



2023 Operating Principles for Impact Management

Amundi Disclosure Statement
July 2024

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Introductory Statement

Amundi (the “Signatory”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management.

As of 31 December 2023, this Disclosure Statement applies to the following strategies, which align with the Operating Principles for Impact Management:

1. Green, Social and Sustainable Bond Impact strategies

- Amundi Emerging Markets Green Bond strategies
- Amundi Green Credit Continuum strategy
- Amundi Green Bond strategies
- Amundi Social Bond strategy
- Amundi Green Social and Sustainable Bond strategies
- BFT France Obligations Durables ISR strategy

2. Real Assets Impact strategies

- Amundi Finance & Solidarité strategy
- Amundi Senior Impact Debt strategy

3. Equity Impact strategies

- BFT France Emploi ISR strategy
- KBI Natural Resources Equity strategies

The total value of the strategies in alignment with the Operating Principles for Impact Management is USD 10.1 billion, as of 31 December 2023¹.



Jean-Jacques Barbéris
Head of Institutional and Corporate
Clients Coverage & ESG



1. The assets under management have been converted from Euro denomination to United States Dollar denomination. The Euro/USD currency exchange rate was 1.1049 as of 31/12/2023.

Foreword

Mobilizing private investment toward impact-driven solutions and actors has never been so dramatically needed. In light of the operationalization of the Loss and Damage Fund and landmark deal to transition away from fossil fuels during COP28, impact investments are critical to accelerate sustainable development in emerging markets and developing economies and to foster social and environmental solidarity globally. In the coming years, we anticipate a continued trend away from basic ESG integration towards more intensive responsible investment propositions. This shift is driven by investors who want to combine financial returns with measurable environmental and social impact. At the same time the impact investing landscape keeps expanding and improving across client segments: already in October 2022 it reached €1 trillion impact assets under management worldwide².

Amundi has made responsible investment a cornerstone of its growth story since its creation in 2010. Our teams have worked over the years with our clients and stakeholders to expand the reach of assets for which Environmental, Social and Governance (ESG) criteria can be integrated in our investment processes with an explicit stance on double materiality, and build robust and clear rules around which designing responsible investment processes and solutions.

As part of our responsible investment offering, we have established a clear set of criteria to qualify impact products centered on the core and fundamental concepts of intentionality, measurability and additionality. Consistency in our action, ensuring we live up to the standards we have set over the years as a responsible investment leader, and clarity in the value proposition of our responsible investment offering are essential pillars to build trust and answer our clients' needs.

Amundi's main achievements for what concerns impact investing in 2023 include:

- A significant increase in our impact investing strategies AUM in the past years, especially those aligned with the Impact Principles, reaching 17 funds and \$10,1 billion impact assets under management (+135% compared to 2022)
- An extension in the scope covered, with impact strategies across the main relevant asset classes covered by Amundi (equity and fixed income in both listed and unlisted space)

Amundi is proud to continue being a signatory of the Operating Principles for Impact Management, supporting the emergence of global standards for managing impact investments. In December 2023, Amundi also joined the Global Impact Investing Network, increasing its scale and effectiveness of impact investing around the world with likeminded investors.

Amundi's ambition for the next years is consistent with that of the past: continue expanding our impact-driven range to support the net zero transition and climate adaptation, social cohesion, natural capital preservation and restoration, as well as the SDGs, for which the private sector can make a difference. Doing so, we shall strive to maintain the highest standards while working on democratizing and expanding impact investing.



Timothée Jaulin
Head of ESG Development
& Advocacy,
Amundi

2. Source : Global Impact Investing Network.

Principle 1

Define strategic impact objective(s) consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or strategy to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio. (Source: OPIM)

Development) and the EIB (European Investment Bank). The charter provides a robust ESG and green bond analysis framework to screen all issuers the strategy has invested in. As of the end of December 2023, the strategy is 91.3% invested in target green bonds, and has invested a cumulative US\$1.5 billion in green bonds since its inception.

On the supply side, the strategy is part of an initiative supporting the creation of a robust green bond market through tailored capacity-building activities. Specifically, the IFC-managed Green Bond Technical Assistance Program (GB TAP) supports the creation of new markets for climate finance by developing green bond policies, providing training programmes for bankers and facilitating the adoption of the International Capital Market Association's (ICMA) Green Bond Principles and international best practices in emerging markets. GB TAP alumni have issued 118 green, social and sustainability bonds, with a total value of more than US\$11.8 billion across 44 emerging countries throughout the lifetime of the GB TAP, up to December 2023.

The strategy aims to play a transitional role in transforming EM bond market practices by addressing market shortfalls. With its robust ESG investment criteria, it also aims to influence market development over the seven-year investment period.

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

Amundi Planet Emerging Green One strategy

This strategy seeks to deepen the emerging market green bond markets by stimulating both demand and supply.

On the demand side, the strategy is progressively investing in EM green bonds issued by financial institutions, following phased-in targets throughout its investment life. This objective is guided by an ESG Charter³ that was developed by Amundi and the IFC (International Finance Corporation), in collaboration with the EBRD (European Bank for Reconstruction and

Amundi Emerging Markets Green Bond strategy

This strategy seeks to finance the energy transition as it is investing only in emerging market green and sustainability bonds from issuers across all sectors. The bonds are aligned with the ICMA's Green Bond Principles or Sustainability Bond Guidelines, and their issuers commit to measure and publish the impact of the projects financed by the bonds' proceeds.

3. The ESG charter can be found [here](#).

Amundi has developed a proprietary Green, Social and Sustainability bond assessment process (the GSS+ bond analysis process), which is outlined in detailed in the [Appendix](#). The investment team uses this to screen all issuers that the strategy is invested in and incorporate this in the investment process.

Neither of the above two strategies' objectives consider the Sustainable Development Goals explicitly in their investment policy. However, as they invest in green bonds aligned with the ICMA's Green Bond Principles, the ICMA has provided a broad frame⁴ of reference by which issuers, investors and bond market participants can evaluate the financing objectives of any given green bond programme against the Sustainable Development Goals (SDGs). SDGs 7 (affordable and clean energy), 9 (industry, innovation and infrastructure) and 13 (climate action) are relevant to both strategies.

Amundi Green Credit Continuum strategy

This strategy (GRECO) seeks to develop important segments of the European green fixed income markets that are still lagging behind their potential (green high yield corporate bonds, green private debt and green securitized credit), but that display bright prospects in terms of financing the energy transition and sustainable growth at the European, national and local level. Launched in 2019 in partnership with the European Investment Bank (EIB), the GRECO strategy contributes to the creation of green debt markets, defining new green standards and lending active support to green debt issuance in Europe, all the while developing a sustainable and green economy across the European Union.

In terms of sector coverage, the use of proceeds of the targeted segments of the portfolio (i.e., not including traditional green bonds with low additionality) is concentrated on six sectors: green building, energy efficiency, renewable energies, clean transportation, pollution prevention and control. The strategy aligns most closely with SDGs 7, 11 (sustainable cities and communities) and 13. The investment team uses the indicator of tons of CO₂ avoided⁵ (tCO₂e) per €1 million invested per year to assess the environmental impact of the projects financed by the green bonds it has invested in.

The impact objective is integrated into the strategy by a preference for bonds with high-level standards of impact, as measured by Amundi's internal GSS+ bond analysis process, as outlined in the [Appendix](#). In addition, the selected green bonds comply with the ICMA principles in their respective categories.

Amundi Green Bond strategies

The Green Bonds strategy seeks to finance the energy transition by investing only in green bonds with a measurable and positive impact on climate change, alongside delivering attractive returns throughout the different economic cycles. The investment universe is global and based on aggregate bonds for the fund **Amundi Responsible Investing Impact Green Bonds** and based on Eurozone corporates for the fund **Amundi Funds Euro Corporate Short Term Impact Green Bonds**.

One of the key goals of green bonds is to expose investors to a quantitative and measurable environmental impact. This environmental impact is assessed for each green bond based on the expected impact of the projects financed, i.e., the greenhouse gas (GHG) emissions that will be avoided, using the metric of tCO₂e avoided per €1 million invested per year.

4. The High-Level mapping of the goals can be found [here](#).

5. For the sake of clarity, the avoided emissions' metric, according to the Carbon Disclosure Project is: "Estimate of emissions that would have been released if a particular action or intervention had not taken place. For example, the use of insulation in premises might reduce the consumption of gas to heat the building with the consequential reduction of GHG emissions from the property. [...] In order to determine the level of emissions avoided through the use of certain goods or services, it is necessary first to establish what the level of emissions would have been had the goods or services not been used. This level is known as a baseline level. The avoided emissions are quantified by reference to the difference between the baseline level and level of GHG emissions achieved through the use of the goods or services." Please note that this data is updated based on issuers who have reported their use of proceeds at the time of production of the monthly reporting, and may vary across green bond issuers.

The impact objective is integrated into the strategy through the following considerations:

- Favouring bonds with high-level standards of impact, selected via Amundi's internal GSS+ bond analysis process;
- Monitoring the impact reporting of issuers and interpreting this impact at the portfolio level; and
- Making target commitments in terms of CO₂ emissions reductions for the portfolio.

All green bonds held into the portfolios are in line with the ICMA's Green Bond Principles (GBP) and validated by the dedicated GSS analysts before investment.

The projects financed by both funds are most closely aligned with eight SDGs, ranked by relevance: SDG 7, SDG 11, SDG 13, SDG 9, SDG 12 (responsible consumption and production), SDG 6 (clean water and sanitation), SDG 15 (life on land) and SDG 14 (life below water).

Amundi Social Bond strategy

This strategy seeks to reduce social inequalities by investing predominately in social bonds that finance projects with measurable and positive social outcomes. Among the eligible social project categories that are fully aligned with the Social Bond Principles (SBP) of the ICMA and the SDGs, the investment team does not have a preferred category, but aims to address global social issues and their related social impact.

The SBP provides high-level categories for eligible social projects in recognition of the diversity of current views and the ongoing development in the understanding of social issues and consequences. Social bonds can finance projects related to healthcare services, education or employment preservation, which benefit at-risk or underserved populations, for instance, young people, unemployed individuals or women.

The impact objective is integrated into the strategy through the following considerations:

- Favouring bonds with high-level standards of impact, selected via Amundi's internal GSS+ bond analysis process;
- Having a broad and inclusive vision of all societal issues when selecting projects; and
- Monitoring the impact reporting of issuers and interpreting this impact at the portfolio level.

Given the diversity of social issues tackled at fund level, the investment team has identified different recurrent key impact indicators for each category. Among the variety of indicators, the team has defined a unique impact indicator, which is the number of beneficiaries per €1 million invested.

All projects financed by **Amundi Impact Social Bond** are aligned with the Sustainable Development Goals (SDGs), in particular the following five SDGs: SDG 3 (good health and wellbeing), SDG 11, SDG 8 (decent work and economic growth), SDG 7 and SDG 1 (no poverty).

Amundi Green Social and Sustainable Bond strategies

The Amundi Green Social and Sustainable Bond (GSSB) strategy seeks to finance the energy transition and also to reduce social inequalities by investing in green bonds and social bonds with a measurable and positive environmental and social impact.

Both the **LCL Obligations Euro Durables** and **Amundi Obligations Euro Durables** funds are focused on bonds from the Eurozone. The GSSB investment process aims to invest:

- At least 75 % of AUM (excluding cash) in green, social and sustainable bonds, qualified as such by the issuer and complying with the applicable ICMA principles (Green Bond Principles and Social Bond Principles); and
- Up to 25 % of AUM in bonds issued by companies, governments, organisations or agencies that demonstrate best environmental, social and/or governance practices.

The overall selection process focuses on bonds with the greatest potential for medium-term appreciation, while integrating the above-mentioned ESG criteria into the portfolio construction process.

The impact objective is integrated into the strategy through the following considerations:

- Favouring bonds with high-level standards of impact, selected via Amundi's internal GSS+ bond analysis process;
- Monitoring the impact reporting of issuers and interpreting this impact at the portfolio level; and
- Monitoring the sustainable impact (environmental and social) generated by the projects financed.

The investment team evaluates the environmental impact of each green bond based on the expected impact of the projects financed, i.e., the GHG emissions that will be avoided, using the metric of avoided tCO₂e emissions per €1 million invested per year. This indicator is available in the strategy's monthly impact reporting and will be detailed in the annual impact report.

On the social front, the team monitors its investments in social bonds by project category, target population and geographical area, with details available in its monthly reporting.

The main SDGs the strategy takes into account are the following five SDGs: SDG 7, SDG 11, SDG 13, SDG 12 and SDG 15.

BFT France Obligations Durables ISR strategy

The objective of this strategy is to invest in French sustainable corporate bonds (at least 75 % of holdings, but the fund aims to increase this share) and to participate in the financing of environmental projects (green bonds) and social projects (social bonds), while targeting performance by taking advantage of the potential rise in European Union bond markets.

Sustainable bonds are an important means of financing the ecological and social transition, by mobilising public and private investment for projects with a positive impact on the environment and society. Investing in this type of bond contributes to the financing of projects aimed at generating positive impacts in France – at least 70 % of holdings are in bonds issued by French companies, with the remainder issued by companies in the Eurozone – such as reindustrialisation, social cohesion and autonomy. The projects financed may have an international scope, but the management team focuses on the fact that the impacts are generated in France.

The fund's composition includes green bonds where the proceeds are used exclusively to finance or refinance, in whole or in part, new and/or existing green projects. Investing in this type of bond reflects the alignment of the fund's objectives with SDGs 7, 9, 11, 12 and 13.

The fund also includes social bonds, the proceeds of which are used exclusively to finance or refinance, in whole or in part, new

and/or existing social projects. Investing in this type of bond reflects the alignment of the fund's objectives with SDGs 1 to 12.

The sustainable bonds included within the fund address both green and social projects and thus contribute to the alignment of the fund's objectives with a large number of the SDGs.

The fund also includes sustainability-linked bonds (SLBs) where the proceeds are not directly used to address an SDG but contribute indirectly to their achievement.

The impact objective is integrated into the strategy by favouring bonds with high-level standards of impact, as measured by Amundi's internal GSS+ bond analysis process, which is detailed in the [Appendix](#). In addition, the selected sustainable bonds comply with the ICMA principles in their respective categories.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

This strategy aims to invest in unlisted companies with a social and/or environmental mission, with a mission to positively impact both environmental and societal challenges. The fund primarily invests in private equity or private debt, mainly in France, with some investments in other European or developing countries.

The Finance & Solidarité strategy prioritises an "impact first" objective, employing a dedicated impact analysis process for potential investments. Only companies scoring positively in this analysis are eligible for investment.

The strategy focuses on five major themes of the United Nations' 17 SDGs:

- 1.** Access to decent housing (SDGs 9-11);
- 2.** Access to meaningful jobs, promoting social inclusion (SDGs 8-10), including international initiatives such as microfinance (SDGs 2, 6 and 7);
- 3.** Access to healthcare (SDG 3);
- 4.** Access to education and training (SDG 4); and
- 5.** Preservation of the environment and equal access to natural resources (SDGs 12, 13, 14 and 15).

The impact objectives of Finance & Solidarité strategy are integrated at three different levels:

- The investment strategy – Finance & Solidarité will only invest in unlisted companies with social and/or an environmental missions that can be linked to the SDGs;
- The pre-investment impact analysis (impact scoring grid) and due diligence conducted systematically; and
- The systematic integration of shareholders' agreements or debt agreements that include incentive and reporting obligations linked to the impact objectives.

The fund's strategy ensures that the impact objectives and the investment strategy are always aligned and proportionate. In addition, both the financial and impact analysis of the companies present in the portfolio are updated on an annual basis.

Amundi Senior Impact Debt strategy

This strategy focuses on two observed issues in the senior private debt investment space. The first is that many mid-market issuers face obstacles when developing an ESG strategy, in particular in their transition to a low-carbon business model. A lack of knowledge on the subject and constraints in human resources, data and tools are examples of reasons why they lag in ESG best practices in comparison to other companies. The second is that when regulatory measures in Europe come into force, mid-market issuers are often not equipped with the capabilities to implement the sustainability disclosure requirements.

With a global urgency to meet carbon neutrality objectives, all stakeholders, including mid-market issuers, should aim to reach these objectives by revising their business models to take into account the transition to a low-carbon economy, as well as the impact of such a transition.

The strategy's impact thesis for the 2022-2025 investment period, the period relevant to the initial engagement with issuers, is to:

- Equip issuers with insights on data providers, sustainability KPIs to implement and improve on, and alignment with global frameworks, such as the SDGs;
- Engage with issuers to understand their action plans to reduce their carbon emissions, in line with a 1.5°C scenario or at least one well below 2°C; and

- Encourage issuers to reach the necessary social and environmental indicators or carbon emission reduction targets by subsidising part of the costs needed to meet their targets (i.e., additional resources, new materials required to transition their business model).

After this investment period, no further investment will be made and, therefore, no pre-investment actions can be conducted with issuers.

