PUBLIC CLIMATE REPORT

2021 PILOT

Amundi

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About this report

Climate is a top priority for PRI signatories. More than 85% of asset owners report that they view climate change as a long-term trend resulting in investment risks. As a result, the PRI introduced climate-specific indicators to the Reporting Framework.

The climate-specific indicators are aligned to the FSB Task Force on Climate-Related Financial Disclosure's (TCFD) guidance, which aims to create a single framework for disclosure on assessment and management of climate-related risk.

This **Public Climate Report** is an export of the signatory's responses to the climate-related indicators from the 2021 Reporting Framework. It includes their responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public. It is a climate-focused subset of the full **Public RI Report**, which is available here.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

◉ **(A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:**

> Amundi supports the Paris Agreement at several levels. First of all, at the group level. As a subsidiary of the Crédit Agricole Group, Amundi is part of and committed to the Crédit Agricole Group's Climate Strategy. Consistent with the Paris Agreement, the Crédit Agricole Group has defined a Climate Strategy that is based on the research and recommendations of a Scientific Committee, which takes into account scenarios designed by the IEA's Sustainable Development Scenario, Climate Analytics Report and Science-Based Targets. Within its climate strategy, the Crédit Agricole Group is committed to aligning itself with the Paris Agreement, to gradually orient its portfolios in favor of the climate transition and to phase out coal from its financing and investments by 2030 in OECD and in 2040 in non OECD countries. (https://www.credit-agricole.com/assets/ca-com-front/temp/PDF/cre-dit-agricole-strategie-climat-20201005_en-v1.pdf) Amundi also supports the Paris Agreement by asking companies to commit. Amundi believes that every company should set for itself a "decarbonization" trajectory in line with the Paris Agreement to avoid a potential destructive chain of reactions that threatens the stability of societies. That's why Amundi encourages companies to have increased transparency on their strategy to reduce emissions and deeper public commitments on carbon emissions reduction plans. Amundi has set-up an engagement strategy to encourage companies that are already disclosing a carbon reduction target to certify it through the Science-Based Target Initiative. We also foster companies aligned with a 2-degree objective to increase their ambition level to 1.5°C. Finally we demand companies that are not disclosing any target to start disclosing one. In 2020, Amundi engaged with 253 companies to ask them to declare an alignment objective with the Paris agreements under the Science-Based Targets framework. (https://about.amundi.com/ezjscore/call/ezjscamundibuzz::sfForwardFront::paramsList=service=ProxyGedApi&routeId=_dl_NWYzYWI3ZjE0ZmIwNDAwZTUyZjZiMDAxNGM4ZDI0Y2Q) At the product level, we also design products in line with the Paris Agreement. For example, we have recently launched several climate funds and ETF tracking future EU Paris-Aligned Benchmarks (PAB). (Examples: https://www.amundietf.co.uk/professional/Investing-in-ETF/Responsible-Investing) Finally, Amundi regularly conducts dialogue with public policy makers, regulators and climate initiatives to push the subject forward in society. Recently, as part of the third edition of the One Planet Summit (November 2020), Amundi was invited, as a founding member of the "One Planet Asset Managers", to discuss concrete actions towards meeting the Paris Agreement objectives. One of the main announcements of this summit was the collective pledge from both SWFs and Asset Managers to support the recommendations of the Task-Force for Climate-Related Financial Disclosures (TCFD). (https://www.elysee.fr/admin/upload/default/0001/09/c8ccae1e16313aee0d68eda23e803cfa51945d6d.pdf)

○ (B) No, we currently do not publicly support the Paris Agreement

Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

◉ (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

> Amundi supports the TCFD Initiative since 2017 and is a registered supporter on TCFD's website: https://www.fsb-tcfd.org/tcfd-supporters/
> As a continuation of its support for the TCFD Initiative, Amundi joined in 2019 the Japan TCFD Consortium, a platform where financial institutions and business corporations pursue climate-related financial disclosures recommended by the TCFD. This partnership was illustrated by the inaugural summit of the TCFD held in Tokyo in October 2019. The conference was organised concurrent with Japan's G20 presidency by the country's Ministry of Economy, Trade and Industry (METI) with the support of Amundi, the only non-Japanese financial player with a seat on the consortium's strategic committee.
>
> In addition, as part of the third edition of the One Planet Summit (November 2020), Amundi was invited with other financial institutions to discuss concrete actions towards meeting the Paris Agreement objectives. One of the main announcements of this summit was the collective pledge to support the recommendations of the Task-Force for Climate-Related Financial Disclosures (TCFD). Through this statement, Amundi, alongside SWFs and other Asset Managers aims to drive the TCFD recommendations as a market standard for climate related reports. (Statement: https://www.elysee.fr/admin/upload/default/0001/09/c8ccae1e16313aee0d68eda23e803cfa51945d6d.pdf)

○ (B) No, we currently do not publicly support the TCFD

Climate change

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

☑ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

Each quarter the Board of Directors examined the change in overall performance of the products managed by all the management companies of the Amundi Group, as well as changes in the inflow of the various client segments. It also decided this year to look more closely at the progress the Company had made in the area of CSR and ESG, in accordance with its objectives. In December 2020 the Board adopted a procedure to ensure that social and environmental issues, including climate issues, are taken into proper consideration in the various areas of its competence and reinforcing some of the duties of its specialised committees, where it considered it necessary to do so.
Reporting to the Board of Directors, the remit of the Risk Management Committee, also include ensuring compliance with the conditions for implementing the risk strategy adopted by the Board, including monitoring commitments made by the Company as a responsible financial player, in the social and environmental areas.

☑ **(B) By articulating internal/external roles and responsibilities related to climate. Specify:**

As a leading asset manager, Amundi seeks to continuously finance actions that fight against climate change and are in favor of the energy transition. As such, Amundi Amundi has set up a department exclusively dedicated to Responsible Investment with key employees involved in Climate Initiatives or working groups. Gathering 35 people, the RI business line is organized in four different teams (ESG Research, Engagement & Voting team, ESG Method and Solutions team, ESG Business Development & Advocacy team, ESG Business Development & Advocacy team and the COO Office) who actively participate in advancing the topic.
Several Committees are dedicated to Responsible Investment within Amundi. Among these Committees, those dealing more specifally with Climate issues are the following:
ESG and Climate Strategic Committee: chaired by Amundi's CEO, this committee meets monthly and defines Amundi's ESG policy and its key orientations, including Climate's ambitions for France and globally.
ESG Rating Committee: It defines and validates ESG ratings, the evolution of the exclusion policy, as well as investment strategies integrating ESG ratings. For example, it is in this Committee, that the gradual reduction of our exposure to the coal industry was agreed. This Committee has also the power to downgrade or update an issuer according to its Climate policy.
Voting Committee: Its role is to examine and validate Amundi's engagement and voting rights, and to ensure there are well related to key ESG engagement thematics. Since 2019, our Voting policy has reaffirmed the priority given to the energy transition issue in our analysis and dialogue with companies. We pay particular attention to data on greenhouse gas emissions, which are assessed in the light of practices in the sector and in the countries of operation.
In addition, at Credit Agricole's level, the Group has introduced a dedicated system of governance aimed at implementing the Climate Strategy within the various entities. Several people attend the Credit Agricole's Climate Monitoring Committee at Amundi: the CEO, the Head of Institutional and Corporate clients coverage and ESG supervisor, the Chief Responsible Investment Officer, the Head of Research, Engagement & Voting, the Head of ESG Method and Solution and the Head of CSR.

