to give an opportunity to share concerns over the carbon reduction targets that appear unchanged from the previous plan.

French Oil & Gas Company

Amundi supported a CA100+-led statement by investors at the 2021 AGM of a French Oil & Gas company. While we supported the climate strategy of the company by voting positively to its welcome "*Say on Climate*" resolution, we believe the strategy needs to be improve. We would specifically welcome enhanced disclosure, allowing investors to better understand how the company's climate strategy contributes to and aligns with global net zero goals. For instance, we advocate for enhanced disclosure, by region, of scope 3 emissions. Emission pathways can significantly differ by region in climate change mitigation scenarios. Providing further granularity on scope 3 emissions would therefore help investors to judge more precisely the level of alignment of the company's scope 3 reduction targets with net zero scenarios. We believe there is no one-size-fits-all reduction target.

c. Collaborative work promoting best reporting practices

Amundi frequently collaborates with think tank or NGOs on specific topics in order to promote best practices.

➜ Our progress in 2021

Promoting greater corporate reporting on Ocean impacts and SDG 14, with "*Fondation de la Mer*"

Natural capital preservation (ecosystem protection & fight against biodiversity loss)

Illustration 35: **Examples of work promoting best practices**

Action

In 2019, Amundi started a close collaboration with the Fondation de la Mer (FDLM). The FDLM is a French Non-Governmental Organisation (NGO) that works with civil society to help protect marine ecosystems. The FDLM wanted to develop a reporting framework in collaboration with the French Ministry for the Ecological and Inclusive Transition based on the goals of SDG 14 (Life Below Water) to help corporates better assess their impact on the ocean.

In 2021, Amundi worked with the Fondation de la Mer (FDLM) to translate their framework into an actionable engagement methodology for investors in order to :

- To leverage the work of the foundation and duplicate its impact by reaching a larger number of corporates
- To accelerate awareness of the need to manage corporates' negative impact on oceans.

In 2021 Amundi launched a multi-year engagement campaign on oceans in order to test the framework with 9 companies for the first year. The tool is the first of its kind, easy to use, and has been developed by experts and tested by companies. There were two specific aims to our ocean engagement:

1. Increase company awareness of ocean impacts and encourage ocean specific ESG policies and strategies

2. Use the FDLM framework to identify key ocean impact themes

Next steps

Following the 2021 pilot phase, Amundi will double the number of corporates engaged in 2022 and actively participate to the first edition of the One Ocean Summit in February 2022 to promote the FDLM framework[30].

30. https://legroupe.amundi.com/article/soutien-l-ocean-framework-avec-la-fondation-de-la-mer

d. Collaborative work promoting diversity

Social cohesion through the protection of direct & indirect employees, promotion of human rights

In France, under the Copé-Zimmermann law, listed companies are required to have a minimum of 40% of women on the Board of Directors since 2017. As a natural consequence, gender diversity was expected to trickle down from the board to reach all executive management layers. However, as of mid-2020, women accounted for 21% on average of the SBF 120 French-listed companies' Executive Committees. Their roles were predominantly functional, as only 12% of operational roles in SBF 120 Executive Committees were held by women.

To address this, the 30% Club France Investor Group was launched in 2020. It is the French chapter of a global campaign that takes action to increase gender diversity at board and executive management levels[31]. Amundi helped to launch the French Investor Group and was co-chair of the group in its inaugural engagement season. The group now has 12 members working to address the lack of gender diversity in top management of the companies in the SBF120.

The 30% Club France Investor Group has two key objectives:

Objective 1: reaching at least 30% of women on executive committees of SBF 120 companies by 2025

30% is the level at which critical mass is achieved and contributions from a minority group start being heard and valued, impacting leadership decision dynamics.

Objective 2: specific expectations regarding disclosure from investee companies

It covers in particular corporate governance issues, including the process used to identify suitable candidates for executive management teams.

Key Highlights from the 30% Club France Investor Group's Annual Activities

Analysis of Current State of Play	Active Engagement Campaign	Soft Engagement Campaign	Collaboration with Friends of the Investor Group
• Using public data to assess current performance of SBF120 and their respective Gender Diversity Targets	• 14 in person meetings with corporates to incentivize progress towards (and beyond) 30%	• 30% Club KPI list distributed to SBF120 to outline reporting expectations on gender diversity	• Uniting Industry stakeholders so share the same goal • Knowledge sharing with Industry Experts

Source: 30% Club Investor Group France

31. The initiative is present with Chapters in Australia, Brazil, Chile, Colombia, Ecuador, Eastern Africa, Hong Kong, Ireland, Italy, Japan, Malaysia, MENA, Mexico, Poland, Southern Africa, Turkey, UK and the US.

➜ Our progress in 2021

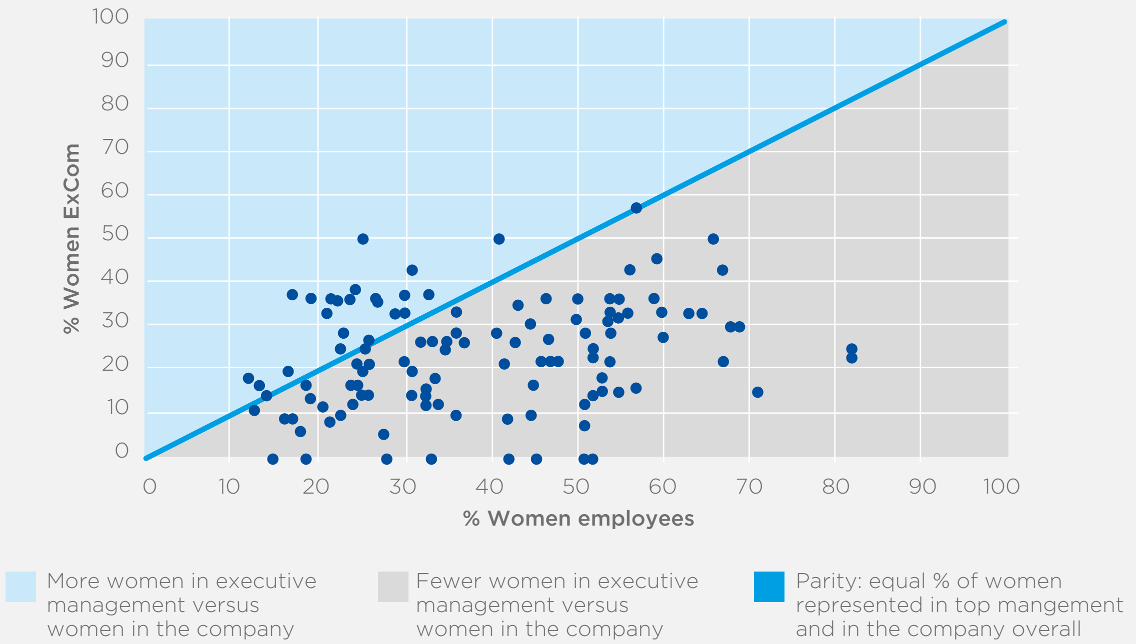
The group has published a first annual report[32] highlighting their 2021 activities.

Context

Key Conclusions of 2021: The SBF120 has a long way to go to achieve gender equality

Amundi analysed the performance of the SBF120 companies to identify candidates for engagement and to track developments to achieve the objective of having at least 30% of women in executive committee roles by 2025. When comparing data between 2020 and 2021 we observed that the total percentage of women in executive management in France has only improved from 20% to 23%, demonstrating the need for engagement to encourage faster momentum towards gender equality.

The Current '*State of Play*' of the SBF120: to majority of companies are far from gender equality



Source: 30% Club Investor Group France

Action

Amundi conducted 14 in person meetings with corporates with additional conversations occurring through email. Through our dialogue with French companies, we observed that sectors with high rates of female employment (Financials and Consumer) have a clear problem with glass ceilings. While targets and strategies are set, these sectors have a long way to go to increase diversity at the highest level of management and, unfortunately, many were unwilling to have a dialogue with the investor group. By contrast STEM (Science, Technology, Engineering, and Mathematics) sectors, despite their historically low rates of women, showed a strong willingness to improve as demonstrated by clear commitments (on both getting more women into the companies and ensuring they reach top management), and a willingness to speak with the investor group and learn from our insights.

32. https://30percentclub.org/wp-content/uploads/2022/01/30Club_France_Diversity_Report_Final.pdf

We launched a "*soft*" engagement campaign, sending our own proprietary KPIs list – 38 KPIs organized around 11 diversity topics - to the SBF120 companies, in order to outline our reporting expectations. From the answers we received, we observed that all KPIs are achievable and reported, but there is a lack of consistency in how companies report on quantitative diversity data. Furthermore, there is a lack of granularity and transparency on key diversity data points. Lastly, global standards on gender diversity are needed to guarantee employees in different countries equal benefits and opportunities.

We collaborated with experts and other stakeholders seeking to address the poor rates of gender diversity. This included the French Business Association MEDEF, that shared their own data collection efforts. By examining the MEDEF data, the 30% Club France Investor Group made several observations: a majority of the SBF120 companies have targets on gender diversity, but only very few aim at parity; there is significant ambiguity regarding the perimeter of these targets; there is a high degree of variability on timelines to reach targets.

The observations provide the 30% Club France Investor Group with a solid foundation to lead into year 2 of the Investor Group.

