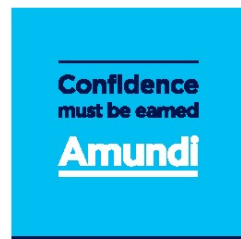


2019



**ARTICLE 173
OF FRANCE'S LAW
ON ENERGY TRANSITION
FOR GREEN GROWTH**

2019 REPORT



Contents

1. The principles of Amundi's ESG policy	3
2. Climate action	5
3. Amundi's contribution to investors' coalitions	7
4. Table of indicators	8
5. Content, frequency and means used to inform subscribers	10

Acting as a responsible financial institution is a core commitment of Amundi's development strategy. This commitment is reflected in our responsible management and the offer of responsible investment solutions tailored to our customers' needs. Our commitment is also reflected in our corporate societal and environmental policy (CSR).

As a pioneer in the field of responsible investment, Amundi has implemented a policy that seeks to incorporate environmental, social and governance (ESG) criteria into its management strategies, beyond traditional financial analysis. We developed as well specific initiatives to promote the energy transition and support the social and solidarity economy. As a leading European asset manager with more than €1,653 billion in assets under management as of the end of 2019, Amundi launched an ambitious three-year action plan in autumn 2018 to take its ESG commitments to a new level.

This announcement supports and strengthens the commitment made by the Group to society and investors since its creation:

- ESG (environmental, social and governance) analysis will be incorporated within the management of all open-ended Group funds within three years;
- The voting policy applied at General Meetings will automatically take into account the ESG ratings of companies;
- The advisory services specifically tailored to Amundi's institutional investor clients will be enhanced to help support their ESG strategies;
- Specific initiatives promoting investments in environmental and social impact projects will be doubled;
- Investments in the social and solidarity economy will be doubled.

At 31 December 2019, Amundi's responsible investments covered all asset classes and represented a total amount of €323 billion. This includes over €12 billion on the environmental thematic. The risk assessment of potential impacts of climate change on our clients' investments is also part of Amundi's responsibility.

Besides its historic approach to the inclusion of extra-financial risks, Amundi assists its investor base in dealing with the consequences of climate change. Amundi offers turnkey investment solutions in the form of either open-ended funds or bespoke funds run as investment mandates or dedicated funds. These solutions are part of a range of financial innovations (low-carbon index solutions, green bond funds, thematic funds, joint management company with EDF, etc.) and form part of a series of actions (e.g. the strategic partnership with the International Finance Corporation, or participation in the Executive Committee of the Green Bond Principle), aiming to mobilise investors in the transition to a low carbon economy. A contract with carbon data expert Trucost has enabled Amundi to develop measure instruments to calculate the carbon footprint of its funds.

1. The principles of Amundi's ESG policy

• ESG Analysis

Amundi's ESG analysis methodology is based on a Best-in-Class approach. This approach consists of rating businesses on their ESG practices in their respective sectors on a scale from A (highest rating) to G (lowest rating). In order to rate more than 8,000 issuers worldwide, Amundi's ESG rating is initially based on a consensus between the analyses of partners who supply extra-financial data.

The ESG analysis of companies is based on documents with universal applicability such as the United Nations Global Compact, the OECD Guidelines on Corporate Governance, those of the International Labour Organisation (ILO), etc. Amundi now incorporates the issue of animal welfare into its non-financial rating criteria for issuers in the food industry. Our ESG analysis is applied to all traditional asset classes including equities, bonds, money markets and multi-asset, as well as to real and alternative asset classes such as private equity, private debt, real estate and infrastructure.

In 2019, Amundi was once again recognised for the quality of its ESG analysis and its ability to integrate ESG criteria into its various management activities:

- The annual evaluation by the PRI - Principles for Responsible Investment - awarded Amundi an A+, the best possible rating, in the "Strategy & Governance" category regarding responsible investment.
- Amundi was once again placed at the top of the Extel 2019 classifications in the category "100 largest management companies for pan-European funds in terms of ESG/SRI" in France, and 10th in Europe.

