Amundi Responsible Investing Impact Green Bonds

Annual Impact Report 2022

Fund data from 30/06/2021 to 30/06/2022
Market data as of 30/06/2022

Trust
must be earned

Amundi
ASSET MANAGEMENT

All figures reflecting non-financial characteristics, such as the environmental impact, of the portfolio reflect the holdings as of June 30, 2022.

Any reference to portfolio holdings should not be considered a recommendation to buy or sell any security, and securities are subject to risk. All trademarks and logos are indicated for the purpose of illustration in this document and belong to their respective owners. The accuracy, completeness and relevance of the information provided are not guaranteed. This report has been prepared with reference to sources considered to be reliable and may be amended without prior notice. The financial or statistical projections, assessments and analyses presented are provided solely to assist the reader in assessing the factors described in this document. They are based on sources considered reliable and on methodologies that are not mutually exclusive.

The main objective of this report is to evaluate the environmental impact of the portfolio.

This report is produced by Amundi Asset Management (Amundi), portfolio manager of Amundi Responsible Investing – Impact Green Bonds.

Environmental Finance Sustainable Investment Awards 2022 Winner Fixed income manager of the year

Morningstar Sustainability Rating™

GREENFIN LABEL FRANCE FINANCE VERTE

TOWARDS SUSTAINABILITY

FNG-SIEGEL 2022

Sustainable investment Objective ARTICLE 9

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1 Highlights

Annual avoided emissions

379 tCO_2e
Annual avoided emissions per €1 million invested based on the fund's investments.

832 tCO_2e
Annual avoided emissions per €1 million invested based on green bonds with reported avoided emissions.

Equivalent to
74,000 passenger cars
taken off the road for one year.

Green bonds

€37bn
Invested in Green bonds at Amundi level

of which
€6bn
in Green Thematic Strategies(AuM)

2 awards

Environmental Finance

Environmental Finance's "Fixed Income Manager of the Year" in 2021 and 2022

Environmental Finance's 2021 Bond Awards: Isabelle Vic-Philippe named "Personality of the Year"

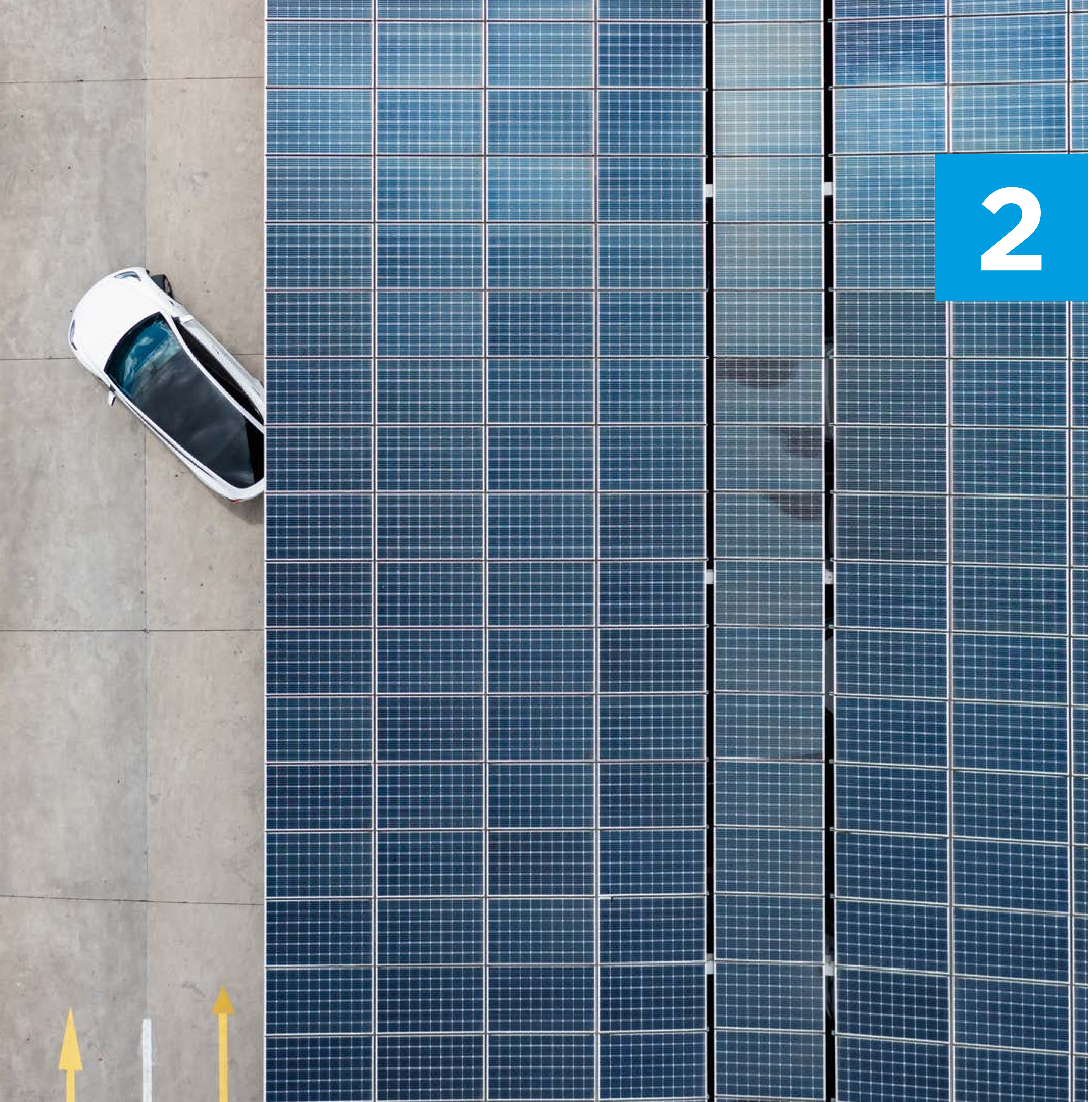
Since 2017 Amundi is member of the
Executive Committee of the Principles

The Green Bond Principles
The Sustainability Bond Guidelines
The Social Bond Principles
The Sustainability-Linked Bond Principles

+1,200 green bonds
analysed in Amundi's in-house green database

Rejection rate 2022: 17%

1 Source: *https://www.icmagroup.org/sustainable-finance/membership-governance-and-working-groups/executive-committee-and-working-groups/*



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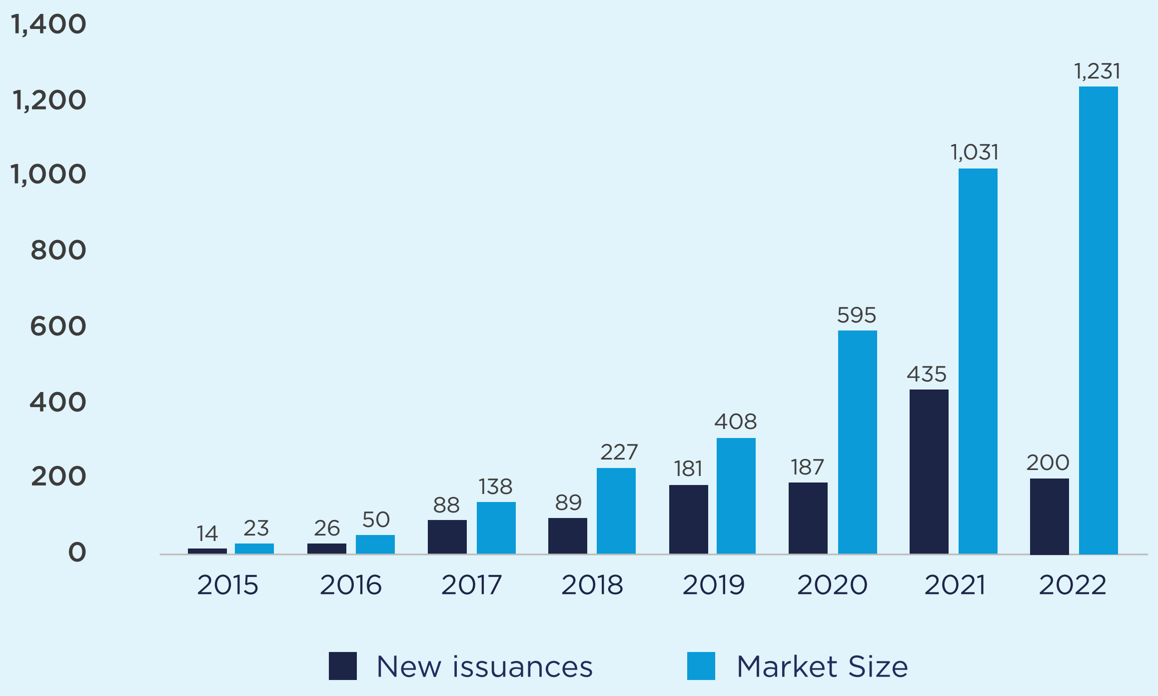
Green Bonds:
A relevant tool to address current climate and environmental challenges

Green bonds are playing an increasingly important role in the energy transition, as the substantial capital expenditure required is largely financed by debt issued by governments, agencies and companies, rather than equity.

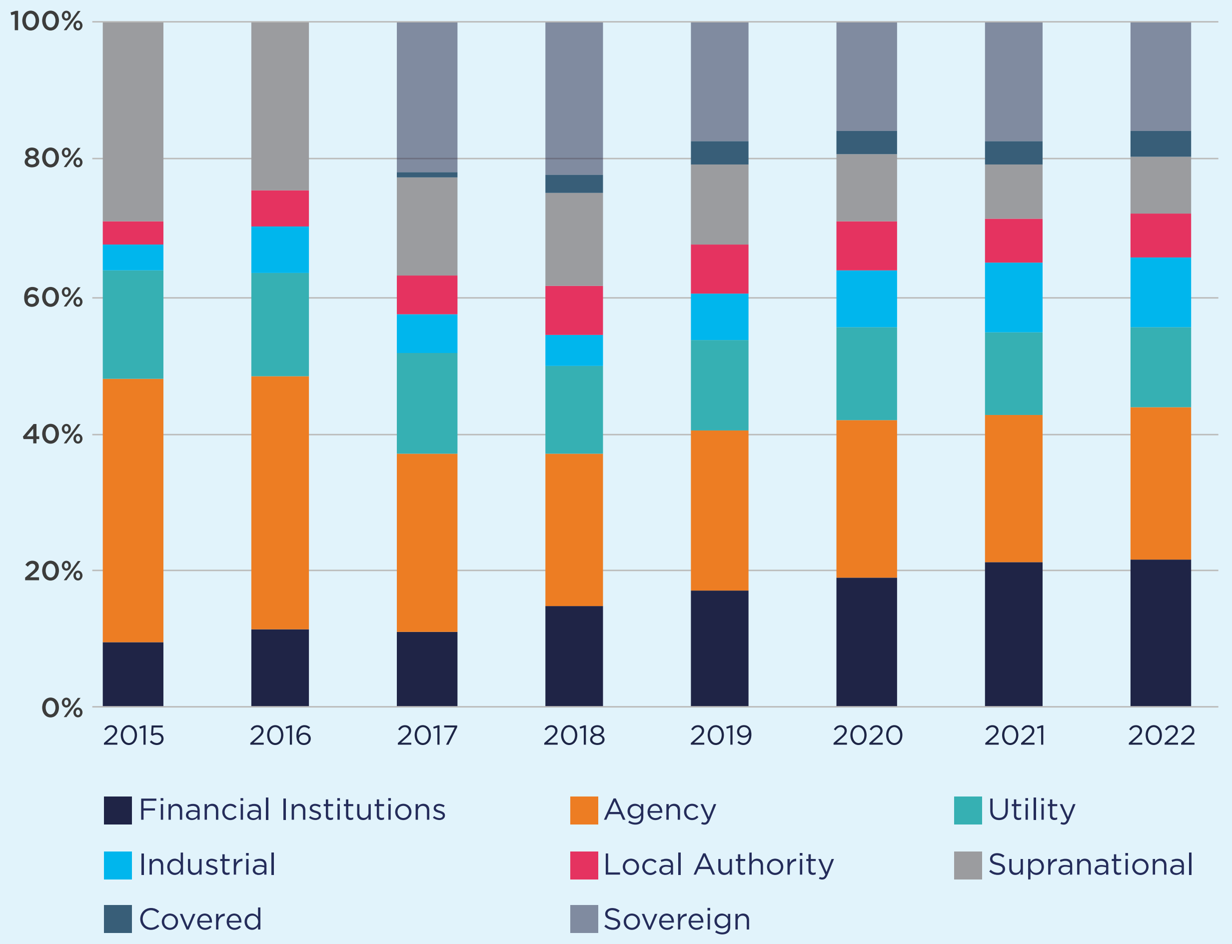
This instrument has unique features that allow investors to assess the positive environmental impact, track the allocation of the projects and move towards carbon neutrality by supporting their emission reduction targets.

