



Amundi (UK) Limited TCFD report 2023

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Amundi

The disclosures set out in this report for Amundi (UK) Limited, including group disclosures cross-referenced, are designed to comply with the requirements of the FCA 'ESG 2.2 TCFD entity report' and other relevant sections of the FCA ESG Sourcebook. This report should be read in conjunction with the relevant sections of the Amundi Asset Management (Amundi) reporting under Article 29 of the Energy-Climate law (LEC) 2023 report.

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Introduction and context

Amundi (UK) Limited is a MiFID Investment Firm, regulated by the Financial Conduct Authority ('FCA'). In accordance with 'ESG 2.2 TCFD entity report' of the FCA Handbook, this report sets out our disclosures in line with the recommendations of the TaskForce on Climate-related Financial Disclosures ('TCFD') for Amundi (UK) Limited. Our climate-related disclosures are consistent with the four pillars and associated disclosures as set out in the TCFD recommendations (see

table below). As a wholly owned subsidiary of Amundi Asset Management, our approach to the management of climate-related risks and opportunities is set at Amundi Group level, hence this report cross-refers to a number of areas of the Amundi Asset Management Climate and Sustainability Report, and where relevant, includes local arrangements.

Relevance for Amundi (UK) Limited

For the purpose of this Report the assets under management in scope for Amundi (UK) Limited is GBP 36.3bln. The breakdown by asset class is: Global Fixed Income GBP 18.2bln, Emerging Markets GBP 17.5bln and Leveraged Loans GBP 0.54bln. All data are end of year 2023 and have been converted with the GBP/EUR rate end of year. Whenever the report refers to Amundi (UK) Limited data specifically, it refers to those data.

We can confirm that the ESG scores and rating for all assets managed by Amundi (UK) Limited are fully integrated in the investment process. For more details how we integrate ESG to our analysis and investment process please see our [Responsible Investment policy](#), in particular chapter ESG analysis and integration. Additional impact of metrics and scores are applicable for specified product ranges mentioned in the group Climate and Sustainability report 2023.

TCFD Pillars	Recommended disclosures	For further information refer to: Amundi Asset Management's Climate and Sustainability report 2023	This Report
Governance	<ul style="list-style-type: none"> - Board's oversight of climate-related risks and opportunities - Management's role in assessing and managing climate-related risks and opportunities 	See group Climate and Sustainability report. Section 3. Information on the approach for taking into account environmental, social and governance criteria at the entity's governance level.	P. 5
Strategy	<ul style="list-style-type: none"> - Climate-related risks and opportunities that the organisation has identified for the short, medium and long term. - The impacts of climate-related risks and opportunities on the organisation's activities, strategy and financial planning - Resilience of the organisation's strategy taking into account different climate scenarios, including at least a 2°C scenario 	See group Climate and Sustainability report. Section 3.1.4 A dedicated internal organisation to monitor and manage the responsible investment strategy. Section 1.1 a. Targeted exclusion policy Section 6.5.1 The complementary nature of the Net Zero methodology and the general ESG approach Annex 1 Targeted exclusion policy Section 1 Information on the entity's general approach Section 1.1.1.b Integration of ESG in our analysis and investment process Section 2.1.2 Research work Section 3.3.1 Integration of environmental, social and governance quality criteria within the internal regulations of the entity's board of directors or supervisory board	P. 6 P. 7
Risk Management	<ul style="list-style-type: none"> - Processes for identifying and assessing climate-related risks - Processes for managing climate-related risks - Integrated of climate risks into overall risk management 	See group Climate and Sustainability report. 8. Procedures on approaches to taking environmental, social and governance quality criteria into account when managing risks	P. 8
Metrics and Targets	<ul style="list-style-type: none"> - Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process - Greenhouse ga (GHG) emissions - Targets used to manage climate-related risks and opportunities and performance against targets 	See group Climate and Sustainability report. 6.3 Quantification of indicators used 8.2.3 Assessment of climate-related risks and opportunities (transition and physical) using a proprietary assessment and climate metrics	P. 11

