Amundi Investment Solutions

Trust must be earned

Annual Impact Report 2023

Amundi Impact Social Bonds

Portfolio and market data as of December 31, 2023.

Disclaimer

The main objective of this report is to evaluate social impact of the fund Amundi Impact Social Bonds.

The fund is indirectly associated with the impact generated by the companies in which it invests.

All figures reflecting the non-financial characteristics and social impact of the portfolio are accurate as of December 31, 2023.

The decision of the investor to invest in the fund referred in this Impact Report should take into account all the characteristics or objectives of the funds.

There is no guarantee that ESG considerations will enhance a fund's investment strategy or performance.

It is important to note that any reference of a specific company or portfolio holding should not be considered as a recommendation to buy, sell or invest directly in that company. All securities are subject to risk.

All logos and trademarks used in this report are for illustrative purposes only and remain to the exclusive property of their respective owners.

The accuracy, completeness or relevance of the information and analysis provided cannot be guaranteed. While this report has been prepared with references and sources considered to be reliable, they might be subject to change without notice. The financial or statistical projections presented are indicative, and should not be used to provide valuable insights for investors.

Views are those of Amundi Asset Management as of May 2024 and are subject to change.

Amundi Asset Management disclaims any liability, direct or indirect, that may result from the use of the information contained in this report or from any decisions made based on this information.

Annual Report written in May 2024 by Amundi Asset Management.

Amundi Social Bonds has been renamed Amundi Impact Social Bonds on October 31, 2023

Contents

**Amundi Social Bonds has been renamed Amundi Impact Social Bonds on October 31, 2023.*

1

Key figures & highlights

2,737
Beneficiaries*
(that includes 1,539 Covid vaccines beneficiaries)

81%
of the impact of the portfolio relates to **Health projects**
58% without Covid vaccines contribution

5% of the impact relates to each of the **Education and Employment**
11% without Covid vaccines contribution

** Beneficiaries per €1 million invested*

€ 8.1 Bn
Amundi's investment in Social bonds

€ 7 Bn
Amundi's investment in Sustainability bonds

+400
Social and sustainability bonds analysed in Amundi's internal database

2 Awards
Environmental Finance

- 2022 Winner Fixed Income Manager of the year
- 2022 Amundi Social Bonds Best Fund of the Year

Since **2017**
Amundi has been Executive Committee Member of the GBP/SBP/SBG/SLBP[1]

The Green Bond Principles | The Sustainability Bond Guidelines | The Social Bond Principles | The Sustainability-Linked Bond Principles

Source Amundi, data as of December 31, 2023.
1. Source: https://www.icmagroup.org/sustainable-finance/membership-governance-and-working-groups/executive-committee/

The social bonds

1. Introduction

The growing inequalities pose a real threat to the global economic system and societies. Despite the efforts made by governments over the years, progress in reducing inequality in several of the world's regions remains insufficient.

The geopolitical tensions combined with the climate change effects and macroeconomic context have exacerbated vulnerability, social inequality, food insecurity and massive population displacement.

We are still far from reaching the objectives of the Sustainable Development Goals adopted by all United Nations Members states in 2015.

In 2023, the OEDC conducted a survey[1], with the support of Amundi, exploring the perceptions of equal opportunities across 27 OECD countries in the broader context of climate change and large inequalities.

Climate impacts are mounting and are concentrated on some population groups and geographical areas: low-income groups and low-income countries, but also women and children in developing countries. For instance, women and children are 14 times more likely to die than men during a disaster, and face heightened risks of sexual and gender-based violence.

In that survey, we found that for a large majority of respondents (70%), the responsibility for reducing economic inequality lies at the feet of multiple actors. Overall, among respondents who selected more than one actor as having the greatest responsibility for reducing income inequality, over half picked at least one actor from the public sector and one from the private sector including financial institutions.

We share the belief that we can only reach the SDGs objectives if private and public sectors work together.

Social emergency calls for more collective actions to reduce inequalities and ensure equal opportunity and asking for an active participation of the private sector.

1. Source: OECD, Amundi - November 2023.
Learn more about the findings of the survey "Exploring perceptions of equal opportunity"
https://about.amundi.com/article/exploring-perceptions-equal-opportunity-0
https://www.oecd.org/en/about/directorates/centre-on-well-being-inclusion-sustainability-and-equal-opportunity.html

The social bonds have emerged as a mean to finance social needs. They are “use of proceeds” bonds that raise funds for new and existing projects with positive social impact. These include health, education, affordable housing, employment preservation or food security.

As with green bonds, the cornerstone of a social bond is the transparency of the “use of proceeds”.

The Social Bond Principles[1] (SBP) of ICMA recommend transparency and disclosure that promote integrity in the development of the social bond market.

The four core components for alignment with the Social Bond Principles:

1 Which projects will they fund?

The proceeds need to be used to finance or refinance social projects.

2 Selection process/evaluation of funded projects

The process to select projects should be clear and communicated to investors.

3 Management of funds raised until deployment

The proceeds must be tracked adequately.

4 Reporting

The issuers should provide investors with an annual report on the use of proceeds.

1. *https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf*

The target populations include, but are not limited to:

- Living below the poverty line
- Marginalised populations and/or communities
- People with disabilities
- Migrants and/or displaced persons
- Undereducated
- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed and/or workers affected by climate transition
- Women and/or sexual and gender minorities
- Aging populations and vulnerable youth
- Other vulnerable groups, including as a result of natural disasters, climate change...

In line with the objectives of the SDGs (Sustainability Development Goals), the social project categories include, among others:

Affordable basic infrastructure (e.g., clean drinking water, sewers, sanitation, transport, energy)

Access to essential services (e.g., education, healthcare, financial services)

Affordable housing

Employment generation & programmes to alleviate unemployment stemming from socioeconomic crises or other considerations for a "just transition"

Food security, sustainable food systems (access to safe nutritious, reduction of waste; improved productivity of small-scale producers)

Socioeconomic advancement and empowerment (equitable access to resources, services, and opportunities; equitable participation into the society and reduction of income inequality)

Source: https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf

Focus on SDG #2 ZERO HUNGER

Hunger is the leading cause of death in the world

Our planet has provided us with tremendous resources, but unequal access and inefficient handling leaves millions of people malnourished. If we promote sustainable agriculture with modern technologies and fair distribution systems, we can sustain the whole world's population and make sure that nobody will ever suffer from hunger again.

In 2023, **281.6 million** people in **59** territories experienced high level of acute food insecurity requiring urgent food and livelihood assistance according to the last global report on food crises[1]. This number has continuously increased since 2018.

Over 7 million people in Ukraine faced food insecurity in 2023. Ukraine's agri-food sector has suffered massive damage and losses as a result of the war, that have negatively impacted crop and livestock activities within the country. The supply disruptions caused as well shockwaves to global food markets. This aggravated already-elevated levels of acute food insecurity and malnutrition in food crisis countries/territories.

