



Amundi
ASSET MANAGEMENT

cpr asset management

INVEST FOR GOOD

CDP
DISCLOSURE INSIGHT ACTION



CLIMATE ACTION ANNUAL IMPACT REPORT 2020

2020 KEY FIGURES

CPR INVEST - CLIMATE ACTION



66%

of the portfolio rated A by CDP versus 32% for MSCI ACWI index¹



36%

of the portfolio has a validated SBT target versus 18% for MSCI ACWI index²



99 tons

of CO₂ equivalent for the portfolio's carbon footprint versus 114 for MSCI ACWI index³



62%

of the portfolio has a temperature below 2°C¹ versus 28% for MSCI ACWI index



88%

Green exposure improvement versus MSCI ACWI index³



-79%

Carbon reserves reduction versus MSCI ACWI index³

AMUNDI GROUP ENGAGEMENT



86%

votes in favour of climate-related resolutions during General Meetings⁴



472

engagements made with companies in the energy transition and climate change areas⁴

Data as at 31 December 2020.

All sources in this document are available on page 23.



FOREWORD

22 August 2020 was "Earth overshoot day", the date by which humanity consumed all the resources that our ecosystems can produce in a year. The lockdown of more than half of the population and the shutdown of the global economy due to the Covid-19 pandemic have pushed this deadline back three weeks from 2019 and back to the 2005 level. We have to go back to 1970 for our consumption to match the resources produced in one year by our ecosystems.

Beyond a date, a symbol! And the symbolic images and figures have not failed to fall while our lives were confined, sometimes brightening and filling us with hope when nature regains its rights and regenerates, and sometimes questioning us on the role we can, even must play to reverse the trend of global warming when it may already be too late.

Last year, we were wondering if the health crisis would act as an electroshock to lay the foundations of the world we wish to design for ourselves and for future generations. In my opinion, it has indeed accelerated the awareness of all and triggered many decisions from citizens, consumers, governments, companies and investors.

According to OECD estimates, \$336 billion have been allocated by OECD and partner countries to measures with a positive environmental impact as part of their post-Covid stimulus packages. This amount, however, represents only 17% of the total amount allocated to economic stimulus. While 113 countries - representing about 50% of global GDP - have committed to carbon neutrality, these budgets should only be a preliminary step to more ambitious programs.

In 2019, 33 institutional investors representing over \$6.6 trillion assets under management, launched the Net Zero Asset Owner Alliance and committed to transition their investment portfolios to net-zero by 2050 and engaging with businesses and public institutions. Going further, the Net Zero Asset Managers initiative was launched in December 2020, bringing together 128 signatories totalling \$43 trillion. Amundi, including thereby CPR AM, is proud to adhere to the global objectives of carbon neutrality and to be a player in the transition by joining this initiative in 2021.

Finally and very concretely, CPR Invest - Climate Action has met its commitments in 2020. In this report, we invite you to discover the environmental performance of the portfolio obtained thanks to the joint and convinced mobilization of the Management, Research and ESG Analysis teams.

Our requirements evolve with the indicators and tools at our disposal. In 2021, CPR AM is pursuing its ambitions and is thus committed to carbon neutrality through two engagements that we consider inseparable. The asset manager is committed to reducing the carbon emissions of all its climate portfolios, both in relative terms at any given time and in absolute terms over time, and to offsetting the remaining emissions through voluntary carbon offset projects.



Arnaud Faller
Deputy CEO & Chief Investment Officer
of CPR Asset Management

TARGETTING 1.5°C MISSION IMPOSSIBLE?

The United States' return to the Paris Agreement on climate change at the beginning of this year is accompanied by an ambitious plan led by the American President, Joe Biden, to achieve carbon neutrality by 2050. Named the Green New Deal, this plan calls for 1.9 trillion dollars in investments over four years to accelerate the energy transition, finance significant projects and invent tomorrow jobs.

At the same time, eighty other central banks have reaffirmed their priority to fight global warming. Central bankers recognize that climate is, at a minimum, a financial stability concern, even an existential threat, a "Green Swan".

The 2015 Paris Conference (COP21) opened up awareness of the climate emergency and its consequences on our lifestyles. The climate is not a classic problem. It is a "Green Swan", a more extreme version of the "Black Swan" concept developed in 2007 by Nassim Nicholas Taleb.

Climate risk is non-linear: crossing certain thresholds leads to disproportionate effects. It is governed by multiple forces that interact and make it impossible to model (regulations, individual investor and consumer behavior, etc.). It is for real, even if it has never been observed in the past. Finally, it is irreversible and threatens human lives on a very large scale.

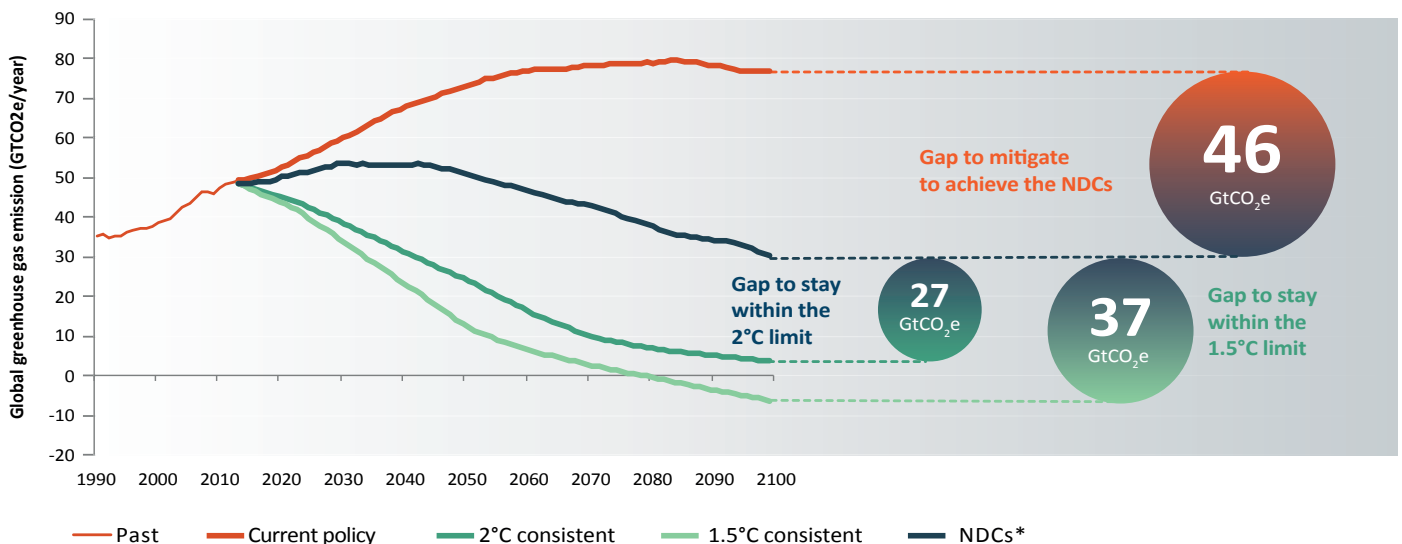
The Covid-19 crisis, which shifted the governments priority around the world to public health issues in an extremely short period of time, can be seen as a small-scale, accelerated rehearsal of the global climate crisis. The lack of preparation of our economies for this pandemic shows the extent of the mobilization that is indispensable in the face of the rising climate risk.



40 GtCO₂
emissions worldwide
per year

While this figure should be twice as important by 2050, it should however be reduced to almost zero to reach the objective of limiting 1.5 degree increase.

Forecast for global greenhouse gas emissions by 2100



*Nationally Determined Contributions (NDCs) embody efforts by each country to reduce national emissions within Paris Agreement frame.



FOCUS ON THE TAXONOMY OF SUSTAINABLE ACTIVITIES BY THE EUROPEAN UNION

Limiting global warming to +2°C above 1990 levels by 2050 is an unprecedented challenge to prevent the planet from entering a destructive climate system. Indeed, the rise in temperature promises to affect the different regions of the globe in an unequal manner. One area may be affected by flooding while its neighbor suffers from drought. The impact of climate change will be felt most in developing countries, widening the North-South inequality gap and putting the lives of people in these countries at risk.

Rising sea levels, increasing number of days per year when temperatures are potentially lethal to humans, rising humidity levels, etc. The expansion of territories hostile to the flourishing of human life (water stress, decrease in agricultural yields, lack of food, conflicts) will lead to the displacement of more than 140 million people by 2050, according to the World Bank, while studying only South America, Africa and India. The United Nations estimates that there will be 1 billion climate migrants over the same period.

