2021

Responsible Investment Policy

CPR Asset Management

Introduction

As a fully owned autonomous subsidiary of Amundi, CPR Asset Management (CPR AM), works exclusively in third-party investment management (for institutional, corporate, insurance, private banking, fund management, and wealth management clients). For three decades, thanks to the commitment of its employees, the company has been able to develop a unique management philosophy across the main asset classes - equities, fixed income, credit and asset allocation. This philosophy has empowered us to write a robust track record, making CPR AM an experienced specialist in the investment industry. As at end of December 2020, CPR AM had accumulated more than €55 billion in assets under management.

CPR AM's main differentiating factors are its unique set-up and profile, combining the responsiveness and accessibility of a human-scale player with the financial strength and operational capabilities of a large group. CPR AM as a responsible financial player has the commitment to deliver innovative, robust and scalable solutions that ensure sustainable performance for its customers.

Responsible investment lies at the heart of decision-making and ESG continually remains an essential commitment for the enterprise. With € 24 billion ESG funds under management, which represents more than 43% of its total AUM, the company is devoted to selecting investments according to a specific methodology taking into account ESG risk factors and impact measures deployed along a range of dedicated solutions and open-ended products for all asset classes.

CPR AM is convinced that taking into consideration Environmental, Social, and Governance (ESG) to invest in the financial markets is a way of introducing better practices on both public and private actors. To accomplish this, CPR AM employs the resources made available by the Amundi Expertise ESG team, a non-financial research and analysis center common to the entire Amundi group.

In 2018, the Amundi Group announced an ambitious 3-year action plan to integrate ESG concerns on a global scale into its portfolio management. CPR AM is actively participating in this three-year action plan for a 100% responsible offering by the end of 2021.

The purpose of this document is to explain the governance, the philophy, and the strategy for integrating ESG criteria into CPR AM's investment policy.

Contents

1. A dedicated organisation

To implement its responsible investment policy, CPR AM relies on its own resources but also on the resources of the Amundi Group.

A – The Group resources

CPR AM's teams rely on the Amundi Group's ESG resources. The group has mobilised numerous resources to deploy ESG management. The department dedicated to Responsible Investment comprises 35 people, 25 of whom are involved in ESG analysis, ESG rating methodology, engagement & voting, in addition to a team of COOs and a team of specialists in ESG investment and ESG external relations, in charge of business development and ESG consulting services.

- **Research, Engagement and Voting**: this international team spans across Paris, Dublin, London and Tokyo. ESG analysts meet, engage and maintain dialogue with companies to improve their ESG practices, with the responsibility of rating these companies and defining exclusion rules. ESG analysts (15 people) work alongside a team of specialists (5 people) dedicated to voting policy and pre-meeting dialogue. Based in Paris, they define General Assemblies' voting policies for companies in which Amundi invests on behalf of its clients.
- **ESG Method and Solutions:** this team of quantitative analysts and financial engineers is in charge of maintaining and developing Amundi proprietary ESG scoring system, ESG-related data management systems (including selecting external data providers to generate proprietary ESG scores). They help analysts and portfolio managers integrating ESG considerations into their investment decisions, as well as business development teams to create innovative solutions by integrating sustainability-related data within financial products (ESG Ratings, climate data, impact metrics, controversies…). They oversee the development and integration of ESG-analytical tools in Amundi Portfolio Management Systems and Client Reporting Systems and are also in charge of implementing clients' specific ESG exclusions rules.
- **ESG Business Development & Advocacy**: this team is in charge of supporting and developing ESG offering and solutions that match investors needs and challenges, ESG advisory and services for all Amundi Clients and managing ESG advocacy and collaborations with responsible finance initiatives, and of developing training programs for our clients.
- **COO Office**: this team is in charge of coordinating the department with the support functions of the group, producing the dashboards for the monitoring of the activity (Business, Budget, IT, Audit, projects), and supervising major transversal projects.

With the support of these teams, four committees are dedicated to responsible investment and monitored by Amundi's CEO on a regular basis.

