

# Principal Adverse Impact Statement

## 2023

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**Amundi**  
ASSET MANAGEMENT

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# 1. Summary

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

Amundi Energy Transition (registered RCS Paris 804 751 147) 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 Energy Transition.

This statement on Principal Adverse Impacts on sustainability factors covers the reference period from 1<sup>st</sup> of January to 31<sup>st</sup> of December 2023.

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 biodiversity-sensitive areas	7
	Water	Emissions to water	8
	Waste	Hazardous waste and radioactive waste ratio	9
	Emissions	<i>Additional PAI:</i> Investments in companies without carbon emission reduction initiatives	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:</i> Lack of a human rights policy	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</i> : Energy consumption intensity	19 (table 2)

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

Amundi is pleased to present the 2023 version of the Principal Adverse Impacts (PAI) statement, marking our second year of this disclosure. This year, we have continued to enhance our PAI statement by further improving the transparency and robustness of our methodology, while making substantial progress in reducing adverse impacts across our portfolios. As a point of reference, at the end of 2023, Amundi had an 0.1% exposure to companies active in coal. We also have implemented significant methodological changes to ensure the results accurately reflect our activities. This period also provided an opportunity for major data providers in the market to review and refine their methodologies, enhancing the assessment of issuers' activities.

Given the current regulatory environment, which offers limited methodological guidance, and the ongoing efforts of data providers to refine certain PAI metrics, it is important to note that key indicators such as PAI 1, 2, 3, 8, 9, 15, and 4 (Table 2) are not directly comparable to the previous year's data. Changes in these indicators are more reflective of methodological adjustments rather than actual portfolio evolution.

Additionally, we wish to emphasize that direct comparisons with peers are currently of limited relevance due to the nascent state of regulatory guidance and data maturity. Methodologies can vary significantly between asset managers, and calculations across different data providers are not yet harmonized. For instance, in the calculation of scope 3 emissions, we observed a 30% variance in absolute emissions between two major data providers, which directly affects PAI 1, 2, and 3. As such, comparing PAI metrics between asset managers may lead to incorrect conclusions.

## 2.1 Indicators applicable

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 2.3 for additional information)	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
		Total GHG emissions – tCO <sub>2</sub> eq <sup>1</sup>	529 023	553 390	<p>This indicator is calculated based on the assets invested in companies and not on all assets under management</p> <p>GHG emission data was collected for Scope 1 and 2 only. ATE's investments are made in the energy sector. The composition of the sector's carbon footprint is different from that of other economic sectors: the proportion of Scope 1 and 2 is comparable to that of Scope 3.</p> <p>No change in methodology.</p>	
	2. Carbon footprint	Carbon footprint – tCO <sub>2</sub> eq/€m invested <sup>2</sup>	941	757	This indicator is calculated based on the assets	<i>Engagement:</i> part of Amundi's engagement focusing on transition

1 GHG emissions source: Trucost - Reported and Proxy data. The choice of data providers (and their estimation models) has a significant impact when calculating Carbon Footprint & Intensity.

2 GHG emissions source: Trucost - Reported and Proxy data. The choice of data providers (and their estimation models) has a significant impact when calculating Carbon Footprint & Intensity.

					<p>invested in companies and not on all assets under management</p> <p>GHG emission data was collected for Scope 1 and 2 only. ATE's investments are made in the energy sector. The composition of the sector's carbon footprint is different from that of other economic sectors: the proportion of Scope 1 and 2 is comparable to that of Scope 3.</p> <p>No change in methodology.</p>	<p>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>
	3. GHG intensity of investee companies	GHG intensity of investee companies – tCO <sub>2</sub> eq/€m revenues <sup>3</sup>	587	784	<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>No change in methodology.</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</p>

<sup>3</sup> GHG emissions source: Trucost - Reported and Proxy data. The choice of data providers (and their estimation models) has a significant impact when calculating Carbon Footprint & Intensity.