The conditions for a serious systemic crisis, which would not spare any region of the world, nor any sector of activity, have been met. The solutions to be implemented to avoid this crisis must be aimed at preserving nature as well as supply chains and improving the living conditions of the populations in the front line of climate change.

Direct investors money

Investors can support the construction of a profitable economy that does not destroy public goods. Through taxonomy, codes of conduct and labelling, public authorities intervene to provide indicators that allow them to direct investments according to their understanding of sustainable capitalism.

The European Union has proposed a taxonomy of sustainable activities to mobilize and redirect financial flows towards the green economy. The financing needs to reach Europe's climate objectives alone are estimated at between 175 and 290 billion euros per year by 2050. The taxonomy initially focuses on environmental objectives, including climate change mitigation and adaptation in the various sectors of the economy. Gradually, this framework will address the protection of water and marine resources, biodiversity and natural resources, pollution prevention and control, and the circular economy... With the taxonomy, Europe now has a methodology to achieve the goal of carbon neutrality by 2050.

The stewardship codes, originally developed by the British government and now in 27 in number worldwide, also illustrate a desire to channel investors' practices in the face of the upheavals affecting them, in particular.



ADOPTION:
18 June 2020



AIM:
Set criteria measuring the environmental sustainability of an economic activity and the degree of environmental sustainability of an investment



BENEFIT:
Create a common language for all member states



CRITERIA:
Contribute to at least one of the following target without adversely affecting any of the others:

- **climate change** mitigation/adaptation;
- sustainable use and protection of **water and marine resources**;
- transition to a **circular economy** (waste prevention and use of secondary raw materials);
- prevention / control of **pollution**;
- protection / restoration of **biodiversity and ecosystems**.

AN INVESTMENT PHILOSOPHY IN LINE WITH THE PARIS AGREEMENT TRAJECTORY

CPR Invest - Climate Action is an international equity fund whose investment universe is exclusively composed by companies strongly committed to an ecological and energy transition process, regardless of their business sector.

We believe that all economic actors must act to reduce their greenhouse gas emissions and turn around their energy mix to focus on the decarbonisation of energy consumption.



You can't reduce what you can't measure

To identify and mitigate the potential environmental and financial effects of climate change and take advantage of the associated opportunities, investors need more environmental metrics and information about companies. As a pioneer in carbon disclosure and a key TCFD-aligned initiative in environmental data disclosure, CDP helps investors get access to this information.

At the fund's launch, CPR AM signed an exclusive partnership with CDP in order to offer to its clients an advanced expert solution to manage climate-related risks. CPR AM is thus the first asset manager to offer an actively managed investment solution based on both CDP and the SBT scores.

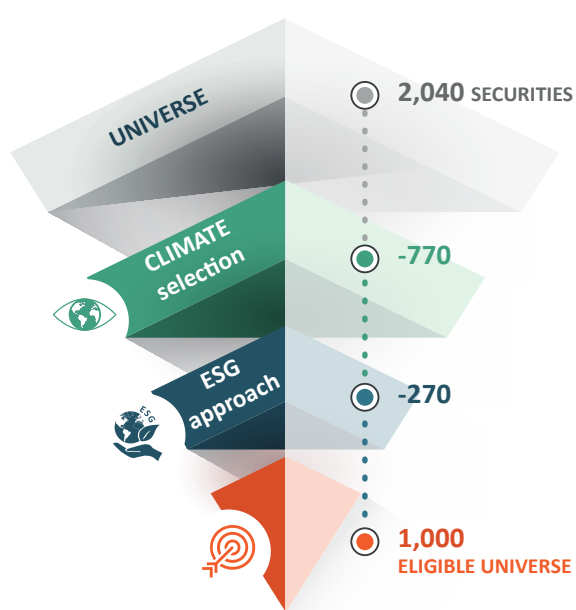


A fund certified by a label

In 2020, the fund received the French SRI label.

THE “CLIMATE ACTION” INVESTMENT UNIVERSE

In 2020, we have adjusted the definition of our investment universe to identify the companies with virtuous environmental practices outside the major indices. To do so, the management team relies directly on a universe made of the companies selected by the CDP to answer their questionnaire, regardless of their a priori CDP rating. Indeed, the CDP sends its questionnaire on climate risks and low-carbon opportunities to the world largest companies and historically to the companies with the biggest greenhouse gas emissions.



The next step is to select the best companies, i.e. those rated A or B by the CDP on an A to D scale. C-rated companies considered "deserving" are reinstated if they have a validated Science Based Target.

In addition, the management team may select 10% of companies not rated by the CDP if the nature of their activities is directly related to the environmental transition, such as companies in the renewable energies.

Our thematically responsible approach complements this initial climate selection and is based on the analysis of Environmental, Social and Governance (E, S, G) behaviors and companies controversies. This risk-based approach seeks to exclude companies with poor ESG practices or being targeted by controversies despite a virtuous environmental profile.

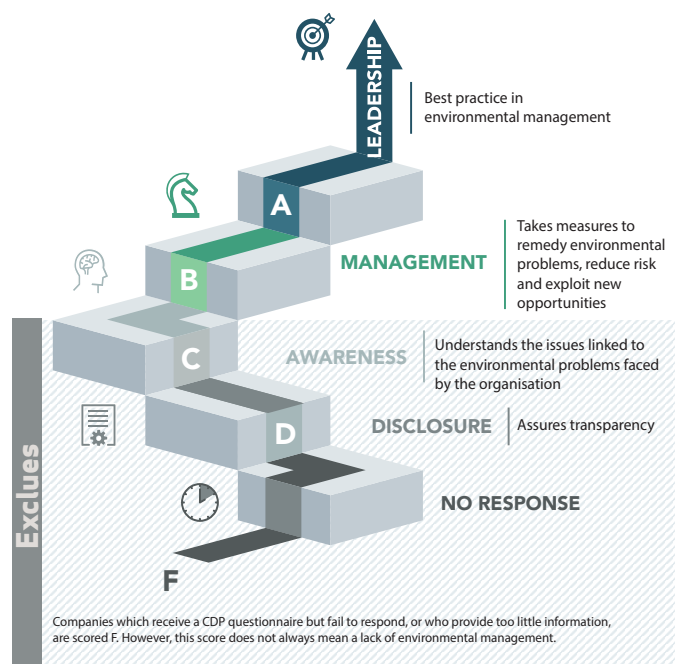
These three building blocks - climate, ESG and controversy ratings - allow us to have a complementary approach to the extra-financial analysis of companies, both on the strategic and the dynamic sides. The eligible universe thus constituted comprises approximately 1,000 stocks and only 29% of the MSCI ACWI index. This represents a source of diversification compared to other international equity funds.

CLIMATE SCREENING WITH CDP

Not all companies are the same when it comes to the maturity of their approach to environmental issues. It is therefore essential that we separate the sheep from the goats. This is the purpose of the CDP assessment: to measure the environmental performance of companies and identify best practices.

Based on their answers in the annual questionnaire, CDP's tiered scoring method allows a company's environmental performance to be evaluated on a scale from A to D (A being awarded to companies with the best practices).