Green bond market outstanding (€bn)



Source: Bloomberg, Amundi. Data as of 31/12/2022

Market size - breakdown by issuer type %



The green bond market: A diverse and dynamic market

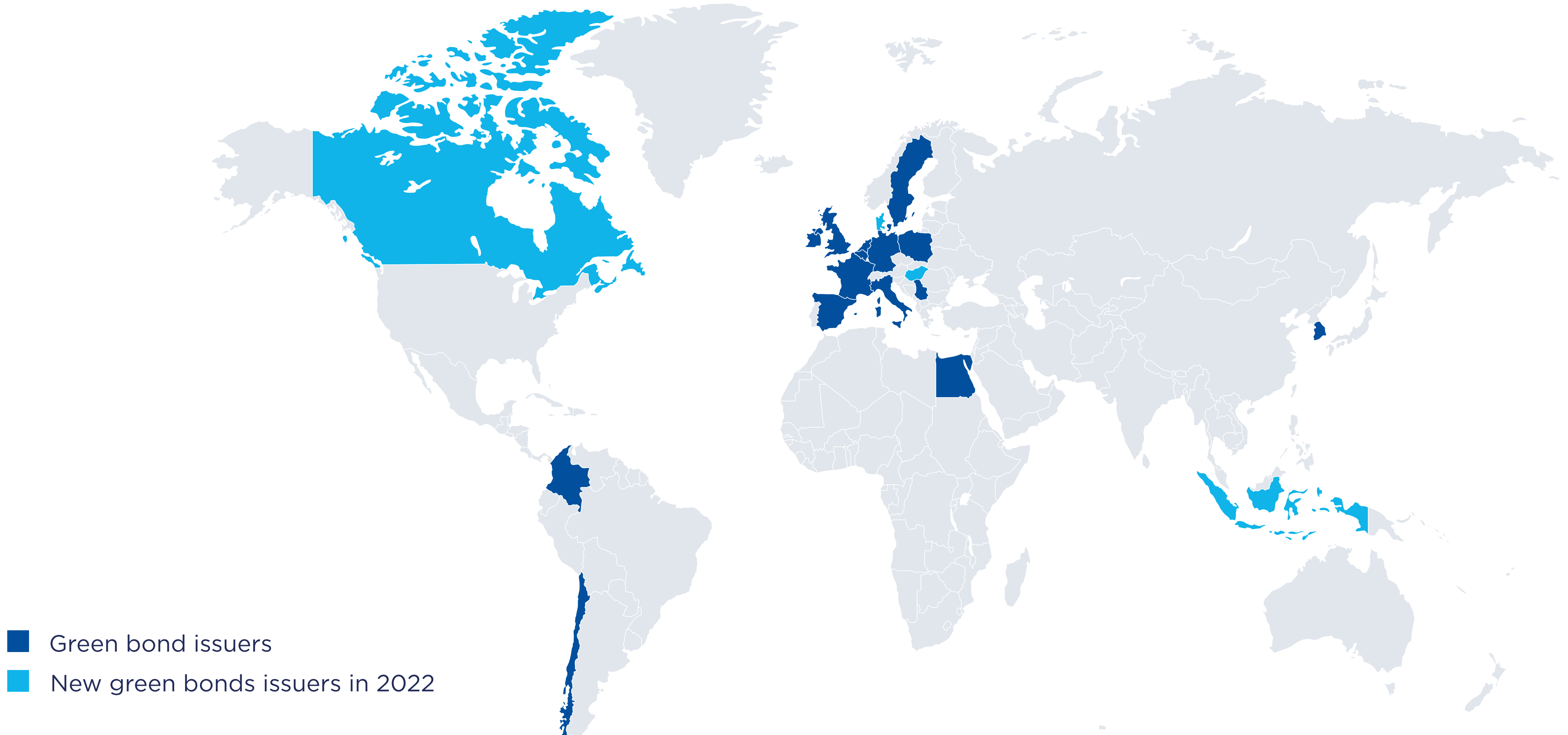
Green bonds are becoming increasingly mainstream in the market with total new issuances in the first half of 2022 at **190 €Bn**. Although market conditions have brought down the volumes in the primary market, green bonds are showing a steady growth with an upward trend mainly driven by financial institutions, government related agencies and corporates.

In the sovereign space, new countries continue to join the green bond market, such as Canada, Austria, Denmark, Hong Kong, Hungary and Indonesia, and growth has accelerated notably since the pandemic. This positive trend is aligned with the ambition to expand fiscal spending to finance the energy transition and climate objectives.

Currently, France and Germany are the biggest sovereign green bond issuers totalling €49Bn and €31Bn respectively.

The presence and active participation from sovereigns in the green bond market is key to encourage corporates and local agencies to continue this path. We expect more governments to join the market, as while many have set commitments to net zero emissions by 2050, progress towards this is not yet clear, and green bonds have positioned themselves as an instrument to finance the transition.

Agencies and Supranational issuance remains significant, as has been the case since the inception of the green bond market.



Source: Climate Bonds Initiative, 2021

In 2021, the European Union issued its first green bond as part of their recovery plan for Europe 'NextGenerationEU'; and is now one of the largest issuers with €31 billion of green bonds issued to date.

The utilities sector remains at the forefront of the low-carbon transition, accounting for 30% of green bond issuance from non-financial corporates in the first half of 2022.

The rate of issuance from the utilities sector looks likely to continue to accelerate given the amount of investment needed to ramp up clean power generation and invest in both renewable production and electricity grids. This is particularly the case in Europe, where the EU's 'Fit for 55' target of reducing net greenhouse gas emissions by at least 55% by 2030 has created an interim goal of making 40% of electricity production renewable.

Innovation in the corporate segment has been driving green bond issuances in the automotive sector, where massive investments are required and information on industry standards was further clarified in the EU Taxonomy. This trend of innovation will continue as EU legislation will ban the sale of new petrol and diesel cars from 2035.

Last but not least, financial institutions are an important player, providing capital for sustainable and environmentally beneficial purpose.

Most loans are allocated to projects related to energy efficiency, sustainable infrastructure and renewable energy.

The green bond premium, or 'greenium': where do we stand?

Green bonds are 'vanilla' bonds that carry the same credit and ESG risks as their non-green counterparts. That's why we have always strongly advocated the idea that green investors do not have to make performance concessions to finance the development of the green bond market.

In practice, imbalances between supply and demand in the green bond market have created small differences in pricing. Over the past year or so, we have identifed on average a negative grenium, with some differences across sectors and currencies.

Looking at the euro (€) universe, corporates show a larger greenium in 2022, up to -8,7 bp in July, where the utilities sector has the greater pronunciation. Financials remain in the range of -2 to -4. For Sovereigns, the grenium is higher in Euro than in the global universe (all currencies) whereas it is the opposite for Supranationals and Agencies.

Facts and Fantasies about the Green Bond Premium

Green vs. Social Bond Premium

Green Premium All Currency

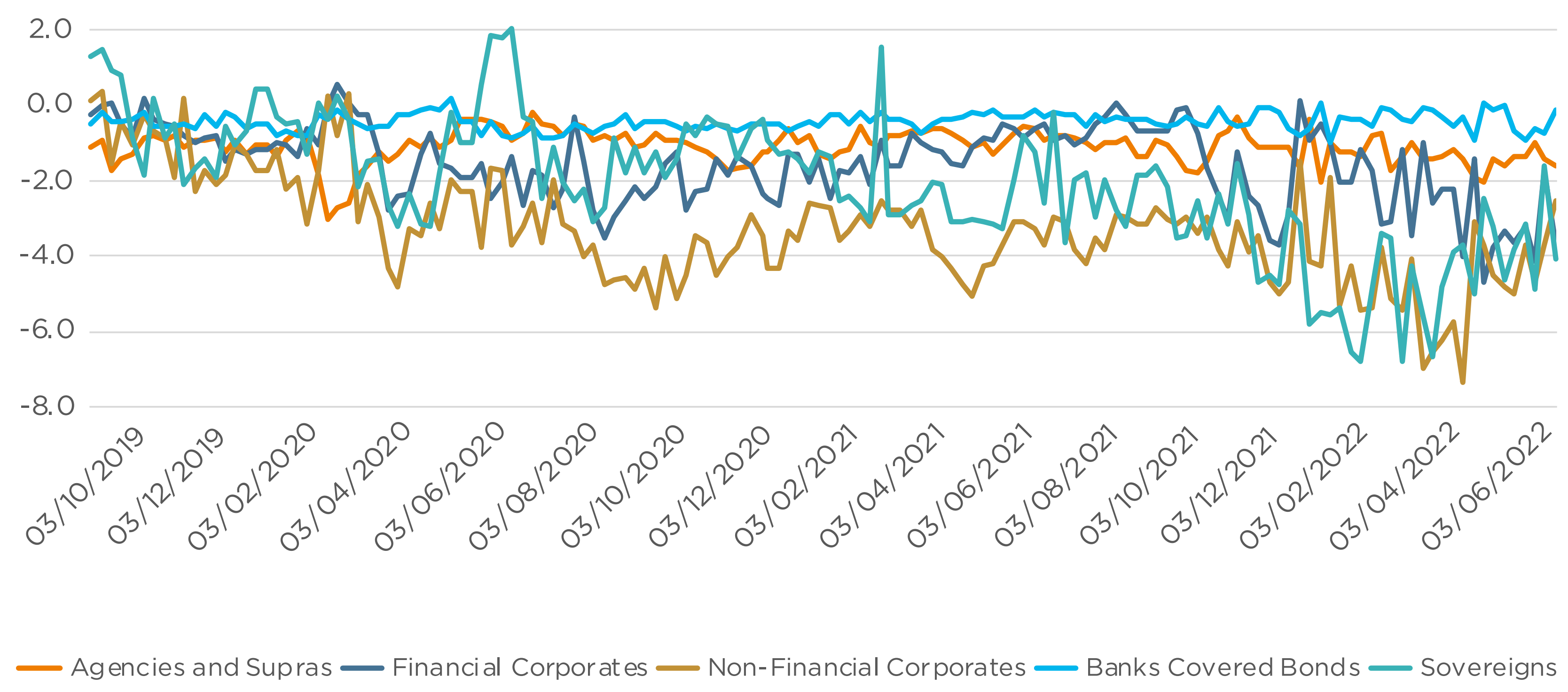
Sector	Median Premium (in bps)
Agencies and Supras	-1,7
Financials	-4,8
Non-Financials Corporates	-4,0
Covered Bonds	-0,6
Sovereigns	-3,8
Total	-2,2

