

Principal Adverse Impact Statement

30/06/2023

Confidence
must be earned

Amundi
ASSET MANAGEMENT

CONTENTS

1. Summary 3

2. Description of principal adverse impacts of investment decisions on sustainability factors..... 5

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors
15

4. Engagement policies and other PAIs levers..... 20

 a) ENGAGEMENT.....20

 b) VOTE20

 c) EXCLUSION20

 d) ESG FACTORS INTEGRATION20

 e) CONTROVERSY MONITORING.....20

5. Reference to international standards..... 23

6. Historical comparison 27

1. Summary

Amundi Asset Management, LEI : DQ2T0MMUTO0IPF9G9Z35 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of [Amundi Asset Management.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st of January to 31st of December 2022.

A summary of Principal Adverse Indicators considered by Amundi is presented in the table below:

Applicable to	Theme	PAI indicator	Number
Investment companies	Greenhouse gas emissions	GHG emissions	1
		Carbon footprint	2
		GHG intensity of investee companies	3
		Exposure to companies active in the fossil fuel sector	4
		Share of non-renewable energy consumption and production	5
		Energy consumption intensity per high impact climate sector	6
	Biodiversity	Activities negatively affecting bio-diversity-sensitive areas	7
	Water	Emissions to water	8
	Waste	Hazardous waste and radioactive waste ratio	9
	Emissions	<i>Additional PAI: Investments in companies without carbon emission reduction initiatives</i>	4 (table 2)
	Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	11
		Unadjusted gender pay gap	12
		Board gender diversity	13

		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	14
	Human rights	<i>Additional PAI: Lack of a human rights policy</i>	9 (table 3)
Sovereigns & supranationals	Environmental	GHG intensity	15
	Social	Investee countries subject to social violations	16
Real Estate	Fossil fuels	Exposure to fossil fuels through real estate assets	17
	Energy efficiency	Exposure to energy-inefficient real estate assets	18
	Energy consumption	<i>Additional PAI: Energy consumption intensity</i>	19 (table 2)

2. Description of principal adverse impacts of investment decisions on sustainability factors

a) INDICATORS APPLICABLE TO INVESTEE COMPANIES

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period (please refer to e) for additional information)
<u>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</u>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions – tCO ₂ eq	49 152 045.02	-	This indicator is calculated based on the assets invested in companies and not on all assets under management	Engagement: part of Amundi's engagement focusing on transition towards a low carbon economy Voting: Criteria requirement linked to the energy transition in executive compensation for sectors with a significant impact on climate, use of voting rights as an escalation in the event of significant negative impacts ESG score integration: included under the environmental pillar of Amundi's proprietary ESG model
		Scope 2 GHG emissions – tCO ₂ eq	8 513 921.64	-	This indicator is calculated based on the assets invested in companies and not on all assets under management	
		Scope 3 GHG emissions – tCO ₂ eq	19 335 857.48	-	This indicator is calculated based on the assets invested in companies and not on all assets	

					under management This indicator includes scope 3 (tier 1) ¹ GHG emissions	
		Total GHG emissions – tCO ₂ eq	77 021 824.14	-	This indicator is calculated based on the assets invested in companies and not on all assets under management This indicator includes scope 1, 2 and 3 (tier 1) ¹ GHG emissions	
	2. Carbon footprint	Carbon footprint – tCO ₂ eq/€m invested	92.54	-	This indicator is calculated based on the assets invested in companies and not on all assets under management This indicator includes scope 1, 2 and 3 (tier 1) ¹ GHG emissions	<i>Engagement:</i> part of Amundi's engagement focusing on transition towards a low carbon economy <i>Voting:</i> Criteria requirement linked to the energy transition in executive compensation for sectors with a significant impact on climate, use of voting rights as an escalation in the event of significant negative impacts <i>ESG score integration:</i> included under the environmental pillar of Amundi's proprietary ESG model