ESG & Climate Strategic Committee

Chaired by Amundi's CEO, this committee meets on a bi-annual basis and steers, validates and monitors Amundi's ESG and climate strategy. It validates major strategic orientations of the Responsible Investment policy and monitors key strategic projects.

ESG Rating Committee
This committee meets on a monthly basis. It defines and validates Amundi's ESG standard methodology. It validates the exclusion and sectoral policies' application rules and reviews issues related to ESG rating.

Voting Committee
This committee is held on an ad hoc basis. It supervises the different entities' voting policies to ensure their consistency and acts as an advisor for voting decisions on individual cases. It also ensures the alignment of voting activities of voting activities with key ESG engagement themes.

Social Impact Committee
This Committee meets every two months. It validates investment strategies for private equity and private debt in the field of social and solidarity investments.

B – Resources engaged by CPR AM

Fully involved in the group's ESG system, CPR AM has also put in place the resources and methods for ESG integration adapted to its own management.

The Chief Responsible Investments Officer (CRIO) ensures regulatory and competitive intelligence on all ESG topics. He contributes to the development of responsible funds and to CPR AM's communication on all issues of sustainable finance on the basis of the work carried out by the team dedicated within Amundi.

In addition, 2 financial engineers from the Research team are involved in topics related to Responsible Investment and ESG: the first one is Head of ESG projects, in charge of developing our ESG, impact investing and climate strategies across all asset classes and the second one is in charge of reviewing our ESG risk-based approach and integrating ESG criteria into investment processes in accordance with the labels. Both rely on the ESG rating framework of the Amundi group and work in close collaboration with the investment teams.

Two internal governance bodies dedicated to ESG

- **ESG Committee**

The ESG committee is in charge of monitoring the development of ESG projects. Co-chaired by the Deputy CEO in charge of Business Development and the Deputy CEO in charge of International Development, Marketing and Communication, and in the presence of the Deputy CEO in charge of Investments and the CRIO, this committee holds every 6 weeks and gathers representatives of ESG projects from the investment management, research, marketing and communication, sales, compliance and risk control teams.

- **Sustainability Committee**

The Sustainability Committee is in charge of reviewing and monitoring the investment universes of our ESG strategies. Co-chaired by the Director of Investments and the Director of International Development, Marketing and Communication, this committee brings together on a monthly basis the portfolio managers in charge of ESG funds, research engineers, product specialists and risk controllers.

2. ESG Analysis

1 – BEST IN CLASS APPROACH

Amundi developed its own ESG scoring methodology. This approach is based on texts that are universal in scope, like the United Nations Global Compact, the OECD's guiding principles on corporate governance, the International Labour Organization (ILO), etc.

The ESG score aims to measure the ESG performance of an issuer, e.g. its ability to anticipate and manage the sustainability risks and opportunities inherent to its industry and to its individual circumstances.The ESG score also assesses the ability of the management team to handle potential negative impact of their activities on the sustainability factors[1].

Amundi has developed two main ESG scoring methodologies, one for corporates issuing listed instruments and one for sovereign entities. This is complemented by methodologies developed forspecific needs and specific instruments such as private assets[2].

We are sourcing our data from 14 main data providers:

2 – ESG FOR CORPORATE ISSUERS

The Best-in-Class principles

Amundi bases its ESG analysis of corporates on a Best-in-Class approach.

Each issuer is assessed with a quantitative score scaled around the average of their sector, enabling to distinguish best-practices from worst practices at sector level. Amundi's assessment relies on a combination of extra-financial data from third-party and qualitative analysis of associated sector and sustainability themes. The quantitative score is translated into a rating scale ranging from A for best practices to G, for the worst-ones, to be excluded from actively managed funds[3].

The ESG dimensions

Amundi's analysis process examines corporate behavior in three fields: Environment, Social, Governance (ESG). Amundi assesses the companies' exposure to risks and opportunities including sustainability factors and sustainability risks, and the management of these challenges in each of their sectors. As far as issuers of listed securities are concerned, Amundi scores issuers regardless of the instrument type, equity or debt.