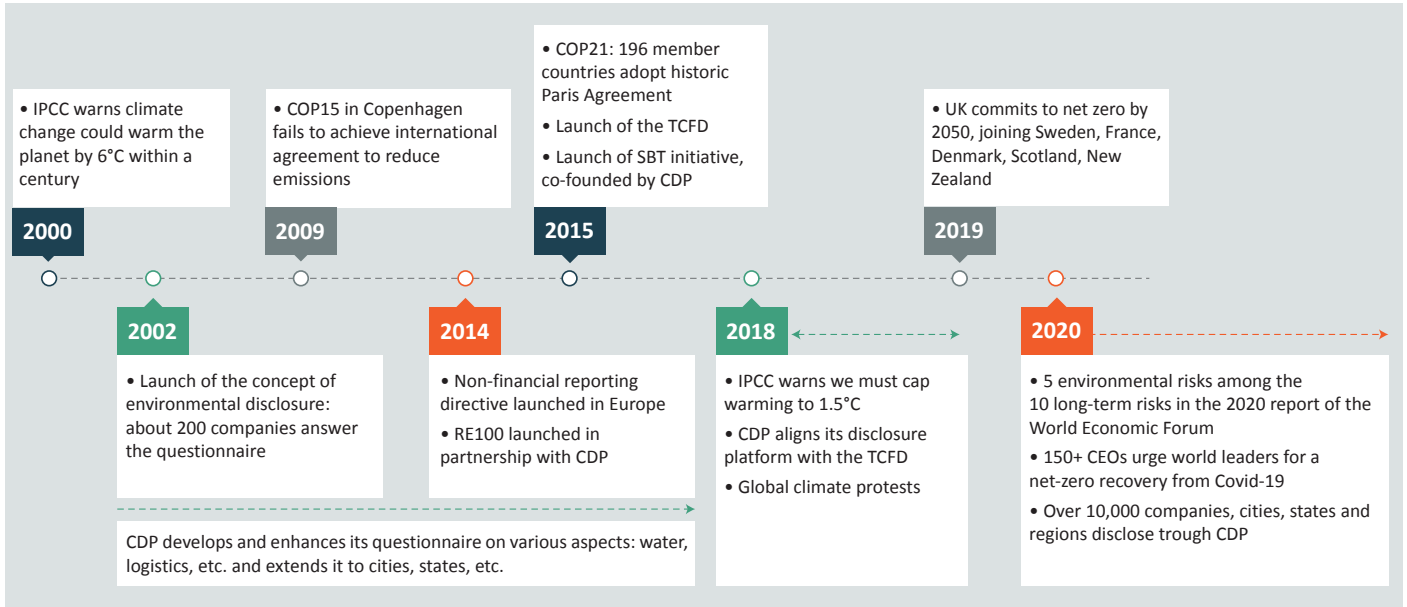
Besides measuring and quantifying environmental performance, the scoring process also looks at how companies evaluate a broad spectrum of climate change-related risks and impacts and put policies, strategies and governance measures in place to manage them.



CDP, 20 YEARS OF ENGAGEMENT IN ENVIRONMENTAL MEASURES



From the warning made by scientists to a world engagement



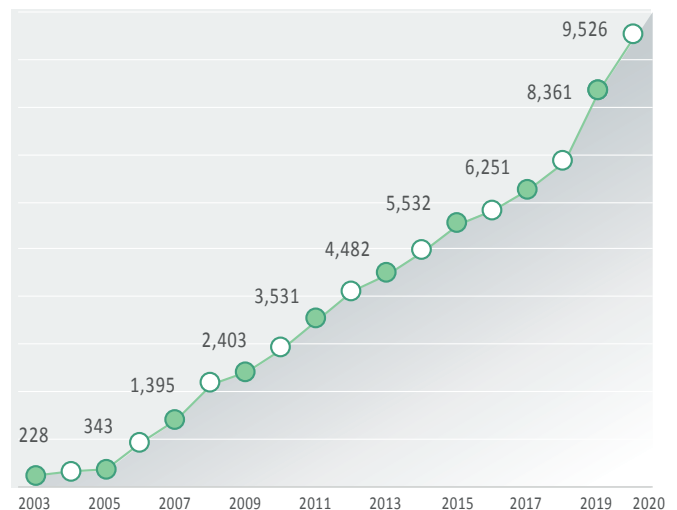
THE LARGEST ENVIRONMENTAL DATABASE IN THE WORLD

Through its annual questionnaire, the CDP measures the environmental performance of companies as well as cities and regions. The resulting rating allows investors to compare issuers and to better manage climate risks and opportunities.

In 20 years, the CDP has built up the largest environmental database used by the market (data providers, financial media, management companies, investors, etc.).

In 2002, when the concept of environmental disclosure was launched, some 200 companies had responded to the questionnaire. In 2020, more than 9,500 companies have responded, an increase in number of answers by 70% since the signing of the Paris Agreement in 2015.

Acceleration in the number of companies answering for the environmental part over the years





SCIENCE-BASED TARGET (SBT), AN INITIATIVE BECOMING A NORM

The Science Based Targets initiative (SBTi) is a joint project of CDP, the UN Global Compact, the World Resources Institute (WRI) and the WWF. It aims to encourage companies to set greenhouse gas (GHG) emissions reduction targets that are appropriate for their industry and consistent with scientific forecasts.

The aim is to promote decarbonisation strategies in line with the level required to hold back the global warming.

SBTi designed a methodology to evaluate a company's climate alignment based on its GHG emissions reduction target. The assessment criteria are: scopes 1 and 2, covering all GHGs in the Greenhouse Gas Protocol (GHG Protocol 19), a target projected and achieved over a period of between 5 and 15 years and a target a minimum consistent with the scientific data to keep the global average temperature rise below 2°C, relative to preindustrial levels, knowing that the 1.5°C target is highly recommended by the IPCC.



WORLD
RESOURCES
INSTITUTE

A 5-step process

- Companies define an SBT target to be submitted to SBTi.
- Once defined, this target will specify the extent to which and the rate at which a company must reduce its greenhouse gas emissions in order to limit global warming below 2°C, or even further to aim for less than 1.5°C.



➔ This approach reinforces the credibility and reputation of these companies with employees, customers, NGOs and investors.

IN 2020

+ 1,400
companies in motion

2 x +
companies joining SBTi in 1 year
(x2 vs. 2015-2019)

717 companies
with a validated target

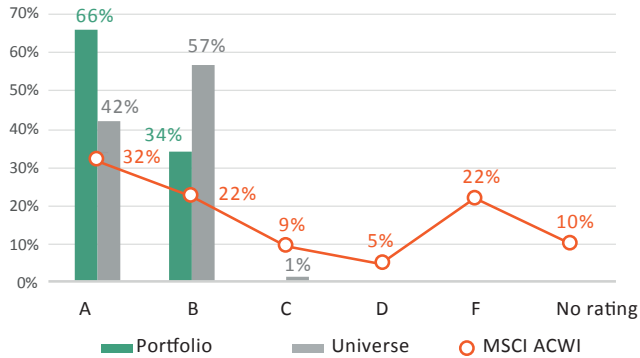
41%
of companies have a target aligned with 1.5°C

SBTi companies
make **20%** of global market capitalisation

THE ROBUSTNESS OF OUR METHODOLOGY...

Data as at 31/12/2020 | Investments: €521 million | Stocks in portfolio: 79

Breakdown by CDP score



This breakdown by CDP score illustrates perfectly our approach which excludes C- and D-rated securities, as well as those not rated.

In 2020, as in 2019, the management team has favored the highest rated companies; these represent 2/3 of the portfolio, while the eligible universe of the portfolio includes more B-rated securities.

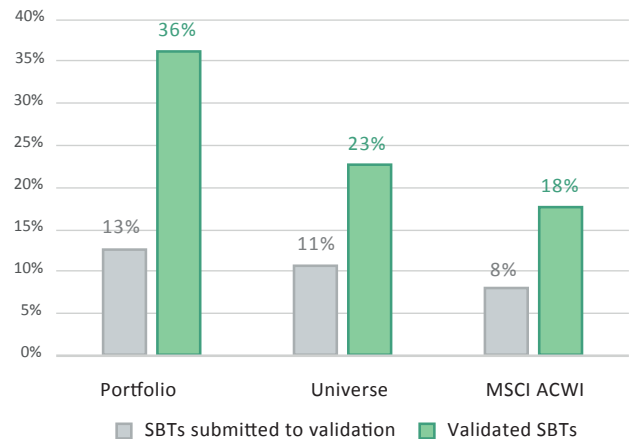
It is interesting to note the dynamics on the index side. In 2019, only a quarter of the MSCI ACWI was rated A or B while, in 2020, it is more than the half.

The trend in companies adopting SBTs is accelerating as reflected by the portfolio: half of the companies have joined the SBT initiative, with more than a third with a validated SBT.

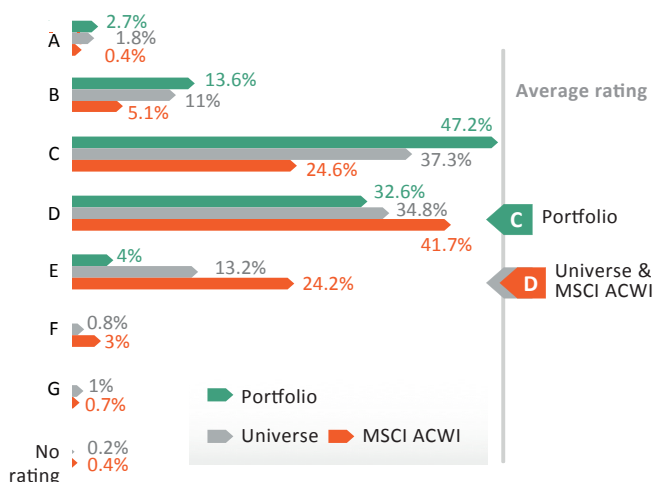
In 2019, 27% of the companies in the portfolio were waiting for the validation of their target and only 19% had a validated target.