¹ Only accounting for emissions linked to tier 1 supplier

3. GHG intensity of investee companies	GHG intensity of investee companies – tCO ₂ eq/€m revenues		220.49	-	<p>This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management</p> <p>This indicator includes scope 1, 2 and 3 (tier 1)¹ GHG emissions</p>	<p><i>Engagement:</i> part of Amundi's engagement focusing on transition towards a low carbon economy</p> <p><i>Voting:</i> Criteria requirement linked to the energy transition in executive compensation for sectors with a significant impact on climate, use of voting rights as an escalation in the event of significant negative impacts</p> <p><i>ESG score integration:</i> included under the environmental pillar of Amundi's proprietary ESG model</p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector – %		13.47%	-	<p>This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management</p>	<p><i>Engagement:</i> part of Amundi's engagement focusing on transition towards a low carbon economy</p> <p><i>Voting:</i> Criteria requirement linked to the energy transition in executive compensation for sectors with a significant impact on climate, use of voting rights as an escalation in the event of significant negative impacts</p> <p><i>Exclusion Policy:</i> part of Amundi's exclusion policy dedicated to coal and to unconventional hydrocarbons</p>
5. Share of non-renewable 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 of total energy sources – %	Non-renewable energy consumption	77.76%	-	<p>This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management</p>	<p><i>Engagement:</i> part of Amundi's engagement focusing on transition towards a low carbon economy</p> <p><i>ESG Score Integration:</i> included under the environmental pillar of Amundi's proprietary ESG model</p>
		Non-renewable energy production	65.06%	-		

	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 – GWh/€m revenues	NACE A ² NACE B NACE C NACE D NACE E NACE F NACE G NACE H NACE L	0.44 1.30 0.49 2.73 2.66 0.19 0.31 1.37 0.37	- - - - - - - -	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<i>Engagement:</i> part of Amundi's engagement focusing on transition towards a low carbon economy <i>ESG score integration:</i> included under the environmental pillar of Amundi's proprietary ESG model
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas – %		0.04%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<i>Engagement policy:</i> part of Amundi's engagement focusing on natural capital preservation <i>Voting:</i> Use of voting rights as escalation in the event of significant negative impacts <i>Controversy monitoring:</i> screening among a large universe of issuers taking into account flags on biodiversity and land use <i>ESG score integration:</i> included under the environmental pillar of Amundi's proprietary ESG model
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average – t/€m invested		348.40	-	This indicator is calculated based on the assets invested in companies and not on all assets	<i>Engagement:</i> part of Amundi's engagement focusing on natural capital preservation <i>Controversy monitoring:</i> screening among a large universe of issuers

² Please refer to European commission [NACE codes](#) documentation for additional information

					under management	taking into account flags on biodiversity and waste <i>ESG score integration:</i> included under the environmental pillar of Amundi's proprietary ESG model
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average – t/€m invested	12.23	-	This indicator is calculated based on the assets invested in companies and not on all assets under management	<i>Engagement:</i> part of Amundi's engagement focusing on natural capital preservation <i>Controversy monitoring:</i> screening among a large universe of issuers taking into account flags on toxic emission, effluents and waste <i>ESG Score Integration:</i> included under the environmental pillar of Amundi's proprietary ESG mode
INDICATORS FOR 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 – %	0.27%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<i>Exclusion:</i> issuers that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action are excluded <i>Engagement:</i> part of Amundi's engagement focusing on social cohesion <i>Vote:</i> Use of voting rights as escalation for companies with controversial social practices <i>Controversy monitoring:</i> screening among a large universe of issuers taking into account flags on UNGC breaches

	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 – %	13.54%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p>Engagement: part of Amundi's engagement focusing on strong governance for sustainable development.</p> <p>Vote: Use of voting rights as escalation for companies with controversial social practices</p> <p>Controversy monitoring: screening among a large universe of issuers taking into account flags on public policies and governance incidents</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies – %	12.56%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p>Engagement: part of Amundi's engagement focusing on a social cohesion.</p> <p>Voting: part of Amundi's voting priority theme on social cohesion.</p> <p>Controversy monitoring: screening among a large universe of issuers taking into account flags on labor relations employee management</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members – %	34.94%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p>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.</p> <p>Vote: part of Amundi's voting policy on companies with controversial social practices</p>

