Amundi Sustainable Finance Disclosure Statement

Confidence must be earned

Amundi
ASSET MANAGEMENT

Contents

This statement relates to the implementation in Amundi of Regulation (EU) 2019/2088 on sustainability-related disclosures ("***SFDR***" or the "***Disclosure Regulation***") and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "***Taxonomy Regulation***"). More information on how Amundi engages in responsible investment may be found in the Amundi Responsible Investment Policy and the Amundi Remuneration Policy which are available on www.amundi.com. For product-level sustainability-related disclosures please refer to the relevant Amundi website or prospectus.

Introduction

Since its creation in 2010, Amundi has made responsible investment one of its founding pillars. Responsible investing is one of our core values and an essential component of our investment management approach.

Following the confirmation by the European Council of the commitment of the Union and its Member States to the implementation of the 2030 Agenda, in close cooperation with partners and other stakeholders, and the approval by the European Union (the "*EU*" or the "*Union*") of The Paris Agreement adopted under the United Nations Framework Convention on Climate Change (the "*Paris Agreement*"), the EU has set in motion an Action Plan on Sustainable Finance (the "*Action Plan*").

This Action Plan is aimed at:

1. Improving the contribution of finance to sustainable and inclusive growth by funding society's long-term needs.
2. Strengthening financial stability by incorporating environmental, social and governance (ESG) factors into investment decision-making.

As part of the Action Plan, a set of rules to strengthen and improve the disclosure of sustainability related information by manufacturers of financial products and financial advisors towards end investors across the Union was adopted. The Disclosure Regulation was published in November 2019 and entered into force on March 10, 2021.

The Disclosure Regulation defines "*harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability related information with respect to financial products*."

The legislation requires that manufacturers of financial products such as Amundi publish on their websites information about their policies on integrating sustainability risks into their investment decision making processes. It also requires remuneration policies to be published on the website and explanations of how those policies are consistent with the integration of sustainability risks.

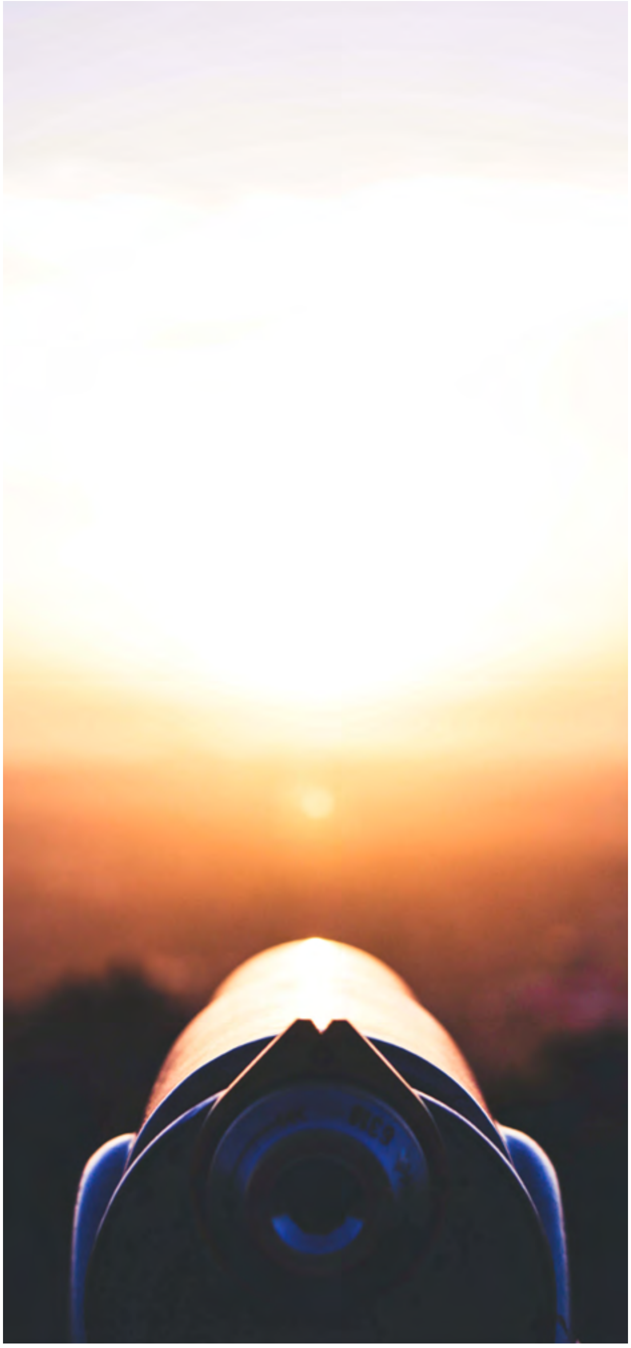
This document aims to provide a comprehensive overview of Amundi's approach to sustainable investing in accordance with the requirements of the Disclosure Regulation and the Taxonomy Regulation. It is made available on www.amundi.com and updated on a regular basis.

Scope of this document

The information provided in this document applies to the following legal entities of Amundi, which, as financial market participants, are subject to the SFDR requirements:

- Amundi Asset Management
- Amundi Private Equity Funds (PEF)
- Amundi Immobilier
- Amundi Transition Energetique
- BFT Investment Managers
- CPR Asset Management
- Étoile Gestion
- Société Générale Gestion
- Lyxor Asset Management
- Sabadell Asset Management
- Amundi Austria GmbH
- Amundi Czech Republic Asset Management, a.s.
- Amundi Deutschland GmbH
- Amundi Investment Fund Management Private Limited Company
- Amundi Ireland Ltd
- Amundi Societa di Gestione del Risparmio S.p.A.
- Amundi Real Estate Italia Societa di Gestione del Risparmio S.p.A.
- Amundi Luxembourg S.A
- Amundi Polska TFI
- Amundi Asset Management SAI SA
- Amundi Iberia S.G.I.I.C., S.A.

The above entities are referred to as *"Amundi SFDR Entities"* throughout the rest of the document.



Sustainability Risks

Since our creation in 2010, our commitment to responsible investment has been foundational and remains central to our approach. This commitment has notably rested on one central conviction; that the integration of Environmental, Social or Governance (ESG) criteria in investment decisions is a driver of long-term financial performance.

Amundi's approach to sustainability risks[1] relies on three pillars: our targeted exclusion policy; the integration of ESG scores in our investment processes and our stewardship policy.

Targeted exclusion policy

As part of its fiduciary responsibility, Amundi applies a targeted exclusion policy across its portfolios.[2] Issuers exposed to the exclusionary rules and thresholds set out in our sector policy or who do not comply with internationally recognized conventions and/or frameworks, and national regulations are excluded.