These following eligibility criteria apply to mid-market issuers in the portfolio: ❶ 100% of issuers in the strategy must commit to having a carbon footprint assessment and an action plan to reduce carbon emissions; and ❷ a majority of issuers in the strategy must commit to defining and measuring sustainability indicators, in accordance with the identified key ESG challenges they face.

3. Equity Impact strategies

BFT France Emploi ISR strategy

Launched in 2021, this is an equity strategy that invests in French listed stocks, seeking to positively contribute to the employment theme in France. It does this by investing in the most virtuous companies in terms of their employment-related policies and practices, by encouraging best practices and by conducting a dialogue on possible improvements.

Through its investments, the strategy supports national enterprises that promote job creation and pays particular attention to: i) job creation in France; ii) job creation with regards to the most vulnerable groups (young people, senior citizens, persons with disabilities); and iii) the social policies of the invested companies.

The objective is to invest in a manner that contributes to greater social cohesion and is aligned with the SDG 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

Moreover, the strategy aims to ensure the quality of its ESG profile and, more generally, control negative externalities. This ESG integration approach is based on Amundi Group's ESG policy, methodology and data, exclusions, best-in-class ratings approach, engagement and voting.

Finally, the strategy implements a carbon approach: the carbon footprint of the strategy must be lower than that of the reference universes at all times.

KBI Natural Resources Equity strategies

The Natural Resource strategies comprise long-only equity strategies that invest in a specific impact theme or combinations of themes, including water, the energy transition, sustainable infrastructure and the circular economy. Investments are made in both developed and emerging markets. The impact objective of the Natural Resource strategies is to contribute to society's environmental and social goals by directing capital to companies that provide solutions to the shortage of natural resources such as clean water, renewable energy and food. This can be by increasing the supply of and access to resources, and/or by reducing demand, including by reducing wastage, strengthening relevant sustainable infrastructure and advancing the circular economy.

It invests in a portfolio of companies which, in the opinion of the investment manager, on an aggregate portfolio basis, generates a substantial proportion of turnover from and operate on a sustainable basis in the relevant solutions sector. All investee companies must obtain a material portion of their turnover from activities related to that solutions sector.

It measures impact using the alignment of the strategy with the SDGs via the Revenue Alignment SDG Scores (RASS), which calculate the alignment of investee companies' revenues with each of the 17 SDGs. This is very detailed process that it carried out annually, and which measures both positive and negative alignment of investee company revenues with each of the 17 SDGs.

The outcome of this impact measurement is incorporated directly into the investment process so that, even within the universe of natural resources stocks, companies with good impact performance are more likely to be included in the portfolio, or more likely to have a higher weight, than those with less impact.

Principle 2

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance. (Source: OPIM)

The Amundi Group takes into account ESG-related considerations in its compensation policies at several levels. ESG criteria and sustainability risk are integrated into investment management teams' annual evaluations and discretionary bonuses⁶. Investment teams managing Amundi's impact strategies are also held to this standard. Moreover, in accordance with Amundi's 'Ambition 2025'⁷ and its commitment number 8, the implementation of this plan accounts for 20% of the KPIs supporting the performance share plan for more than 200 of Amundi's senior executives. The progress and achievements made (which include climate commitments) are detailed in the [Amundi Universal Registration Document](#).

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

Both the Amundi Planet Emerging Green One and the Amundi Emerging Markets Green Bonds strategies invest in emerging markets hard currency green bonds.

Amundi Planet Emerging Green One strategy

The strategy's objective is to stimulate the issuance of green bonds in emerging markets, by deepening local capital markets and expanding financing for climate investments. During the seven-year investment period, the strategy aims to transition entirely to green bonds as the market for green bonds in EM deepens.

To align with these objectives and select investable green bonds, the investment team relies on issuer (Amundi ESG rating methodology) and issuance level analysis (Amundi GSS+ bond analysis) conducted by Amundi's ESG Research team. The selection of eligible green bonds is based on a three-step assessment⁸ : ❶ issuer-level ESG screening; ❷ issuance-level GSS+ analysis; and ❸ ongoing monitoring after investment.

During the second step of the assessment, there is an emphasis on the following criteria, in addition to the Amundi issuance-level GSS+ bond analysis process:

- Select only Green Bonds in compliance with the ICMA's Green Bond Principles;
- Conduct additional environmental and social analysis to ensure that the proceeds:
- Do not finance projects that are deemed not investable (i.e., fossil fuel projects);
- Focus on projects with limited adverse environmental and social impacts, in line with relevant IFC performance standards; and
- Select only green bonds for which there is a commitment to implement an impact assessment of the use of proceeds.

Additionally, the strategy's green bond holdings are subject to continuous monitoring, including good governance practices, to ensure compliance with all of the aforementioned aspects until maturity or divestment. In order to provide transparency on the alignment of these objectives, the strategy issues monthly and annual extra-financial reporting.

6. Please refer to the Amundi Group Remuneration Policy, which can be found [here](#).

7. Please refer to the Amundi 2025 Ambition brochure, which can be found [here](#).

8. Details can be found in the [Appendix](#).

The impact at portfolio level is monitored through monthly reports focused on the share of green bonds in the portfolio, highlighting the breakdown of green bond issuers. ESG ratings and the following impact metric are also presented in the strategy's monthly reporting: tCO₂e avoided per €1 million invested per year. Additionally, an annual comprehensive and dedicated impact report is produced, which in addition to the above, highlights the breakdown of the use of proceeds, first-time green bond issuers, issuer and engagement case studies, the footprint of the Green Bond Technical Assistance Program (GB TAP) and alignment with SDGs, among other details.

Amundi Emerging Markets Green Bond strategy

The strategy's objective is to invest in emerging market green bonds funding projects that meet the ICMA's Green Bond Principles, thus seeking to generate a positive impact. The investment team's active management approach seeks to add value through both top-down and bottom-up analysis of the investable universe of emerging market green bonds, although bottom-up considerations, particularly on ESG analysis, are the most important to achieve the investment objectives (investment value increase within recommended holding period of five years and positive impact on the environment).

The expected impact of the strategy's investments is assessed through the lens of the ESG profile of the issuer and the quality of a green bond's framework. The objectives are to:

- 1 conduct an ESG screening at issuer level for all bonds;
- 2 conduct a green bond assessment to ensure that the best practices set out by the ICMA's Green Bond Principles are met by the bonds; and
- 3 retrieve additional information on the green bonds to supplement the investment team's assessment and carry out ex-post monitoring on the use of proceeds, with a focus on KPIs such as tCO₂e avoided per €1 million invested to ensure they generate positive environmental benefits.

Amundi Green Credit Continuum strategy

The strategy's philosophy and process has remained consistent throughout the strategy's history: i.e., to stimulate segments of the European green fixed income market that are still lagging behind their potential by investing

in green high yield corporate bonds, green private debt and green securitized credit. The investment team uses an active, qualitative and fundamentally driven investment approach based on strong cooperation between credit analysts, ESG analysts, green bond analysts and portfolio managers.

The analysis of green bonds is ensured by two mechanisms:

1. An ESG charter drafted in conjunction with the European Investment Bank, which sets three levels of analysis to make sure all invested bonds are aligned with the ICMA's Green Bond Principles; and
2. A second-party opinion relying on Amundi's own ESG and green bond analysis. High importance is placed on transparency concerning the use of proceeds and the selection process of the projects to be financed. Importance is also attached to comprehensive and regular reporting on the financed projects. The analysis of each green bond consists of a rigorous issuance-level and issuer-level analysis and ongoing monitoring using the GSS+ bond analysis process. These analyses are available in Amundi's internal portfolio management platform (ALTO). This platform allows portfolio managers to ensure the quality and the impact of their investments.

One of the key attributes of green investments is to expose investors to a quantitative and measurable environmental impact. Since its inception, the fund has reported the tCO₂e avoided per €1 million invested, which is calculated by the GSS+ bond analyst team.

Amundi Green Bond strategies

The green bond strategy's philosophy and process have remained consistent throughout the strategy's history: i.e., to finance the energy transition through green bonds with positive and measurable impacts on the environment, and to deliver attractive returns throughout the different economic cycles.

The indicator of tCO₂e avoided per €1 million invested has become a standard used by most green bond issuers to assess the environmental impact of the financed project. The strategy aims to maximise this indicator and a target is set every year. An annual comprehensive and dedicated report is produced.

The investment team monitors, analyses, engages and discloses the environmental impact of the green bonds held in the portfolio and thus, sets an annual impact target at the fund level. To set a transparent and attainable yet ambitious target it uses the following criteria:

- The average impact per project category;
- The need for investment per project category to reach the Paris Agreement and the current structure of the green bond market and its evolution; and
- The portfolio's investment policy.

The investment team uses the GSS+ bond analysis process to ensure that it appropriately assesses the relevance and the extent of impact of the projects financed by the proceeds of the green bonds selected. It also assesses the alignment of the issuer's ESG strategy with the green bond issuance.

Prior to any investment, portfolio managers need an assessment from the GSS+ bond analyst team. They thus request a green bond analysis that can be broken down into three key areas: initial screening, detailed green bond analysis and ongoing monitoring.

Post issuance, the main use of proceeds by projects are land use and marine resources, renewable energy and the green industry.

Amundi Social Bond strategy

This strategy integrates social considerations into its management to support the post-crisis social transition, offering a high allocation to social bond investments that allow investors to address the global social challenges of our time.

The investment team favours a broad and inclusive vision of all societal issues when selecting the social bonds for the portfolio's construction. Among the eligible social project categories – which are fully in line with the Social Bond Principles of the ICMA and the SDGs – the investment team does not have a preferred category but aims to address global social issues and their related social impact. The Social Bond Principles provide high-level categories for eligible social projects in recognition of the diversity of current views and the ongoing development in the understanding of social issues and consequences.

The team selects social bonds that have an ESG score above E on a scale ranging from A to G (A being the best rating and G the worst) based on Amundi's proprietary ESG ratings. It may also select sustainability bonds if the issuers clearly define the split between green and social projects and if the social projects represent most of the allocation (min. 70% towards social bonds).

For diversification, it may also invest in traditional bonds or sustainability-linked bonds (SLBs) that have high standards in terms of social practices (social score above D on a scale ranging from A to G). However, while the team used its leeway to diversify around the time of the launch of the fund, it has dramatically reduced this bucket as today it favours “use of proceeds” bonds. The main uses of proceeds by project categories are access to essential services, employment generation, socioeconomic advancement and employment. In terms of indicators of impact, the strategy reports on the number of beneficiaries, which is the most common social indicator.

Amundi Green Social and Sustainable Bond strategies

The fund's investment policy upholds the impact objectives by having a rigorous ESG issuer level screening in place along, with a strict GSS bond selection process. On the one hand, this ensures that the fund invests at least 75 % in green, social and sustainable bonds with the highest standards when it comes to transparency and impact reporting. On the other hand, the GSS bond selection process also ensures that the projects financed have strong environmental and social impact considerations to finance best-in-class green and social projects.

The investment team evaluates the environmental impact of each green bond based on the expected impact of the projects financed, i.e., the GHG emissions that will be avoided, using the metric of tCO₂e avoided per €1 million invested per year.

In the GSS+ bond analysis process, the analyst covers project impact/value added, intentionality, GSS bond rationale, reporting, alignment with existing standards (ICMA bond principles), controversies and second-party opinions (more details in the [Appendix](#)).

The team puts critical importance on the level of standards and the impact of the different green and social bonds. Specifically, the GSS bond analyst carries out an impact analysis that measures relevant impacts and engagement (ex-ante and ex-post) to evaluate the environmental and social impact. The team conducts close monitoring and continuous reporting of the impact indicators, resulting in a measurable investment with a driven purpose.

The team is currently investing more significantly in green bonds as the social bonds market is smaller. As this market is developing, the proportion of social bonds in the fund should increase.

BFT France Obligations Durables ISR strategy

The investment objective of the fund is to finance green and social projects through green bonds, social bonds, sustainable bonds and SLBs that are compliant with the ICMA principles. These bonds constitute at least 75 % of the assets. Moreover, the fund focuses mainly on French companies (exposure to French securities above 70 %) and therefore primarily supports French industry and services and French green and social projects.

The management team operates the selection of the securities according to Amundi's GSS+ analysis process (details in [Appendix](#)) to assess the relevance, ambition and realism of the impact goals set by the issuers. Moreover, the management team relies on the sustainable bonds framework, prospectuses and periodical impact reports made by issuers to quantify and qualify the impact of the project over time, and thus make the most appropriate investment decisions. In addition, the ESG rating is also taken into account in the securities selection process, in combination with the impact objective assessment. The fund excludes E, F and G-rated issuers (on a scale from A to G, A being the best rating and G the worst, based on Amundi proprietary ESG ratings) and requires a minimum of a D rating for issuers of "non-sustainable" bonds.

The fund's investment process does not target a single or specific impact, thus its impact indicators are diverse. Environmental and social impacts are demonstrated by different indicators,

ranging from tCO₂e avoided to the number of beneficiaries of social projects (depending on the project, which could be related to healthcare, housing or telecommunications, for example). These indicators may be supplemented by specific indicators for SLBs.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

The impact and ESG analysis methodology of this strategy serves several objectives. First, it considers both qualitative and quantitative criteria to highlight the characteristics of an impact business: intentionality, support for beneficiaries, a sustainable economic model, provision of innovative solutions to social and environmental challenges, measurability of impact and management strategy, and integration of financial and impact criteria. It then analyses the ESG positioning of the target company before investment, specifically considering governance, diversity and employee training criteria.

The team also tracks the evolution of impact over time and, when applicable, measures the impact achieved annually by invested companies to compare with pre-investment extra-financial objectives. Finally, it integrates financial and extra-financial criteria to compute a single final score, illustrating the fund's positioning as an impact investor, focusing on sustainability, profitability, intentionality, additionality and the measurability of impact.

Rather than solely measuring the post-investment impact generated by portfolio companies, as outlined above, the approach of the management team is to conduct a thorough impact analysis before investment. This validates the investment thesis and the potential to achieve extra-financial objectives.

The fund adheres to the three key characteristics of an impact investing fund:

- 1. Intentionality** - through a pre-investment impact analysis methodology, the fund ensures alignment with environmental and social impact objectives, selecting only companies and entrepreneurs aligned with the fund's investment thesis.

2. **Additionality** – the team supports portfolio companies in maximising their environmental and social impact, systematically assisting them in implementing action plans to improve their practices, including reducing their carbon footprint.
3. **Measurability** – the pre-investment analysis allows for selection of companies for which annual reporting of social or environmental impacts can be provided, categorised by sectors of activity, such as tCO₂e avoided, cubic metres of water saved, tons of natural resources preserved, hectares of agricultural land preserved, tons of waste recycled, number of people accessing responsible products, number of sustainable jobs created and training of all employees and beneficiaries on environmental transition challenges.

Analyses are conducted based on five pillars:

- **Social commitment** – selected projects must align with the SDGs' themes, prioritise impact first and define key indicators to measure social impact;
- **Societal performance** – evidence of the quality of its model through quantitative social impact criteria;
- **Transparency** – ensuring transparency of information for all stakeholders;
- **Sustainability** – ensuring the durability and replicability of the proposed solution; and
- **Specific criteria** – evaluation of the most important criteria for the company.

During the due diligence process, the investment team collaborates with the investee company to identify the impact KPIs it intends to measure and report on.

For example, one easily implementable KPI utilised by the investment team is the impact ratio, which measures the number of beneficiaries impacted per €10,000 invested by the company. The impact performance of the strategy is calculated in proportion to the strategy's investment in each company and then aggregated for the entire portfolio. This annual reassessment enables the investment team to monitor and analyse the impact achieved by the portfolio.

Additionally, the investment team calculates the number of beneficiaries impacted by the portfolio's investments by theme. Semi-annually, the team calculates the strategy's contribution versus the estimated number of beneficiaries required at the country level to address key issues such as lack of access to decent housing, unemployment and limited access to healthcare. Quantified targets are identified for each challenge, and the team compares actual annual measurements to these targets. The strategy's investments aim to contribute to alleviating these challenges.

The analysis applies to both equity and debt investments.

Amundi Senior Impact Debt strategy

The monitoring of impact for this strategy is carried out according to three principles: i) define an ESG roadmap with issuers based on ESG KPIs to follow during the credit lifetime; ii) monitor and support issuers in achieving their ESG KPIs; and iii) report on issuers' ESG progress on an annual basis. In more detail:

1. Define sustainability indicators with issuers

Conducting ESG due diligence on issuers allows the team to identify relevant KPIs that serve as a basis for areas to improve once the investment is made. The commitment to perform a carbon footprint assessment (Scope 1, 2 and 3) and action to reduce carbon emissions, which can be referred to as the carbon indicator, are systematically implemented into each investment.

2. Monitoring issuers during the implementation of their sustainability indicators

When indicators are included in the legal credit documentation, audited compliance certificates on sustainability indicators are received, generally annually, with the achievement of the indicators stated. In addition, a review, at least on an annual basis, is carried out with each issuer through a detailed questionnaire that allows the team to reassess the ESG rating defined at investment and discuss the ESG performance and challenges with issuers.