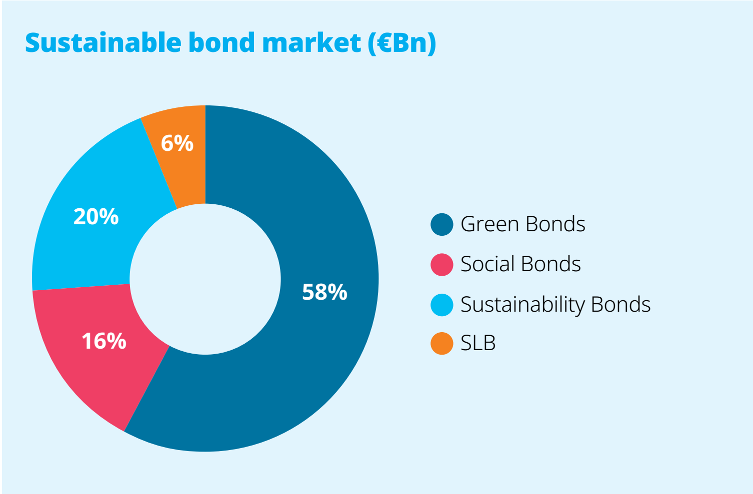
1. *https://www.fsinplatform.org/report/global-report-food-crises-2024/#acute-food%E2%80%93insecurity*

2. Social Bond Issuances

The social bond market is maturing. Even if there is still a structural bias, we believe it offers more depth and diversification.

Globally, social bonds account for 16% of the sustainable debt market, which includes green, social, sustainable and sustainability-linked bonds (SLBs).

> *The social bonds have experienced a spectacular development, moving from a niche to a mainstream market*

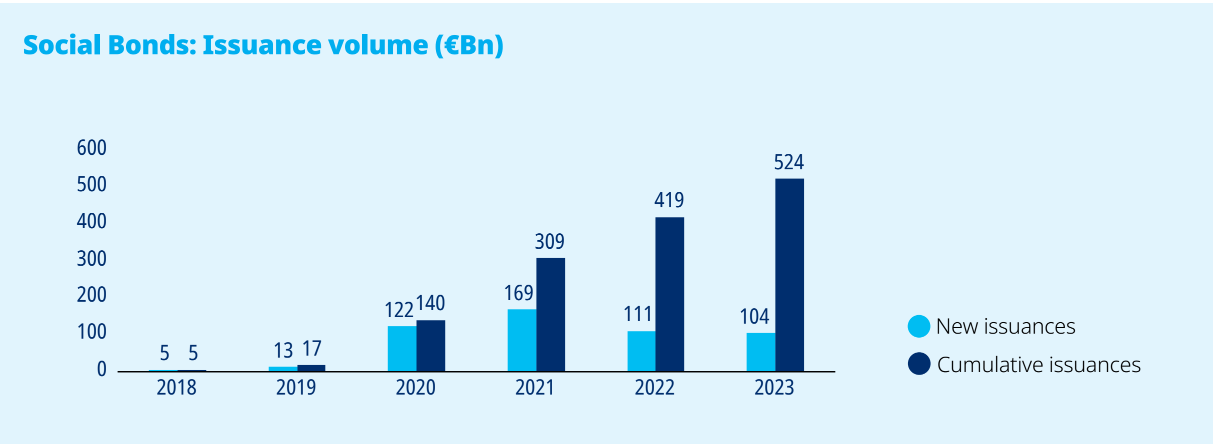


Source: Amundi, Bloomberg. Data as of December 31, 2023.

The social bond market provides now a large universe with multiple investment opportunities.

As of the end of 2023, the total cumulative issuance of social bonds reached €524 billion.

Social bond issuance has slowed since 2021. However, we believe it will regain traction in the coming years, as the social dimension plays an increasingly prominent role in international discussions.



Source: Amundi, Bloomberg. Data as of December 31, 2023.

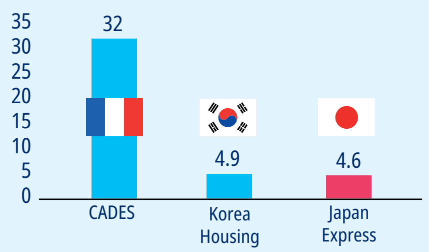
The issuer landscape in social bonds shows that the market is primarily dominated by public sector issuers. Agency still represents the largest share of supply with 60%. This leading position can be explained by the nature of their social policies. At the same time, the banking sector that includes both financial institutions and covered bonds, is gaining ground, with 21% of new issues in 2023.

In Europe, the most active region in terms of issuance is France, which leads the way with €41bn. CADES (Caisse d'Amortissement de la Dette Sociale) is the largest social bond issuer with €32 billion.

The Asia-Pacific region led by Japan (€9bn) and South Korea (€14bn) recorded uninterrupted growth in 2022 and 2023. Korea Housing Finance is the second largest issuer with €4.9bn and Japan Express Holding the third with €4.6 billion.

North America region is completely absent from the market in 2023.

Largest Social bond issuers in 2023 (€Bn)

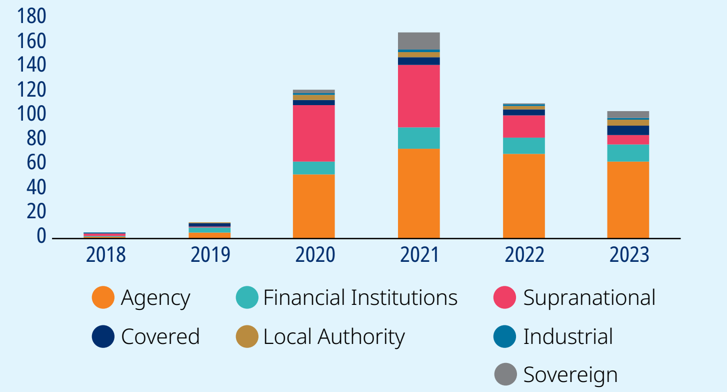


Source: Amundi, Bloomberg. Data as of December 31, 2023.

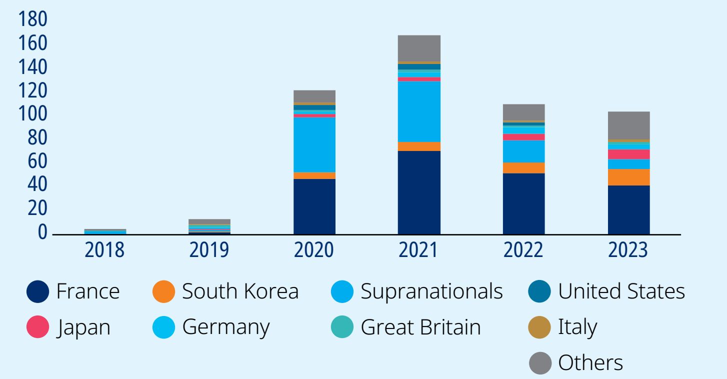
New countries entered the game in 2023, Colombia with 2 new issuances, China and the Philippines with inaugural issuances.

In terms of currency, the predominance of the Euro-denominated issuance has dropped compared with last year (38% versus 62%) and is now neck and neck with the US Dollar.

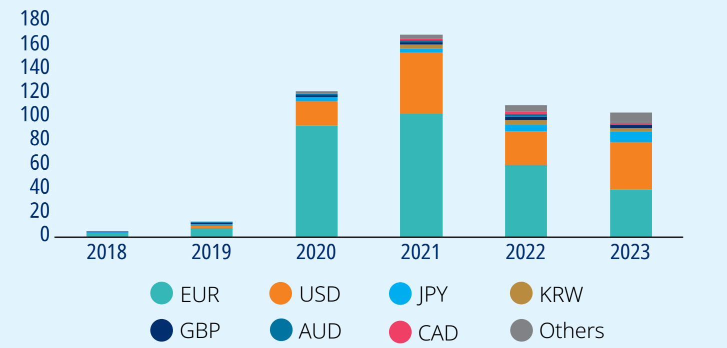
Social bonds: Issuance by sector (€Bn)



Social bonds: Issuance by country (€Bn)



Social bonds: Issuance by currency (€Bn)



Sources: Amundi, Bloomberg. Data as of December 31, 2023.