While the portfolio barely deviates from the universe and the index on its selection of companies that submitted a target for validation, the gap is much more significant for companies with a validated SBT.

Position in relation to the SBT initiative



Breakdown by ESG rating

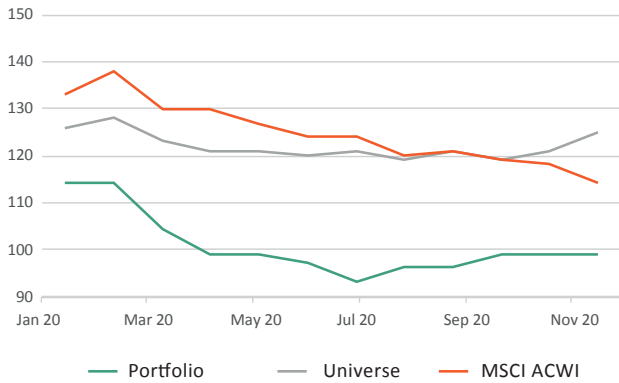


Breakdowns by ESG rating also provide an illustration of our approach. Investments cannot be made in stocks that have low scores in our ESG analysis.

The portfolio is better placed on average ratings than the investment universe and the index. More than 96% of the companies in the portfolio are thus above the average (estimated at D) versus 78% for the index.

... CONFIRMED BY THE RESULTS

Global carbon emissions



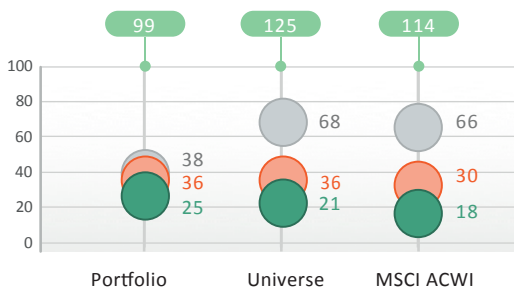
The management team reduced the portfolio's carbon emissions by 13% between 1 January and 31 December 2020.

This reduction in absolute terms comes after an already marked reduction in 2019 of 20%. It is interesting to note the downward trend also within the benchmark, which makes the management team's efforts to maintain a significant gap with its benchmarks all the more commendable.

Despite an all-sector a priori approach, the portfolio's emissions remained well below those of the universe and the benchmark throughout the year.

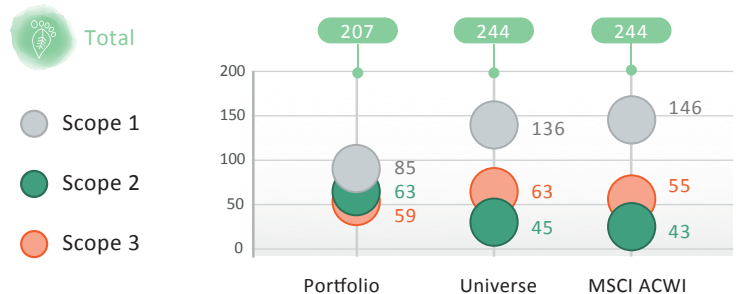
These emissions are measured in tons of CO₂ equivalent per million invested and take into account scopes 1, 2 and 3 partial (first tier suppliers only).

Carbon emissions per million euros invested



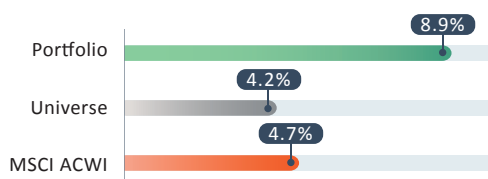
This metric measures portfolio emissions in tonnes of CO₂ equivalent per million euros invested. It is an indicator of the emissions caused by the portfolio's investments.

Carbon emissions per million euros of revenue



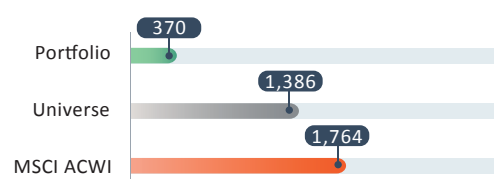
This metric measures average emissions in tonnes of CO₂ equivalent per unit of a company's revenue (in millions of euros). It is an indicator of the carbon intensity of the portfolio companies' value chains.

Green exposure



Share of revenue earned from the development of "green technologies", i.e. renewable energy, biomass, energy efficiency, environmental services, water management, waste management. The exposure is the average % of revenue derived from green technologies, weighted according to the share of each stock in the overall portfolio.

Carbon reserves per million euros invested



This metric measures the carbon reserves of the portfolio in tonnes of CO₂ equivalent per million euros invested. It represents an indicator of the potential emissions from the combustion of fossil fuel reserves caused by investing in this portfolio.

CONCRETE ACTIONS TAKEN BY COMPANIES IN THE PORTFOLIO

SIEMENS

Siemens AG is a global giant for technologies applied to industry. The German group is focused on three types of activities:

- Smart infrastructure for buildings and energy systems;
- Automation and digitization of manufacturing processes;
- Intelligent mobility solutions for rail and road transport.

Siemens is an example of environmental policy. The company has implemented a great number of environmental and energy management systems to improve the impact of its activities. It aims to be carbon neutral by 2030 (see box).

In 2020, its emissions on scopes 1 and 2 have decreased by 27% compared to 2019 due to:


- Better treatment and control of gas emissions (scope 1);
- Progress in terms of energy supply policy (scope 2).

In addition, the respect of the environment is systematically taken into account in the design of its products and the company conducts comprehensive product life cycle analyses focusing on resource and energy efficiency. Its strategic approach includes, for example:

- Integrating aspects such as recyclability and scalability of products as soon as the design phase;
- Striving to improve the material efficiency of its products. .

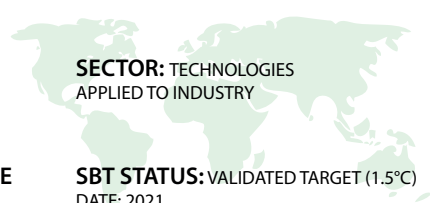
With digitization, the company also sees enormous potential to improve low-carbon technologies to meet customer needs while generating a positive impact on the society.





GERMANY


SIEMENS



SECTOR: TECHNOLOGIES APPLIED TO INDUSTRY

CDP SCORE
2020: A-
2019: A-

SBT STATUS: VALIDATED TARGET (1.5°C)
DATE: 2021



SBT TARGET 1.5°C

Siemens AG is committed to reducing absolute greenhouse gas emissions from Scopes 1 and 2 by 50% by 2030 compared to 2019. The company is also committed to reducing absolute Scope 3 emissions by 15% by 2030 compared to 2019.

Both of these targets, relating to greenhouse gas emissions from the company activities (scopes 1 and 2), are consistent with the reductions required to limit warming to 1.5°C.



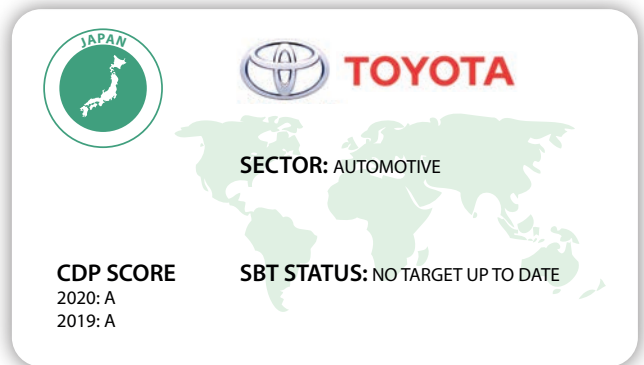
As Japan's largest company, Toyota is the world's largest automaker based on unit sales in 2020.

With an ambitious policy and a very long-term vision, Toyota is a pioneer and leader in hybrid technology and hydrogen fuel cell vehicles.

Its hybrid electric technology has reduced CO₂ emissions by more than 120 million tons worldwide and enables drivers to cover more than 50% of their urban journeys in zero-emission mode, thus actively working to improve urban air quality.

Toyota has also developed a more local production model. For example, France plays a major role in Toyota's development in Europe, and Toyota was the first player in the automotive sector to obtain the "Origine France Garantie" label with the Yaris in 2012.