A. Environmental dimension

This analysis examines companies' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity. It also considers an issuer's contribution to building a positive ecology in the territories where it operates.

B. Social dimension

[1] Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment - Principal adverse impacts 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.

[2] Real estate, private equity, private debt, impact investing.

[3] See "A Targeted Exlclusion Policy section" below.

The objective of this dimension is to examine how a company defines a strategy to develop its human capital, drawing on fundamental principles with an European and universal reach. The “S” in ESG has a dual meaning covering two distinct concepts: the social aspect linked to a company’s human capital, and the one linked to human rights in general.

C. Governance dimension

This dimension is set to ensure that a company’s management is able to organize a collaborative process between the different stakeholders to guarantee the fulfillment of long-term objectives (therefore guaranteeing the company’s value over the long term). This dimension provides an analysis on how a company integrates all of its stakeholders into its development model. Not only its stakeholders, but also its employees, clients, suppliers, local communities and the environment.

The ESG specific criteria

Our internal reference values for analysis are comprised of 37 criteria, of which 16 are generic criteria, common to all companies whatever their business sector, and 21 sector-specific criteria. These criteria are constructed to either assess how sustainable issues might affect the issuer as well as the quality of the management of this dimension. Impact on sustainable factors as well as quality of the mitigation are also considered. All criteria are available in the fund managers’ front office portfolio management system.

	ENVIRONMENT	SOCIAL	GOVERNANCE
16 generic criteria	▪ Power consumption and greenhouse gas emissions ▪ Water ▪ Biodiversity, pollution, and waste	▪ Labour conditions and non-discrimination ▪ Health & safety ▪ Social relations ▪ Client/supplier relations ▪ Product responsibility ▪ Local communities and human rights	▪ Independance of board ▪ Audit and control ▪ Compensation ▪ Shareholders’ rights ▪ Ethics ▪ ESG strategy ▪ Tax practices

	ENVIRONMENT	SOCIAL
21 sector-specific criteria	▪ Green vehicles (Automotive) ▪ Development and production of alternative energy and biofuels (Energy/Utilities) ▪ Responsible forestry (Paper & Forests) ▪ Eco-responsible financing (Banks/Financial Services/Insurance) ▪ Green insurance (Insurance) ▪ Sustainable construction (Construction Industry Products) ▪ Packaging and eco-design (Food and Beverages) ▪ Green chemistry (Chemistry) ▪ Paper recycling (Paper & Forests)	▪ Bioethics (Pharmaceuticals) ▪ Access to medicine (Pharmaceuticals) ▪ Vehicle safety (Automotive) ▪ Passenger safety (Transportation) ▪ Healthy products (Food) ▪ Digital divide (Telecommunications) ▪ Responsible marketing (Pharma/Banking/Misc. Financial Services/Food and Beverages) ▪ Access to financial services (Banking/Misc. Financial Services) ▪ Healthy product development (Food and Beverages) ▪ Tobacco-related risks (Tobacco) ▪ Editorial ethics (Media) ▪ Personal data protection (Software)

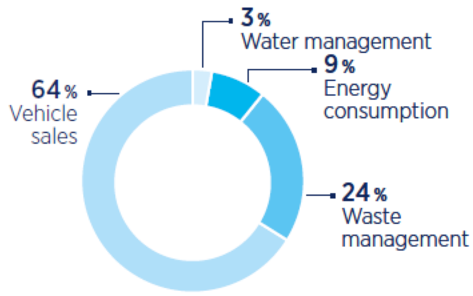
To be effective, ESG analysis must be capable of focusing on key criteria depending on the business. The weighting of criteria is a crucial element of ESG analysis. In each sector, ESG analysts put more weight on 4 to 5 criteria which are deemed key.
The higher the risk a company faces for a given criteria, the more ESG analysts will be strict regarding the quality of its practices.

Example: In the automotive sector, CO_2 emissions are mostly related to the emissions of car manufacturers’ vehicle fleets. ESG analysts therefore focus on investments in R&D: vehicle effciency and alternative vehicles (electric, hybrid). This criterion is all the more relevant in that it represents a risk for carmakers (potential market share for energy-efficient vehicles due to rising fuel costs).