3. How we analyse Social Bonds?

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.

A group of dedicated GSS bond analysts, who are part of the Amundi ESG Research team, is responsible for defining the investable universe within the GSS bond market. All new investments must undergo this assessment based on our internal GSS bond evaluation.

> *Amundi has developed a proprietary methodology for Green, Social, Sustainability (GSS) bonds. This process assesses the relevance and the impact of the projects financed.*

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.
- Our internal GSS bond database encompasses more than **2000** bonds.

It enables us to monitor the investable universe and provides valuable issuer and issuance level data at fund level, ensuring our understanding of fund allocation and impact. These pieces of information serve as a base for engaging with relevant GSS bond issuers. Engagement is a fundamental aspect of our philosophy, as we actively communicate with issuers regarding missing reports, discrepancies in impact data, and thematic issues.

Please refer to the Amundi Responsible Investment Policy and the Amundi Sustainable Finance Disclosure Statement available at:
https://about.amundi.com/legal-documentation
For illustrative purposes only, may change without prior notice.

Detailed analysis

The social bond's analysis focuses on four dimensions, ending in defining whether the social bond meets Amundi's eligibility criteria:

1 ISSUER'S ESG STRATEGY

How the issuer is addressing its ESG challenges?

- **Global strategy:** level of ambition through KPI towards social projects or activities.
- **Social profiler:** employee's well-being, health & safety, community involvement.
- **Controversy:** reviewing internal controversy list or assessing risk of severe controversy. For proven controversy, we consider the existence of a remediation plan.

2 FUNDING RATIONALE

Funding purpose and Framework alignment with its ESG challenges

- **Project categories:** linked to the main challenges of the issuer.
- **contextualisation:** why this country/region, this sector?
- **Allocation:** estimated social assets, matching with social liabilities including previous social bonds issuance, actual allocation.

3 PROJECTS IMPACT

Degree of social contribution in absolute as well as relative terms

- **Social asset ambition and projects type:** targeted population?
- **Additionality:** adherence to the DNSH principles and impact on local communities or biodiversity.
- **Double impact:** Social and green.

4 TRANSPARENCY

Level of disclosure that the issuer is committed to publishing, allocation and impact data

- **Project:** what social impact does it have /what methodology is used?
- **Verification:** presence of external reviewer.
- **Alignment with international standard:** ICMA Harmonized Framework.

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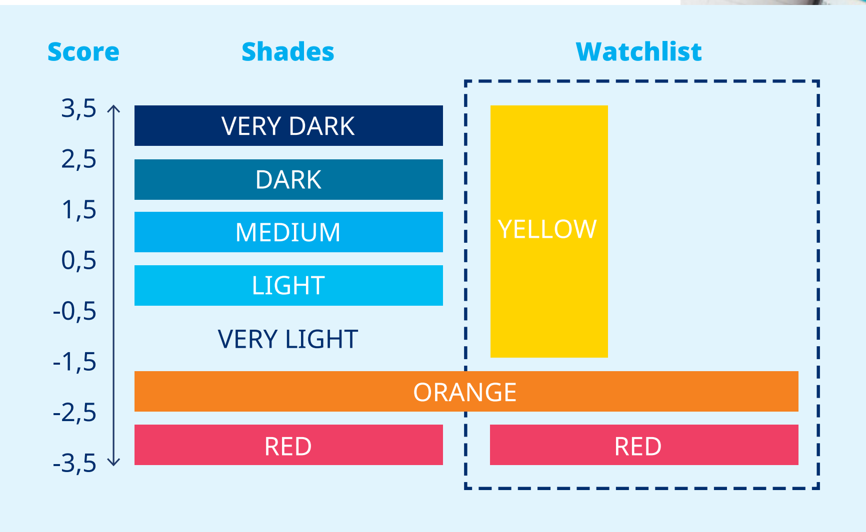
The outcomes of the analysis are translated into an internal GSS scoring system for each. The score results in different shades:

The shades ranging from VERY DARK - the best score - to VERY LIGHT - lowest score - refer to eligible bonds.



Source: Amundi Data as of December 31, 2023.

In addition, the color ORANGE is assigned to bonds that are under watchlist as they are at risk of downgrade to RED.

The concept of the watchlist goes beyond eligible versus non eligible. It works like a waiting room.

It means that some issues have been identified (such as new controversy, lack of Reporting, reputational risk, etc.) and the decision between Eligible and Ineligible is pending until further clarification.

The RED color refers to bonds that are not eligible for investment according to Amundi's GSS Bond criteria.

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The Fund: Amundi Impact Social Bonds*

1. Impact investing framework

We recognize a global shift in business practices, with an inevitable change in the mindset not only of portfolio managers, but also of executive managers, investors and stakeholders.

From now on, financial performance will no longer be evaluated in isolation, rather assessed alongside social and/or environmental performance.

As part of its ESG ambitions 2025, Amundi aims to achieve €20 billion in impact investing assets under management, by expanding its solutions offering[1]. Our impact managers fully align with the Group's ambitions, and our experts actively contribute to ongoing projects aimed at collectively reaching these goals.

In 2021, Amundi developed a proprietary classification methodology to ensure that the best standards are met before qualifying a fund as an impact investment. The assessment, conducted by Amundi's ESG teams, is based on a three-part questionnaire that aligns with the key pillars of impact investing: Intentionality, Aadditionality and Measurability.

Our fund's investment philosophy adheres to reference frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs). Furthermore, our investment process meets market standards, including those defined by the GIIN (Global Impact Investing Network)[2]. These standards emphasize the intention to generate positive social or environmental impact, manage the performance, and the impact achieved through investments.

Under this approach, Amundi Impact Social Bonds is classified as IMPACT strategies.

**Amundi Social Bonds has been renamed Amundi Impact Social Bonds on October 31, 2023.*
1. Amundi Ambition ESG 2025 Plan, available on the https://about.amundi.com/article/new-esg-plan-2025
2. Global Impact Investing Network (GIIN), https://thegiin.org/

Amundi's three IMPACT pillars

1

INTENTIONALITY

The Impact objectives and the investment strategy must be coherent, with a solid and credible foundation.

The fund aims to finance social projects and generate a positive and measurable social impact by investing exclusively in social bonds. You can find out more throughout the document, as it is at the core of the fund's philosophy.

2

MEASURABILITY

The process of measuring the social impact of investments: i.e. how is the impact and progress towards goal(s) measured?

The number of beneficiaries per €M per year is the key indicator for reporting the impact of the fund investments.

The fund also tracks how the proceeds of each social project are used by location, type of project and targeten population.