For listed companies

These global exclusion policies address the most significant sustainability risks linked to:

- Environmental risks: climate (companies developing new thermal coal capacities, thermal coal mining, thermal coal power generation, unconventional fossil fuel), and environment (breaches of UNGC Principles 7, 8 & 9)
- Social risks: health (complete tobacco product manufacturers), labour and human rights (breaches of UNGC Principles 1, 2, 3, 4, 5 & 6)
- Governance: corruption risk management (breaches of UNGC Principle 10)
- For more information on the exclusion policy, please refer to Amundi's 2022 Responsible Policy.[3]

For unlisted companies and real assets

Amundi Real Assets applies targeted exclusion rules in line with those set out in the Group's exclusion policy. The nuclear energy value chain is also excluded for the portfolios managed by its subsidiary Amundi Energy Transition (AET), dedicated to financing infrastructure projects in the energy transition sector. In addition to the exclusion list, the "*social impact investing*"[4] area of expertise only invests in companies whose primary purpose is to create a positive impact for the intended beneficiaries of their actions. At each stage of the investment strategy, the impact analysis and the situation of beneficiaries take precedence over any other decision making criteria.

1. Sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
2. Please refer to Amundi Responsible Investment Policy, and specifically to the Exclusion Policy section and the Appendix for an exhaustive view of the scope of application of Amundi Exclusion Policy.
3. https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b
4. In French, "*Investissement à impact social et solidaire*".

Integrating ESG Scores in our analysis and investment process

We firmly believe that ESG analysis consolidates value creation as it provides a holistic understanding of the overall company. This view has led us to integrate ESG criteria across all our active management processes, and to implement an engagement policy, where applicable. Our integration of ESG risk factors is based on the conviction that a strong sustainable development policy enables companies and other types of issuers to better manage their regulatory and reputational risks in addition to improving their operational efficiency.

For listed companies

Amundi's ESG scores and criteria, as well as complementary E, S or G key performance indicators ("*KPIs*") are all made available in Amundi portfolio managers' front office portfolio management systems and are available at issuer level and portfolio level. Amundi ESG scores represent a key source of information for portfolio managers to take into account sustainability risks in their investment decisions. The ESG score aims to measure the ESG performance of an issuer, e.g. its ability to anticipate and manage the sustainability risks and opportunities inherent to its industry and to its individual circumstances.

For corporate issuers, companies are assessed using a set of 38 criteria (each of the 38 criteria is also rated from A to G), which are either generic, common to all companies regardless of their business sector, or sector specific:

Table 1: **Amundi's Environmental, Social and Governance criteria**

ESG pillar	Generic criteria	Sector-specific criteria
Environment	- Emissions & Energy - Water Management - Biodiversity & Pollution - Supply Chain - Environment	- Clean Energy - Green Car - Green Chemistry - Sustainable Construction - Responsible Forest Management - aper Recycling - Green Investing & Financing - Green Insuring - Green Business - Packaging
Social	- Health & Safety - Working Conditions - Labour Relations - Supply Chain - Social - Product & Customer Responsability - Communities Involvement & Human rights	- Bioethics - Responsible Marketing - Healthy products - Tobacco risks - Vehicle safety - Passenger safety - Responsible Media - ÐData Security & Privacy - Digital divide - Access to medicine - Financial Inclusion
Governance	- Board Structure - Audit & control - Remuneration - Shareholders' rights - Ethics - ESG strategy - Tax Practices	Not applicable

Our ESG analysts also annually review the selection and weighting of Amundi's 38 criteria for each sector. This enables us to ensure that the criteria and weighting remain relevant and that we continuously seek to improve our analysis by assessing their materiality.

Our ESG analysts are sector specialists tasked with:
- Staying abreast of emerging and advanced ESG topics and monitor trends of each business sector.
- Selecting relevant KPIs and weights associated in Amundi's proprietary ESG scoring system.
- Assessing sustainability risks and opportunities as well as negative exposure to sustainability factors.
- Monitoring controversies and assessing impact on issuers.
- Engaging into a dialogue with issuers as part of the stewardship policy to influence activities or behaviour of investee companies.
- Defining and exercising voting rights.

Amundi's ESG Mainstream investment process is applied by default to all of Amundi's active open-ended funds.[5] For each fund, a benchmark representative of the investment universe is defined for that purpose (the ESG benchmark). Where applicable, the fund needs to have a better weighted average ESG score than its ESG benchmark. This ESG Mainstream process is applied by default to any actively managed open-ended fund. Many individual products, family of funds, etc. also have deeper ESG integration, through higher selectivity, rating or non-financial indicator upgrade, thematic selection, etc. [6]

Portfolio managers and investment analysts from all investment platforms have access at all times to issuers' ESG scores, and related ESG analytics and metrics at issuer or portfolio level through the Portfolio Management System ALTO*[7] Investment and its various modules.

For unlisted companies and real assets

Amundi Real Assets has developed a customised ESG analysis methodology tailored for each strategy (real estate, multi-management, private debt, private equity, green infrastructure and social impact). Any opportunity received and presented to the investment committee is the subject of ESG due diligence that provides in-depth analysis of any non-financial risks identified. This due diligence is an integral part of the analysis criteria and supplements the financial analysis, which is carried out in parallel. This enables investors to limit the financial risks (regulatory, operational and long-term reputational) associated with an investment and to fully discharge their responsibilities. ESG due diligence is carried out by all areas of expertise, in collaboration, where necessary, with Amundi's ESG experts. Depending on the assets it may include the sending of questionnaires, discussions with the company's management and reviews of sector studies by nonfinancial rating agencies.

- For the real estate area of expertise: the ESG due diligence carried out on any investment opportunity is two-dimensional, incorporating: Analysis of the underlying real estate asset and analysis of the tenant.
- For the green infrastructure area of expertise: in addition to analysis of the assets, ESG due diligence also includes: Analysis of co-investors, analysis of the assets' operator, and for assets that produce renewable electricity, analysis of the electricity buyer under B2B contracts (other than operators mandated by public authorities to act as references on public requests for proposals).

For more information on the ESG scoring methodology, please refer to Amundi's 2022 Responsible Policy.[8]

5. Wherever technically feasible: some exceptions are defined to the implementation of the ESG Mainstream objective (Funds for which the active management feature is limited such as Buy and Watch funds or Securitization Undertakings, Real Estate and Alternative funds; Funds not managed on Amundi Investment Platform, and delegated Funds; Funds with high concentration in Index or limited ratable issuers coverage; Fund Hosting products).
6. Please review a Fund's offering documents for complete information on ESG integration.
7. Amundi Leading Technologies and Operations
8. https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b

Stewardship policy

Amundi's stewardship policy applies to all of Amundi's funds, through the application of "*Amundi's engagement*" and voting policies. In 2021, Amundi has engaged with 1364 companies and voted at the shareholders meeting of 4 008 companies.