If the ESG profile of the issuer deteriorates, the investment team brings this to the attention of the investment committee to better guide the overall performance of the strategy. In the event

of a material deterioration of an ESG aspect of the issuer's profile, which could have an adverse impact on the credit, the investment committee may, at its discretion, approve corrective measures to protect investors' capital and their reputation.

3. Reporting on annual progress

An annual ESG and impact report is produced, starting from 2023 (on the results as of the end of 2022)⁹. The strategy reports on the concrete progress made by each issuer in the portfolio in key ESG areas identified during investment. Indicators such as carbon footprint and carbon emissions reduction, among other ESG indicators, are published.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The fund management's objective is to achieve, over a five-year investment horizon, a performance superior to the CAC All Tradable index (dividends reinvested), after taking into account running costs. The intention is to generate an indirect impact on employment by investing in companies that contribute to improving employment in France, while integrating ESG criteria into the analysis and selection process of the strategy's securities, and implementing a carbon reduction approach.

To align with these objectives, the portfolio management team relies on three pillars: intentionality, additionality and measurability.

In terms of intentionality, the portfolio is managed by identifying the most virtuous companies in terms of employment and optimising the ESG profile and carbon footprint. The analysis of the impact is undertaken at the level of each issuer, to bring effective alignment with SDG 8 (decent work and economic growth).

Regarding additionality, on top of voting in the general meetings of issuers, specific engagement campaigns are set up to obtain greater transparency of information from companies and encourage ambitious employment strategies. The first engagement campaign was dedicated to the employment of young people (2021, 2022, 2023). A second engagement campaign started

in 2024 on the offshoring and relocation of jobs in France. Additionally, 5 % of fixed management costs are allocated to associations related to the employment theme.

Measurability is ensured through defined indicators used in portfolio management and yearly reporting. These indicators include quantitative and qualitative employment criteria, translated into scores for comparability between issuers. These indicators encompass: youth employment policy, senior employment policy, employment policy for persons with disabilities, quality of human resources policies and societal contribution.

The management team combines approaches focused on employment, ESG and carbon. On employment, the strategy involves the exclusion of the worst-rated issuers, ensuring the employment score is higher than the investment universe. For ESG, the approach includes the exclusion of low-rated issuers, normative and sectoral exclusions and controversy analysis. Carbon management involves improving the portfolio's carbon footprint compared to the reference universe.

Furthermore, the strategy is managed according to a fundamental approach based on three types of financial criteria: the quality of the company's fundamentals, the company's value and business growth.

KBI Natural Resources Equity strategies

The objectives of the KBI Natural Resources Equity strategies are to strengthen the provision of vital natural resources such as water, food and clean energy, as well as strengthen sustainable infrastructure in these areas and advance the circular economy. These objectives are achieved by investing in portfolios of companies which, in the opinion of the investment manager, on an aggregate portfolio basis, generate a substantial proportion of their turnover from and operate on a sustainable basis in these sectors.

These objectives are reflected in the funds' portfolio strategy, which is to invest only in companies involved in the provision of those natural resources, or (as applicable for the particular strategy) the provision of sustainable infrastructure or the advancement of the circular economy.

9. The first financing of the fund was invested in January 2022.

Within the investment process, material weight is given to intentionality, additionality and commitment to solutions in this category. Portfolio managers must have regard for the real-world impact on the environment of the company's products and services, taking into account the market(s) served and the severity of the problem being addressed. Thus, for example, addressing shortages of water or sanitation services in developing and emerging countries would score highly, while supplying components used for routine industrial infrastructure maintenance in developed countries would score less highly. Furthermore, companies are only eligible for the investment universe if the portfolio manager can demonstrate to the satisfaction of the responsible investing committee of the firm that the company obtains more than a specific proportion of its revenues from the relevant theme.

Allocating capital to companies that provide vital natural resources or develop the circular economy is aligned with several of the SDGs. We measure that impact directly using the RASS, which involves a very granular analysis of the revenue of portfolio companies, and determining which (if any) business activities of each portfolio company contribute positively or negatively to the achievement of each SDG.

Because this analysis is extremely detailed and based on the in-depth knowledge that the portfolio managers have of the investee companies, it is not possible to calculate the same analysis for a broad equity benchmark for the purposes of comparison. However, the investment team believes that the SDG alignment of this portfolio is very significantly higher than that of a broad equity index.

Principle 3

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence. (Source: OPIM)

used to assess the environmental impact of funded projects and the GHG emissions avoided. As such, and to counterbalance this relative weakness, an impact report¹⁰ is published on an annual basis and details information and indicators of the impact of investments and general engagement activities supportive of emerging market green bond issuances. Engagement areas include fast-tracking the implementation of international standards, such as the Green Bond Principles, issuers' alignment to climate policies, international best practices for impact reporting and others.

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

The objective of the **Amundi Planet Emerging Green One Strategy** is to deepen the green bond market in emerging economies by encouraging private capital deployment to those markets. The investment team contributes to the achievement of this objective by managing a blended finance layered solution that attracts commercial capital through its layered structure and credit-enhancing mechanism. The investment team then deploys the capital to emerging market green bonds following strict criteria for green bond selection, while also seeking to provide financial returns to investors.

Furthermore, while producing impact reporting is a commitment that green bond issuers should comply with to be aligned with the Green Bond Principles, the investment team understands that green bond impact reporting for EM issuers still lags behind developed market issuers. Notably, the level of granularity and detail of reporting differs widely, particularly the methodology

The **Amundi Emerging Markets Green Bond strategy's** aim, as with the Amundi Planet Emerging Green One Strategy, is to enhance the opportunities for green bonds in emerging markets by creating an open-ended solution (no limited lifetime) that offers liquidity and lower subscription limits to make these also available to retail investors. The strategy and investment team seek to make a positive impact by investing in green bonds that are using their proceeds for projects with a positive impact on the environment. The contribution of the investment manager and the financial channel on the achievement of impact is embedded in the entire investment process for capital deployment, which includes the Amundi green bond assessment process. This process enables the investment team to select green bonds where the relevance and the extent of impact of the projects financed by the proceeds of the green bonds have been appropriately assessed. The alignment of the issuer's ESG strategy with its green bond issuance is also assessed.

For this strategy, an annual impact report¹¹ is published, which typically details: ① avoided CO₂ emissions; ② a use of proceeds breakdown by project category; ③ a use of proceeds

10. The annual impact reports for the strategy can be accessed [here](#).

11. The annual impact report for the strategy can be accessed [here](#).

breakdown by geography; ④ a use of proceeds breakdown by sector; ⑤ an ESG ratings breakdown; ⑥ case studies; and ⑦ second-party opinion breakdowns. In addition, the investment team actively engages with issuers that do not report as committed at the issuance of the green bond, or when the impact data display discrepancies or seem inaccurate.

On the non-financial channel impact that is achieved, both strategies educate emerging market issuers on green bonds and assist them in embedding best practices.

Amundi Green Credit Continuum strategy

The fund aims to achieve a direct positive environmental impact, in line with the EU's environmental objectives, as well as disseminate best practices at the security level (accompanying these nascent "green" markets in their development) and the issuer level (in terms of ESG practices). At the security level, the best practices were defined by the scientific committee. It was set up at the launch of the GRECO programme in 2019 to discuss new green technologies, new financial instruments and exchange best practices. The issuers must be aligned with the Green Bond Principles or Green Loan Principles (GLP) and must publish an impact and allocation report on the use of proceeds, to be renewed annually until full allocation. As such, knowledge sharing is identified as a key lever in achieving the objectives, through the publication of an annual impact report.

This impact report covers the portfolio's characteristics and performance in reasonable detail in terms of: ① the alignment of the fund with the European Commission's action plan for sustainable finance; and ② the development of green credit markets in Europe, with a focus on the target segments of the fund.

Amundi Green Bond strategies

These strategies only invest in green bonds with a positive and measurable impact on the environment. The investment teams place high importance on transparency concerning the use of proceeds, the selection process of the projects to be financed and regular reporting on the financed projects. Issuers have to be aligned with the Green Bond Principles and

have to be committed to publishing an impact and allocation report on the use of proceeds, to be renewed annually until full allocation. The annual report should include a list of the projects to which green bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated and their expected impact. Amundi actively engages with issuers to harmonise methodologies for impact measurement, which contributes to the strengthening of the green bond market.

To provide transparency, the strategy issues monthly and annual extra-financial reporting. The impact at portfolio level is monitored through:

- Monthly reporting focused on the share of green bonds in the portfolio, highlighting issuer as well as green project breakdowns, ESG ratings and tCO₂e avoided per €1 million invested; and
- Annual comprehensive and dedicated impact reports, highlighting, in addition to the above, the breakdown of the use of proceeds, impact analysis, issuer and engagement case studies and alignment with SDGs, among other details.

Amundi Social Bond strategy

This strategy only invests in social bonds with a positive and measurable impact on society. The fund contributes to fostering best practices and transparency in the social bond market by placing high importance on transparency concerning the use of proceeds, the selection process of the projects to be financed and regular reporting on the financed projects. Issuers have to be aligned with the Social Bond Principles and have to be committed to publishing an impact and allocation report on the use of proceeds, to be renewed annually until full allocation. The annual report should include a list of the projects to which social bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated and their expected impact.

The process leverages on some structuring inputs, such as engagement. At Amundi, engagement is aimed at influencing the activities or behaviour of investee companies in order to preserve long-term economic capital as part of Amundi's search to create long-term value for its clients' portfolios. It therefore must be results-driven, proactive and integrated in its global ESG process. Amundi engages issuers around

different themes, for example, human capital and human rights and minimum standards in terms of clients' protection and societal safeguards, which are naturally aligned with the strategy. Amundi wants its engagement activities to be impactful and additive to the global efforts of the financial community. Amundi engages at instrument level (particularly for the strategies with impact investing in green, social and sustainable bonds) to promote better practices and transparency.

To provide transparency, the strategy issues monthly and annual extra-financial reporting. Impact at portfolio level is monitored through:

- Monthly reporting focused on the share of social bonds in the portfolio (minimum allocation is 75% but the share has increased significantly since the launch of the strategy, which is in line with the expansion of the social bond market) and highlighting the breakdown of the social projects and target population, as well as ESG ratings, according to Amundi's proprietary ESG rating methodology; and
- An annual comprehensive and dedicated impact report, highlighting, in addition to the above, a breakdown of the use of proceeds, impact analysis, issuer and engagement case studies and alignment with SDGs, among other details.

Amundi Green Social and Sustainable Bond strategies

The GSS investment process of the **LCL Obligations Euro Durables** and **Amundi Obligations Euro Durables** funds is based on the selection of bonds from the Eurozone, and, in particular, bonds that finance green, social or sustainable projects within the investment universe. It consists of at least 75% in GSS bonds complying with the applicable ICMA principles and up to 25% in bonds issued by companies, governments, organisations or agencies that demonstrate best environmental, social and/or governance practices, as a diversification allowing the managers to add yield to the fund.

This allows the investment team to build a portfolio with a positive and measurable impact on the environment and to reduce social inequalities. The impact indicator monitored is tCO₂e avoided per €1 million invested.

The investment team therefore places high importance on transparency concerning the use of proceeds, the selection process of the projects to be financed and regular reporting on the financed projects.

Within an "impact investing" approach, the fund's investment style is active, with a balanced approach combining bottom-up and top-down views. The strategy leverages independent and complementary analysis platforms, namely financial and extra-financial analyses. This active management strategy relies on a robust and proven management process, thanks to Amundi's recognised fundamental research skills and its unique ESG expertise.

According to the strategy's process, the green bond and social bond issuers have to be aligned with the Green Bond Principles and the Social Bond Principles, respectively. They have to be committed to publishing an impact and allocation report on the use of proceeds, to be renewed annually until full allocation.

The annual report should include a list of the projects to which green bond and social bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated and their expected impact.

Amundi actively engages with issuers to harmonise methodologies for impact measurement, which contributes to the strengthening of the green bond and social bond markets.

To provide transparency, the strategy issues monthly and annual extra-financial reporting. The impact at portfolio level is monitored through:

- Monthly reporting focused on the share of green bonds, social bonds and sustainable bonds in the portfolio, highlighting the green and social projects breakdown, ESG ratings and the tCO₂e avoided per €1 million invested; and
- An annual comprehensive and dedicated impact report, highlighting, in addition to the above, the breakdown of the use of proceeds, impact analysis, issuer and engagement case studies and alignment with SDGs, among other details.

BFT France Obligations Durables ISR strategy

The fund contributes to the financing of environmental projects (green bonds) and social projects (social bonds) in France by investing in GSS bonds issued by French companies. Eligibility and the quality of securities are assessed on the basis of both financial performance and impact objectives. The achievement of these impact objectives is measured by various indicators on a regular basis thanks to the availability of data transmitted by Amundi's ESG data suppliers.

The contribution of the manager to the achievement of impact is embedded throughout the entire investment process by identifying investment criteria and indicators to monitor. In more detail, the fund's strategy includes the following:

1. The investment universe includes the French bond market with EU diversification;
2. The portfolio's construction involves a minimum of 70% in bonds issued by French companies and a minimum of 75% in sustainable bonds and SLBs;
3. Eligible securities include:
 - ① sustainable bonds and SLBs with the exclusion of securities rated E, F and G, on a ESG rating scale from A to G (A being the highest rating), according to the Amundi methodology; and
 - ② for the "non-sustainable" part, a minimum rating of D in the environmental and social pillars.
4. Fundamental analysis entails an in-depth analysis of companies and their position in the financial environment (strategy, financial health, competitive positioning, etc.); and
5. Stock selection involves the analysis of projects and the use of funds.

A monthly report shows the breakdown between the different bond classes (green, social, sustainable, sustainability-linked) and provides information on four key ESG indicators (carbon intensity, gender equality, board independence, human rights).

The first annual impact report will be published by the end of 2024, covering all of the indicators previously identified, and this report will enable proper measurement of the fund's impact.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

The objective of the strategy is to seek impact, above all else. The investment team is positioned as a long-term partner that supports the impact and economic development generated by each company in the portfolio. The strategy provides consistent capital for a long-term investment period. The strategy mainly invests in companies that do not have access to regular financing organisations, typically because they serve at-risk or underserved populations and generate limited financial returns.

The contribution of the manager to achieving the desired impact is embedded throughout the entire investment process. In more detail:

1. During the due diligence phase, the investment team and the company identify internal impact KPIs that will be tracked over the investment period;
2. A dedicated impact investing committee assesses the impact thesis and the financial sustainability of the project;
3. The investment team is represented on the board of each company to monitor the achievement of the impact targets;
4. The investment team brings its expertise to the companies to enhance their impact strategies and processes;
5. The impact ratio enables the investment team to compare the potential and realised achievement across all investee companies;
6. The impact reporting of the strategy exhibits the number of beneficiaries impacted by the investments in the portfolio and also demonstrates how the strategy contributes to one or more SDGs; and
7. A dedicated website for the strategy serves as a communication tool for clients to better identify the impact of their investments and is a great platform to communicate about social enterprises and their contribution to furthering impact.

Amundi Senior Impact Debt strategy

The investment team supports companies, mainly small and medium-sized enterprises with limited resources (e.g., those that lack a CSR team, those with a lack of maturity on the importance and the benefits of understanding

the key ESG topics, those that are not subject to any reporting regulations, such as CSRD, etc.), to transition to a more sustainable economy. The team helps them transition through the financing of senior debts, and helps them define their carbon footprint objectives and other sustainability indicators (for example, impact contribution systems and sustainability-linked loans).

In relation to their carbon footprint objectives, the investment and ESG team supports portfolio companies through the provision of insights on the selection of carbon assessment experts and assists with defining an action plan. In particular, it has met with different carbon footprint experts (Carbon 4, EcoAct, Sweep, Carbometrix, most notably) able to act on different geographies and sectors and has therefore been able to advise issuers on the right experts for their needs (different subsidiaries in different countries, for example). There is systematic discussion between the team's two dedicated ESG experts and the relevant person or team at the company (CSR team, but also finance director when CSR person is non-existent) to point them towards what is needed in terms of their carbon footprint and carbon reduction trajectories and the team then follows the work of the carbon expert (spanning several months) together with the company.

The fund can provide financial support (up to €5,000) to portfolio companies that are conducting their first carbon assessment.

In terms of sustainability indicators, two mechanisms are put in place to support portfolio companies achieve their defined sustainability indicators (one of which can be the carbon footprint and reduction of carbon emissions) throughout the credit life cycle. These are:

1. An impact contribution system from the strategy, subject to the investment team's consultation. The impact contribution is a 10bps discount on the annual interest rate of the coupon on the fund's share of the debt for companies not benefiting already from sustainability-linked (ESG ratchets) financings and which have reached and exceeded their sustainability indicators over the past year. It rewards companies that surpass their sustainability objectives. The impact contribution is discussed during the annual impact committee meeting with the investor, with Amundi then making the final decision.