• A targeted exclusion policy

Amundi applies a targeted exclusion policy based on universally recognised texts such as the UN's Global Compact, human rights agreements, International Labour Organization agreements and those pertaining to the environment. Amundi thus excludes, from all of its active management, companies whose practices do not comply with its ESG convictions or with international agreements and their transposition into national laws.

Amundi therefore excludes the following activities:

- Any direct investment in businesses involved in the manufacture, trading, stocking or servicing of anti-personnel mines or cluster munitions, in accordance with the Ottawa and Oslo conventions;
- Businesses producing, stocking or marketing chemical, biological and depleted uranium weapons;
- Businesses that severely and repeatedly contravene one or more of the 10 principles of the Global Compact.

These are G-rated issuers according to Amundi's rating system.

Moreover, Amundi follows specific sectoral policies for the controversial industries of coal and tobacco.

Coal policy

In 2016, Amundi made the decision to disengage from issuers that derive over 50% of their revenues from coal extraction, in accordance with the Crédit Agricole Group's commitments to combating climate change and managing the energy transition. In 2017, this threshold was reduced to 30%, and then 25% in 2018. In 2019, Amundi extended its coal policy to companies operating in power generation. It also excludes all companies with revenue from coal extraction and power generation from coal equal to or greater than 50% of their total revenue¹, as well as all power generation and coal extraction companies

¹ And generating less than 25% of their revenue from coal extraction

with a threshold between 25% and 50% that do not intend to reduce the percentage of their revenue derived from those activities.

Tobacco policy

In 2018, Amundi decided that the ESG rating of a company generating more than 10% of its revenue from tobacco could not be higher than E (suppliers, manufacturers, distributors). This therefore excludes them from our range of SRI funds, which historically excludes issuers with ratings of E, F and G.

In 2019, 319 issuers (Corporates and States) were excluded from the managed portfolios².

- **Specialised resources**

Since its creation, Amundi has chosen to incorporate ESG into the heart of its asset management, with a dedicated team of some 30 specialists including:

- 12 ESG analysts. Based in Paris, Tokyo and Dublin, they meet, engage in and maintain dialogue with businesses to improve their ESG practices and are in charge of rating them. These analysts use data from eight providers of information and non-financial ratings.
- 5 dedicated specialists in the voting and commitment policy towards businesses in which Amundi is invested.
- 3 quantitative analysts in charge of analysing the performance of ESG signals upstream and downstream of the portfolio's construction, for better integration in the management process.
- A real time distribution interface granting the fund managers access to the ESG ratings of issuers (corporates and states), in the same way as financial ratings.
- Many departments involved in assisting, reporting and supporting Amundi's responsible investment process.

- **A comprehensive offering and a certified SRI process³**

Amundi uses the expertise of the whole Group to offer its individual and institutional clients a wide range of open-ended funds and tailor-made responsible investment solutions that take account of ESG factors. To meet the diverse range of needs, objectives and motivations of its investors in terms of responsible investment, Amundi has developed solutions incorporating ESG criteria, combined with specific initiatives to enable investors to address environmental or social issues.

Since 2013, Amundi's SRI process has been certified by AFNOR, a recognised independent body. This certification guarantees the quality and transparency of its SRI process.

- **An active engagement policy**

Amundi has set up a strong engagement policy based on three main approaches: engagement for influence, ongoing engagement and engagement by voting. This policy is an essential component of Amundi's fiduciary responsibility and its role as a responsible investor.

Engagement for influence

Amundi has a policy committing it to influence specific issues, helping companies move towards better practices. The ESG analysis and Corporate Governance teams publish this work in an annual engagement report, available at www.amundi.com. In 2019, the engagement for influence focused on the themes of the living wage and the practices of banks in the context of issuing green bonds.

² Excluding index funds and ETFs constrained by their reference index

³ Certification also covers SRI funds of BFT Investment Managers and CPR Asset Management, both management companies and Amundi subsidiaries

Ongoing engagement

To refine the ratings provided by the ESG analysis, the non-financial analysts meet with companies throughout the year. These are selected based on the capital share owned by Amundi and the relative size of the holding in the portfolios or in the benchmark indexes. In 2019, Amundi's non-financial analysts met with 262 companies.