EU Green Premium

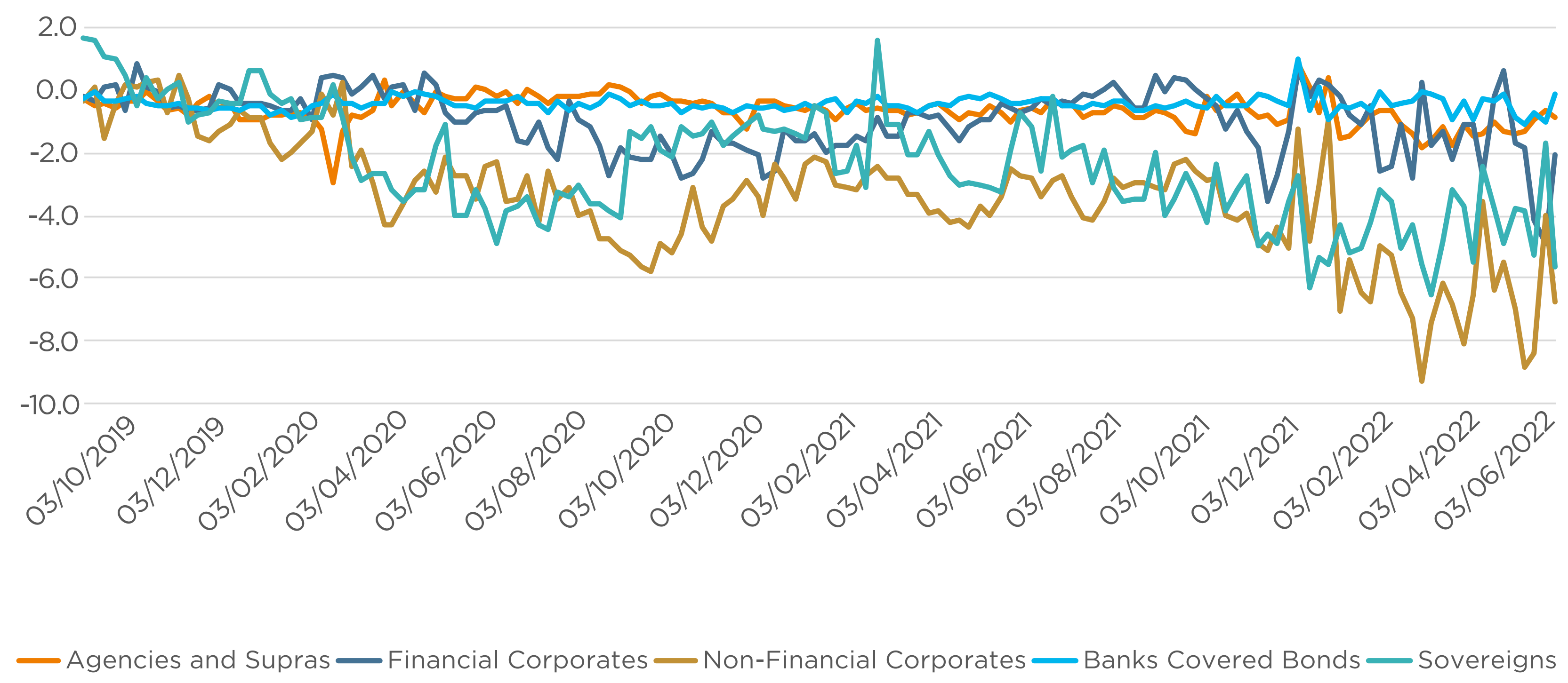
Sector	Median Premium (in bps)
Agencies and Supras	-0,7
Financials	-4,7
Non-Financials Corporates	-8,7
Covered Bonds	-0,7
Sovereigns	-5,7
Total	-1,9

Data as End July 2022

Green Premium Levels (All Currency) (in bps)



Green Premium Levels (EUR Only) (in bps)



Further information on the study and the methodology developed by Amundi can be found in the research paper

Green Bonds: EU Taxonomy/ EU Green Bond Standard

To reach net zero by 2050, one of the critical areas is sustainable investments where the Taxonomy Regulation and Green Bond Standard bring measures and rules to support the transition to low carbon economies and strengthen market integrity in sustainable investments.

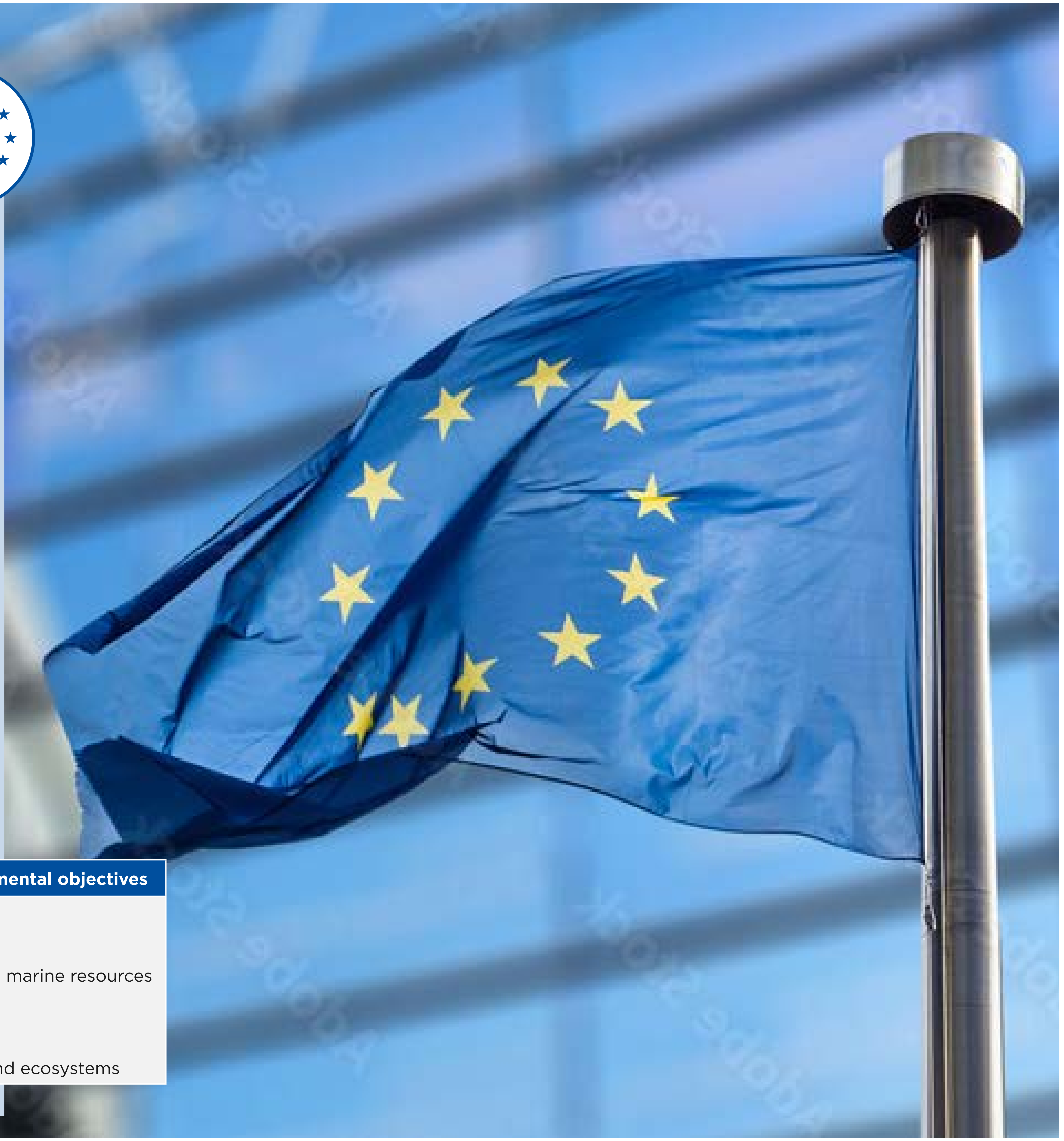
EU Taxonomy is a classification system designed to determine which economic activities are environmentally sustainable. The determination of sustainable activity is based on two criteria – significant contribution to at least one of the six environmental objectives outlined in the Taxonomy, and do no significant harm to any other objectives while meeting minimum safeguards.

With granularity, the Taxonomy defines the specific requirements and thresholds under the "technical screening criteria". This has an impact for the green bond market. **As part of the European Green Deal Investment Plan, the European Green Bond Standard (EU GBS) has been proposed as a voluntary standard to help scale up and establish a more unifying green bond standard within the EU**. So far, one key requirement has been proposed for green bonds under the EU GBS to be fully aligned with the EU Taxonomy, besides other requirements such as full transparency on reporting allocation with external review performed by a supervised party. This aims to reinforce credibility and promote greater standardisation in disclosure within the green bond market. This directs the project financed via green bonds and their environmental impact to that of the environmental objectives under EU Taxonomy.

An increasing number of green bond issuers have begun reporting their level of Taxonomy alignment.

The Taxonomy Regulation establishes six environmental objectives

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



3 The Fund:
ARI Impact Green Bonds

Launched in September 2016, **Amundi Responsible Investing - Impact Green Bonds** aims to finance the energy transition by investing only in green bonds with a measurable and positive impact on climate change. With this in mind, we assess the environmental aspect of projects to be financed by green bonds, taking account of their impact expressed as tonnes of CO_2 equivalent avoided per €M per year (tCO_2e).

At launch, only about 25 bonds were eligible for inclusion in our impact reports due to a lack of commitment to reporting. Today, most new issues are committed to providing an environmental impact indicator, and the practice is becoming a market standard.

We believe that this trend will continue as the consistency of these measures improves. In our view, it will not only allow us to use this information to better differentiate green bonds, but will also improve our ability to manage the overall impact of the portfolio.

Being a 100% green bond fund pioneer since inception, we have aimed to improve the standards of the green bond market. Our compliance with green bond principles, our measurement of projects' carbon reduction and our minimum ESG footprint for eligibility have all helped the market move in the right direction. (please refer to the section on Engagement).

The projects financed by the fund focus on the following UN Sustainable Development Goals (SDGs):

Impact Investing

Amundi has developed an impact framework to define impact investing and organise impact strategies according to the intensity levels of impact investing.

Impact refers to the positive social and/or environmental externalities expected from investments (the "why" or an "outcomes" approach). Impact investments are investments made with the intention to generate positive, measurable, social and environmental impact alongside a financial return. Impact investing entails very specific features (**intentionality, additionality, and measurability**) that are not part of the standard set of ESG or responsible investing criteria.

According to this approach, ARI Impact Green Bonds is classified investing WITH impact and entails the three specific features:

1

Intentionality
The fund aims to finance green projects and generate a positive and measurable environmental impact by investing exclusively in green bonds. You can find out more throughout the document, as it is at the core of the fund's philosophy.

2

Measurability
Tons of CO_2 equivalent avoided per €M per year is the key indicator for reporting the impact of the Fund's investments. The fund also tracks how the proceeds of each green bond are used by location and type of project. For more information please see section 2 (impact of the fund).

3

Additionality
Our ESG team engages with issuers to improve green bond reporting practices. This element is described in more detail in section 5 (engagement policy).

- Encouraging issuers to use the standard ICMA Harmonized Framework for Impact Reporting
- Encouraging issuers to use the life cycle analysis for impact assessment

Labels

The fund has been awarded the Greenfin Label (French), Towards Sustainability Label (Belgium) and FNG Label (Germany).

The **Greenfin Label** was created and is supported by France's Ministry of Ecological and Solidarity Transition. It guarantees investors – banks, insurers and savers – that the financial products they invest in effectively contribute to financing the energy and ecological transition.

The **Towards Sustainability** Label encourages financial institutions to offer qualitative sustainable products and to ensure a quality standard of socially responsible and sustainable financial products, and to mainstream its principles towards traditional financial products.

The **FNG Label** is the quality standard for sustainable investment funds in German-speaking countries. The holistic approach of the FNG seal is based on a minimum standard. This includes transparency criteria and the consideration of labour and human rights, as well as environmental protection and the fight against corruption as summarised in the globally recognised UN Global Compact.