Stewardship activity is an integral part of Amundi's ESG strategy. Amundi promotes a transition towards a sustainable, inclusive low carbon economy. Apart from the systematic integration of ESG criteria within our active investment, Amundi has developed an active stewardship activity through engagement and voting.

Amundi's engagement policy

Amundi has developed a pro-active engagement policy that seeks to:

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

For more information on Amundi's engagement activities, please refer to Amundi's 2021 Engagement Report.[9]

Amundi's voting policy

Amundi has developed a voting policy emphasising the need for corporates' governance and boards to grasp the environmental and social challenges, their related risks and opportunities, and ensure that they are appropriately positioned and prepared to handle the transition towards a sustainable, inclusive and low carbon economy.

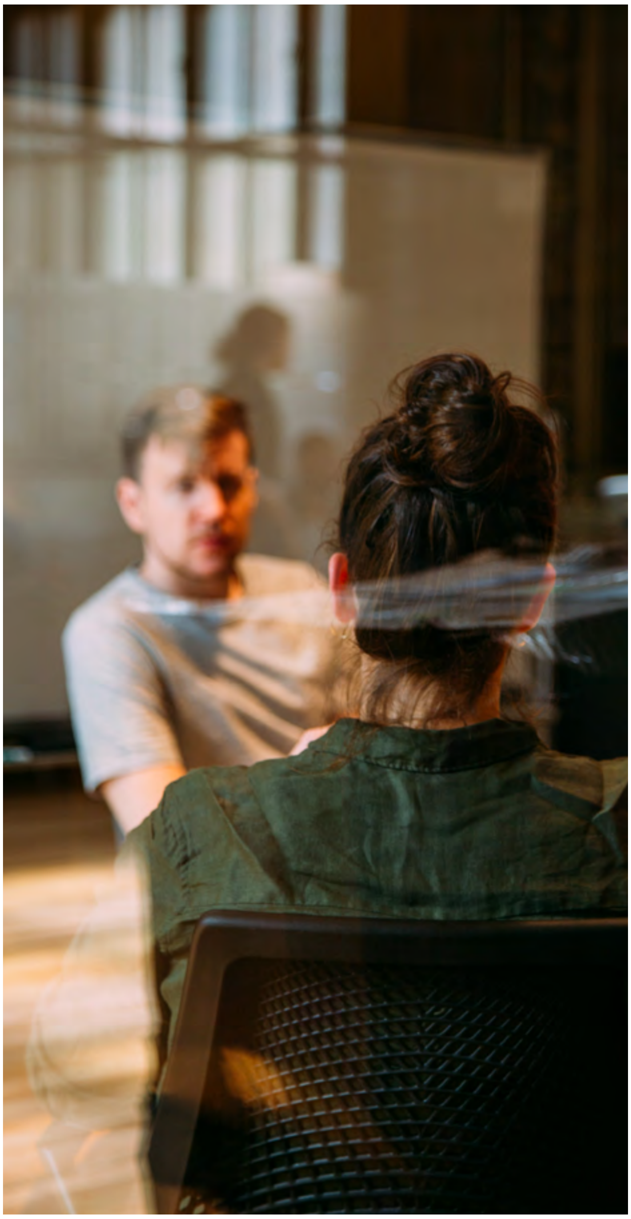
For more information on Amundi's voting policy, please refer to Amundi's 2022 Voting Policy.[10]

9. https://about.amundi.com/files/nuxeo/dl/5994803c-6af1-4d7e-89e0-f1134f6374a7
10. https://www.amundi.com/institutional/files/nuxeo/dl/0522366c-29d3-471d-85fd-7ec363c20646

Good Governance Practices

To assess good governance practices of the investee companies, we rely on Amundi ESG scoring methodology. Amundi's ESG scoring is based on a proprietary ESG analysis framework, which accounts for 38 general and sector-specific criteria, including governance criteria. In the Governance dimension, we assess an issuer's ability to ensure an effective corporate governance framework that guarantees it will meet its long-term objectives (e.g., guaranteeing the issuer's value over the long term). The governance sub-criteria considered are: board structure, audit and control, remuneration, shareholders' rights, ethics, tax practices and ESG strategy. Amundi ESG Rating scale contains seven grades, ranging from A to G, where A is the best and G the worst rating. G-rated companies are excluded from our investment universe (see Technical Annex).

For Article 8 funds, each corporate security (shares, bonds, single name derivatives, ESG equity and fixed income ETFs) included in investment portfolios has been assessed for good governance practices applying a normative screen against UN Global Compact principles on the associated issuer. The assessment is performed on an ongoing basis. The ESG ratings Committee monthly reviews lists of companies in breach of the UN GC leading to rating downgrades to G. Divestment from securities downgraded to G is carried out by default within 90 days. Amundi Stewardship Policy (engagement and voting) related to governance complement this approach.[11]



11. Refer to Amundi Responsible Investment Policy for additional information

Sustainable Investments

On April 6, 2022, the European Commission adopted the **Regulatory Technical Standards (RTS)** under the Disclosure Regulation. For Article 8 and Article 9 funds, fund manufacturers are expected to disclose in their precontractual disclosure to set a minimum proportion of their investment in 'Sustainable Investments' (without any obligation to make Sustainable Investments in an Article 8 product).

The Disclosure Regulation, Article 2(17) defines '*Sustainable Investments*':

> ***"A Sustainable Investment means an investment in an economic activity that contributes to an environmental or social objective, provided that such investments do not significantly harm any of those objectives, and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance."***

Amundi has defined for its actively managed funds a '*Sustainable Investment Framework*' (***"Amundi Sustainable Investment Framework"***), comprised of a set of criteria and indicators used to assess:

- Economic activity contribution to an environmental or social objective.
- nvestments' compliance with the requirement to not significantly harm any of those objectives.
- Whether investee companies follow good governance practices.

This Amundi Sustainable Investment Framework enables Amundi and its subsidiaries to assess whether investments can be considered as '*Sustainable Investments*', as defined by the Article 2(17) in compliance with the Disclosure Regulation, and accounted for when disclosing the proportion of investment in '*Sustainable Investment*' and monitoring the compliance with fund level commitments.