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons – %	0.02%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p>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</p> <p>Vote: Use of voting rights as escalation for companies with controversial social practices</p>
--	--	--	-------	---	---	---

b) INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period (please refer to e) for additional information)
Environmental	15. GHG intensity	GHG intensity of investee countries – tCO ₂ eq/€m GDP	253.59	-	This indicator is calculated based on the proportion of assets covered invested in sovereign or supranational issuers and not in relation to all assets under management This indicator includes territorial and import GHG emissions minus export GHG emissions	ESG Score Integration: part of Amundi ESG sovereign methodology under the environmental pillar

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law – absolute number and relative number in %	Absolute number of investee countries	7	-	This indicator is calculated with absolute number of investee countries	<i>Exclusion:</i> 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
			Relative number divided by all investee countries	6.23%	-	This indicator is calculated based on relative number of investee countries	

c) INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period (please refer to e) for additional information)
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuel – %	n/a	n/a	This indicator is calculated based on data available each building. The indicator does not cover all building under management	<i>ESG analysis</i> : ESG analysis during the acquisition and managements phases
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law – %	n/a	n/a	This indicator is calculated based on data available each building. The indicator does not cover all building under management	<i>ESG scoring methodology</i> : ESG analysis during the acquisition and managements phases

d) OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period (please refer to e) for additional information)
Energy consumption	Energy Consumption Intensity	Energy consumption in GWh of owned real estate assets per square meter – GWh/m ²	n/a	n/a	This indicator is calculated based on data available each building. The indicator does not cover all building under management	<i>ESG scoring methodology</i> : ESG analysis during the acquisition and managements phases
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement – %	69.13%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<i>Engagement</i> : part of Amundi's engagement focusing on transition towards a low carbon economy <i>Voting</i> : Criteria requirement linked to the energy transition in executive compensation for sectors with a significant impact on climate, use of voting rights as an escalation in the event of significant negative impacts <i>ESG score integration</i> : included under the environmental pillar of Amundi's proprietary ESG model
Human rights	Lack of a human rights policy	Share of investments in entities without a human rights policy – %	17.35%	-	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<i>ESG score integration</i> : included under the social pillar of Amundi's proprietary ESG model <i>Controversy monitoring</i> : screening among a large universe of issuers taking into account flags on Human Rights UNGC breaches

e) Targets

Defining PAIs targets aligned with scientific scenarios remains a challenge. As the tracking only started this year and considering the broad spectrum of asset classes and regions of the world in which Amundi invests, we do not have yet the analytical frameworks and data necessary for dedicated targets per PAIs. Amundi will continue to evolve its approach regarding to PAIs in the coming years, according to the scientific reference scenarios and in close connection with its clients' objectives.

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

3.1 Policy priorities

Amundi has made responsible investment one of its founding pillars since it was created in 2010. In 2018, Amundi launched a three-year action plan aimed at integrating ESG into 100% of its open funds under active management. On 8 December 2021, with the aim of further strengthening its commitments, Amundi set up a new **Ambitions ESG 2025** plan.

The plan sets out three objectives:

- Increase the level of ambition of its savings solutions in terms of responsible investment;
- Engage as many businesses as possible in defining credible strategies for alignment with the Net Zero 2050 target;
- Align its employees and shareholders with its new ambitions.