Sustainable Finance Disclosures Regulation (SFDR)

The definition of "Sustainable Investment" by the SFDR was introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.

From 1 January 2023, according to the majority interpretation by the industry, Article 9 funds whose objective is sustainable investment and/or carbon emissions reduction must only invest in Sustainable Investments (ex cash and hedging).

Amundi Responsible Investing - Impact Green Bonds" and its feeder, notably Amundi Funds Impact Green Bonds, remain classified Article 9.

The Discosure Regulation Article 2(17) defines 'Sustainable Investments':
"A Sustainable Investment means an investment in an economic activity that contributes to an environmental or social objective, provided that such investments do not significantly harm any of those objectives, and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations. remuneration of staff and tax compliance.

a. Environmental Impact

Having a positive and measurable impact is key. Thus, we monitor, analyze, engage and disclose the true environmental impact of the green bonds held in our portfolio. As such, we focus on the environmental impact of the fund: the amount of greenhouse gaz emissions (GHG) that is avoided, using the indicator tCO2 e. of tCO2e that is that is avoided by the bonds in the portfolio.

Given the urgency of reaching carbon neutrality, this metric has now become a standard used by most green bond issuers.

Energy players measure how they are increasing the share of renewable energy, real estate businesses look at the improved efficiency of new buildings and industrials assess how they are implementing new green technologies with a lower carbon footprint.

How is *impact* integrated into the strategy?

- We favour bonds with higher impact based on our green bond assessment methodology. *Please refer to the section 7 for further details.*
- We track the impact reporting of issuers and communicate it at portfolio level
- We commit to a target for the portfolio

We encourage issuers to consider environmental criteria when they assess the benefits of a project. To ensure this, we select only green bonds from issuers that provide impact indicators. This means that impact is the key criteria for us in deciding whether a green bond is an eligible investment. To this end, we appreciate the environmental aspects of projects that are being financed by green bonds, considering the impact estimates that have been produced.

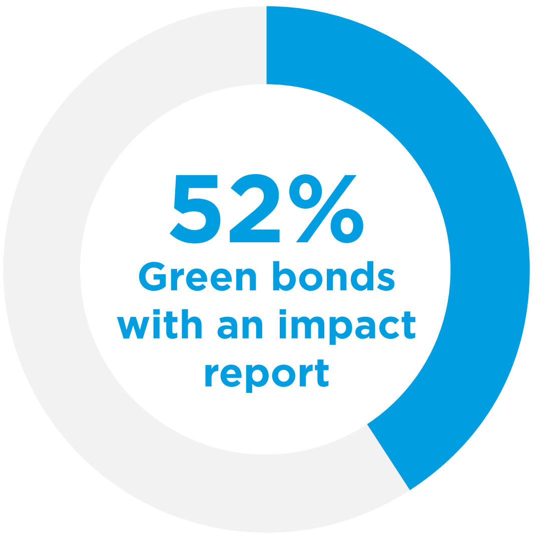
In 2016, The fund's impact target was set at 1,000tCO_2e per million (rebased on percentage of green bonds with an impact indicator reported), then reduced to 800tCO2e (rebased) in 2021 to take account of the evolution of the green bond market. Ultimately, the impact target set is not rebased given the greater transparency it represents.

We set a new target* of **300 tonnes of GHG avoided emissions reported per €1 million invested per year** (non – rebased)[1].

ARI Impact Green Bonds achieved its impact target of 300 tCO_2e per M€ and was above this target most of the time during the period June 2021 - June 2022.*

1 *Methodology for setting a target in appendix.*
* *This target was announced in our 2021 Impact Report.*

Breakdown of green bonds



Target 2023

300tCO_2e

Avoided emissions per €1 million invested per year

The fund's avoided emissions as of June 2022

379tCO_2e

Avoided emissions per €1 million invested per year

832tCO_2e

Avoided emissions rebased on bonds reporting per €1 million invested per year

Source: Amundi AM as end of June 2022. Please refer to the appendix for the methodology

The portfolio's investments have helped to avoid

280,460tCO_2e
in a year

The impact figure over the period was above the target standing at **372tCO_2e** per M€

This is equivalent to[2]:

4.2 million
tree seedlings grown for 10 years

69
wind turbines
running for a year

649,000
barrels of oil

55,000
passenger cars
taken off the road for one year

2 *Calculated with EPA: United States Environmental Protection Agency at https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator WindEurope at https://www.ewea.org/wind-energy-basics/faq/*

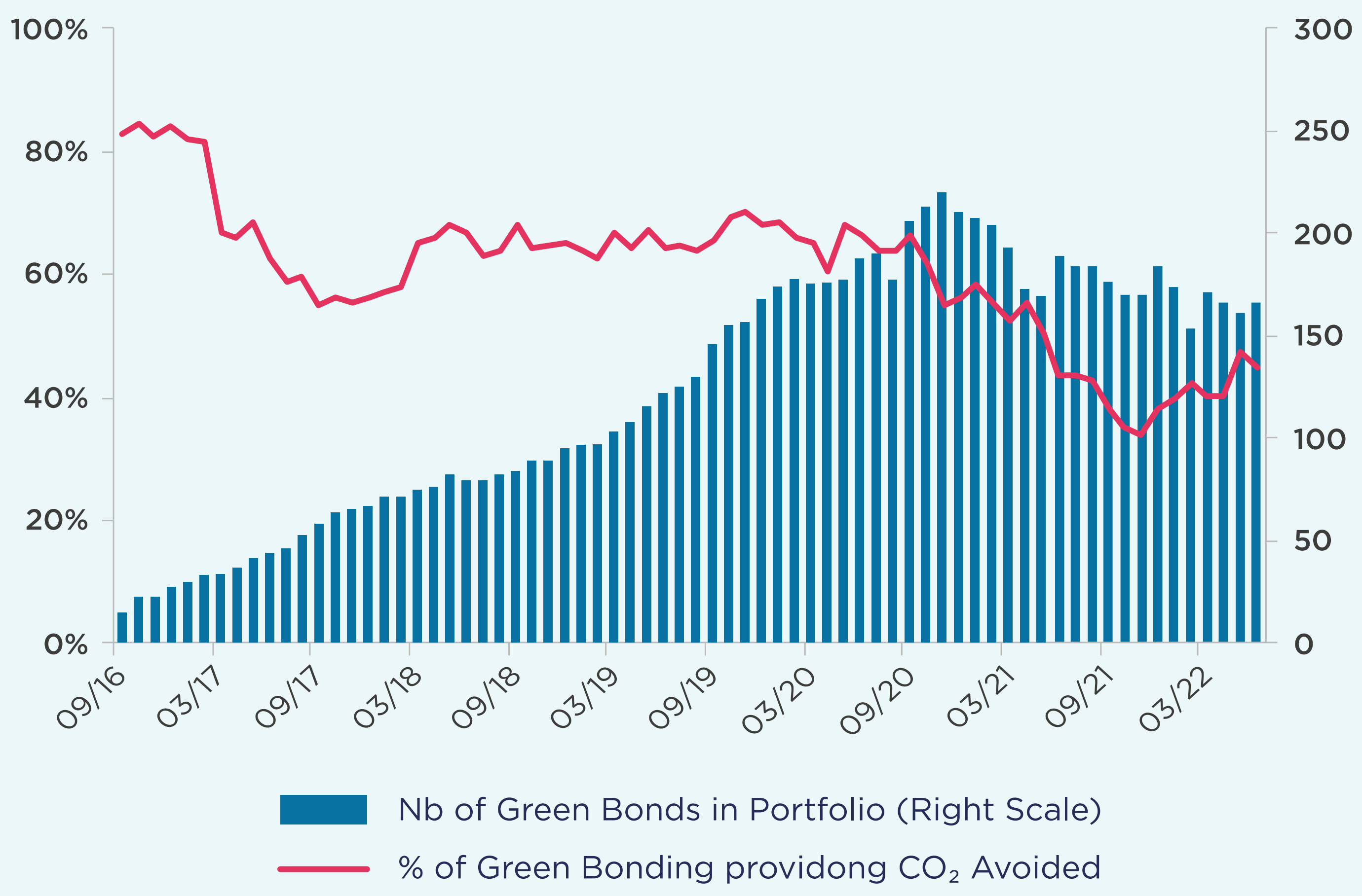
Annual greenhouse gaz (GHG) emissions avoided have declined since inception due to different reasons:

1. **The types of green bond issuers have diversified**. The supply of green bonds in 2015/2016 was concentrated in utilities and supranationals financing mainly clean energy projects. Nowadays, the supply comes also from new types of issuers such as real estate companies, financial institutions or even multi-project industrial issuers.

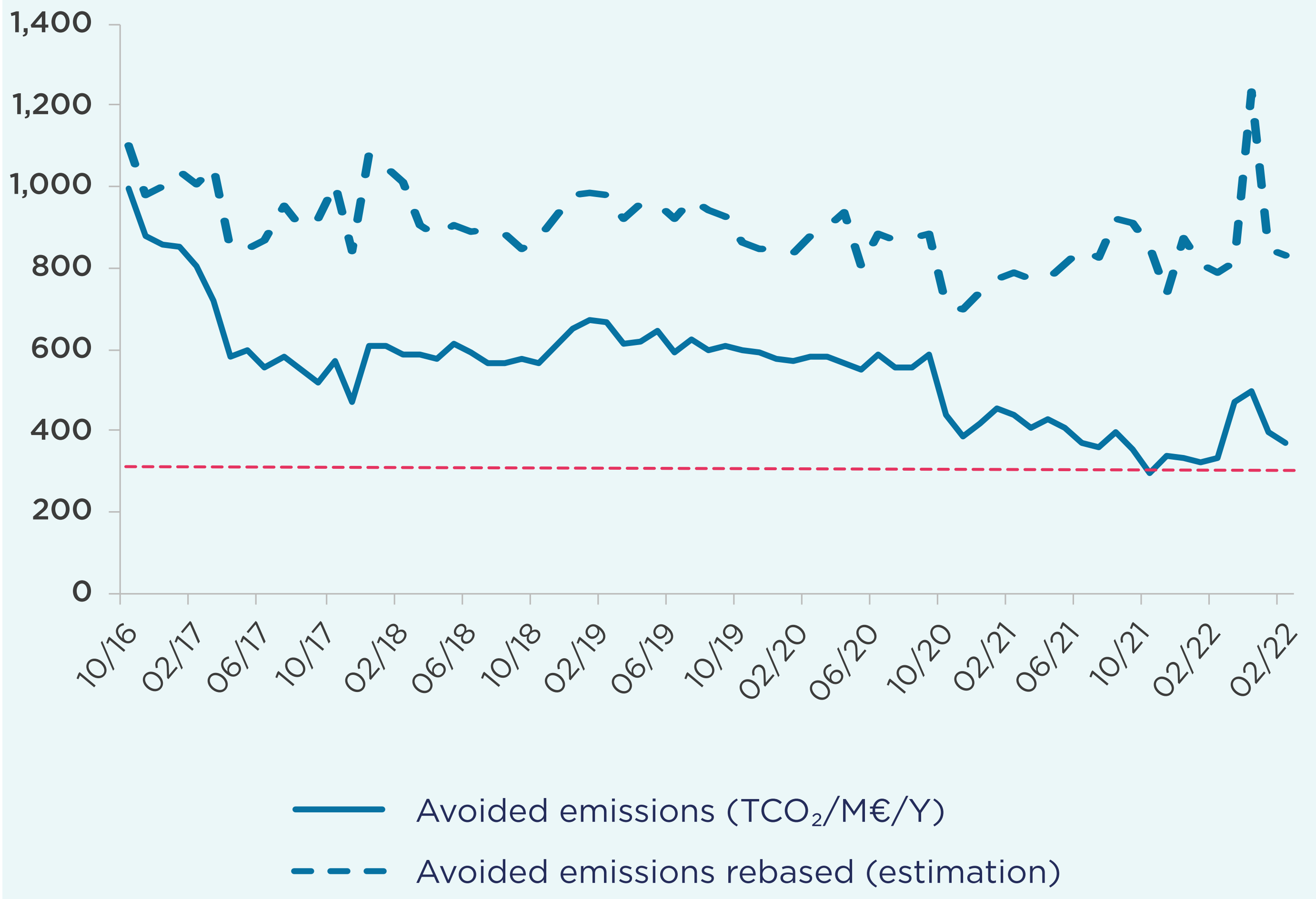
   The growing share of green buildings and clean transportation projects financed by green bonds has tended to lead to a technical reduction in the average CO_2 impact per million euro invested in the market.