2. Sustainability-linked (ESG ratchets) financings, which are financings for which the interest rate of the debt may vary up or down, according to the achievements of their sustainability objectives. In contrast with the impact contribution, this applies to the whole financing (shared with other lenders), and its variance down or up is detailed in the legal credit documentation and applied automatically every year. These sustainability-linked financings make up the majority of the existing portfolio and support the trend seen in the private debt markets. The Amundi private debt and ESG teams have initiated and contributed to a working group under the France Invest umbrella, which publishing in the first quarter of 2023 a guide to good practice on sustainability-linked financing¹².

An annual ESG and impact report was published for the strategy in 2023, detailing the starting situation. The 2024 impact report will show the progress made.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The investment team contributes to the impact thesis by financing companies that are identified as contributing to improving employment in France. The investment team is supported by employment scoring, which is calculated by an external non-financial data provider (Humpact). The analysis of companies is based on a benchmark of criteria, leading to the development of a score for each of the issuers studied, on a scale of 0 to 1 (0 being the lowest and 1 the best).

The employment scoring is based on a best-in-universe approach, with all companies compared with each other, independent of their sector. This scoring may generate sector bias.

The investment team excludes the bottom 20%, the worst-rated companies of the reference universe in terms of employment score (as well as in terms of ESG scores).

12. The guide is available via this [link](#).

In regard to additionality, the team acts on two fronts: financial and non-financial. On the financial front, it sets up the capital allocation to support the most virtuous companies in terms of their behaviour on employment issues. As other asset management firms demonstrate the same concerns, we think that collectively, investors will succeed in making an impact (signal theory).

On the non-financial front, the fund's management process integrates an engagement approach. The first campaign addresses the issue of employment of young people. It has been led by five companies, aiming to have an impact in terms of improving the transparency and HR practices regarding this issue, which is particularly relevant in France, where the youth unemployment rate is high. This campaign started in 2021 and ended in 2023. The team set engagement objectives and followed them over a three-year period. As part of its ongoing engagement approach, in 2024, it launched a campaign with five industrial companies to encourage the relocation of jobs in France. These are large-cap companies whose securities are held as long as their ESG ratings, impact scores and financial fundamentals comply with the strategy's minimum requirements.

KBI Natural Resources Equity strategies

The KBI Natural Resources Equity strategies invest in companies that help create solutions to the global shortages of clean water, energy and food, and that develop sustainable infrastructure and aid the transition to a circular economy. The impact of such investment is clearly positive, however rather than having an anecdotal sense that investments in these strategies contribute to achieving the SDGs, KBI quantifies this impact using a replicable and transparent methodology.

KBI measures the impact of these equity strategies by calculating the alignment of investee companies' revenues with each of the 17 SDG.

This is done by carrying out a detailed analysis of the business activities of each investee company on an annual basis.

The responsible investing (RI) committee and portfolio managers start the annual review by discussing the business activities of the companies held in the portfolio.

The portfolio managers present the full list of business activities carried out by investee companies and suggest how these should be categorised. In other words, they say with which SDG, if any, a business activity is aligned, and assess whether that activity contributes positively or negatively to that SDG.

KBI's RI committee then evaluates the recommendations of the portfolio managers, and may make amendments in some cases. In practice, the majority of business activities are straightforward to classify. Healthcare is clearly positive for SDG 3, good health and wellbeing, for example, while coal-powered electricity generation is obviously negative for SDG 13, climate action. Some activities are less obvious, however, and need to be researched and debated before the committee makes a final decision. In addition, new business activities (which were not in the portfolio in previous years) get particular consideration.

The team collates the results across the full portfolio and reports on the percentage (positive and negative) aligned to each SDG. The full results for each strategy are published annually by the investment manager and typically show alignment of 75% or more.

Principle 4

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: ❶ What is the intended impact? ❷ Who experiences the intended impact? ❸ How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice. (Source: OPIM)

invested in. The GSS bond team only considers green bonds that are aligned with the ICMA's Green Bond Principles.

With the **Amundi Planet Emerging Green One strategy**, to ensure the quality of the selected issuers and green bonds, a thorough selection process is applied, as per the ESG Charter of the strategy¹³. Furthermore, only green bonds that provide sufficient information on their positive environmental impact and commit to impact reporting are chosen for investment. Whenever feasible, and in line with the joint international financial institutions publication (to which the EBRD, EIB and IFC contributed) entitled, Green Bonds: Working Towards a Harmonized Framework for Impact Reporting, the strategy will strongly encourage quantitative impact reporting, using metrics consistent with market best practices.

At the green bond level, the impact assessment includes metrics based on generic and sector-specific indicators relevant to the financed project. The strategy reports on annual GHG emissions reduced/avoided in tCO₂e per €1 million invested.

The internal green bond selection process is continuously being developed to align with market best practices. For example, the team has enhanced our latest impact reporting by including two additional KPIs, specifically "installed renewable energy capacity" and "annual renewable energy generation".

The **Amundi Emerging Markets Green Bond strategy** also follows a thorough selection process. Prior to any investment, portfolio managers ensure that the green bonds have undergone the GSS+ bond analysis process¹⁴ developed by Amundi to appropriately assess the relevance and the extent of the impact of the projects financed. An internal green bond

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

For both funds of the Emerging Markets Green Bond strategy, the intended positive impact is captured through the projects financed by the proceeds of the green bonds each strategy has

13. The ESG Charter can be found [here](#).

14. Details in the [Appendix](#).

database is maintained to gather impact data for communication at fund level. All bonds are reviewed at least once a year to update the data. Controversies are actively monitored through the flow of information received by the ESG Research team and using external data providers.

Monthly impact reporting includes metrics such as avoided CO₂ emissions and breakdowns of use of proceeds by project category, geography, ESG ratings and Morningstar Sustainability Level Globes. Amundi seeks to improve its reporting by integrating new data with the assistance of the Amundi ESG team. An annual report is also published, with additional elements such as cases studies and second-party opinion breakdowns.

The data for impact reporting comes from the green bond issuers' own reports, including aggregated impact information per eligible category. CO₂ emissions avoided is a commonly reported indicator used to summarise the impact of eligible projects. However, the data quality on impact reporting can be challenging due to differences in transparency standards, methodologies, granularity and timing across green bond issuers.

To address these challenges, the ESG Research team actively engages with green bond issuers on best reporting practices, funding rationale, the transition towards a low-carbon economy, ensuring a just transition and governance practices. Engagement is also conducted with issuers that do not report or have discrepancies in their impact data. The aim is to encourage adherence to international market standards and improve transparency and data quality.

Overall, Amundi's Emerging Markets Green Bond strategies focus on investing in green bonds aligned with sustainable principles and promote transparency, impact reporting and engagement with issuers to drive positive environmental outcomes.

Amundi Green Credit Continuum strategy

The ESG policy of the strategy includes ex-ante screening at issuer, security and underlying project level, as well as ex-post monitoring to ensure that neither the issuer nor the underlying projects financed are exposed to controversies and that the eligibility criteria are respected throughout the life of the fund. Should this review yield unsatisfactory results for any given investment, the fund would divest.

The green investments included in the fund must contribute to at least one of the EU's environmental objectives and be consistent with the standards (use of proceeds, process for project evaluation and selection, management of proceeds and reporting) in place wherever applicable, the Green Bond Principles or the Green Loan Principles. In addition to this, an external review might be provided by a third party to confirm the alignment of the issuer, security and underlying projects financed with the four core principles mentioned above and to be in line with the Green Bond Principles. Amundi's ESG analysts generate internal ESG scores and ratings, carry out ESG controversies analysis and ensure issuers do not significantly harm other environmental and social objectives. For this element, they look at specific environmental and social principle adverse impacts (PAIs). The Green Bond Principles and Green Loan Principles seek to ensure that issuers commit to providing a comprehensive list of projects financed, as well as their expected impact. The GSS+ bond analyst team verifies that the issuer or structurer provides a list and description of all the projects to which the proceeds have been allocated, as well as their expected impact.

The strategy's impact record is published in a dedicated impact report¹⁵.

Amundi Green Bond strategies

Although global investments in the energy transition have increased significantly in recent years, these still only represent a small percentage of the average investment needed each year to achieve the goals by 2050. At the same time, there is an important divergence between countries in terms of the investment levels needed to match the average annual investment

15. The report can be found [here](#).

needs from 2023 to 2030, to align with net zero. A large amount of funding is required to achieve net zero by 2050 and Amundi is convinced that asset managers can – and must – play a key role by promoting financing solutions that fight climate change.

The investment team aims to ensure that issuers consider environmental criteria when they assess the benefits of a project. The team considers the allocation to project categories when selecting bonds as it understands that some categories (e.g., renewable energies) have a more time-sensitive impact than other categories (clean transportation), but it also needs to consider other factors, as all categories require massive investments to reach the carbon neutrality goals. The investment team would like issuers to be able to select the best solution or technology, based not only on financial criteria, but also on positive environmental impact. To ensure this, the investment team selects only green bonds that have undergone the stringent Amundi GSS+ bond analysis process.

Furthermore, the investment team favours new financing rather than refinancing to maximise the positive environmental impact at the project level. This means that impact is the key criteria for the investment team in deciding whether a green bond is an eligible investment. To this end, the investment team assesses the environmental aspects of projects that are being financed by green bonds, considering the impact estimates retrieved from issuers' green bond frameworks. These estimates are based on the amounts of greenhouse gas emissions that will be avoided, using the tCO₂e measure.

Amundi Social Bond strategy

As with the green transition, Amundi is convinced that asset managers have a key role to play in promoting financing solutions that develop social projects. This is intertwined with its commitment to fighting climate change. Climate impacts are indeed mounting, but are concentrated on some population groups and geographies: low-income groups and low-income countries, as well as women and children in developing countries.

The continued growth of the social bonds market after the needs generated by the Covid crisis makes it a bigger universe than the Euro HY universe, enabling the investment team to be

more demanding with regards to allocation and the impact metrics provided by issuers.

Given the importance of ensuring high standards of transparency in social bonds and the need to capture all of the ESG characteristics, the investment team utilises the Amundi GSS+ bond analysis process to select social bonds for investments. During the analysis, it pays particular attention to the assessment of the social features of project categories financed by the social bonds. From this exercise, Amundi has identified that a key challenge lies in the variety of impact indicators in the social project category.

The investment team has found that the number of beneficiaries is the most common indicator across all categories covered by social bonds and it is also the most convenient indicator to convert the other reported impact indicators, which are interesting and valid, e.g., the number of students and families. However, even though they are relevant, the investment team has chosen the number of beneficiaries by €1 million invested as the single indicator that is aggregated at the portfolio level for reporting.

Once the team invests in a social bond, it regularly reviews the allocation and impact report, any issuer controversies and the issuer's overall sustainability strategy. Amundi sees social bonds as an opportunity to engage, not only on the transparency of the assets financed by the proceeds, but also on the alignment of the wider issuer strategy with the sustainable goals pursued by their sustainable financing framework.

Amundi Green Social and Sustainable Bond strategies

Amundi is convinced that asset managers have a key role to play in promoting financing solutions that develop green, social and sustainable projects. For this strategy, the GSS bond analysts seek to assess the asset level impact by analysing the degree of environmental contribution of the green project's expected impact, as well as the expected impact relative to the sector and geographical location.

Prior to any investment, portfolio managers need approval from the GSS bond analyst team. If the GSS analysis concludes that the GSS bond is not investable under Amundi's eligibility criteria, portfolio managers are not allowed to

buy the bond for inclusion. It is important to highlight that the internal guidelines are stricter than just having alignment with the ICMA principles. Indeed, the fund has already refused GSS bonds due to concerns about the issuer (controversies on past projects developed) or the type of project(s) financed by the bond (e.g., airport extensions), despite the framework being aligned with the ICMA principles.

The achieved impact of both funds is measured by the avoided tCO₂e per €1 million invested. The team places high importance on transparency concerning the use of proceeds, the selection process of the projects to be financed and regular reporting on the financed projects.

BFT France Obligations Durables ISR strategy

The investment team builds this portfolio by selecting issuers that have passed Amundi's GSS+ analysis process. The selection of eligible bonds is based on a three-step assessment: **1** issuer-level ESG screening; **2** issuance-level GSS+ analysis; and **3** ongoing monitoring after investment. Details on the three steps of the process can be found in the [Appendix](#).

Based on this procedure, the investment team ensures that the issuers selected take sufficient account of the environmental and social criteria of the projects they wish to finance. The team also ensures that issuers have ambitious and achievable impact targets, taking into account the different constraints they face. This first step is part of a methodology that covers the entire investment cycle.

The management team takes into account the intended use of the proceeds and the ESG ratings of companies at all steps of the process, including: **1** during the screening of issuers through an exclusion process and a quantitative filter; **2** during an in-depth fundamental analysis of issuers; and **3** during the portfolio construction phase as a matter of selection of the final components of the fund. Throughout the analysis process, the management team ensures that the proceeds of the bonds will be allocated to financing projects aimed primarily at generating positive impacts in France, regardless of whether it is the main goal of the project or part of a wider goal (for instance, projects on an international scale).

To assess the level of impact of the funds, the management team considers different indicators related to environment and social measures, such as tCO₂ avoided and the number of beneficiaries of social projects (depending on the project, these may include healthcare, housing, access to telecommunications, etc.). These indicators can be supplemented by specific measures for SLBs.

The investment team favours new financing rather than refinancing to maximise the positive environmental impact at the project level.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

The investment team has developed an internal impact analysis method with the aim of calculating a unified impact rating incorporating the economic, financial and social data of the company.

The analysis process relies on five pillars:

- An analysis of social engagement – a qualitative assessment of the company's mission with respect to the SDGs, covering: **1** what is the intended impact; and **2** who are the targeted beneficiaries of the intended impact;
- An analysis of impact performance – a quantitative assessment of the impacts generated by the company in terms of the number of beneficiaries, the improvement of the quality of life and of the environment over a given period and the magnitude of the intended impact;
- The sustainability of the economic model and the consistency of the performed societal impact;
- The transparency of the management, the quality of available information and the capacity to measure and report its impact; and
- Other specific criteria – by identifying the main peculiarities of the invested company, the team can support its economic and impactful objectives and its achievements.

The entire pre-investment process, especially the impact analysis, aims to assess and quantify the intended positive impact of each investment. The investment team has incorporated the impact management project (IMP) method's five dimensions of impact into its impact analysis methodology: the what and who

dimensions are covered by the pillar “Analysis of social engagement”, while the how much and contribution dimensions are covered by the pillars, “Analysis of impact performance” and “Specific criteria”. Finally, the risks are covered by the two pillars “Sustainability of the economic model” and “Transparency”.

The portfolio manager can assess and quantify the significance of impacts depending on sectorial and geographical contexts on two levels. The first level consists of referring to the societal performance of the fund’s impact scoring methodology. The second level consists of the impact ratio (number of beneficiaries impacted per €10,000 invested in the company), so the portfolio manager can assess and quantify the beneficiaries by referring back to the societal performance of the impact scoring methodology.

These impact metrics are measured, assessed and reported for each investment on a yearly basis¹⁶. The impact metrics reported on relate back to the number of beneficiaries or impact generated across all five themes (e.g., people housed, beneficiaries of micro-credit, tons of waste treated, healthcare recipients and people trained), with a description of each invested company and the geolocation of projects.

Amundi Senior Impact Debt strategy

The common objective set for all investments in the portfolio is to reduce greenhouse gas emissions in order to be in line with the Paris agreement (limiting the temperature increase to 1.5°C, or at least well below 2°C) scenario by 2100.

This objective is applied to all of the investments in the strategy in two steps:

- The completion of a carbon footprint assessment for companies that have never conducted this assessment before; and
- The definition of a carbon reduction plan that is in line with the objectives of the Paris Agreement. The objective is to have all companies with reduction of carbon emissions targets aligned with the Paris Agreement within 12 months after investment.

As a result, precise impact targets will be measured¹⁷ within the next 2-2.5 years after each investment (12 months to implement carbon footprint and reduction trajectories and 12-18 months of performance, including the time necessary to publish results) and the investment team will be able to monitor the direct impact of the strategy’s approach. The investment team published its first annual impact report before the end of 2023.

The overall portfolio trajectory is clearly defined, as are the trajectories for each of the investments, and is presented in the dedicated annual report. These trajectories are specific to each company, taking into account their sector of activity, their geographical location and the additional elements of importance in the Paris Agreement. In addition to this, the strategy also incentivises companies to have their GHG reduction trajectories certified by the Science-Based Targets initiative (SBTi).

On top of the carbon footprint objective, for some investments, the team may also integrate other sustainable indicators, chosen according to the sector of activity and the extra-financial performance of each company.

When this mechanism is put in place, annual targets are set. Each year, the companies must send a compliance certificate to validate the levels achieved and allow the team to check whether or not the targets have been met. Depending on whether or not these targets have been met, the company will receive a bonus or a penalty on its cost of financing.

Amundi reports on the results each year in the ESG Report.