☑ **(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:**

We listen to our end customers to address their specific needs regarding climate issues. Amundi aims to best accompany investors in the design, management and monitoring of their efforts to integrate climate change into investment practices. We seek to innovate continuously to sustain the fight against climate change and finance the energy transition, and are committed to accompanying our clients in pursuing their environmental endeavors.
The theme of responsible savings is enjoying increasing interest from savers. For example, at the beginning of 2020, Amundi conducted a survey with the MOAI agency on savers and responsible investment. This study enabled us to identify the expectations of private individuals and to use operational elements to guide our action. The study will be repeated in 2021.

☑ **(D) By incorporating climate change into investment beliefs and policies. Specify:**

Applying our beliefs to our policies and our investment processes has been part of Amundi's identity since its creation. Climate issues are at the heart of our ESG strategy and device.
As part of its Responsible Investment Policy, Amundi has defined the energy transition as one of its priority themes. These efforts are reflected in different and complementary axes:
- Amundi's Coal exclusion policy: Amundi has implemented since 2016 a dedicated sector policy related to Thermal Coal, triggering the exclusion of certain corporate companies and issuers. Each year since then, Amundi has progressively reinforced its coal exclusion policy.
- Amundi's Engagement and Voting policy: as an illustration, Amundi voted in favor of 86% of climate-related shareholder resolutions, and engaged directly with 472 companies on energy transition and climate change in 2020.
- Amundi's green solutions: Amundi has been at the forefront of environmental innovation across asset classes. Amundi has prioritized the transition toward a low-carbon economy through an extended investment offering of off-the-shelf and bespoke climate solutions. Examples of recent launches: Amundi Just transition for Climate fund, our range of ESG Improvers funds, the 17 ESG ETFs launched in 2020, etc.

☑ **(E) By monitoring progress on climate-related metrics and targets. Specify:**

Amundi covers a variety of climated-related metrics such as the carbon emissions (scope 1, 2 and 3), the transition and the physical risk assessment. In addition, Amundi has recently enhanced its ESG analysis with additional tools such as the Energy transition score and Temperature scores.

- As part of the Group's Climate strategy, Amundi has developed, with other entities of the Crédit Agricole Group, an Energy Transition score to integrate the challenges and opportunities of the energy transition into investment decisions. This is a measure of the level of commitment and capacity of corporates to adapt their business model to the challenges posed by the fight against global warming, and the energy transition. This score complements our ESG rating and allows a specific focus on climate-related investment.
- We have started to assess the portfolios of certain funds using the temperature measurement techniques of several providers: CDP, Trucost, Iceberg Datalab. While their methodologies differ on a number of points, their ambition is the same: computing historical data on greenhouse gas emissions and/or targets disclosed by issuers on future carbon reduction to obtain a single temperature metric. Temperature scores give a sense of companies' alignment to different climate scenarios.

Amundi monitors such metrics through our dedicated internal tool (ALTO) which allow all investment platforms to view ESG ratings and climate-related metrics for issuers in their respective portfolios.

☑ (F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

Climate change represents a systemic risk and we are convinced that the financial sector has a key role to play in supporting the transition to a low carbon economy and the alignment with the Paris Agreement. It is an essential part of our fiduciary duty to protect the interest of our clients against climate risks, for example by implementing a strict exclusion policy on coal. Our duty is also to adapt our offer so that our clients benefit from climate opportunities.

☐ (G) Other measures to exercise oversight, please specify:
☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Climate change

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

☑ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

Amundi's CEO is highly involved in the Amundi group's climate strategy. In line with the climate's objectives of the Credit Agricole Group, he develops the climate Strategy for the entire Amundi Group, and reports to the board. He chairs the ESG and Climate Strategic Committee at Amundi and is also a member of the Climate Committee in Credit Agricole.The Board of Amundi approves each year the CSR (Corporate Social Responsibility) report, within which the actions carried out over one year in favor of the energy transition are detailed.
Amundi's ESG Supervisor who is also a Member of the Executive Committee and Head of Institutiontal Clients Coverage works closely with the Chief Responsible Investment Officer and reports climate related risk and opportunities to the board.
Amundi's Chief Responsible Investment Officer leads the Responsible Investment department and implements Responsible investment policies, including climate policies in operational terms. The Chief RI Officer identifies the overall climate targets to be achieved for all the teams belonging to Amundi Responsible Investment department: ESG Research, Engagement (Proprietary ESG analysis methodology, ESG Engagement policy and ESG Exlusion policy) & Voting teams (Pre-AGM discussions with companies / Assess resolutions and vote at AGMs), ESG Method and Solutions (ESG scoring methodology, engineering & data bases monitoring), and ESG Development and Advocacy (ESG advisory, customized solutions development, advocacy and external communication). It is at this level, for example, that the latest strategic partnerships on climate have been decided: use of climate data and temperature ratings for the Amundi funds.

☑ (B) Management implements the agreed-upon risk management measures. Specify:

Climate risk management measures are formalised in our various RI bodies and then implemented by management. For example, decisions taken in the ESG Ratings Committee (the gradual reduction of our exposure to the coal industry, the downgrade or update of an issuer's rating according to its Climate policy, etc.) are transmitted to the Risk departement who will implement them into its monitoring tool.
ESG criteria, including climate criteria, are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and second level of controls performed by the Risk teams, who can monitor the compliance with ESG objectives and constraints of a fund at all time. The Risk department is part of the RI governance . They oversee the adherence to regulatory requirements and management of risks related to these topics. ESG rules are monitored by the Risk teams the same way as any rule falling into their control perimeter, relying on the same tools and on the same procedures. The ESG rules consist of our exclusion policies (coal policy for instance), as well as of eligibility criteria and rules specific to funds.
Regarding these rules, compliance controls are automated in a proprietary compliance tool with: - pre-trade alarm or blocking alerts, in particular with regards to exclusion policies; - post-trade alerts: fund managers are notified of potential breaches and required to bring portfolios back into compliance.