						Amundi's proprietary ESG model
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector – %		0	0	<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  <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>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	83	88	<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>Concerning the consumption calculation, methodology changed with proxys on the renewable consumption.</p> <p>Otherwise, on production methodology has not changed.</p> <p><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</p>
		Non-renewable energy production	78	85		

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	0	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p><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</p> <p><i>Engagement:</i> part of Amundi's engagement focusing on social cohesion</p> <p><i>Vote:</i> Use of voting rights as escalation for companies with controversial social practices</p> <p><i>Controversy monitoring:</i> screening among a large universe of issuers taking into account flags on UN Global Compact breaches</p>
	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 – %	0	0	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p><i>Engagement:</i> part of Amundi's engagement focusing on strong governance for sustainable development</p> <p><i>Vote:</i> Use of voting rights as escalation for companies with controversial social practices</p> <p><i>Controversy monitoring:</i> screening among a large universe of issuers taking</p>

						into account flags on public policies and governance incidents
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members – %	37	28	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management  Figures received via supervisory committees and general assemblies.	<i>Engagement:</i> 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 <i>Vote:</i> part of Amundi's voting policy on companies with controversial social practices
	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	0	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 policy:</i> 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 <i>Vote:</i> Use of voting rights as escalation for companies with controversial social practices
<b>INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS</b>						
Environmental	15. GHG intensity	GHG intensity of investee countries – tCO <sub>2</sub> eq/€m GDP	0	0	This indicator is calculated based on the proportion of assets covered invested in sovereign or supranational issuers and not in relation to	<i>ESG Score Integration:</i> part of Amundi ESG sovereign methodology under the environmental pillar

						all assets under management	
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	0	0	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	0	0	This indicator is calculated based on relative number of investee countries	
<b>INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS</b>							
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 – %		0	0	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	Share of investments in energy-inefficient real estate assets		0	0	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
<b>OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS</b>							

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 – %	43	45	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<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>
Human rights	Lack of a human rights policy	Share of investments in entities without a human rights policy – %	0	0	This indicator is calculated based on the proportion of assets covered invested in companies and not in relation to all assets under management	<p><i>ESG score integration:</i> included under the social pillar of Amundi's proprietary ESG model</p> <p><i>Controversy monitoring:</i> screening among a large universe of issuers taking into account flags on Human Rights UN Global Compact breaches</p>

## 2.2 Targets

As a member of several international standards and initiatives, Amundi has made commitments and set targets related to Principle Adverse Impacts (PAIs) in order to guide its activities and effectively monitor its evolution. By doing so, Amundi ensures that it remains aligned with the principles and objectives of the PAI reporting and can further track evolutions. For more details on the specific standards and initiatives related to PAIs, please refer to section 5 of this document. Amundi will continue to evolve its approach regarding 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. This new 3-year Action Plan is comprised of an ambitious set of goals that aims to address clients’ current and future responsible investing needs. Please find details of our corporate ambitions in the ESG Ambitions 2025 brochure.

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 Global Responsible Investment Policy 2023	<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	Policy reviewed by Compliance, Legal, Risk and investment management teams and approved by CRIO <sup>4</sup> Published on 28/11/2023 Updated annually
Amundi Climate Strategy (“Say on climate”)	Climate change Energy transition	Voted by General Assembly in 18/05/22
Amundi Voting Policy 2023	Energy transition, and 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	Policy reviewed by Compliance, Legal and investment management teams and approved by voting committee Published on 30/01/2024 Updated annually
<b>AET voting policy 2023</b>	Voting policy compliant with assets and corporate usual policies	<b>2023</b>
<b>AET Responsible Investor Policy</b>	Specific PAIs defined towards different technologies	<b>2023</b>

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.

<sup>4</sup> Chief Responsible Investment Management

### 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 Responsible Investment Steering Committees have been put in place and are monitored by Amundi’s CEO on a regular basis.