Case study 19: **Société Générale and the Financial Sector**

Context

When considering total workforce, the financial sector presents a very good gender balance with 50% women on average, better than the 39% women of the total SBF 120 companies. While we could expect a similarly balanced representation also at the executive management level, such is not the case. Women account for 24% of Executive Committees members, not even 1% higher than the total SBF 120 average. We believe this represents a lost opportunity for financial companies, which have had access to a large female talent pool for a long time already.

At the time the investor group was launched in late 2020, Société Générale had 57% women in its workforce and only 16% of the executive committee members were women.

Action

At the end of 2020, Amundi helped launch the 30% Club France Investor Group and became its co-chair for the inaugural 2020-2021 season. When the Investor Group was launched, the engagement expectations described above were sent out to the entire SBF120 companies. The Chairman of Société Générale showed great interested in the Investor Group and proposed an engagement meeting with him in attendance in early 2021.

In particular, the group's specific demands to Société Générale were as follows:

1. Demonstrate a greater gender balance at the executive committee level (highest governing body below the board) with more concrete momentum towards their targets and action plans in the near term

2. Disclose clear public action plans on how Société Générale intends to drive gender diversity at the company all the way up to the highest management levels

Outcomes, issuer's dynamic & perspective

Société Générale highlighted that diversity & inclusion is a strategic priority for the group. The group has set a target of having 30% of women in its governing bodies by 2023, and more precisely in the following committees:

- Strategic Committee (Top 30 positions), from 24% women at the end of 2020;
- Management Committee (Top 60), from 29% women at the end of 2020;
- Key group positions (Top 150), from 21% women at the end of 2020.

The Strategic Committee includes General Management (highest governing body below the board) which is a body with six members and only one woman. At this particular level, there remains no gender diversity target. While we were in favour of the overall targets, we insisted on the need to aim at gender balance at the highest management level and stated our wish to see this reflected in the future.

Despite no target having been set at the general management level, we were delighted to hear later in 2021 that the newly appointed Deputy General Manager and Chief Operating Officer, effective from 17 January 2022, was a woman. This change raised the representation of women in General Management to 33% (2 out of 6).

Going forward in 2022, Amundi will continue to engage with Société Générale to follow up on the actions they are taking to achieve the targets they have set out as well as how they are assessing the effectiveness of those strategies.

Case study 20: **Carrefour – Hurdles in reaching its targets but dedicated action plans to address the issue**

Context

At the end of 2020, Carrefour had 18% women in the Executive Committee and 58% overall. The company had not yet set hard diversity goals for the Executive Committee level but has put in place a plan to reach 40% of women in key positions and 35% of the top 200 management positions by 2025. While women accounted for 31.5% of appointments to key positions in 2019, it was only 23.2% in 2020.

Gender equality does factor into executive compensation. Since 2019, 25% of the long-term incentive plan and 20% of the annual variable compensation for the Chairman and CEO are based on the company's Corporate Social Responsibility (CSR) index. Within the index, two of the 17 indicators are linked to gender diversity.

Action

Engagement in the context of the 30% Club France Investor Group, of which Amundi is an active member.

The 30% Club France Investor Group has two key objectives:

- reaching at least 30% of women on executive committees of SBF 120 companies by 2025
- specific expectations regarding disclosure from investee companies

Outcome, issuer's dynamic and perspective

To address this decrease, Carrefour set up an action plan in 2021, the results of which are pending. Since 2021, the CSR index has been included in the variable compensation of all employees in the group entity and of managers in integrated countries.

Furthermore, Carrefour has signed a global trade agreement that, among other provisions, sets out to protect female employees from violence at work and promote diversity and equal opportunity in the workplace through joint initiatives, especially in relation to gender mix and non-discrimination. Carrefour has also undergone gender equality audits and certification in key areas of operation. In 2021, Corporate, Taiwan, Spain, Brazil, France, Argentina and Romania maintained their GEEIS[33] certification with Corporate, Brazil and Romania improving on their previous scores.

While there is still room for improvement, we recognize Carrefour's efforts to improve their performance on gender equality and look forward to following their progress in the future.

Illustration 36: **Sopra Steria – Beginning of the journey but a clear plan to get there**

Context

At the end of 2020, Sopra Steria had 12% women in the Executive Committee and 32.5% overall.

Action

Engagement in the context of the 30% Club France Investor Group

Outcome, issuer's dynamic and perspective

The company set a new goal at the beginning of 2021 to reach 30% of women at the Executive Committee level by 2025, a welcomed objective given the sector and 2020 baseline. To increase female representation in top management, Sopra Steria has rolled out a senior management target to get women to fill at least 20% of senior management by 2025 (versus 15%). The target seems ambitious as senior management is expected to grow and promotion alone will not allow to reach this target. While the company is at the beginning of its journey, it has a concrete action plan to achieve these goals centered around three key themes:

- Hiring (aims to at least maintain the proportion of women at all management levels and recruit 33% more women for mid-management every year)
- Promotion (deploying specific programs to help young talents climb the corporate ladder, e.g. mentoring)
- Management practices (increasing awareness of stereotypes, business case for more diversity, etc.)

Going forward, we will monitor the implementation of this plan, and reengage in the midterm to ask for an improvement of the targets.

33. Gender Equality European & International Standards

4. Support for research into responsible investment matters

a. Supporting university chairs

Amundi actively supports academic research and has forged several partnerships with university chairs, especially regarding green finance matters:

- ESSEC is a leading business school in France. "*ESSEC Amundi Chair in asset & risk Management*" aims at promoting academic research in the field of Asset and Risk management and stimulating the cooperation between ESSEC and Amundi researchers, in particular in offering a series of research seminars on specialized topics to Amundi collaborators and institutional clients and diffusing the results of academic research towards these collaborators.
- Academic Chair "*Sustainable Finance and Responsible Investment*", created in 2007, sponsored by the Association Française de Gestion (AFG) and led by the École Polytechnique and the Institut d'Économie Industrielle (IDEI) in Toulouse.

- "*Climate Economics Chair*", an initiative of CDC Climate and Paris-Dauphine University under the aegis of the Institut Europlace de Finance Foundation. We support its research initiative "*Carbon Prices and Markets*". These initiatives contribute to enrich the research capacities of Amundi.

b. Supporting PhD students

The ESG Method & Solutions team and the ESG Research team welcomes three PhD students working on the following topics:

- "*Green bonds: financial and extra-financial performance*": comparative financial analysis between green debt (green bonds) and conventional debt, from the investor and issuer's point of view; extra-financial analysis, strengths and weaknesses of market development and development of environmental impact assessment methodologies.
- "*Sustainable development in the law of the European Union's external relations*": analysis of how the European Union takes into account the ideas of environmental protection and social progress in the law governing trade between the Union and third countries; analysis of the relationship between these two ideas and the search for economic progress within this same law.
- "*Climate transition and physical risk*": analysis on the risks to financial stability behind climate change. Physical climate impacts increasingly confront investors with unplanned and abrupt changes or disruptions to businesses or assets. In addition, investors face transition risk to a lowcarbon and climate-resilient future

c. Creation of a Think Tank on Responsible Finance

Amundi created the Médicis Committee, a working group dedicated to responsible finance. This think-thank aims to address major current social issues in terms of their relationship with finance, with the goal to contribute to public debate, by enabling Amundi to fully endorse its social role and be a different kind of financial firm, owing to its understanding of and unique outlook on the world around it. The Médicis Committee, chaired by the Chairman of Amundi, brings together recognised figures from different nationalities and backgrounds: economists, philosophers, scientists, sociologists, business leaders, representatives of non-profits, etc. Their mission consists of: – Studying, from a multidisciplinary perspective, the major economic, social, environmental issues that our societies and economies face. – Creating practical recommendations for financiers and businesses. – Encouraging the promotion of its work.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

When engaging companies, Amundi assesses the progress made by the issuer towards certain objectives using milestones. Our first objective is to induce positive impact and the way we decide to engage will always be decided according to its expected effectiveness. When engagement fails or if the remediation plan of the issuers appears weak, we may enact a mode of escalation up to the point of exclusion from our active investment universe, meaning all actively managed strategies over which Amundi has full discretion.

1. Measuring and monitoring engagement progress

Triggering deep change in large organizations might prove to be complicated, disruptive and even considered impossible by issuers. This is why we seek consensus and action on reasonable staging posts during engagement monitoring while not settling for progress merely for the sake of progress. As investors we must inflect ambition with the necessary pragmatism to promote a transition towards a sustainable, inclusive and low carbon economy in a timely manner. We understand the current limitations to effectively measure and address key themes in sustainability climate, science biodiversity, and human rights. We consider sustainability to be an evolving benchmark, and as such our engagement strategies will evolve over time to better improve integration of these developments.

2. Engagement escalation: to have an impact we need to incentivise change when momentum is slow

Engagement escalation modes include (in no particular order):

- negative overrides to potential or continued investment in one or several criteria
- questions at AGMs
- votes against the discharge or the renewal of board members
- filling of resolutions
- public statements
- ESG score caps (main example is tobacco policy: an issuer that has more than 10% of its headline revenue coming from tobacco has its rating capped as E),
- and ultimately exclusion.

We might use escalation modes through our voting activities. For example, in the case of themes that are critical (such as climate, natural capital preservation, social matters, severe controversies and/ or violations of Global Compact principles) or lack of response on engagement related to sustainability factors, Amundi can decide to vote against the discharge resolution. In the case of long-standing inaction, or if the case is severe, Amundi can vote against the chairperson or some board members.