The following policies support the Ambitions ESG 2025 plan and inform Amundi's processes for identifying, monitoring and mitigating the principal adverse impacts deriving from its investment activities:

Amundi Group Policy	Principal adverse impacts - thematic mitigation priorities	Approval and revision process
Amundi Responsible Investment Policy 2022	<i>Normative exclusions:</i> Controversial weapons, UN Global Compact controversies <i>Sectoral exclusions:</i> Tobacco, Coal, Unconventional Oil and Gas <i>ESG integration:</i> 38 material ESG issues identified and prioritized per economic sector <i>Product policies:</i> ESG mainstream, Net Zero, Impact	Published on 12/10/22 Updated annually
Amundi Climate Strategy ("Say on climate") 2022	Climate change Energy transition	General Assembly, 18/05/22
Amundi Voting Policy 2023	Energy transition, in particular the decarbonisation of our economies Social cohesion, in particular through controls of the wage balance within the framework of remuneration policies, employee involvement in companies' governance and employee share ownership	Voting committee, 07/02/23 Updated annually

Amundi will continue to adjust its climate strategy in the coming years, according to the scientific reference scenarios and in close connection with its clients' objectives, both by developing investment solutions to accelerate the transition and by progressively aligning its portfolios with the 2050 neutrality objective.

3.2 Policy governance

Supervision of the responsible investment strategy by Amundi Board of Directors

The missions of the Board of Directors of Amundi relate to the definition of the strategic orientations of Amundi's activity, while ensuring their operational implementation by the senior management. The responsible investment strategy is therefore fully integrated within the scope of its deliberations and decisions. This role is described in detail in Article 2 of its Rules of Procedure: "It regularly reviews, in connection with the strategy it has defined, the opportunities and risks such as financial, legal, operational, social and environmental risks as well as the measures taken as a result."

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



Within overall ESG and climate governance, four committees are fully dedicated to ESG, ensuring regular and structured follow-up of all work carried out. Amundi's CEO regularly attends these committees' meetings.

ESG and Climate Strategy Committee

This Committee meets on a monthly basis and is chaired by the Chief Executive Officer. It defines, validates and steers Amundi's ESG and climate strategy, as well as the responsible investment policy. More specifically, its mission is to:

- define, approve and monitor Amundi's ESG and climate strategy;
- approve the main strategic guidelines of the responsible investment policy (sector policy, exclusion policy, voting policy, engagement policy);
- monitor key strategic projects.

Voting Committee

This Committee is chaired by the member of executive management in charge of Responsible Investment supervision. It meets once a year to approve the voting policy, and on an ad hoc basis during the rest of the year to:

- advise on voting decisions at the General Meeting for ad hoc cases; members are called upon to give their views in an expert capacity;
- approve Amundi's voting policy (for the entities covered) and its rules of implementation;
- approve specific/local approaches that are not directly covered by the voting policy;

- approve periodic reports on voting disclosures.

ESG Rating Committee

Chaired by the Chief Responsible Investment Officer, this Committee meets every month with the aim to:

- validate Amundi's standard ESG methodology;
- review exclusion policies and sector-specific policies and approving their rules of application;
- review and decide on individual ESG rating issues, and establish Amundi's legal precedents if necessary (adjustments to standard ESG methodologies requested by portfolio managers).

ESG Management Committee

This weekly Committee is chaired by the member of executive management in charge of Responsible Investment supervision. It focuses on the definition and implementation of the responsible investment strategy by the responsible investment team, including monitoring of business development, HR, budgeting, regulatory projects, audits, ESG communication campaigns, market initiatives and specific communication topics.

The Chief Responsible Investment Officer also participates in the Group's Investment Committee.

Risk controls

Sustainability risks are integrated into Amundi's internal control and risk management team system.

Responsibilities for managing sustainability risks are divided between

- The first level of control, carried out by the management teams, and;
- The second level of control, carried out by the risk management teams, who check that the funds comply with their ESG objectives and constraints.

Risk management team participates in Amundi's Responsible Investment governance system. They monitor compliance with regulatory requirements and the management of related risks.