Governance

Amundi (UK) Limited's parent is Amundi Asset Management, and it is the Amundi Asset Management's Board that is responsible for setting the group-wide sustainability strategy, including climate, and ESG values and principles. Responsibility for sustainability at senior management level is assigned to the Director of the Institutional Clients and Corporate and ESG division of Amundi Asset Management, Jean-Jacques Barberis. Jean-Jacques reports into the Amundi Asset Management CEO, Valerie Baudson, and is a member of the General Management Committee of Amundi Asset Management. Jean-Jacques is supported by a team of 74 staff organised across three teams; ESG Development and Advocacy, ESG Methods and Solutions and Research Engagement and Voting.

Amundi (UK) Limited's governance framework for climate risks and opportunities is consistent with, and leverages the Group-level governance

framework, hence, please see the Governance section of the Amundi Asset Management Climate and Sustainability Report, in particular Section 3. 'Information on the approach for taking into account environmental, social and governance criteria at the entity's governance level'. At a local UK level, Amundi (UK) Limited has two sub-committees of the Amundi (UK) Limited Executive Committee which has oversight of climate risks and opportunities, namely the Risk Committee and the ESG Committee. The Amundi (UK) Limited CEO, Philippe d'Orgeval chairs the Amundi (UK) Limited ESG Committee. Philippe is also a member of the Amundi Asset Management, Executive Management Committee. Additionally, the Amundi (UK) Limited Board is informed annually of:

- Energy and carbon reporting as part of the Financial Statements; and
- The Group Responsible Investment Division approved internal control framework.



Strategy

Climate related Risks and Opportunities

Amundi (UK) Limited's approach to climate-related risks and opportunities is set by the overarching strategy of the Amundi Group Board and executed via the Group Governance arrangements as set out in Section 3 of Amundi Asset Management's Climate and Sustainability report 2023. Furthermore, as set out in [Amundi's Integrated Report 2023](#), Amundi believes that to achieve the goal of carbon neutrality by 2050, global spending on clean energy must increase from USD1.8 trillion in 2023 to USD 4.5 trillion a year by 2030. A disorderly or delayed climate transition would entail considerable environmental, financial and economic costs. On the other hand, an orderly transition scenario would generate significant opportunities for investors. We firmly believe that responsible investment brings long-term value to our savings clients and that social, climate and biodiversity issues cannot be dealt with separately.

Opportunities

- Long-term investment needs that should keep companies sustainable
- Financial innovation in response to new business models

Risks

- Increased costs and economic risks linked to the consequences of environmental upheavals, for Amundi and for our clients

Our actions

- Give priority in our savings and investment solutions to companies or countries with the most credible climate strategies
- Encourage companies to go even further by engaging in an ongoing dialogue on this subject

Further information on Amundi's Climate related Risks and Opportunities can be found in the Amundi Integrated report 2023.

The ESG Ambitions 2025 plan

Amundi supports the ESG Ambitions 2025 plan, which aims to deepen ESG integration, enhance sustainable savings offerings, includes ambitious measures to support a fair environmental transition and set internal alignment objectives

consistent with Amundi's ESG commitments. The ten key measures including current data, are available in Metrics and Target section of this report.

Net Zero Asset Managers initiative (NZAM) commitment

Amundi has been a member of the NZAM initiative since 2021. Amundi considers that the commitment to align with the Net Zero trajectory by 2050 must be clear and binding for investment strategies to fall within the scope. Therefore, the public targets presented in the NZAM are only composed of funds and mandates with explicit Net Zero 2050 target alignment objectives.

Further information on Amundi's Net Zero objective and commitment can be found in the Strategy Section of Amundi group Climate and Sustainability report 2023.

Amundi's Approach to Climate scenario analysis

To measure the alignment of portfolios, Amundi uses the temperature indicators from Iceberg Data Lab. This metric is computed by Iceberg Data Lab (IDL) by looking at the trend in past emissions of an issuer as well as their carbon reduction objectives. Using these two pillars, IDL constructs the carbon trajectory of an issuer and then compares it to a reference scenario from the International Energy Agency (IEA). This metric is used to compare the overall level of alignment of Amundi's portfolios with global scenarios. Indeed, it incorporates inputs from the International Agency (IEA) and is calibrated based on the NZE (Net-Zero emissions) and the APS (Announced Pledges Scenario).