Example of weightings:

	E	S	G
AUTOMOTIVE	37 %	37 %	26 %
BANK	24 %	29 %	47 %
PHARMACEUTICALS	17 %	40 %	43 %

Breakdown of environmental criterion in the automotive sector



The ESG scoring and rating methodology process

The ESG rating is a weighted average of the ratings for E, S and G dimensions, each dimension being itself the weighted average of the internal reference values. Each of the 37 criteria is also rated from A to G. At the end of this process, companies are awarded a rating from A to G.

There is only one rating for each issuer, whatever the chosen reference universe. The rating is thus “sector neutral”, that is to say that no sector is privileged or, on the opposite, disadvantaged. ESG ratings are updated monthly based on the data provided by our rating agencies. Issuers’ news are followed closely and continuously, and controversies and alerts are instantly taken into account for an update of the analysis. Analysts regularly readjust their analysis methodology according to the environment and current events.

3 - ESG FOR SOVEREIGN ISSUERS

Amundi ESG sovereign scoring methodology aims at assessing the ESG performance of sovereign issuers. E, S and G factors can have an impact on the issuer’s ability to reimburse its debt in the medium and long-term. They can also reflect on how countries are faring in dealing with major sustainability issues that affect global stability.

Amundi methodology relies on a set of about 50 ESG indicators deemed relevant by Amundi ESG research to address Sustainability risks[4] and Sustainability factors[5]. Each indicator can weigh in several data points, coming from different sources, including open-source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases. Amundi has defined the weights of each ESG indicator contributing to the final Amundi sovereign ESG scores, and its various sub-components (E, S and G). The indicators are provided by a leading specialized data provider.

All indicators have been grouped into 8 categories in order to provide greater clarity, each category falling into one of the pillars E, S or G. Here again, issuers’ ESG score is translated in a rating ranging from A to G at the end.

ENVIRONMENT	Climate Change - Natural Capital
SOCIAL	Human Rights - Social Cohesion - Human Capital - Civil Rights
GOVERNANCE	Government Effectiveness - Economic Environment

4 - OTHER TYPES OF INSTRUMENTS OR ISSUERS

Amundi has developed specific methodologies to assess the ESG quality of different instruments or issuers, that the main methodology could not cover, because of the nature of the instruments or because of the lack of coverage by existing external data providers. These methodologies cover private equity, private debt issuers, impact investing, real estate[6] as well as specific instruments such as green or social bonds. Even if each methodology is specific, they share the same target, which is the ability to anticipate

[4] Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.
[5] Principal adverse impacts 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, anticorruption and anti-bribery matters.
[6] For more information: https://www.amundi.com/int/Strategies/Amundi-Real-Assets/Private-Debt, https://www.amundi.com/int/Strategies/Amundi-Real-Assets/Real-Estate, https://amundi.oneheart.fr

and manage the sustainability risks and opportunities as well as the ability to handle their potential negative impacts on the sustainability factors.

3. A targeted exclusion Policy

Amundi and CPR AM apply targeted exclusion policies throughout their management, which form the basis of their fiduciary duty. These rules are applied to all Amundi's active investing strategies and exclude companies that do not comply with its ESG policy, international conventions, internationally recognized frameworks, and national regulations.

Amundi thus excludes the following:
– Companies involved in the production, sale, storage or services for and of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo treaties;
– Companies involved in the production, sale or storage of chemical, biological and depleted uranium weapons;
– Companies that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact[7], without credible corrective action.

In addition, Amundi implements specific sectoral exclusion policies on coal and tobacco. These sectoral exclusions apply to all actively managed strategies over which Amundi has full portfolio management discretion.

Thermal Coal Policy

As Coal is the single biggest contributor to climate change derived from human activity, Amundi has implemented since 2016 a dedicated sector policy related to Thermal Coal, triggering the exclusion of certain companies and issuers.