☑ (C) Management monitors and reports on climate-related risks and opportunities. Specify:

Amundi's management closely monitors climate-related indicators through its dedicated RI governance.
Several Committees are dedicated to Responsible Investment within Amundi. Among these Committees, those dealing more specifally with Climate issues are the following:
ESG and Climate Strategic Committee: chaired by Amundi's CEO, this committee meets monthly and defines Amundi's ESG policy and its key orientations, including Climate's ambitions for France and globally.
ESG Rating Committee: It defines and validates ESG ratings, the evolution of the exclusion policy, as well as investment strategies integrating ESG ratings. For example, it is in this Committee, that the gradual reduction of our exposure to the coal industry was agreed. This Committee has also the power to downgrade or update an issuer according to its Climate policy.
Voting Committee: Its role is to examine and validate Amundi's engagement and voting rights, and to ensure there are well related to key ESG engagement thematics. Since 2019, our Voting policy has reaffirmed the priority given to the energy transition issue in our analysis and dialogue with companies.
In addition, our dynamic data consultation platform provides access at all times to our internal ESG scores and climate metrics (global carbon emissions, global carbon intensity, carbon emissions breakdown by scope 1,2,3, global carbon reserves, temperature alignment, carbon reduction targets, green brown share, physical risks) and enables regular and detailed monitoring of key climate related data.

☑ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

As part of its three-year ESG action plan initiatied in 2018 and finalized in early 2021 (key areas of this plan were to extend ESG integration across 100% of Amundi's active fund management and to accelerate the development and distribution of innovative climate solutions), Amundi has reinforced its resources dedicated to ESG and to climate issues, in particular in the two following teams belonging to the RI business line, gathering 35 people:

- The ESG research team: within this team, each of the 15 analysts analyses the sector and company-specific climate-related risks and opportunities faced by companies under his coverage. On top of this, four analysts of this team conduct transversal thematic research and projects specifically on the low-carbon transition challenges.
- The ESG Method and Solutions team: this teams is in charge of maintaining and developing Amundi's proprietary ESG scoring system and ESG-related data management. They also support investment teams with the implementation of ESG and climate metrics in portfolio management.

In 2020, the number of trainings dedicated to ESG or/and climate has also particularly increased.

☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:
☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

Climate change

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

☑ (A) Specific financial risks in different asset classes. Specify:

General approach: While no asset class is fundamentally immune in our view, we consider that the climate-related financial risks – both in terms of type and magnitude - attached to the different asset classes and our associated investment strategies depend on the following features:

- The investment time horizon, and the level of liquidity of the asset class (risk of climate risk lock-in)
- The flexibility and adaptation capacity of issuers.
- The concentration of assets/sectors/countries bearing climate-related risks within the investable universe or the benchmark index
- The general level of market anticipation, and sensitivity to wider market factors such as inflation or volatility that can be impacted be transition policies or physical climate effects.

In addition, given the interconnection between some asset classes, we also identify risks of spillover effects (eg sovereign credit risks impacting the credit risk of domestic banks).

Equities: Valuations are notably driven by market expectations of future cash flow generation by corporates and the general market appetite for certain profiles/investment strategies at a point in time. The equity market is forward-looking by nature, and we expect valuation risks to materialize as the market anticipates a deterioration in the cash flow generation outlook for corporates with portfolios facing growth, margins and/or regulatory or physical asset stranding headwinds. The high liquidity of the asset class allows fast repositioning of portfolios although this flexibility offers only limited protection in scenarios of abrupt repricing triggered by unexpected events (eg, coal phase out policies). On top of fundamental business deterioration, the adoption and strengthening of divestment/exclusion policies by investors can negatively impact valuations. A failure to anticipate sudden or progressive deterioration in valuation due to climate risks ahead of the market could therefore lead to a risk of underperformance of our funds, creating a risk of outflows.

In fixed-income corporate credit, the same risks to future cash flows can deteriorate a key credit ratio such as free cash flow / net debt. Other risks apply, although non-cash events, climate risk-related impairments (stranded assets) deteriorate financial leverage ratios (debt-to-equity). Concentration risks vary by region. For instance, exposure to the energy sector is higher in USD corporate credit index than in EUR equivalents. Some bonds have maturity beyond 30 years, hence creating exposure to even long-term climate risks. The risk of locking-in climate risks in portfolios ultimately depends on the investment time horizon of the strategy (eg, buy-and-hold to maturity) and market liquidity (eg, private placements are less liquid). Exclusion policies also heighten funding risks hence risk of default on the repayment of the principal of outstanding debt, as debt is rolled-over. Corporates have a relatively high adaptive capacity and even capital-intensive industries can speed up business repositioning via M&A.

For sovereign debt: Climate-related risks, both transitional and physical, can impact the overall assessment of the creditworthiness of a country or sovereign entity through revised assessment of the strength of several macroeconomic, public and external finance indicators (credit risk). For instance, GDP growth outlook can be altered by high economic dependence to challenged sectors and technologies. Lower global or local demand for fossil fuels create a risk for countries whose fiscal budget balance and balance of payments is significantly dependent on fossil fuel-related revenues (tax on consumption, royalties, export revenues). Dependence on fossil fuel exports is a key climate risk criteria of our ESG ratings for sovereigns. The country economic exposure to physical climate risks (eg key economic areas in coastal areas at heightened risk of flooding) is another risk factor. Sovereign debt can have very long duration (beyond 2050) hence exposing the repayment of the principal to long-term climate risks. Any downward revision of the creditworthiness and funding costs of a sovereign issuer will likely spread to its agencies and domestic banks.

For sovereign and corporate debt, credit ratings tend to anchor relative valuations (spreads), compared to equities. Abrupt repricing or defaults can still occur in case of climate-related shocks (eg, PG&E wildfire liabilities, crop failures for agro commodity dependent countries). Market pricing of climate risks is also dependent on the integration by credit agencies of enhanced climate risk assessment in their methodologies, with the potential to trigger rating changes on a more forward-looking basis too.

Real assets: Real assets are generally long-live assets, illiquid, and therefore bear relatively higher risks of climate risk lock-in. Real estate and energy assets are a strong component of this asset class. Real estate investments can be stranded due to physical climate risks (flooding) and/or climate policies (minimum energy efficiency standards). Adaptive capacity is limited and create direct risks on returns (eg, mandated thermal retrofitting capex).

Commodities: we identify a significant exposure to climate risks via price and concentration risks. Concentration risk comes from the significant exposure to agriculture, energy (notably oil and natural gas) and metals which are all significantly exposure to climate risks. Both physical and transition risks are expected to impact the supply and demand balance hence the price of such commodities. Physical climate shocks can notably disrupt supply (eg crop failure), while climate mitigation efforts are expected to constrain the demand of fossil fuels.