Voting and shareholder dialogue

Since 1996, Amundi has followed its own voting policy⁴, updated annually, that includes environmental and social criteria. Amundi exercises its voting rights at the Annual General Meetings (AGM) of companies in which its portfolios are invested.

Our voting policy meets a threefold objective: to protect the interests of shareholders, to formalise and make public our expectations in terms of governance with issuers and to engage in dialogue with the issuers prior to the AGMs and throughout the year on topics related to effective governance and the transparency of compensation policies. Shareholder commitment is also a lever with increasing influence in favour of a low carbon economy, which has intensified since 2017, in line with the movement initiated by COP 21.

Shareholder dialogue, through constructive and regular discussions, aims to refine our expectations as a responsible investor regarding the resolutions presented to the AGMs. We engage in this type of dialogue with issuers that hold the top positions in our portfolios. This involves sending pre-alerts before the AGMs aiming to obtain additional commitments, amendments, or even the removal of certain resolutions presented by the issuers. In 2019, 164 discussions with issuers took place.

2. Climate action

At a time when climate change represents a major medium- and long-term risk and a successful energy transition is a key challenge, Amundi pursued its commitments in favour of the energy transition and a low-carbon economy in 2019. Its commitment and initiatives are part of the Crédit Agricole Group's Climate strategy adopted in June 2019 and the governance implemented for that purpose.

As of 31 December 2019, assets supporting the energy transition and green growth reached €12.3 billion, an increase of almost 50%.

Amundi offers turnkey investment solutions in the form of either open-ended funds or bespoke funds run as investment mandates or dedicated funds. These solutions are part of a range of financial innovations: low-carbon index solutions, green bond funds, thematic funds, joint management company with EDF, etc., and form part of a series of actions aiming to mobilise investors in the transition to a low carbon economy, such as the strategic partnership with the European Investment Bank (EIB) or the participation in the Executive Committee of the Green Bond Principles.

- **Portfolio decarbonisation**

The objective of these solutions is to reduce the carbon impact of portfolios by reducing the portfolio weighting of issuers that emit a significant amount of CO₂ or those holding fossil fuel reserves that may not be exploitable. In September 2014, Amundi was among the first to launch an index-based management offering, based on the MSCI Global Low Carbon Leader Indexes. Amundi's low carbon solutions today represent total assets of almost €4.7 billion.

- **Financing the energy transition**

Investments in green finance most often relate to the areas of energy efficiency and green infrastructure. They are designed to address the environmental, social and economic issues that represent the

⁴ A report on voting rights exercised and shareholder discussions, updated half-yearly, is available on the Amundi website (www.amundi.com)

increasing scarcity of natural resources, as well as the management of environmental damage linked to water, air, soil, waste and ecosystems.

As part of our climate solutions package, we offer topic-based funds dedicated to financing the energy transition. The Amundi Valeurs Durables and Amundi Equity Green Impact funds created for international clients are invested in shares of European companies that derive a minimum of 20% of their revenue from the development of green technologies. They take Amundi's SRI criteria into consideration and exclude companies that produce fossil fuels and nuclear energy.

For investors seeking bond products that contribute to the financing of the energy and ecological transition, Amundi offers funds invested in Green Bonds. At 31 December 2019, such assets managed by Amundi are worth €2.5 billion.

In 2019, Amundi carried out major initiatives to develop green assets:

- In terms of its offering, Amundi launched a green bond fund in partnership with the European Investment Bank (EIB) to accelerate energy transition projects in Europe. The objective of the “Green Credit Continuum” fund is to finance European environmental objectives, to promote the development of new market instruments and to facilitate access to the market for smaller businesses and green projects, while also offering attractive returns for investors. The aim is to raise €1 billion by developing the green debt market in Europe beyond the existing green bonds.
- In the same year, Amundi and the AIIB (the Asian Infrastructure Investment Bank) launched a fund to further climate action, the Asia Climate Bond Portfolio. This investment program, which consists of a bond portfolio of USD 500 million, aims to combat climate change. Amundi and the AIIB have developed an innovative framework, the Climate Change Investment Framework, which considers three variables – green financing, limitation of climate risks and resistance to climate change – to analyse the ability of issuers to confront climate change. In addition to this bond portfolio, the program plans to leverage an additional 500 million US dollars from institutional investors wishing to take part in the fight against climate change.