The company has set a goal of achieving carbon neutrality by 2050 as part of the Paris Agreement. Its goal has not been submitted to the SBT initiative for validation to date. As a whole, the company has defined six challenges to be met by 2050 (see below), with a first milestone to be reached in 2025 and it appears to be on the right track: in 2020, progress indicators are all in the green.



Six challenges to achieve zero CO₂ emissions & a net positive environmental impact

NO CO₂ EMISSIONS FOR

ITS NEW VEHICLES
(-22% of emissions in 2019 versus the levels in 2010)

ITS PLANTS
(introduction rate at 100% for renewable electricity in its European factories in 2020)

ITS VEHICLES THROUGHOUT THEIR ENTIRE LIFE CYCLE
(-12% of emissions for the current Yaris model versus the same class of vehicle in 2017)

OPTIMIZE AND MINIMIZE WATER USAGE
(-35% for a vehicle made in 2020 versus 2002)

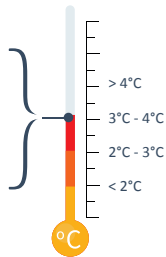
ESTABLISH END-OF-LIFE VEHICLE TREATMENT AND RECYCLING SYSTEMS
(-38% of waste volume for a vehicle made in Japan versus 2002)

ESTABLISH A SOCIETY IN HARMONY WITH NATURE WITH ITS PARTNERS
(collaboration with environmental associations and NGO, e.g.: vehicle donation to IUCN (NGO in nature preservation) and joint organization of conferences in 2020)

TEMPERATURE, THE NEW "CLIMATE" MEASUREMENT TOOL FOR A PORTFOLIO

The definition of a temperature aims to measure the alignment of the companies with the objectives of the transition to a low-carbon economy. It makes the link between:

- Companies greenhouse gas (GHG) emissions,
- Their carbon reduction objectives,
- Their trajectory compared to global warming scenarios.






On the one hand, the temperature provides management companies with a new indicator to increase the pressure on companies and on their transition policy. On the other hand, it provides managers with an additional clear and comparable metric for their investment choices.

Three main data providers

CDP, Iceberg Data Lab (formerly iCare) and Trucost offer three calculation methodologies. The methodologies are quite similar: obtaining a global temperature based on the analysis of historical data and/or the targets disclosed by companies in terms of carbon emissions reduction.



The differences are mainly in the type of collected data and the techniques used to gather it, as you can see in the table below.

	Companies analysed data	Scopes			Objectives		Specificities
		1	2	3	Absolute	Intensity	
 CDP	Background: current temperature weighting data by scope Projections: carbon emission reduction targets from CDP questionnaire	▼	▼	▼	▼	▼	Carbon emission reduction targets Default temperature of 3.2°C until new version of the methodology
 Iceberg Data Lab	History: GHG emissions from 2010 onwards Projections: extrapolation of historical trend combined with carbon emission reduction targets	▼	▼	▼	—	▼	Credibility of the issuer evaluated in the methodology (target discount) Top-Down methodology for remaining sectors
 Trucost	Historical: GHG emissions (disclosed and estimated) since 2012 Projections: GHG emissions calculated based on the company's target or past carbon intensity trend	▼	▼	—	▼	▼	Carbon budget approach (CO ₂ tonnage under or over budget)

Company targets are considered "absolute" by suppliers when measured on the total amount of GHGs emitted, and considered "intensity" when measured on a standardized basis, setting a company's emissions targets relative to other types of economic output (e.g., MWh of electricity produced).

CLIMATE ACTION, PILOT FUND FOR CDP CLIMATE RATING

In 2020, the CDP launched a climate rating tool for companies, based on an approach developed jointly with WWF. This new indicator aims to measure and communicate the impact of companies and investments on global warming.

The CDP temperature database provides a warming trajectory for nearly 4,000 global companies and is based on their emissions reduction targets covering the entire company value chain. This data allows investors to:

- engage with companies on a quantified, simple and transparent basis ;
- better manage the risks associated with the ecological transition ;
- protect their portfolios against costly climate change.

As part of its innovative collaboration with the CDP, Amundi Group proposed four global multi-sector equity funds to serve as pilots¹, including CPR Invest - Climate Action. The temperature obtained means that the emissions from the fund correspond to a global temperature increase of the same magnitude, if the emission reduction targets of the companies in which the fund invests are met.

KEY FIGURES

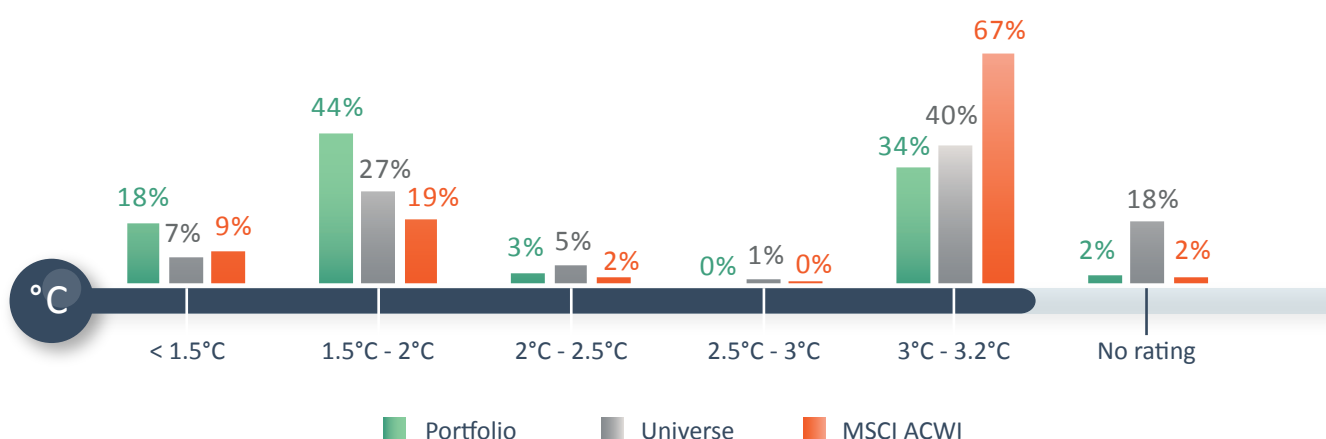



4.000
analysed companies in the temperature database



62%
of Climate Action portfolio has a temperature equal or below 2°C vs. 28% for MSCI ACWI

Portfolio breakdown by temperature (CDP methodology)



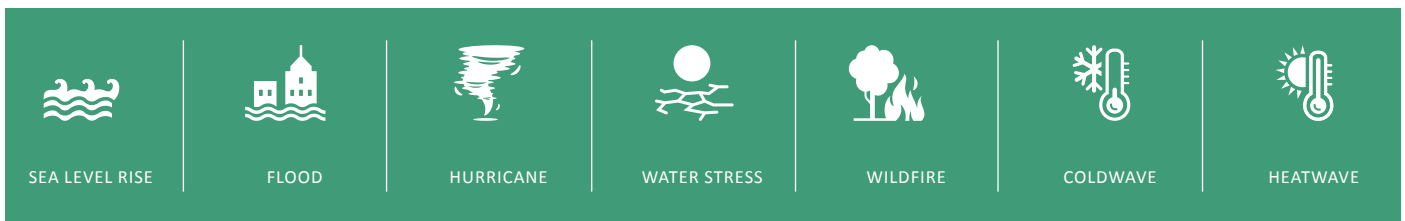
1. "Pilot" funds were taken as mere examples. They do not use the CDP temperature indicators as part of their investment objectives and process, nor as a constraint while selecting securities and building the portfolio.

MEASURING PHYSICAL RISKS TO MANAGE THEM BETTER

Physical risks represent the direct losses suffered by economic actors from damage caused by climate hazards. They are assessed on the basis of asset exposure and risk sensitivity. The exposure of an asset to physical risk is greater or smaller depending on its geographical location.

To identify physical risks, it is therefore essential to map the areas at risk. The risk sensitivity of an asset depends heavily on the business sector and on its position in the value chain.

