ESG Improvers

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Our approach: Seeking tomorrow’s winners

ESG Improvers, our innovative approach, consists of detecting and investing in companies with ESG momentum, who benefit from a solid fundamental investment case and an improving ESG profile.

We seek out two types of companies: “ESG Improvers”, companies portraying a solid investment case and an improving ESG trend, as well as “ESG Winners”, offering quality foundations, attractive valuations and strong ESG ratings. Through this approach, Amundi enables early investors to capture the ESG premium, investing before the trend converts to improve ESG ratings.

CAPTURE THE ESG MOMENTUM

- Being positioned ahead of the curve...
  - on corporates benefiting from a solid fundamental investment case and improving of ESG profile.

- Investing in a portfolio that is constantly improving its ESG footprint
  - ESG investing is dynamic and requires agile management to take advantage of market trends at any given point in time in order to capture the ESG momentum.

- Using our proprietary tool
  - The ESG momentum score available in our proprietary tool allows portfolio managers to access this key criteria more efficiently.

Illustration

<table>
<thead>
<tr>
<th>ESG Rating</th>
<th>ESG IMPROVERS</th>
<th>ESG WINNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Negative</td>
<td>Capitalize on companies with strong ESG principles</td>
</tr>
<tr>
<td>B</td>
<td>Negative</td>
<td>Capture biggest ESG related opportunities</td>
</tr>
<tr>
<td>C</td>
<td>Stable</td>
<td>Avoid highest ESG related risks</td>
</tr>
<tr>
<td>D</td>
<td>Stable</td>
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<tr>
<td>E</td>
<td>Stable</td>
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<tr>
<td>F</td>
<td>Stable</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Positive</td>
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</tr>
</tbody>
</table>

Fund’s Investment Universe

ESG IMPROVERS

ESG WINNERS
The investment philosophy

**Adopt an ESG forward-looking perspective**
Innovative and dynamic approach to ESG investing favouring the identification of corporates displaying positive ESG trajectory and seeking tomorrow’s ESG leaders.

**Detect companies combining solid fundamentals and ESG Momentum**
Fund Managers put “Materiality” at the heart of the investment approach. They identify companies with solid ESG dynamics in order to capture the ESG premium not yet priced in the market.

**Favour engagement and dialogue with companies**
To help them address specific issues and to achieve targeted ESG outcomes which should lead to value creation.

**Enhance risk-adjusted return by blending ESG Improvers with ESG Winners**
The ESG winners act as a sound quality foundation while ESG Improvers offer additional source of potential growth and return.

**BLENDING TWO TYPES OF ESG CORPORATE PROFILES**

<table>
<thead>
<tr>
<th>ESG IMPROVERS</th>
<th>ESG WINNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundamentally sound companies with <em>promising</em> ESG trajectories</td>
<td>Fundamentally sound companies with <em>strong</em> ESG trajectories</td>
</tr>
</tbody>
</table>
Our offering

ESG IMPROVERS PHILOSOPHY AVAILABLE ON A WIDE RANGE OF ASSET CLASSES

STRATEGIES CLASSIFIED SFDR ARTICLE 8

EQUITY
- 4 strategies
  - European Equity ESG Improvers
  - US Equity ESG Improvers
  - Global Equity ESG Improvers
  - Emerging Markets Equity ESG Improvers

FIXED INCOME
- 2 strategies
  - Global Corporate ESG improvers
  - Global High Yield ESG improvers

SFDR Article 8 - “Promote ESG Characteristics”
SFDR: Sustainable Finance Disclosure Regulation

A COMMON APPROACH ADAPTED TO EACH ASSET CLASS

1. Definition of eligible investment universe
2. Identification of companies with positive ESG trajectories
3. Integrated analysis based on ESG data and fundamentals
4. Portfolio construction and monitoring

A 4-step investment process and a forward-looking ESG approach.
A unique value proposition

1. Generate additional alpha by being positioned at an early stage of positive ESG rating migration

2. Engage with companies with lower but improving ESG profiles in order to influence them in their decisions

3. Improve risk-adjusted returns, drawing on robust in-house ESG and fundamental analysis capabilities

4. Benefit from a unique and robust internal ESG framework supporting our investment teams to identify re-rating opportunities

**Additional resources**

- **Dedicated Business Line**
  - 40+ Specialists for ESG development, research and methodology

- **ESG proprietary assessment model**
  - >13,500 ESG rated issuers

- **Amundi’s 2020 voting season**
  - +4,000 General Meetings
  - +49,000 Resolutions voted on

- **Additional resources**
  - 14 ESG rating and data providers
Amundi, your responsible partner

Acting as a responsible financial institution is a core component of Amundi’s corporate identity. This commitment is reflected both in its approach to responsible investment, through analysis, engagement and voting, and in its broad range of investment solutions that enable Amundi’s clients to integrate ESG at their own pace.

LONG-STANDING PLAYER IN ESG INTEGRATION

Amundi, a pioneer in Responsible Investment (RI), has been continuously strengthening its ambition to integrate Environmental, Social and Governance (ESG) criteria through its investment strategies and to reinforce its engagement process to support issuers in making progress. Through its ESG 2022-2025 action plan, Amundi will deepen ESG integration in its investment solutions.

In July 2021, Amundi joined the Net Zero Asset Managers initiative, an international group of asset managers committed to supporting the goal of net zero carbon emission by 2050. This represents a key milestone in Amundi’s commitment to contribute positively to address society’s global challenge and a significant step to our mobilization plan for climate action.

FULLY MOBILISED FOR THE NEW SFDR REGULATION

Amundi is fully mobilised to comply with the European SFDR regulation, the new EU directive that came into force in December 2019 and implemented since March 2021. This new regulation should thus accelerate the development of responsible finance in Europe and throughout the world and help direct savings towards energy and ecological transition objectives. It aims to increase transparency for the end investor and present the ESG characteristics of financial products, the consideration of risks and sustainability factors and, where appropriate, a sustainable defined investment objective in a consistent manner. As of end of December 2021, financial products classified under Articles 8 or 9 according to the Sustainable Finance Disclosure Regulation (SFDR)4 represented over €780bn in AuM2.

This classification exercise is only a first step as more funds are undergoing the filing process to meet the criteria of articles 8 & 9.

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1. Source: Amundi, data as of end of December 2021 - 2. International Finance Corporation
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