In 2016, Amundi signed a partnership with EDF that falls within the context of the financing of the energy transition. Known as “Amundi Energy Transition” (AET), the goal of this partnership is to offer institutional investors managed funds in the fields of energy infrastructure and B2B energy efficiency. Amundi Energy Transition invests in real assets associated with the production of renewable energy (wind, solar, etc.) and the improvement of energy efficiency (co-generation, heating networks, etc.), the performance of which is not correlated to the performance of the financial markets. AET has an investment capacity of 2 billion and, in under three years, has generated the equivalent of one of the last five coal-fired power stations in France, i.e. 700 MW, through more than 200 green energy generation and energy efficiency facilities: wind farms, solar power plants, co-generation facilities (gas and wood).

- **The carbon footprint of the portfolios**

Amundi chose Trucost, the world leader in environmental research and carbon data, to calculate the carbon impact⁵ of its funds. This enables us both to satisfy the quantitative provisions of Article 173 regarding the inclusion of CO2 emissions related to assets under management and to develop, thanks to the expertise of Amundi's specialised teams, innovative strategies to reduce the carbon footprint of the investment portfolios.

⁵ Direct and indirect emissions (scopes 1, 2 and part of scope 3 correspond to the indirect emissions of first-tier suppliers), as well as carbon reserves, are covered.

3. Amundi's contribution to investors' coalitions

Coordinated at international level, investor coalitions have as their goal to encourage governments to adopt incentives and companies to improve their ESG practices. The areas of concern are climate change, water, deforestation and healthcare in developing countries. The coalitions work as well to get petroleum and mining companies to show greater transparency in their dealings with the countries where they operate.

Initiatives Globales	<ul style="list-style-type: none"> • UN PRI - Principles For Responsible Investment • Finance for Tomorrow • IFC Operating Principles for Impact Management • Efama and AFG 	
Initiatives Environnementales	<ul style="list-style-type: none"> • IIGCC – Institutional Investors Group on Climate Change • CDP – Carbon Disclosure Project • Montréal Carbon Pledge • Water Disclosure Project • PDC - Portfolio Decarbonization Coalition • Green Bonds Principles • Climate Bonds Initiative • Climate Action 100+ • TCFD – Task Force on Climate-related Financial Disclosures • The Japan TCFD Consortium • OPSWF – One Planet Sovereign Wealth Fund • FAIRR – Farm Animal Investment Risk and Return 	
Initiatives Sociales	<ul style="list-style-type: none"> • Access to Medicine Index • Access to Nutrition Index • Clinical Trials Transparency • Human Rights Reporting and Assurance Frameworks Initiative • PRI Human Rights Engagement • WDI – Workforce Disclosure Initiative • Finansol • The Platform Living Wage Financials (PLWF) 	
Initiatives Gouvernance	<ul style="list-style-type: none"> • ICGN – International Corporate Governance network 	

4. Table of indicators – Amundi Group as of 31/12/2019

Responsible Finance Indicators		Unit	2019	2018	2017
Total assets under management		€ billion	1,653.4	1,425.1	1,426.1
Assets under management after exclusion of G-rated issuers ⁶		€ billion	1,564.8	1,358.4	-
Responsible investment ⁷	Assets under management	€ billion	323.5	275.8	-
	ESG funds and mandates	€ billion	310.9	267.3	-
	Environment	€ billion	12.3	8.2	-
	Strictly social enterprise funds	€ billion	0.3	0.22	-
ESG analysis	Issuers rated on ESG criteria	Number	> 8,000	> 5,000	> 5,000
	Number of issuers excluded	Number	319	214	256
	Non-financial specialists	Number	20	18	17
	Issuers encountered	Number	262	259	192
Solidarity-based savings	AuM	€ billion	3.3	2,778	2,341
Breakdown of social investments by topic	Employment	%	33.0	36.4	35.7
	Housing	%	37.0	36.3	31.3
	Education	%	4.0	0.7	0.1
	Health	%	15.0	14.0	16.4
	Environment	%	5.0	4.05	4.6
	International solidarity	%	6.0	7.9	10.7

⁶ New indicator published in 2018. Has not been recalculated for previous years.