16. The annual impact report for the strategy can be found on the following dedicated website [here](#).

17. Targets will be defined with the investee companies, in line with their sector and individual situation specificities.

3. Equity Impact strategies

BFT France Emploi ISR strategy

For this strategy, the management team takes into account the employment scores and ESG ratings of companies at all steps of the process, including: ❶ during the screening of companies through an exclusion process and a quantitative filter; ❷ during an in-depth fundamental analysis of companies, to enhance the employment, ESG and carbon footprint profile of companies; and ❸ during the portfolio construction phase.

Employment scoring comprises three components for each of the companies analysed, and one complementary analysis. These components are: job creation and destruction in France; impact according to the employment “verticals”, i.e., the measurement of the creation or destruction of jobs for high-risk categories (young people, senior citizens, inclusion of persons with disabilities); the quality of HR policies (transparency, gender equality, value sharing, quality of employment); and societal contribution (SDGs, diversity, responsible purchases). The details of the four pillars of analysis are available on request from Humpact. Overall, the team assesses the impact of its portfolio using 11 indicators based on the Humpact methodology, which comprises more than 150 criteria: 60 annual quantitative criteria based on the data collected by Humpact and 90 qualitative criteria.

Based on the initial universe (the CAC All-Tradable), company job and ESG ratings and exclusion processes aimed at removing the lowest-rated 20% of stocks, the team has been able to define an investable universe. Monthly updates of employment and ESG ratings lead to: ❶ the inclusion and/or removal of stocks from the investable universe; and ❷ changes in the weighting of the various portfolio positions to maintain employment and ESG scores that are better than their benchmark. It should be noted that the portfolio’s construction must improve on the level of carbon emissions of its benchmark. It should also be noted that the decision to remove or include stock from the investable universe may also be taken due to significant events (e.g., the announcement of redundancy plans).

An annual dialogue and engagement campaign approach related to employment is implemented with companies that are (or have been) present in the portfolio. The first engagement campaign focused on the theme of youth employment. The idea is to influence business practices through an annual engagement campaign to better understand companies’ policies and practices and set objectives by asking the identified companies for more transparency, with a qualitative engagement campaign over a given time horizon. The engagement campaign and the dialogue with companies enrich the management analysis and impact investment decisions.

KBI Natural Resources Equity strategies

The ex-ante impact objective of the KBI Natural Resources strategies is to support the provision of vital natural resources such as water, agribusiness and clean energy. This is achieved by investing in a portfolio of companies that generate a substantial proportion of their turnover from and operate on a sustainable basis in the relevant solutions sector. Thus, the strategies invest only in companies involved in the provision of the relevant natural resources, which strengthen sustainable infrastructure or advance the circular economy, as applicable.

A quantitative ex-ante proportion of each strategy that must be positively aligned with the SDGs is not disclosed, but the ex-post alignment for each strategy is disclosed. While the proportion will vary somewhat by strategy and from year to year, the net positive alignment is generally high and in excess of 70%.

SDG 6 (clean water and sanitation), SDG 2 (zero hunger) and SDG 9 (industry innovation and infrastructure) are the SDGs that are, by their nature, most relevant to the various natural resources strategies. SDG 6 aims to ensure the availability and sustainable management of water and sanitation for all. SDG 9 seeks to build resilient infrastructure, promote sustainable industrialisation and foster innovation. SDG 2 aims to end hunger, achieve food security and improve nutrition. These are all well aligned with the portfolios.

The investment process for these products also takes geographical impact into account. In particular, within the investment framework, material weight is given to intentionality, additionality and commitment to solutions. In this category, portfolio managers must have regard to the real-world impact on the environment of the company's products and services, taking into account the market(s) served and the severity of the problem being addressed. Thus, for example, addressing shortages of water or sanitation services in developing or emerging countries would score highly, while supplying the components used for routine industrial infrastructure maintenance in developed countries would score less highly.

The risks to the achievement of the impact goal are dealt with in the investment process via the monitoring of the impact (and broader ESG) performance of investee companies.

The investment manager monitors a range of sustainability indicators to measure the impact characteristics of the product, including the percentage of revenues earned on an estimated basis by investee companies that are from the relevant solutions sector, the ESG ratings of investee companies and the weighted average carbon intensity of the portfolio.

Both indirect and systemic impacts are considered for these strategies. Indeed, as all investments are in listed companies, the impact of the strategies is entirely indirect. Systemic impact is considered mainly at portfolio design or creation, which is why these portfolios invest in areas such as clean water, climate change mitigation and adaptation and the circular economy and sustainable infrastructure, all of which are systemic challenges to society and/or the environment.

Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events. (Source: OPIM)

- An ESG screening at the issuer level for all bonds, using a joint framework co-developed by Amundi and the IFC;
- A green bond framework assessment ensuring that the best practices set out by the Green Bond Principles are met; and
- Additional information requirements and ex-post monitoring on the use of proceeds with a focus on:
 - a. Performance standards to ensure positive environmental benefits, the meeting of impact assessment requirements and the exclusion of specific categories of projects; and
 - b. The environmental and social risks borne by the green bond.

These three pillars seek to enable the investment team to:

- Ensure the promotion of green bond best practices, as well as the maintenance and reinforcement of green bond market integrity for emerging markets green bonds;
- Focus whenever possible on green bonds supporting projects with the highest level of environmental benefits; and
- Mitigate any ESG risks that may present reputational risks at the issuer or green bond level.

More specifically, once the investment team has invested in a green bond, the Amundi GSS+ bond analyst team will regularly review the allocation and impact report of the green bond to see if the issuer is reporting as it intended to do at the inception of the green project, to take account of any controversies the issuer may be involved in and assess the issuer's environmental strategy. Controversies are monitored on a daily basis through the flow of information received by the ESG Research team. A systematic screening is done every quarter using external data providers to sort out the most controversial names into our universe.

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

As part of the thorough green bond analysis that the investment process entails, as described earlier in this document, the ESG Research team seeks to assess a green bond issuer's overall strategy and understand how a green bond is linked to the issuer's ESG strategy and the issuer's key performance indicators (KPIs).

The **Amundi Planet Emerging Green One** strategy's ESG Charter, developed alongside the IFC with input from the EBRD, the EIB and Proparco, was developed to reflect the high-level characteristics aggregated under an ESG charter, including:

Following the ongoing monitoring process, the ESG Research team conducts ongoing engagement with a defined list of green bond issuers on five key themes:

1. An issuer's best practices on green bond reporting;
2. An issuer's green bond funding rationale;
3. An issuer's plans to transition toward a low-carbon economy;
4. Ensuring the issuer's transition is a just transition (that green projects follow the do no significant harm principle); and
5. Ensuring the issuer has strong governance practices on project selection.

Engagement is also carried out with issuers that do not report as committed at the issuance of the green bond, or when the impact data display discrepancies or seem inaccurate¹⁸.

The **Amundi Emerging Markets Green Bond strategy's** investment process includes a bottom-up screening of a green bond issuer and consists of three steps: initial screening, detailed analysis and ongoing monitoring. More details are available in the [Appendix](#). On the ongoing monitoring front, once the investment team has invested in a green bond, the Amundi ESG Research team regularly reviews:

- The allocation and impact report of the green bond, to see if the issuer is reporting as it intended to at the inception of the green project;
- Any controversies the issuer is involved in; and
- The issuer's environmental strategy.

Any data on the above-mentioned actions are supported by Amundi's internal green bond database, as well as data retrieved from external data providers.

On green bond monitoring and the issuer's environmental strategy, Amundi has developed an internal green bond database that gathers all impact data on the bonds Amundi is invested in. This allows portfolio managers to communicate on impact output at the strategy level. All bonds are reviewed once a year to update the data.

To qualify a particular bond as a green bond and avoid greenwashing or reputational risk, Amundi usually requires the issuer to provide a second-party opinion from one of the reputable providers, including but not limited to Sustainalytics, Cicero or Vigeo Eiris. This provides important insight into the internal green bond analysis.

Engagement is also carried out with issuers that do not report as committed at the issuance of the green bond, or when the impact data display discrepancies or seem inaccurate.

On controversy monitoring, Amundi has set up a firm-wide controversy monitoring process.

Amundi Green Credit Continuum strategy

To ensure that eligible green instruments contribute to the impact objective of the strategy, while not significantly harming other objectives, the investment team ensures that each instrument follows the ESG criteria described in the strategy's ESG Charter, which defines eligibility guidelines per targeted asset class that are aligned with European Union environmental and climate policy objectives. The analysis is based first on Amundi's own assessment of the issuer and the green issuance. The team relies on the GSS+ bond analyst team to assess the documentation provided by the issuer (framework, second-party opinion, CSR reports, any information on their website, etc.) in the framework of their GSS bond assessment, more detail on which can be found in the [Appendix](#). Finally, the Amundi ESG rating methodology enables the investment team to consider specific risks related to the issuer's activities and manage them. It therefore constantly monitors its investee companies across all E, S and G factors, in addition to traditional financial metrics.

Taking into account the issuer's ESG rating, the investment team aims to:

- Verify that the issuer of green emissions has taken ESG issues into account;
- Assess the link between the projects financed by green emissions and the company's ESG/environmental strategy; and
- Identify and assess the risks of controversy.

18. The detailed ESG Charter can be viewed in the prospectus for AP EGO [here](#).

To mitigate potential negative impacts, an enhanced due diligence, carried out by Amundi or a relevant third party under the full responsibility of Amundi, is triggered if an issuer:

- Is engaged in a controversy, as reported by dedicated tools (RepRisk, MSCI, etc.);
- Does not have an Amundi ESG rating;
- Does have an Amundi ESG rating that is above or equal to E (on a scale from A to G, A being the best and G the worst), but is rated below E for any of the three ESG pillars.

If the enhanced due diligence is triggered by a controversy, the following will be carried out:

- Verification and analysis of sources of the controversy;
- Dialogue with the issuer to get a better understanding of the issue, as well as measures taken in order to resolve the controversy;
- Consultation with experts in the field of the given controversies (e.g., non-governmental organisations, public entities specialising in a certain domain, etc.); and
- Analysis of all available and relevant public information (e.g., impact reports).

If the enhanced due diligence is triggered by an Amundi ESG rating concern, the following will be assessed:

- The environmental and social policy and the due diligence process;
- The environmental and social function and the organisation structure;
- The organisational capacity and staff; and
- The supervision procedure and portfolio review, as well as external communications, the internal reporting procedure and analysis.

Amundi Green Bond strategies

To identify ESG risks, the investment team has developed a comprehensive approach to assess the relevance of green bonds, ensure their high levels of transparency and capture all of their ESG characteristics. The analysis is based first on its own assessment of the issuer and the green issuance.

It uses the documentation provided by the issuer (framework, second-party opinion, CSR reports, any information on their website) and RepRisk for controversies screening. However, this

analysis can be complemented by the external opinion from ESG agencies on the issuer when the ESG profile of the issuer is low and by the second-party opinion on the green bond for additional information. In any case, the team's internal analysis prevails over the external firms.

In addition, the Do No Significant Harm (DNSH) principle is integrated in the Amundi GSS+ bond analysis and implies an assessment of any additional impact of the green project on the environment, biodiversity, local communities or other social aspects.

Then, from a monitoring point of view and an issuer-level standpoint in the strategy, Amundi's proprietary ESG rating methodology aims to assign issuers an ESG rating, taking into account the specific risks related to the issuer's activities and how it manages these risks. Amundi therefore constantly monitors investee companies, across all ESG factors, including the monitoring of controversies. Taking into account the issuer's ESG rating, the portfolio management team aims to:

- Verify that the issuer of green emissions has taken ESG issues into account within its framework;
- Assess the link between the projects financed by green emissions and the company's ESG/environmental strategy; and
- Identify, assess and monitor the risks of controversy.

Issuers rated F or G by Amundi's proprietary ESG rating methodology are excluded from the portfolio.

Amundi Social Bond strategy

The fund's investment universe comprises two types of assets: social bonds and debt securities issued by companies, governments, organisations or agencies that demonstrate best social practices or innovative bonds issued by companies that demonstrate their commitment to implementing effective ESG policies.

Social bonds account for at least 75% of net assets, excluding cash, and are qualified as such by the issuer and defined according to certain criteria.

The fund's strategy is to select social bonds (or sustainability bonds) from all bond issues. From these social bonds qualified as such by the issuer, the fund then selects only those that meet the following criteria, as defined by the Social Bond Principles.

- The issuer must produce progress reports (at least annually) to monitor the implementation of these projects; and
- In addition, **more than 50% of the projects financed by sustainable bonds must be social projects.**

After analysing the selected social bond issuers, the investment team excludes those that show weaknesses in their ESG practices. Only issuers with an ESG rating equal to or higher than E will be considered, with a limit of 5% in E-rated issuers whose ESG policy, and in particular their social policy (gender diversity, disability, training, flexibility, etc.), is in the process of being improved, as a prelude to a potential improvement in their overall ESG rating. Investment in E-rated issuers will be accompanied by a commitment policy designed to promote dialogue with the company, enabling it to identify areas for improvement and monitor their progress over time. The remainder of the fund's investments are in debt securities issued by companies, governments, organisations or agencies that demonstrate best social practices or innovative bonds (for example, SDGs or sustainability-linked bonds) issued by companies that demonstrate their commitment to implementing effective ESG policies, particularly with regard to the social (S) pillar (at least 25% of net assets, excluding cash).

The investment team carries out an extra-financial analysis of issuers, assigning them an ESG rating on a scale from A (best rating) to G (worst rating). It then selects issuers with the best social practices, i.e., those with an S rating from A to C (issuers with unfavourable social ratings are excluded from the investment universe, i.e., issuers rated D, E, F and G).

The sustainability-linked bonds selected are in line with the best practice guidelines defined by the Sustainability-linked Bond Principles of the ICMA.

During the analysis, the investment team emphasises its assessment of the social feature of each project's categories, especially those that are not social in nature. In addition, the DNSH principle is integrated within the Amundi GSS+ bond analysis, for instance, any

additional information on the negative impact on environment and biodiversity.

In addition, the team analyses the environmental (e.g., energy consumption or waste management), social (e.g., respect for human rights) and governance (e.g., the fight against corruption) criteria of the companies it invests in. Issuers that show weaknesses in their ESG practices are excluded.

The investment team constantly monitors its investee companies, across all ESG factors, including the monitoring of controversies.

Amundi Green Social and Sustainable Bond strategies

The GSS strategy applied is mainly based on the selection of Eurozone bonds that finance green, social or sustainable projects. The construction is thus made up of green, social and sustainable bonds, qualified as such by the issuers and complying with the applicable ICMA principles (Green Bond Principles and Social Bond Principles). In addition, investments include sustainability-linked bonds or bonds issued by companies, governments, organisations or agencies that demonstrate best environmental, social and/or governance practices.

The DNSH principle is integrated in the Amundi GSS+ bond analysis, for instance, any additional project-related impact on the environment, biodiversity, local communities or social aspects.

From an issuer-level standpoint, Amundi's proprietary ESG rating methodology aims to assign issuers an ESG rating and takes into account specific risks related to the issuer's activities and how it manages these risks. It therefore constantly monitors the investee companies, across all ESG factors, including the monitoring of controversies. Taking into account the issuer's ESG rating, the portfolio management team aims to:

- Verify that the issuer of green emissions has taken ESG issues into account within its framework;
- Assess the link between the projects financed by green emissions and the company's ESG/environmental strategy; and
- Identify, assess and monitor the risks of controversy.

Issuers rated F or G by Amundi's proprietary ESG rating methodology are excluded from the portfolio.

BFT France Obligations Durables ISR strategy

The investment team relies on Amundi Group's responsible investment policy¹⁹ and the ESG expertise provided by the dedicated ESG team. The fund's objective is to invest in sustainable bonds issued by French companies and to participate in the financing of environmental projects (green bonds) and social projects (social bonds). It prioritises issuers with strong ESG profiles, employing an ESG integration approach rooted in Amundi Group's data. This involves favouring top-performing issuers in each sector, based on ESG criteria. The strategy adheres to Amundi's processes for identifying, monitoring and mitigating any adverse impacts arising from investment activities. Furthermore, the DNSH principle is integrated in the Amundi GSS+ bond analysis, for instance, any additional project-related impact on the environment, biodiversity, local communities or social aspects. Finally, the team considers GSS bond, with the exclusion of securities rated E, F, G and, for the "non-sustainable" part, a minimum rating of D on the environmental and social pillars.

A dedicated internal governance committee, the sustainable development committee, convenes every two weeks, comprising the team's executive committee members and overseen by the head of ESG strategy. Additionally, an impact committee was established in December 2023 to drive the impact strategy forward, uniting members of the sustainable development committee and the fund's managers and investment specialists. Controversy monitoring is conducted monthly and on an ad hoc basis by the investment committee and the sustainable development committee. The objectives include identifying emerging controversies, tracking their evolution and implementing appropriate measures based on their severity. Controversy screening integrates data from RepRisk, Sustainalytics and MSCI, and is also monitored by the group's ESG analysts on a quarterly basis. Additionally, external sources such as media reports are utilised to evaluate critical cases.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

The portfolio manager and investment team have several safeguards to avoid potential negative impacts. A first safeguard is investing mainly in companies with the "ESUS" agreement ("Entreprises solidaires d'utilité sociale") that are regulated actors of the social and solidarity economy. A second safeguard is that the portfolio manager sits on the board of each company in the portfolio, which allows them to mitigate and manage potential negative impacts through the company's governance structure. Finally, even if a large part of the fund is dedicated to social impact, the investment team implements the EU taxonomy for sustainable activities guidelines, especially the DNSH criteria, in the ESG and impact analysis for companies coming from sectors listed in the taxonomy.