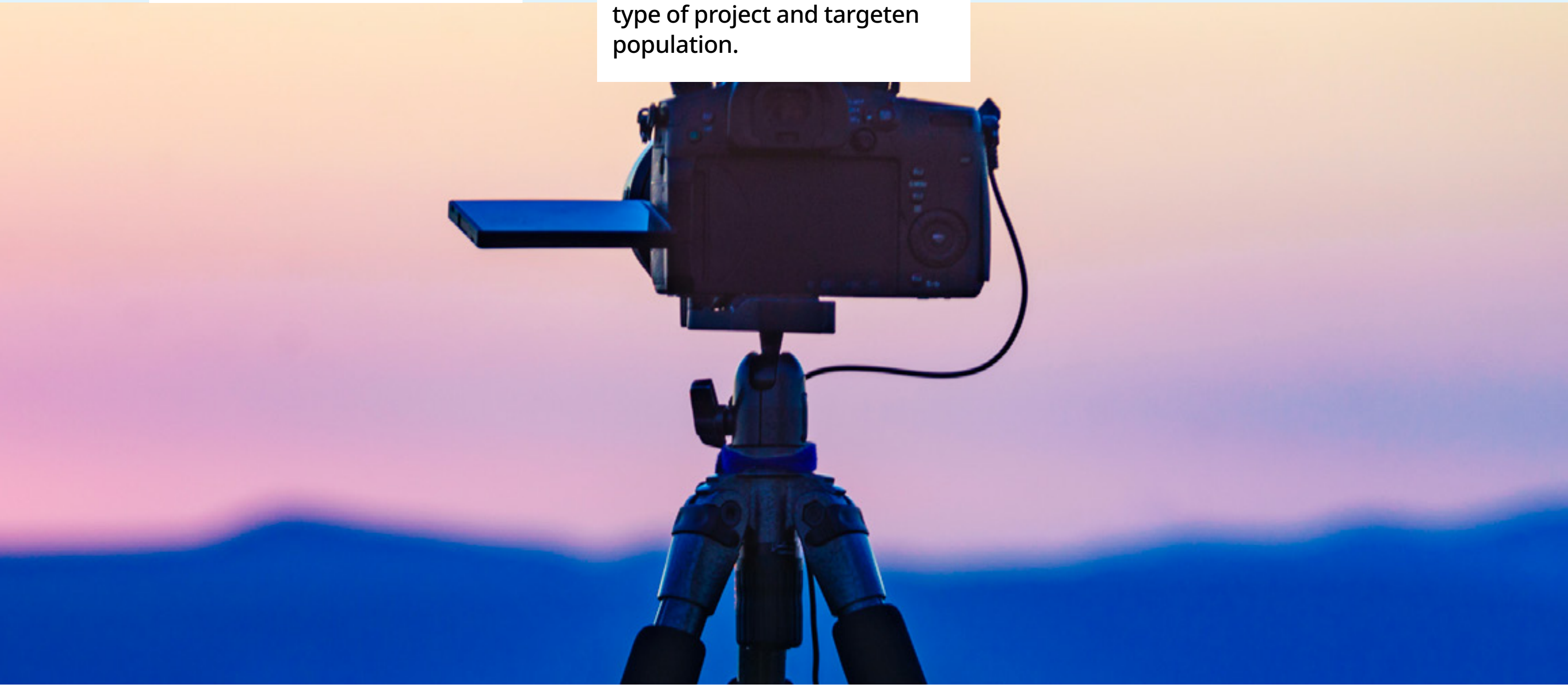
3

ADDITIONALITY

The additionality must be integrated into the investment process and must cover the majority of the portfolio's assets.

The ESG team engages with issuers to improve social bond reporting practices.

This element is described in more detail in section 7 (engagement policy).



Learn more about making an impact
https://www.amundi.com/globaldistributor/responsible-investing-action
For more product specific information, please refer to the Prospectus and the Pre-Contractual Document of the fund available at
https://www.amundi.lu/professional/product/view/FR0013531241
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Amundi Social Bonds has been renamed Amundi Impact Social Bonds on October 31, 2023.

2. Investment philosophy

Amundi Impact Social Bonds, launched in November 2020 offers the opportunity to address the global social challenges of our time, investing in social bonds.

The Investment team favors a broad and inclusive vision of all social issues when selecting the bonds. Among the eligible social project categories - fully in line with the Social Bond Principles (SBP) of ICMA and the UN SDGs - the investment team does not have a preferred category, but wants to address global social issues and their related social impact. The SBP provide high-level categories for eligible Social Projects in recognition of the diversity of current views and of the ongoing development in understanding of social issues and consequences.

Economic growth is the best way to improve people living standard but it should be inclusive and sustainable.

- Amundi Impact Social Bonds is classified **Article 9** according to SFDR (Sustainable Finance Disclosure Regulation).
- In line with the prevailing interpretation of regulatory texts by the market (see Article 2.17), the Article 9 funds have sustainable investment and/or carbon emissions reduction as their objectives, and must be 100% invested in Sustainable Investments (excluding cash and hedges).
- Amundi Impact Social Bonds invests in **Social bonds** that comply with the **SBPs** (Social Bonds Principles) and 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 proprietary ESG ratings.
- The fund may also invest in Sustainability bonds that finance a combination of both social and green projects, in line with the ICMA[1] Sustainability guidelines which refer to the Social and Green Bonds Principles (SPBs and GBPs), if they clearly target a majority of their projects towards social categories (>50%). We have no hard limit for this type of instrument, but to be compliant with the philosophy of the fund we remain vigilant to finance at least 75% in social projects.

The Disclosure Regulation, Article 2.17 defines 'Sustainable Investments':

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

1. For more details, please refer to the ICMA's Principles guidelines available at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf
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For more product specific information, please refer to the Prospectus and the Pre-Contractual Document of the fund available at: https://www.amundi.lu/professional/product/view/FR0013531241.

- The fund may invest in Sustainability Linked-Bonds (SLB) presenting high standards in terms of social practices (S score above D on a scale ranging from A to G).
- All projects financed by the fund are aligned with the **UN Sustainable Development Goals** (SDGs).
- The eligible investment universe is global, the investment team invests in high credit quality issuers (Investment Grade) from Developed markets with a leeway to invest in High Yield and Emerging markets debt up to 15%.
- The fund holds the following labels: **Towards Sustainability** (Belgium) by the Central Labelling Agency (CLA) and **FNG** (German).

The **Towards Sustainability** label encourages financial institutions to offer sustainable products and ensure a minimum level of sustainability in the management approach. This involves the integration of environmental, social and governance (ESG) factors. As a result, the financial strength and long-term resilience of the products are safeguarded.

About the label | https://towardssustainability.be/fr/le-label/a-propos-du-label

The **FNG** label is the quality standard for sustainable products sold in German-speaking countries. The label certifies that a responsible management approach is applied by assign 0, 1, 2 or 3 stars to the award-winning funds according to a comprehensive rating methodology. It includes transparency criteria, consideration of labour rights, human rights, as well as environmental protection and the fight against corruption.

The Greenfin | https://fng-siegel.org/

3. Portfolio allocation and impact reporting

ESG Footprint

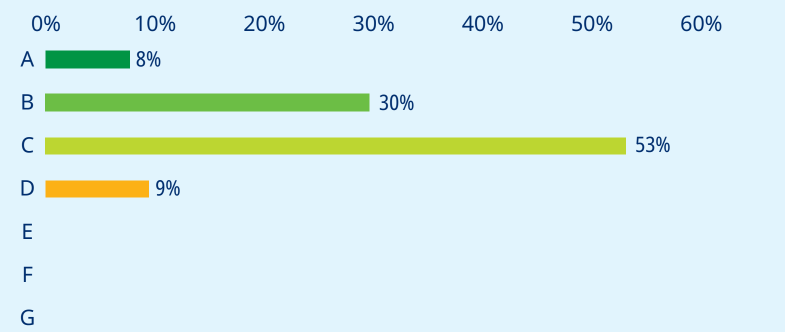
ESG considerations are integrated throughout the investment process. This includes credit, ESG analysis, and pure social bond analyses.

