

ESG, SRI & IMPACT

Amundi, a committed
partner for sustainable
performance



—
“Our engagement:
to be a responsible
financial player
delivering sustainable
performance”
—

Consideration of Environmental, Social and Governance (ESG) criteria is becoming widespread. ESG issues and the search for impact have become a priority for investors seeking to respond to societal and environmental challenges and meet growing demands for transparency.

Amundi started building general interest criteria into its analyses and investment decisions, in addition to financial criteria, at a very early stage. Amundi's ESG analysis is thus based on coverage of more than 4,000 companies and on an engagement policy designed to support companies in their sustainable development strategy.

With assets under Socially Responsible investment (SRI) management of €168 billion*, i.e. close to 16% of its total assets*, Amundi offers a broad range of SRI solutions, as well as an innovative range of funds with an environmental and/or social impact. Amundi's size and expertise allow us to implement tailor-made ESG solutions to respond to our clients' strategies and specific specifications.

Putting our expertise at the service of sustainable performance – this is our commitment to our clients and as a socially-responsible financial player.

* Amundi figures as of 31 December 2016.



AMUNDI

THE LEADING EUROPEAN ASSET MANAGER

Not only is Amundi a well-established player in the European market, it also has a proven track record of providing its valuable expertise to clients further afield. Located throughout more than 30 countries, our employees continue working hard to develop and promote our know-how to best serve our clients and to build relationships based on mutual trust.



