Amundi Sustainable Finance Disclosure Regulation Statement

Confidence must be earned

Amundi ASSET MANAGEMENT

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This statement refers to the REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures ("SFDR" or the "Regulation") in the financial services sector.
More information on the Regulation may be found in the Amundi Responsible Investment Policy and the Amundi Remuneration Policy which are available on www.amundi.com

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INTRODUCTION

The European Union (EU) has set in motion an ambitious legislative program to make environmental, social and governance ("ESG") concerns a central plank of regulation in the financial services industry.

As part of this package, the Regulation was published in November 2019. The Regulation aims to establish a pan-European legislative framework to facilitate consistent and adequate disclosure on sustainable investments made by financial market participants in the European Union.

The 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 financial market participants 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 explain how those policies are consistent with the integration of sustainability risks.

SCOPE OF THIS DOCUMENT

Amundi Group implements a global responsible investment policy (Amundi Responsible Investment Policy) and a set of responsible investment processes aiming at integrating ESG criteria in all actively managed portfolios.

The information provided in this document applies to the following legal entities, 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
- Amundi Austria GmbHAmundi Czech Republic Asset Management, a.s
- Amundi Deutschland GmbH
- Amundi Investment Fund Management Private Limited Company
- Amundi Alternative Investments Ireland Limited
- 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.
- Amundi (UK) Limited

AMUNDI'S APPROACH TO RESPONSIBLE INVESTMENT

A ESG analysis

The Best-in-Class principles

Amundi bases its ESG analysis of corporates on a Best-in-Class approach. Each issuer is assessed with a quantitative score scaled around the average of their sector, enabling to distinguish best practices from worst practices at sector level. Amundi's assessment relies on a combination of extra-financial data from third-party and qualitative analysis of associated sector and sustainability themes. The quantitative score is translated into a rating scale ranging from A for best practices to G, for the worst ones, to be excluded from actively managed financial products.

The ESG dimensions

Amundi's analysis process examines corporate behavior in three fields: Environment, Social, Governance (ESG). Amundi assesses the companies' exposure to risks and opportunities including sustainability factors and sustainability risks, and the management of 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.

The ESG specific criteria

Our internal reference values for analysis are comprised of 37 criteria, of which 16 are generic criteria, common to all companies whatever their business sector, and 21 sector-specific criteria. These criteria are constructed to either assess how sustainable issues might affect the issuer as well as the quality of the management of this dimension. Impact on sustainable factors as well as quality of the mitigation are also considered. All criteria are available in the portfolio managers' front office portfolio management system.

B A targeted exclusion policy

As part of its fiduciary responsibility, Amundi applies targeted exclusion policy across its portfolios. These rules are applied to all active investing strategies over which Amundi has full discretion and exclude companies that do not comply with its ESG policy, international conventions, internationally recognised frameworks, and national regulations. These general exclusions are implemented unless otherwise requested by the clients or in case a financial product is delegated to another financial market participant and always subject to applicable laws prohibiting their implementation.

Amundi thus excludes the following:

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

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

C Engagement policy

Amundi's engagement policy is an essential part of Amundi's fiduciary duty and its role as responsible investor. At the issuer level, Amundi engages investees or potential investees regardless of the type of securities held across Amundi's portfolios. Issuers engaged are primarily chosen based on the level of exposure to the subject of engagement. The topics we engage on are linked to a double materiality perspective. Engagement with issuers should not only be on how sustainability issues may affect the company (sustainability risk). Engagement is also how the company affects society and the sustainability factors (impacts on society, material to the society even though might not be material for the financial statements of the company, on a short to medium term horizon).

More information on Amundi engagement policy and results is available on Amundi Responsible investment Policy, Amundi Voting Policy, Amundi Stewardship Report and Amundi Engagement Report.

SUSTAINABILITY RISKS

Amundi's exclusion policy and the integration of ESG scores in investment processes are the key pillars of Amundi's approach to sustainability risks[1].

The exclusion policy applies to all actively managed strategies over which Amundi has full portfolio management discretion. 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), 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 events: corruption (breaches of UNGC Principle 10)

Moreover, Amundi's ESG scores and criteria are all made available in Amundi's portfolio managers front office portfolio management systems. Amundi ESG scoring represents a key source of information for portfolio managers to take into account Sustainabilty 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.

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.