2. **At portfolio level, the overall percentage of bonds providing impact data has decreased**. This is explained by the active participation in the primary market following the acceleration of new green-bond issuance. Best practice requires no more than a year and a half between issuance and the impact report. In October 2021, the impact fell below the target due to a slight decrease in the percentage of green bonds providing CO_2 avoided.

While it may be tempting to favour these types of project, we believe that other factors also need to be taken into account such as the high investments required in those categories to reach the Paris goals.



Source: Amundi AM as end of June 2022



Source: Amundi AM as end of June 2022

Use of proceeds: impact contribution and allocation

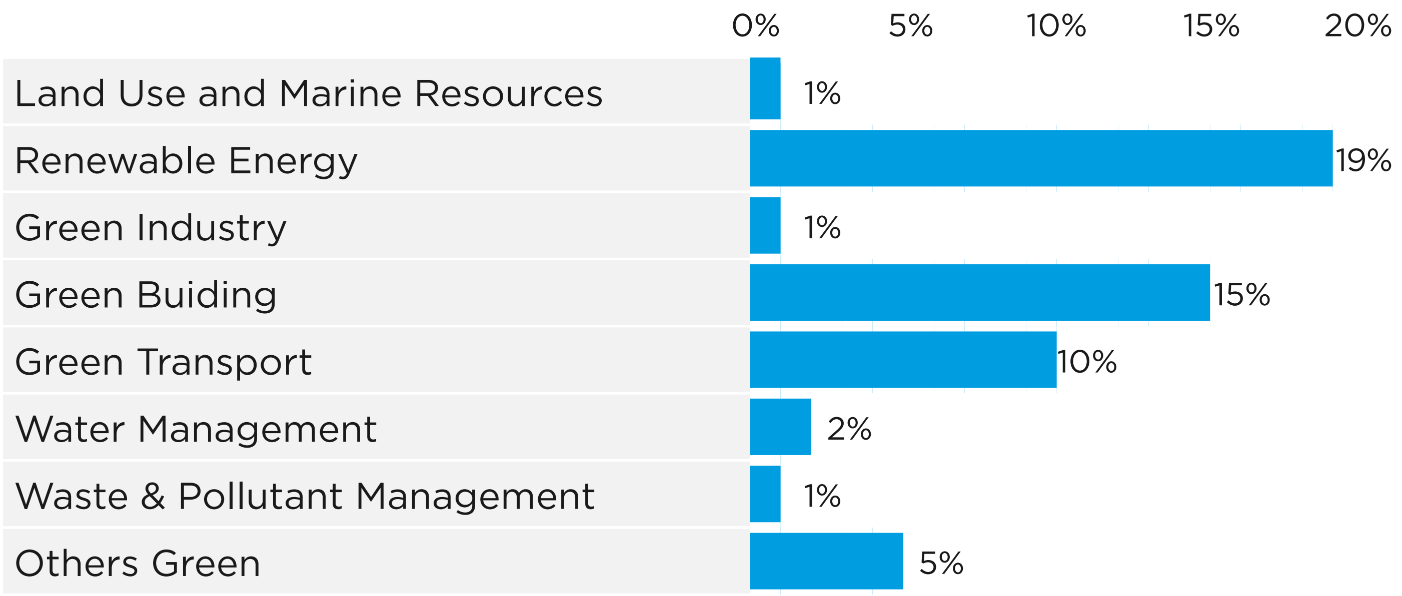
Breakdown of use of proceeds by sector

	% of portfolio	Contribution to impact
Utility	17%	36%
Supranational	10%	19%
Banking	19%	29%
European Sovereign	9%	1%
Real Estate	8%	4%
Agency	7%	10%
Transportation	3%	0%
Chemistry	3%	0%
Auto	3%	0%
Non European Sovereign	3%	1%
Telecom/Rechno	2%	0%
Others	6%	0%

Source: Amundi AM as end of June 2022. Coverage 100% of green bonds.

Breakdown of use of proceeds by project

Renewable energy projects display higher impact than green transport or energy-efficient buildings, as they often replace coal or lignite, which are the most CO2-intensive fuels.



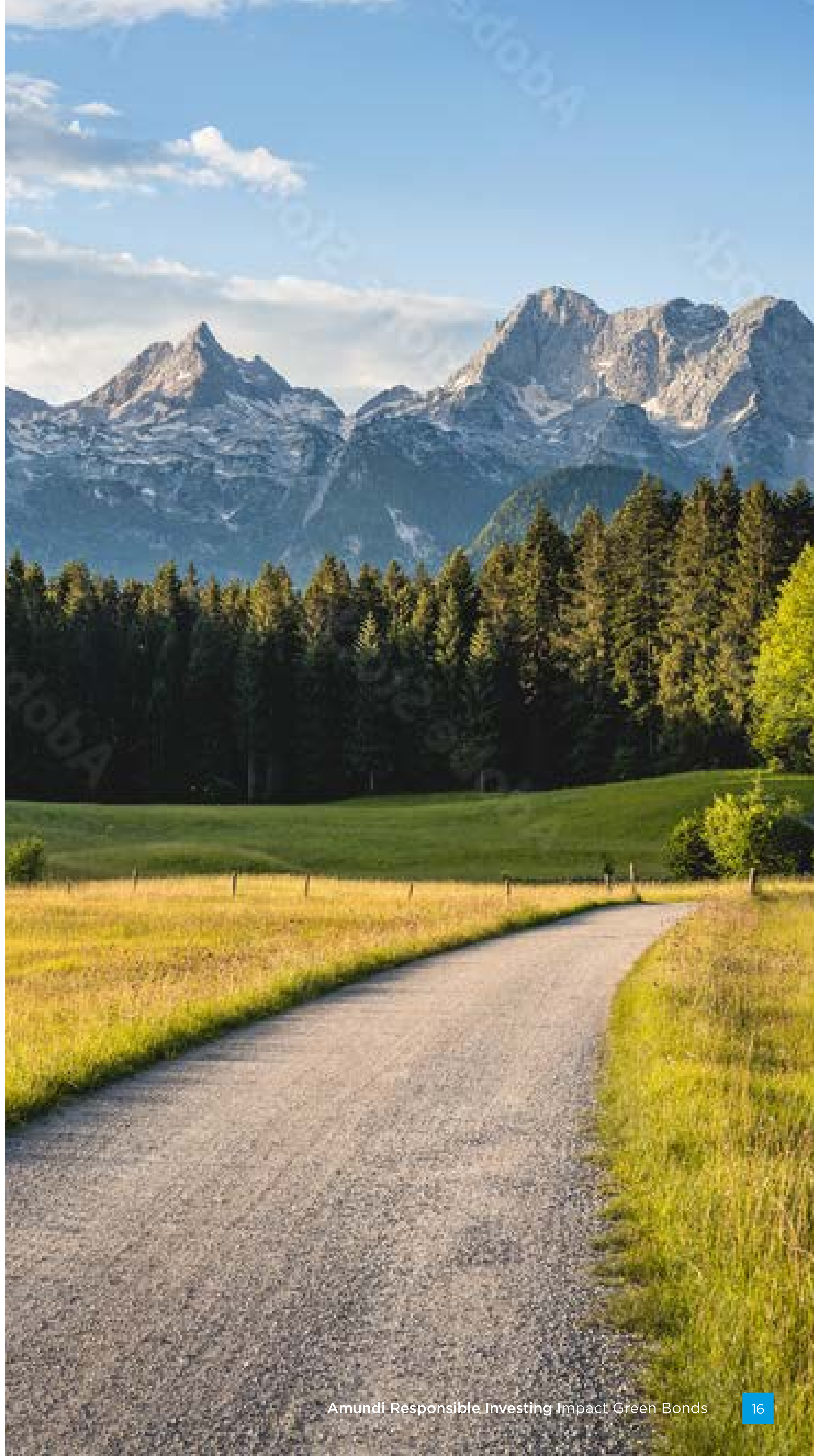
Source: Amundi AM as end of June 2022.

Breakdown of use of proceeds by geographical region

The portfolio allocation exhibits structural biais. This means that regions where the quality of the green bond framework and progress in the energy transition is less advanced, such as North America, are less represented. However, the strategy enables allocation to be flexible and broad. Green bonds financed outside Europe have increased, and the portfolio is becoming more diversified.

Contribution to avoided emissions	% of portfolio	Contribution to impact
Europe	47%	21%
Global	29%	69%
Emerging	5%	6%
Asia-Pacific Developed	3%	1%
North America	2%	4%

Source: Amundi AM as end of June 2022.
Rebasing on the Green Bonds with an impact report (45%).
To be considered throughout the document in the following tables