ESG constraints are monitored by the risk management teams in the same way as other management constraints. They are based on the same tools and procedures and cover our exclusion policies as well as the eligibility criteria and ESG rules specific to the funds. These constraints are monitored automatically using a proprietary control tool (ALTO Investment Compliance). This tool can be used to trigger

- Pre-trade alerts, which may or may not be blocking, particularly for exclusion policies;
- Post-trade alerts: managers receive notification of any overruns so that they can be rectified quickly.

3.3 Methodologies and data sources for the calculation of PAI values

General principles

In order to disclose metrics that have the closest representation of the sustainability indicators related to adverse impacts at entity level ("Management Company" or "ManCo"), Amundi has adopted an approach for the calculation and management of sustainability indicators related to principal adverse impacts that it is based on the principle of portfolio covered. Therefore covered data are divided by to the sole assets they relate to.

While Amundi has identified both short- and long-term adverse impacts that are principal to the investment portfolios, the information available for assessing and reporting on the adverse impacts is limited and often lacks standardisation across sectors and regions. Therefore, Amundi's approach to principal adverse impact assessment is applied bottom up at the portfolio level. Moreover, investment portfolios may be exposed to variably acute and chronic adverse impacts depending on companies' sectors and geography.

The perimeter for the calculation of our PAI has been identified based on the following assumptions:

- Portfolios that we delegate to an external manager are in scope of the PAI statement. Portfolios that we manage by delegation are also in the perimeter of the PAI statement;

- Investments in an internal underlying fund (managed by the same Manco) are not included as the investments made by this internal fund are already included in the scope (to avoid double counting).

Additional information on the calculation methodology can be provided by Amundi on request.

Methodology limitation and margin of error

Our methodology limitations are by construction mainly linked to the use of sustainability indicators (“ESG data”). The ESG data landscape is currently being standardized, which can impact data quality; data coverage is also a limitation. Current and future regulations will improve standardized reporting and corporate disclosures on which ESG data rely. We are aware of these limitations, which we mitigate by a combination of approaches: the use of several data providers, a structured qualitative assessment by our ESG research team of the ESG scores, and the implementation of a strong governance.

Finally, in some specific cases portfolio data may not be easily obtained. Despite our best effort approach to retrieve all necessary figures (see also section below), a lack of data availability may impact a certain portion of our assets. As a result, there is a possibility of a substantial margin of error in our calculations. We encourage stakeholders to exercise caution and consider this potential margin of error when interpreting and utilizing the provided information.

Best effort approaches to PAI coverage

Data coverage is uneven across principal adverse impact indicators. In the case of indicators with a coverage below 100% (e.g. gender pay gap, or emissions to water), Amundi has adopted a reweighting approach across holdings for which data is available. This avoids setting missing data at zero which would “dilute” the indicator over all assets”.

For investments in third-party funds, the PAI data source used has been the PAI values reported by the investment managers in their publicly available EET.

Amundi reserves the right to modify this methodology and our data sources in the future.

Selection of additional principal adverse impact indicators

Amundi has identified the additional principal adverse impact indicators from Table 2 and 3 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 assessing:

- their relevance to Amundi ESG strategic priorities as outlined in the overarching policies described in section 3.1;
- the availability of data for measuring the severity of impact of those risks within the investment universe.

Data sources: Data providers used only for PAIs

Entity	Agence
Investee company	MSCI
	Trucost
	Refinitiv (LSEG)
	SBT
Sovereign & Supra-national	MSCI
	Verisk Maplecroft

For real estate assets

- i) Data collected directly from main stakeholders (property managers, tenants, technical managers, etc.)
- ii) Energy consumption data is collected from each tenant of the properties under management via a dedicated service provider

Sources may be reviewed in the future and include more data providers

4. Engagement policies and other PAIs levers

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 companies impact the environment, and social matters or human rights. 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.

a) ENGAGEMENT³

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 dimensions, 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's products.

b) 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 Policy⁴ and Amundi's Voting Report⁵. This approach applies by default to all of Amundi products.