Seven types of physical risk are currently measured



METHOD OF ANALYSIS

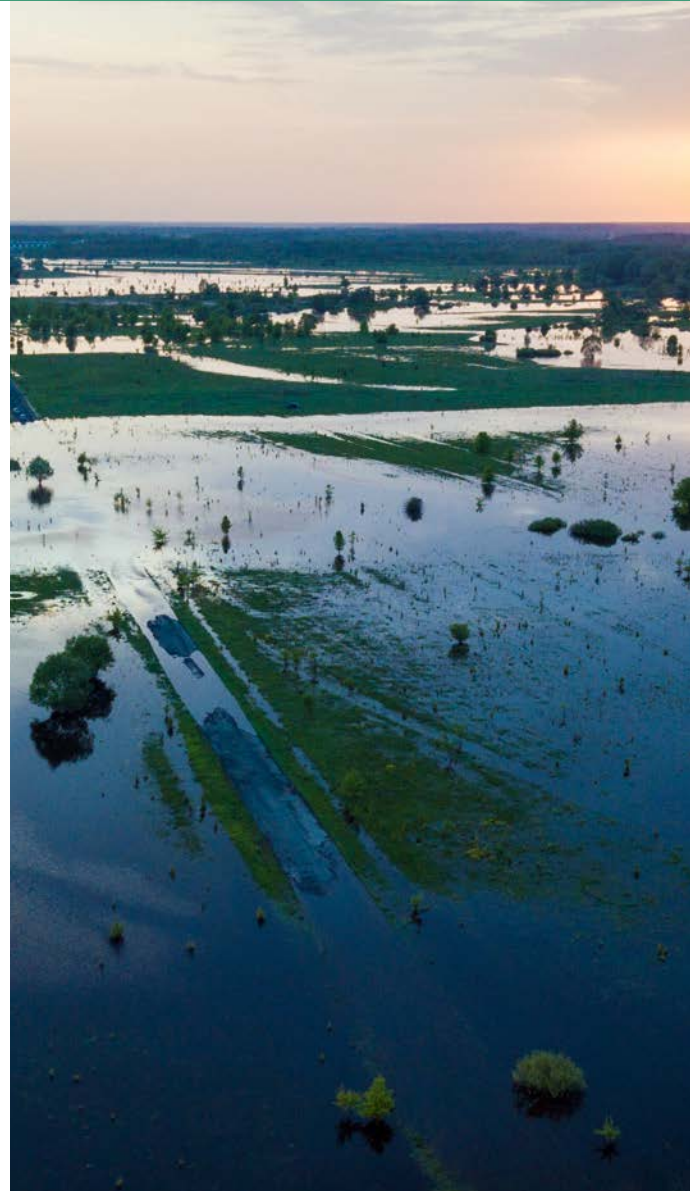
We rely on data supplied by Trucost, which examines companies annually based on the TCFD recommendations. This analysis always includes a dialogue phase with the companies, and the data is updated quarterly.

Trucost puts together models and datasets that allow an analysis of the sensitivity of the assets of a company to the physical risk linked to climate change. Specific data is provided for each type of physical risk, with account being taken of the geographical location of the company's assets.

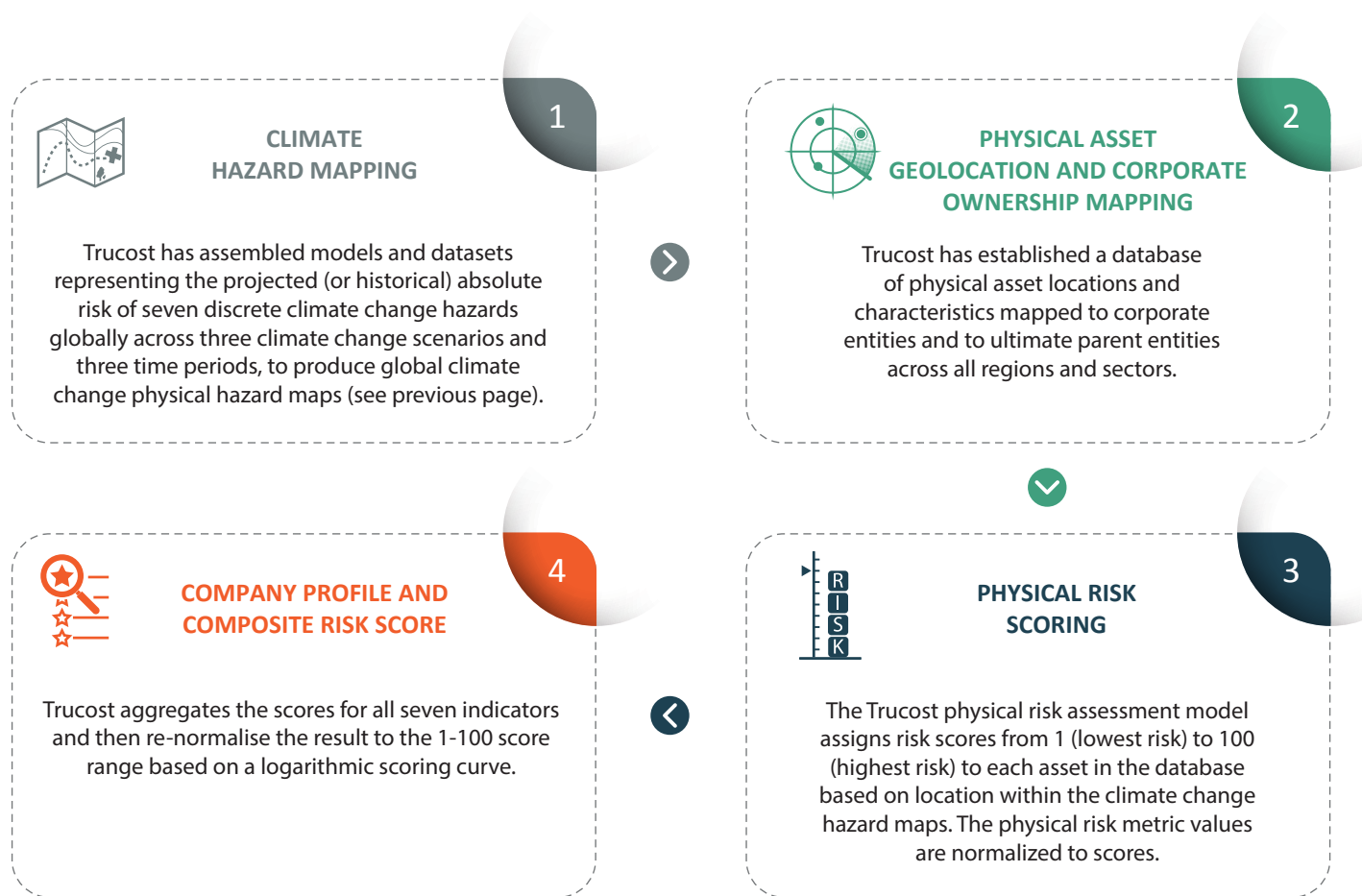
A physical risk sensitivity analysis is performed on each asset, to assess whether or not the different risk types could affect the company's business.

The analysis is carried out for three time periods (2020, 2030 and 2050) and in line with three of the IPCC's climate change scenarios (Representative Concentration Pathways or RCPs):

- RCP 8.5 (warming in excess of 4 degrees Celsius by 2100),
- RCP 4.5 (more than 2°C by 2100), and
- RCP 2.6 (more than 2°C by 2100).



How does it work?



Comparative exposure to physical risk

Calculations based on the RCP 4.5 climate scenario for the period to 2030

	HIGHEST SCORE				PERCENTAGE OF SCORES > 50		
	Portfolio	Universe	Index		Portfolio	Universe	Index
Water stress	64	86	100		6.6%	6.6%	3.4%
Hurricane	29	98	98		0.4%	0.0%	1.6%
Wildfire	60	84	84		1.4%	3.7%	0.8%
Heatwave	17	39	45		0.0%	0.0%	0.0%
Flood	9	36	38		0.0%	0.0%	0.0%
Coldwave	19	25	23		0.0%	0.0%	0.0%
Sea level rise	2	9	10		0.0%	0.0%	0.0%

NB : For example, Company A obtains a score of 64/100 on water stress risk exposure. This is the highest score within the portfolio, whereas in the universe and in the index the highest scores are 86 and 100 respectively. 6.6% of the companies in the portfolio and in the universe have a score above 50, compared to 3.4% for the index.

ENGAGEMENT POLICY, VOTING AND DIALOGUE


Amundi's ESG Analysis and Corporate Governance teams operate a policy of engagement and dialogue with issuers on behalf of the group and its subsidiaries, including CPR AM.

Climate change issues have been one of the priorities of the Group's engagement policy since its creation. In 2020 and for 2021, two environmental themes have been defined: the transition to a low-carbon economy and the preservation of natural capital (protection of the ecosystem and the fight against biodiversity loss).