The ESG quality of the issuer is a key dimension in understanding where the issuer stands in terms of ESG practices (e.g., the ability of an issuer to anticipate and manage environmental, social, and governance risks and opportunities inherent to its industry and/or context).

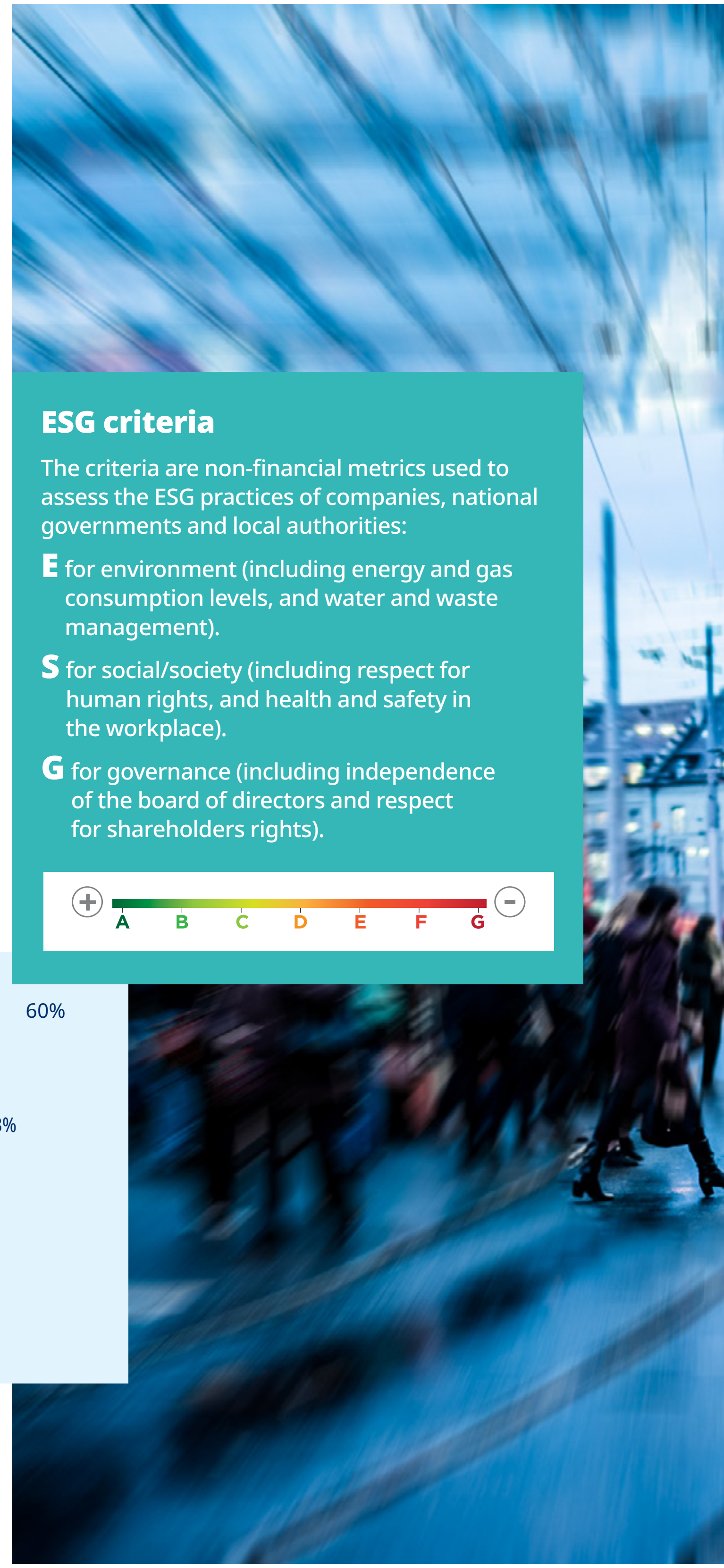
Issuers are assigned an ESG rating with sub-ratings for each of the three dimensions E, S and G.

*The fund has an ESG rating of '**C**' as of November 30, 2023. Issuers with an ESG rating below '**E**' are excluded from the portfolio.*

Average ESG rating	C
Average ESG “Social” rating	C



Source: Amundi. Data as of December 31, 2023.



ESG criteria

The criteria are non-financial metrics used to assess the ESG practices of companies, national governments and local authorities:

E for environment (including energy and gas consumption levels, and water and waste management).

S for social/society (including respect for human rights, and health and safety in the workplace).

G for governance (including independence of the board of directors and respect for shareholders rights).

A B C D E F G

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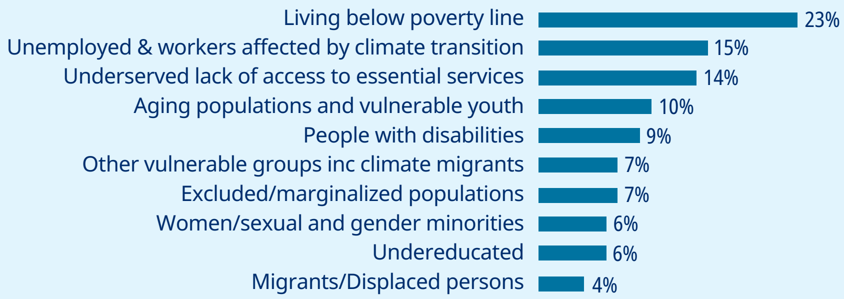
Social project allocation

The social bonds held into the portfolio finance different types of projects. The data come from the social bond framework disclosed by the issuer (pre-issuance data), which includes multiple projects.

Breakdown by category

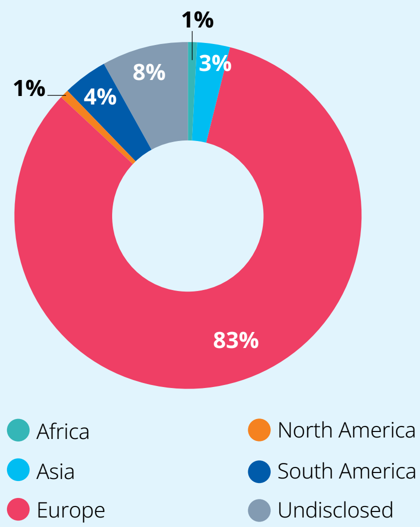
Source: Amundi. Data as of December 31, 2023.

Breakdown by target population



Source: Amundi. Data as of December 31, 2023.

Breakdown by geographical area



Source: Amundi. Data as of December 31, 2023.

Alignement with SDGs

SDGs: 17 Goals to Transform Our World

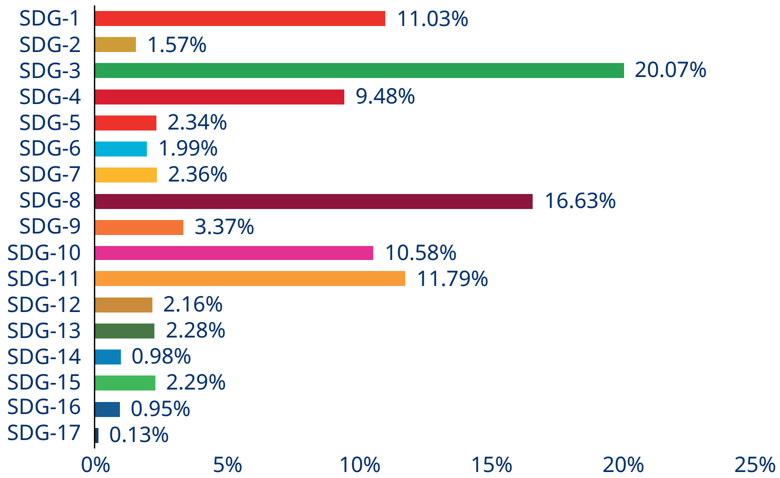
The Sustainable Development Goals (SDGs) are a universal call for action to promote prosperity while protecting the planet.