#### ESG and Climate Strategic Committee

This Committee, chaired by Amundi’s CEO, meets every month to set the strategic orientations of the Amundi Group with respect to ESG integration, sustainability and climate, and determine and approve the ESG and climate policies applicable to investments. Its purpose is to:

- Steer, confirm and monitor Amundi's climate and responsible investment strategy;
- Validate the main strategic orientations of the Global 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, monthly and on an ad hoc basis during the rest of the year, with the purpose to:

- Advise on voting decisions at the General Meetings for special 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 is composed of senior managers from investment platforms, risk and compliance divisions, and meets every month with the aim to:

- Validate Amundi's standard ESG methodology;
- Review exclusion policies and sector-specific policies and approve their rules of application;
- Review and decide on individual ESG rating issues, and advise on new ESG cases whenever necessary.

### ESG Management Committee

This weekly Committee is chaired by the member of executive management in charge of Responsible Investment supervision. It focuses on defining the responsible investment strategy and monitoring its implementation by the Responsible Investment business line, including monitoring of business development, human resources, budgeting, regulatory projects, audits, responsible investment communication campaigns and market initiatives.

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

This step is carried out only for investments in Article 9 funds (if any) and Article 8 funds where a portion of the investment could qualify as contributing to a sustainable objective. In line with our understanding of the SFDR, between one and three sustainability criteria inspired by the SFDR's PAI were identified for each sector. For each DNSH, a KPI, together with a qualitative or quantitative threshold, was defined.

AET has committed to report the PAI for its Article 8 funds when requested by investors, and to take into account and report the PAI for its Article 9 funds (if any). Taking into account PAI means that AET's investment decisions and fund management will be impacted by PAI results. It is our understanding that as of 30 June 2022, reporting PAI means that every year from 2023, AET will publish on 30 June a PAI report at AET level with data on the 14 compulsory PAI and two additional social and environmental PAI for each of its investments.

**The PAI are collected from our investments** by sending them a questionnaire with different sections to complete (Greenhouse gas emissions, biodiversity, water, waste, human rights, anti-corruption...).

### **Selection of additional principal adverse impact indicators**

Finally, one additional PAI per asset has been chosen from the additional social PAIs, depending on the nature of the assets in the portfolio and the information requested from institutional investors.

ATE calculates and communicates the carbon footprint of the projects it finances in order to ensure the transparency of its financing activities in terms of greenhouse gas emissions. This calculation is carried out using the EIB method available at the link [EIB Project Carbon Footprint Methodologies](#)

### **Methodological limitations**

Our methodology limitations are by construction linked to the collection of ESG data and its understanding. The ESG data landscape is currently being standardized. Current and future regulation 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 monitoring of controversies, permanent veil and courses by the whole team and individually on those subjects, from time to time data collection by third parties, a structured qualitative assessment and the implementation of a strong governance.

### **Different approaches to data coverage**

The data received, and in particular the PAIs' indicators, are not homogeneous between the different participations. By their very nature, they differ from one sector to another, but the approach remains unchanged and as standardized as possible (production data, emissions, social and governance data, etc.) in the analysis and calculation, enabling us to calculate the carbon footprint, for example.

The completion rate for the collection of indicators of the main negative impacts is c.70% for investments made by ATE.

## 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.

Under the Disclosure Regulation, financial market participants, which consider the principal adverse impacts of investment decisions on sustainability factors at a product level, should disclose in the pre-contractual information for each financial product, concisely in qualitative or quantitative terms, how such impacts are considered as well as a statement that information on the principal adverse impacts on sustainability factors is available in the periodic reporting. Please refer to products’ precontractual documentation and periodic reports for product-level information.

At entity level, 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.

### 4.1 Engagement<sup>5</sup>

Engagement is a continuous and purpose driven process aimed at influencing the activities or behavior of investee or potential investee companies to improve ESG practices or their impact on key sustainability linked topics. Therefore, it must be result driven, proactive, considering double materiality, and integrated in our global ESG process. This approach applies to all of Amundi’s products.

### 4.2 Vote

Amundi’s voting policy responds to a holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. For more information, please refer to Amundi’s Voting Policy and Amundi’s Voting Report. This approach applies by default to all of Amundi products.