Criteria applied to identify if a company or specific financial instruments contribute to an environmental or social objective[12]

Amundi considers that a company contributes to an environmental or social objective ("*Contribution Test*") if is follows best environmental and social practices and if its products and services do not by essence harm the environment and society. Amundi follows the two criteria outlined below to identify if a company can pass the Contribution Test:

The company operates in an activity which is ***compatible*** with long-term sustainability and development goals

Amundi considers that a company is compatible with long-term sustainability and development goals if it does not have a significant exposure[13] to the activities below:

- Activities listed as unsustainable in **the Preliminary EU Social Taxonomy Report** (July 2021): tobacco, weapons, gambling.
- Activities that must be significantly reduced or discontinued to achieve **global carbon neutrality objectives**: coal, hydrocarbons (all "*upstream*" activities and the most polluting downstream activities), most polluting activities (meat production, aviation, etc.).
- Activities that must be reduced in line with **the EU strategy ("*from farm to fork*") or have a significant negative impact on natural capital:** fertilizer and pesticide manufacturing, single-use plastic production.

The company ***contributes*** to long term sustainability objectives

Amundi considers that to contribute to long-term sustainability and development goals, a company must be a "*best performer*" within its sector of activity on at least one of its material environmental or social factors. The definition of best performing companies relies on Amundi's ESG methodology which aims to measure the ESG performance of an issuer on relative terms.[14]

In order to be considered "*best performer*", Amundi considers that a **company must perform within the top third[15] of the companies within its sector on at least one material environmental or social factor**.[16] This corresponds to a C score on Amundi's ESG scoring methodology which goes from G to A (A being the best score). Following a double materiality rationale, this approach only applies to environmental and social factors that are material for the sector in which the company operates.

12. The approach outlined below applies to all companies outside Amundi Real Assets scope
13. Significant exposure is defined by Amundi as ≥10% in terms of revenue. Source = Trucost
14. Amundi relies on its ESG scoring methodology for specific criteria pertaining to '*Sustainable Investment*'. It is a best-in-class approach where the ESG score of an issuer is built using a z-scoring methodology at each and every level (ESG/E/S/G/individual criteria). Those scores are in a range that roughly goes from -3 to 3 which is then transposed on an G to A scale, A being the best score. Scores are distributed within each sector following a normal distribution. The ESG rating is thus "*sector neutral*", that is to say that no sector is privileged (see technical appendix for more details).
15. The exact percentage can slightly differ across sectors thought the exact threshold is a score higher than half a standard deviation above the median (i.e. a z-score of 0.5)
16. The ESG rating of an issuer is a weighted average of the scoring for E, S and G dimensions, each dimension being itself the weighted average of the internal reference values. The output of each the scores for the 38 criteria are translated into an ESG rating from A to G. There is only one ESG rating for each issuer, regardless of the chosen reference universe. The ESG rating is thus "*sector neutral*", that is to say that no sector is privileged or, on the opposite, disadvantaged. See technical annex for more details.

The table below presents the material environmental and social factors considered by Amundi across sectors:

Table 2: **Material environmental and social factors considered by Amundi**

	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Communication Services	Utilities	Real Estate
Environmental factors*											
Emissions & Energy	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Environmental Solutions		✔	✔	✔			✔				✔
Water Management		✔		✔	✔			✔		✔	
Biodiversity & Pollution	✔	✔	✔	✔	✔	✔				✔	
Supply chain - Environment			✔	✔	✔			✔			
Social factors*											
Working Conditions (including H&S and Labour Relations)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Supply chain - Social			✔	✔	✔			✔			
Product & Customer Responsibility		✔	✔	✔	✔	✔	✔	✔	✔		✔
Community Involvement & Human Rights	✔	✔				✔	✔		✔	✔	✔

*the factors are detailed below:

Emissions & Energy: Assessment of the climate change strategy, the energy consumption, sourcing and production, and the related greenhouse gas emissions.

Environmental Solutions: Assessment of the products and solutions with environmental benefits the company offers. It includes green businesses such as green cars, green chemistry, sustainable construction or green investing.

Water Management: Assessment of water resources management and risks, based notably on water withdrawals, consumption efficiency and water stress.

Biodiversity & Pollution: Assessment of biodiversity strategy, land use, waste management, pollution prevention and the environmental impact in general. It includes the management of operations as well as products design, sourcing and disposal.

Supply chain - Environment: Assessment of the environmental risks and opportunities management in the supply chain. It notably includes supply chain incidents, procurement policy and products certifications.

Working Conditions: Assessment of the human capital management. It considers the management of occupational health and safety and working conditions as well as freedom of association and union representation. It includes fair remuneration, employee turnover, upskilling, and career development as well as equal opportunities through related programs, certifications and incidents.

Supply chain - Social: Assessment of the social risks and opportunities management in the supply chain as well as the relationship with suppliers. It notably includes supply chain incidents, procurement policy and products certifications.

Product & Customer Responsibility: Assessment of the management of product safety and customer responsibility. It notably includes data privacy and security; chemical, passenger and food safety; responsible marketing and media.

Community Involvement & Human Rights: Assessment of incidents, programs and policies related to the community involvement and the respect of human rights. It notably includes access to social benefits such as access to medicine, and digital or financial inclusion.

Debt-based and equity-based financial instruments issued by companies that pass the Contribution Test are deemed to pass the Contribution Test.

Green, social, sustainability and sustainability-linked debt instruments

Green, social and sustainability instruments ("*GSSS*"), as defined by the International Capital Market Association ("*ICMA*"), and structured in accordance with its principles or guidelines contribute by design to an environmental and social objective and are deemed to pass the Contribution Test, provided that:

- Where applicable, the issuers operate in an activity which is compatible with long-term sustainability and development goals; or
- The GSSS instruments have been analyzed by Amundi ESG analysts and comply with Amundi GSSS requirements (including on funding rationale, issuer ESG performance, project analysis and transparency).

Criteria applied to identify if an investment does not significantly harm any environmental or social objective

Amundi considers that an investment should pass the two Do Not Significantly Harm tests ("*DNSH Test*") below:

First DNSH Test: the company does not harm specific sustainability factors

The first DNSH Test relies on the monitoring of specific Principal Adverse Impacts. In order to pass the test, a company should:

- Have a **CO_2 intensity** which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors) (unit: tCO_2e/M€[17] revenues, source: Trucost).
- Have a **Board of Directors' diversity** which does not belong to the last decile compared to other companies within its sector (unit: %, source: Refinitiv).
- Be cleared of any severe controversy in relation to **work conditions and human rights** (unit: yes or no, source: MSCI and Sustainalytics).
- Be cleared of any severe controversy in relation to **biodiversity and pollution** (unit: yes or no, source: MSCI and Sustainalytics).

