



**Article 173
of France's
Law on Energy
Transition for
green growth
2018 Report**

Amundi
ASSET MANAGEMENT

Acting as a responsible financial institution is a core commitment of Amundi's development strategy. This commitment is reflected in our responsible management and support towards our clients through the provision of investment solutions underpinning the energy transition.

A leading European¹ asset manager with €1,425 billion in assets under management, Amundi ranks amongst the top 10 companies in the industry worldwide. In the conduct of its business, Amundi ought to act as a responsible actor to ensure the best interests of its stakeholders. This is why; Amundi prides itself for having established the inclusion of sustainable development and social utility criteria in its investment policies – complementing financial criteria- as the 4th founding pillar since its creation in 2010.

At 31 December 2018, Amundi's responsible investments covered all asset classes and represented a total amount of €276 billion. This includes over €8 billion on the environmental thematic. Our objective is to generalize the inclusion of Environmental, Social and Governance (ESG) criteria within the entire Group management. The risk assessment of potential impacts of climate change on our clients' investments is also part of Amundi's responsibility.

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

Launch of an ambitious three year action plan in October 2018

- Generalisation of the inclusion of ESG criteria in the management of the Group's funds over a three year horizon;
- Systematic integration of companies' ESG notation within Amundi's voting policy;
- Development of consulting activities for its institutional investors to support them in their ESG strategy;
- Doubling of initiatives favouring investments in projects with high environmental or social impact;
- Doubling investments in the social and solidary economy.

The principles of Amundi's ESG policy

- A systematic ESG analysis of companies, summarised by an in-house ESG rating;
- A targeted issuer exclusion policy (corporates and States);
- A distribution of ESG ratings to all managers;
- A policy committing to help companies move towards better ESG practices;

¹ In Continental Europe

- A voting policy that incorporates ESG-related issues.

- **ESG Analysis**

Our ESG rating methodology is based on a best-in-class approach that consists in analysing and comparing issuers from each sector to identify best practices in terms of sustainable development. This translates into a rating that enables the fund managers to select those companies that best manage their ESG risks and opportunities with a focus on sustainable performance in accordance with Amundi's responsible investment policy.

The ESG analysis of companies is based on documents of universal application such as the United Nations Global Compact, the OECD Guidelines on Corporate Governance, those of the International Labour Organisation (ILO), etc.

Our ESG analysis is applied to all traditional asset classes including equities, bonds, money markets and multi-asset, as well as to real and alternative asset classes such as private equity, private debt, real estate and infrastructure.

In 2018, Amundi was once again recognised for the quality of its ESG analysis and its ability to integrate ESG criteria into its various management activities:

- Principles of Responsible Investment: in 2018, Amundi received an A+ rating for its approach to responsible investment;
- Amundi was number one in the "SRI & Sustainability" survey published by Extel in 2015, 2016, 2017 and 2018, in the Leading Asset Management Companies for the SRI/ESG category.

- **A targeted exclusion policy**

Amundi applies a targeted exclusion policy based on universally recognised texts such as the UN's Global Compact, human rights agreements, International Labour Organization agreements and those pertaining to the environment. Amundi thus excludes, from all of its active management, companies whose practices do not comply with its ESG convictions or with international agreements and their transposition into national laws, such as but not limited to: anti-personnel landmines, cluster munition, chemical and biological weapons and depleted uranium weapons. These are G-rated issuers according to Amundi's rating system.

Amundi also excludes certain activities whose very negative externalities expose them to increasing pressure from societal and regulatory changes.

In 2016, Amundi made the decision to disengage from issuers that derive over 50% of their revenues from coal extraction, in accordance with the Crédit Agricole Group's commitments to combating climate change and managing the energy transition. In 2017, this threshold was reduced to 30%, and then 25% in 2018. In December 2018, it was decided that the ESG rating of a company that derives more than 10% of its revenues from tobacco will be restricted to E. SRI funds, which exclude E, F and G-rated companies, must therefore not contain tobacco-related investments.

In 2018, 214 issuers (Corporates and States) were excluded from the managed portfolios².

- **Considerable resources:**

Amundi uses considerable resources to implement its ESG and SRI strategy:

- 18 analysts dedicated to ESG-related matters (ESG analysis, quantitative and qualitative research, corporate governance). Based in Paris and Tokyo, these analysts meet with the companies, contribute to the definition of Amundi's voting policy at General Meetings, hold discussions with the companies and devise research protocols to analyse the effect of ESG criteria on funds' performance;
- These analysts rely on the expertise of nine European and North American non-financial partner ratings agencies, with global coverage;

² Excluding index funds and ETFs constrained by their reference index

- Over 5,000 issuers are rated using ESG criteria;
- A distribution interface available in real time granting the fund managers access to the ESG ratings of issuers (corporates and States), in the same way they do financial ratings;
- 70 SRI fund managers.