Money market instruments: Given the liquid, short-term (typically <1year) and low-risk nature of the assets held by money market funds (eg commercial paper, treasuries), we see relatively low climate-related financial risks in this asset class. Given the sensitivity to interest rates, inflation shocks driven by climate change could have an impact though.

☑ (B) Specific sectors and/or assets that are at risk of being stranded. Specify:

Impairment risks arise when an asset is reasonably no longer expected to generate the previously expected level of returns. The risk therefore not only depends on the type of assets, but also on their current valuation and the downside risk to current assumptions.

In the context of climate risks, we identify three types of risks: economic, regulatory and physical stranding. Physical stranding risk is discussed in section C. We reason by asset rather than sector, but some sectors concentrate assets at risk of being stranded.

Economic stranding would typically arise in case of downward revision of initial production volumes, price or cost assumptions used for asset valuation. This can be triggered by policy (eg carbon pricing, CO2/energy standards), technological and customer preference changes. To frame our risk assessment, we use scenarios aligned with the Paris Agreement objectives, such as the IEA Sustainable Development Scenario. We analyze the level of deviation of key economic assumptions with the central scenario. As an example, we see stranding risks for natural gas-related assets under well-below 2°C scenarios, as referring to the IEA SDS, global natural gas demand needs to be 13% lower than in the central scenario in 2030, with modelled US natural gas prices are modelled c.50% lower. Whenever possible, we differentiate the risk profile of the assets based on their location. The deviation in the gas consumption outlook in the IEA SDS is much more pronounced in developed markets than in the APAC region for instance. In terms of time horizon, we expect risks to materialize first for assets sensitive to market prices and volumes, but at a certain point of decline in volumes, regulated assets such as transmission pipelines could be impacted on the longer-term too as their usefulness is gradually called into questions. Asset stranding is also dependent on technological and substitution risks: cement plants face significant CO2 costs but the relatively low substitution potential limits risks. While this approach constitutes our frame, such scenario often depict an orderly transition scenario that may depart from the reality. For instance, advanced policies in the EU on CO2 pricing create stranded assets risks for assets exposed to international competition (eg, steel blast furnace). We therefore monitor regulatory, technological and consumer behavior development to further inform our stranded asset risk assessment. Finally, we consider spillover effects across value chains.

Regulatory stranding is rather linked to strict regulatory developments such as mandated closure of the assets (coal power phase out), bans on the purchase (mid-term risk) and use (more long-term) of combustion engine cars, bans on short-haul flights. This can also apply to physical climate risks (eg buildings deemed uninhabitable due to coastal erosion and soil subsidence risks).

We have identified the following asset type as bearing stranding risks in well-below 2°C scenarios (non-exhaustive list).

- From the transition towards low-carbon transportation: ICE cars and trucks manufacturing assets (automobile sector - with risk time horizon depending on markets served) and throughout the value chain: ICE auto loans sensitive to the car residual value (autos/banks), ICE-related auto parts such as catalytic converters and associated auto catalyst materials in the chemicals and mining sectors. For air transportation, we see risks for short-haul aircrafts and airport capacity developments.

- From the transition towards low-carbon energy: coal and gas power plants (utilities), and associated manufacturing assets and servicing businesses (capital goods), refineries, oil & gas production assets and reserves, processing and transportation assets (Oil & Gas), energy equipment suppliers (eg, seismic vessels, drilling rigs).

- From the transition to low-carbon industries: steel blast furnaces (metals), coking coal (mining),

- From the transition to low-carbon buildings: stranding risk from minimum energy performance standards for buildings with poor CO2/energy-efficiency, gas distribution businesses

- From the transition to low-carbon food/agriculture: beef-related businesses/production assets.

With regards to time horizons, short-term risks would typically be expected to materialize in the next three years. This includes regulatory risks such as the implementation of CO2 standards with compliance deadlines and penalty risks on which there is a strong visibility.

Technological risks are more medium term risks (3-10 years) in our view as it generally takes several years for new low-carbon technologies to mature and compete at scale with existing ones. These risks fit the time horizon of the time horizon of our investments, especially as the market can price them by anticipation.

☑ (C) Assets with exposure to direct physical climate risk. Specify:

To identify direct physical climate risks, we largely rely on scientific research such as IPCC's reports assessing the state of the science on expected impacts from climate change, associated vulnerabilities and the potential for increased resilience through adaptive measures (eg Climate Change and Land, IPCC Special Report 2019).

Beyond the global increase in temperatures, climate change is expected to impact economic, environmental and social systems through extremes temperatures and precipitations, drying trends and change in precipitation patterns, sea level rise, change in snow cover, change in cyclonic activity, ocean acidification and CO2 fertilization.

Physical climate risks arise from new extremes and new normal. New extremes because infrastructures are often designed based on historical records and may not sustain unprecedented climatic conditions (eg, recent Texas power outage). New normal because the business performance of some assets can decrease over time as average climate changes: eg lower crop yields for existing plantations, low gas heating demand due to milder winters.

Other risks are due to start inducing significant adverse impacts much sooner as temperatures rise towards 1.5°C. This includes melting permafrost and food supply instabilities for instance, but also extends to wildfire damage too.

Real assets are particularly at risk from flooding, storms and cyclones, water scarcity, wildfire damage, and permafrost degradation.

We use WRI Aqueduct water risks and floods atlas to identify areas that are prone to water stress, riverine and coastal flood risks, not only presently but also based on climate model projections with 2030 and 2040 time horizons. This in order to identify deterioration of risk profiles, and need for further adaptive measures to ensure the resilience of assets exposed.

Based on this map, we identified for instance a projected 1.4x increase by 2030 in water stress in some areas of the Permian basin in Texas where water-intensive shale oil and gas assets are exposed. Some parts of New South Wales (Australia) may also see a >2.8x increase in water stress by 2030, challenging water-intensive mining operations.

With regards to melting permafrost for instance, we discussed this challenge for the asset integrity of production and transportation infrastructures with a number of Russian companies in 2020 to understand their view on this risk and their potential adaptive measures. The PG&E bankruptcy case was a clear materialization of the Californian wildfire risks, albeit in a specific legal context. This is a risk that we have discussed with companies from other regions too (eg, bushfires in Australia). On a case by case basis, our ESG ratings can be adapted whenever we consider that associated risks are particularly high and not properly managed or anticipated by our investees.

Since 2020, our ESG analysts can also use data from an external provider that identifies climate change physical risk exposure of companies both on an agglomerated and on an asset by asset basis. Companies' assets are geographically mapped against a country climate risks.

☑ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Beyond damage, business interruption or lower utilization rates from direct physical risks, second effect risks can add to the same assets, or propagate to other assets locally and globally.