In addition to exercising escalation through our voting activities, failed engagement might have a direct impact on our full capacity to invest in a company. Indeed, ESG Research analysts can downgrade the related criteria in the ESG score of the issuer, and in the case of a critical issue, the overall ESG score can be downgraded.

Amundi is committed to integrating ESG criteria into the investment process of actively managed open-ended funds[34] and seeks to maintain, in addition to financial objectives, an average portfolio-level ESG score above that of the respective investment universe. Occasionally, an issuer's ESG rating can change from being investable to excluded due to its obstinacy on an ESG issue that we believe to be crucial.

The ultimate escalation mode is exclusion, in case of failure to engage and remediate on a critical issue.

Case study 21: **HSBC - Filing and Co-Filing Shareholder Resolutions to Push the Dialogue**

Amundi was part of a group of large investors led by ShareAction that filed a climate resolution ahead of HSBC's AGM of January 2021.

Context

HSBC had committed to reach Net Zero emissions by 2050, but a pathway on how they would reach this target was missing, as well as a clear plan to phase out from fossil fuels. Under pressure of a group of investors including Amundi, HSBC filed a board-backed resolution committing the bank to disclose a sustainability strategy including an alignment of its financing activities with the objective of the Paris Agreement and a phasing out of thermal coal by 2030 in the OECD and by 2040 in the rest of the world.

Action

On the back of this company-proposed resolution, the co-filing investors, including Amundi, agreed to withdraw their motion and instead support the bank's proposal during the AGM in May 2021.

Nonetheless, Amundi has continued its engagement with the bank in 2021, notably after the bank announced its climate strategy in December. Amundi has asked HSBC management to expand the thermal coal exclusion policy to its asset management activities, with an implementation or at least public announcement during the first quarter of 2022.

Perspective

In the absence of response, Amundi might consider escalation. Additionally, Amundi has asked for a refinement of the coal developers' definition, to reassure on the exclusion of indirect financial support to new thermal coal assets. Amundi will consider presenting a resolution at the 2023 AGM.

34. See Amundi's responsible investment policy https://about.amundi.com/

Case study 22: **Credit Suisse & Deutsche Bank - Raising questions in AGMs to emphasise areas where issuers need to improve**

Another escalation mode used in 2021 was to ask public questions in AGMs. Amundi feels that raising questions during AGMs is an efficient way to emphasize areas where issuers need to improve. In 2021, we concentrated this action on issuers having direct or indirect coal exposure.

Credit Suisse

Amundi submitted, together with six other institutional investors, a joint statement ahead of the 2021 AGM of Credit Suisse, following extensive engagement on their energy policy and climate strategy. Notwithstanding the bank's strengthening of its coal policy in August 2020, it has not committed to a full coal phase out yet. We also asked for an exclusion policy on coal developers, for a commitment to help clients implement coal phase out plans, and for the publication of more information on the expected transition strategies of clients.

Deutsche Bank

Regarding Deutsche Bank, following a lack of answers tou our previous engagements, Amundi submitted questions at the 2021 AGM related to their fossil fuel policy. We asked the bank to put in place an exclusion policy for coal developers and a phase out plan from thermal coal in line with the Paris Agreement.

Case study 23: **Credit Suisse - Escalation following a controversy**

Context

Following its most recent controversies (Greensill & Archegos), Credit Suisse announced several measures in April 2021:

- the departure of some executive members, including the head of the CIB department
- a cut in the dividend and a suspension of share buybacks
- the cancellation of the Executive Board's 2020 bonuses and 2021 long term incentive
- waive by outgoing chairman of his CHF 1.5Million annual chair fee
- two investigations by independent external parties into the supply chain funds matter and the Archegos-related matter

These controversies have raised considerable concerns about the bank's risk management system, business ethics up until the highest levels and audit & control mechanisms. The measures taken were not sufficient to allay our concerns, therefore a call was organized with two Board Members on April 9th 2021 with the Chairpersons of the Compensation and Audit Committees.

Action

Amundi expressed its concerns on the company's ethical practices, the delegation and control of risk from the top to lower levels in the organization and the balance between risk and profitability.

Following the discussion, it was decided to not support at the 2021 AGM:

- Reelection of some board members due to a failure of their control duties
- All Remuneration items ex ante and ex post linked to the Chairman and the Executives members

Perspective

A follow up will be organized before AGM 2022 to assess the corrective measures implemented and the improvements realised.

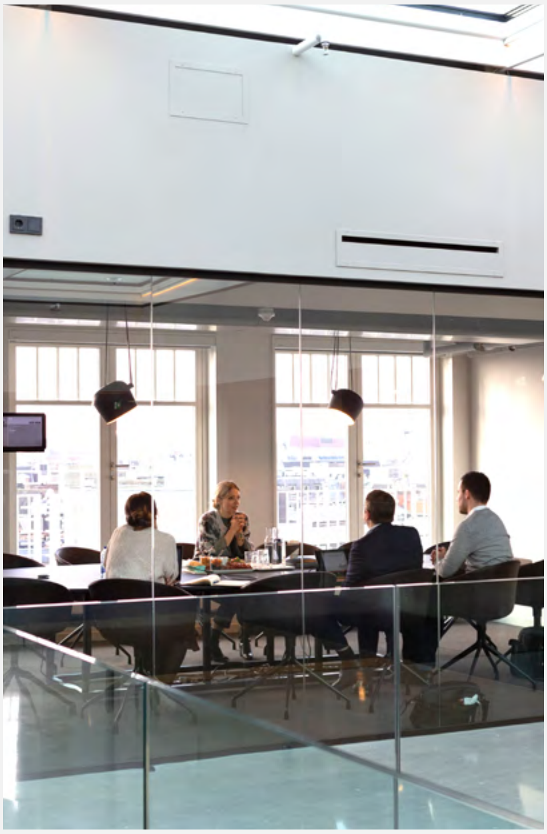
Case study 24: **Governance issues for a Japanese automotive manufacturer – Downgrade of the ESG rating**

Context
Amundi 2020 stewardship report mentioned that we have been engaging with a Japanese manufacturer since 2019 on governance issues.

Action
Amundi maintained pressure on this company to encourage better practices.

In the absence of changes, we decided to downgrade our ESG rating and informed the company that a divestment would follow if no improvements were observed in the near future.

Outcome
The June 2021 AGM of the company confirmed the improvement in governance as the percentage of independent directors increased from 20% to 40%, and one new female director was appointed.



EXERCISING RIGHTS AND RESPONSIBILITIES

Principle 12

Signatories actively exercise their rights and responsibilities

We regard the considered and intelligent exercise of investor voting rights as a central aspect of our role as a responsible investor. Our voting policy responds to our holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. Furthermore, our voting reflects our overall approach to stewardship, meaning that we are committed to long-term relationships with the companies in which we invest, and to active dialogue with them.

1. Our vision of exercising voting rights

The Voting & Corporate Governance team consists of 7 specialists who analyse resolutions and organize ongoing dialogue with companies pre and post AGM's with the aim of:

- Being a responsible investor through the exercise of the voting rights following a clear voting policy that encourages strong governance and accountability of boards and management on environmental and social issues,
- Encouraging adoption of governance best practices through pre-and post AGMs dialogue, either by highlighting key elements of our voting policy and when possible by alerting the issuers when we intend to vote against a resolution with a clear rationale,
- Using the structure created by proxy voting to invite feedback and dialogue from companies on issues we have raised via the ballot
- Taking the opportunity to raise awareness among board members of the challenges and opportunities that the transition towards a sustainable, inclusive low carbon economy could pose on their long-term business success, the necessity for them to handle it at board level and be accountable to the AGMs.

As part of its regular dialogue with issuers, Amundi informs companies of our proprietary methodology for ESG analysis and the rating assigned to them, and explains any changes. The positions we express in our votes should not surprise companies. They are the result of our analysis and dialogue, based on fully transparent criteria. Amundi has centralised the exercise of voting rights[35] within a Voting & Corporate Governance team and exercises the votes on behalf of its subsidiaries and funds. Amundi is committed to transparency and, where possible, it informs issuers of planned negative votes.

In 2021, Amundi has significantly increased the number of active dialogues with issuers around the AGMs season.

35. Amundi Aalan Sdn Bhd (Malaisie), Amundi Asset Management, Amundi Austria, Amundi Canada, Amundi Deutschland, Amundi Hong Kong, Amundi Iberia Amundi Immobilier, Amundi Ireland, Amundi Japan, Amundi Luxembourg, Amundi Sgr, Amundi Singapore mandates, Amundi UK Ltd. BFT IM, CPR AM, Etoile Gestion, Sabadell Asset Management, Société Générale Gestion

2021 Voting Engagements Statistics

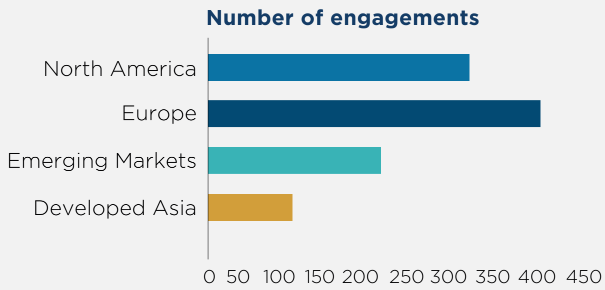
The Amundi Corporate Governance team conducted dialogue with 1,033 issuers in 2021.