c) EXCLUSION

Amundi has defined normative, activity-based and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the Sustainable Finance Disclosure Regulation (SFDR). This approach applies to all Amundi funds in scope of Amundi exclusion policy.⁶

d) 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 than the applicable ESG benchmark).⁷ 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 are also considered in that respect. All criteria are available in fund managers' front office portfolio management system.

e) CONTROVERSY MONITORING

Amundi has developed a controversy tracking system that uses third-party data from three suppliers to systematically identify controversies and their level of severity on a scale of 1 to 5 (5 being the highest). This quantitative approach is then supplemented by an in-depth analysis of the scope of controversies deemed to be severe (score of 3 or more), carried out by ESG analysts, and a periodic review of

³ Additional information regarding engagement at Amundi can be found in our [2022 engagement report](#)

⁴ <https://about.amundi.com/files/nuxeo/dl/0522366c-29d3-471d-85fd-7ec363c20646>

⁵ <https://www.amundi.com/institutional/Responsible-investment-documentation>

⁶ 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

⁷ 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 information on the scope of application and always review Funds' offering documents for complete information on ESG integration.

developments. In the most severe and repeated cases, when no credible corrective action is taken, the analyst may propose a downgrade of the company's ESG rating. This may ultimately lead to exclusion from the active investment universe (G rating), which is validated by the ESG Rating Committee.

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.

Indicators scope of application

#	Metric	General considerations on the scope of application
1	GHG emissions (Scope 1, 2, 3 and total)	<p><i>Engagement:</i> active funds and passive funds</p> <p><i>Voting:</i> active funds and passive funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).</p>
2	Carbon footprint	<p><i>Engagement:</i> active funds and passive funds</p> <p><i>Voting:</i> active funds and passive funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).</p>
3	GHG intensity of investee companies	<p><i>Engagement:</i> active and passive funds</p> <p><i>Voting:</i> active and passive funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)</p>
4	Exposure to companies active in the fossil fuel sector	<p><i>Engagement:</i> active and passive funds</p> <p><i>Voting:</i> active and passive funds</p> <p><i>Exclusion Policy (coal and unconventional hydrocarbons):</i> active funds and ESG passive funds (that apply Amundi's Sector Policy).</p>
5	Share of non-renewable energy consumption and production	<p><i>Engagement:</i> active and passive funds</p> <p><i>ESG Score Integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).</p>
6	Energy consumption intensity per high impact climate sector	<p><i>Engagement:</i> active and passive funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches.</p>
7	Activities negatively affecting biodiversity sensitive areas	<p><i>Engagement:</i> active and passive funds</p> <p><i>Voting:</i> active and passive funds</p> <p><i>Controversy monitoring:</i> active funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)</p>
8	Emissions to water	<p><i>Engagement:</i> active and passive funds</p> <p><i>Controversy monitoring:</i> active funds</p> <p><i>ESG score integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).</p>
9	Hazardous waste ratio	<p><i>Engagement:</i> active and passive funds</p> <p><i>Controversy monitoring:</i> active funds</p> <p><i>ESG Score Integration:</i> active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)</p>
	Investments in companies without	<p><i>Engagement:</i> active and passive funds</p> <p><i>Voting:</i> active and passive funds</p>

