Stewardship Report 2022

October 2023

Trust
must be earned

Amundi

Preface

Stewardship is a key pillar of Amundi's responsible investment strategy

In a complex and uncertain market due to the recent geopolitical events and repetitive climate extreme events, we stand firm in our conviction that responsible investment delivers long-term sustainable value to our clients. Addressing climate change and biodiversity loss while ensuring that the transition to a low-carbon economy is socially acceptable requires a real industrial revolution that can only be achieved if key players – governments, businesses and the wider financial system – are aligned. Governments must redefine public, industrial and fiscal policies and coherent regulations; businesses must develop the necessary technological solutions, and financial actors must support companies by allocating the capital required to achieve these objectives.

That is why we consider that integrating ESG risks and opportunities in our investment decisions, engaging with companies on ESG issues, and carrying out voting activities are drivers of long-term value for our clients' portfolios. Promoting a transition to a more sustainable, inclusive low-carbon economy while limiting the negative impacts or even creating positive impact on end savers and pensioners requires orderly transition and coherent actions from governments, costumers, companies and the financial markets.

Stewardship is a key pillar of Amundi's responsible investment strategy. We believe that active dialogue with our investees to positively influence their behaviors and activities will enable us to participate in delivering real impacts and outcomes as well as preserving long-term economic capital. By 2025, Amundi has committed to engage an additional 1,000 companies on their climate strategy compared to 2021. In 2022, we actively engaged with an additional 418 companies. At the same time, our engagement efforts exceed the climate issues as we see the interdependencies between different sustainability factors. We have accelerated engagement efforts in different dimension including natural capital and social cohesion, with 2,115 companies engaged (compared to 1,364 in 2021) and 10,208 General Assemblies voted.

This report is organised according to the twelve principles of the UK Stewardship Code and highlight Amundi's many efforts to integrate ESG factors into investment processes and our engagement with economic actors across industries.

Jean-Jacques Barbéris
Head of Institutional and Corporate Clients Division & ESG

Contents

Principle 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

1. About Amundi: our culture and values

Amundi is a leading European asset manager with €1,904 billion managed on behalf of clients as of 31 December 2022. Amundi's mission is to be a trusted partner that acts every day in the interest of our clients and society. Our ability to earn the trust of a wide variety of private and institutional investors all over the world has led us to have a global client base of over 100 million retail clients through our distribution partners, as well as over 1,500 direct institutional and corporate clients.

a. Our raison d'être

At Amundi, our raison d'être is to be a trusted partner working every day in the interest of clients and society. Being a trusted partner means:

Being attentive to our clients' needs
Trust cannot be taken for granted, it must be earned every day by delivering concrete results. This is the guiding principle we have embodied since our founding in 2010, and which has led us to develop savings and investment solutions that meet our clients' expectations. We offer all our clients, whether they are banking networks, third-party distributors, institutional investors or corporates, a full range of investment solutions thanks to our six investment platforms operating across all financial markets.

Being a long-term partner
Together with our 5,400 employees based in 35 countries, we believe that our relationship with clients should be based on trust. We provide them with support on a daily basis to build a lasting relationship based on sound advice, long-term performance and a commitment to social responsibility. The work we do for our clients is underpinned by our unique research capabilities, our proven track record in asset management, as well as our high standards of service and technological tools.

Being a responsible investor
Responsible investment is one of Amundi's cornerstones. We have always believed that companies and financial actors have a responsibility to tackle today's major challenges, especially regarding the environmental transition and social inclusion. We believe that taking these issues into account makes it possible to create value in the long term. That is why we integrate both financial and non-financial analysis into our investment decisions.

Amundi is 70% owned by Crédit Agricole (CA), one of France's largest bank and insurer. CA was founded by French farmers as a cooperative and a mutual financial institution more than a century ago. We are proud of this heritage, which makes it natural for Amundi to think first of clients' best interests and to be responsive to social needs and the environment.

We believe that our role is to deliver long-term value for our clients while being conscious of the needs of the world around us. Responsible Investment has been one of the four founding pillars of Amundi since 2010, and it continues to be a key component of our strategy. This commitment is reflected in our management process, the solutions range Amundi has developed and the advisory capabilities we deploy to help clients define and implement their own approach.

B. Our culture

At Amundi we are proud of our rich corporate culture, with four fundamental values at its core: courage, team spirit, entrepreneurship and solidarity.

Living our values

These values are both a reflection of and a structure to support the responsible investment culture at Amundi. They underpin our investment processes and inform our ambitions for the future. We are constantly seeking to improve and enhance our processes, through learning from each other and the wider investment community. We also set ever more ambitious goals for ourselves to live up to and keep us accountable to these beliefs and values.