A **MAJOR**
PLAYER

€ **1,083** bn
of assets under management ⁽¹⁾

N°1
European Asset Manager ⁽²⁾

A **SOLID**
BUSINESS PLAYER

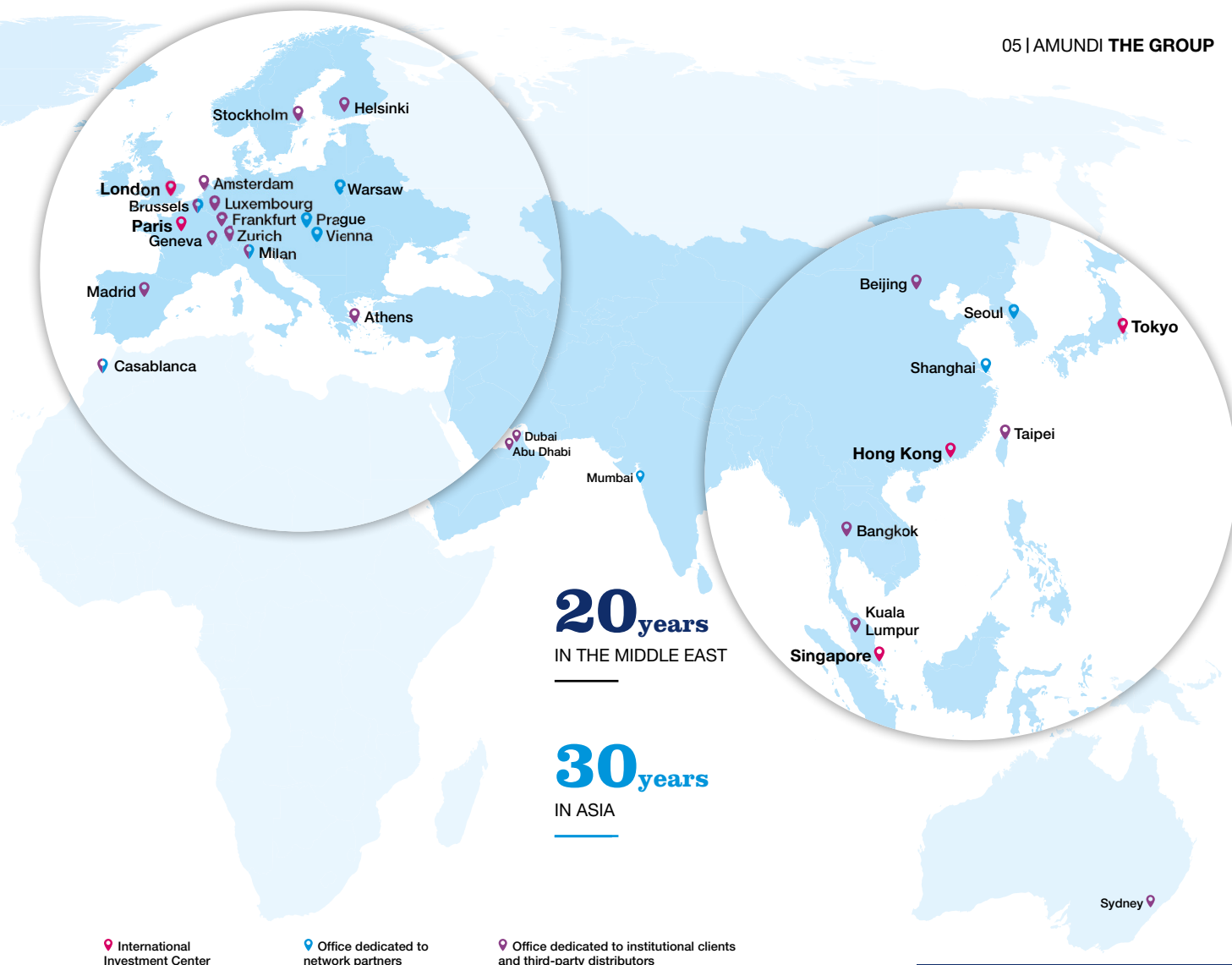
€ **1,677** M
Net Banking Income

€ **568** M
Net Income Group share

€ **828** M
Gross Operating Income

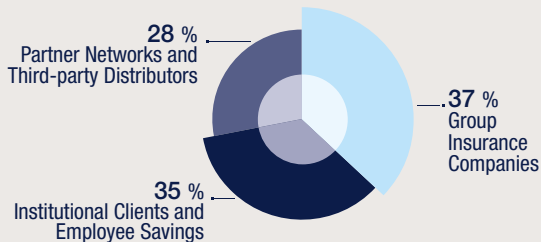
52.3%
of Cost-income Ratio

(1) Data as of 31 december 2016, Amundi's scope of consolidation - Assets under management include 100% of the assets under management in Asian Joint Ventures: State Bank of India Fund Management (India), ABC CA (China) and NH CA Asset Management Co Ltd (South Korea), and not the amounts of assets under management that correspond to the equity interest held by Amundi in each of the Joint Ventures, along with 34% of assets under management at Wafa Gestion (Morocco), i.e., pro rata to Amundi's equity interest in Wafa Gestion, as Amundi has no dedicated employees in Wafa, unlike in other JVs.

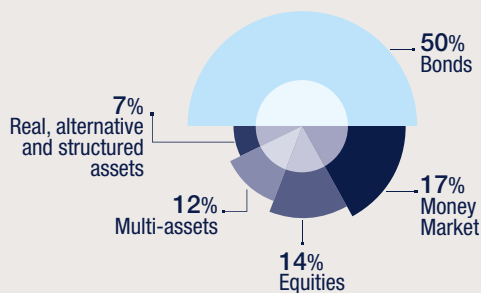


RECOGNISED EXPERTISE

Breakdown of assets under management by client type ⁽¹⁾



Breakdown of assets under management by asset class ⁽¹⁾



A STRONG PRESENCE WORLDWIDE

More than **795**
employees work in
management and
management support teams⁽¹⁾

106
experts in analysis
and strategy⁽¹⁾

More than **4,100**
employees⁽¹⁾

(2) Amundi's scope of consolidation - No.1 European asset manager based on global assets under management (AUM) and headquartered in Continental Europe - Source IPE "Top 400 asset managers" published in June 2016 and based on AUM as at December 2015.

Philippe Ithurbide
Global Head of
Research, Strategy
and Analysis

ESG ANALYSIS TO CONSOLIDATE VALUE CREATION



“Amundi’s research actively contributes to portfolio construction, stock picking, asset allocation decisions and their optimisation. Credit analysis, financial analysis and ESG analysis complement each other to achieve a global vision of issuers and a better assessment of long-term performances.”

360-DEGREE ANALYSIS



“360-DEGREE” PERSPECTIVE OF ISSUERS

In order to gain in-depth knowledge of a company and assess its quality, we build environmental, social and governance (ESG) criteria into our analyses and investment decisions, in addition to traditional financial criteria.

ESG analysis enables us to better identify **risks and opportunities**. This helps investors to take into account long-term risks - **financial, regulatory, operational and reputational risks** - and to fully exercise their responsibility.