For corporate issuers, companies are analysed using a set of 37 criteria (each of the 37 criteria is also rated from A to G), which are either generic, common to all companies regardless of their business sector, or sector specific:

	Generic criteria	Sector-specific criteria
Environment	• Power consumption and greenhouse, gas emissions • Water • Biodiversity, pollution, and waste	• Green vehicles (Automotive) • Development and production of alternative energy and biofuels (Energy/Utilities) • Responsible forestry (Paper & Forests) • Eco-responsible financing (Banks/ Financial Services/Insurance) • Green insurance (Insurance) • Sustainable construction (Construction Industry Products) • Packaging and eco-design (Food and Beverages) • Green chemistry (Chemistry) • Paper recycling (Paper & Forests)
Social	• Labour conditions and non-discrimination • Health & safety • Social relations • Client/supplier relations • Product responsibility • Local communities and human rights	• Bioethics (Pharmaceuticals) • Access to medicine (Pharmaceuticals) • Vehicle safety (Automotive) • Passenger safety (Transportation) • Healthy products (Food) • Digital divide (Telecommunications) • Responsible marketing (Pharma/ Banking/Misc. Financial Services/Food and Beverages) • Access to financial services (Banking/ Misc. Financial Services) • Healthy product development (Food and Beverages) • Tobacco-related risks (Tobacco) • Editorial ethics (Media) • Personal data protection (Software)
Governance	• Board Structure • Audit and control • Compensation • Shareholders' rights • Ethics • ESG strategy • Tax Practices	

Our ESG analysts also annually review the application and weighting of the 37 criteria to each sector. This enables us to maintain quality and ensure that we continuously seek to 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.
- 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.

Across Amundi, a broad range of responsible investment solutions are managed, including impact, sustainability-themed and Best-in-class strategies. In addition, Amundi has taken the commitment to integrate ESG criteria into the investment process of actively managed opened-ended financial products (whenever technically feasible), with an objective to maintain, in addition to financial objectives, portfolio average ESG scores above the average ESG score of their respective investment universe.

For real and private asset classes, managed by Amundi Asset Management, Amundi Immobilier, Amundi Transition Energétique and Amundi Private Equity Funds, a specific set of methodologies has been developed using both quantitative and qualitative assessments for asset classes where they often face a significant lack of reliable, accessible and relevant data in many of our markets. Exclusion policies are adapted for certain asset classes and may be applied differently between direct or indirect investments (underlying assets).

PRINCIPLE ADVERSE IMPACT

Principal adverse impacts ("PAI") 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.

Amundi ESG score also assesses the ability of the management team to handle potential negative impact of their activities on the sustainability factors.

A Environmental dimension

There are positive and negative sides to environmental issues, and this analysis assesses how issuers deal with them: it examines 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. It also judges an issuer's contribution to building a positive ecology in the territories in which it operates.

B Social dimension

The objective here is to measure how a company defines a strategy to develop its human capital, drawing on fundamental principles with a European and universal reach. The "S" in ESG has a dual meaning. It covers two distinct concepts: the social aspect linked to a company's human capital, and the one linked to human rights in general.

C Governance dimension

This dimension is set to ensure that a company's management is able to organise a collaborative process between the different stakeholders, that guarantees it will meet long-term objectives (therefore guaranteeing that company's value over the long term). This dimension provides an analysis of how a company integrates all of its stakeholders in its development model: not only its stakeholders, but also its employees, clients and suppliers, local communities and the environment.

Correspondence table between Amundi ESG Criterial and principal adverse impact on sustainability factors:

Principal adverse sustainability impacts statement (table 1)

Adverse sustainability indicator			Metric (absolute)	Amundi Criteria
Indicators applicable to investments in investee companies				
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1	GHG emissions	Scope 1 GHG emissions Scope 2 GHG emissions From 1 January 2023 Total GHG emissions	E10 Emissions and Energy Use
	2	Carbon footprint	Carbon footprint	E10 Emissions and Energy Use
	3	GHG intensity of investee companies	GHG intensity of investee companies	E10 Emissions and Energy Use
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	E10 Emissions and Energy Use
	5	Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	E11 Development of renewable energy
	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	E10 Emissions and Energy Use
Biodiversity	7	Activities negatively affecting biodiversitysensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	E50 Biodiversity & Pollution E24 Responsible Management Forest
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	E50 Biodiversity & Pollution
Waste	9	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	E50 Biodiversity & Pollution
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS				
Social and employee matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	S80 Community involvement & Human rights + exclusion criteria
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	S80 Community involvement & Human rights
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	S30 Employment Practices
	13	Board gender diversity	Average ratio of female to male board members in investee companies	G10 Board Structure
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Exclusion criteria

As mentioned above, the weighting of the 37 criteria applied in each sector is based on a materiality assessment. Therefore, the prioritisation of principal adverse impacts and indicators is the result of ESG analysts' assessment of the relevance and materiality of a give PAI in a given sector.

Amundi engagement policy implements a double materiality approach, with the subject of engagement focusing either on:
i) How sustainability issues may affect the company (sustainability risk);
ii) How the company affects society and the sustainability factors.

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 PAI for the different type 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 PAI 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

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
- Climate Bonds Initiative
- Climate Action 100+
- 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
- Clinical Trials Transparency
- Human Rights Reporting and Assurance Frameworks Initiative
- WDI – Workforce Disclosure Initiative
- Finansol
- The Platform Living Wage Financials (PLWF)

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.

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