Each year since then, Amundi has gradually strengthened its policy of excluding companies involved above certain thresholds in the extraction of different types of coal or the production of electricity from coal.

In particular, exclusion thresholds based on revenue exposure to thermal coal have been reduced - on a yearly basis - to reach 25% of revenue exposure for mining company, and 25% of revenue exposure to coal power generation and/or coal mining extraction for all companies that do not commit to a transition trajectory compliant with the Group's Climate commitments (companies with a revenue exposure above 50% being altogether excluded).

In 2020, as part of Amundi Thermal Coal Sector Policy update, Amundi further extended its exclusion policy to "Coal developers", referring to any company developing or planning to develop new thermal-coal capacities.

Amundi thus excludes the following:
- Coal developers*, or,
- Companies generating >25% of their revenue from thermal coal mining extraction, or,
- Companies with annual thermal coal extraction of 100 MT or more without intention to reduce, or,
- All companies with revenue in thermal coal mining extraction and thermal coal power generation >50% of their revenue without analysis,
- All coal power generation & coal mining extraction companies with a threshold between 25% and 50% with a deteriorated energy transition score.

The case for passive funds:

- For ESG passive funds

All ESG ETFs and index funds apply Amundi coal sector exclusionpolicy whenever possible (with the exception of very concentrated indices).

- For Non-ESG passive funds

The fiduciary duty in passive management is to replicate as closely as possible an index. The portfolio manager has thus limited leeway and has to meet the contractual objective to get passive exposure fully in line with requested benchmark.
Therefore, Amundi index funds/ETFs replicating standard (non-ESG) benchmark cannot apply systematic sector exclusions.
However, in the context of securities that are excluded from the "thermal coal policy" on the Amundi active investment universe but could be present in non-ESG passive funds, Amundi has strengthened its actions that could end-up with a vote "against" management for corporates.

[7] United Nations Global Compact (UN Global Compact): "A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals."

Tobacco policy

Since October 2018, Amundi has been capping tobacco companies' ESG ratings at E, on a scale from A to G (where companies rated G are excluded). This cap aims to penalize investment in such companies, which must be offset by investing in much more virtuous companies. Amundi's policy applies to the tobacco sector in its entirety, including suppliers, cigarette manufacturers and retailers.

In May 2020, Amundi became a signatory of the Tobacco-Free Finance Pledge. Consequently, Amundi extended its exclusion policy to Tobacco. The decision of strengthening the Tobacco policy took into account concerns about public health, but also human rights abuses, poverty impact, environmental consequences, and the substantial economic cost associated with tobacco, believed to be more than USD 1 trillion a year globally, according to World Health Organisation estimates.

Amundi Tobacco policy covers two levels:

1. Exclusions rules: Are excluded companies that manufacture complete tobacco products (thresholds for application: revenues above 5%).*
2. Cap rules: Are capped to E as ESG rating (ranging from A to G), companies involved in the production, the supply and retailing of tobacco (thresholds for application: revenues above 10%).

**exclusion policy effective as of 31st December, 2020.*

4. Engagement Policy

CPR AM is fully in line with the Amundi group's engagement policy.

Amundi considers divestment as a last resort. By divesting, the asset manager gives up any opportunity to exert influence over a business' or sector's ESG practices. On the contrary, staying invested in companies that are committed to improving their ESG practices allows to promote the best sustainable practices within the sector. This is why Amundi has put in place a strong engagement policy, articulated around three main axes: thematic engagement, ongoing engagement and engagement through voting. It is an essential part of Amundi's fiduciary duty and its role as responsible investor.

This work is covered in an engagement report published annually by the ESG analysts and Voting teams. It is available on www.amundi.com.

Thematic Engagement

Thematic engagement revolves around themes common to several sectors, aiming to understand existing practices, promote the best, recommend improvements and measure progress.