For instance, following a climate event, even if not directly in hazard prone areas, surrounding assets can face rising insurance policies, new regulations forcing adaptation (eg, water use efficiency standards), or impacts on the workforce availability in case of increase in vector-borne diseases. In case of extreme climate events impacting economically and financially the whole country, sovereign risk can be re-assessed and increase funding costs in the country.

There can also be effects to assets globally. In manufacturing sectors with complex global supply chains such as the IT and automotive sectors, business interruptions can propagate throughout the value chain if the production of a critical component is stopped due to climate risks. Supply chain vulnerabilities to climate risks was notably illustrated by the persisting flooding in Thailand in 2011 for instance. This is subject to supply chain analysis and the identification of weak spots. We consider that IT and automotive sectors are particularly at risk from such effects. At this stage we have not found systematic and reliable tools to assess hence anticipate such risks.

As climate risks hit locally, concentration risk can also lead to significant price inflationary effects when production assets for a given product are concentrated in a region.

We would note another second round effect. Equities have shown sensitivity to interannual weather variability through weather-related profit warnings. Climate change-driven increase in weather variability could translate into stock price volatility.

☑ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Approach: we follow an approach similar to point B) for opportunity identification.

We have identified the following activities as likely to benefit from well-below 2°C or 1.5°C scenarios (non-exhaustive list).

- From the transition towards low-carbon transportation: Rail transportation (operators, capital goods), Battery electric vehicles manufacturing, and related components (battery cells/chemicals) and battery materials (copper, nickel, lithium, cobalt, graphite), Renewable diesel (oil & gas), production of lightweight materials (chemicals). Alternatives to transportation such as videoconferencing hardware and services.
- From the transition towards low-carbon energy: Electricity networks and smart metering (utilities, capital goods), assets related to renewable power and heat (eg, wind, solar, sustainable biogas) in the utilities and capital goods sectors
- From the transition to low-carbon industries: production of efficient electric motors, variable speed drives (capital goods), industrial recycling (waste utilities), chemical recycling, green hydrogen (capital goods), carbon capture & storage (capital goods)
- From the transition to low-carbon buildings: insulation materials (building products and chemicals sectors), efficient lighting, heat pumps (capital goods)
- From the transition to low-carbon food/agriculture: alternative meat.

The following activities are likely to benefit from actions to adapt to changing climate conditions and build resilience:

- Water treatment assets, efficient water desalination (utilities, capital goods)
- Efficient HVAC production assets (capital goods)
- Coastal protection activities (industrials)
- P&C insurance and reinsurance for natural catastrophes and business interruption risks (closing the protection gap)

☐ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

☑ **(G) Other climate-related risks and opportunities identified. Specify:**

> Legal risks: according to the LSE Grantham Research Institute there were 412 climate litigation cases globally as of end-2020, an number on the rise over the past two years. Claims and objectives are of different nature. Claims for damage associated to the physical effects of climate change and targeted large carbon emitters face a key hurdle as they have to prove causation and attribute responsibilities for carbon emissions. However, plaintiffs may also seek to impose obligations in the form of reporting or target setting on countries or corporates, or seek legal redress when reporting is allegedly inadequate or fraudulent. With 58% of non-US cases from May 2019 to May 2020 had favorable outcomes, this is an issue that we follow.

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Climate change

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	☑	☑	☑	☑
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	☐	☑	☑	☑
(C) Assets with exposure to direct physical climate risk [as specified]	☑	☑	☑	☑
(D) Assets with exposure to indirect physical climate risk [as specified]	☑	☑	☑	☑
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	☑	☑	☑	☑

(G) Other climate-related risks and opportunities identified [as specified]	☐	☐	☑	☑

	(5) 11–20 years	(6) 21–30 years	(7) >30 years
(A) Specific financial risks in different asset classes [as specified]	☑	☐	☐
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	☑	☐	☐
(C) Assets with exposure to direct physical climate risk [as specified]	☑	☐	☐
(D) Assets with exposure to indirect physical climate risk [as specified]	☑	☐	☐
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	☑	☐	☐
(G) Other climate-related risks and opportunities identified [as specified]	☑	☐	☐

Climate change

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

☑ **(A) Specific financial risks in different asset classes. Specify:**

Sovereign credit risks: risks to political and economic stability. Over the long-term the physical impact of climate change are expected to have significant social impacts notably in the form of population displacements, and increased inequalities. For instance, the World Bank estimated that climate change physical impact may cause 143 million people to be displaced within their country by 2050, notably due to lack of food or fresh water availability.

Massive migration movements have the potential to impact the economic and political stability of both countries facing emigration and immigration. Such effects are hard to predict but we would expect them to heighten the climate risk impact on sovereign debt.

☐ (B) Specific sectors and/or assets that are at risk of being stranded. Specify:

☑ **(C) Assets with exposure to direct physical climate risk. Specify:**

We note that some risks are expected to become extreme and widespread only when (and if) global warming overshoot +2°C, while the world is not expected to cross this threshold before 2050.

This includes flooding risks notably which are expected by the IPCC to remain medium risks by 2030-40 globally and in regions such as Europe or Asia. In North America, this risk is calibrated as medium-high by 2030-40.

While this suggests that these risks may therefore become acute in the real economy only beyond the time horizon of our investments, we note that the market may start pricing such risks ahead of their full materialization, as risks become better understood and the knowledge of market participants increases. For instance, a 2020 study showed that the price of homes in flood-prone areas in Florida have started to diverge.

☑ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Life insurance and climate change impacts on human health: On the long-term (2080-2100), the IPCC anticipates very high risks from heat-related mortality, especially in Asia, and from the spread of vector-borne diseases, notably flagged for the Latam region. Any significant impact from climate change on human mortality and morbidity statistics would have consequences for the life insurance industry as such factors are used in insurance premium calculations and can impact liabilities.

☐ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

☑ **(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

We would point out the specific case of nuclear. Albeit a carbon neutral power generation technology, other technology-specific sustainability challenges make the general policy support uncertain (political acceptance hurdle).

☑ **(G) Other climate-related risks and opportunities identified, please specify:**

With climate change high on the global agenda and broader knowledge diffusion amongst market participants, we consider that the anticipatory nature could bring financial risks within the time horizons of our investment strategies. However, the market is unlikely to start pricing risks which are deemed highly uncertain and we note that on many aspects climate science is far from a consensus on the projected change (directional) and magnitude of some physical climate impacts. Climate models still return inconsistent signals for some regions notably with regards to heavy precipitation and drought risks.

☐ (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Climate change

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.