Amundi already considers specific principal adverse impacts ("*Principal Adverse Impacts*" or "*PAIs*") within its exclusion policy as part of its Responsible Investment Policy. These exclusions, which apply on top of the tests detailed above, cover the following topics: **controversial weapons, Violations of UN Global Compact Principles, coal and tobacco.**[18]

17. Tons of carbon dioxide equivalent per million euros
18. The remaining Principal Adverse Impact are not included yet in the DNSH test because of a lack of good quality data or because of a limited coverage

Second DNSH Test: the company is not an overall bad environmental or social performer

Beyond the specific sustainability factors covered in the first test, Amundi implements a second DNSH Test in order to verify that the company does not belong to the worst performers on environmental or social matters compared to the other companies within its sector. The approach relies on Amundi's ESG scoring methodology. Amundi has set a threshold for this test that corresponds approximately to excluding the worst ~7% on environmental or social performance pillars across each sector. Using Amundi's ESG scoring methodology, this means that a company should have an environmental and a social score better or equal to E.[19]

Criteria applied to assess investee companies' governance practices

Amundi relies on its ESG scoring methodology in order to ensure that a company follows good governance practices. Amundi has defines the three criteria below:

- A company should have an overall governance score better or equal to E. This governance score is the combination of multiple governance criteria.
- On some specific governance criteria (namely deontology, board of directors' structure, audit & control) a company should have at least two of them (out of the three) with a score better or equal to E.

The company should not have any of the three previous governance criteria with a of G (the worst score in Amundi's ESG methodology).

Amundi applies its DNSH tests and good governance criteria to green, social, sustainable, and sustainability linked financial instruments issued by corporates.

19. See technical appendix for more information

Sustainable Investments in Environmentally Sustainable Economic Activities under the Taxonomy Regulation

Fund manufacturers managing Article 8 and Article 9 products are also expected to specify in the precontractual disclosure if they have set a minimum proportion of '*Sustainable Investments*' in

> ***"Sustainable Investments with an environmental objective, in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation".***

The Taxonomy Regulation aims to establish "*green*" European criteria for classifying economic activities and thus promote responsible investment and achieve carbon neutrality by 2050.

What is the Taxonomy Regulation?

The Taxonomy Regulation identifies six environmental and climate-oriented objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In order to be taxonomy aligned, economic activities need to be in line with the following three elements:

- Substantially contribute to at least one of the six environmental objectives as defined in the Regulation through the Technical Screening Criteria ("***TSC***").[20]
- Do no significant harm any of the other five environmental objectives as defined in the Regulation through the TSC.
- Comply with minimum social safeguards.

While it is expected that large companies will report on certain climate-related key performance indicators (KPIs) that are based on the framework established by the Taxonomy Regulation, smaller companies will only report on such KPIs on a voluntary basis. Moreover, the additional reporting obligations that apply to large companies that fall within the scope of the Taxonomy Regulation reporting obligations[21] have been phased from January 1, 2022 (lighter reporting for both non-financial and financial undertakings) to January 1, 2024 (full reporting including for financial undertakings). Consequently, financial market participants, and notably investors, will only have access to Taxonomy Regulation KPIs reported by companies over time.

20. At time of writing, the Commission has finalized TSC for the first two objectives, climate change mitigation and climate change adaptation. See Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852.
21. Companies subject to the obligation to publish non-financial statements in accordance with Article 19a or Article 29a of the Accounting Directive 2013/34/EU

As fully fledged non-financial reporting obligations based on the Taxonomy Regulation have yet to come into force, third party data providers can only provide estimates of alignment with the Taxonomy Regulation and the European Commission has taken a position preventing fund manufacturers to consider and disclose percentages of investment in environmentally sustainable economic activities when reliable data is not available. For this reason, Amundi has generally not taken commitments at fund level to invest a minimum proportion in environmentally sustainable economic activities under the Taxonomy Regulation.

Amundi's approach to estimating Taxonomy Regulation alignment

At a company level

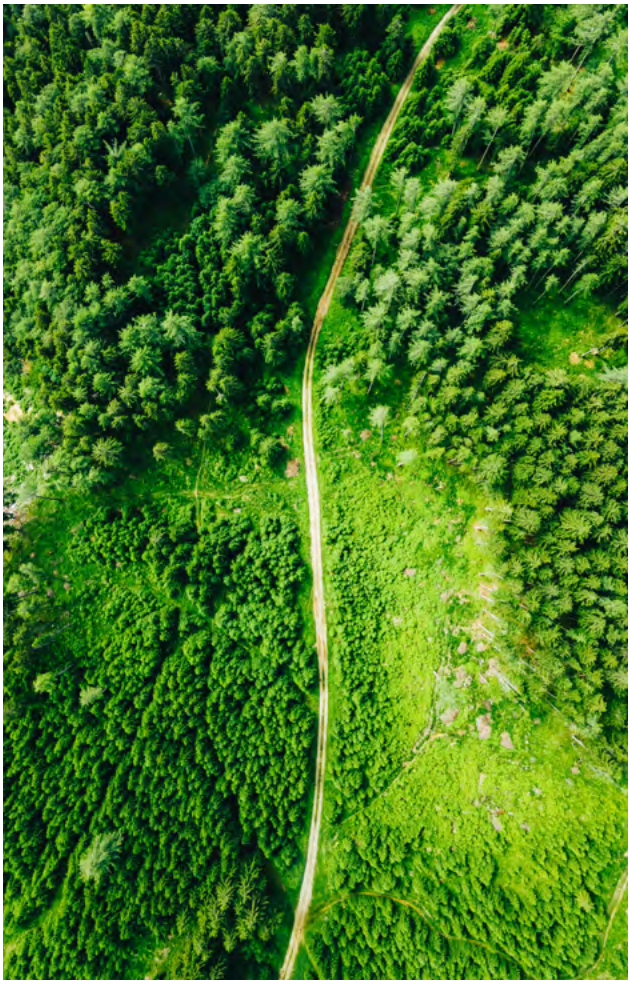
Amundi relies on third party data, provided by MSCI, with indicators at company level covering the percentage of revenue from business activities eligible and aligned. MSCI's approach is described below:

- **Substantially contribute to at least one of the six environmental objectives as defined in the Taxonomy Regulation through the Technical Screening Criteria:** MSCI Sustainable Impact Metrics are designed to identify companies that derive revenue from products or services with a positive impact on the environment. Issuers that are considered must generate revenue from products and services that address one or more of the six environmental objectives within the Taxonomy Regulation.
- **Do no significant harm any of the other five environmental objectives and comply with minimum social safeguards:** the MSCI Estimated Taxonomy Regulation Alignment Screen excludes companies with significant controversies relating to environmental issues based on DNSH. The Technical Expert Group of sustainable finance also requires companies to comply with the UN Global Principles on Business and Human Rights (UNGP) and OECD Guidelines for their business activities to qualify as sustainable. The MSCI ESG Controversies (Social and Governance controversies) and Global Norms (Business Involvement screening) assesses companies' involvement in events that constitute violations of global norms and pose risks to society and the environment.