Breakdown of Voting Engagements

	Number of engagements
Voting - Intentions'alerts*	654
Dialogues triggered by voting alerts**	159
Pre-AGM and Off-Season Engagements	220
Total	**1033**

* with no further dialogue.
** with no off-season dialogue.

Geographic Breakdown of Voting Engagements



Source : Amundi Asset Management

2. Amundi's voting policy

Amundi intends to fully exercise its responsibility as an investor by voting at general meetings according to this voting policy[36].

Amundi has developed its voting policy according to its holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. Our voting policy is supported by our own data and KPIs. A portion of the analysis is performed in-house, mainly on priority issues and companies. Part of the custom analysis is performed by an external provider. This is supplemented by the analysis of three different proxy advisors. The policy is reviewed on an annual basis and available on our corporate website.

The key elements of the voting policy include:

- **Shareholder rights:** A corporate governance regime must protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders.
- **Boards, committees and governing bodies:** Boards have strategic authority and their decisions affect the future of their company, both in the short and long-term; all board members have individual responsibility. Boards are accountable to the company and its shareholders, but must also have due regard to, and respect the interests of, other stakeholders. In particular, employees, creditors, customers and suppliers. Compliance with social and environmental standards is also a board responsibility. Amundi is fully backing the eight principles of the World Economic Forum's Climate Governance Initiative. For a board to be effective, a fair level of independence and diversity is needed as well as a limitation of over-boarding.
- **Compensation policy & dividends:** we analyse executive compensation holistically and vote based on two main criteria: the CEO's compensation must be reasonable, and economically justified. Further, we are vigilant to ensure that the company's pay approach, and more broadly its sharing of value overall, do not generate unacceptable situations of social inequality. Since 2019, we have reinforced our voting and engagement efforts on these topics. Pronounced socioeconomic inequalities are detrimental to GDP growth , and even though inequalities have different grounds, corporates have an impact on them.

36. The policy is reviewed on an annual basis and available for review on our corporate website.

Therefore, we have reinforced our dialogues with companies concerning the critical need to focus on the long term while balancing the different stakeholders' efforts with a conservative approach on dividend payment and temperance in executive compensation. Social cohesion, wage balance, and employee involvement in the company's growth have long been engagement topics for Amundi. We are also vigilant on the inclusion of ESG performance criteria in the variable remuneration as well as KPIs related to climate for issuers from the climate high impact sectors.

- **Amundi favourably views shareholder resolutions asking issuers to increase transparency on environmental and social issues.** Each environmentally or socially related shareholder resolution has been analysed by a corporate governance analyst, when needed with the help of an ESG analyst, to assess the value of the proposal for the shareholders.

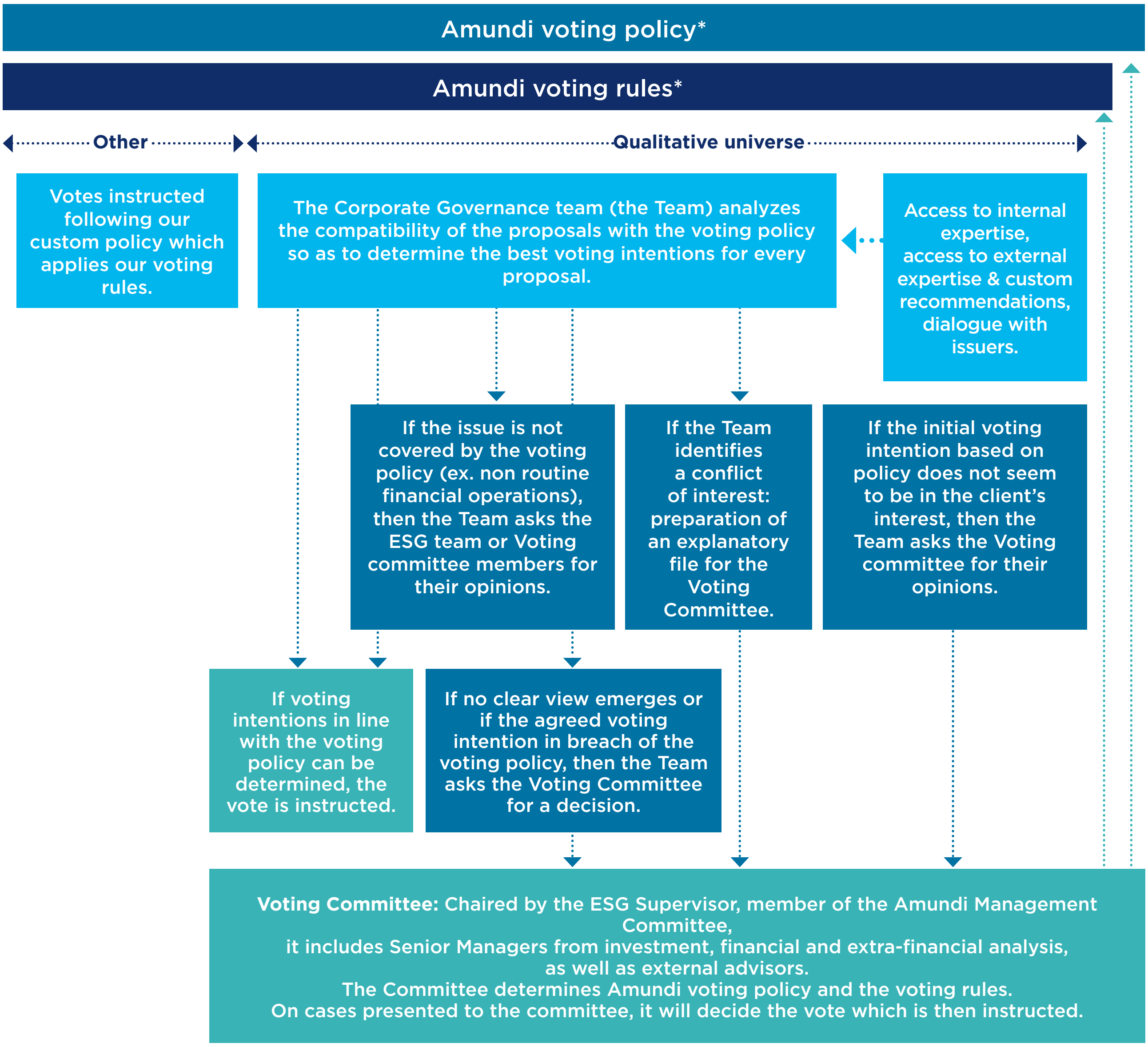
3. Scope of the voting policy

This voting approach applies to all Amundi managed funds, apart from some whose overall value is less than EUR 15 million, because we have concluded that the costs of voting on such funds outweigh the benefit to clients. In the same way, voting rights are exercised on the entirety of the shares held, unless the required period during which trading is blocked by the market or custodian risks an adverse impact on our clients because it would hinder portfolio manager trading discretion. Exceptionally, we may not be able to ensure effective voting for some or all of the shares held. The funds exercise their voting rights at the meetings of the companies in which they have an equity investment whenever possible.

For 2021 we have voted on all holdings where it was economically viable to do so, which was 95% the total of the votable assets under the responsibility of Amundi (which means we have voted on more than 7300 AGMs). When the management of an equity portfolio is trusted to an outside manager, that manager may have the voting rights, as provided in the delegation contract. Clients with segregated mandates can require us to apply their own voting policy. Voting rights are exercised for securities held in the portfolio at the time of the General Meeting. To fully exercise these rights, the lent securities are recalled in accordance with local laws, technical constraints, and the interest of the meeting. Shares are recalled for all meetings considered sensitive. For the SRI labelled funds, shares are systematically recalled for all issuers several days before the meeting record date in order to hold the rights to vote at the meeting.

Full disclosure of all our latest voting decisions is available on our corporate website.

Proxy-voting flowchart



* Reviewed on a yearly basis

4. Exercising our voting rights in a considered and responsible manner

Good governance practices are paramount to protecting the interests of minority shareholders. The exercise of voting rights at the Annual General Meeting is therefore key to expressing an opinion on the company's strategy and operational and financial management. This means that being able to vote in proportion to the ownership of the capital and not being faced with limitation or protection mechanisms that would allow the company to circumvent the decision-making power of its shareholders. Amundi funds have exercised in 2021, whenever possible[37], the voting rights at the meetings of the companies in which they have an equity investment[38].

37. 95% of the shares held of portfolios of our voting universe. Ballots' failures are explained by operational problems
38. See appendix of the voting policy for the exact description of the voting scope https://www.amundi.com/institutional/

Certain high-level governance principles that are worth defending universally such as independent oversight and agents' remuneration being aligned with their principals' interests. As far as possible, we express these consistently in our voting in all jurisdictions. Nevertheless, cultural norms do vary to the extent that it is not always productive to maintain this stance to the same degree and we must accept a slower pace of change over no change at all. The implementation of this policy is adapted to knowledge of the limit of what is possible each of these local contexts and this is where we seek to position our votes.

Our decisions are always made with a view to defending the interests of our clients by supporting the creation of sustainable long-term value. To do that, Amundi considers each company's context in a pragmatic manner to make sure its voting decisions are effective, especially regarding gender diversity for example. In that case Amundi may link the vote with a specific engagement stream[39].