> Climate-related risks and opportunities are fully integrated into our strategy. From its inception, Amundi defined responsible investment as one of the foundations of its business. Climate-related risks and opportunities have been taken into account in our Business Plan and financial planning, mainly as a specific business-line, generating revenues. This business set-up is in line with a general trend of the market, showing stronger appetite and needs from investors for "green solutions". This policy has been implemented notably in 2 areas: • The incorporation of ESG criteria in investment policies in addition to traditional financial analysis criteria • The creation of dedicated funds and specific initiatives, particularly with regard to energy transition.
> In October 2018, Amundi announced a three-year action plan to strengthen Responsible Investment and extend ESG integration across 100% of its fund management and voting activities. The objective was to implement a systematic integration of ESG criteria into investment decision-making processes across all of our actively managed open-ended funds and establish an unprecedented level of ESG integration throughout the organisation. Another key area of this plan was to accelerate the development and distribution of innovative climate investment solutions. To ensure these ambitions were met, a dedicated Responsible Investment business line was set up, and had an immediate task to collaborate with Amundi's investment platforms, support functions and client divisions to meet the goals outlined in the ESG action plan.
> In early 2021, Amundi has met its objectives: 100% of its active open-ended funds now include an environmental, and social and governance analysis of the companies in which it invests. In 2020, we also voted in favour of 65% of the ESG shareholders' proposals, of which 86% were climaterelated proposals. In addition, over the last three years, Amundi has fostered strategic partnerships with key players such as IFC, AIIB, or EIB and has developed a broader range of active and passive solutions that target environmental issues. Amundi is also committed to working with both institutional and retail partners to accompany their ESG development. Through the 'Amundi Executive Program', our client knowledge-sharing program, we aim to disseminate best practices and to accompany our clients in pursuing their environmental endeavors. Amundi participates in thought leadership to address the major societal challenges confronting businesses worldwide, and contributes to reflections about the principles, applications and impacts of responsible investments.

Climate change

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

☑ (A) An orderly transition to a 2°C or lower scenario
☑ (B) An abrupt transition consistent with the Inevitable Policy Response
☑ (C) A failure to transition, based on a 4°C or higher scenario
☐ (D) Other climate scenario, specify:
☐ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Climate change

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33.1	PLUS	ISP 33	N/A	PUBLIC	Strategy: Scenario analysis	General

Describe how climate scenario analysis is used to test the resilience of your organisation's investment strategy and inform investments in specific asset classes.

☑ (A) An orderly transition to a 2°C or lower scenario

Amundi has started to incorporate the use of temperature metrics in its investment decisions process. Those metrics built by third party data vendors relies on scenario analysis in order to assess the position of a corporate's carbon emissions trajectory with respect to global transition goals. The ones we use at Amundi rely mainly on scenarios from the International Energy Agency (that are mainly the Sustainable Development and the Current Policies Scenarios). The granularity proposed by those scenarios allow vendors to construct metrics based on sectorial activity outputs. Using sectorial carbon intensity, data providers are able to assess the closest scenario for an individual company, from which we deduct its implied temperature rise. At Amundi we use those metrics for making investment decisions. Indeed, some of our strategies rely on this metric for universe construction or optimization purposes. Further, it is also a key element in our engagement strategy because it provides a meaningful KPI in order to assess the current ambition a corporate's climate mitigation plan.
For the physical risk exposure assessment, climate scenarios are key to anticipate future evolutions of the climate systems. Indeed, this metric estimates the exposure of a company to climate events on the mid to long-term. To do that they cross assets location of a company with reference data on the occurrence and strength of climate events by location, determined by the climate scenarios. As we consider that the data is not mature yet, Amundi uses only one scenario for now. This scenario corresponds to a mid-term assessment (by 2030) using only the RCP8.5 from the IPCC. However, as there is an important inertia in the climate system, the analysis on all of the three scenarios provided by our data vendor (RCP2.6, 4.5 and 8.5) would give similar results.

☑ **(B) An abrupt transition consistent with the Inevitable Policy Response**

Amundi is developing climate stress testing tools which encompasses a wide variety of scenarios, including the Inevitable Policy Response.

☑ **(C) A failure to transition, based on a 4°C or higher scenario**

We may use these type of scenarios in our assessment of long-term physical risks.

Climate change

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

☐ (A) Internal carbon pricing. Describe:

☑ **(B) Hot spot analysis. Describe:**

We incorporate different metrics in order to perform hot spot analysis on both transition and physical risk.
On Transition Risk we use carbon emissions, our TEE Rating and temperature metrics in order to identify companies that are highly exposed to risks that could potentially materialize. Those metrics allow us to identify "hot spot" risky assets in our portfolios.
On physical risk, our assessment based on asset-level data from our providers allow us to clearly identify areas where we are highly exposed to climate weather events.

☑ **(C) Sensitivity analysis. Describe:**

We perform sensitivity analysis in our funds through the assessment of carbon footprint and intensity with respect to specified benchmarks. This assessment allows to identify the carbon sensitivity of the fund with respect to its benchmark. A sectorial and geographical contribution assessment complement this analysis in order to quickly identify where the fund's carbon exposure come from.
We also use specified transition risks metrics (both external and internal) in order to identify the sensitiveness of fund to transition related risks. An entire analysis based on issuer level data can be performed in order to clearly identify where those risk come from.
Finally on physical risk, an analysis of the fund's exposure score allows to identify its sensitiveness with respect to acceptable levels given by the third party data provider.

☐ (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:

☑ **(E) TCFD reporting requirements on companies. Describe:**

> Amundi publicly supports the TCFD initiative and encourages companies to adopt its recommendations. As part of the third edition of the One Planet Summit (November 2020), Amundi was invited with other financial institutions to discuss concrete actions towards meeting the Paris Agreement objectives. One of the main announcements of this summit was the collective pledge to support the recommendations of the Task-Force for Climate-Related Financial Disclosures (TCFD). Through this statement, Amundi, alongside SWFs and other Asset Managers aims to drive the TCFD recommendations as a market standard for climate related reports. (Statement: https://www.elysee.fr/admin/upload/default/0001/09/c8ccae1e16313aee0d68eda23e803cfa51945d6d.pdf)

☐ (F) Other risk management processes in place, please describe:
☐ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Climate change

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

In which investment processes do you track and manage climate-related risks?

☑ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

> We address both transition and physical risks in our engagement dialogue with investee entities.
>
> As we expect companies that align 1) their investments with investment needs to match well-below 2°C scenarios and 2) their carbon reduction efforts with emissions pathways compatible with global warming limits set by the Paris Agreement, to limit their climate-related financial risks (transition risks), we encourage or investee entities to consider and adopt such practices. Amundi notably launched an engagement campaign last year asking a number of corporates to set carbon reduction targets well-below 2°C or 1.5°C certified by the Science-Based Target initiative.
>
> With regards to physical risks and melting permafrost for instance, we discussed this challenge for the asset integrity of production and transportation infrastructures with a number of Russian companies in 2020 to understand their view on this risk and their potential adaptive measures.