The portfolio manager and investment team refer to the transparency pillar of the strategy's impact scoring methodology, as well as the PAI disclosed by the most mature companies, to assess and quantify the potential negative impacts.

The portfolio manager can monitor investees' ESG risk and performance continuously throughout the investment period by their position on the board of investee companies, where arising ESG risks can be tackled from within. By sitting on the board, the portfolio manager can also advise the investee to adapt its ESG practices or processes and implement an ESG action plan to support the improvement of the investee's practices. By adapting this analysis to the means and size of the social enterprise, the investment team can advise the company on how to improve the environmental footprint of the company (i.e., social housing built with the highest environmental standards), social (HR and training policies) and governance practices (the presence of independent board members and employee representatives).

Lastly, the impact analysis for each investment is reviewed on an annual basis, which requires investee companies to provide documentation to corroborate their impact objectives and results. This allows the team to enrich the transparency pillar of its impact analysis, and also allows it to better understand investees' progress and encourage them to improve the extra-financial objectives in their overall strategy.

19. The Amundi Group's Responsible Investment policy can be found [here](#).

Amundi Senior Impact Debt strategy

There are two main moments in the credit life cycle where ESG risks are identified, assessed and discussed.

The first is at the pre-investment stage. Here, ESG risks are identified through systematic ESG due diligence conducted by dedicated ESG experts. The ESG analysis is based on a questionnaire sent to the company and on discussions with them, which ensures that extra-financial issues are adequately explored. The ESG experts dedicated to private debt participate in management calls or dedicated calls with the issuer's key CSR person(s) and present the results of the ESG due diligence and the key sustainability challenges to the investment committee. They also obtain an ESG rating, validated through the proprietary ESG ratings methodology developed with Deloitte. The ESG team has a veto right at the investment committee. The investment committee is the governance entity at private debt level to validate investments on the basis of a detailed credit analysis, which must include ESG due diligence and the confirmation that the eligibility criteria of the fund (including ESG and impact criteria) are met.

At the post-investment stage, an ESG questionnaire is sent to a company each year to update the ESG data, enabling the team to update the ESG rating and its analysis. ESG risks are monitored during the credit lifetime through a review, done at least on an annual basis, the conclusion of which is presented to the investment committee with the update on the ESG rating.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The investment teams rely on Amundi Group's responsible investment policy²⁰ and the ESG resources developed by the dedicated ESG team.

Through its investments, the strategy supports national companies that demonstrate best practices in terms of employment (recruitment and HR policies), while ensuring the quality of their ESG profiles and, more generally, controlling negative externalities.

This ESG integration approach is based on Amundi Group's ESG data, and through a best-in-class approach, seeks to favour the leading issuers of their business sector, according to the ESG criteria identified by the group's team of extra-financial analysts.

The strategy applies Amundi's processes for identifying, monitoring and mitigating the principal adverse impacts deriving from its investment activities.

An internal governance committee dedicated to ESG meets every two weeks, the sustainable development committee, comprised of the executive committee members of BFT IM, and managed by the head of ESG strategy. Furthermore, an impact committee was set up in Q4 2023, as part of the deployment of Amundi's impact strategy, and brings together the members of the sustainable development committee and the fund managers concerned. This committee aims to monitor the investments of the portfolio, their ESG and impact indicators and to challenge the methodology approach.

The management of controversies is managed monthly and on an ad hoc basis (with the emergence of controversies, alerts, etc.) within the investment committee and the sustainable development committee, with the following objectives: to identify rising controversies, to follow the evolution of controversies identified and to take appropriate measures depending on the degree of severity. The screening of controversies combines signals from RepRisk, Sustainalytics and MSCI, and is monitored by the group's ESG analysts to identify the major controversies among a large universe of issuers. This screening is carried out quarterly on a systematic basis.

Other sources (media, reports) are also used to assess critical cases.

On top of the engagement campaign on employment led by BFT IM and Humpact, most of the invested companies are also engaged at the Amundi Group level on ESG issues such as climate change, biodiversity and gender diversity.

20. The Amundi Group's Responsible Investment policy can be found [here](#).

KBI Natural Resources Equity strategies

ESG factors are incorporated directly into the strategy's investment process so that even within the universe of its natural resources stocks, companies with negative impacts and/or poor ESG credentials are less likely to be included in the portfolio, or will have a lower weight, than those which do not, while companies with very poor ESG characteristics/scoring will not be included in the portfolio.

The ESG performance of each company is considered in detail and an ESG score is calculated for each company and used in the proprietary company valuation model used by KBI (which is not the same as that used by Amundi).

In doing so, the following are considered:

- Governance - the quality of the board is assessed (its structure and long-term thinking) and whether it is acting in the best interests of all shareholders, as evidenced by management decisions and responsiveness to shareholders; and
- Environmental and social - the extent to which the company's products and services are providing solutions to theme-relevant environmental or societal problems, and the impact of its products. The degree to which the company is committed to good ESG principles and performance in its operations (not least as this is very relevant to a company's social licence to operate) is also examined.

In addition, the alignment of a company's strategy with the SDGs is calculated. This is a very detailed process that the team carries out annually, and that measures both positive and negative alignment with each of the 17 SDGs.

There is regular direct and collaborative engagement with investee companies. KBI is a regular participant in collaborative engagements, with the level of involvement up to and including lead investor role. The firm is a member of a number of networks for this purpose.

Direct (bilateral) engagement commences with an approach to the company, outlining any concerns. The company is asked to respond and its response is considered. The engagement is then closed if a satisfactory response has been obtained or pursued further, as appropriate. The process continues until closed. Engagement can finish either because the team has obtained a satisfactory result or because it feels a satisfactory outcome is unlikely, in which case it will consider divestment, if it judges it to be in the best interests of its clients.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes. (Source: OPIM)

- **One year after issuance** – assess the availability of the allocation and the impact report of the green bond. If the GSS bond analyst is unable to find it, or there are discrepancies in the impact data, the GSS bond analyst will engage with the issuer;
- **On a regular basis** – review the issuer’s environmental and/or social strategy to ensure that the overall ESG performance of the issuer is improving and is not lagging. If it is lagging, the analysis is updated accordingly to reflect those changes. The GSS bond analyst team notably uses Amundi’s internal laggard list, which is updated **once a year** by the entire ESG Research team.
- **On a daily basis** – screen for existing or potential controversies that the issuer faces through different channels (external data providers, press, emails). The GSS bond analyst also uses Amundi’s controversy screening tool.

Following the assessment, all related data is gathered into Amundi’s internal GSS+ bond database, which allows Amundi to monitor the investable GSS+ bond universe. Impact data is collected from Amundi’s dedicated green, social and sustainability (GSS) bond analysts from public sources (i.e., websites of issuers, impact reports, external providers), which then serves as an input for Amundi’s internal database. All bonds are reviewed once a year to reflect changes in the data.

This internal database allows the team to feed issuer and issuance-level data at the fund level, which allows for a better understating of the allocation and impact of the fund. As a result, these items serve as a basis to engage with relevant GSS+ bond issuers. Engagement is a key component of the GSS+ bond assessment. The team engages with issuers on missing reports, discrepancies in impact data or on thematic issues.

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

Both the **Amundi Planet Emerging Green One** and the **Amundi Emerging Markets Green Bonds** strategies invest in emerging markets hard currency green bonds that are aligned with the ICMA’s Green Bond Principles. As part of the thorough green bond analysis that the investment process entails, as described earlier in the document, once the investment team has invested in a green bond, the GSS bond analyst team will regularly review the bond as follows:

The impact measurement frequency depends on the data available at issuer level. Each issuer will report on an annual basis on the projects financed (avoided emissions as a mandatory KPI, with additional non-mandatory KPIs). Once each issuer has reported the impact of their green bonds, the portfolio manager then aggregates the KPIs at fund level per €1 million invested to communicate to clients. For both strategies, the investment team does not have a specific target in terms of CO₂ emissions avoided, but rather a broad target focused on emission reduction.

Amundi Green Credit Continuum strategy

Once the strategy is invested in a green instrument, the investment team, in conjunction with the Amundi GSS+ bond analyst team, carries out ongoing engagement with issuers and regularly monitors the following elements, shared monthly during the ESG rating committee:

- Allocation and impact reports for green transactions;
- Controversies related to the issuer; and
- The issuer's environmental strategy.

The annual impact report for the strategy communicates the environmental impact of the portfolio based on the aggregate KPI selected, tCO₂e avoided, the portfolio's ESG footprint and the climate-related footprint of the portfolio²¹.

Throughout the year, the team engages with a select number of issuers to understand: ① the selection of impact indicators aligned with market practices, such as the Harmonised Framework for Impact Reporting; and ② the level of comprehension they have on the adoption of the life-cycle assessment (LCA). The team supports the adoption of the Harmonised Framework for Impact Reporting, which provides guidelines to issuers on how to estimate the environmental benefits of various projects. In addition, the LCA has emerged as a critical way to understand the complexity, interdependencies and impacts of business operations. Overall, Amundi believes that issuers have taken steps to align with the Harmonised Framework for Impact Reporting.

Amundi Green Bond strategies

Once the strategy is invested in a green bond, the investment team, in conjunction with the Amundi GSS+ bond analyst team, carries out ongoing engagement with green bond issuers and regularly monitors the following elements: comparison of the expected project allocation and impact reports; controversies related to the issuer; and the issuer's environmental strategy. The annual impact report for the strategy details the environmental impact (tCO₂e avoided per €1 million invested), its contribution to the SDGs and its ESG footprint, as well as its climate-related footprint.

The team sets an impact target each year, taking into account the diversification of the supply and the quality of data from issuers on their targets to achieve carbon neutrality.

Throughout the year, the team engages with a select number of issuers to understand: ① the selection of impact indicators aligned with market practices such as the Harmonised Framework for Impact Reporting; and ② the level of comprehension they have on the adoption of the LCA. We support the adoption of the Harmonised Framework for Impact Reporting, which provides guidelines to issuers on how to estimate the environmental benefits of various projects. In addition, the LCA has emerged as a critical way to understand the complexity, interdependencies and impacts of business operations. Overall, Amundi believes that issuers have taken steps to align with the Harmonised Framework for Impact Reporting. On geographical differences, issuers in developed markets have shown greater adoption of the framework, as well as provided a wider scope and availability of data, compared with issuers in emerging markets.

Amundi Social Bond strategy

The investment team favours social bonds with high levels of transparency on impact measurement and considers the number of beneficiaries per €1 million invested in impact reporting across all social project categories. All projects financed by the fund are aligned with the SDGs. Among the eligible social project categories – fully in line with the Social Bond

21. This can be consulted [here](#).

Principles and the SDGs – the investment team does not prioritise one social project category over another, but seeks to address global social issues and their related social impact.

Once the strategy invests in a social bond, the investment team, in conjunction with the Amundi GSS+ bond analyst team, carries out ongoing engagement with social bond issuers and regularly monitors the following elements: comparison of the expected project allocation and impact reports; any controversies related to the issuer; and the issuer's sustainability strategy. Amundi sees social bonds as an opportunity to engage, not only on the transparency of the assets financed by the proceeds, but also on the alignment of the issuer's wider strategy with the sustainable goals pursued by their sustainable financing framework.

To assess the entire portfolio's impact, the investment team goes through several steps to collect the project's impact data and assess the portfolio's aggregate impact via a single indicator, the number of beneficiaries by €1 million invested. This process is done on an annual basis, and entails reviewing the projects' allocation, the SDG contribution or the targeted population allocation, which is already monitored on a monthly basis²².

Amundi Green Social and Sustainable Bond strategies

Once the strategy is invested in GSS bonds, the investment team, in conjunction with the Amundi GSS+ bond analyst team, carries out ongoing engagement with GSS bond issuers and regularly monitors the following elements: comparison of the expected project allocation and impact reports; any controversies related to the issuer; and the issuer's environmental strategy.

Moreover, to achieve its objectives, the investment team leverages internal ESG tools, which allow it to access ESG ratings, climate data and ESG research (sector reviews, single-name ESG analysis, engagement reports, controversies, etc.). All ESG data, either external or internally processed, are centralised by the ESG analysis team, which is responsible for controlling the quality of the inputs and processed outputs.

To assess the entire portfolio's impact, the investment team goes through several steps to collect the project impact data and assess the portfolio's aggregate impact via a key indicator: tCO₂e avoided per €1 million invested. The result will be published in an annual impact report with details on environmental impact, contribution to the SDGs and ESG footprint.

The team also produces a monthly impact report with the following indicators:

- On environment, a breakdown of avoided emissions per bond, broken down by project category, geographical breakdown and ESG rating;
- On social, an allocation of social bonds by project category and target population; and
- Overall, the portfolio's sustainability goals (top five SDGs).

BFT France Obligations Durables ISR strategy

The investment team for this strategy conducts thorough analyses of every company considered for investment. Amundi's ESG team updates the ESG ratings monthly, which are then integrated into the portfolio management system. The management team closely monitors the performance of each investment and the overall portfolio on a monthly basis. Should a company's ESG rating decline below its predefined threshold, the management team is required to divest the holdings to maintain alignment with its investment process KPIs, one of which is to exclude the bottom 20% of ESG-rated issuers.

Furthermore, to enhance the impact of sustainable funds, Amundi's ESG analysts actively engage with invested companies, seeking greater transparency and information disclosure.

An annual impact report is set to be published, reflecting specific metrics linked to the environmental and social thematic, such as tCO₂ avoided, number of beneficiaries of social projects (depending on the project: healthcare, housing, telecommunications) and other specific indicators for SLBs that are updated through the course of the investment lifetime.

22. For further details on the estimated impact calculation methodology for this strategy and the results, please refer to the annual impact report for the strategy [here](#).

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

To carry out the fund's impact measurement, as well as be involved in supporting the companies financed, the fund asks each investee to provide an annual report on the impact KPIs being monitored. This annual assessment enables the investment team to monitor the strategy's investments and analyse the company's development, both financial and in terms of its social and environmental impact. Two other actions that allow the investment team to monitor the company's progress in achieving their impact objectives are the following:

- The investment team has a seat on each's company's board, which allows it to monitor closely and year-round their achieved impact; and
- The investment team holds regular meetings with the companies to enhance the impact possibilities.

To ensure that the impact data collection is carried out in a timely fashion, the investment team has established a data collection tool²³ to automate this process. It also produces an annual impact report²⁴.

Amundi Senior Impact Debt strategy

Data collection is a key aspect of this strategy, with a detailed questionnaire sent every year to issuers to gather the extra-financial information that forms the basis of the ESG and impact reporting. The strategy supports issuers to fill in the questionnaire with the help of a third party's platform (Ethifinance) and the team actively participates in marketplace working groups (France Invest, the EuroPP group) to harmonise questionnaires. Furthermore, the information undertakings in legal documentation are used as tools to help maximise data collection and quality. Currently, the questionnaire complies with the recommendations provided by France Invest and includes nearly 120 extra-financial indicators. The data retrieved from these questionnaires allows the team to ensure precise monitoring of investments, obtain an ESG score through the AARA (Amundi Alternative and Real Assets) ESG scoring tool and to report to clients on the extra-financial performance of

investments made by this strategy on an annual basis. In addition, this data collection also enables the team to engage with the management of the financed companies to support them in improving their sustainability indicators.

Discussions with the right team/person at the company level may be initiated in the case of any underperformance, with corrective actions requested. In the case an issuer underperforms on its sustainability indicators, there is no exit procedure for private debt. Unlike traditional asset classes, private debt investments are illiquid and therefore very difficult to sell or hold to maturity. However, the investment committee can take a number of remedial measures in the event of an investment divergence, whether in terms of credit or ESG. These remedial measures include a dialogue with the borrower, a request for additional counterparties and closer monitoring. If these measures do not work, the committee may decide to sell the investment, taking into account the best interests of the client.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The investment team deeply analyses each company it considers investing in, using employment data updated on a monthly basis by an external data provider. The ESG ratings and carbon footprints are also updated on a monthly basis by Amundi's ESG team. These data are loaded into the portfolio management system and the management team monitors the evolution of each investment and the portfolio on a monthly basis. If a company's employment score or ESG score deteriorates below its selectivity threshold, the management team has to sell the stock in order to stay aligned with the KPIs of the investment process (i.e., exclusion of the 20% worst-rated issuers in terms of their employment/ESG scores and F&G scores).