5. Questions in AGMs & voting against management as an escalation mode

Apart from the traditional AGM items on which Amundi votes using its voting policy (compensation policy, dividends, independence of the board, over-boarding, diversity of profiles), Amundi has used votes to express concerns following failed engagements or in case of failure to act responsively on topics representing systemic risks such as the energy transition, coal phase-out, and social cohesion. Amundi voted against the discharge of the board or management, or the re-election of the Chairman and of some Directors in the following cases:

- Companies that are excluded from the active investment universe according to the Amundi Responsible Investment policy but held elsewhere for example in index funds
- A selection of companies with a poor climate strategy operating in sectors for which transition is paramount for the alignment with the Paris Agreement.

➜ Key Outcomes and examples of the 2021 Voting Campaign

The 2021 season was generally characterized by opposition votes for four main reasons:
- Unbalanced remuneration practices or lack of ESG/ climate-related KPIs
- Unsustainable dividends during a global pandemic
- Over boarding, the term used to describe when a board member has, in our view, more executive and/or non-executive positions that he or she can reasonably discharge to a high standard
- Failure to factor in climate issues or questionable social practices

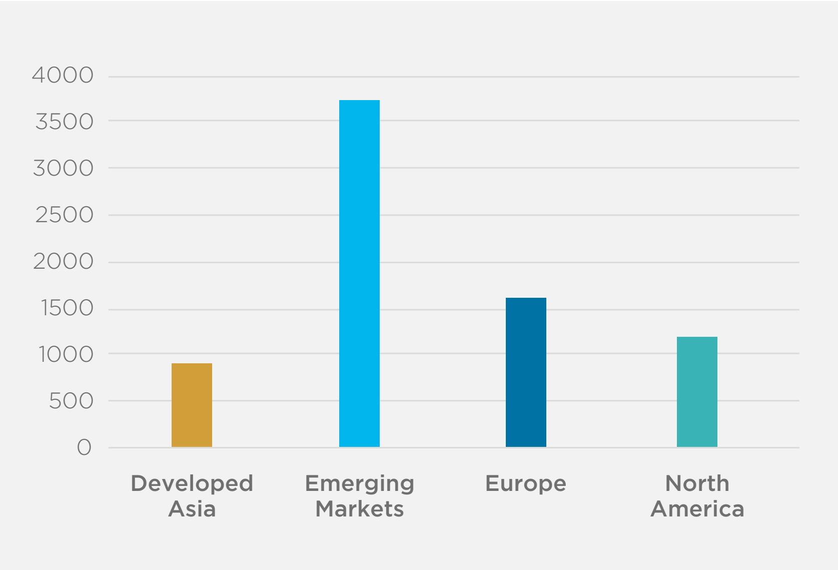
Where possible, Amundi endeavours to alert issuers if it intends to vote in opposition by sending an email prior to the meeting. This will explain the rationale for the intended voting stance.

39. See Japanese engagement on gender diversity in the boardroom for an example

Voting statistics	2018	2019	2020	**2021**
Number of companies voted	2 574	2 931	3 397	**4 008**
Number of meetings voted	2 956	3 474	4 241	**7 309**
Meetings voted with at least one vote "*Against Management*"	62%	56%	71%	**64%**
Number of items voted	35 245	41 346	49 960	**77 631**
Number of items voted "*Against Management*"*	15%	13%	20%	**20%**
Votes "*Against Management*"	2018	2019	2020	**2021**
Proportion of votes "*Against/Category*"				
Board structure	11%	11%	19%	**20%**
Compensation	36%	27%	31%	**45%**
Financial Structures	26%	21%	28%	**21%**
Vote in favour of Shareholders proposals	2018	2019	2020	**2021**
% of votes in favour of shareholder resolutions	66%	65%	67%	**77%**
Climate	82%	81%	87%	**86%**
Social/Health/Human Rights	55%	70%	81%	**83%**
ESG Items	2018	2019	2020	**2021**
Environment / Climate	108	133	148	**196**
Social	4 036	4 380	5 503	**7 398**
Governance	31 101	36 833	44 309	**70 037**

(*) Does not include vote which there was no management recommendation

Regional breakdown of meetings



20% *Opposition Rate Globally*

In 2021, the opposition rate on compensation was ***45%***

In 2021, the opposition rate on dividends was ***15.5%***

In 2021, Amundi supported ***86%*** *of climate-related shareholder resolutions presented at the General Meetings in which it participated.*

In 2021, Amundi supported ***83%*** *of social, health & human rights related shareholder resolutions presented at the General Assemblies in which it participated.*

Executive compensation

Amundi considers that the alignment of interests between managers and shareholders is a key part of corporate governance. The remuneration policy within the company must reflect and maintain this balance. In 2021, Amundi paid close attention to whether executive remuneration plans and practice did not reward short-term targets at the expense of long term growth as well as balancing the different stakeholders' efforts. We also expect the inclusion at board executive and ideally senior management level ESG KPIs and KPIs related to climate for issuers from the climate high impact sectors.

Dividends

We strongly believe, especially in light of the current pandemic, that dividend policies should balance shareholders needs for remuneration in cash, with the need to preserve the financial strengths of the company as well as the long-term interest of employees to pave the way for future earnings growth.

Climate strategy

We also supported a large majority of shareholder resolutions calling for more transparency and information on ESG and climate strategy. This was recognized by ShareAction's "*Voting matters 2021*" report in which Amundi ranks amongst the top performing asset managers in terms of voting on climate change, climate-related lobbying, and social issues.

Board structure

Amundi expects to have a full understanding of the functioning of the governance bodies including: – the level of independence – existence and operation of specialized committees – skills and background balance – adequate availability of directors (absence of "*over-boarding*")

Social, Health & Human Rights Related Resolutions

Social, health & human rights related resolutions have increased at General Meetings.

Focus on Say on Climate

2021 has seen the development of a new type of resolution called '*Say on Climate*'. Those resolutions related to the climate strategy of the issuer are presented by management. Because climate change could provoke destructive chain reactions and constitutes a systemic risk, Amundi believes that shareholders should be fully informed on how companies are tackling this challenge and are contributing to the global effort to transit towards a low carbon economy in line with the Paris agreement. Amundi views the development of such resolutions as a clear improvement for the shareholder democracy. Therefore, we have backed those resolutions especially where the issuer strategy is deficient.

Case study 25: **Say on Climate**

2021 saw a notable expansion of management sponsored advisory votes on climate transition plans ("*Say on climate*"). Two US companies and an additional eighteen European companies tabled such proposals. These proposals were broadly supported, in part because of their novelty nature.

However, best practices on the structure of such proposals and related disclosures are yet to be established. Amundi decided that it was more efficient to vote in favour of "*Say on Climate*" in the first year (2021), even when the plans presented had significant room for improvement, and to engage the companies so as they increase their ambition level. Negative votes will be considered for the following years[40].

Amundi has engaged several issuers, directly or with the French Eurosif, a sustainable investment forum, on the need for shareholders to be able to vote on Say on Climate resolutions.

We ask for two resolutions, one ex-ante on the strategy and one ex-post on the result.

We ask that the Climate strategy covers the important elements using a recognized framework if possible, including (without limitation) short, mid & long term targets on gross emissions and on the different scopes and capital expenditure planned. We also highlighted the need for the board to discuss the result of stress testing of the business model using carbon prices consistent to Net Zero scenarios, or even higher prices, as well as the importance for the board to collectively acquire the right competencies.

40. In 2022, Amundi has created a framework of analysis for this type of resolution, resulting to an opposition rate for the first semester of around 60%.

Case study 26: **Voting on climate strategies**

Equinor ASA / Climate Strategy

At the 2021 General Meeting of Equinor, a shareholder proposal requested the company to stop all Oil and Gas Exploration in the Norwegian Sector of the Barents Sea. Amundi supported this resolution to voice its concerns about exploration activities in this region of the arctic seas.

We wrote to the company to inform them of our vote and to propose a call. As our message remained unanswered, we will continue to monitor the company's practices and may decide to vote against the management on other proposals in the future.

Clariant/ Board structure

In March 2021, Amundi informed the issuer of our voting intention to not support the re-election of two board members for over-boarding issues. One member holds five mandates (of which two are as Chair of the board) and the other holds three mandates (of which one are as Chair of the board and two as Chair of the audit committee).

The nominees received 73% and 94% support.

The issuer took note of our concerns. Amundi will keep monitoring the issue and will vote against the re-election of these board members if they do not reduce their number of mandates as we consider the time availability of board members to be a critical topic.

McDonald Corporation/ Social, Health & Human rights related resolutions

Trinity College, the University of Cambridge and Amundi co-filed a shareholder proposal at the 2021 annual shareholder meeting of McDonald Corporation. We asked the company to study and disclose the external environmental and public health costs created by the use of antibiotics in its meat supply chain. Excessive use of antibiotics in raising animals for food contributes to antimicrobial resistance (AMR), which threatens global health by reducing the effectiveness of antibiotic drugs. We believe it is shareholders' interest to demand more transparency and to be able to verify that the Company does not seek profits over behaviour that threatens social and environmental systems.