For example, as part of our "Ambition 2025" plan, we are introducing measures such as adding societal and environmental criteria to determine variable compensation for senior executives. More detail on "Ambition 2025" can be found in later in this Principle. We remain committed to providing educational and development opportunities to all employees at Amundi, both to continue to their professional development and also ensure that we stay at the forefront of developments in our industry in order to be best prepared to deliver for our clients. More detail on the training offered in 2022 can be found in Principle 2.

C. Diversity, Equity and Inclusion (DE&I) at Amundi

Fostering a diverse and inclusive workplace is an essential component of maintaining this culture. This is predicated on our belief that internal cohesion and a sense of belonging are a factor of performance, as well as our duty as a responsible employer.

The DE&I policy applies to all Amundi employees. It complies with the national laws and regulations in the jurisdictions in which we operate. The policy seeks to:

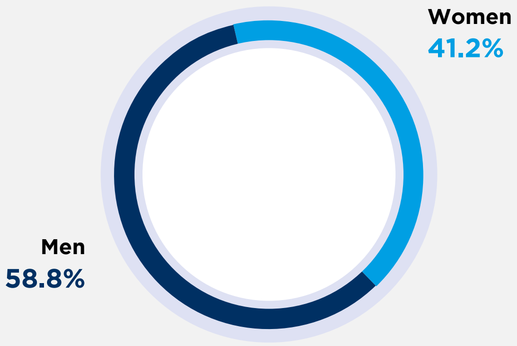
- Promote an inclusive culture and raise awareness among all employees by combating sub-conscious prejudices and stereotypes, collecting and disseminating good practice and asking for managers' help in disseminating this culture;
- Ensure equity in key HR processes: recruitment, compensation, and merit-based career promotion and review;
- Facilitate the development of global programmes to speed up priority Inclusion and Diversity issues and, at the same time, the provision of support for local initiatives to better take geographical specificities into account.

With a presence in 35 countries and with more than 80 nationalities, Amundi nurtures and promotes cultural diversity. Amundi firmly believes that the cultural wealth of its teams, united around a common goal, strategy and values (courage, team spirit, entrepreneurship, solidarity) is a key factor in its success. While common principles guide Amundi entities around the world, particular attention is paid to consideration of local social and societal realities. Consequently, countries can build on the diversity, equality and inclusion policy and are responsible for its local implementation. A global HR Management Committee, chaired by the Amundi Group HR Director, bringing together all the HR Directors of the Amundi entities, meets every week to ensure that specific local circumstances are taken into account and to encourage the exchange of best practices.

Illustration 1: **Gender equality**

Gender equality is a fundamental component of diversity. Promoting gender diversity means creating an open, responsible corporate culture that fosters internal cohesion and progress. This commitment is underscored by concrete actions on equal pay for men and women, support for women in positions of responsibility, training, work/life balance and, more broadly, raising everyone's awareness of the challenges of gender equality.

Amundi gender diversity as at December 31st 2022



13.4% of executive managers are women
36.7% of Executive Committee members are women

We are committed to increasing female representation on governing bodies, with a target of 35% women in Amundi's top management by 2025.

Gender Equality Index

Amundi first assessed a gender equality index score in 2019, a mandatory indicator defined by the French Labour Code, which has made consistent progress since that date. In 2022 we scored 85 out of a maximum of 100 points, up one point from last year, reflecting an improvement in the gender pay gap. Scores are calculated using the following indicators: equality of rates of individual wage increases (excluding promotions), promotion rate, proportion of female employees whose wages were increased after returning from maternity leave.

Initiatives and networks to develop the presence of women at Amundi and the wider industry

- Women in Finance Charter – Amundi signed the charter in 2019 to help build a more balanced and fair industry, in particular gender balance in positions of responsibility across financial services firms
- Women in Investing (WIN) – Amundi US maintains an annual participation in the Women in Investing Conferences, hosted by Cornell University's SC Johnson College, designed to educate female MBA students about careers in investment management
- Women & Science chair with the university of Paris-Dauphine – in 2022 Amundi became a partner of the Women & Science chair, challenged with promoting the place of women in science
- 30% club France investor group – since 2020 Amundi has been a committed participant to promote gender diversity within the governing bodies of SBF 120 companies
- Amundi Women Network - Amundi's gender diversity network was created in 2017. It now has over 566 members in France, including 170 men (30%) and is expanding in Ireland, Germany, Japan and the US. Amundi Women Network is a member of Cercle Potentielles, the representative body of the seven gender diversity networks of the Crédit Agricole Group, which in turn is a member of the Financi'Elles network whose mission is to contribute to improving, and above all accelerating, women's access to the top levels of management in the finance sector.