The 17 Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development. Ending poverty must go hand-in-hand with strategies that build economic growth and address social needs including education, health... while tackling climate change.

More information:
https://sdgs.un.org

We evaluate positive contribution of social projects at the portfolio level:

Contribution to the SDGs



Source: Amundi. Data as of December 31, 2023.

Social Impacts

We extracted data from the reports provided by issuers held into the portfolio Amundi Impact Social Bonds as of November 30, 2023. We drew the following figures from the portfolio holdings:

	Weight % in the portfolio[1]	Number of bonds
Social Bonds	68%	87
Sustainability Bonds	25%	43
Total of Social & Sustainability Bonds	93%	130
Bonds which should have to report t+12m[2]	73.2%	97
Of which:		
Bonds reported	70.7%	94
Bonds not reported	2.6%	3
Bonds reported without clear impact indicators	5.2%	8

1. We computed the weights in the portfolio.
2. We assumed that the social issuer should have published the report within 12 months after the bond's issuance.

There are 97 bonds (73% of the portfolio) that should have reported with the strict 12 months cut-off period we applied for the publication of the impact report.

Among them, we removed 3 issuers (8 bonds) representing 5.2% that provided the required annual allocation and impact report but give no or not sufficiently clear information on the portion financed via the social bond program:

For two of them, beneficiaries are only estimated for the entire social program with no indication on the co-financed share.

For the last one, we suspect double counting.

As these 8 bonds inflate significantly the number of beneficiaries, we prefer to engage with the issuers before including their metrics in our impact report. These programs operate in developing countries; they may help a lot of people with a low amount by providing vaccines, books, roads, sanitation, training programs...

We did not find the reporting for only 3 bonds. One of them, has already been engaged. We decided not to invest in any new sustainability bonds of this issuer but we kept the bond already held in the portfolio as it will mature in 2024. The reporting dates of the other two may come soon as some issuers consider an 18 months period despite the annual requirement of the SBP. **We will give them the benefit of the doubts but will engage if the report is not provided after this grace period.**

The number of bonds with unworkable reports has decreased to 8 bonds representing 5% of the assets. These issuers are still compliant with ICMA social bonds principles in which allocation is required and impact recommended. **Nevertheless, we divest progressively from these bonds when we find an alternative investment with similar financial credentials.**

From our collection, we appreciate the efforts made by issuers to provide a more standard approach in the numbers enclosed in the reporting: pro-rata of the financing of social projects by social bonds, allocation and impact data per category. The number of beneficiaries remains the social indicator disclosed for most type of social projects.

Source: Amundi. Data as of November 30, 2023. For illustrative purposes only, may be subject to change without prior notice.

There are 2 main categories for which we have transformed the indicator provided by some issuers into number of beneficiaries:

1 AFFORDABLE HOUSING

When the issuer had reported on the number of loans, we estimated the number of beneficiaries by taking into account the average number of persons per household in the country.

2 HEALTHCARE

When the issuer had reported on the number of beds, we took into account the average length of hospital stays in the country.

3 EMPLOYMENT CATEGORY

Most of the issuers are now providing both the number of jobs preserved or created on top of the number of SMEs financed.

Moreover, issuers reporting on part time jobs supported during the Pandemic provided also a full-time equivalent that is more consistent with the metrics provided by other issuers (mostly banks).

Each million invested in Amundi Impact Social Bonds has benefited to ***2,737 people*** *as of end of 2023.*

The high number of beneficiaries reported versus last year is due to Covid Vaccines financing.

We therefore provide a figure without the Covid vaccines impact that stands at 1,198 beneficiaries per million euro invested.

This second estimate, consistent with last year's result, also reflects the evolution in the allocation of the funds to Banks leading to an increase in the Healthcare category by around +7% (to 29% of projects financed). Moving forward, we should see a decrease in the Pandemic related impacts.

1,198 beneficiaries per €1 million invested excluding the Covid Vaccines

And

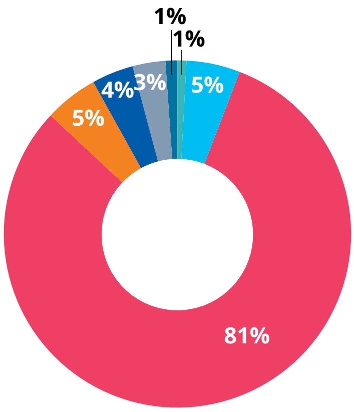
1,539 beneficiaries of Covid Vaccines per €1 million invested

These figures illustrate the big differences in terms of beneficiaries depending on projects financed even within a category of projects. The unit cost to provide a vaccine is obviously much lower than the one related to the financing of a new hospital. Nevertheless, during the Pandemic, vaccination was of utmost importance and we think we need to consider their impact.

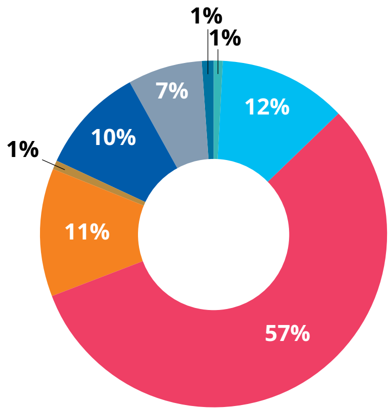
It, therefore, relativizes the predominance of Health in the global impact data. We provide the contribution of each category of project for the two set of impact data including or excluding Covid Vaccines.

For illustrative purposes only, may be subject to change without prior notice.
Source: Amundi. Data as of December 31, 2023.

Impact contribution including Covid Vaccines



Impact contribution excluding Covid Vaccines



For illustrative purposes only, may be subject to change without prior notice.
Source: Amundi. Data as of December 31, 2023.

The following data are rebased on the bonds with workable impact data (64.5%) and computed in terms of number of beneficiaries. It gives a better view of the contribution of each category in the total number of beneficiaries per million euro invested in the fund.

We mention the average and median figure of beneficiaries per million euro. For each category the first figure includes Covid Vaccines and the second one excludes Covid Vaccines.

Access to Essential Services

Mainly composed of projects targeting Education, Healthcare, financing and financial services, digitalization.

Healthcare

81% of the portfolio's impact
57% without Covid Vaccines' contribution
€1 million invested in the fund has benefited on average 2,217 / 678 persons.

*The impact has been calculated on **39 bonds** with an average of beneficiaries at 7,890 / 4,152 and a median at 804 / 679. The deviation between average and median reflects the different types of underlying projects (hospitals versus material or vaccines).*

As for the global statistics, we report on the average and mean including/excluding Covid Vaccines. We selected the number of stays as the indicator for hospitals.

Education

5% of the portfolio's impact
12% without Covid Vaccines
€1 million invested in the fund has benefited on average 141 persons.

The impact has been calculated on 28 bonds with an average of beneficiaries at 1,070 and a median at 243. Whether the financing is directed towards buildings or school material / trainings... explains the discrepancy between average and median number of beneficiaries.

Financial services & digitalization

<1% of the portfolio's impact
€1 million invested in the fund has benefited on average 7 persons.