The output from this methodology is a percentage of revenue eligible and a percentage of revenue aligned with the Taxonomy Regulation (revenue based). It is possible to distinguish which data point are estimated by MSCI or directly reported by companies to be Taxonomy Regulation eligible and aligned and collected by MSCI.

At green bond level

Amundi relies on its Green Bonds analysts to collect or estimate the alignment of the use of proceeds with the six environmental objectives set out above. When issuers report on taxonomy alignment, the reported data is directly collected. For issuers that do not report, an estimation is based on the project allocation of the green bond.



Principal Adverse Impact

Principal adverse impacts (PAIs) are impacts of investment decisions that result in negative effects on sustainability factors. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As a responsible asset manager, Amundi understands its fiduciary duty as encompassing the need to contribute positively to addressing major socio-economic and environmental challenges in the interests of our clients, our stakeholders and of society. For this reason, Amundi has embraced the concept of "*double materiality*" around which we build our ESG analysis and rating methodology. This means that not only do we assess the way ESG factors can materially impact the value of companies, but we also assess how the company impacts the environment, and social matters or human rights.

Under the Disclosure Regulation, Financial market participants which consider the principal adverse impacts of investment decisions on sustainability factors at a product level should disclose in the pre-contractual information for each financial product, concisely in qualitative or quantitative terms, how such impacts are considered as well as a statement that information on the principal adverse impacts on sustainability factors is available in the ongoing reporting. Amundi considers PAIs via a combination of approaches that can vary depending on the asset class, investment process or type of strategy and fund range.

Group level responsible investment policies that apply across portfolios enable us to ensure minimum standards in PAIs consideration and enable us to use a wide range of processes to identify and mitigate PAIs.

a. Exclusion

Amundi has defined normative, activity-based and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the Disclosure Regulation. This approach applies to all Amundi funds in scope of Amundi's exclusion policy.[22]

b. ESG factors integration

Amundi has adopted minimum ESG integration standards applied by default to its actively managed open-ended funds (exclusion of G rated issuers and better weighted average ESG score higher than the applicable benchmark).[23] The 38 criteria used in Amundi ESG rating approach were also designed to consider key impacts on sustainability factors, as well as quality of the mitigation undertaken. All criteria are available in fund managers' front office portfolio management systems.

22. Refer to Amundi Responsible Investment Policy for additional information on the scope of application and always review Funds' offering documents for complete information on ESG integration
23. Wherever technically feasible: some exceptions are defined to the implementation of the ESG Mainstream objective (Funds for which the active management feature is limited such as Buy and Watch funds or Securitization Undertakings, Real Estate and Alternative funds; Funds not managed on Amundi Investment Platform, and delegated Funds; Funds with high concentration in Index or limited ratable issuers coverage; Fund Hosting products). Refer to Amundi Responsible Investment Policy for additional investment on the scope of application and always review Funds' offering documents for complete information on ESG integration.

c. Engagement

Engagement is a continuous and purpose driven process aimed at influencing the activities or behaviour of investee companies. The aim of engagement activities can fall into two categories: to engage an issuer to improve the way it integrates the environmental and social dimension, to engage an issuer to improve its impact on environmental, social, and human rights-related or other sustainability matters that are material to society and the global economy. This approach applies to all of Amundi products. In 2021, Amundi has engaged with 1364 companies.

d. Vote

Amundi's voting policy responds to an holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. For more information please refer to Amundi's Voting Policy.[24] This approach applies by default to all of Amundi products. In 2021, Amundi has voted to the shareholders' assemblies of 4 008 companies.

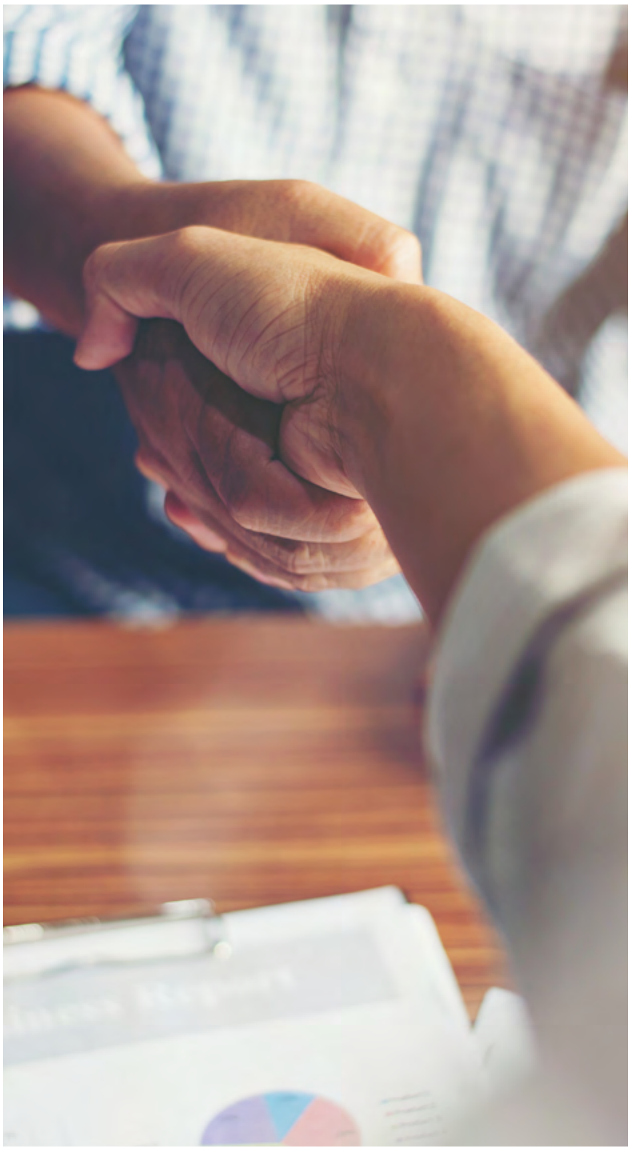
e. Controversy monitoring

Amundi has developed a controversy tracking system that relies on three data providers to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth assessment of every severe controversy, led by ESG analysts and the periodic review of its evolution. This approach applies to all of Amundi's mutual funds.

For Article 8 and 9 actively managed products, Amundi considers all the mandatory PAIs applicable to the products' strategy and relies on a combination of some, or all, of the approaches mentioned above.

For Article 6, Amundi considers PAI 14 (see table below) in its normative exclusion policy on exclusion weapons.