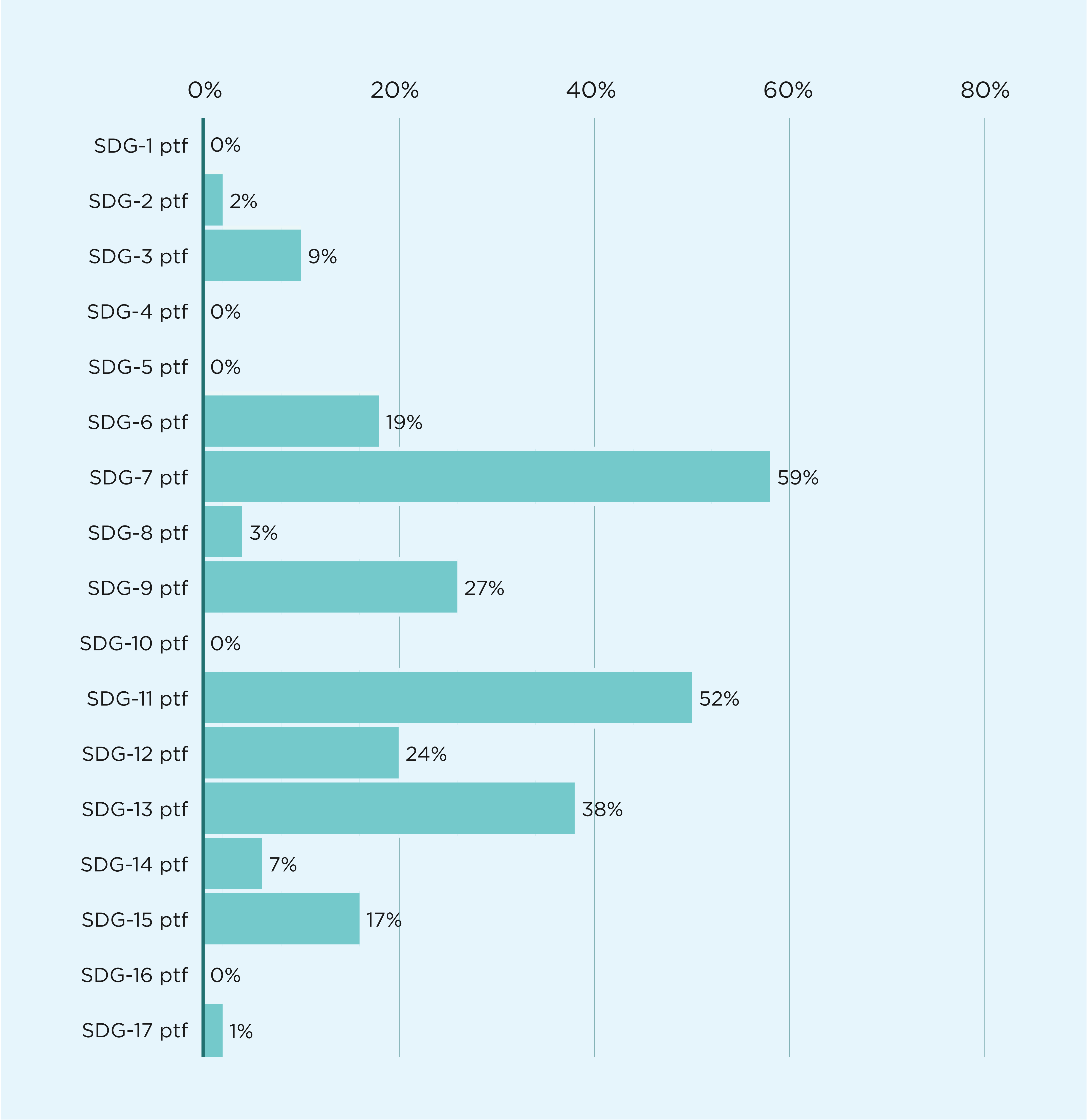
b. SDGs

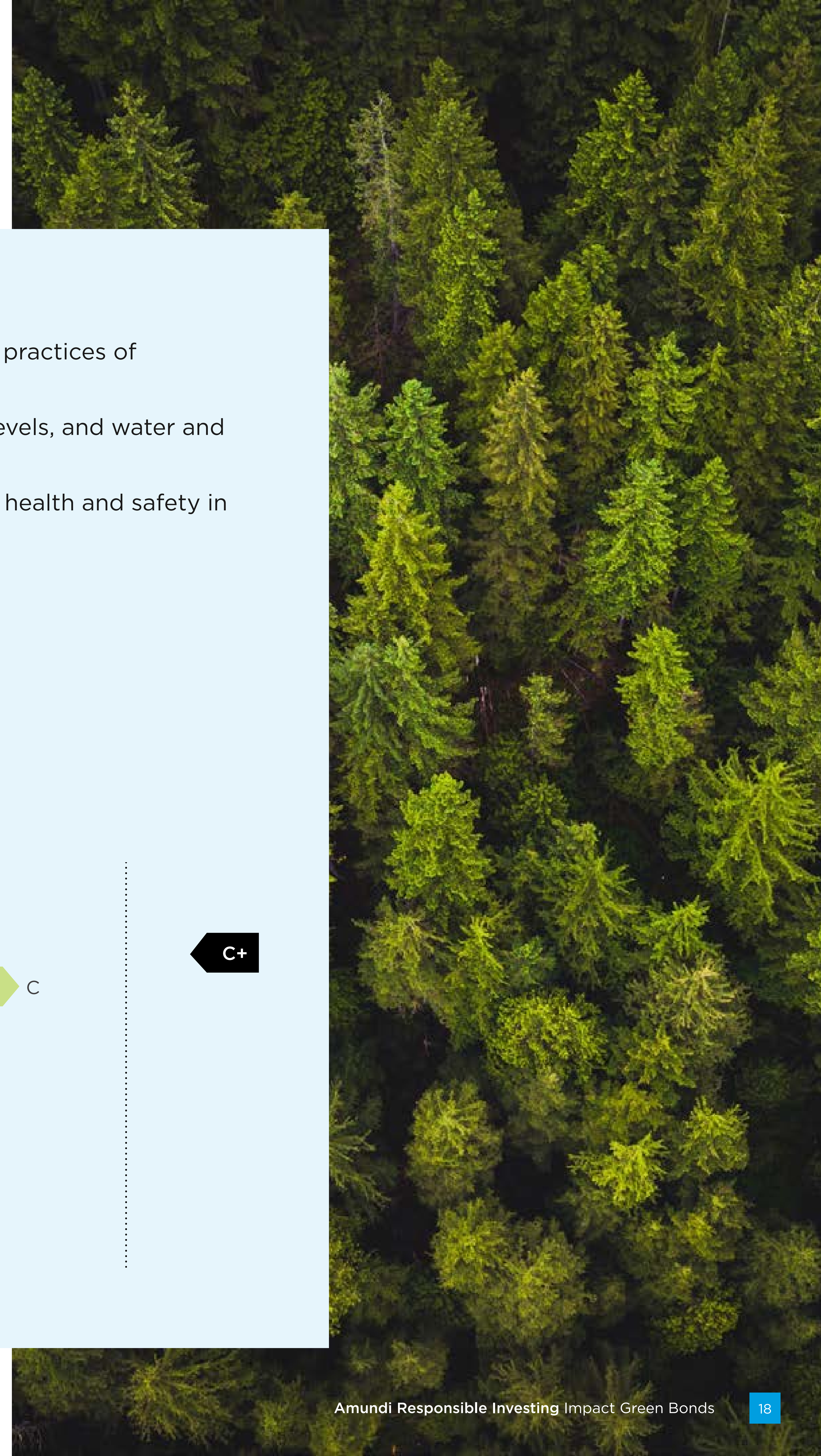
SGDs: 17 Goals to Transform Our World

The Sustainable Development Goals (SGDs) are a universal call for action to promote prosperity while protecting the planet. The 17 Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development. Ending poverty must go hand-in-hand with strategies that build economic growth and address social needs including education, health... while tackling climate change. https://sdgs.un.org/

We evaluate the SDGs positive contribution of the green projects at portfolio level based on data provided in the issuer's framework. However, the final allocation is available in the impact report.

ARI- Impact Green Bonds covers almost all the Goals and focuses on the SDGs that are climate-related.





c. ESG Footprint

ESG considerations are integrated throughout the investment process. This encompasses credit, ESG and pure green bond analysis.

ESG assessment of issuers.

We carry out a careful ESG analysis of each issuer. The quality of the issuer is a key variable when it comes to both selecting bonds and evaluating their premiums. Issuers are assigned an ESG rating with grades for each of the three components - E, S and G. Taking this into consideration, the portfolio management team aims to:

- Verify that the issuer of green bonds has taken ESG issues into account
- See how the issuer positions key ESG factors relating to its sector in its marketing material
- Identify and assess the risks of controversy
- Go beyond the ESG footprint of the issuer and assess the link between the projects financed by green emissions and the company's ESG/environmental strategy.

The fund had an average ESG rating of 'C+' as of 30th June 2022. Issuers with an ESG rating below 'E' are excluded from the portfolio[3]. The fund aims to outdo its investment universe on this ESG score.

3. *For more detail on the ESG analysis and rating methodology, please refer to the Responsible Investment Policy 2021 https://www.amundi.com/int/ESG/Documentation*

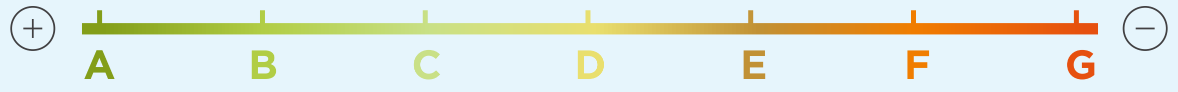
ESG Criteria

The criteria are non-financial metrics used to assess the ESG practices of companies, national governments and local authorities:

E for environment (including energy and gas consumption levels, and water and waste management)

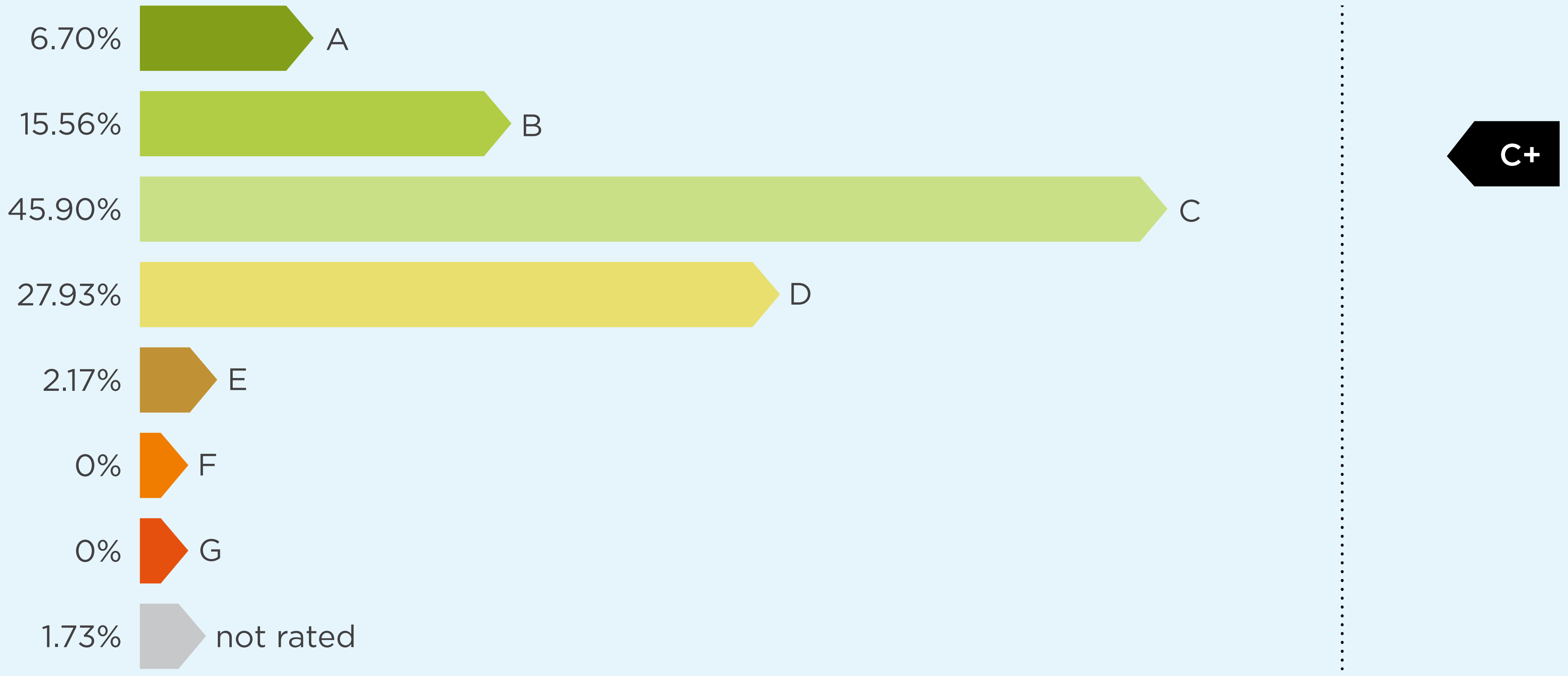
S for social/society (including respect for human rights, and health and safety in the workplace)

G for governance (including independence of the board of directors and respect for shareholder rights)