The impact has been calculated on 3 bonds with an average of beneficiaries at 561 and a median at 504.

Employment Generation

Includes programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises as well as promoting actions to create jobs.

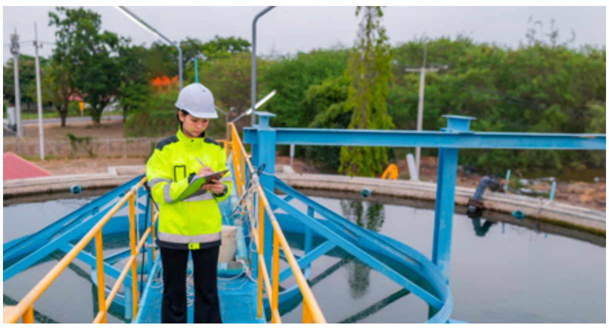
5% of the portfolio impact relates to Employment
12% without Covid Vaccines
€1 million invested in the fund has helped create or preserve 141 jobs.

The impact has been calculated on 34 bonds with an average of beneficiaries at 644 and a median at 268. The difference between average and median lies in whether the data refers to full or part-time jobs. The Pandemic, with the financing of employee hoarding, remains an explanatory element.

Access to affordable basic infrastructure

(e.g. clean drinking water, sewers, sanitation, transport, energy).

4% of the portfolio's impact
10% without Covid Vaccines
€1 million invested in the fund has benefited on average 121 persons.



The impact has been calculated on 9 bonds with an average of beneficiaries at 4,929 and a median at 5,521. The consistency between mean and median reflects the similarity of projects; their high level is linked to the category as well as their geography.

Socioeconomic advancement and empowerment

(e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality).

3% of the portfolio impact relates to Socioeconomic advancement and empowerment
7% without Covid Vaccines
€1 million invested in the fund has benefited on average 79 persons.

The impact has been calculated on 26 bonds with an average of beneficiaries at 630 and a median at 174. The category is quite homogeneous apart from one program that inflates the average figure.

Affordable housing

1% of the portfolio
€1 million invested in the fund has benefited on average to 14 persons.

The impact has been calculated on 32 bonds. For which average beneficiary per million stands at 88 and median beneficiary per million stands at 32.

This category has been penalized by our choice to select senior debt rather than covered bonds in the financial sector as well as a stricter approach in the eligibility of some Agencies financing housing associations awaiting to more clarity on their selection process.

Food security & sustainable food systems

(e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers).

1% of the portfolio impact relates to Food security & sustainable food systems
€1 million invested in the fund has benefited 17 persons.

The impact has been calculated on 7 bonds with an average of beneficiaries at 977 and a median at 759.

For illustrative purposes only, may be subject to change without prior notice. Source: Amundi. Data as of December 31, 2023.

4

Case Study: The Council of Europe Development Bank

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate from its 43-member states. Its mission is to promote social cohesion in Europe through financing investments in social sectors, education, health and affordable housing, with a particular focus on vulnerable people.

The CEB was originally set up in 1956 by eight member states of the Council of Europe.

The CEB is a major player in the social field in Europe, responding to emergency situations such as the COVID 19 crisis, the earthquake in Turkey and the war in Ukraine.

In 2023, the CEB published its new Strategic Framework defining the strategic orientations for the next five years with three main objectives:

1. To respond flexibly to the changing challenges of social development and inclusion;
2. Investing in helping refugees and migrants, facilitating their integration into host communities and anticipating and preparing for the dynamics of migration;
3. Supporting the reconstruction and rehabilitation needs of Ukraine's social sectors.

Over this period, the average volume of annual loan approvals is set at €4.3 billion. In 2023, CEB financed 48 new projects in 25 countries for a total of 4.1 billion euros, continuously with a strong social added value.

As part of its mandate, the CEB meets the social investment needs of its member states and is very active on the social bond market.

Since its first issue in 2017, the CEB has issued 18 social bonds totaling almost eleven billion euros (including 2.3 billion in social issues in 2023). Its annual allocation and impact report ensures the traceability of the funds used thanks to a clear allocation by country, by project and with clear and detailed examples; it also makes it possible to measure the impact of investments thanks to common and easily exploitable Key Performance Indicators (KPI).

Between 2017 and 2020, in line with its Social inclusion Bond Framework, CEB's first social bonds were used to support small businesses in creating and preserving jobs. For example, it approved a €100 million programme loan to Nuevo Microbank in Spain to provide financial assistance to beneficiaries with limited access to credit (microenterprises and individuals, including immigrants and refugees). These social bonds were also used to finance the renovation and construction of social housing as well as projects in the education sector such as the renovation of the University of Cyprus.

Source: Amundi, CEB
http://www.coebank.org/en/about/
For illustrative purposes only, may be subject to change.

In response to the 2020 pandemic, the CEB quickly expanded its Framework to include health-related funding categories. It subsequently issued two social bonds dedicated to the pandemic, further strengthening its leading role in the social bond market. The funds raised were allocated to around ten countries, including a €300 million loan to the Czech Republic to finance exceptional expenditure linked to the crisis. This loan covered the purchase of medical supplies, personal protective equipment, disinfection and cleaning equipment for doctors, nurses, emergency medical services, screening centres and laboratories.

The CEB has also been very responsive in other crisis situations. For example, shortly after the devastating earthquake in Turkey in February 2023, it approved €250 million loan to support the rehabilitation and reconstruction of the country's health sector and critical infrastructure.

Shortly after the start of the war in Ukraine, the CEB was the first development bank to make grants to provide immediate aid to refugees in Ukraine, thanks in particular to its past experience with the refugees crisis since 2015. The CEB issued a first bond dedicated to Ukrainian refugees in April 2022 for an amount of one billion euros, followed by a second bond in June 2022 for an amount of one billion dollars. The funds raised were used to make the largest loan ever granted, in June 2022, to Poland to finance its contingency plan to deal with the enormous influx of people fleeing Ukraine. This loan partially financed the aid fund set up by the Polish government to cover the costs incurred in helping displaced persons. Ministries, municipalities and civil society organisations are using the resources of this fund to pay for accommodation, meals and hygiene products (67%), family and social allowances (27%) and one-off allowances (6%). The CEB loan targeted the support to the one and half million officially registered displaced Ukrainians currently living in Poland.

Conclusion

> *We consider the CEB's social inclusion issues to be "best-in-class" from a social point of view, and we value the sustained and ongoing dialogue we have with the issuer. The CEB is a major player in the social bond market, responding to urgent crises within its scope while using social bonds as a financing tool. Since 2017 and its first issues focused on financing small businesses and supporting employment, the CEB has adapted to demand by adapting its social bond issuance Framework, while respecting market standards and maintaining the transparency required to best respond to the social crises that Europe has recently faced.*

Source: Amundi, CEB
http://www.coebank.org/en/about/
For illustrative purposes only, may be subject to change.

5

Engagement Policy

At Amundi, engagement is an ongoing and purpose-driven process that seeks to influence the activities or behaviour of companies. It must therefore be result-oriented, proactive, double-materialized, and integrated into our overall ESG process.

The engagement activity is led by the ESG Research, Engagement and Voting team, which involves ESG analysts and corporate governance analysts. Engagement can also be conducted by GSS analysts or portfolio managers. In all cases, the ESG Research, Engagement and Voting team ensures the consistency, traceability and quality of these commitments.

We are convinced that dialogue is the cornerstone of a healthy and robust development towards a sustainable, inclusive and low-carbon economy and sustainable returns.