While the proposal ultimately failed, it received the support of 11.27% of shares voted. By co-filing this proposal, Amundi has been able to signal to the Company's Board and management that more and more shareholders were concerned by these risks and that additional disclosure was expected on the matter. After a similar proposal had been filed by The Shareholder Commons at the KFC, Pizza Hut and Taco Bell parent company Yum! Brands, the company committed to disclose the systemic costs of antibiotic use, so the co-filers decided to withdraw the proposal.

Starbucks Corporation/ Social, Health & Human rights related resolutions

Shareholders of Starbucks Corporation urged the board to adopt a policy to promote significant representation of employee perspectives among corporate decision makers. They required the initial list of candidates from which new director nominees are chosen by the Nominations and Governance Committee to include non-management employees. Amundi is in favour of employee involvement in corporate governance (as well as employee share ownership), because these practices help align the interests of shareholders and employees over the long term. Amundi thus promotes the appointment of employee Directors as a principle of good governance. We therefore supported the proposal.

Amundi informed the company of its voting intentions and held an engagement call to express its views. The proposal failed at the AGM, with a support rate of 7.2%. While we understand that the topic of employee representation on the Board is still considered marginal in the United States, Amundi will keep engaging with companies on that topic to explain our position and the benefits of the practice.

3M Company/ Social, Health & Human rights related resolutions

The proposal encouraged the consideration of pay disparity between Executives and Other Employees when setting target amounts for CEO compensation. Amundi believes that social cohesion, or its absence, represents a systemic risk for companies. It can also be an opportunity for those who wish to integrate it in a positive way, in particular through controls of the wage balance within the framework of compensation policies. Amundi therefore considered that this proposal had merit and supported it.

Amundi informed the Company of its voting intentions but the Company was unresponsive. The proposal failed at the AGM, receiving the support of 10.8% of the votes cast.

Chartwell Retirement Residences / Social, Health & Human rights related resolutions

The proposal requested that the Board of Directors undertake a review and report to shareholders on the feasibility, cost and benefits of the company implementing a Living Wage policy covering employees, suppliers and contractors. Amundi supports living wage policies especially in at risk sectors such as retirement services.

The proposal failed at the AGM, gathering only 7.2% of the votes. The low level of support is evidence that the topic of living wages is still in the infancy phase and more education needs to happen both at the investor and company levels on the materiality of the topic. Amundi is part of the Platform Living Wage Financials (PLWF), an alliance of 19 financial institutions that engages companies on the issue.

Appendix 1

ESG policies and reports, ESG Reporting

Document name	Contents	Frequency	Transmission method
Responsible Investment Policy	Amundi's Responsible Investment policy	Annual	www.amundi.com
ESG Corporate Ambition 2025	Amundi's Responsible Investment ambitions to be completed by 2025		www.amundi.com
Shareholder Engagement Priorities	A report summarizing the outcome of the previous engagement, voting campaign, and outlining the objectives for the current year.	Annual	www.amundi.com
Engagement report	Details of Amundi's engagement process, results of our dialogue and engagement with companies on topics related to ESG matters	Annual	www.amundi.com
Voting policy	Analytical framework for Amundi's voting policy	Annual	www.amundi.com
Amundi Sustainable Finance Disclosure Regulation Statement[33]	Corporate sustainability-related disclosures ("*SFDR*") with regard to EU regulation in the financial services sector including Principal Adverse Impacts	Annual	www.amundi.com
UN PRI Public Transparency Report	Amundi's annual report regarding its ESG reporting obligations arising from its adherence to Principles for Responsible Investment (PRI)	Annual	www.amundi.com
UN PRI Climate Transparency Report	Amundi's annual report regarding its Climate reporting obligations arising from its adherence to Principles for Responsible Investment (PRI)	Annual	www.amundi.com
TCFD Climate Reporting	Amundi's response to TCFD requirements and Article 173 of the French Energy Transition for Green Growth Act.	Annual	www.amundi.com
Report on voting rights and shareholder dialogue	Implementation of Amundi's voting policy	Annual	www.amundi.com
ESG reporting	For SRI funds: the portfolio's ESG ratings, those of its benchmark and/or the investment universe Environmental, Social, and Governance Indicators	Monthlyl	www.amundi.com
SRI transparency code	AFG-FIR/EUROSIF transparency code for Amundi SRI funds	Annual	www.amundi.com
Social impact reporting	For social-impact funds: details of social impact investments by topic (employment, housing, health care, education, non-profit services, international solidarity, environment), list of social impact companies funded, and testimonials	Annual	www.amundi.com
CSR Report	Annual report on Amundi's corporate social responsibility actions and results.	Annual	www.amundi.com

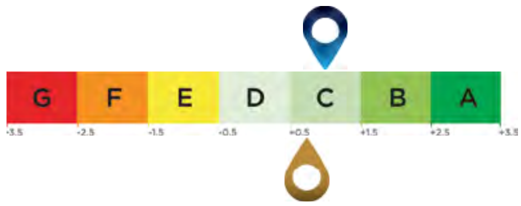
Standard ESG reporting

In addition to complying with Amundi's Responsible Investment Policy, ESG mainstreaming portfolios have a performance objective that aims to achieve a portfolio ESG score above that of the reference universe.

Detailed ESG reporting

It makes it possible to view the portfolio's ESG ratings (ratings from A to G, A being the highest rating and G the lowest) and compare that portfolio to other ratings in its investment universe. The data comes from the configuration created by our IT teams and connected to the ESG rating and management tools.

ESG Investment Universe: 100% MSCI Europe Value



Investment Portfolio Score: 1.06

ESG Investment Universe Score[1]: 0.77

ESG Coverage (source : Amundi)

	Portfolio	ESG Investment Universe
Percentage with an Amundi ESG rating [2]	97.69%	99.63%
Percentage that can have an ESG rating [3]	97.69%	100.00%

ESG Terminology

ESG criteria

The criteria are extra-financial criteria used to assess the Environmental, Social and Governance practices of companies, states or local authorities:

"E" for Environment (energy and gas consumption levels, water and waste management, etc.).
"S" for Social/Society (respect for human rights, health and safety in the workplace, etc.).
"G" for Governance (independence of board of directors, respect for shareholders' rights, etc.)

ESG Rating

The issuer's ESG rating: each issuer is assessed on the basis of ESG criteria and obtains a quantitative score, the scale of which is based on the sector average. The score is translated into a rating on a scale from A (highest rating) to G (lowest rating). The Amundi methodology provides for a comprehensive, standardised and systematic analysis of issuers across all investment regions and asset classes (equities, bonds, etc.).
ESG rating of the investment universe and the portfolio: the portfolio and the investment universe are given an ESG score and an ESG rating (from A to G). The ESG score corresponds to the weighted average of the issuers' scores, calculated according to their relative weighting in the investment universe or in the portfolio, excluding liquid assets and non-rated issuers.

Amundi ESG Mainstreaming

In addition to complying with Amundi Responsible Investment Policy[4], Amundi ESG Mainstreaming portfolios have an ESG performance objective that aims to achieve a portfolio ESG score above the ESG score of their ESG Investment universe.

[1] The investment universe reference is defined by either the fund's reference indicator or an index representative of the ESG-related investable universe.
[2] Percentage of securities with an Amundi ESG rating out of the total portfolio (measured in weight).
[3] Percentage of securities for which an ESG rating methodology is applicable out of total portfolio (measured in weight).
[4] The updated document is available at https://www.amundi.com/int/ESG.

The ESG report includes the following sections:

- Definitions of the ESG criteria
- The average ESG rating in the portfolio
- The assessment for each ESG criterion
- The ESG analysis coverage
- Impact indicator criteria
  - Environment: Carbon footprint per million euros in revenue
  - Social : Manager Diversity (average percentage of female managers)
  - Governance: Board Independence Percentage (percentage of directors that meet the designated criteria for independence)
  - Human Rights Compliance: Decent working conditions and freedom of association (percentage of companies with policies that exclude forced or obligatory child labour or that guarantee freedom of association, applied universally regardless of local laws.)

Sample ESG reports

EQUITY

SRI Terminology

Socially Responsible Investment (SRI)

The SRI expresses sustainable development objectives in investment decisions by adding Environmental, Social and Governance (ESG) criteria in addition to the traditional financial criteria.

SRI thus aims to balance economic performance and social and environmental impact by financing companies and public entities which contribute to sustainable development whatever their business sector. By influencing the governance and behaviour of stakeholders, SRI promotes a responsible economy.

ESG criteria

The criteria are extra-financial criteria used to assess the Environmental, Social and Governance practices of companies, states or local authorities:

“E” for Environment (energy and gas consumption levels, water and waste management, etc.).
“S” for Social/Society (respect for human rights, health and safety in the workplace, etc.).
“G” for Governance (independence of board of directors, respect for shareholders’ rights, etc.)