☑ (B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

Climate is a priority theme for Amundi and is fully embedded in its voting policy. It represents systemic risks for companies as well as opportunities for those who wish to integrate them in a positive way.
Amundi supports resolutions that strive to implement better reporting and transparency on companies' climate-related strategy. In parallel, Amundi encourages more and more companies to make their own emissions reduction engagement based on scientific targets. For instance, through the adoption of objectives aligned with the Science Based Targets Initiative (SBTi) (cf. voting letter). For companies that are excluded from our active investment universe according to the Amundi Responsible Investment policy, and on a selection of companies with poor climate strategy while they operate in sectors for which transition is paramount for the alignment with the Paris agreement, our policy consists in voting against the discharge of the board or management, or the reelection of the Chairman and of some Directors.
In addition, Amundi's Corporate Governance team incorporates the climate aspect in its executive compensation's analysis: for companies belonging to the energy sector (oil & gas, power generation utilities and mining companies) a climate criteria must be included in the variable remuneration metric.

Our voting policy:
https://about.amundi.com/ezjscore/call/ezjscamundibuzz::sfForwardFront::paramsList=service=ProxyGedApi&routeId=_dl_OWI1YTBjZjM2ZGUyYTcwMDMzMTc0MGU4ZDZhM2I2ZWE
Our voting letter:
https://about.amundi.com/ezjscore/call/ezjscamundibuzz::sfForwardFront::paramsList=service=ProxyGedApi&routeId=_dl_MDhlNDY4YzIzN2YwODMzMDA2YTk2MTVhMzAzNWE2NWU
Our 2020 voting and engagement's results: https://about.amundi.com/Sites/Amundi-Corporate/Pages/News/2021/Voting-policy-and-2021-engagement

☑ **(C) In our external investment manager selection process. Describe:**

The selection of our external investment manager is systematically based on a complete investment due diligence. Our due diligence includes ESG factors, including climate indicators.

☑ **(D) In our external investment manager monitoring process. Describe:**

As part of our due diligences, climate related issues are taken into account in our monitoring process through a qualitative and a quantitative assessment of sustainability. Regarding qualitative analysis, our scoring method, which results in a score out of 100, evaluates different aspects related to Responsible Investment (including climate issues) for both the fund and the company. Among the item considered, we can mention for example: the Responsible Investment policy, the exclusion policy, the voting and the engagement policy on climate issues, the carbon footprint, the climate labels, etc. The resulting qualitative score is one of the two components of our overall assessment of the level of sustainability of a fund.
Fund selection is also based on a quantitative approach, which provides an internal ESG rating (based on a scale going from A for best practices to G for the worst ones) for all our funds. As part of its ESG analysis & rating methodology, Amundi's proprietary ESG scoring includes consideration for an issuer's performance in relation to climate change notably through the "Environmental pillar" of the ESG assessment of the asset.
Our due diligences are reviewed at least annually and on ad hoc basis.

☑ **(E) In the asset class benchmark selection process. Describe:**

In passive investment, Amundi launched in 2020 some funds tracking EU Paris Aligned Benchmark – PAB and EU Climate Transition Benchmark – CTB. Those new EU Climate benchmarks designed to align investors' portfolios with the Paris Agreement, i.e. keep global warming below 2°C and pursue efforts towards 1.5°C.
Minimum requirements for EU Paris Aligned Benchmark – PAB are:

- Carbon intensity reduction vs investable universe: -50%
- Year-on-year self decarbonization: -7% (IPCC requirement)
- Scope 3 phase-in: 2-4 years
- Do no harm principle: Controversial weapons / Societal norms violators / Tobacco
- Activity exclusions:
  - Coal exploration or processing activities = 1%
  - Oil exploration or processing activities = 10%
  - Natural gas exploration or processing activities = 50%
  - Electricity generation with a GHG intensity of lifecycle emissions above 100gCO2e/kWh = 50%
- Exposure to high impact sectors: Minimum exposure to sectors highly exposed to climate change is at least equal to market benchmark value

Minimum requirements for EU Climate Transition Benchmark – CTB are:

- Carbon intensity reduction vs investable universe: -30%
- Year-on-year self decarbonization: -7% (IPCC requirement)
- Scope 3 phase-in: 2-4 years
- Do no harm principle: Controversial weapons / Societal norms violators / Tobacco (to be implemented by the 31/12/2022 for the CTB Benchmarks)
- Exposure to high impact sectors: Minimum exposure to sectors highly exposed to climate change is at least equal to market benchmark value.

☑ (F) In our financial analysis process. Describe:

Amundi's financial analysts increasingly integrate the assessment of key material ESG risks to their investment case and recommendations. This includes climate change risks for sectors where the challenge is deemed amongst the most material.

☐ (G) Other investment process(es). Describe:
☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Climate change

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?

☑ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

Amundi's management closely monitors climate-related risks through its dedicated RI governance.
Several Committees are dedicated to Responsible Investment within Amundi. Among these Committees, those dealing more specifally with Climate issues are the following:
ESG and Climate Strategic Committee: chaired by Amundi's CEO, this committee meets monthly and defines Amundi's ESG policy and its key orientations, including Climate's ambitions for France and globally.
ESG Rating Committee: It defines and validates ESG ratings, the evolution of the exclusion policy, as well as investment strategies integrating ESG ratings. For example, it is in this Committee, that the gradual reduction of our exposure to the coal industry was agreed. This Committee has also the power to downgrade or update an issuer according to its Climate policy.
Voting Committee: Its role is to examine and validate Amundi's engagement and voting rights, and to ensure there are well related to key ESG engagement thematics. Since 2019, our Voting policy has reaffirmed the priority given to the energy transition issue in our analysis and dialogue with companies.

ESG criteria, including climate criteria are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and second level of controls performed by the Risk teams, who can monitor the compliance with ESG objectives and constraints of a fund at all time. The Risk department is part of the "Responsible Investment" governance. They oversee the adherence to regulatory requirements and management of risks related to these topics. ESG rules are monitored by the Risk teams the same way as any rule falling into their control perimeter, relying on the same tools and on the same procedures. The ESG rules consist of our exclusion policies, as well as of eligibility criteria and rules specific to funds. Regarding these rules, compliance controls are automated in a proprietary compliance tool with: - pre-trade alarm or blocking alerts, in particular with regards to exclusion policies; - post-trade alerts: fund managers are notified of potential breaches and required to bring portfolios back into compliance.

☑ **(B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk). Describe:**

Climate risks are fully integrated into our ESG assessment of corporates. The weight of climate related issues depends on the materiality of such issues in each sector but usually represents a substantial share of the rating. As our ESG assessment is fully integrated into our portfolio management activities, climate risks are incorporated into traditional risks assessment. Furthermore, credit and equity analysts work closely with our ESG analysts to make sure they factor-in climate related issues in their analysis.