- **A certified SRI approach³**

As a pledge of confidence for our clients, Amundi is the first management company to have its SRI (socially responsible investment) approach certified by AFNOR. This certification is renewed every year. It is issued by a recognised independent organisation that guarantees the quality and the transparency of its SRI approach through seven service commitments (expertise, data traceability, information, responsiveness, etc.).

An active commitment policy

Amundi's commitment policy covers three areas: engagement for influence, ongoing commitment and commitment by voting. It is an essential component of Amundi's fiduciary responsibility and its role as a responsible investor. Amundi has a policy committing it to influence specific issues, helping companies move towards better practices. The ESG analysis and Corporate Governance teams publish this work in an annual engagement report. To refine the ratings provided by the ESG analysis, the non-financial analysts meet with companies throughout the year. These are selected based on the fraction of equity owned by Amundi and the relative size of the holding in the portfolios or in the benchmark indexes. In 2018, Amundi's non-financial analysts met with 259 companies.

Since 1996, Amundi has followed its own voting policy⁴, updated annually, that includes environmental and social criteria. Amundi exercises its voting rights at the General Meetings (AGM) of companies in which its portfolios are invested. Our voting policy meets a threefold objective: to protect the interests of shareholders, to formalise and make public our expectations in terms of governance with issuers and to engage in dialogue with the issuers prior to the AGMs and throughout the year on topics related to effective governance and the transparency of compensation policies. Shareholder commitment is also a lever with increasing influence in favour of a low carbon economy, which has intensified since 2017, in line with the movement initiated by COP 21.

Shareholder dialogue, through constructive and regular discussions, aims to refine our expectations as a responsible investor with regard to the resolutions presented to the AGMs. We engage in this type of dialogue with issuers that represent the top positions in our portfolios. This involves sending pre-alerts before the AGMs with a view to obtaining additional commitments, amendments, or even the removal of certain resolutions presented by the issuers. In 2018, this commitment involved 202 issuers through alerts and discussions.

A comprehensive offering

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

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

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

range of capabilities to implement, using a series of active strategies, passive investment solutions and customisable formulas.

Climate action

At a time when climate change represents a major medium- and long-term risk, Amundi pursued its commitments in favour of the energy transition and a low-carbon economy in 2018. Assets supporting the energy transition and green growth reached €8.2 billion as of 31 December 2018.

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

Portfolio decarbonisation

The objective of these solutions is to reduce the carbon impact of portfolios, thus reducing the portfolio weighting of issuers that emit a significant amount of CO₂ or those holding fossil fuel reserves that may not be exploitable. In September 2014, Amundi was among the first to launch an index-based management offering, based on the MSCI Global Low Carbon Leader Indexes. Amundi's low carbon solutions today represent total assets of almost €3 billion.

Financing the energy transition

Investments in green finance most often relate to the areas of energy efficiency and green infrastructure. They are designed to address the environmental, social and economic issues that represent the increasing scarcity of natural resources, as well as the management of environmental damage linked to water, air, soil, waste and ecosystems.

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

For investors seeking bond products that contribute to the financing of the energy and ecological transition, Amundi offers funds invested in Green Bonds. At 31 December 2018, such assets managed by Amundi totalled €2 billion.

In 2016, Amundi entered into a partnership with EDF that falls within the context of the financing of the energy transition. Known as "Amundi Energy Transition" (AET), the goal of this partnership is to offer institutional investors managed funds in the fields of energy infrastructure and B2B energy efficiency.

The fundraising continued in 2018 thanks to a large number of French and European institutional investors. The total capital of almost €500 million will go towards financing infrastructure projects of almost €2 billion, including debt:

- At the end of 2017, AET completed the acquisition from Dalkia (EDF Group) of a majority stake in a portfolio of 51 co-generation facilities that produce both heat and power for industrial and public clients;
- At the start of 2018, majority stakes in two biomass co-generation plants were acquired under the same industrial partnership. The funds will be rolled out over the next 4-5 years;
- In December 2018, AET and Dalkia signed a partnership agreement for the financing of new renewable heating networks and to accelerate the energy transition in France.

The carbon footprint of the portfolios

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

Amundi's contribution to investors' coalitions

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

Initiative	Theme	Supported by Amundi since
Institutional Investors Group on Climate Change (IIGCC)	Climate change	2003
Carbon Disclosure Project (CDP)	CO ₂ emissions, transparency of ESG data	2004
Extractive Industries Transparency Initiative (EITI)	Responsible management of natural resources	2006
UN Global Compact Engagement on Leaders & Laggards	ESG Reporting	2008
Forest Footprint Disclosure Project (FFD)	Deforestation	2009
Water Disclosure Project	Utilisation of water resources	2010
Access to Medicine Index	Access to medicines	2010
Access to Nutrition Index	Access to nutrition	2013
Clinical Trials Transparency	Clinical Trials	2014
Human Rights Reporting and Assurance Frameworks Initiative (RAFI)	Human rights	2014
Portfolio Decarbonisation Coalition	Climate change	2014 (co-founder)
Asia Corporate Governance Association (ACGA)	Governance	2014
UNPRI Letter Calling Stock Exchanges to put in place voluntary guidance for	ESG Reporting	2015