Since 2013, the ESG analysts team has been particularly active on 9 themes:

- Human rights in the mining and oil sectors
- Fight against food waste in the food and retail sector
- Responsible exercise of influence practices: pharmaceutical and automotive industries
- Conflict minerals
- Coal management in electricity generation sector
- Child labour in tobacco and cocoa sectors
- Living wage in the textile industry
- Green bonds issuance in the banking sector
- The plastic

Amundi also supports international collective shareholder initiatives. The aim is to encourage public authorities to adopt measures in favour of sustainable development. The areas concerned can be climate change, water, deforestation, health problems in developing countries.

Ongoing engagement

Ongoing engagement has a dual purpose. First it aims to improve the analysis of the risks and opportunities that businesses face. But also, to support companies in the continuous improvement of their sustainable development policy through interview with the management teams. ESG analysts addressed around 940 ESG issues during interviews with companies in 2019

Engagement through voting

- **Voting**

The Corporate Voting & Engagement team systematically votes at General Assembly Meetings of European companies and international companies in which Amundi holds more than 0.05% of the capital, i.e more than 3,400 general meetings in 2019.

The voting policy helps influencing companies' orientations and aims to insure consistency in the areas of progress selected.

Since 2019, Amundi has focused its voting efforts on two priority themes: energy transition and social cohesion. These two themes represent systemic risks for companies as well as opportunities for those who wish to integrate them in a positive way :

- The energy transition, in particular the decarbonisation of our economies
- Social cohesion, in particular through the control of wage balance in remuneration policies, employee involvement in corporate governance and employee share ownership.

In 2021, Amundi will continue to engage with companies on these two specific themes, which are long-term objectives requiring ongoing efforts to bring significant transformation.

- **Pre-meeting dialogue**

The pre-meeting dialogue establishes a permanent dialogue with companies on the main issues of financial performance and social responsibility, as well as their associated action plans.
In 2019, the Corporate Voting and Engagement team met and dialogued with 289 issuers, resulting in substantial improvements (justifying a chance in our voting intentions) of companies' practices in around 20% of cases.

In the 2021 Action Plan, Amundi announced that ESG issues will be systematically integrated into corporate shareholder dialogue.

5. CPR AM risk-based approach

Having created its first responsible investment solution in 2006, CPR AM elevated the dynamic in 2016 with structuring research work on an ESG methodology based on risks co-developed with an institutional client. Since then, the risk-based approach has been the subject of continuous improvements.

Our conviction at CPR AM is that each step of the rating process (criteria, components, overall rating) conveys important information and that ESG risk prevention constitutes an essential materiality lever for the sustainability of portfolios.

The overall ESG rating provides a synthetic view of an issuer's ESG profile, like the rating of Agencies, which provides a synthetic view of credit quality. It is rare for the E, S or G components to contradict the overall ESG rating; on the other hand, at the level of the criteria, compensation situations may exist between well-rated criteria and poorly rated criteria, information which is subsequently lost at the level of the overall rating. The specific analysis at the criteria level makes it possible to identify and finely compare the strengths and weaknesses of issuers.

For example, an issuer can perform well on the greenhouse gas emissions criterion, but not have an audit and internal control structure of sufficient quality to detect any problems related to the production process (example of the Diesel Gate).

For this reason we have developed the ESG risk-based approach. This solution based on financial materiality, relies on both the overall ESG rating and a selection of specific relevant E, S & G criteria (“weak signals”), permitting us to define an ESG investment universe for the implementation of financial management.

The criterias and their materiality are at the heart of our approaches to combine financial and extra-financial performance. Our holistic approach is designed to apply to all asset classes.

An exclusion filter is therefore applied to the worst ESG ratings, at 2 different levels:

- On the overall ESG rating: issuers who seriously breach the criteria for responsible investment or who present an overall high level of extra-financial risk;
- On the most relevant specific criteria by sector of activity (the most weighted criteria in the overall rating) or according to the theme of the fund: issuers with a high level of risk on one of the material criteria identified by CPR AM.

CPR AM's risk-based approach therefore minimizes the risk to investors.