4 (table 2)	carbon emission reduction initiatives	<i>ESG score integration</i> : active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines	<i>Exclusion (UN Global Compact principles)</i> : active funds and ESG passive funds (that apply Amundi Exclusion Policy) <i>Engagement</i> : active funds and passive funds <i>Vote</i> : active funds and passive funds <i>Controversy monitoring</i> : active funds
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines	<i>Engagement</i> : active funds and passive funds <i>Vote</i> : active and passive funds <i>Controversy monitoring</i> : active funds
12	Unadjusted gender pay gap	<i>Engagement</i> : active funds and passive funds <i>Vote</i> : active funds and passive funds <i>Controversy monitoring</i> : active funds
13	Board gender diversity	<i>Engagement</i> : active funds and passive funds <i>Vote</i> : active funds and passive funds
14	Exposure to controversial weapons	<i>Exclusion policy</i> : active funds and passive funds <i>Vote</i> : active funds and passive funds <i>Engagement</i> : active funds and passive funds <i>Vote</i> : active and passive funds <i>Controversy monitoring</i> : active funds
9 (table 3)	Lack of a human rights policy	<i>ESG score integration</i> : active funds with ESG rating upgrade and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
15	GHG intensity	<i>Exclusion</i> : active funds and passive ESG funds.
16	Investee countries subject to social violations	<i>ESG analysis</i> : all assets be subject to an ESG analysis during the investment and management phases
17	Exposure to fossil fuels through real estate assets	<i>ESG score integration</i> : Energy performance is take into account in our scoring methodology
18	Exposure to energy-inefficient real estate assets	<i>ESG analysis</i> : all real estate investments
19 (table 2)	Energy consumption intensity	

These engagement policies will be reviewed and adapted based on PAIs results over each period. As this is the first year Amundi Group is reporting on PAIs, the evolution of the indicators was not taken into account in engagement policy review.

5. Reference to international standards

Principal Adverse Impacts		Standards, initiatives and public policies relevant to principal adverse impacts
1, 2, 3, 4, 5, 6 and 4 (table 2)	GHG emissions (Scope 1, 2, 3 and total) Carbon footprint GHG intensity of investee companies Exposure to companies active in the fossil fuel sector Share of non-renewable energy consumption and production Energy consumption intensity per high impact climate sector Investments in companies without carbon emission reduction initiatives	Paris Agreement on Climate Sustainable Development Goals (SDGs) EU Taxonomy Net Zero Asset Managers Initiative (NZAMI) Climate Action 100+ Carbon Disclosure Project (CDP) Science-based Targets initiative Task Force on Climate-related Financial Disclosures (TCFD) The Japan TCFD Consortium Montréal Carbon Pledge Portfolio Decarbonisation Coalition (PDC) Institutional Investors Group on Climate Change (IIGCC) Asia Investor Group on Climate Change (AIGCC) Investors for a Just Transition
7,8,9	Activities negatively affecting biodiversity sensitive areas Emissions to water Hazardous waste ratio	Task Force on Nature-related Financial Disclosures (TNFD) Finance for Biodiversity Pledge Farm Animal Investment Risk and Return (FAIRR) Investor Action on Antimicrobial Resistance CDP Water CDP Forest Fondation de la Mer Global Reporting Initiative (GRI)
10, 11	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines	UN Global Compact OECD Guidelines on Multinational Enterprises UN Guiding Principles on Business and Human Rights PRI Human Rights Engagement Human Rights Reporting and Assurance Frameworks Initiative
12	Unadjusted gender pay gap	Workforce Disclosure Initiative (WDI) Platform Living Wage Financials (PLWF)
13	Board gender diversity	The 30% Club France Investor Group International Corporate Governance network (ICGN)
14	Exposure to controversial weapons	Ottawa and Oslo treaties
9 (table 3)	Lack of a human rights policy	UN Guiding Principles on Business and Human Rights
15	GHG intensity of investee countries	Paris Agreement on Climate Green bond principles
16	Investee countries subject to social violations	International Bill of Human Rights
17	Exposure to fossil fuels through real estate assets	SFDR regulation
18	Exposure energy-inefficient real estate assets	Energy performance diagnostics - calculation methodology is determined by the regulations in each country

19 (table 2)	Energy consumption intensity	
--------------	------------------------------	--

The following paragraphs aim to detail the internationally recognized standards that are the most relevant to act on PAI.