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

Portfolio ESG rating breakdown



Source: Amundi AM as end of June 2022

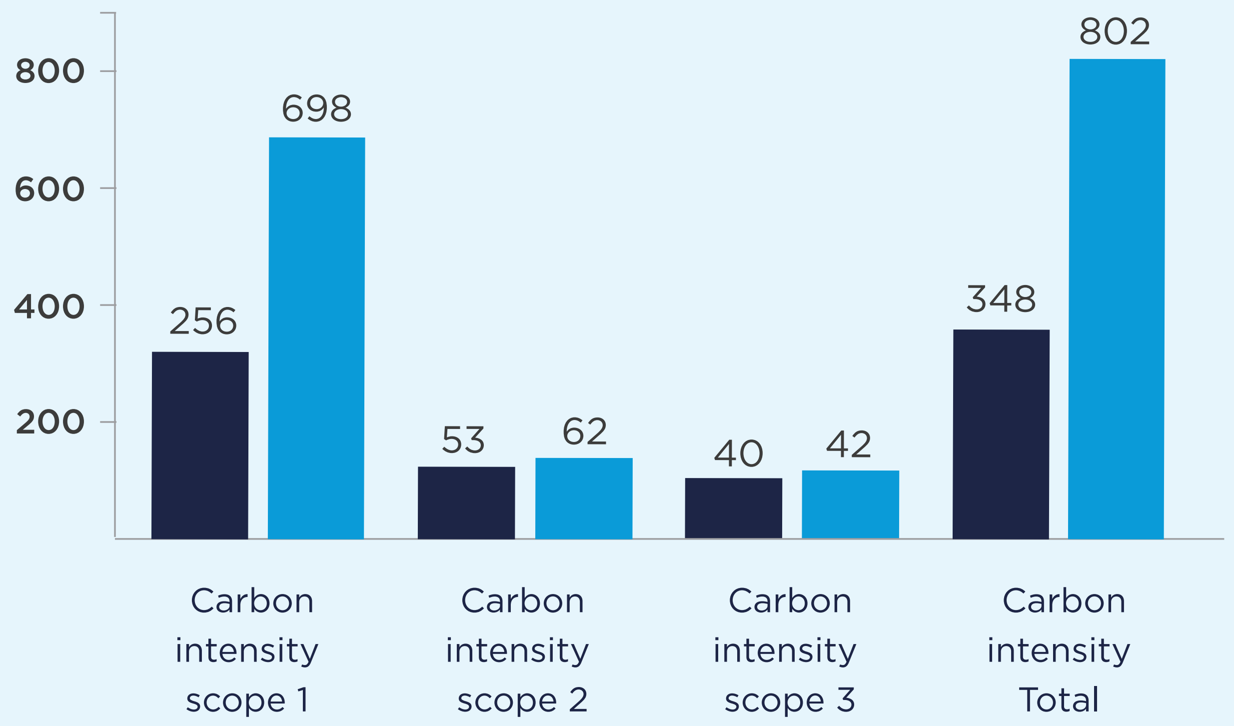
d. Climate Footprint

Amundi has continuously developed its experience in managing climate risks and covering climate metrics. We have robust climate data capabilities covering the full scope of carbon emissions (scopes 1, 2, and 3 upstream). In the Impact Green Bonds strategy, we focus on the carbon emissions avoided by the projects financed. As a result of issuers' efforts to be part of the energy transition, in many cases by issuing green bonds, there is also an alignment with the issuers' overall carbon strategies. As such, it is interesting to see how the issuers in the portfolio position themselves in those carbon metrics.

The portfolio's carbon intensity is 348 tonnes/€1 million, with a coverage of 59%, mainly of corporate issuers.

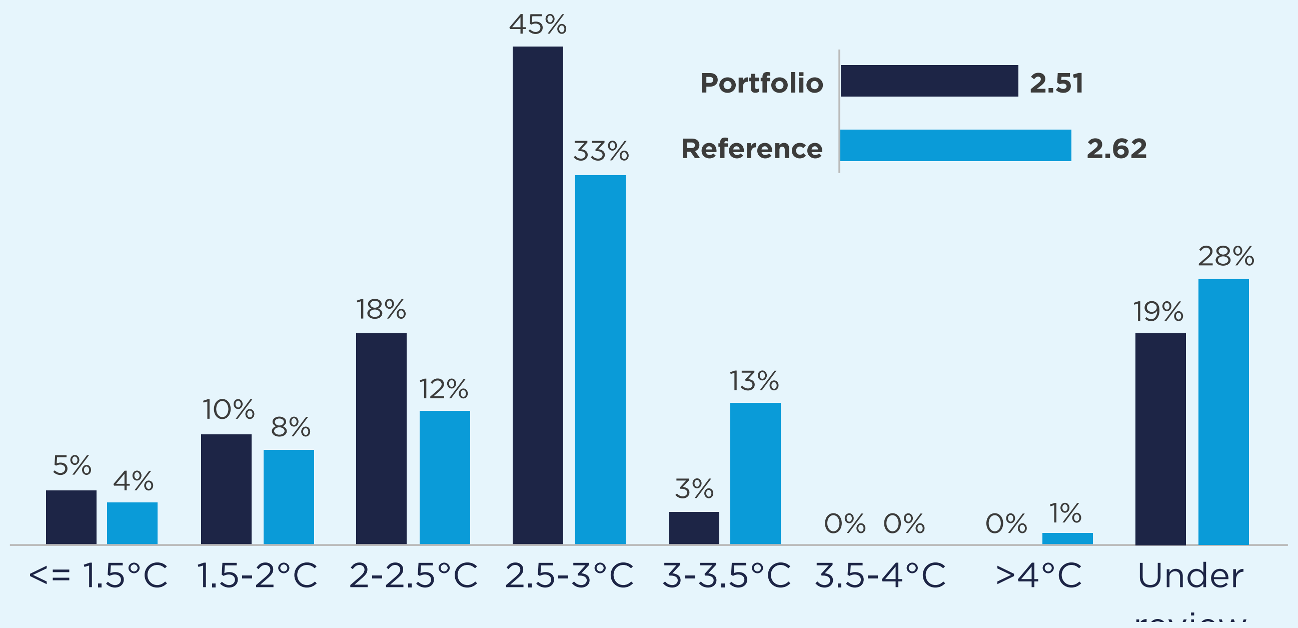
At this stage of the transition, we consider it more important to look at how corporate issuers manage their carbon budgets on the way to a net zero economy. For this, we have been relying on companies' 'temperature ratings', which can be seen as how much their activities' contributions will increase the temperature by 2050. According to Iceberg Data Lab, the companies in the fund have an average rating of 2.51 degrees. While this measure is too recent to be included as part of the investment screening, it is a key way to challenge issuers that are not yet on the path to achieving their climate goals.

Carbon intensity (Trucost, tCO_2e per €1 million turnover)



Source: Amundi AM as end of June 2022

Temperature (Iceberg Data Lab)



Source: Amundi AM as end of June 2022

4

Green bonds portfolio case study

This section highlights some of the high environmental impact transactions that ARI Impact Green Bonds has participated in.

Orsted

Orsted is a Danish upstream power and heat producer and one of Europe's leading independent power producers. **In a decade, Orsted have transformed themselves from being one of the most carbon-intensive utilities in Europe to one of the most sustainable companies in the world**. In 2021, 90% of Orsted's energy generation came from renewables. By the end of 2021, the issuer had reached 13.0 GW of renewable capacity with the majority tied to offshore wind. **This means that 12.1 million people can be powered annually by this green energy**. Moreover, the issuer will finish phasing out coal in its power and heat plants in 2023.

Orsted's green financing framework, aligned with ICMA's green bond principle, is clearly defined. It has been independently evaluated by Cicero, receiving a positive report. In terms of projects, Orsted updated its framework from just wind projects to a wider renewable energy project category, which includes wind (offshore and onshore), solar and integrated power storage.

For example, their last £425 million green bond issued in 2021 was used to finance Hornsea 2, the world's largest offshore wind farm located in the North Sea. This green bond helped to avoid more than 526,000 tons of CO_2e/year which means the green bond is accountable for 1060 tCO_2e/€million invested. Additionally, Orsted contributes to Taiwan's renewable energy transition by allocating funds to the projects Greater Changhua 1 & 2a with a capacity of 900 MW and 111 wind turbines.

Region Ile-de-France

Region Ile-de-France is a leading local regional authority managing a budget of nearly €5 billion. **Since 2016, almost 100% of the Region's financing needs have been covered by green and responsible borrowing with more than €4.3 billion mobilised**. In 2021, 78% of their debt is from green bond issuance and they have targeted to be 100% green by 2027. As a leading actor in ESG practices, Region Ile-de-France's eligible categories are fully aligned with the EU Taxonomy. The proceeds are mainly invested in public transport and sustainable mobility such as the metro, tram and rail link project in order to enhance the modal shift required to be net zero by 2050. For example, they target to have 100% green buses in densely populated areas by 2025 with the deployment of over 5,000 biogas or electric buses.

They also aim to have a 50% reduction of their dependence on fossil fuel and nuclear power by 2030 and their **end goal is to be a Region that uses 100% renewable energy and produces zero carbon by 2050**.

Landesbank Baden-Württemberg (LBBW)

Landesbank Baden-Württemberg (LBBW) is a mid-sized universal bank and a central institution for the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. **LBBW is considered one of the leading banks for ESG strategy**. They own €8.8 billion of outstanding green and social bonds, which makes LBBW the second largest ESG bank issuer in Europe. They implemented concrete and ambitious targets aiming for a 40% reduction of CO_2 emissions vs the previous year. As a pillar in the ESG improvement space, LBBW's eligible categories are fully aligned with the EU Taxonomy since 2021. The proceeds will be used mainly to finance or refinance Green Buildings, and renewable energy such as on and offshore wind energy projects and solar photovoltaic and solar thermal energy projects. **The 2021 LBBW's Green Bond allowed them to avoid 140 tons of CO_2e/€million**.

5 Engagement Policy on Green Bonds

Advocating engagement and dialogue with issuers is a key pillar of our investment philosophy.

Amundi seeks to implement an engagement policy that influences through active dialogue with companies on specific themes. This engagement is intended to help companies foster better ESG practices on green bond reporting and transition to a lower carbon economy through green projects that do not cause harm.

In 2021, we engaged with 20 green bond issuers, across developing and developed markets and various sectors, on two key aspects:

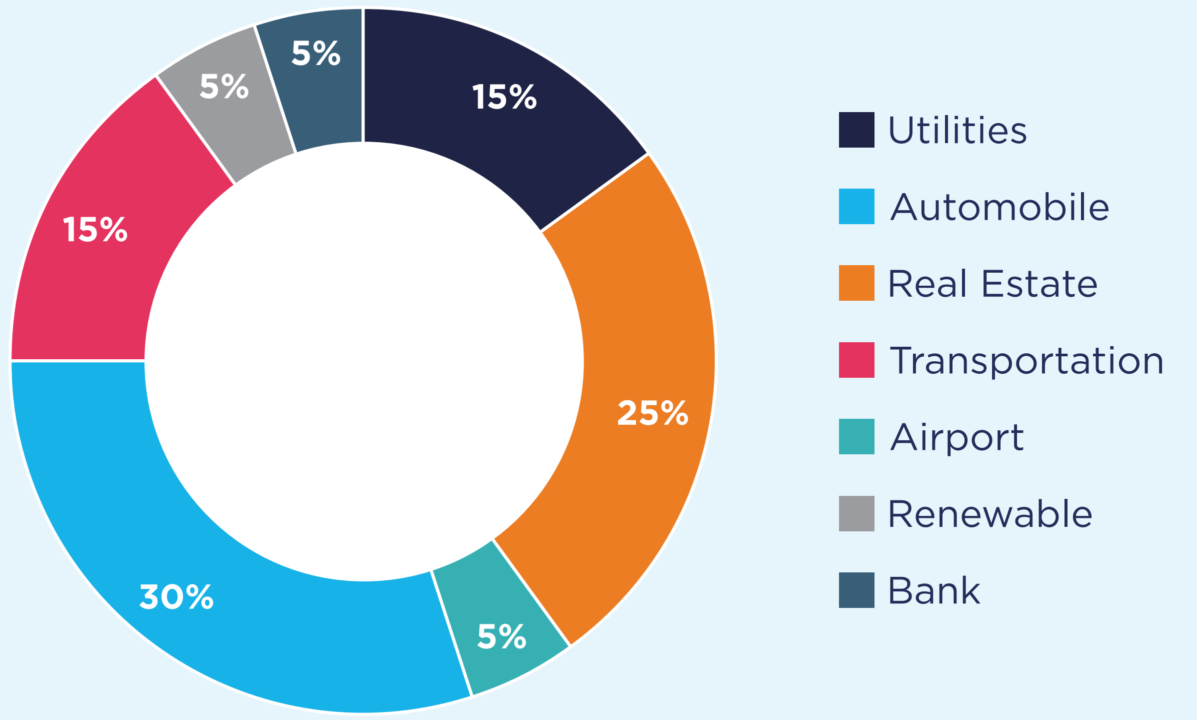
1. **The selection of impact indicators aligned with market practice such as the Harmonized Framework for Impact Reporting**
2. **The level of comprehension including the adoption of life cycle assessment (LCA) .**

Overall, we see issuers have taken steps to align with the Harmonized Framework for Impact Reporting. On geographical differences, issuers in developed markets have shown greater adoption of the Framework, as well as the wider scope and availability of data as compared to issuers in developing markets. Despite this, **many issuers in developing markets have expressed an interest and willingness to better align with the best practices of impact reporting and some have allocated resources to do so.**

LCA reporting appears to be more sector dependent. We observed that the automobile sector is considered quite mature in terms of carrying out the LCA approach on impact reporting. other sectors less dependent on manufacturing the study and adoption of LCA in impact reporting are rather scattered. Almost all issuers have shared the difficulties they face in data collection. As data availability continues to improve, we should expect to see increasing adoption of comprehensive impact indicators and LCAs over time.