SRI according to Amundi

Rating scale from A (best score) to G (worst score)

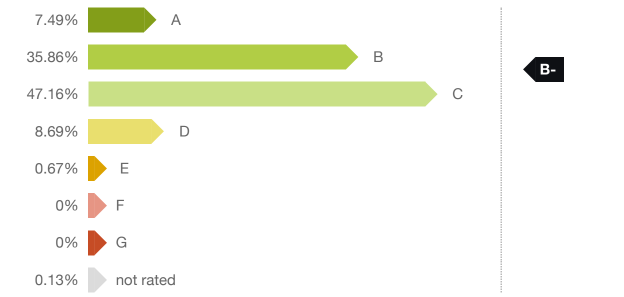
An SRI portfolio follows these rules :

1 - Exclusion of E, F and G scores [1]
2 - Overall portfolio rating of C or above
3 - Overall portfolio rating above the benchmark index/investment universe rating
4 - ESG rating for 90% minimum of portfolio stock [2]

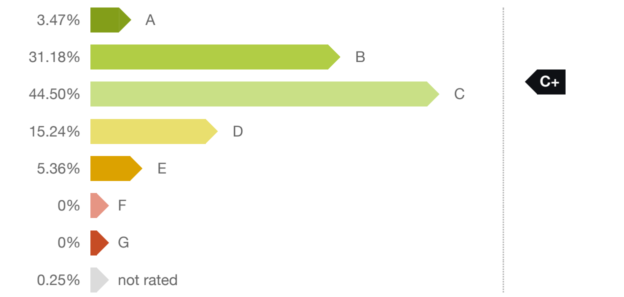
Average ESG rating

Environmental, social and governance rating

Of Portfolio[2]



From the universe of reference[3]



Evaluation by ESG criteria

Environment	C+
Social	C
Governance	B-
Overall Rating	**B-**

Benchmark : MSCI EMU

Coverage of ESG analysis

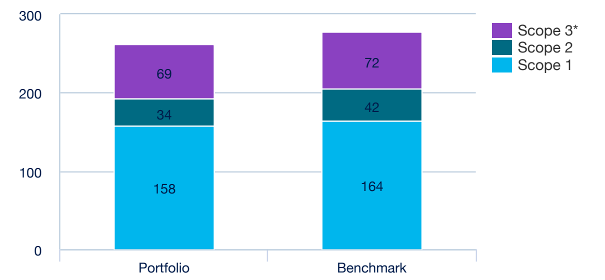
Number of issuers in the portfolio	131
% of the portfolio with an ESG rating[2]	99.87%

ISR Label

Environnement[1]

Carbon footprint per euro million of sales

Total carbon portfolio footprint (Portfolio/Index) : 261 / 278

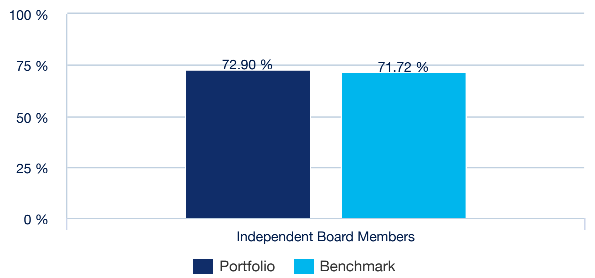


This indicator measures the average emissions in metric tonnes of carbon equivalent per unit of a company's revenue (€ million of sales). This is an indicator of the carbon intensity of the value chain of the companies in the portfolio.
* first-tier suppliers only

Coverage rate (Portfolio/Benchmark) :	97.93%	96.72%

Gouvernance[3]

Board Independence Percentage

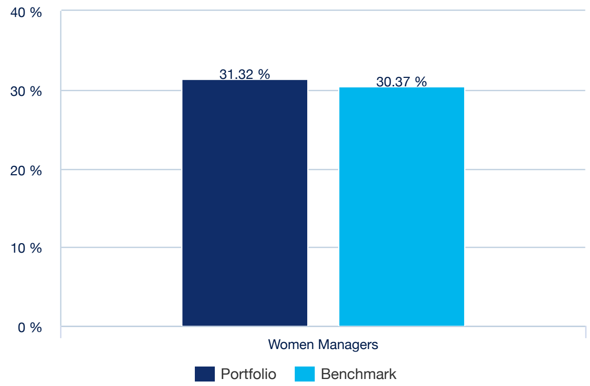


The average percentage of directors that meet the designated criteria for independence.

%Rated/Rateable - Independent board members	98.49%	98.31%

Social[2]

Managers' Diversity

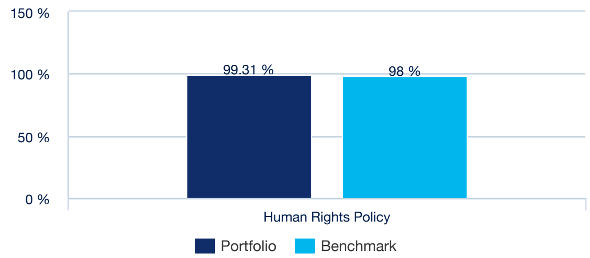


Average percentage of women managers

%Rated/Rateable - Women Managers	86.83%	85.65%

Human Rights Compliance[4]

Decent working conditions and freedom of association



Percentage of companies with policies that exclude forced or obligatory child labor or that guarantee freedom of association, applied universally regardless of local laws.

%Rated/Rateable - Human Rights Policy	98.49%	98.31%

Sources and definitions

At 12/31/2019 the impact indicators reported underwent the following changes:
1. Environmental indicator Unchanged: Carbon intensity This data is provided by Trucost, This corresponds to companies' annual greenhouse gas emissions expressed in metric tons of carbon dioxide equivalent. (CO2e). It covers the six greenhouse gases identified in the Kyoto Protocol with emissions converted into global warming potential (GWP) in CO2 equivalent.
Definition of scopes:
- Scope 1: All direct GHG emissions from sources that are owned or controlled by a company.
- Scope 2: All indirect GHG emissions arising from the purchase or production of electricity, steam or heat.
- Scope 3: All other indirect GHG emissions, upstream and downstream in the value chain. For reasons of data robustness, in this reporting we have chosen to use only part of scope 3: upstream emissions linked to first-tier suppliers. First-tier suppliers are those with which the company has special relations and can influence directly.

2. Social Indicator Previous indicator: average percentage of women Board members New indicator as from 12/31/2019: average percentage of women managers This indicator gives a more global measure of the advancement of women within the company. Data provider: Refinitiv
3. Governance Indicator Unchanged: average percentage of independent directors on the Board of Directors. Change of data provider as from 12/31/2019: Refinitiv
4. Human Rights Compliance Indicator Previous indicator: average percentage of employees represented in collective bargaining. New indicator as from 12/31/2019: percentage of companies with policies that exclude forced or obligatory child labor or that guarantee freedom of association and which are applied universally regardless of local laws. This indicator enables better assessment of fundamental human rights issues. Data provider: Refinitiv
*It is nonetheless possible that this target may occasionally not be achieved.

Climate related reporting

We have also developed carbon exposure and impact measurement tools. Amundi provides standard and custom reporting which can include the following indicators:

Carbon Emissions

- Carbon emissions per EUR M invested
- Carbon emissions per EUR M of revenue
- Sector-based breakdown of carbon emissions (as a %)
- Geographical breakdown of carbon emissions (as a %)
- Carbon reserves per EUR M invested

Carbon Reserves

- Carbon reserves per EUR M invested
- Carbon reserves assessment coverage
- Sources and definitions

Climate Risks & Opportunities

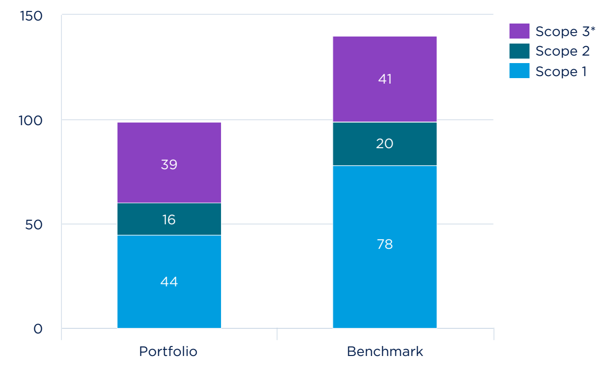
- Physical risks
- Transition risks
- Other climate-related indicators (energy transition score, 2°C alignment, etc.)

Green Bond Impact

- Avoided emissions per EUR 1 million invested per Year
- Breakdown of avoided emissions per bond (in tCO_2e per MEUR)
- Portfolio use of proceeds breakdown by project category
- Portfolio use of proceeds' geographic breakdown
- Portfolio ESG rating breakdown

Sample reports

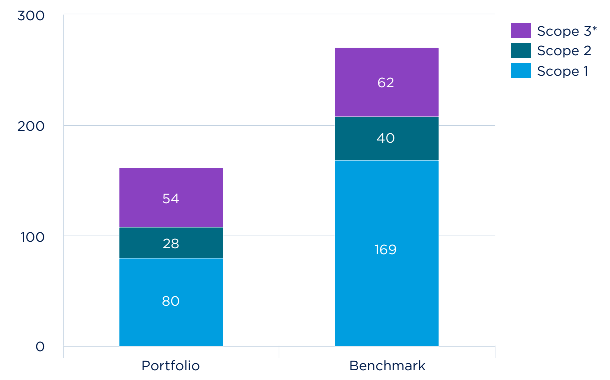
Carbon footprint per euro million invested



Benchmark : MSCI WORLD
This indicator measures the portfolio's carbon emissions in metric tonnes of carbon equivalent (tCO_2e) per euro million invested. This is an indicator of the emissions generated by investment in this portfolio.