The table below details the approach for each PAI that Amundi generally implements at Group level. **Specific PAI approaches can also be followed at product level; in such case, the specific approach is also described in the precontractual documentation. Where applicable, PAIs are prioritized given the sustainable objectives or characteristics of the fund, provided that all minimum standards are met.**



24. https://about.amundi.com/files/nuxeo/dl/0522366c-29d3-471d-85fd-7ec363c20646

Table 3: **Amundi's approach for Principal Adverse Impacts (1/1)**

#	Metric	Action taken	General considerations on the scope of application
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
1	**GHG emissions (Scope 1, 2, 3 and total)**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **Voting:** part of Amundi's voting priority theme on energy transition **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Voting:** active funds and passive funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
2	**Carbon footprint**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **Voting:** part of Amundi's voting priority theme on energy transition **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Voting:** active funds and passive funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
3	**GHG intensity of investee companies**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **Voting:** part of Amundi's voting priority theme on energy transition **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Voting:** active funds and passive funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
4	**Exposure to companies active in the fossil fuel sector**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **Voting:** part of Amundi's voting priority theme on energy transition **Exclusion Policy:** part of Amundi's exclusion policy dedicated to coal and to unconventional hydrocarbons	**Engagement:** active funds and passive funds **Voting:** active funds and passive funds **Exclusion Policy (coal and unconventional hydrocarbons):** active funds and ESG passive funds (that apply Amundi Sector Policy)
5	**Share of non-renewable energy consumption and production**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)

6	**Energy consumption intensity per high impact climate sector**	**Engagement:** part of Amundi's engagement focusing on transition towards a low carbon economy **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches.
7	**Activities negatively affecting biodiversity sensitive areas**	**Engagement policy:** part of Amundi's engagement focusing on natural capital preservation **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on biodiversity and land use **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Controversy's monitoring:** active funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
8	**Emissions to water**	**Engagement policy:** part of Amundi's engagement focusing on natural capital preservation **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on biodiversity and waste **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Controversy's monitoring:** active funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
9	**Hazardous waste ratio**	**Engagement policy:** part of Amundi's engagement focusing on natural capital preservation **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on biodiversity and waste **ESG score integration:** included under the environmental pillar of Amundi's proprietary ESG model	**Engagement:** active funds and passive funds **Controversy's monitoring:** active funds **ESG score integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)

Table 3: **Amundi's approach for Principal Adverse Impacts (2/2)**

#	Metric	Action taken	Consideration on the scope of application[25]
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
10	**Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines**	**Exclusion:** issuers that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action are excluded **Engagement:** part of Amundi's engagement focusing on social cohesion **Voting:** part of Amundi's voting policy on companies with controversial social practices **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on UNGC breaches	**Exclusion (UN Global Compact principles):** active funds and ESG passive funds (that apply Amundi Exclusion Policy) **Engagement:** active funds and passive funds **Vote:** active funds and passive funds **Controversy's monitoring:** active funds
11	**Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines**	**Engagement:** Engagement: part of Amundi's engagement focusing on strong governance for sustainable development **Vote:** part of Amundi's voting policy on companies with controversial social practices **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on public policies and governance incidents	**Engagement:** active funds and passive funds **Vote:** active funds and passive funds **Controversy's monitoring:** active funds
12	**Unadjusted gender pay gap**	**Engagement:** part of Amundi's engagement focusing on a social cohesion **Voting:** part of Amundi's engagement focusing on a social cohesion **Controversy's monitoring:** screening among a large universe of issuers taking into account flags on labor relations employee management	**Engagement:** active funds and passive funds **Vote:** active funds and passive funds **Controversy's monitoring:** active funds
13	**Board gender diversity**	**Engagement:** making gender diversity mainstream is part of Amundi's engagement policy via the launch in 2020 of the 30% Club France Investor Group which Amundi became co-chair **Vote:** part of Amundi's voting policy on companies with controversial social practices	**Engagement:** active funds and passive funds **Voting:** active funds and passive funds
14	**Exposure to controversial weapons**	**Exclusion policy:** controversial weapons are excluded as per Amundi's weapons exclusion policy. As part of our exclusion policy, Amundi can engage with specific issuers to confirm their exposure to controversial weapons **Vote:** part of Amundi's voting policy on companies with controversial social practices	**Exclusion policy:** active funds and passive funds **Vote:** active funds and passive funds

25. Refer to Amundi Responsible Investment Policy for additional investment on the scope of application and always review Funds' offering documents for complete information on PAI consideration.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
15	**GHG intensity**	**ESG Score Integration:** part of Amundi ESG sovereign methodology under the environmental pillar	**ESG Score Integration:** active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
16	**Investee countries subject to social violations**	**Exclusion:** Countries on the European Union (EU) sanction list with a sanction consisting of asset freezing, and a sanction index at the highest level (considering both United States and EU sanctions) are excluded, after formal review and validation from Amundi's Rating Committee	**Exclusion:** active funds and passive ESG funds

For real and private asset classes, Amundi Asset Management, Amundi Immobilier, Amundi Transition Energetique and Amundi Private Equity Funds, have developed methodologies, which include identification of relevant PAIs for the different types of real and private asset classes. While their ability to currently meaningfully assess these impacts is limited by an absence or a limited availability and quality of information, data and indicators for certain real and private asset classes, the aforementioned portfolio management companies will continue to further develop these processes to gather, when available, information and data on PAI of their investments.

Adherence to responsible business codes

Amundi's approach to sustainability risks and PAIs is based on texts that are universal in scope, such as the United Nations Global Compact, the OECD's guiding principles on corporate governance, the International Labour Organization (ILO), etc.

Amundi is a signatory of the following codes and initiatives:

- Principles for Responsible Investment (PRI)
- EFAMA Stewardship Code
- United Nations Global Compact (UNGC), through its parent company (Crédit Agricole SA)

Finally, Amundi also supports initiatives that enrich our engagement policy and integration and management of sustainability risks and PAI, such as:

- Workforce Disclosure Initiative (WDI)
- Platform Living Wage Financials (PLWF)
- Farm Animal Investment Risk and Return (FAIRR)
- International Corporate Governance network (ICGN)
- Institutional Investors Group on Climate Change (IIGCC)
- Asia Investor Group on Climate Change (AIGCC)
- Carbon Disclosure Project (CDP)
- Montréal Carbon Pledge
- Water Disclosure Project
- Portfolio Decarbonisation Coalition (PDC)
- Green Bonds Principles
- Social Bonds Principles
- Investors for a Just Transition
- Investor Action on Antimicrobial Resistance
- The 30% Club France Investor Group
- PRI Human Rights Engagement
- Net Zero Asset Managers (NZAM)
- Finance for Biodiversity Pledge
- Financer Accompagner Impacter Rassembler
- Climate Action 100+
- Climate Bonds Initiative
- Task Force on Climate-related Financial Disclosures (TCFD)
- The Japan TCFD Consortium
- One Planet Sovereign Wealth Fund (OPSWF)
- Access to Medicine Index
- Access to Nutrition Index
- Human Rights Reporting and Assurance Frameworks Initiative
- WDI – Workforce Disclosure Initiative
- Finansol

Further details on the responsible business codes and internationally recognised standards followed by Amundi, and the initiatives we are part of, are available in our annual Stewardship Report and Responsible Investment Policy.