We are convinced that this approach, giving us a 360-degree perspective of companies, **consolidates value creation**.

ESG RATINGS ARE CIRCULATED TO ALL THE FUND MANAGERS

The ESG ratings of issuers are circulated in real time to all of our management teams. At any given time, **fund managers** have access to **the financial and extra-financial ratings** of the stocks in their portfolios and benchmark indices.

Moreover, the least well-rated companies and countries in our ESG set of criteria are excluded from all Amundi’s management strategies (except for index funds and ETFs - Exchange Traded Funds - constrained by their benchmark index).

ESG AND PERFORMANCE

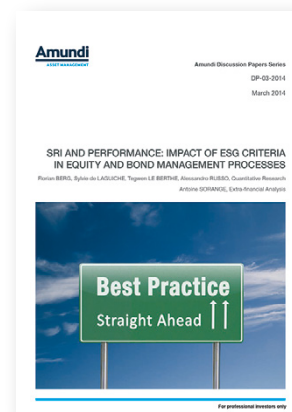
As the leading European player⁽¹⁾ in the asset management industry, the search performance is **our primary goal**.

In recent years, the issue of the ESG filter's impact on a portfolio's performance has open to discussion. We believe this is a false debate and are convinced that financial performance, in order to be sustainable, requires long-term strategies.

A company that respects the environment, enhances its human capital and shows signs of good governance is more likely to perform well, both economically and financially.

Our scientific study **"SRI and performance"**⁽²⁾, carried out by Amundi's quantitative research and ESG analysis teams, concluded that SRI management currently offers what we could call a **"free option"** to benefit from the results that can be expected from better risk management and openness to new opportunities.

The choice to invest in ESG and SRI products also has to consider non-monetary benefits in terms of reputation and investor responsibility regarding beneficiaries and the future generations.



(1) Amundi scope - No. 1 European asset manager based on global assets under management (AUM) and the main headquarters being based in continental Europe - Source IPE "Top 400 asset managers" published in June 2016 and based on AUM as at December 2015.

(2) Amundi's study, March 2014

ACADEMIC RESEARCH

Amundi actively supports these chairs with the purpose of advancing academic research on responsible finance:



"Sustainable Finance and Responsible Investment" academic chair, created in 2007, sponsored by the French Asset Management Association (AFG) and steered by Ecole Polytechnique and the Toulouse Institut d'Economie Industrielle (IDEI).



"Climate Economy" chair, a joint initiative of CDC Climat and the Paris-Dauphine University, under the aegis of Fondation Institut Europlace de Finance. We support its research initiative on Carbon Prices and Markets.



Thierry Bogaty
Head of Amundi
SRI Expertise

AMUNDI, A COMMITTED PLAYER FOR RESPONSIBLE FINANCE

“Social responsibility and risk management, notably of climate-related risks, are increasingly important issues for investors and issuers. ESG analysis helps take these issues into account and design tailored solutions.”

1st

French player in SRI

168 bn

in SRI AUM

35

SRI managers

Amundi figures as of 31 December 2016.

OUR VALUE-ADDED

ESG criteria are at the heart of the process with the support of a team of **20 specialists** in a dedicated department.

Our ESG analysis is supported by a **robust quantitative basis combined with in-depth qualitative analysis**. Our ESG analysts, based in Paris and Tokyo, draw on the expertise of 8 extra-financial rating agencies and analyse more than 4,000 issuers in addition to the financial analysis. They have access to an effective internal rating tool enriched by these external data.

An **ongoing dialogue** is set up with issuers. Our specialists have regular exchanges with companies and ensure the implementation and monitoring of Amundi's voting policy on behalf of the funds.

Moreover, our proprietary quantitative research process, in close collaboration with the ESG analysts and fund managers, analyses the performance of ESG signals upstream and downstream of portfolio construction so as to better integrate them in the investment processes.

