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Purpose	Aligned with Armenian dynamic, Amundi-Acba is committed to promoting sustainable investments wherever possible.
Regulatory and procedural context	Amundi RI Policy
General rule	The document details how Amundi-Acba implements its commitment to act as a responsible asset manager in its investments and operations.
Scope	Unless specified in the relevant sections of the documents, the set of commitments and processes described herein apply to, and on behalf of, all assets managed by Amundi-Acba. Amundi-Acba Asset Management is the manager of three pension funds in Armenia, benefiting from the Amundi advanced know-how, expertise and technical support on fund management activities. Each fund has a local and foreign pocket. The management of foreign pocket is delegated to Amundi Paris OCIO (Outsourced Chief Investment Officer) Solutions team and the local part is managed by the local investment team.
Actors	Amundi-Acba's Executive management, Fund management, Risk officer, Compliance officer
Languages	English

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Amundi-Acba's responsible ambitions

Armenia has embarked on developing a Sustainable Finance Roadmap through an inclusive, multi-stakeholder process. This national roadmap¹ is a framework outlining the long-term strategic direction to enable or accelerate Armenia's ability to deliver on its climate and sustainable development goals, while enhancing the financial sector's competitiveness and economic resilience. It is specifically developed to support sustainability alignment of commercial banks, credit institutions, insurance companies and asset managers including pension fund managers operating on Armenian market.

Aligned with Armenian dynamic, Amundi-Acba is committed to promoting sustainable investments wherever possible. Our goal is to become a leading Armenian investor recognized for product performance and transparency, quality of participants' relationship based on a long-term approach, efficiency in its organization and commitment to sustainable and socially responsible development.

Amundi-Acba is convinced that taking into consideration Environmental, Social, and Governance (ESG) to invest in the financial markets is a way of introducing better practices on both public and private actors. To accomplish this, Amundi-Acba relies on Amundi's Responsible Investment business line, an expertise center that provides ESG rating, assessment and scoring methodologies as well as qualitative analysis.

¹ National Sustainable Finance Roadmap of Armenia:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewiy2NqS-N-DxU8QaQEhUn2A70QFnoECAYQAQ&url=https%3A%2F%2Fwww.cba.am%2FEN%2Fmessagesannouncements%2FNational_Sustainable_Finance_Roadmap_06.10.2023.pdf&usg=AOvVaw2TvXvolUob00fLlJgZuYy&opi=89978449

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Resources and governance

Amundi-Acba relies on both its own resources and the ones from the Amundi Group.

Amundi-Acba resources and governance

Resources

Within Amundi-Acba the Chief Executive Officer (CEO) who acts as a chairman of investment committee and Fund managers, are committed to consider the ESG factors in the investment process , and the Risk officer oversee the adherence to this policy by investment team.

Governance

All ESG related topics are presented to Amundi-Acba's Investment Committee. The committee is chaired by Amundi- Acba's CEO and attended by all members of both local and foreign Investment and risk teams. This committee meets on a quarterly basis or on an ad hoc basis if needed. The committee monitors the integration of ESG factors in investment decisions.

Amundi resources and governance

A dedicated business line

Amundi has integrated ESG at the heart of its management and has created a dedicated Responsible Investment business line, organized in five main teams:

- ESG Research, Engagement and Voting
- ESG Method and Solutions
- ESG Business Development and Advocacy
- ESG Regulatory Strategy
- ESG Chief Operations Officer

The Responsible Investment business line is an expertise center that provides ESG rating, assessment and scoring methodologies as well as qualitative analysis. A large perimeter of listed companies and issuers are evaluated based on Amundi's proprietary ESG rating methodology described in the section ESG Analysis. This business line also provides research, support and knowledge transfer to the investment hubs across the firm. All team members collaborate with investment professionals to help them integrate ESG into their investment processes and expertise where relevant.

Governance

Four Responsible Investment Steering Committees have been put in place and are monitored by Amundi's CEO on a regular basis:

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- ESG and Climate Strategic Committee
- ESG Rating Committee
- Voting Committee
- ESG Management Committee

For more information, please refer to [Amundi's Global Responsible Investment Policy](#).