The management team also takes into account two other KPIs that can lead to over or underweight companies in the portfolio: the ESG score of the strategy must stay higher than the ESG score of the investment universe; and the carbon footprint of the strategy must stay lower than the carbon footprint of the investment universe.

23. [SIRSA/Reporting21](#).

24. The annual impact report for Amundi Finance and Solidarity can be accessed [here](#).

To optimise its impact, the team also engages with the companies invested in, largely to obtain greater transparency of information from these companies.

An annual impact report is published, reflecting specific metrics linked to the employment theme, such as: ❶ the overall employment score of the strategy and of the investment universe; ❷ the average scores of the nine employment components (job creation, impact on three employment axis – young, senior and disabled people – and five HR and societal criteria); ❸ ESG scores; ❹ carbon footprints; ❺ engagement process and outcomes; and ❻ financial support to associations.

KBI Natural Resources Equity strategies

Every year, a detailed analysis of the impact of the portfolio (using SDG alignment as a proxy) is conducted for each KBI Natural Resources equity strategy. The RASS measures the alignment of the portfolio (and of each holding) with the achievement of the SDGs. The portfolio managers examine the revenue of portfolio companies and determine whether those revenues come from business activities that are contributing positively or negatively to the achievement of each of the SDGs. The results are collated across the full portfolio and on the percentage (positive and negative) aligned to each SDG.

The firm measures and reports on the alignment of portfolio revenues with each of the 17 SDGs, and reports on both positive and negative alignment, as well as the balance (i.e., the “net” alignment). This exercise is run on an annual basis using end of December holdings.

The company-level data needed for the analysis is a split of the company’s revenue, by business activity. In the case of an electric utility, for example, the team would need to know how much of its revenue (sales) came from renewables, how much from natural gas, how much from coal, and/or how much from other sources and activities, including (if applicable) revenues from non-core activities.

In most cases, this data is available from a company’s annual accounts and financial statements, or from other investor relations material such as capital markets day presentations, or indeed press releases. But sometimes this data is not sufficiently granular, and so a variety of methods to establish the specific contributions of different activities are used. Below are some examples.

Where there have been mergers and acquisitions activity leading to a ‘new’ business activity within a company, the team may look not only at what information is provided by the acquiring company, but also at what data was previously reported by the previous owner for that business unit or activity.

The investee company may be contacted directly and asked for a more detailed breakdown of revenue than it usually provides (assuming that this is not price-sensitive data). If the company cannot provide the precise data, it may be asked for a range or broad guideline.

Where revenue data is not available or not relevant for that company (which is rare), an estimate may be made of the split of revenue based on some other financial data that is available, for example, the percentage of book value.

Where the results of this exercise indicate that the investee company is no longer expected to achieve its intended impacts, the portfolio managers and the firm’s responsible investing team will investigate further, leading to direct engagement with the company and/or divestment from the company, depending on the circumstances.

Principle 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact. (Source: OPIM)

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

The **Amundi Planet Emerging Green One strategy** has a seven-year transition period (up to 2025) to a 100% green bond portfolio, and is also aiming to guide the green bond market in developing countries towards being aligned with international best practices. The strategy was initially invested in sovereign, quasi-sovereign and other bonds issued by financial institutions, as emerging market green bond issuances were limited at launch. Since then, the strategy has started transitioning into a green bond portfolio and will continue to do over the course of the investment period as the market for green bonds in emerging markets develops. Throughout that period, the strategy will uphold best market standards and practices, in line with the Green Bond Principles in emerging markets. Green bonds are held to maturity and an exit would be considered only in case of a negative assessment of credit risk at issuer level or a breach of the strategy's ESG charter.

The **Amundi Emerging Markets Green Bond strategy** invests only in green and sustainability bonds. While an ESG controversy or impact results not being aligned with expectations may trigger the sale of a bond, the team does

not have a sell discipline per se, insofar as no single position in itself has any meaning outside the overall risk/return context. In this respect, forecasts are based on qualitative and ESG views and not on target prices. A view is fed by a set of factors and established at a given horizon. It is translated into a position that takes into account risk allocation constraints. Should one factor change or its maturity expire, the position is immediately reviewed, i.e., closed or adjusted. In other words, positions are reviewed on an ongoing basis, and adjustments are made to consider new risk allocations, ESG or market changes, while maintaining the portfolio's overall risk consistency.

Amundi Green Credit Continuum strategy

Advocating engagement and dialogue with issuers is a key pillar of this strategy's investment philosophy. Amundi seeks to implement an engagement policy that influences via active dialogue with companies on specific themes. This engagement is intended to help issuers foster better ESG practices on green bond reporting and transition to a lower-carbon economy through green projects that do not cause harm.

Monitoring of controversies is conducted at two levels:

- Issuer level - a controversy screening will be continuously carried out, triggering due diligence if a controversy is found. In this case, if the due diligence does not yield satisfactory results, the fund will divest.
- Project level - if Amundi is informed of a controversy on a project, enhanced due diligence will be triggered. In this case, if the enhanced due diligence does not yield satisfactory results, the fund will divest.

If an issuer does not publish an impact report (or does not provide a rationale for the delayed publication), or if a controversy arises and after engaging with the issuer, corrective measures to remediate the controversy are not put in place, the decision to hold or sell the position will depend on the corrective action taken. In the most severe cases, the investment team can take the decision to sell the position.

For each investment, an annual review will be carried out to ensure that the ESG ex-ante eligibility criteria are still fully met by the issuer (e.g., robust ESG risk management systems), the security (such as the production of an impact report) and the underlying projects financed. Should this review yield unsatisfactory results for any given investment, the fund would divest.

Amundi Green Bond strategies

These strategies invest in green bonds that are issued in the public fixed income market and are accessible to all market participants. Thus, the additionality is lower compared to a private market.

Advocating engagement and dialogue with issuers is a key pillar of the strategy's investment philosophy. Amundi seeks to implement an engagement policy that influences via active dialogue with companies on specific themes. Engagement is intended to help issuers foster better ESG practices on green bond reporting and transition to a lower-carbon economy through green projects that do not cause harm. If an issuer does not publish an impact report (or does not provide a rationale for the delayed publication) or if a controversy arises and after engaging with the issuer, corrective measures to remediate the controversy are not put in place, the decision to hold or sell the position will depend on the corrective action taken. In the most severe cases, the investment team can take the decision to sell the position.

Amundi Social Bond strategy

The team considers only social bonds and engages with issuers, not only on the transparency of the assets financed by the proceeds, but also on the alignment of the wider issuer strategy with the sustainable goals pursued by their financing framework. The goal of engagement is to have a better view of the intention of the issuer in terms of ESG strategy, and its willingness to improve its reporting

practices. The investment team also explains to issuers what is expected from their allocation and impact report and why. Indeed, if the investment team asks for detailed and verified information, this is to ensure the team has reliable information on the impact of the bonds invested in.

Thanks to this process, the investment team can clearly communicate to its investors the impact of the strategy. As it invests in social financing, the outcome should be clear and measurable to avoid any risk of social washing. Projects are social in essence (school, hospitals) and if not, the targeted population must be clearly defined. Impact data calculations on those projects have to be detailed and ideally verified by a third party. The purpose of the investment team's engagement with an issuer is thus to support confidence through full disclosure. If a specific issuer does not publish an impact report (or does not provide a rationale for the delayed publication) or if a controversy arises and after engaging with the issuer, corrective measures to remediate the controversy are not put in place, the decision to hold or sell the position will depend on the corrective action taken. In the most severe cases, the investment team can take the decision to sell the position.

Amundi Green Social and Sustainable Bond strategies

These strategy's core allocation are to GSS bonds. They therefore need to comply with the strategy's engagement policy, which targets transparency on the assets financed by the proceeds and the alignment of the wider issuer strategy with the sustainable goals pursued by their GSS financing framework.

GSS bond analysts engage regularly with issuers. There are two main objectives for engaging:

- 1. To clarify discrepancies or missing impact data at the bond level** – identifying why the allocation and/or impact report is missing, understanding the calculation methodology of problematic data, promoting the ICMA's Harmonised Framework for Impact Reporting, promoting LCA considerations or alignment with the EU taxonomy; and
- 2. To encourage issuers to integrate better ESG practices** – encouraging issuers to set targets for their ESG strategies that allow them to contextualise their GSS bond frameworks, improve their ESG policies or develop remediation plans to address controversies.

It is important to note that unsuccessful dialogues with an issuer or a severe controversy may lead to divestment from the issuer/issuance.

The sale or reduction of GSS bonds in the portfolio may derive from valuation considerations, or a deterioration in a credit rating, ESG rating, sustainable investment criteria or green quality. To assess these:

- Securities are monitored by Amundi market tools and valued daily, with the help of data collected by the trading desk;
- Credit rating downgrades are monitored on a daily basis in the portfolio. They do not result in a systematic sale if the final rating remains in the authorised universe and if the credit risk remains in line with the valuation of securities and the forecast on them. In the event of a deteriorate of securities outside the limits of the fund, the investment team will sell, taking into account market conditions;
- ESG rating downgrades that take these outside the fund's limits will trigger a sale, taking into account market conditions, usually within one month;
- High importance is placed on transparency concerning the use of proceeds and the selection process of the projects to be financed. Importance is also attached to comprehensive and regular reporting on the financed projects. If the green bond analyst team places a green bond on the red list, the investment team will exit when feasible given market conditions; and
- Sustainable investment deterioration is important because the strategy is aligned with article 8 of the Sustainable Finance Disclosure Regulation requirements and aims to maintain a minimum of 50% in sustainable investments. In the event of deterioration, the investment team will sell, taking into account market conditions.

The investment team also explains to issuers what is expected from their allocation and impact reports and why. Indeed, if the investment team asks for detailed and verified information, this is to ensure the team has reliable information on the impact of the bonds invested in.

BFT France Obligations Durables ISR strategy

The strategy operates with a three-year investment horizon. Embracing an additionality approach, it aims to provide long-term support to companies, provided their impact, ESG and carbon profiles align with the strategy. The decision-making process for entering and exiting investments hinges on the companies' alignment with the strategy.

Exiting an investment is determined by the investment team, prioritising the best interests of stakeholders. Should a deterioration in an issuer's ESG rating necessitate divestment (a G-rating on Amundi's ESG scale), the team acts swiftly. When the ESG rating of an issuer invested in the fund is downgraded to a non-investment grade rating E and/or F, the investment team has a maximum of three months to sell its investment. Additionally, positions may be sold for other reasons, such as a bleak financial outlook.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

This strategy aims to support companies over the long term and to preserve impact in case of an exit. The exit policy is stated in the shareholder and loan agreement and is linked to the impact objectives. These policies, included in the legal documentation of the investment, list:

- The potential and agreed exit date (maturity for debt investment, exit appraisal period for equity investment); and
- Events that may trigger an earlier exit may also be included (changes of the strategy of the investee, which may diverge from the impact mission pre-agreed at investment).

A decision to exit is discussed and decided with the key managers of the company and if possible, the largest number of stakeholders, before being submitted to the impact committee for final approval. The investment team takes into consideration the impact of the exit decision for all stakeholders involved, the sustainability of the investee's business model post exit is analysed and the proper date of exit is agreed with the investee's management, in order to take into account any possible negative situation.

Amundi Senior Impact Debt strategy

The strategy is buy-and-hold on illiquid debt and the investments made are for a pre-defined period (generally seven years maturity). Engaging with companies to improve on their key ESG challenges and gain maturity on ESG topics is at the core of the strategy. The proximity and regular discussions with the management and CSR teams at company level allow the team to provide advice on corrective measures in case of a deterioration of the extra-financial performance or sustainability indicators. Financial covenants and undertakings may also be breached, triggering an event of default if not waived by the lenders through the decision of the investment committee: if extra-financial performance is (in whole or in part) responsible for the breach in undertakings, corrective measures can be imposed to the issuer in exchange for a waiver on the default.

In the event that the financial and/or extra-financial conditions deteriorate further during the course of the investment, the private debt investment committee studies the impact that an early exit could have on the company. A divestment could have consequences on the impact sought by the strategy as a whole and this is considered in the decision.

The exit procedure is described in the sustainable investment procedure of the private debt team.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The strategy has an investment horizon of five years. As part of its additionality approach, the strategy aims to provide long-term support to companies, as long as their employment/ESG/carbon profile is aligned with the strategy. The decision-making process, in terms of purchase and exit items from the impact strategy, depends on the evolution of the companies' scores with regards to this strategy.

Exiting an investment is determined by the investment team, which prioritises the best interests of stakeholders. Should a deterioration in an issuer's ESG rating necessitate divestment (a G-rating on Amundi's ESG scale), action is taken swiftly. When the ESG rating of an issuer invested in the fund is downgraded to

a non-investment grade rating E and/or F, the investment team has a maximum of three months to sell its investment. Any downgrade in the Humpact rating of a stock that impacts the employment part of the fund also means it should be sold. Additionally, positions may be sold for other reasons, such as a bleak financial outlook.

KBI Natural Resources Equity strategies

Portfolio managers incorporate ESG and impact factors directly into the investment process so that even within the universe of natural resource stocks, companies with good ESG and impact credentials are more likely to be included in the portfolio, while companies with very poor ESG characteristics/scoring will not be included in the portfolio.

Using KBI's proprietary valuation tool, an environment and social score is calculated, along with a governance score and a Revenue Aligned SDG Score (RASS) for each company invested in. The impact of the strategies is measured via RASS, which calculates the alignment of investee companies' revenues with the achievement of the SDGs.

The strategies may exit investee companies when the investment does not achieve the impact intended, and generally this is the result of a material change to the team's view of the ESG and/or impact credentials of a company. Sometimes disinvestments are also made for non-impact reasons. The team is able to ensure that the impact of the portfolio as a whole is sustained after exits from a particular investment by monitoring the RASS score at portfolio level and ensuring it is at a high level.

Exits (and all portfolio changes) are subject to continuous review and challenge and are formally discussed at regular scheduled meetings of the full natural resources investment team (the meetings include the chief investment officer and the head of responsible investing). Portfolio managers and the responsible investing team can challenge, discuss and debate with each other the merits of stock decisions and related ESG or impact issues, on a formal or informal basis. There is a written record of the ESG/impact assessment on file, and all exit decisions and the reasons for these are circulated widely across the firm, including to the compliance team.

Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes. (Source: OPIM)

1. Green, Social and Sustainable Bond Impact strategies

Amundi Emerging Markets Green Bond strategies

The impact performance of each investment of both strategies is updated and analysed annually to monitor and improve decision-making. The ESG research team engages with issuers that do not report accurately or consistently on their green bond impact data. Therefore, investment decisions and processes evolve as issuers progress with their engagements.

Additionally, a quarterly emerging markets green bond committee has been set up between the investment and ESG Research teams to provide progress on the growing investment universe, discuss updates on green bond issuers and engagements and discuss controversies, if any. This committee aims to foster an open dialogue, to identify areas for improvements in decisions and processes and to address different expectations on analysis and decisions.

Furthermore, for the **Amundi Planet Emerging Green One strategy**, a scientific committee has been formed to advise the portfolio manager on translating the programme's objectives into investment objectives, identifying new areas of development for climate development objectives, and to discuss other IFC development goals pursued by the strategy. The scientific committee is composed of experts in sustainable finance (including the fields of climate and development finance) and the energy transition and people with knowledge and experience in product development. The scientific committee provides guidance but does not have any control over the strategy's management or affairs, and its decisions are advisory only. Neither the board, the portfolio manager or any of their affiliates will be required or otherwise bound to act in accordance with any decision, action or comment of the scientific committee or any of its members.

Amundi Green Credit Continuum strategy

The impact performance of each investment is updated and analysed by the GSS+ bond analyst team to monitor the underlying green projects. All analyses performed by the Amundi ESG or GSS+ bond analysts and data from external providers are computed and available in Amundi's portfolio management system, ALTO²⁵. This tool provides all financial and extra-financial metrics in real time for each position and for each issuer. Each year the investment team can report, follow, review and document the contribution of the strategy to the energy transition's trajectory and observe the improvement regarding impact achievement, thanks to the information within ALTO.

25. Amundi Leading Technologies and Operations.

An impact report is published on an annual basis for the fund, with the content divided between reporting on the impact of GRECO's investments and developments in the green bond market, mainly the target segments (high yield, securitization debt and private debt). It covers the environmental, social and governance profile of issuers in the fund's portfolio, along with a deep dive into the fund's green bond holdings and their respective environmental and ESG performances, as well as the GHG emissions avoided.

Amundi Green Bond strategies

The impact performance of each investment is updated and analysed by the GSS+ bond analyst team to monitor the underlying green projects. All analyses performed by the Amundi ESG or GSS+ bond analysts and data from external providers are computed and available in Amundi's portfolio management system, ALTO. This tool provides all financial and extra-financial metrics in real time for each position and for each issuer. Each year the investment team can report, follow, review and document the contribution of the strategy to the energy transition's trajectory and observe the improvement regarding impact achievement, thanks to the information within ALTO.