In addition to the ESG analysis, issuers' news is continuously monitored through controversies. For illustration, in the thematic actions range, they are evaluated by 3 external service providers: RepRisk, Sustainalytics and MSCI, which quantify incidents, their level of severity and the reputational risk of companies related to ESG issues. If a company is flaged as the subject of severe ESG controversy by at least 2 of these 3 data providers, it is excluded from the portfolio, according to the following analyses and thresholds:

- RepRisk supplies its proprietary RRI, an indicator that dynamically captures and quantifies reputational risk exposure related to ESG issues for more than 165,000 public and private companies. It is made of an environmental, a social, and a governance component. The percentage of each component’s contribution to the RRI is based on the number of risk incidents related to E, S and G issues. The RRI ranges from 0 to 100. Companies with a RRI between 50 and 100 (“high to extremely high risk exposure”) are flagged;
- Sustainalytics monitors daily 20,000 news sources and reports incidents on various ESG topics such as Environmental Supply Chain Incidents, Employee Incidents, Business Ethics Incidents, etc. Incidents are then graded from 1 to 5 according to the estimated level of seriousness, 1 being “low” and 5 being “severe”. Whenever a company is related to an incident graded 4 or 5, it is flagged.
- MSCI monitors more than 12,500 issuers. For each issuer, relevant KPI are defined to cover the controversy and assessing its level of severity. Incidents are then graded from 0 to 10, 0 being the most severe and 10 represents the absence of incidents. Whenever a company is related to an incident graded 0, it is flagged.

Controversies are updated on a monthly basis.

6. Action in favor of energetic transition

The Paris Climate Agreement marked a turning point in the essential fight against climate change. To achieve the goal of keeping global warming below 2 ° C, significant funding must be committed. Investors and asset managers have a major role to play as key players in financing the transition to a low carbon economy.

Within the Amundi group, we are convinced that management companies and investors can no longer ignore the risks induced by climate change. If the management and reduction of these risks are aligned with long-term objectives, we also have a key role to play in financing the transition to a low carbon economy. Our responsibility as a management company is to ensure that investors take into account the long-term risks and that they are able to seize the opportunities that emerge from this transition. To do so, we promote positive impact investments and encourage responsible practices within the companies in which we invest.

The ESG risks and opportunities linked to climate change are taken into account in the environmental dimension of our ESG analysis on all of our investments. To better respond to the specific nature of the analysis of transition risks and physical risks, the Amundi group has organized itself to strengthen its capacities in terms of climate data in order to have climate measures at its disposal to assess its investments on a perceivable manner.

- **Complete assessment of the risks associated with the transition**: we assess the current level of carbon emissions of a company over its entire value chain (3 scopes in the loop) and deduce the companies' exposure to the risk of transition. We then assess the company's level of commitment to reduce its footprint in order to possibly correct the level of exposure to transition risk. To do this, we use a combination of measures: carbon emissions, carbon intensity, green and brown activities and targets.

  In addition to traditional data providers, Amundi also relies on open-source data to complete its comprehensive assessment of transition risks (for example, the Science-Based Target Initiative database, an initiative that ensures that objectives set by companies are aligned with science).
- **Physical risk assessment**: this measure assesses the location of a company's activities in order to determine whether it is exposed to chronic and / or acute climatic risks. Amundi uses the physical risk exposure score developed by Trucost which measures the exposure of a transmitter to seven extreme climatic events, both chronic and acute (Coldwave wave, heat wave, water stress, coastal flooding, Wildfire, hurricane and flood) using asset-level data. In addition, portfolio managers also take into account internal ratings which include consideration of an issuer's performance in relation to the climate.
- **1.5-degree approach:** this approach consists of comparing the trajectory of a company's carbon emissions with sectoral carbon balances. These carbon balances aim to be consistent with limiting global warming to below 2 ° C. As this approach has not yet stabilized and several data providers are still developing their products, we are closely monitoring their ongoing development.

These different types of assessment allow us to have a broader vision of the risks and opportunities linked to climate change. They are also increasingly triggering investment decisions in the mandates of clients who are sensitive to climate-related issues. In this case, they serve as tracking parameters or even optimization criteria.

In addition, the underlying signals of these measures are intended to be integrated into Amundi's proprietary ESG rating process, which triggers investment decisions.