Temperature metric for Amundi UK:

Temperature	Coverage ¹
2.8°C	33%

Source: Amundi based on data from Iceberg Data Lab data as of end 2023. Excluding sovereign issuers.

To ensure an exhaustive view of climate risks and our current trajectory towards a low-carbon economy, Amundi is currently working on dedicated tools to assess its assets under management against Net Zero compatible scenarios to further monitor our portfolios. Once sufficiently robust, we will provide publicly the associated results.

1. Currently sovereign data are not covered by Iceberg Data.

Risk management

Introduction

In the following section we address how climate risks are identified, assessed and responded in Amundi. At Amundi, the Responsible Investment department is the centre of expertise responsible for identifying and assessing the risks and opportunities relating to Climate Risks by embedding them in their ESG scoring. The department’s Issuer assigned ESG indicators are used by first and second lines, portfolio managers, risk managers and reporting teams.

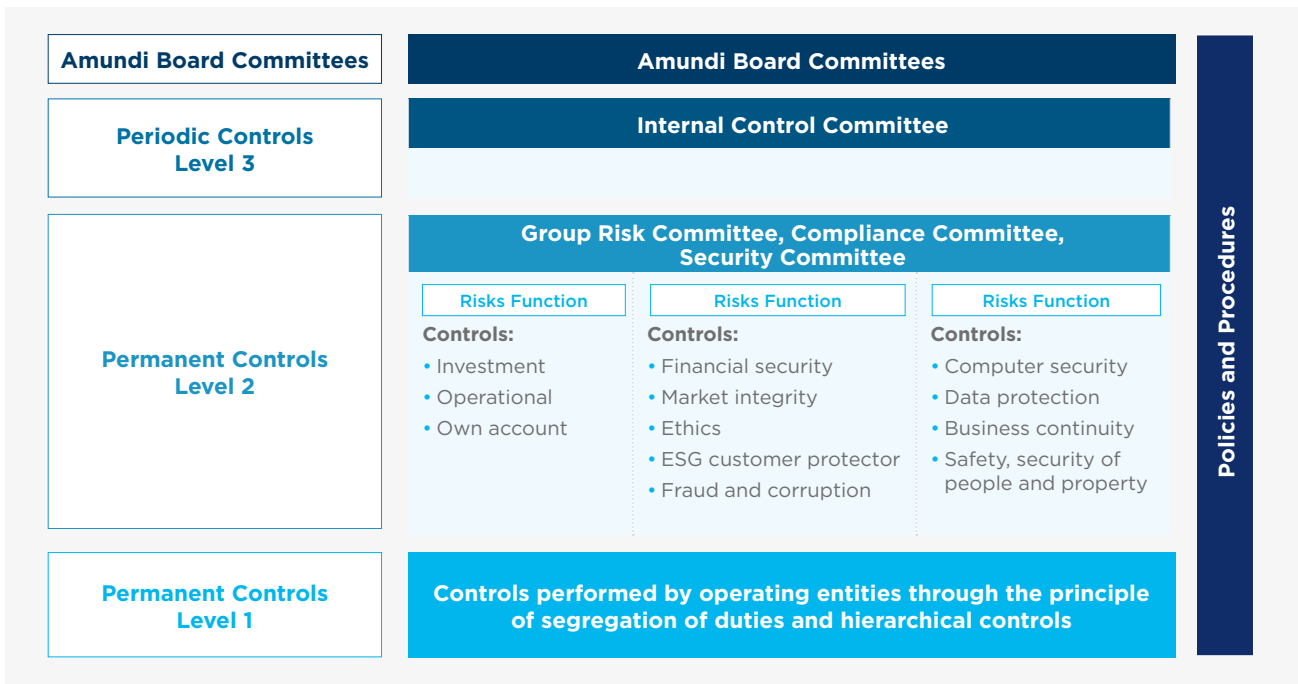
Climate related risks are considered as part of the E(Environmental) pillar of the ESG rating.