⁷ In 2018, Amundi changed the presentation of its data on responsible investment to include all funds and mandates incorporating the ESG criteria, environmentally themed assets and strictly social enterprise funds. There is no double counting between these three categories.

	Service to non-profits	%	1.2	0.47	0.4
	Over indebtedness	%	0.4	0	0.3
	Farmers funded	%	1.2	0	0.4
Impacts of solidarity investments ⁸	Employment	Number of beneficiaries	32,372	16,341	12,868
	Housing	Number of beneficiaries	8,469	2,315	1,469
	Education	Number of beneficiaries	46,749	4,186	153
	Health	Number of beneficiaries	168,612	19,280	13,044
	Environment	Hectares	594	2,283	806
		Tonnes of recycled waste	137,345	17,674	14,147
	International solidarity (microcredit)	Number of beneficiaries	228,307	29,948	37,772
	Service to non-profits	Number of beneficiaries	1,828	360	118
	Over indebtedness	Number of beneficiaries	312,620	3,477	3,687
	Farmers funded	Number of beneficiaries	1,358	34	204
Assets Carbon footprint of the portfolios	Assets subject to a carbon footprint calculation ⁹	€ billion	545.0	479.1	463.84
	Carbon emissions in million euros of revenue	tCO ₂ e	254.2	231.3	226.5
	Carbon emissions in millions of euros invested	tCO ₂ e	149.1	151.4	180.5
Portfolios' exposure to thermal coal ¹⁰	Weighted exposure of portfolios	€ billion	1.006	-	-
	Proportion of portfolios exposed to thermal coal	%	0.09	-	-

⁸ Number of beneficiaries of social impact investing, hectares of land and tonnes of recycled waste are calculated cumulatively since the beginning of the investments made by Amundi.

⁹ The AuM on which the carbon footprint is calculated corresponds to the assets managed by Amundi (with the exception of Amundi-Pioneer assets in the USA, joint ventures and Real Assets), less non-rated and non-rateable securities, and for which we have data provided by TRUCOST.

¹⁰ New indicator published in 2019. Has not been recalculated for previous years.

5. Content, frequency and means used to inform subscribers

Document name	Content	Frequency	Means used	Last publication/ Reference exercise
Brochure Amundi Responsible Investment Solutions	Amundi's goals and solutions concerning in Investment solutions	Annual	Web site Amundi.com (Professional Clients only)	2019
SRI Policy	Amundi's SRI policy	Annual	Web site Amundi.com	2019
Amundi Public Transparency Report	Amundi's annual report on its ESG reporting obligations resulting from its adherence to the Principles for Responsible Investment (PRI)	Annual	Web site Amundi.com	2019
Engagement report	Details of Amundi's philosophy and engagement process, resulting from our dialogue and engagement with companies on issues related to environmental, social and governance risks	Annual	Web site Amundi.com	2019
Voting policy	Analysis framework of Amundi's voting policy	Annual	Web site Amundi.com	2019
Report on the exercise of voting rights and shareholder dialogue	Implementation of Amundi's voting policy	Annual	Web site Amundi.com	2018
ESG reporting	For SRI OPC: ESG ratings of the portofolio, including benchmark and/or investment universe. Social, Governance and Environmental Indicators	Monthly	Web site Amundi.com	04/2020
SRI Transparency Code <i>Available only in French</i>	AFG-FIR/EUROSIF transparency code for Amundi SRI funds	Annual	Web site Amundi.com	06/2020
Social impact reporting	For OPC with social impact: Details of solidarity investments by theme (employment, housing, healthcare, education, services to associations, international solidarity, environment), list of solidarity	Annual	Web site Amundi.com	12/2019

	companies financed and testimonies.			
Amundi Brochure Climate	Presentation of Amundi's expertise	Ad hoc	Web site amundi.com	2017
Amundi Climate Position Paper	Brochure for institutional investors on Amundi solutions	Ad hoc	Web site amundi.com	2018

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of its clients and society**



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