Finally, these measures allow us to assess our portfolios while respecting 1) French regulations as defined by Article 173 relating to the Energy and Ecological Transition for Green Growth (LTECV) as well as 2) our commitments to key initiatives that focus on the environmental dimension, for example, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Beyond integrating climate measures into our ESG analysis, we also seek to address the subject of climate risks in our voting and engagement activities.

To meet the challenges of climate change, Amundi not only participates in turnkey collaborative initiatives (for example, Climate 100+, Green Bond Principles, Carbon Disclosure Project, etc.) but also engages with issuers through dialogue on how to face the environmental dilemma and the implementation of a climate aligned action plan.

In 2019, Amundi underlined the need for each company to set up a “decarbonization” trajectory in line with the Paris Agreement. In this context, the Amundi voting team pays particular attention to companies' data on greenhouse gas emissions, such as their emission reduction plans and their ability to monitor their implementation and dynamic, in their analysis of companies when voting on resolutions.

As part of an innovative collaboration, Amundi and CPR AM have been collaborating since 2020 with the CDP, a non-profit NGO, which has launched a new type of climate ratings to measure and communicate the impact of companies and investments on the global warming. They are thus the first to use CDP temperatures to increase their ESG research capabilities and measure the temperature of their investment universes.

CPR AM offers its customers various “climate” solutions:

- A global equity fund whose objective is to invest in companies committed to limiting the impact on climate change. In 2021, CPR AM will adapt the philosophy of this fund by creating a range of climate products extending its offer to European equities and to the bond asset class. This range will be the subject of particular attention in terms of carbon offsetting and portfolio temperature.

- In addition, in 2020 CPR AM created two funds for a French banking network placing the reduction of CO2 emissions at the heart of their strategy.They are based on a double action: the reduction of emissions from portfolio issuers and carbon offsetting - which occurs secondly in addition to the objective of reducing emissions beforehand.

7. Labels and transparency of information

Labels

Our offer is locally adapted for retail customers and distributors. Among our responsible solutions, we offer a range of products that have received the following labels:

- SRI Label, Relance and Finansol Label in France,
- FNG in Germany,
- Towards Sustainibility in Belgium,
- LuxFlag in Luxembourg,
- Austrian Eco-Label in Austria.

As of 31/12/2020, labelled funds reached EUR 13.6 bn representing 24% of the total AUM of CPR AM.

Febelfin – Belgium
CPR Invest – Food For Generations
CPR Invest -Education

Label ISR – France
CPR Monétaire ISR
CPR Invest - Climate Action
CPR Cash
CPR Oblig 6 Mois
CPR Oblig 12 Mois

FNG – Germany
Amundi CPR Climate Action (Austrian law)

Finansol – France
CPR Reflex Solidaire

Österreichische Umweltzeichen – Austria
Amundi CPR Climate Action (Austrian law)

Luxflag ESG – Luxembourg
CPR Invest-Climate Action
CPR Invest-Education
CPR Invest-Food For Generations
CPR Invest-Future Cities
CPR Invest-MedTech
CPR Invest-Social Impact
CPR Invest-Global Equity ESG
CPR Invest-Smart Beta Credit ESG
CPR Actions France ESG
CPR Euroland ESG
CPR Europe ESG
CPR USA ESG

Transparency of information

ESG reports on ESG open-ended funds are published every month. These reports, provided with the fund's financial report, include a comparison of the portfolio's ESG rating (from A to G, A being the highest rating and G the lowest) with its benchmark index or investment universe, as well as comments on the portfolio's issuers' ESG performance.

Carbon reports are also published for ESG funds on a monthly basis. They include carbon emissions, geographic and sector contribution, exposure to coal, etc.

Annual impact reports are also published on some of our impact funds.They concretely present the social and / or environmental impact of investments according to the fund's philosophy.

The transparency codes for ESG funds are published each year on the AFG (Agence Française de la Gestion financière) and FIR (Forum pour l'Investissement Responsible) websites; they allow the management company to provide transparent and precise information on the management of ESG funds for their clients.

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