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

issuers on reporting ESG information by the end of 2016		
IGCC 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
Paris Green Bonds Statement of the Climate Bonds Initiative	Climate change	2015
Montreal Carbon Pledge	Climate change	2015
Green Bonds Principles	Climate change	2015
Finance for tomorrow	Sustainable finance	2017
Workforce Disclosure Initiative Letter	Working conditions – Corporate reports	2017
Climate 100+	Climate change	2017
Global Green Bond Partnership	Climate change	2018
Living Wage Financials	Living wage	2018
Act4nature	Biodiversity	2018

Table of indicators

Responsible Finance Indicators		Unit	2018	2017	2016
Total assets under management		€ billion	1,425.1	1,426.1	1,082.7
Assets under management after exclusion of G-rated issuers ⁶		€ billion	1,358.4	-	
Responsible investment ⁷	AuM	€ billion	275.8	-	-
	ESG funds and mandates	€ billion	267.3	-	

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

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

	Environment	€ billion	8.2	-	-
	Strictly social enterprise funds	€ billion	0.22	-	-
ESG analysis	Issuers rated on ESG criteria	Number	> 5,000	> 5,000	> 4,000
	Specialists in extra-financial subjects	Number	18	17	17
	Companies met with	Number	259	192	205
	Number of issuers excluded	Number	214	256	200
Solidarity-based savings	AuM	€ billion	2,778	2,341	1,796
Breakdown of social investments by topic	Employment	%	36.4	35.7	37.1
	Housing	%	36.3	31.3	34.6
	Education	%	0.7	0.1	0.1
	Health	%	14.0	16.4	18.9
	Environment	%	4.05	4.6	3.1
	International solidarity	%	7.9	10.7	5.8
	Service to non-profits	%	0.47	0.4	0.2
	Over indebtedness	%	0	0.3	0.2
	Farmers funded	%	0	0.4	-
Impacts of solidarity investments ⁸	Employment	Number of beneficiaries	16,341	12,868	11,450
	Housing	Number of beneficiaries	2,315	1,469	1,273
	Education	Number of beneficiaries	4,186	153	53
	Health	Number of beneficiaries	19,280	13,044	7,293

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

	Environment	Hectares	2,283	806	162
		Tonnes of recycled waste	17,674	14,147	8,091
	International solidarity (microcredit)	Number of beneficiaries	29,948	37,772	12,560
	Service to non-profits	Number of beneficiaries	360	118	63
	Over indebtedness	Number of beneficiaries	3,477	3,687	2,060
	Farmers funded	Number of beneficiaries	34	204	-
Assets Carbon footprint of the portfolios	Assets subject to a carbon footprint calculation ⁹	€ billion	479.1	463.84	-
	Carbon emissions in million euros of revenue	tCO ₂ e	231.3	226.5	-
	Carbon emissions in millions of euros invested	tCO ₂ e	151.4	180.5	-

Content, frequency and means used to inform subscribers

Updated on: 10/09/2019

Document name	Content	Frequency	Means used	Last publication/ Reference exercise
Brochure Amundi Responsible Investment Solutions	Amundi's goals and solutions concerning in Investment solutions	Annual	Web site Amundi.com (Professional Clients only)	2019
SRI Policy	Amundi's SRI policy	Annual	Web site Amundi.com	2019
Amundi Public Transparency Report	Amundi's annual report on its ESG reporting obligations resulting from its adherence to the Principles for Responsible Investment (PRI)	Annual	Web site Amundi.com	2019
Engagement report	Details of Amundi's philosophy and engagement process, resulting from our dialogue and engagement with companies on issues related to	Annual	Web site Amundi.com	2019

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

	environmental, social and governance risks			
Voting policy	Analysis framework of Amundi's voting policy	Annual	Web site Amundi.com	2019
Report on the exercise of voting rights and shareholder dialogue	Implementation of Amundi's voting policy	Annual	Web site Amundi.com	2018
ESG reporting	For SRI OPC: ESG ratings of the portfolio, including benchmark and/or investment universe. Social, Governance and Environmental Indicators	Monthly	Web site Amundi.com	08/2019
SRI Transparency Code <i>Available only in French</i>	AFG-FIR/EUROSIF transparency code for Amundi SRI funds	Annual	Web site Amundi.com	2019
Social impact reporting	For OPC with social impact: Details of solidarity investments by theme (employment, housing, healthcare, education, services to associations, international solidarity, environment), list of solidarity companies financed and testimonies.	Annual	Web site Amundi.com	2018
Amundi Brochure Climate	Presentation of Amundi's expertise	Annual	Web site amundi.com	2019
Amundi Climate Position Paper	Brochure for institutional investors on Amundi solutions	Annual	Web site amundi.com	2018
Investing in Low Carbon Economy	Presentation of Amundi's expertise on low carbon	Annual	Web site amundi.fr	2017