Paris agreement: Net Zero Asset Managers initiative (NZAMi)

PAIs: 1-6 Greenhouse gas emissions

As a member of the Net Zero Asset Managers Initiative since July 2021, Amundi not only embraces global carbon neutrality objectives, but is actively taking action to accelerate investing aligned with net zero emissions by 2050 or sooner. Within this commitment, Amundi disclosed dedicated targets in 2022 to highlight engagement

1. 18% of total AuM⁸ will be net zero aligned by 2025, Amundi considers that Net-zero alignment commitment must be clear and binding for the investment strategies in-scope, consequently, the 18% will be only composed of funds and mandates with explicit net zero alignment objectives ;
2. -30% in carbon intensity (tCO₂e/€M turnover) by 2025 and -60% by 2030 for committed portfolios under NZIF (Net Zero Investment Framework) ;
3. financed emissions under engagement: In 2022, Amundi engaged with 418 additional companies on climate. As part of its Ambition 2025 Plan, Amundi will begin a significant cycle of engagement with 1,000 additional businesses by 2025. Through this dialogue, Amundi requests that businesses publish a detailed climate strategy based on specific indicators and objectives for each carbon emission scope, and on the corresponding capital expenditure (investment plan). In addition, Amundi will carry on engaging all investee companies exposed to thermal coal and that have not communicated a thermal coal exit in line with our policy.

Methodologies leveraged

- Net Zero Asset Owner Alliance Target Setting Protocol
- Net Zero Investment Framework

GHG scopes

- Scope 1, 2 and 3 upstream (tier 1)⁹

Scenario

- IEA Net Zero Emissions by 2050 – Developed in 2021

United Nations Global Compact (UNGC) and human rights

PAIs: 10-11 and 9 (table 3) Social and employee matters

As an asset manager, we recognize our responsibility to uphold human rights and address human rights abuses in our investment activities. We see human rights violations as a breach of Amundi's investment principles, therefore, we pay particular attention to company exposure to human rights risks.

⁸ Based on total aggregated portfolios at Group level

⁹ Only accounting for emissions linked to tier 1 supplier

Amundi's parent company, Crédit Agricole, is a signatory of the UN Global Compact and Amundi endorses it through its normative exclusions and controversy monitoring methodology. Please refer to Amundi's 2022 Global Responsible Investment Policy for more detail about the scope of application.

"DNSH test": Amundi considers that to qualify as Sustainable Investment, among other criteria, an investment should pass the two Do No Significant Harm tests below:

1. The first DNSH Test relies on the monitoring of specific Principal Adverse Impacts. In order to pass the test, a company should:
 - have a CO₂ intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors) (unit: tCO₂e/M€¹⁰ 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 Global 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.¹¹

2. 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 or a social score better or equal to E.

In addition to research and monitoring, Amundi exercises leverage with issuers through engagement. Human rights engagement follows a two-pronged approach. First, we aim to engage proactively with companies on identification and management of human rights risks. Second, we can engage reactively when an abuse or allegation occurs. In this case, we would seek to ensure that companies are taking appropriate measures for effective remediation.

Finance for Biodiversity Pledge

PAI: 7 Biodiversity

As a financial institution, Amundi recognizes the need to protect biodiversity and reverse nature loss in this decade. As such, in 2021 Amundi joined the Finance for Biodiversity Pledge, a unprecedented coalition of 103 signatories representing over €14.7 trillion in AUM across 19 countries. The pledge is a commitment of financial institutions to protect and restore biodiversity through their finance activities and investments.

This initiative brings together financial institutions from around the globe, committing to protect and restore biodiversity through their finance activities and investments. Amundi represented the signatories

¹⁰ Tons of carbon dioxide equivalent per million euros

¹¹ The remaining Principle Adverse Impact are not included yet in the DNSH test because of a lack of good quality data or because of a limited coverage

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 available in [2021 Stewardship report](#)). In 2022, we grew our engagement pool, expanding to 92 issuers. The expansive nature of the initial engagement sample meant that Amundi could identify best practices within and across sectors and geographies, and use this as guidance for companies. Details on these practices can be seen in our standalone report (found [here](#)).

6. Historical comparison

A historical comparison of the period reported versus previous year will be made starting 2024 PAI report.