EXTel RATED No.1 TEAM



Topped the “SRI & Sustainability” study published by WeConvene Extel and UKSIF⁽¹⁾ in 2015 and 2016, in the category “Asset Management best firms for SRI/ESG”.

www.extelsurveys.com

Top 3 in the IRRI (Independent Research in Responsible Investment) 2014, 2015 and 2016 rankings which rewards the best Governance and SRI analysts.

www.extelsurveys.com

No.1 Asset Manager for SRI in the Amadeis 2016 general ranking for the third year running.

www.amadeis.com

(1) UK Sustainable Investment and Finance Association

COMMITMENT TO FINANCE THE ENERGY TRANSITION

We develop innovative solutions to finance the energy transition and fight global warming:

Promotion of Low Carbon indexes

Amundi has developed a “Low Carbon” index approach for investors seeking to hedge against the financial risks induced by the carbon risk: tailor-made solutions to decarbonise existing portfolios on the one hand, and index funds aiming at reducing carbon footprint on the other.

Amundi is also a member and co-founder of the Portfolio Decarbonization Coalition, launched by the United Nations and worldwide leading investors to decarbonise the portfolios of the main asset owners.

Partnership with EDF

This partnership between Amundi and EDF (Electricité De France, 1st French electricity company), aims at helping finance the energy transition.

It will offer institutional investors funds based on two main themes: the production of renewable energy and energy efficiency.

Thematic solutions

Amundi provides investors with different strategies to finance climate change and energy transition.

On the equity side, we offer solutions to invest in companies involved in developing **green technologies**, such as renewable energy, improvement of energy efficiency, water and waste management.

We also offer **green bonds** strategies (including impact investing solutions) for investors interested in bond instruments.

Amundi's engagement is also reflected in its participation in the main market initiatives (Green Bond Principles and Climate Bonds Initiative) and by the signing of the Paris Green Bonds Statement.

ACTIVE PARTICIPATION IN MARKET BODIES

We were one of the first asset managers to become a signatory of the PRI (Principles for Responsible Investment) in 2006 and we take an active part in the many working groups conducted by market bodies so as to move responsible finance, sustainable development and corporate governance forward.

Amundi is notably a member of the French Asset Management Association (AFG), EFAMA (European Fund and Asset Management Association), the French Institute of Administrators (IFA), the Observatory for Societal Responsibility (ORSE), the French Association of Financial Analysts (SFAF), the European Sustainable Investment Forums (in France, Spain, Italy, Sweden, Switzerland, Canada, Japan and Australia), and the French association Companies for the Environment. Amundi is also a member and director of Finansol.



Antoine Sorange
Head of ESG
analysis



WELL-STRUCTURED, RIGOROUS ESG ANALYSIS

“Extra financial analysis has a dual purpose: on the one hand, to allow fund managers to benefit from complete information on issuers and on the risks and opportunities faced by companies; on the other hand, to support companies in improving their sustainable development policy through meetings dedicated to social and environmental issues.”

BEST IN CLASS APPROACH

Our philosophy consists in selecting the companies that best handle their ESG risks and opportunities for each sector. This analysis is reflected by a rating, circulated to the fund managers in order to help them in their stock selection process with a better sustainable performance perspective.

Ratings range from A (highest score) **to G** (lowest score).

Our ESG analysis applies to all conventional asset classes - **equities, bonds, money market, diversified solutions** - as well as real and alternative assets: **private equity, real estate, and infrastructure**.

THEMATIC RESEARCH AT THE CENTRE OF CURRENT ISSUES

In addition to sector reviews, our analysts produce extensive studies on themes linked to major sustainable development issues, for instance:

- water,
- coal,
- unconventional hydrocarbons,
- transport and energy efficiency,
- sustainable construction,
- endocrine disruptors, etc.

These studies enable us to adopt positions on controversial activities. Some of these become the subject of ESG Discussion Papers and are available on the Amundi website dedicated to its research publications (Research center).

ESG Discussion Papers



CORPORATE ESG ANALYSIS

Corporate ESG analysis is based on **texts with a universal scope**, like the United Nations Global Compact, the OECD's guiding principles on corporate governance, the International Labour Organization (ILO), etc.

Our **internal reference values** are comprised of 36 criteria, of which 15 generic criteria, common to all companies whatever their business sector, and 21 sector-specific criteria.

Criteria are weighted according to the business sector, regional and legislative context. The greater the risk associated to a criterion, the greater the weight attributed to this criterion.