* first-tier suppliers only

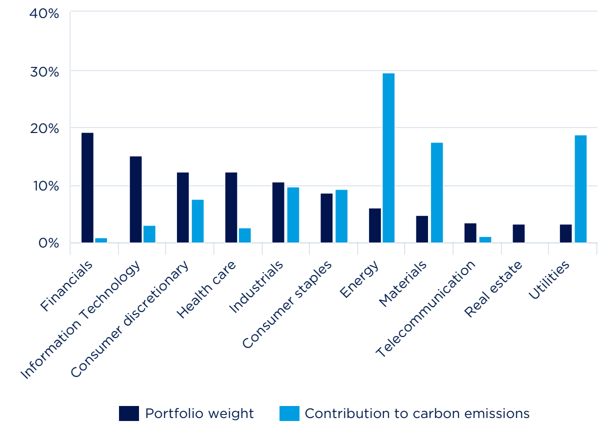
Carbon footprint per euro million of sales



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

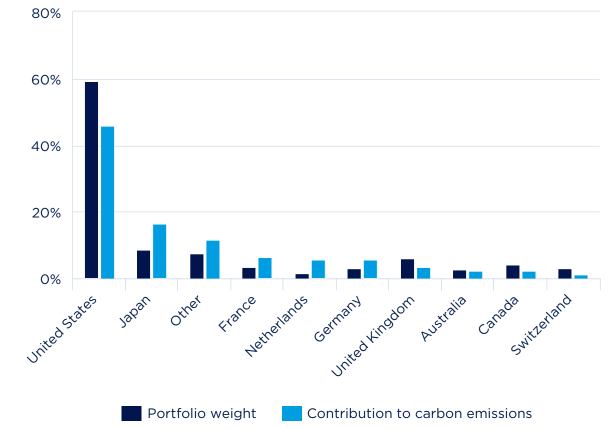
* first-tier suppliers only

Sectoral contribution to carbon emissions



This chart compares the weight of each sector relative to its contribution to the portfolio's carbon emissions.

Geographical contribution to carbon emissions



This chart compares the weight of each country relative to its contribution to the portfolio's carbon emissions.

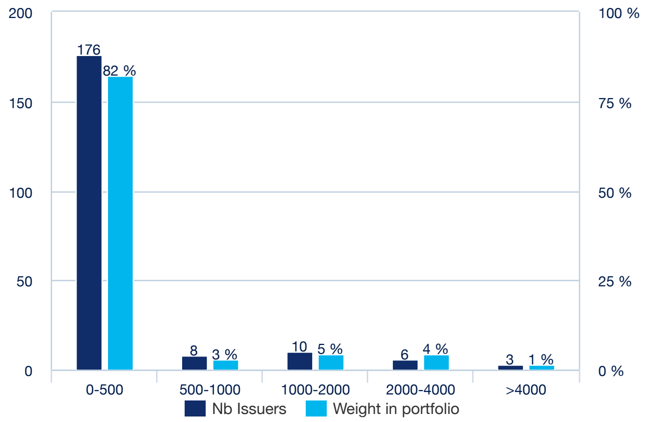
Impact Reporting

Avoided emissions *

	tCO2e
Avoided emissions per €1Mn invested per Year	331.98

* Calculation limited to green bond portfolio, based on available data

Breakdown of avoided emissions per bond

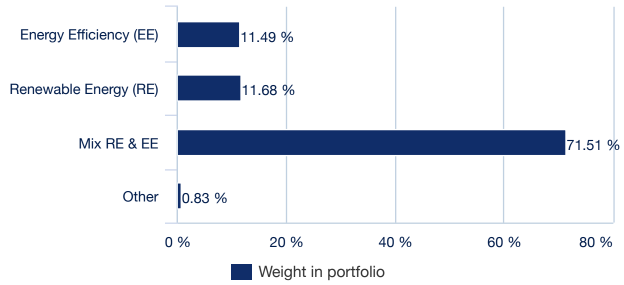


expressed in tCO_2e per million (in portfolio currency)

Green Bonds Weight

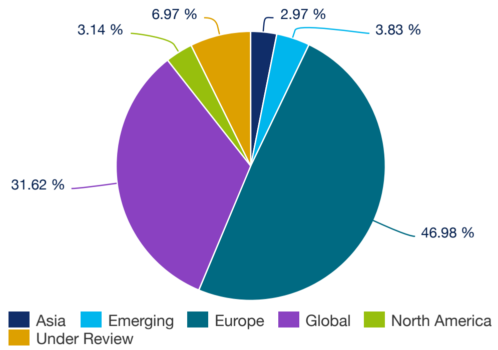
	Weight in portfolio
Green Bonds	91.49%

Portfolio use of proceeds breakdown by project category

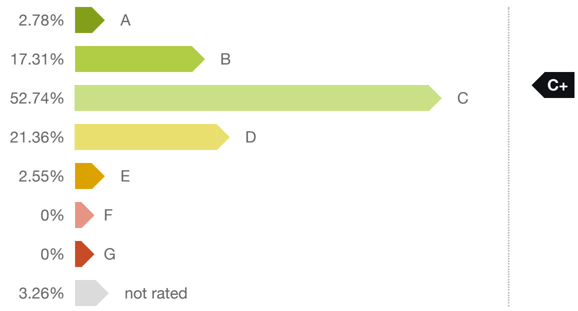


Renewable Energy : More than 70% of the green bond proceeds were allocated to RE projects
Energy Efficiency : More than 70% of the green bond proceeds were allocated to EE projects
Mix : More than 70% of the green bond proceeds were allocated to RE & EE projects combined
Other : Less than 70% of the green bond proceeds were allocated to RE & EE projects combined and more than 50% of proceeds were allocated to other types of projects (water, waste, etc.)

Portfolio use of proceeds' geographic breakdown



Portfolio ESG rating breakdown



Social Impact reporting

Amundi has developed a proprietary impact measurement methodology for social impact funds. Impact indicators include:

- Number of jobs created or maintained
- Number of people housed
- Number of beneficiaries of healthcare services
- Number of people trained
- Number of farmers funded
- Number of cases of over-indebtedness prevented
- Number of tons of waste recycled
- Number of hectares of farmland preserved
- Number of enterprises created or supported by microfinancing
- Reporting Capabilities

Delivery against the expectations of other stewardship codes

EFAMA		UK		Amundi report
#	**Principles**	**#**	**Principles**	
1	Asset managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities.	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	5
		2	Signatories' governance, resources and incentives support stewardship.	12
2	Asset managers should monitor their investee companies, in accordance with their engagement policy.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48
3	Asset managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients' investments.	9	Signatories engage with issuers to maintain or enhance the value of assets.	67
4	Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.	10	Signatories, where necessary, participate in collaborative engagement to influence issuers	92
5	Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.	12	Signatories actively exercise their rights and responsibilities.	112
6	Asset managers should disclose the implementation and results of their stewardship and voting activities	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	41

Australia		UK		Amundi report
#	Principles	#	Principles	
1	Organisational and investment approach	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	5
2	Internal governance	2	Signatories' governance, resources and incentives support stewardship.	12
3	Asset stewardship	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48
		9	Signatories engage with issuers to maintain or enhance the value of assets.	67
		12	Signatories actively exercise their rights and responsibilities.	112

Canada #	Canada Principles	UK #	UK Principles	Amundi report
1	Develop an approach to stewardship	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	5
2	Monitor companies.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48
3	Monitor companies.	12	Signatories actively exercise their rights and responsibilities.	112
4	Engage with companies.	9	Signatories engage with issuers to maintain or enhance the value of assets.	67
5	Collaborate with other institutional investors.	10	Signatories, where necessary, participate in collaborative engagement to influence issuers	92
6	Collaborate with other institutional investors.			
7	Collaborate with other institutional investors.	2	Signatories' governance, resources and incentives support stewardship.	12
		7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48

Italy #	Italy Principles	UK #	UK Principles	Amundi report
1	IMCs should have a documented policy available to the public on whether, and if so how, they exercise their ownership responsibilities	1	**1.** Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	5
		2	**2.** Signatories' governance, resources and incentives support stewardship.	12
2	IMCs should monitor their investee companies	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48
3	IMCs should establish clear guidelines on when and how they will intervene with investee companies to protect and enhance value	9	Signatories engage with issuers to maintain or enhance the value of assets.	67
4	IMCs should consider cooperating with other investors, where appropriate, having due regard to applicable rules on acting in concert.	10	Signatories, where necessary, participate in collaborative engagement to influence issuers	92
5	IMCs should exercise their voting rights in a considered way	12	Signatories actively exercise their rights and responsibilities.	112
6	IMCs should report on their exercise of ownership rights and voting activities and have a policy on external governance disclosure	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	41

Japan		UK		Amundi report
#	Principles	#	Principles	
1	Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	5
2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first	25
3	Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	48
4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	9	Signatories engage with issuers to maintain or enhance the value of assets.	67
5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	12	Signatories actively exercise their rights and responsibilities.	112
6	Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries	6		41

7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	**2**	Signatories' governance, resources and incentives support stewardship.	**12**
8	Service providers for institutional investors should endeavour to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.	**8**	Signatories monitor and hold to account managers and/or service providers.	**64**

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The information contained in this document is deemed accurate as of October 2022.

LEGALS

Amundi Asset Management
French "*Société par Actions Simplifiée*" - SAS with a capital stock of 1 143 615 555 euros - Portfolio management company approved by the French Financial Markets Authority (Autorité des Marchés Financiers) - under no. GP 04000036.

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Amundi
ASSET MANAGEMENT