Integrating climate risks into the conventional Risk Management framework

Climate risks embedded within Sustainability risks are integrated into Amundi’s Internal Control and Risk Management system. The table below details the internal control system implemented by Amundi.

Diagram of the internal control system



Source: Amundi, 2023

Responsibilities for Climate and sustainability risks are spread between:

- The first level of controls performed by the Investment teams themselves, and
- The second level of controls performed by the Risk teams, who monitor compliance with ESG objectives and constraints.

In line with Amundi's commitment to addressing climate risk, the portfolio managers integrate climate considerations within their investment decisions in accordance to Amundi's Responsible Investment Policy. Additionally, Amundi's investment strategy is aligned with the ESG policies stipulated by the clients, ensuring that the investment decisions reflect their ESG values and guidelines.

The Risk department is a key stakeholder of Amundi's "Responsible Investment" governance. It oversees adherence to regulatory requirements and management of risks related to these topics.

Risk teams monitor ESG rules in the same way as other investment management management processes and constraints. They rely on the same tools and procedures and cover our exclusion policies, eligibility criteria and ESG rules specific to funds. Compliance controls are automated in Amundi's proprietary compliance tool (ALTO* Investment Compliance) with:

- Pre-trade alarm or blocking alerts, with regards to exclusion policies;
- Post-trade alerts: fund managers are notified of potential breaches and are required to quickly bring portfolios back into compliance.



Identification of climate risks

The Table below shows the general breakdown of ESG risks identified by Amundi and considered relevant for Climate Risk. The full ESG breakdown is available in the [Risk Management Section of Amundi group Climate and Sustainability report 2023](#).

Identified risk	Description	Amundi's assessment	Data provider used
Physical risks	Related to adaptation to climate change	Exposure score to the physical risks of extreme weather events (fire, cold wave, heat wave, water stress, coastal flooding, hurricane, flooding, drought) on a scale of 0 to 100.	Trucost / IPCC
	Result from damage caused by extreme weather and climate events.	The higher the score, the greater the risk.	
Transition risks	Related to mitigating the impact of climate change on the business model	Metrics on carbon emissions	Trucost
	Result from the difference between the adjustments made to the company's activity with a view to reducing carbon emissions and a scenario consistent with limiting the rise in temperature to 1.5°C compared with pre-industrial levels including unforeseen or sudden changes.	Metric on the brown share of a company's activity (negative contribution to mitigation objectives)	MSCI / Trucost
	Related to the contribution to the transition	Metric on carbon reduction targets	CDP /SBTi
	Result from the company's ability to offer goods and services that are compatible with a trajectory towards low greenhouse gas emissions and development that is resilient to climate change	Proprietary energy transition rating, on a scale from A to G*	MSCI, Moody's ESG Solutions, ISS ESG, MSCI, Sustainalytics
	Related to the inclusive transition	Temperature alignment metric	ICEBERG/CDP/Trucost
	Result from the transformation of the business model by integrating the social aspects of the energy and ecological transition	Metric on the green share of a company's activity (positive contribution to the objectives of the Paris Agreement).	MSCI / Trucost / FT-Russell
		Proprietary rating of Just Transition on a scale from A to G	MSCI/Moodys ESG/ Sustainalytics/ISS-ESG
	A G rating represents the highest risk		

Assessing Climate risks and opportunities

Climate Risk is embedded in the E part of the proprietary ESG rating system. Amundi tackles the risks and opportunities identified by assessing all issuers we are invested in and include these assessments in our proprietary ESG criteria. This bottom-up approach allows us to identify risks proactively across all our investments and react in a timely matter according. The methodology is described and explained in the group Climate and Sustainability report 2023.

Environment	Climate change - Natural Capital
Social	Human Rights - Social Cohesion - Human Capital - Civil Rights
Governance	Governance Effectiveness - Economic Environment

Metrics & Targets

Metrics used to assess climate risks and opportunities

Amundi is striving to broaden the range of indicators used to integrate climate-related risks and opportunities. The table below presents the physical and transition risks considered, their objectives and the metrics used. The methodologies associated with the metrics are detailed later in this chapter.