ESG analysis and integration

ESG analysis

Amundi-Acba relies on the resources made available by the Amundi's Responsible Investment business line.

Amundi has developed its own ESG (Environmental, Social and Governance) analytical framework and scoring methodology. This methodology is both proprietary and centralised, enabling a self-defined, independent and consistent approach to responsible investing throughout the organisation.

Two main ESG scoring methodologies have been developed, one for corporates issuing listed instruments and one for sovereign entities. The approach is based on texts that are universal in scope, such as the United Nations Global Compact (UNGC), the Organisation for Economic Co-operation and Development's (OECD) Principles of Corporate Governance and the International Labour Organization (ILO) recommendations.

The ESG score aims to measure the ESG performance of an issuer, e.g. its ability to anticipate and manage the sustainability risks and opportunities inherent to its industry and to its individual circumstances. The ESG score also assesses the ability of the issuers' management team to handle potential negative impact of their activities on the sustainability factors.

The ESG quantitative score is translated into a letter rating, using a seven point scale from A to G, whereby A is for the best practices, and G for the worst ones.

For more information, please refer to [Amundi's Global Responsible Investment Policy](#)².

Integrating ESG into our analysis and investment processes

Amundi's proprietary ESG rating derives from the aggregation of E, S, and G ratings and analysis from a range of sources, and it is now available for more than 18,700 issuers³. ESG ratings and the associated criteria produced by Amundi ESG Research, and additional sustainability-related indicators, are made available to all our fund managers' on their portfolio management system, including Amundi-Acba fund managers. This enables them to integrate sustainability issues into their investment decisions and apply any constraints relevant for their portfolios.

Amundi-Acba manages three pension funds in the scope of Armenian Legislation, benefiting from the Amundi advanced know-how, expertise and technical support on fund management activities. Each fund has two pockets (local and foreign). The management of foreign pocket is delegated to Amundi Paris OCIO

² Amundi, Global Responsible Investment Policy, <https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b>

³ Data as of September 2023.

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(Outsources Chief Investment Officer) Solutions team and the local part is managed by local investment team.

ESG Integration in the local pocket

Involved in the group's ESG system, Amundi-Acba has also put in place the resources and methods for ESG integration adapted to its own management.

The ESG analysis and ratings produced by Amundi is embedded into Amundi-Acba portfolio management systems. They are made available in real time in the fund managers' tools to provide them with a seamless access to corporate and sovereign issuers' ESG ratings alongside financial ratings⁴.

The local pocket applies Amundi's Minimum Standards and Exclusion Policy and excludes as result G-rated companies from the investment universe⁵.

Amundi's ESG data coverage for Armenian companies is however relatively low due the specificities of the Armenian market which is less mature than other markets in terms of ESG data disclosure.

ESG Integration in the foreign pocket

Amundi Paris OCIO Solutions team, on behalf of Amundi-Acba, select funds either inside or outside of Amundi and gives preference, where available to open-ended funds and ETFs which promotes environmental and/or social characteristics ('Article 8 products according to SFDR⁶ regulation'), and that have sustainable investments as their investment objectives ('Article 9 products according to SFDR regulation').

For the funds selected inside the Amundi's range, ESG is integrated as described in Amundi's Global Responsible Investment Policy.

For the ETFs selected externally, their ESG credentials are assessed based on the provider's ESG approach.

In cases where Amundi selects active funds outside Amundi, both Operational Due Diligence and Investment Due Diligence are performed. The ESG credentials are assessed as part of the latter through a two-pronged approach. Amundi performs a qualitative assessment based on the Responsible Investment Policy of the asset manager, including its exclusion policy, its responsible investment approaches (best-in-class, ESG integration, impact, voting policy, engagement policy) and also at financial product level (labels, SFDR and EU Taxonomy characteristics, Principal Adverse Impacts, GHG emissions and reporting). Amundi also performs a quantitative ESG scoring based on the holdings of the portfolio, using its proprietary ESG methodology and scores, to assess the consistency with the qualitative assessment.

⁴ For investment universes and issuers covered by Amundi ESG rating.