	ENVIRONMENT	SOCIAL	GOVERNANCE
EXAMPLES AMONG 15 GENERIC CRITERIA	<ul style="list-style-type: none"> • Emissions • Energy consumption • Water • Biodiversity, pollution and waste 	<ul style="list-style-type: none"> • Working conditions and non-discrimination • Health & security • Local communities and human rights 	<ul style="list-style-type: none"> • Independence of the Executive Board • Compliance and control • Remuneration • Rights of shareholders
EXAMPLES AMONG 21 SPECIFIC CRITERIA	<ul style="list-style-type: none"> • Green automobile (automobile) • Green financing (banking) 	<ul style="list-style-type: none"> • Access to medicine (pharmaceutical industry) • Products security (telecommunications) • Responsible marketing (banking, pharmaceutical industry, financial services, food and drinks) 	

COUNTRY ESG ANALYSIS

Country ESG analysis consists in assessing to what extent the three criteria, Environmental, Social and Governance, are built into institutional systems and public policies. This analysis is based on grids of extra-financial criteria, weighted according to their significance. These criteria are split into three classes of indicators, Compliance (for instance, ratification of international treaties), Actions (public spending in terms of ESG policy) and Results (quantifiable and measurable).

17

analysts dedicated to ESG issues

1

proprietary expert software-tool

> 4,000

issuers rated in respect of ESG criteria

STRICT EXCLUSION POLICY

Amundi applies **strict rules for exclusion** across its management strategies*:

- no direct investments in companies involved in the production or sale of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo conventions;
- exclusion of companies involved in the production or sale of chemical, biological and depleted uranium weapons;
- exclusion of companies that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact;
- exclusion of countries that systematically and wilfully violate human rights and make themselves guilty of the worst crimes: war crimes and crimes against humanity.

Additionally, in 2016, Amundi made the decision to disengage from issuers that derive over 50% of their revenue from coal extraction. This decision reflects Crédit Agricole S.A.'s commitments to tackle climate change and manage energy transition.

These issuers are rated G on Amundi's scale. In 2016, **199 companies and 4 countries were excluded**.

** Except for index funds and ETFs, constrained by their benchmark index*

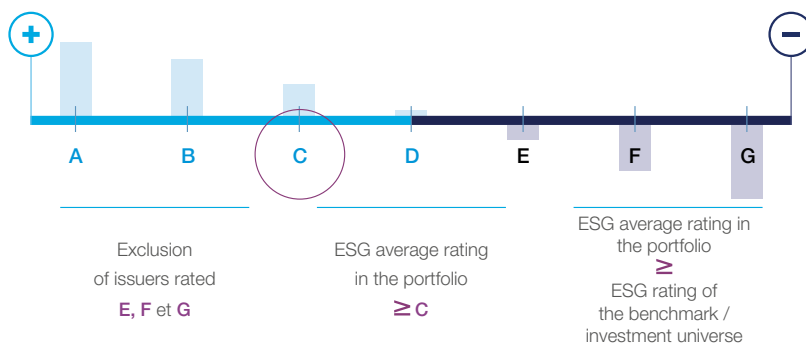
TRANSPARENT SRI RULES

We have defined our own SRI selection rules, setting the highest standards in our analysis and investment processes.

Each internal rating is based on a consensus of analyses by extra-financial data providers, both non-specialised and specialised, and rounded out by internal analysis.

Our ratings range from A to G, with A being the highest rating and G the lowest.

AMUNDI'S SRI MANAGEMENT PRINCIPLES



90% minimum of issuers in the portfolio rated in terms of ESG

The information provided are for illustrative purposes.

IMPACT SOLUTIONS

The concept of impact has become a central issue. In order to contribute to major societal issues and meet growing demands for transparency, financial organisations are increasingly seeking to assess the impact of their investments. To this end, Amundi offers solutions aimed at combining the search for yield with a social and/or environmental impact.

This offering notably revolves around:

- a range of social impact investing funds focusing on the themes of employment, housing, health, the environment and international solidarity,
- an environmental impact fund, composed exclusively of green bonds.

Dedicated reports quantifying these impacts are available at www.amundi.fr.

1.8 bn
of impact investing AUM

Source Amundi as of 31 December 2016.

TAILOR-MADE ESG SOLUTIONS

Tobacco and gambling for some, weapons and GMO for others. Nuclear energy for the Germans, coal for the French... To each his preferences and criteria for exclusion or selection.