Please note that according to French regulations, statistics on ethnic or religious diversity are not available.

2. Responsible investing at Amundi

a. What acting as a responsible investor means to Amundi

A true industrial revolution is required to successfully transition our economies to a more sustainable, low-carbon, and inclusive model. This can only be done if the major players - governments, businesses, and the larger financial system - are aligned. Governments must redefine public, industrial and fiscal policies and coherent regulations, whereas businesses must develop the necessary technological solutions, and the financial system must support companies by allocating the capital necessary to achieve these objectives.

As a responsible asset manager, we acknowledge that it is our responsibility to support efforts to address systemic problems and to effectively allocate capital for the future. As a major shareholder via the funds and mandates we manage on behalf of its clients, we have both the responsibility and the opportunity to encourage and accelerate the transition of companies towards more sustainable models. Since 2010, we have been committed to incorporating environmental, social and governance (ESG) factors into our investment processes, as well as supporting a sustainable transition through an ambitious engagement policy, the development of sustainable capital markets, and the mobilisation of capital on a global scale.

Illustration 2: **Sounding out our clients to serve their best interests**

In 2022, we continued our efforts in ensuring a correct understanding of institutional clients' needs to be able to respond to them in an adequate and timely way.

The annual Amundi-CREATE survey of European pension funds, launched in 2014, was renewed. Each year, a main topic of interest is chosen for the survey, depending on the market environment and the priorities of the pension funds. The 2022 survey was conducted among more than 150 pension funds. It covers the challenges faced by pension schemes following the recent surge in inflation in Western economies, its impact on their asset allocation and the evolution of ESG investment in the pension universe. The results of the report are used to adapt Amundi's product and service offering to best meet pension funds' evolving requirements.

B. Our strategy: From philosophy to actions

Amundi's approach to responsible investing rests on three main convictions:

- Economic and financial players bear a societal responsibility;
- The integration of ESG considerations/ factors in investment choices is a source of long-term performance;
- ESG will be a growth driver for Amundi, worldwide.

Our commitment and convictions in our investment management activities is reflected in the development of our investment solutions range, and the advisory capabilities and services we deploy to support clients define and implement their own approach.

Our core investment beliefs are founded on the understanding that long-term and sustainable success lies in collective effort and sound processes. Those beliefs are:

"In a non-stationary world, Investment theory is a support not a dogma"
Economic and financial models as well as sustainability risk models should be used with a clear awareness of their underlying assumptions

"Risk is multi-faceted"
Risk goes beyond market risk to encompass other dimensions such as liquidity risk, credit risk, sustainability risks or reputational risk

"Only a prepared mind can react"
Investment requires the adaptation of widely-accepted assumptions and the ability to process economical, geopolitical and sustainability factors to navigate increasingly frequent markets disruptions and paradigm changes

"Value creation goes beyond performance "
Being asset owners and managers brings responsibilities

"Investing for the long term is an advantage"
Investing over the long term allows us to capture sources of growth such as risk premia or sustainability-linked innovation

"Optimality is not universal"
Opportunities should be assessed within the investor's context and sustainability preferences

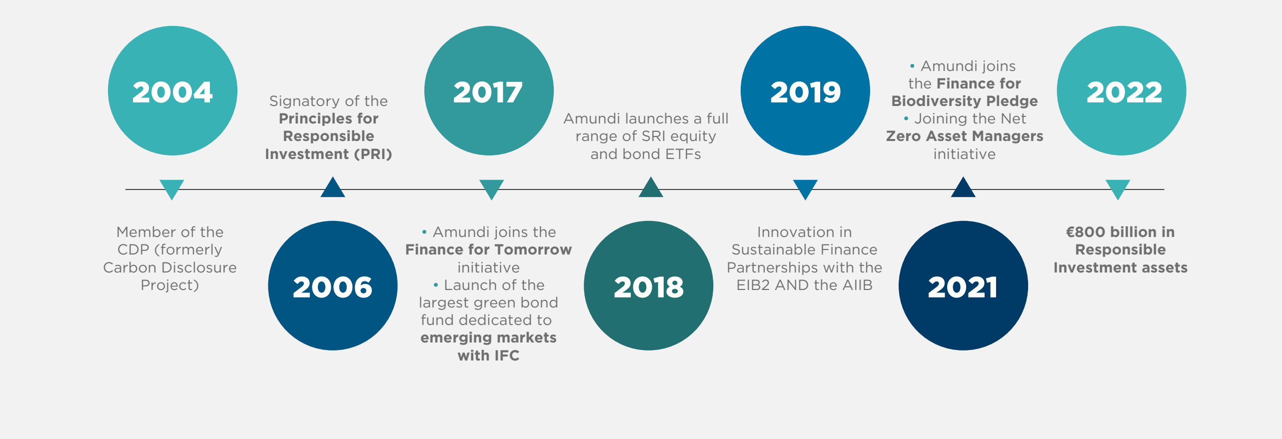
"Long-term & sustainable success lies in collective effort & solid processes"
Teamwork and idea cross-fertilisation are sources of added value