Technical annex: Amundi's ESG scoring methodology for corporate issuers

Amundi has developed its own ESG analysis framework and scoring methodology. This methodology is both proprietary and centralised, enabling a self-defined, independent and consistent approach to responsible investing throughout the organisation, in line with the values and views of Amundi.

Our approach is based on texts that are universal in scope, like the United Nations Global Compact, the Organisation for Economic Co-operation and Development's (OECD) guiding principles on corporate governance, the International Labour Organization (ILO), etc.

The ESG score aims to measure the ESG performance of an issuer, e.g. its ability to anticipate and manage the sustainability risks and opportunities inherent to its industry and to its individual circumstances. The ESG score also assesses the ability of the management team to handle potential negative impact of their activities on the sustainability factors.

The ESG dimensions

Amundi's analysis framework has been designed to assess corporate behaviour in three fields: Environment, Social, and Governance (ESG). Amundi assesses companies' exposure to ESG risks and opportunities, including sustainability factors and sustainability risks, and how corporates manage these challenges in each of their sectors. As far as issuers of listed securities are concerned, Amundi scores issuers regardless of the instrument type, equity or debt.

Environmental dimension

There are risks and opportunities linked to environmental issues. Our analysis on this dimension examines how issuers address this topic, and assesses companies' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity.

Social dimension

In this dimension, we measure how an issuer manages its human capital and its stakeholders12, drawing on fundamental principles with a universal reach. The "S" in ESG has multiple meanings. It covers the social aspect linked to an issuer's human capital, those linked to human rights in general and the responsibilities towards the stakeholders.

Governance dimension

In this dimension, we assess an issuer's ability to establish an effective corporate governance framework that ultimately supports the issuer's value over the long term.

The ESG specific criteria

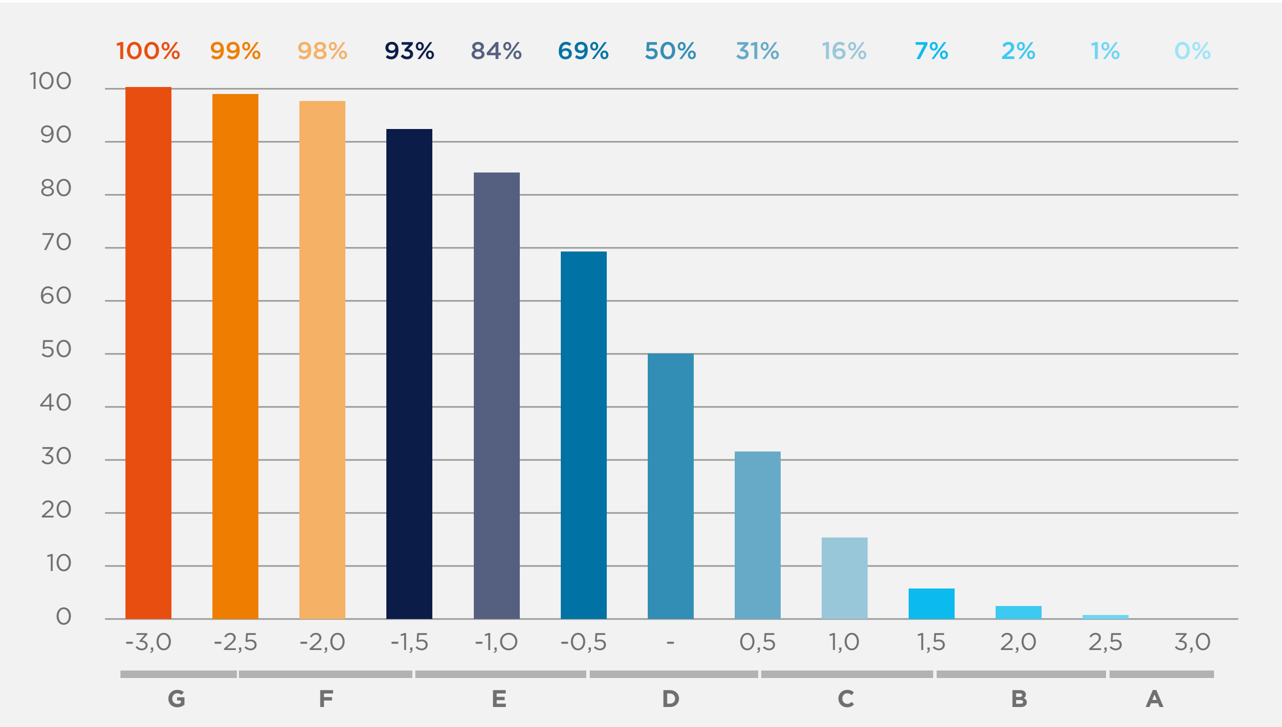
Our ESG analysis framework is comprised of 38 criteria, of which 17 are cross-sector criteria, common to all companies whatever their business sector, and 21 sector- specific criteria. These criteria were designed to either assess how sustainability issues might affect the issuer as well as the quality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

The ESG scoring and rating methodology and process

The ESG rating of an issuer is a weighted average of the scoring for E, S and G dimensions, each dimension being itself the weighted average of the internal reference values. The output of each of the scores for the 38 criteria are translated into an ESG rating from A to G. At the end of this process, companies are attributed an ESG rating from A to G. There is only one ESG rating for each issuer, regardless of the chosen reference universe. The ESG rating is thus "*sector neutral*", that is to say that no sector is privileged or, on the opposite, disadvantaged.

The graph below presents the distribution of Amundi's ESG scoring on average across sectors. Each bar corresponds to the probability for a random issuer to be above the corresponding numerical ESG score. The graphs below the correspondence between the numerical and the alphabetical scales of the ESG rating.

Graph 1: **Probability for a random issuer to be above a specific ESG score**



ESG ratings are updated on a monthly basis, based on the raw data provided by our external data providers. Developments on issuers' ESG practices are followed continuously.

Our ESG Research Analysts regularly readjust their ESG analysis & rating methodology according to the environment and current events.

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The information contained in this document is deemed accurate as at December 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