### 4.3 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 Minimum Standards and Exclusion Policy<sup>6</sup>.

### 4.4 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)<sup>7</sup>. The 38 criteria used in Amundi ESG rating approach were also designed

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<sup>5</sup> Additional information regarding engagement at Amundi can be found in our 2023 engagement report

<sup>6</sup> 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

<sup>7</sup> 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

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' portfolio management system.

## 4.5 Controversy monitoring

Amundi has developed a controversy tracking system that uses third-party data from three providers to systematically identify controversies and establish their level of severity on a proprietary scale from 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 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.

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

For Article 6, Amundi considers PAI 14 in its normative Exclusion Policy on exclusion weapons.

The same approach for PAI consideration applies by default to mandates delegated to Amundi.

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 <sup>8</sup>
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 improvement target<sup>9</sup> and/or selectivity approaches<sup>10</sup> (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 improvement target 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 improvement target 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>

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

8 Active funds refer to funds that are actively managed, passive funds refer to funds that are passively managed

9 Categories of funds which aim to invest in issuers improving their ESG rating over time

10 ESG criteria are taken into account when selecting issuers to invest in

5	Share of non-renewable energy consumption and production	<i>Engagement:</i> active and passive funds <i>ESG Score Integration:</i> active funds with ESG rating improvement target and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).
6	Energy consumption intensity per high impact climate sector	<i>Engagement:</i> active and passive funds <i>ESG score integration:</i> active funds with ESG rating improvement target and/or selectivity approaches.
7	Activities negatively affecting biodiversity sensitive areas	<i>Engagement:</i> active and passive funds <i>Voting:</i> active and passive funds <i>Controversy monitoring:</i> active funds <i>ESG score integration:</i> active funds with ESG rating improvement target and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
8	Emissions to water	<i>Engagement:</i> active and passive funds <i>Controversy monitoring:</i> active funds <i>ESG score integration:</i> active funds with ESG rating improvement target and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model).
9	Hazardous waste ratio	<i>Engagement:</i> active and passive funds <i>Controversy monitoring:</i> active funds <i>ESG Score Integration:</i> active funds with ESG rating improvement target and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
4 (table 2)	Investments in companies without carbon emission reduction initiatives	<i>Engagement:</i> active and passive funds <i>Voting:</i> active and passive funds <i>ESG score integration:</i> active funds with ESG rating improvement target 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:</i> active funds and passive funds <i>Vote:</i> active funds and passive funds
9 (table 3)	Lack of a human rights policy	<i>Engagement:</i> active funds and passive funds <i>Vote:</i> active and passive funds <i>Controversy monitoring:</i> active funds

15	<b>GHG intensity</b>	<i>ESG score integration</i> : active funds with ESG rating improvement target and/or selectivity approaches (included under the environmental pillar of Amundi's proprietary ESG model)
16	<b>Investee countries subject to social violations</b>	<i>Exclusion</i> : active funds and passive ESG funds <sup>11</sup> .
17	<b>Exposure to fossil fuels through real estate assets</b>	<i>ESG analysis</i> : all assets be subject to an ESG analysis during the investment and management phases
18	<b>Exposure to energy-inefficient real estate assets</b>	<i>ESG score integration</i> : the level of energy performance of each building is taken into account by means of its EPC <sup>12</sup>
19 (table 2)	<b>Energy consumption intensity</b>	<i>ESG score integration</i> : the level of energy performance of each building is taken into account by means of its EPC

These engagement policies will be reviewed and adapted based on PAIs results over each period.