Accordingly, Amundi has perfected its capability of meeting its clients' wide variety of needs and requests: institutional investors, reserve funds, pension funds, retirement savings institutions, insurance companies, asset managers, private banks, associations and congregations, etc.

We offer tailor-made ESG solutions in all asset classes, addressing our clients' goals, issues and constraints.

For your dedicated funds or mandates, we can also exercise at voting right at General Meetings, in compliance with our voting and dialogue policy or based on your instructions.

EXAMPLES OF CUSTOMISATION CRITERIA

Country exclusions

Sector exclusions (tobacco, weapons, gambling, GMO, etc.)

Smart beta

Low Carbon

Thematics

Local labels

ENGAGEMENT AT THE HEART OF OUR SUSTAINABLE DEVELOPMENT VISION

Over and above the mere exclusion of the most controversial issuers, we want to focus on dialogue with companies so as to help them improve their practices. Our engagement process covers three areas: engagement for influence, data collection, and voting policy.

ENGAGEMENT FOR INFLUENCE

We conduct an **engagement policy for influence** on specific themes so as to encourage companies to adopt better practices. Since 2013, the ESG analysts team has been particularly active on six themes:

- Respect for human rights in the mining and oil sectors,
- Combatting food waste in the agrifoods and retail sectors,
- Conflict minerals,
- Responsible lobbying by pharmaceutical companies and the automotive industry,
- The environmental impact associated with coal in the Utilities sector,
- Child labour in the cocoa and tobacco industries.

This work is covered in an engagement report available at www.amundi.com.

Over and above these actions, **we support international shareholder collective initiatives⁽¹⁾**. The goal is to induce public authorities to adopt incentive measures and encourage companies to improve their practices. The areas concerned include climate change, water, deforestation and healthcare problems in developing countries.

DATA COLLECTION FOR RATING PURPOSES

To refine the internal ratings, the ESG analysts meet with companies throughout the year. These are selected based on the fraction of equity owned by Amundi and the relative size of the holding in the portfolios or in the benchmark indexes.

Measuring the quality of ESG policies is a prerequisite to measure the progress made by companies within the scope of engagement for influence.



Amundi's Engagement Report is available on amundi.com

(1) See p. 17

“The 2016 voting season was once again marked by the debate on compensation, but also by the development of direct dialogue with the Boards and by the commitment of shareholders to climate issues.”



Cédric Lavérie
Head of Corporate
governance

VOTING AT GENERAL SHAREHOLDERS' MEETINGS AND PRE-MEETING DIALOGUE

As early as 1996, we implemented **our own voting policy**, updated every year and available on our website, which includes environmental and social criteria. We exercise our voting rights at the Annual General Meetings (AGM) of the companies in which our portfolios are invested.

Shareholder dialogue consists in **highlighting our expectations as a responsible investor** regarding the subjects submitted to the General Meeting, through constructive and regular exchanges. This dialogue is structured based on a formalised process (e.g. pre-alerts ahead of General Meetings) and leads to greater transparency, additional commitments and to companies modifying or even relinquishing certain practices.

Our voting policy addresses **three objectives**: ensure the protection of shareholders' interests, formalise and make public our expectations in terms of governance so as to facilitate dialogue with companies, and contribute to the effectiveness of governance as a whole and thereby to the smooth functioning of markets.

Dialogue with more than

300
companies

nearly **250**
pre-AGM engagements

Votes at General Meetings
concerning more than

2,600
companies worldwide

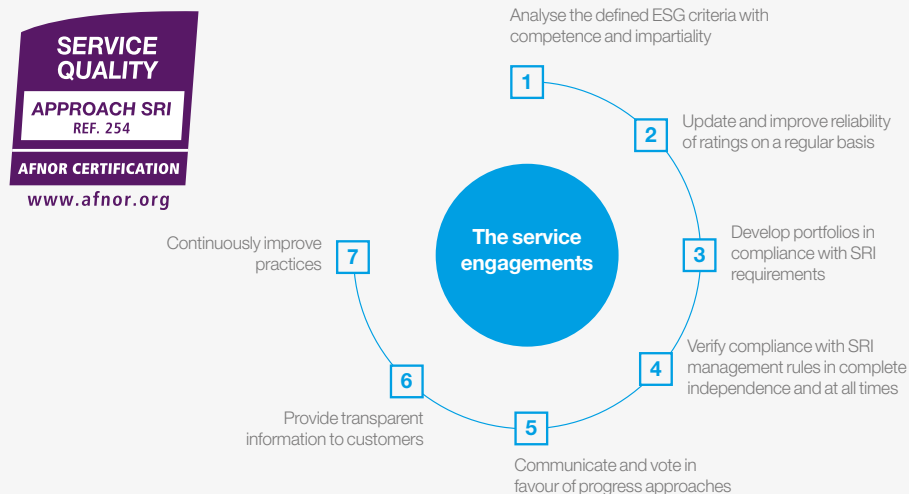
Amundi figures as of 31 December 2016.