	Transition risks		Physical risks
	1. Mitigation	2. Contribution	3. Adaptation
Objectives	Continue efforts to limit global warming to less than +1.5°C vs. pre-industrial era	Make financial flows compatible with low GHG emissions trajectory and climate-change resilient development	Increase adaptive capacity to the adverse effects of climate change and promote climate resilience
Related metrics	<ul style="list-style-type: none"> Carbon emissions Energy Transition rating Exposure to brown activity Carbon reduction targets 	Involvement in green activities	Physical risk exposure score
	Temperature alignment		
	Just Transition		

Source: Amundi, 2023

Using a wide range of indicators, Amundi can set short-, medium- and long-term targets. For this purpose, Amundi relies on a broad set of data providers to guarantee that its measurements and assessments are as relevant as possible. The following table lists the various metrics employed, the type of data and the data provider:

Metric	Data	Sources
Direct GHG Emissions (Scope 1+2) and Indirect GHG Emissions (Scope 3)	Carbon emissions for Scopes 1, 2 and 3	Trucost
Carbon Reduction Target	Short-, medium- and long-term targets	CDP/SBTi
Temperature Alignment		ICEBERG DATA/CDP/Trucost
Energy Transition (internal rating)	This measure assesses an issuer's exposure to transition risks and ability to manage said risks	MSCI/Vigeo-Eiris/Sustainalytics/ISS-ESG
Green Recipes	Company's involvement in activities generating significant positive impact on climate mitigation and/or adaptation	MSCI/FT-Russel/Trucost
Physical Risks	Physical risk exposure to 7 extreme weather events	Trucost
Just Transition	In-house evaluation	MSCI/Vigeo-Eiris/Sustainalytics/ISS-ESG

Source: Amundi, 2023

Further information and a description of the methodology of each Metric can be found in the group Climate and Sustainability report 2023.

Targets

Specific portfolio targets would be published in product related reports if applicable.

ESG Ambitions 2025 plan

As mentioned in the Strategy section, Amundi has defined targets with its ESG Ambitions 2025 plan. The majority of the targets are addressing Climate Risks and opportunities and are designed to

- Finance the energy transition
- Support companies in their environmental transformation by fostering best-in-class practices
- Fulfill our role as shareholder on behalf of our clients
- Promote ESG best practice within companies, with a particular focus on inclusion and decarbonization

Below the concrete targets and the current state as published in the 2023 Integrated Report published in April 2024.

1. Introduce a new environmental transition rating that assesses companies' efforts in decarbonising their operations and the development of their sustainable activities, covering actively managed open funds.²

The methodology allowing to integrate an environmental transition rating covering actively managed open funds has been defined for implementation from 2024.

2. Offer, in all asset classes³, open funds with a Net Zero 2050 investment objective.

Five asset classes offer a minimum of one Net Zero 2050 Ambition solution.

At Amundi UK Ltd, for instance we launched a Net Zero Corporate Bond open-ended fund in November 2022. Additionally, the Investment teams are actively promoting ESG initiatives and integration. This includes adding a Net Zero target to corporate bonds in certain mandates.

3. Reach €20bn of assets under management in impact funds.

Increase of impact investment assets under management, reaching €13.2bn.

4. Ensure that 40% of our ETF range is made up of ESG funds.

33% of the ETF range is composed of ESG funds.

5. Develop Amundi's Technology's ALTO*⁴ Sustainability offer.

The first module of ALTO Sustainability was commercialised in 2023.*

6. Work with 1,000 additional companies to define credible strategies to reduce their greenhouse gas emissions.

Our climate engagement plan has been extended to 966 new companies.

7. From 2022, exclude from our portfolios companies that generate over 30% of their activity from unconventional oil and gas sectors.⁵

Amundi no longer invests in such companies.