An impact report for the strategy is published on an annual basis, with the content divided between reporting on the impact of the strategy's investments and developments in the green bond market. It covers the environmental, social and governance profile of issuers in the portfolio, along with a deep dive into the strategy's green bond holdings and their respective environmental performance and GHG emissions avoided.

Amundi Social Bond strategy

The impact performance of each investment is updated and analysed by the GSS+ bond analyst team to monitor the underlying social projects. All analyses performed by the Amundi ESG or GSS+ bond analysts and data from external providers are computed and available in Amundi's portfolio management system, ALTO. Each year the investment team can report, follow, review and document the contribution of each investment to the objective of the strategy, thanks to the information within ALTO.

An impact report for the strategy is published on an annual basis, with the content divided between reporting on the impact of the strategy's investments, the main findings and recommendations of social bonds' impact reports and developments in the social bond market. It covers the environmental, social and governance profile of issuers in the portfolio, along with a deep dive into the strategy's social bond holdings.

Amundi Green Social and Sustainable Bond strategies

The impact performance of each investment is updated and analysed by the GSS+ bond analyst team to monitor the underlying GSS projects. All analyses performed by the Amundi ESG or GSS+ bond analysts and data from external providers are computed and available in Amundi's portfolio management system, ALTO. Each year the investment team can report, follow, review and document the contribution of each investment to the objective of the strategy, thanks to the information within ALTO.

For the recently launched strategies that have yet to formally publish an impact report. These will be released on an annual basis in future. They will cover the environmental, social and governance profile of issuers in the portfolio, along with a deep dive into the strategy's GSS bonds holdings.

BFT France Obligations Durables ISR strategy

Updates and reviews of the impact performance for green and social bonds are conducted on a monthly basis. The overall impact of the portfolio will be presented in the annual impact report specific to this strategy, with the initial report scheduled for release in the fourth quarter of this year. In its ongoing efforts to enhance the investment process, the team diligently identifies and monitors controversies.

2. Real Assets Impact strategies

Amundi Finance & Solidarité strategy

The impact performance of each investment is updated and analysed on an annual basis to monitor and improve the investment team's decisions in regards to the strategy's objective. The impact analysis covers the following:

- The methodology is based on a sector-based approach to identify companies that have the best practices regarding impact; and
- The impact objectives are challenged every year with management and an action plan is built in cooperation with management to improve the impact potential.

For each thematic investment, the investment team identifies the global targets that need to be reached to meet one or more of the SDGs' objectives. Each year the investment team reports, follows, reviews and documents the contribution of the strategy to this objective and observes the improvement regarding impact achievement.

Amundi Senior Impact Debt strategy

Each year from 2023 onwards, an impact and ESG report is published annually on the achievements of each issuer compared to set objectives. A presentation is made to the issuers at the annual event, gathering companies in private equity and private debt together to discuss the sharing of good practices. This enables the team to get feedback from issuers, in addition to their regular exchanges throughout the data collection process on challenges experienced and opportunities for improvement. The information gathered through events and general discussions with management is essential to help companies (as a reminder, mostly small and medium-sized enterprises) to transition to more sustainable business models. It should be noted that a key part of the discussion targets the ability to get quality and comparable information, which is still difficult. An impact committee is also organised once a year with investors in the fund to decide on a potential contribution impact, a 10bps discount on the interest rate of the debt of issuers achieving their sustainability indicators, but not benefiting from an ESG ratchet through sustainability-linked financings.

3. Equity Impact strategies

BFT France Emploi ISR strategy

The investment team updates and reviews the impact performance of each investment on a monthly basis. The employment scores are updated on a yearly basis and their evolution can lead to management decisions such as sale, purchase or under or overweighting.

The portfolio's overall impact on job creation is measured by an indicator provided in the annual impact report for this strategy. The 2023 impact report (the second edition of this annual report) describes the outcome of the companies invested in the portfolio at the end of June 2023.

In relation to the improvement of the investment process, the Humpact rating methodology continuously evolves, notably to reflect the improving data transparency. Since 1 January 2024, the new European directive, the Corporate Sustainability Reporting Directive, has come into force, introducing new European sustainability reporting standards. The companies concerned are now encouraged to align their extra-financial publications with these new information requirements. In view of the evolution of European regulations, the employment rating methodology will thus strengthen its social rating by redefining the axes of the employment pillar and integrating new qualitative social criteria to be assessed.

The second pillar, which assesses the quality of HR policies within companies, will be extended to social dialogue and diversity and will include a new criterion relating to the human rights of workers. And a new criterion will focus on two societal axes: the local community and the value chain.

KBI Natural Resources Equity strategies

The impact of each investment (measured by SDG alignment) in the KBI Natural Resources equity strategies is updated at least annually, based on a granular analysis of the revenues of each investee company, designating the revenues from each business activity as being positively, neutrally or negatively aligned with the achievement of one of the SDGs. This analysis is documented and stored on a database, and is used to calculate and report on the impact alignment of the portfolio as a whole.

The results of this impact measurement (conducted annually or when a new investment is added to the portfolio) are used within the investment process, so that the impact measurement for each investment helps to determine the size of the investment within each strategy, and/or influence any divestment decision.

In addition, the results are used to identify areas of impact where further work by the investment team is required, for example, to engage with an investee company to request it to change its behaviour with regard to a particular negative impact, or to obtain more detailed information on an issue of concern.

Principle 9

Publically disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns. (Source: OPIM)

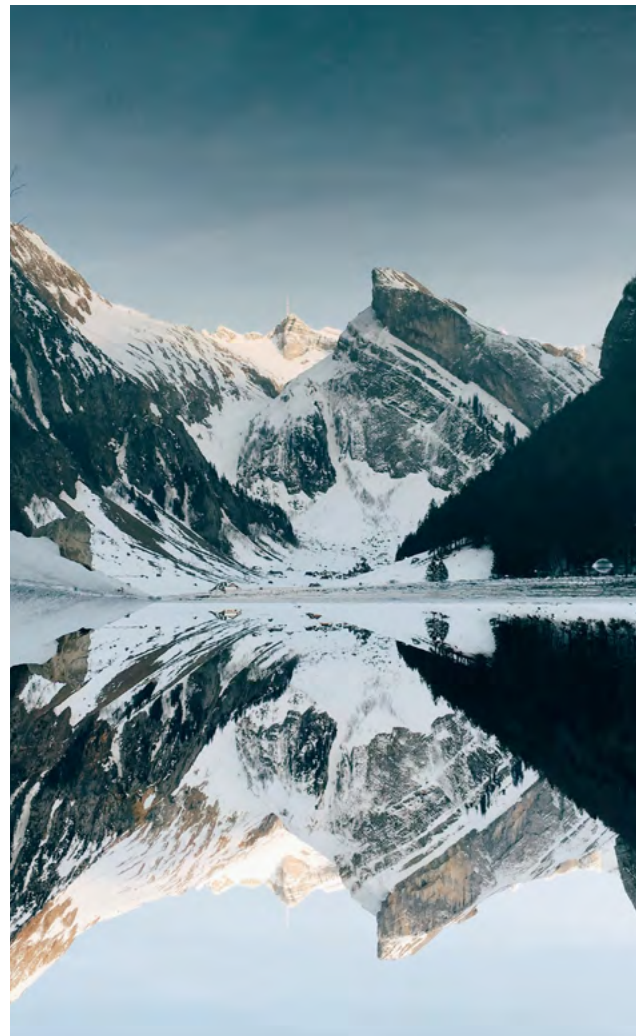
The independent verifier complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (please refer to the verifier's independent assurance report).

Amundi will be completing external verification of its disclosure statement on a regular basis with the ambition to undertake this verification every three years and publish the conclusion of the verifier's assessment. We aim to undertake the next independent verification in 2026.

Amundi has been disclosing a yearly statement in alignment with the Impact Principles since 2022. This report is the third of its kind and Amundi commits to annually disclosing alignment with the Impact Principles going forward.

The last independent verification was held in 2023 for the year 2022 for seven of the strategies presented this year (the conclusions were published in Amundi 2023 Impact Principles' report).

The independent verifier for the last verification was EY & Associés, their registered address is 1-2, place des Saisons - 92400 Courbevoie - Paris-La Défense 1. The independent verifier **1** planned and performed their engagement to obtain limited assurance about whether the Policies are aligned with the Impact Principles; **2** formed an independent conclusion based on the procedures they performed and the evidence they obtained; and **3** reported their conclusions to Amundi.



Appendix

Amundi Green Social and Sustainability (GSS) Bond Framework.

Amundi has developed a proprietary Green, Social and Sustainability (GSS) Bond Framework to ensure that instruments are adequately assessed according to the quality and the impact of the underlying projects financed by the bonds.

This framework is based on a comprehensive 4-steps approach that combines analysis of the issuer and the issuance together with monitoring and engagement, with the aim of providing holistic and continuous analysis:

- **Initial screening:** An initial screening is conducted based on normative and sectoral exclusions, activity exposure and alignment with industry standards.
- **Detailed analysis:** Detailed analysis across four dimensions, including the project's expected impact, the issuer's overall ESG strategy, the funding rationale, and transparency.
- **Ongoing monitoring:** this monitoring is a core component of our GSS bond framework, as it allows to obtain details on the types of projects funded by issuers and to assess their impact on the environment and/or on society.
- **Engagement:** Accompanying companies to promote better ESG practices in GSS bond framework and reporting, and improve transparency.

1. Initial screening

The GSS bond framework leverages on Amundi's proprietary ESG scoring system. It is based on a seven letter scale, ranging from A to G, where A is the best and G the worst rating. Any issuer with a G-rating is excluded from all of Amundi's actively managed portfolios, as they do not comply with Amundi's Global Responsible Investment policy²⁶.

Before starting a full assessment, the GSS bond research team²⁷ checks that the issuer's ESG rating is consistent with the related fund's criteria. As mentioned above, issuers with a G rating on Amundi's ESG rating scale are not eligible for investment but some funds are even stricter and do not allow upper categories such as F rated issuers. Thanks to these Amundi's in-house ESG Ratings, the GSS bond team has an instant view on the issuer overall ESG profile and its three underlying pillars.

In addition to the issuer's internal ESG rating, the GSS Bonds team systematically ensures:

- Alignment with industry standards (e.g., ICMA's Principles²⁸, EU GBS²⁹ or local taxonomies);
- Presence of a second party opinion or other certification, (e.g., Climate Bond (CBI) certificates);
- The absence of severe ESG controversies faced by the issuer (the GSS bond team can leverage on Amundi's internal controversy database);
- The contribution of the projects to be financed to the issuer's overall ESG strategy.

If this initial screening is not satisfactory, the investment will be rejected.

26. Amundi's Global Responsible Investment policy is publicly available on [Amundi's website](#).

27. The GSS bond research team is part of Amundi's ESG Research, Engagement and Voting Department.

28. International Capital Market Association.

29. European green bond standard.

2. Detailed analysis

Once the GSS bond issuer has undergone the initial screening, a comprehensive analysis of the GSS bond and its issuer is conducted across four dimensions:

- **Issuer analysis:** The GSS bond team analyses the overall strategy of the issuer and its main challenges. For example, for green bond, the team checks if the issuer has SBTi³⁰ targets or net neutrality targets as well as action plans / levers set to reach these targets. The team can also leverage on Amundi’s internal underachievers database to assess the quality of the issuer’s ESG strategy.
- **Green social and sustainability funding rationale:** Once the GSS team has a clear view of the issuer’s ESG strategy, it can evaluate the rationale for funding green and/or social and/or sustainability projects with GSS bonds by assessing the alignment between the GSS bond framework and the issuer’s main ESG challenges and its key performance indicators (KPIs).
- **Project analysis:** The GSS bond team checks the quality of the project categories by analyzing the level of environmental and/or social and/or sustainability contribution of the project. This assessment can be done through the technical criteria detailed in the framework (e.g., alignment with EU taxonomy TSC³¹, CBI³², or numerical thresholds). The GSS bond team also verifies the

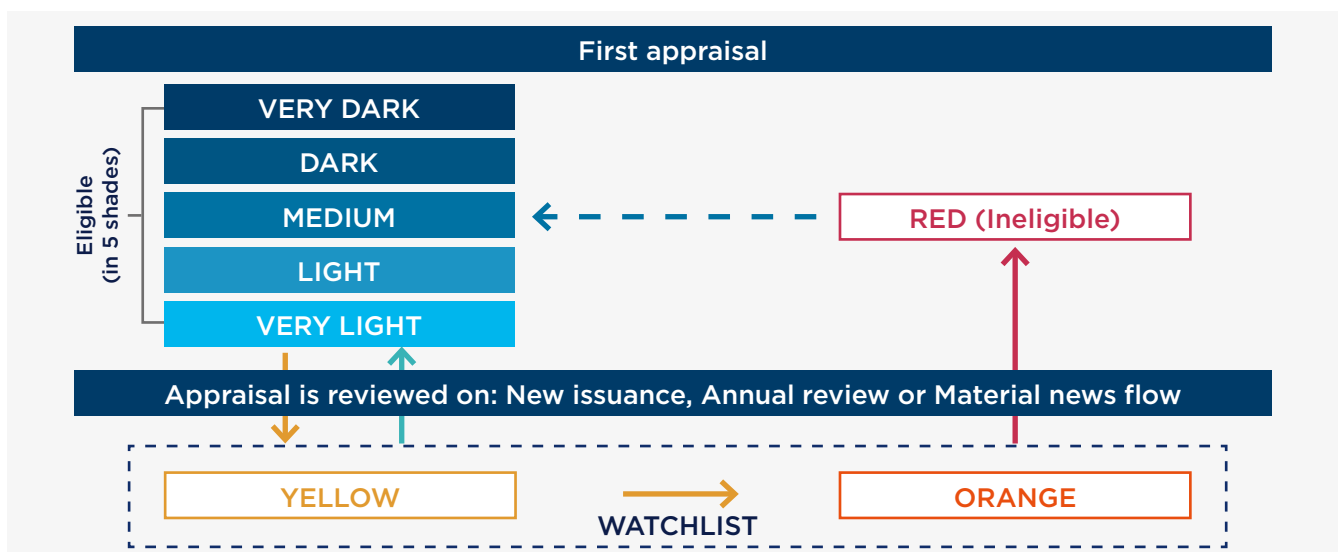
environmental and social management system to ensure that the projects developed have no negative externalities (such as DNSH³³ or MSS³⁴ developed in the EU taxonomy, adherence to IFC³⁵ or EIB³⁶ performance standards...)

- **Transparency:** The GSS bond team checks the level of disclosure that the GSS bond issuer is committed to publishing. For example, the team checks whether the information will be published on an annual basis, the level of detail provided (project level data, financing vs refinancing...), whether the data will be externally verified, etc.

To aggregate all the information collected during the analysis, Amundi has developed an internal scoring system to rate each bond in the four dimensions mentioned above.

This scoring is applied to labelled bonds from all types of issuers, with different weights depending on the label (green, social or sustainability). The GSS score results in different shades ranging from very dark (highest score) to very light (lowest score). In addition, the rating includes two shades (a yellow and an orange shade) which covers bonds that are on our watch list, and a red shade, which refers to the GSS bonds that are not eligible according to Amundi’s GSS bond criteria. GSS bonds on this watch list are at risk of being downgraded or becoming ineligible for investment.

The watch list mechanism is illustrated below:



30. Science Based Target initiative.
 31. EU Taxonomy Climate Technical Screening Criteria (TSC).
 32. Climate Bond Initiative.
 33. Do Not Significant Harm.
 34. Minimal Social Safeguards.
 35. International Finance Corporation.
 36. European Investment Bank.

If the analysis concludes that the GSS bond is not investable according to Amundi's eligibility criteria, portfolio managers are not allowed to buy the bond for inclusion in their GSS portfolios.

3. Ongoing Monitoring

Once an investment has been made, a review of the following items is performed for each bond:

- **One year after issuance:** Check the availability of the allocation and impact report of GSS bond. If the GSS bond team is unable to find it or if discrepancies are found in the impact data, the team will engage with the issuer.
- **On a regular basis:** Review the issuer's ESG evolution to ensure that it is still aligned with the GSS bond framework. The GSS bond team can leverage on Amundi's internal underachievers list, which is updated once a year.
- **On a daily basis:** Screening of existing or potential controversies the issuer faces through various channels (external data providers, press, emails) and Amundi's controversy screening tool.

The ongoing monitoring can lead to a change in the GSS bond scoring to reflect the evolution of the bond's quality and changes in the data.

4. Engagement

GSS bond analysts engage with issuers on a regular basis, with two main objectives:

- 1. Clarify and improve information at the bond level:** Find out why the allocation and/or impact report is missing, understand calculation methodologies of problematic data, promote the ICMA harmonized framework for impact reporting, improve transparency (financing/refinancing data, project level information...)
- 2. Encourage issuers to integrate better ESG practices:** Encourage issuers to improve their Environmental and Social policies applied to the projects financed by the GSS bond, get details from the issuer on remediation plan put in place to address controversies related to project financed, promote Life Cycle Assessment (LCA) considerations, alignment with the EU taxonomy, etc.

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