⁵ Refer to "Purpose and Scope". For more detailed information on the scope of application of the exclusion policy (RC: please use the full name of the policy), please refer to the policy, please refer to the appendix page 9

⁶ Sustainable Finance Disclosure Regulation - <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN>

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Minimum Standards and Exclusion Policy

As part of its fiduciary responsibility, Amundi-Acba applies Amundi's Minimum Standards and Exclusion Policy. Amundi has set minimum standards and exclusion policies on critical sustainability topics, triggering specific monitoring, and escalation procedures when breaches are identified, that can lead to engagement, specific voting actions (when applicable) or exclusion.

The Minimum Standards and Exclusion Policy covers:

Normative exclusions linked to international conventions in relation to unconventional weapons and the ten principles of the UN Global Compact⁷

Sector policies :

- **Thermal Coal:** Amundi is committed to phase out thermal coal from its investments by 2030 in OECD and EU countries and by 2040 in non-OECD countries.
- **Unconventional Fossil Fuel:** where applicable, Amundi excludes companies whose activity is exposed to exploration and production of unconventional oil & gas (covering shale oil, shale gas and oil sands) by over 30% of revenues.
- **Tobacco:** Amundi excludes companies that manufacture complete tobacco products (thresholds for application: revenues above 5%), including cigarette manufacturers, [as no product could be deemed to be child labour free]
- **Nuclear Weapon:** Amundi restricts investments in nuclear weapons companies involved in the production of core components of the nuclear weapon or dedicated components.
- **Sovereign bonds:** Countries on the European Union (EU) sanction list with a sanction consisting of asset freezing, and a sanction index at the highest level (considering both United States and EU sanctions) are excluded, after formal review and validation from Amundi ESG Rating Committee.

Human rights

Amundi's human rights policy focuses on dialoguing with corporates on the protection and promotion of respect for human rights, by ensuring that companies are taking the necessary steps to identify salient human rights risks within their global operations, prevent abuses before they occur, and provide or advocate for effective remediation when issues are identified.

Biodiversity & Ecosystem Services

Amundi aims to address biodiversity and ecosystem services risks by encouraging companies to acknowledge their exposure to such risks and take concrete actions to prevent and address issues should they occur.

For more information, please refer to [Amundi's Global Responsible Investment Policy](#)⁸.

⁷ United Nations Global Compact (UN Global Compact): "A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals."

⁸ Amundi, Global Responsible Investment Policy, <https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b>

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Engagement Policy

Amundi-Acba does not engage directly on ESG topics but benefits from Amundi's engagement expertise.

At Amundi, engagement is a continuous and purpose driven process aiming at influencing the activities or behaviour of companies therefore, it must be result driven, proactive, considering double materiality, and integrated in our global ESG process.

Engagement activity is led by the ESG Research, Engagement and Voting team from Amundi.

Amundi's Engagement Policy seeks to:

- Contribute to best practice dissemination and drive a better integration of sustainability in our investees' governance, operations and business models;
- Trigger positive change concerning how investees manage their impacts on specific topics paramount to the sustainability of our society and our economy;
- Support the investees in their own transition towards a more sustainable, inclusive and low carbon business model;
- Push investees to increase their level of investment in Capex/R&D in highly needed areas for this transition.

In addition, Amundi's Voting Policy makes best use of its duties as part owners of companies and emphasize the need:

- For an accountable, diversified & well-functioning board,
- For corporates' governance and board to come to grasp with environmental and social challenges,
- To ensure that boards & corporates are appropriately positioned and prepared to handle the transition towards a sustainable, inclusive and low carbon economy.

For more information, please refer to [Amundi's Global Responsible Investment Policy](#)⁹.

Controls (if any)	Second level controls of Risk BL on Amundi's exclusion list
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⁹ Amundi, Global Responsible Investment Policy, <https://about.amundi.com/files/nuxeo/dl/c44a7bb2-813b-4346-96e0-e3d695241d9b>

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Prior to joining a pension fund, all potential participants shall assess the relevance of their risk inclination to their profitability expectations and shall study the legal acts applicable to each fund. Pension fund participants should not rely solely on this document when choosing a fund.

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The information contained in this document is deemed accurate as of January 2024.