8. Take into account the level of achievement of these ESG objectives (weighting 20%) in the KPI calculation of performance shares for our 200 senior executives.

In 2023, ESG objectives were incorporated in the annual objectives of 99% of portfolio managers and sales representatives and the implementation of the "ESG Ambitions 2025" plan accounted for 20% of the criteria supporting the performance share plan awarded to 200 Amundi senior executives.

2. Scope of actively managed open funds when a methodology is applicable.

3. Real estate, multi-asset, developed market bonds, developed market equities.

4. Amundi Leading Technologies & Operations.

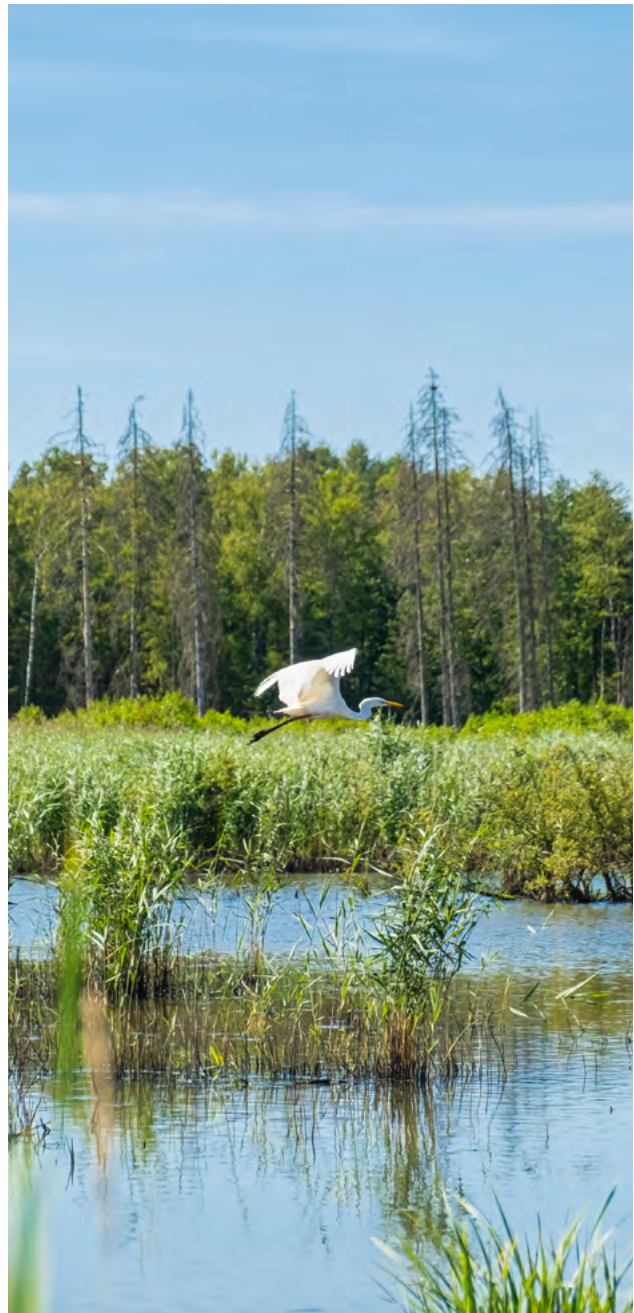
5. Scope defined by Amundi's Responsible Investment policy – Non-conventional extraction: oil sands, shale oil and gas.

- 9. Reduce our own direct greenhouse gas emissions⁶ by approximately 30% (vs 2018) per employee in 2025.

The action plan to reduce greenhouse gas emissions⁶ related to energy (scopes 1 and 2) and business travel (scope 3) has continued. At end-2023, emissions were reduced by 57% by employee.

- 10. Present our climate strategy to shareholders (Say on Climate) at the Annual General Meeting in 2022.

The progress report reporting on the implementation of the climate strategy was presented to the shareholders at the Annual General Meeting of May 12 2023, and approved at 98.26%.



Philippe d'Orgeval

CEO, Amundi (UK) Limited
28 June 2024

6. For any Amundi Group entity with more than 100 employees.

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