Among the notable facts in 2020, let us mention that Amundi:

- Voted in favor of 86% of the climate-related resolutions presented;
- Initiated an engagement with 253 companies on SBTi targets;
- Engaged with 472 companies on the transition to a low-carbon economy.

In 2020, Amundi also strengthened its thermal coal exclusion policy by extending it to companies that are developing or planning to develop new thermal coal capacity along the value chain.



AMUNDI LEADERSHIP

was recognized by ShareAction's "Voting matters 2020" report in which Amundi ranks amongst the top performing asset managers in terms of voting on climate change and climate-related lobbying.



96%

Participation rate to
General Meetings for
Climate Action portfolio



1.237

climate-related
resolutions voted

CONTINUOUS ENGAGEMENT

Continuous engagement has a dual purpose: to improve our analysis of the risks and opportunities that companies face and to support companies in the continuous improvement of their sustainable development policy through interviews with management teams.

EXAMPLE OF A TELECOM OPERATOR

In terms of the environment, a European telecom operator with whom we have been in contact for many years has a good overall performance. It has announced greenhouse gas emission reduction targets that have been certified by the SBT in 2019, which is a solid result given the scale of its business.

This operator plans to have 100% of its electricity supply (scopes 1 and 2) come from renewable energy in the coming years, which is an important step toward carbon neutrality by 2050.

To achieve this goal, the company plans to use certificates of guaranteed origin to some extent.

As such, we have asked the company to provide a high level of transparency on its use of these certificates.

Its supply chain is a key aspect that can also make a difference. **We therefore encourage the company to actively pursue initiatives with its suppliers**, not only to reduce the overall carbon footprint but with a broader social objective: to ensure that the transition to a low-carbon economy can be socially acceptable by ensuring decent labor standards along the value chain.

THEMATIC ENGAGEMENT

Thematic engagement is the term used to describe engagement conducted on specific issues, not sufficiently addressed by the companies involved. It helps to identify best practices and encourage incremental positive change over a few years. In 2020, the theme of the circular economy was initiated.

Circular economy: from theory to daily reality

The circular economy forms a loop: it promotes reuse and recycling to avoid waste and fight against the depletion of our natural resources. It is therefore an essential link in the fight against climate change.

On this theme, Amundi has decided to launch a three-year commitment to four of the seven key sectors identified by the European Union: electronics and ICT (Information and Communication Technologies), batteries and vehicles, textiles, construction and building. A total of 27 international companies agreed to answer Amundi's questions on this subject.

The objectives of this first year of engagement were to understand how companies are putting the circular economy into practice and the main issues they encountered, the viable solutions they tested and the best practices for each sector.



56% of carbon emissions are estimated to be cut by 2050 thanks to circular economy

MOVING FORWARD IN 2021 WITH ELECTRONICS AND ICT COMPANIES

In its first year of engagement, Amundi has focused on four areas that appear critical to the transition to a circular business model:

- Design for sustainability;
- Repairability;
- Circular-friendly business model;
- Partnerships and cooperation with suppliers.

After benchmarking actual company practices versus industry best practices, Amundi engaged in this campaign with 7 global companies, based in the US and Asia, to assess where they are in their transition from a linear to a circular business model.

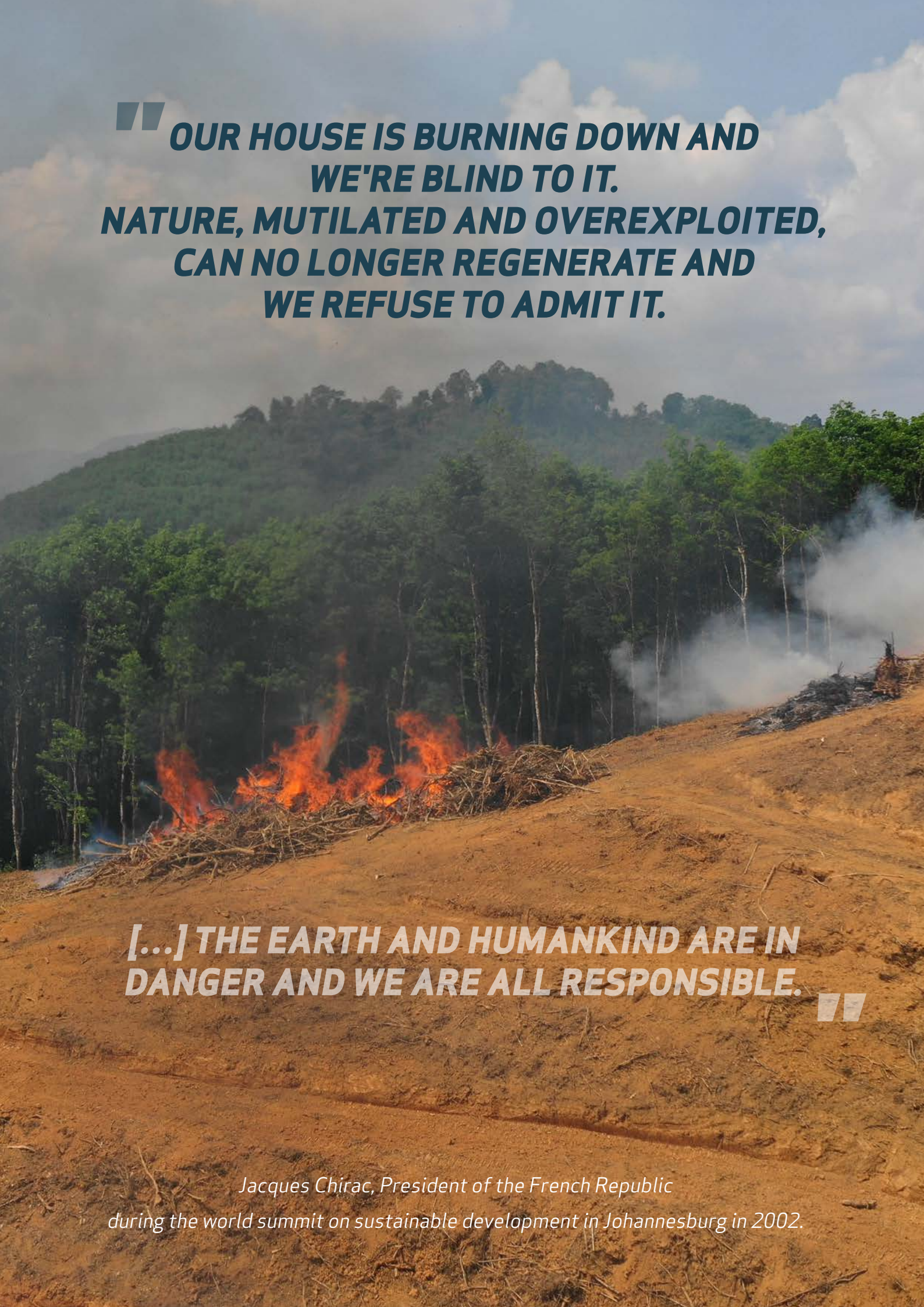
At the end of this first year, Amundi encourages them to focus on **three areas of improvement in 2021:**

Set quantitative targets to track improvements:

- number of devices,
- percentage of revenue with circular economy features attached (repairable / recyclable), etc. ;

Continue to focus on products - which often have a higher impact - rather than packaging;

Develop third-party assessment - or labels at the product level - to help consumers identify the best green offerings and build confidence around used appliances.

A photograph showing a forest fire. In the foreground, there is a cleared area of reddish-brown soil. A large pile of dry sticks and branches is burning brightly with orange and yellow flames. White smoke rises from the fire, drifting towards the right. In the background, a dense forest of tall, thin trees covers a hillside under a blue sky with scattered white clouds.