Engaging on Social Bonds with Multilateral Development Banks

Background

Multilateral Development Banks (MDB) play an integral role in providing financing and technical expertise for developing nations to facilitate a variety of projects that improve economic development and overall social well-being.

MDBs are supranational institutions set up by sovereign states, which are their shareholders. According to a joint report published by a group of MDBs in 2023, a total of USD 63.3 billion in private financing were mobilised by MDBs for the year 2021 directed towards middle- and low-income countries.

MDBs are also one of the leading institutions behind the issuance of social bonds.

MDBs and agencies finance many sustainable projects. However, one project can have a positive impact on a social/environmental objective and on the other hand, potentially harm on other aspects. MDBs and Agencies have controversies linked to the negative externalities of the projects they developed that are sometimes not well addressed. We have already seen some renewable energies projects harming biodiversity or leading to displaced local population. MDBs and Agencies used to operate in developing countries where the environmental or social situation could be unique. The rationale behind the projects is key to help us understand what are the main challenges of the regions and how the projects will help mitigate the situation.

For illustrative purposes, may be changed without prior notice. Please refer to the Engagement Report, the Amundi Responsible Investment Policy and the Amundi Sustainable Finance Disclosure Statement available at https://about.amundi.com/legal-documentation

Finally, MDBs and Agencies provide allocation and impact reports that are very detailed at project level. However, these reports are not clear enough and lack the concise data that we need. Besides, the multitude of different types of data, formats and standards makes it difficult to compare the impact correctly. In addition, some issuers don't even have a framework while this requirement is a minimum standard to ensure good practices such as a correct management of proceeds and selection of projects. The framework also ensures a clear and restricted list of projects with an attached level of ambition of the projects to be potentially financed by the bond.

It also details how the issuer intends to report on its social bonds. Moreover, some issuers do not have a second party opinion, which is also important to review the quality of the framework they published. As such, in an effort to foster best practices in the social bond market, Amundi launched an engagement campaign in 2023 targeting MDBs to better understand their approach towards issuing social bonds based on their social agenda, and to promote transparency and more robust disclosure of social projects and associated impacts.

A total of 21 MDBs and related agencies were engaged in 2023, which includes a mix of both regional development finance institutions and national public sector banks.

Source: Amundi, CEB
http://www.coebank.org/en/about/
For illustrative purposes only, may be subject to change.

The engagement campaign had three main objectives:

1 **Encourage stronger contextualisation of Social Bond project categories with issuer's social priorities, and clearly defined target population for the projects.**

2 **Develop stronger alignment of Social Bond framework with ICMA principles and improving transparency in the reporting of bond allocations and impact data.**

3 **Implement appropriate social safeguards, due diligence and risk mitigation measures to ensure that financed projects do not result in negative externalities or severe controversies. Projects should also promote additionality and high impact.**

As of End December 2023, **43%** of the engaged issuers answered and 24% are still working on.

As MDBs and Agencies are key issuers on sustainable markets and Amundi a key Asset Manager, we have regular discussion with them and feel the lack of standardisation among issuers.

Key Takeaway

Feedback has been positive, with issuers keen to have clear guidelines to rely on to improve standardisation. Based on the answers, we get we would recommend:

Contextualisation: In the framework, issuers should give context to their project categories such as the environmental and social challenges of the chosen countries, and targets they may have for the region (reduce poverty, increase renewable energy usage, always with quantified objectives). For social projects in particular, the issuer should define clearly the targeted population and the reason why it targeted it (comparison with other countries/ regions).

The issuer should also explain the current internal environmental and social impact and situation with targets and policies in place inside the issuer. This aspect to ensure the projects financed through the sustainable bond proceeds finance projects in accordance with the issuer objectives/roadmap.

Transparency and standardisation: To ensure transparency and standardisation, we request issuers to follow the ICMA Principles and guidelines. We also recommend issuers to follow the ICMA Handbook Harmonised Framework for Impact Reporting (both green and social) for their allocation and impact report.

Finally, for MDBs and Agencies particularly, we need to have pro-rated data. Issuers often co-finance projects or allocate only a share of the whole project's cost to the bond proceeds but report impact on the entire project whatever the proportion financed by the bond. This leads to reporting impacts that are bigger than they are in reality if we only consider the share financed by the bond. Pro-rated data is key to achieve comparability among issuances and avoid double counting.

Externalities: Issuers should have a clear and strict projects selection with all the necessary processes in place to ensure that projects won't have negative impacts or at least limited ones combined with a remediation plan. We encourage issuers to have environmental and social assessments prior to developing new projects and a regular monitoring plan to put in place after the launch of each project.

Source: Amundi. Data as of December 31, 2023. For illustrative purposes only, may be changed without prior notice.

6

Conclusion

> ***'The future depends on what you do today'***
>
> Mahatma Gandhi

In this edition, we provided a set of two impact figures: including or excluding beneficiaries of vaccines against Covid.

Even if there is no reason to exclude one type of project, the induced inflation on the number of beneficiaries per million euro may raise questions. Moreover, the consequences of the Pandemic should diminish over time. It also highlights the huge difference in term of intensity (number of beneficiaries per million euro invested) between projects of the same category.

The choice in allocation between the different type sectors based on financial considerations might also introduce variation in the social impact and its contributors. In 2023 we focused on the banking sector and especially on senior debt rather than on covered bonds which explains the drop in the impact provided by the Affordable housing category.

Lastly, the impact could be dependent on the primary market evolution. The Financial sector providing a big part of the social bonds primary issuances should continue to gain traction in the impact contribution.

> *Our ambition is to accompany the development of this new segment of the sustainable bond universe and give our clients the opportunity to participate in this dynamic through the Fund Amundi Impact Social Bonds.*

We believe our social bond fund is an efficient instrument through which we can address the global challenges of our time to fight against social inequalities without scarifying financial return. This impact report shows our investors what they participate to.

7

Appendix

Methodology[1]

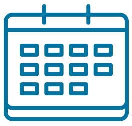
Given the breadth of project categories and the diversity of the targeted population, we have developed an internal methodology to assess the portfolio impact through several steps.

1

We collected all the reports from the issuers included in Amundi Impact Social Bonds as of November 30, 2023 and looked at the indicators mentioned in the section above.
We drew the following figures from the portfolio holdings:

93%[2]
Social & Sustainability Bonds
130 bonds

73%
of which should have reported[3]
97 bonds



70%
of which have reported
94 bonds

8%
of which have not reported or unclear reportings
11 bonds

1. Methodology adopted in the analysis displayed in this report.
2. We computed the weights in the portfolio.
3. We assumed that the social issuer should have published the report within 12 months after the bond's issuance.
For illustrative purposes, may be changed without prior notice. Source: Amundi. Data as of end 2023. Please refer to the Engagement Report, the Amundi Responsible Investment Policy and the Amundi Sustainable Finance Disclosure Statement available at:
https://about.amundi.com/legal-documentation

2

We calculated the impact of each bond for 1 million euro disbursed.
Impact indicator = number of beneficiaries

$$Impact = \frac{(\%\ of\ disbursement * Impact\ indicator\ value\ per\ category)}{Total\ Amount\ allocated\ to\ the\ program\ or\ bond}$$

3

We calculated the portfolio impact by category, i.e. weighted by the bond's weight in our portfolio.

$$Reported\ portfolio\ impact_i = \sum (Impact \times weight\ of\ the\ bond\ in\ the\ portfolio)$$

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who acts every day in the best interests
of his clients and society.