☐ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

☑ **(D) Executive remuneration is linked to climate-related KPIs. Describe:**

ESG is integrated into remuneration structures across the organisation, from the CEO downwards. For the CEO and top management, non-financial criteria, including various ESG and climate criteria, form around 35% of the annual performance assessment. In addition, the deferred element of annual variable compensation is only fully released on the basis of success against ESG criteria.

☑ **(E) Management remuneration is linked to climate-related KPIs. Describe:**

ESG criteria are fully integrated in portfolio managers' role description and as such are part of their annual evaluation and their compensation. In addition, our investment teams are incentivised on risk-adjusted investment performance over periods up to 5 years. Among the qualitative criteria helping us assess the risk-adjusted aspects is an assessment of compliance with the ESG policy and other risk factors. The expectation as part of our 2021 ambitions that active open-ended funds have the objective to exceed their benchmarks on ESG measures has automatically raised the threshold for delivery of this qualitative requirement in recent years.
The salaries of ESG team members are benchmarked against peers. Their variable remuneration is based on both qualitative and quantitative analysis of their effectiveness and delivery against expectations, as well as an element of broader profit-sharing based on Amundi's overall performance. For ESG analysts, quantitative criteria are primarily related to the number of: analyses and meetings with companies; sector analysis; and cross-sector thematic analysis. The qualitative criteria include: quality of analysis, understanding of companies and sectors, maintenance of the analysis; proficiency in ESG analysis and efforts to continuously improve analytical skills; active participation in engagements; and active participation in thematic research. Similarly, voting analysts are evaluated based on both quantitative and qualitative factors relevant to their responsibilities.

☑ **(F) Climate risks are included in the enterprise risk management system. Describe:**

Coal exclusion is incorporated into our entreprise risk management system in order to make it impossible for a portfolio manager to invest a company that is heavily involved into coal activities or that is developing new coal activities. All those issuers are classified as G rated companies under our internal ESG rating system which make them impossible to invest in. (See our ESG policy for thresholds)

☑ **(G) Other methods for incorporating climate risks into overall risk management, please describe:**

> Climate risks are also an area of engagement and voting at Amundi. Engagement for influence is also a good opportunity to make issuers we invest in aware of the risks they face, in particular on climate related issues.

☐ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

Climate change

Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

Have you set any organisation-wide targets on climate change?

☐ (A) Reducing carbon intensity of portfolios
☐ (B) Reducing exposure to assets with significant climate transition risks
☑ **(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes**
☐ (D) Aligning entire group-wide portfolio with net zero
☑ **(E) Other target, please specify:**

> Phase out coal from our investments by 2030 in OECD and in 2040 in non OECD countries

☐ (F) No, we have not set any climate-related targets

Climate change

Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PUBLIC	Metrics and targets	General

Provide more details about your climate change target(s).

	(1) Absolute- or intensity-based	(2) The timeframe over which the target applies: Years [Enter a value between 1 and 100]
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	(2) Intensity-based	3

(E) Other target [as specified]	(1) Absolute-Based	19
	(3) Baseline year [between 1900–2020]	**(4) Baseline amount**
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	2018	10
(E) Other target [as specified]	2020	
	(5) Target date dd/mm/yyyy	**(6) Target value/amount**
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	31/12/2021	20
(E) Other target [as specified]	31/12/2040	
	(7) Interim targets or KPIs used to assess progress against the target	**(8) Other details**
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	We have already double our environmental initiatives, from €10bn in 2018 to €21.9bn as end of December 2020.	
(E) Other target [as specified]	In order to identify the steps to be taken and to define quantified objectives, in 2020 the Group set up a platform ESG. Amundi is fully embarked in this platform, from which indicators are used to set objectives compatible with climate science.	Within its climate strategy, the Crédit Agricole Group is committed to aligning itself with the Paris Agreement, to gradually orient its portfolios in favor of the climate transition and to phase out coal from its financing and investments by 2030 in OECD and in 2040 in non OECD countries.

Climate change

Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

☑ (A) Total carbon emissions
☑ (B) Carbon footprint
☑ (C) Carbon intensity
☑ (D) Weighted average carbon intensity
☑ (E) Implied temperature warming
☑ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
☐ (G) Avoided emissions metrics (real assets)
☑ (H) Other metrics, please specify:
Coal exposure

☐ (I) No, we have not identified any climate-related metrics for transition risk monitoring

Climate change

Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

	(1) Coverage of AUM	(2) Purpose
(A) Total carbon emissions	(2) for the majority of our assets	Exposure assessment and carbon reporting

(B) Carbon footprint	(2) for the majority of our assets	Exposure assessment and carbon reporting
(C) Carbon intensity	(2) for the majority of our assets	Exposure assessment and carbon reporting
(D) Weighted average carbon intensity	(2) for the majority of our assets	Exposure assessment and carbon reporting
(E) Implied temperature warming	(2) for the majority of our assets	Exposure assessment
(F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)	(2) for the majority of our assets	Not yet available
(H) Other metrics [as specified]	(2) for the majority of our assets	Exposure assessment
	(3) Metric unit	**(4) Methodology**
(A) Total carbon emissions	tCO2e	Trucost methodology
(B) Carbon footprint	tCO2e/M€ invested	Trucost methodology
(C) Carbon intensity	tCO2e/M€ sales	Trucost methodology
(D) Weighted average carbon intensity	tCO2e/M€ sales	Trucost methodology
(E) Implied temperature warming	°C	Several methodologies from different data vendors.
(F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)		
(H) Other metrics [as specified]	MT and % of revenues	Different thresholds (See our RI policy for details)

	(5) Disclosed value
(A) Total carbon emissions	NA
(B) Carbon footprint	NA
(C) Carbon intensity	NA

(D) Weighted average carbon intensity	NA
(E) Implied temperature warming	NA
(F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)	
(H) Other metrics [as specified]	NA

Climate change

Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

☐ (A) Weather-related operational losses for real assets or the insurance business unit
☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
☑ (C) Other metrics, please specify:

> Assets of invested corporates at risk of destruction, operational loss. The exposure score aggregates data from seven weather events based on asset location data of corporates.

☐ (D) Other metrics, please specify:
☐ (E) We have not identified any metrics for physical risk monitoring

Climate change

Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39.1	PLUS	ISP 39	N/A	PUBLIC	Metrics and targets: Physical risk	General

Provide details about the metric(s) you have identified for physical risk monitoring and management.

	(1) Coverage of AUM	(2) Purpose
(C) Other metrics [as specified]	(2) for the majority of our assets	Exposure score and assessment

	(3) Metric unit	(4) Methodology
(C) Other metrics [as specified]	Score	Trucost methodology relying on asset-level data

	(5) Disclosed value
(C) Other metrics [as specified]	NA