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11 Passive funds classified with an ESG component

12 Energy performance certificate

# 5. Reference to international standards

Principal Adverse Impacts		Standards, initiatives and public policies relevant to principal adverse impacts <sup>13</sup>
1, 2, 3, 4, 5, 6 and 4 (table 2)	<b>GHG emissions (Scope 1, 2, 3 and total)</b> <b>Carbon footprint</b> <b>GHG intensity of investee companies</b>	Paris Agreement on Climate Sustainable Development Goals (SDGs) EU Taxonomy Net Zero Asset Managers Initiative (NZAMI)
10, 11	<b>Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines</b> <b>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines</b>	UN Guiding Principles on Business and Human Rights PRI Human Rights Engagement
9 (table 3)	<b>Lack of a human rights policy</b>	UN Guiding Principles on Business and Human Rights
15	<b>GHG intensity of investee countries</b>	Paris Agreement on Climate
17	<b>Exposure to fossil fuels through real estate assets</b>	SFDR regulation

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 AuM<sup>14</sup> 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. Only net Zero investment frameworks compatible with this principle are validated and eligible, including:
  - a. For PAII Net Zero Investment Framework, the following Net Zero baselines:
    - i. -30% carbon intensity reduction target in 2025 vs. 2019, and -60% vs. 2030 (minimum targets that need to be exceeded) on scope 1, 2 and part of scope 3;
    - ii. -16% absolute emission reduction target in 2025 vs. 2019, and -41% vs. 2030 on scope 1, 2 and part of scope 3;
  - b. For NZAO investment mandates, targets in line with the v1 or v2 of the UN Asset Owner Alliance Target Setting Protocol (including < 5 years and 2030 targets);

<sup>13</sup> The table only reflect the most relevant PAIs associated to the different initiatives, please note that some initiatives have a broader coverage

<sup>14</sup> Based on total aggregated portfolios at Group level

- c. For real estate portfolio, targets compatible with CREEM Net Zero trajectories set at asset levels;
2. -30% in carbon intensity (tCO<sub>2</sub>e/€m turnover) by 2025 and -60% by 2030 for committed portfolios under NZIF (Net Zero Investment Framework);
  3. financed emissions under engagement: In 2023, Amundi engaged with 966 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.

Hereunder is additional information regarding methodology used to calculate and define targets, greenhouse gases (GHG) emissions considered, data providers and scenario leveraged:

#### Methodologies leveraged

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

#### GHG scopes

- Scope 1, 2 and 3 upstream (tier 1)<sup>15</sup>

#### Data providers

- As part of Amundi proprietary Net Zero framework, two data providers are leveraged: MSCI & Trucost

#### Forward-looking climate 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.

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.

Amundi considers that to qualify as Sustainable Investment, among other criteria, investment should pass the two Do Not Significantly Harm tests ("DNSH Test") 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 CO<sub>2</sub> intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors) (unit: tCO<sub>2</sub>e/M€<sup>16</sup> 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);

<sup>15</sup> Only accounting for emissions linked to tier 1 supplier

<sup>16</sup> Tons of carbon dioxide equivalent per million euros

- 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 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: exposure to **controversial weapons (PAI 14)**, **violations of UN Global Compact Principles (PAI 10)**, and **coal & unconventional fossil fuel (PAI 4)**<sup>17</sup>.

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, an unprecedented coalition of 170 signatories representing over €22 trillion in AUM across 26 countries as of 2024. 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 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.

Amundi began engaging with companies in 2021 on biodiversity strategy, growing the engagement pool from 52 companies in 2021 to 301 in 2023 (up from the 92 companies engaged last year) across a diverse range of sectors<sup>18</sup>. The expansive nature of the initial engagement sample in 2021 meant that Amundi could begin to 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](#)). We have built on that initial work annually, continuing to develop our company, sector, and global expectations.

Amundi also expanded its efforts on biodiversity in 2023 in part due to the establishment of its new biodiversity policy<sup>19</sup>. The policy focuses on companies with high exposure to biodiversity harming activities that are either lacking sufficient processes/disclosure or have been involved in serious controversies.

<sup>17</sup> 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

<sup>18</sup> Insurance, energy, pharmaceuticals, materials, food retailing, fashion, consumer services, household personal products, and banks among others

<sup>19</sup> <https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b>

## 6. Historical comparison

A historical comparison of the period reported versus previous year is made in this 2023 PAI report.