CERTIFIED SRI APPROACH

AFNOR CERTIFICATION

Amundi obtained the first “SRI approach” certification delivered by AFNOR in 2013. This certification, delivered by an independent and recognised third party, validates the quality and transparency of the SRI process through 7 service engagements.



SRI LABEL

Amundi also became in 2016 the first asset management company to obtain the SRI Label created by the French Ministry of Finance for its four presented funds. Created with the support of Asset Management professionals, the label aims to provide better visibility of SRI fund offerings to investors, particularly individual customers who are showing a growing interest in SRI.



Read more at www.afnor.org

ACTIVE SUPPORT TO COLLECTIVE INITIATIVES

INITIATIVES	THEMES	SUPPORTED BY AMUNDI SINCE:
INSTITUTIONAL INVESTORS' GROUP ON CLIMATE CHANGE (IIGCC)	CLIMATE CHANGE	2003
CARBON DISCLOSURE PROJECT (CDP)	CO2 EMISSIONS TRANSPARENCY OF ESG DATA	2004
FOREST FOOTPRINT DISCLOSURE PROJECT	DEFORESTATION	2009
WATER DISCLOSURE PROJECT	USE OF WATER RESOURCES	2010
ACCESS TO MEDECINE INDEX	ACCESS TO MEDICINE	2010
ACCESS TO NUTRITION INDEX	ACCESS TO FOOD	2013
UN GLOBAL COMPACT ENGAGEMENT ON LEADERS & LAGGARDS	ESG REPORTING	2008
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)	RESPONSIBLE MANAGEMENT OF NATURAL RESOURCES	2006
CLINICAL TRIALS TRANSPARENCY	CLINICAL TRIALS	2014
HUMAN RIGHTS REPORTING AND ASSURANCE FRAMEWORKS INITIATIVE (RAFI)	HUMAN RIGHTS	2014
PORTFOLIO DECARBONIZATION COALITION	CLIMATE CHANGE	2014 (CO-FOUNDER)
UNPRI LETTER CALLING STOCK EXCHANGES TO PUT IN PLACE VOLUNTARY GUIDANCE FOR ISSUERS ON REPORTING ESG INFORMATION BY THE END OF 2016	ESG REPORTING	2015
IIGCC LETTER TO 77 EU COMPANIES ON THEIR POSITIONS AND LOBBYING ACTIVITIES ON EU CLIMATE AND ENERGY POLICY	CLIMATE CHANGE	2015
PRI HUMAN RIGHTS ENGAGEMENT	HUMAN RIGHTS - ESG REPORTING	2015
MONTREAL CARBON PLEDGE	CLIMATE CHANGE	2015
GREEN BOND PRINCIPLES	CLIMATE CHANGE	2015
CLIMATE BONDS INITIATIVE	CLIMATE CHANGE	2016
LETTER FROM GLOBAL INVESTORS TO GOVERNMENTS OF THE G7 AND G20 NATIONS	CLIMATE CHANGE	2017

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Amundi Asset Management, French joint stock company (“Société Anonyme”) with a registered capital of € 746 262 615 and approved by the French Securities Regulator (Autorité des Marchés Financiers-AMF) under number GP 04000036 as a portfolio management company, 90 boulevard Pasteur - 75015 Paris-France - 437 574 452 RCS Paris.

www.amundi.com

Graphic design :



Supervision : Amundi's Graphic Studio - Communication Department

May 2017

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The No.1
European Asset Manager

YOUR
INVESTMENT
MANAGER

YOUR
TRUSTED
PARTNER

CONFIDENCE
MUST BE EARNED

Amundi

ASSET MANAGEMENT

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