**“ OUR HOUSE IS BURNING DOWN AND
WE’RE BLIND TO IT.
NATURE, MUTILATED AND OVEREXPLOITED,
CAN NO LONGER REGENERATE AND
WE REFUSE TO ADMIT IT.**

**[...] THE EARTH AND HUMANKIND ARE IN
DANGER AND WE ARE ALL RESPONSIBLE.** ”

*Jacques Chirac, President of the French Republic
during the world summit on sustainable development in Johannesburg in 2002.*

CLIMATE, MOBILISING A WIDE RANGE OF SKILLS

Portfolio & Research Management



Alexandre Blein, SFAF
Thematic Equity Portfolio Manager



Frédéric Samama
Chief Responsible Investment Officer



Noémie Hadjadj-Gomes
Head of Research



Catherine Crozat, CIIA
Financial Engineer, Chief of ESG projects

Strategy



Juliette Cohen
Senior Strategist



Bastien Drut
Chief of Thematic Macro Strategy



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- “Carbon neutrality everywhere in 2050?”, November 2020, by Laetitia Baldeschi, Juliette Cohen & Bastien Drut
- “Integrating the tragedy of the horizons into ORSA through climate risk scenarios”, October 2020, by Noémie Hadjadj-Gomes
- “Sustainable Development My Climate Partner Climate solutions to guide everyone s transition”, September 2020, by Gilles Cutaya
- “A shift towards a greener policy for the ECB”, September 2020, by Juliette Cohen & Bastien Drut
- “CDP pioneers new temperature rating of companies for investors”, July 2020
- “Sustainable Development Impact Investing to determine our future rather than endure it”, June 2020, by Catherine Crozat
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- “Regulators, companies and investors alike all need to be involved in developing environmental data”, Option Finance February 2020, by Catherine Crozat & Alexandre Blein
- “Australia: the economic miracle caught up by the climate crises”, January 2020, by Juliette Cohen and Bastien Drut
- “The green swan: Central banking and financial stability in the age of climate change”, by Frederic Samama, January 2020



Find out more on our websites:



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GLOSSARY

Carbon metrics:

Carbon emissions data is supplied by Trucost. It shows companies' annual emissions, expressed in tonnes of CO₂ equivalent, i.e. it covers the six greenhouse gases listed in the Kyoto Protocol and converts the global warming potential (GWP) for each one into an equivalent amount of CO₂.

Definition of the scopes:

- Scope 1: Total direct emissions from sources owned or controlled by the company.
- Scope 2: Total indirect emissions caused by the purchase or production of electricity, steam or heat.
- Scope 3: Total of all other upstream and downstream emissions in the value chain. For data robustness reasons, we have chosen to use only part of scope 3, namely upstream emissions from tier 1 suppliers. Tier 1 suppliers are those with whom a company has close relations and on whom it can exert a direct influence.

Carbon emissions per million euros invested: this metric quantifies the carbon emissions caused by portfolio investments. It is calculated using the formula below:

$$\text{Portfolio emissions} \left(\frac{tCO_2}{\text{€m invested}} \right) = \frac{\sum_i^n \text{Portfolio company emissions}_i (tCO_2)}{\text{Portfolio value (€m)}}$$

Carbon emissions per million euros of revenue: this metric quantifies the carbon intensity of the value chain of issuers in the portfolio. It is equal to the weighted carbon footprints of the stocks held, i.e.:

$$\text{Portfolio emissions (€m revenue)} = \sum_i^n \text{Share of company in total portfolio}_i (\%) \times \frac{\text{Company emissions}_i (tCO_2)}{\text{Revenue}_i (\text{€m})}$$

Carbon reserves: potential emissions from a company's fossil fuel reserves, equal to the total greenhouse gas emissions (mainly CO₂) that would be caused if its proven and likely fossil fuel reserves (coal, oil and natural gas) were combusted. The calculation therefore involves multiplying the estimated fossil energy reserves of companies in the investment by a "conversion" formula (developed by the Potsdam Institute) in order to obtain a CO₂ emissions figure. The carbon reserves of a portfolio are expressed in millions of euros.

Green share: percentage of a company's revenues linked to activities such as renewable energy, energy efficiency, etc. Trucost has used a segmentation based on the CBI taxonomy (and the taxonomy used for the French TEEC accreditation mark) to identify which industries can be regarded as green. By using its sectoral breakdowns (covering around 500 sectors), Trucost can calculate the revenue share of a specific segment (e.g. wind energy generation) for all the companies in its database.

SOURCES

Page 2:

- Data as at 31 December 2020, CPR AM research
- 1. CDP, scale from A to D; 2. SBT; 3. Trucost; 4. Amundi

Page 4:

- Climate Action Tracker Database, Global emissions time series, updated in November 2017. Time series data for NDCs in line with the 2°C and 1.5°C targets are calculated as medians of the highest and lowest scores of potential global emission levels.

Page 5:

- European Union

Page 8:

- CDP, 31 December 2020

Page 9:

- SBTi, 31 December 2020

Pages 10-11:

- CPR AM research, 31 December 2020, carbon data from Trucost
- CDP, 31 December 2020

Page 12-13:

- Company websites and investor presentations 2020
- CDP & SBT

Pages 14-15:

- ESG research, CPR AM & Amundi
- CDP, 31 December 2020

Pages 16-17:

- Trucost

page 18-19:

- Amundi

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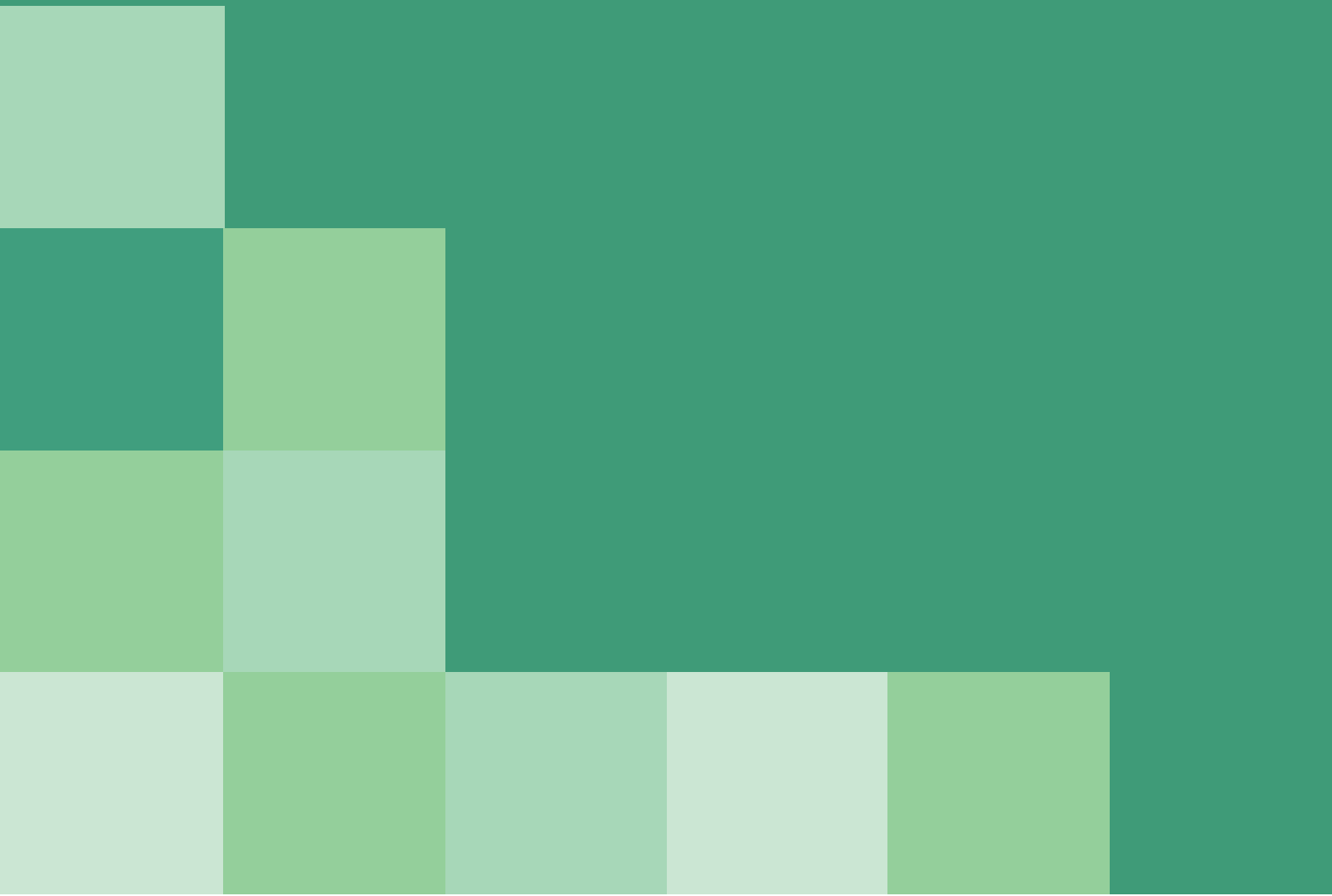
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