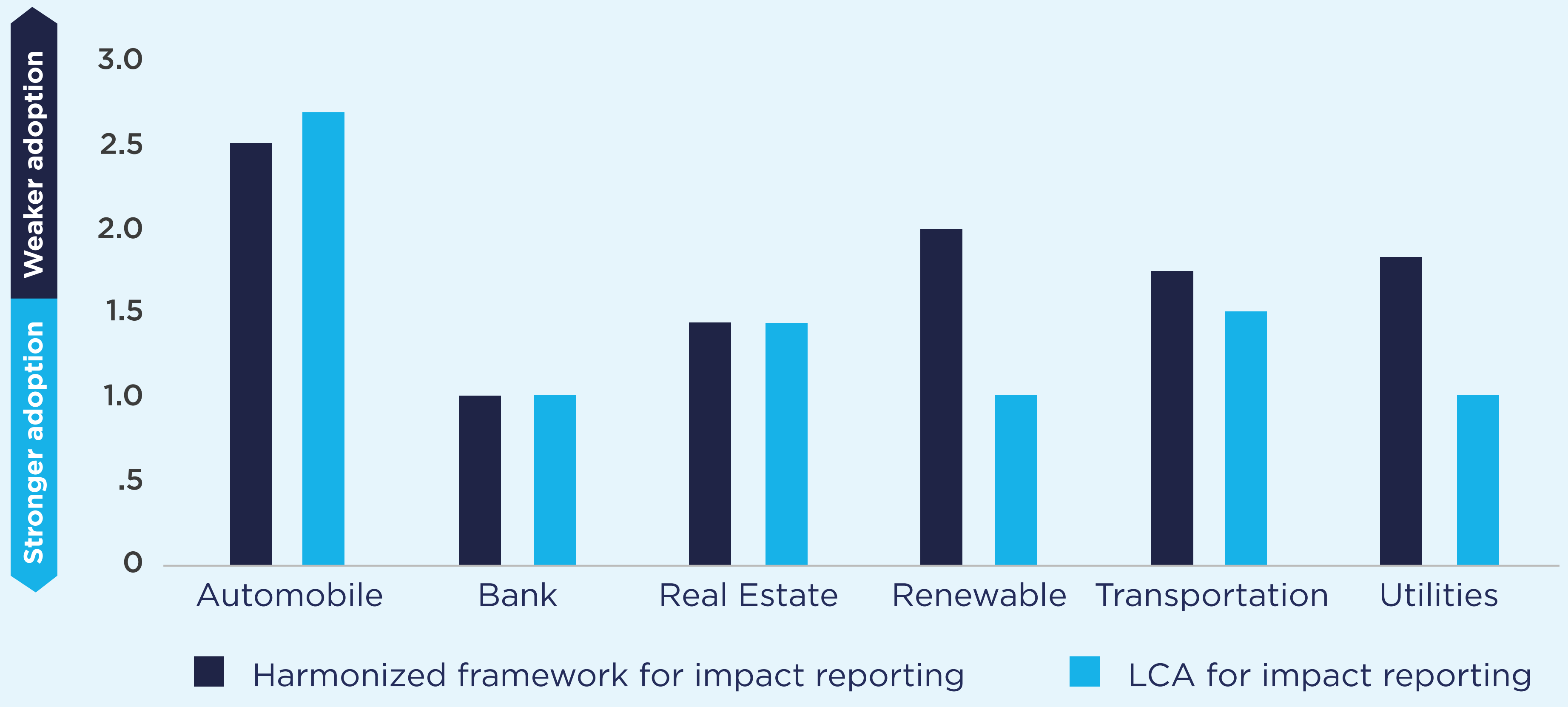
Amundi's engagement policy is part of the expanded scope of our ESG criteria inclusion policy.

Engaged with 20 issuers from different sectors on ICMA's Harmonized Framework



Source: Amundi Asset Management

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



Source: Amundi AM as end of June 2022

6 Monitoring controversies

During the year, no issuers in the portfolio were subject to severe controversies.

The analysis and monitoring of issues in the portfolio defined in our management process ensure that this type of case is considered and is subject to special treatment consisting of verifying and assessing the seriousness of a controversy.

In addition, if necessary, we make direct contact with the company, and consider whether to sell any portfolio positions based on the conclusions of our analysis.

7

How to analyse a green bond

Given the prominence of green bonds in the fixed-income market, and to capture all the ESG features of these bonds, we have developed a sophisticated methodology.

Our green bond analysis consists of four steps. On each of these steps, the bond will be assessed with a "Go" or "no-Go":

Transparency and alignment with standards

Compliance with Green Bond Standards, reporting commitment and methodology.

1

Impact of projects

The degree of environmental benefit in absolute terms, as well as relative to the sector and country.

2

Alignment with the issuer's ESG strategy

The carbon reduction target at the issuer level and the link between the green bond and the issuer's key performance indicators.

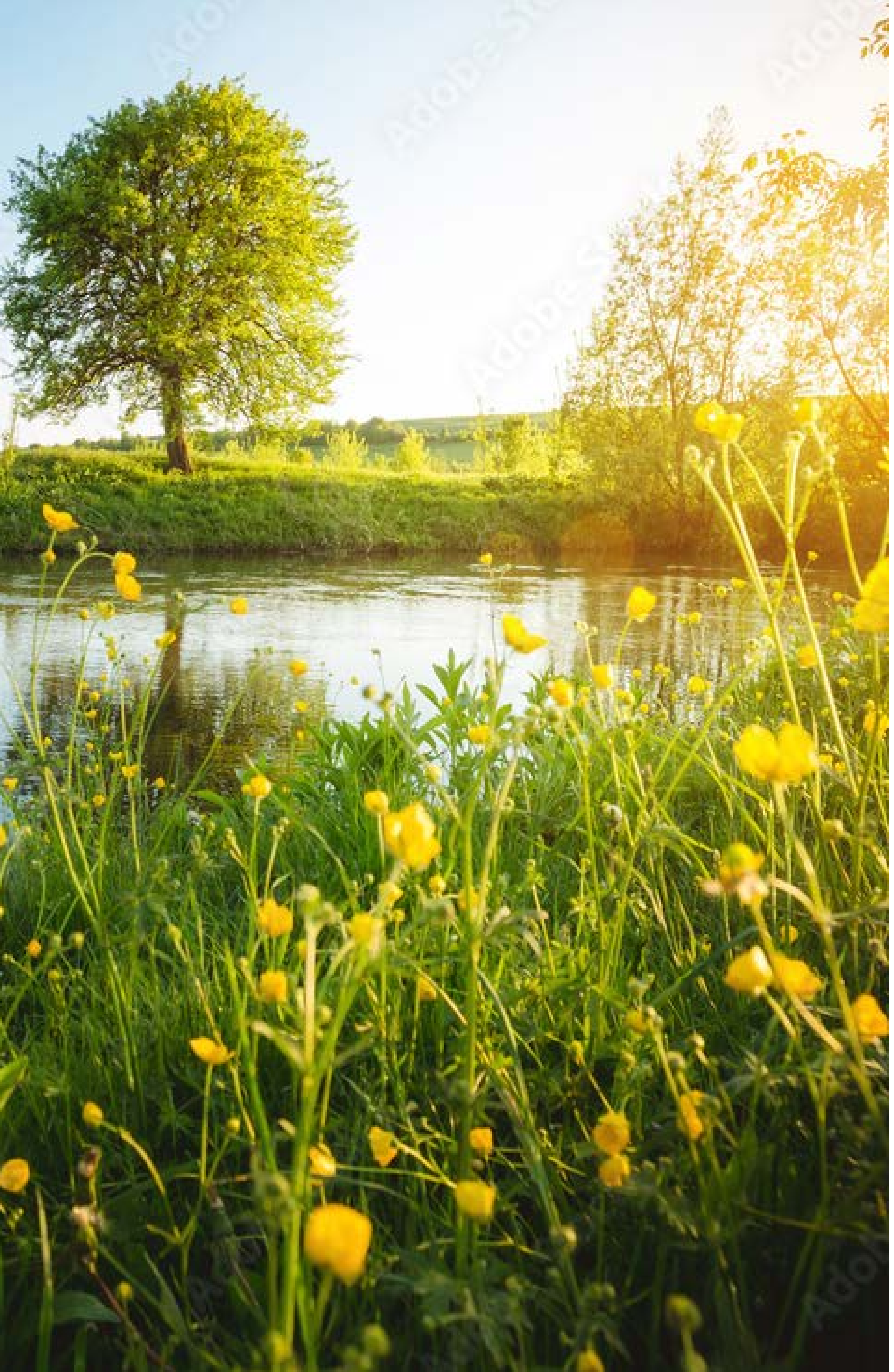
3

Green funding rationale

The projects' ability to abate carbon footprint and the trend in green capital investment.

4

> 1200 green bonds analyzed and monitored into our internal database



Methodology

Amundi Impact Green Bonds Indicator (tCO_2e per €1 million)

The fund's investment objective is to finance green projects and generate a positive and measurable environmental impact by investing exclusively in green bonds. The fund uses a unique impact indicator, which is tons of CO_2 emissions (tCO_2) per €1 million invested avoided.

It aims to avoid 1,000tCO_2e per €1 million per year. All issues must meet the Green Bond Principles and their proceeds must finance low-carbon and climate-resilient projects with a measurable positive impact on the environment. While green bonds' earmarked proceeds enable us to track the environmental projects funded, investors increasingly wish to go beyond the transparency provided by green bonds and assess the environmental benefits.

Amundi Responsible Investing-Impact Green Bonds is ideally positioned to meet these requirements: by bringing an impact indicator into its investment strategy, investors are empowered to assess the impact of their contribution to financing the energy transition and combining financial and environmental benefits.

Impact indicator:

- tCO_2e avoided per €1 million per year
- tCO_2 avoided per €1 million at the green bond level -> weighted average at the portfolio level
- Weighted average calculation across all green bond holdings in the portfolio
- Annual carbon impact per Euro invested (methodology retained):

$$\frac{1}{\textit{Bond value}} \times \sum \left(\textit{Issuer Share in the Project}^{1} \times E(\textit{Annual Avoided Emissions})\right)$$

Key elements to assess with impact:

- Data provided by the issuer (ex-ante or ex-post)
- Methodology recommended by Harmonised Framework Impact Reporting HFIR
- Consideration of the full life of the project
- Focus on the share of the issuer financing
- Possible adjustments by Amundi following information provided by the issuer

Amundi commitment – annual review

- Internal analysis to challenge data provided by issuers
- Lobbying of issuers to improve impact reporting

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Amundi,
a trusted partner,
working every day in the interest
of its clients and society