We embrace the concept of "double materiality", around which we build our proprietary ESG analysis and rating methodology. This means that our ESG analysis aims to only assess the way ESG factors can materially impact the value of companies, but also how companies can impact the environment, and social matters or human rights. This centralised methodology promotes a consistent approach to responsible investment across the organisation, in line with Amundi's values and priorities.

The Responsible Investment strategy is integrated across our asset management activities through policies governing asset exclusion, ESG integration into investment process, and voting, activity as well as through the range of dedicated responsible solutions and services.

Dedicated resources make the deployment of our Responsible Investment strategy possible. They ensure the principles and standards across Amundi responsible investment solutions' range are consistent, and help customise solutions and services to meet the ESG preferences of our clients. *(More information can be found in Principle 2)*. Our proprietary ESG rating methodology and fundamental qualitative ESG research capabilities are key pillars of our strategy. Our commitment to addressing challenges in ESG and climate change is reflected in our ambitious action plans, the 2018 – 2021 ESG plan achieved in 2021 and the "Ambition 2025" plan, which is currently underway.

Illustration 3: **Amundi's key commitments of the past 20 years**



➜ Progress in 2022

- Amundi created a new position, Chief Sustainable Transformation Officer, tasked with mobilising and co-ordinating the company's various departments to support an accelerated transformation within the Group's business lines. We have made significant progress on the Ambition 2025 plan, more detail can be found in Illustration 6 below
- The Board strengthened the company's governance by appointing a Deputy Chief Executive Officer
- Amundi joined the GISD Alliance and commits with the UN's efforts to close the investment gap in sustainable development
- Elodie Laugel, Amundi's Chief Responsible Investment Officer, was selected to be part of the European Commission's high level expert group on scaling up sustainable finance in low and middle income countries
- NZAM initiative disclosed Amundi's initial Net Zero target for 2025 of 18% of its AUM, to be composed of funds and mandates with explicit and binding Net Zero alignment objectives

Illustration 4: **ALTO Sustainability**

To better contribute to the empowerment of its clients on climate issues, and as part of our ESG "Ambition 2025" plan, Amundi announced the launch of ALTO Sustainability, a technological analysis and decision-making solution for investors on environmental and societal issues.

ALTO Sustainability is an innovative modular solution that provides clients with additional flexibility allows institutional investors and asset managers to easily integrate sustainable investment indicators from leading data providers into the ALTO* platform to align their investment decisions with their sustainable investment objectives. By combining Amundi's renowned expertise in terms of sustainable investment and its technological know-how, ALTO* Sustainability allows investors to benefit from a comprehensive view of issuers' characteristics, integrating both financial and non-financial considerations.

It will allow users to:
- Build customised scores at issuer and/or portfolio level;
- Integrate their own ESG data and analysis into ALTO* Investment, an integrated front-to-back and back-to-front portfolio management platform offering a 360° view of portfolios.
- Integrate third party ESG data and have a dedicated workspace with separate access.

Illustration 5: **Client Training Campaign**

In 2022 we continued with our client training campaign
- 119 seminars, training sessions, and meetings took place for over 3,900 institutional clients reaching 26,700 professional investors.
- 41 seminars, trainings, and meetings, were held with private banking clients and other distributors, reaching 32,000 retail investors.

Illustration 6: **ESG "Ambition 2025" plan – 2022 progress**

Amundi's "Ambition 2025" plan aims to increase its commitments to tackling climate change, arguably the greatest challenge of our time, through the savings and investment solutions offered to our clients, actions taken to assist businesses, and measures to align our employees with our new ambitions.

This ambition to deepen ESG integration throughout the whole asset management value chain also reflects increasing ESG commitments by our clients across the world. This new three-year plan comprises an ambitious set of goals to address their current and future needs.

The plan has three key objectives, containing a number of key goals to work towards these objectives. By 2025, Amundi commits to:

1. Strengthening our Responsible Investing savings offering for sustainable development[1]
   a. 100% of actively managed funds will integrate assessment of the transition efforts of their holdings, with the objective to achieve a better portfolio climate transition profile than their respective universe
   2022 update: methodology for environmental transition assessment/rating is under development
   b. Establish a broad "Net Zero" offering by developing new solutions targeting greenhouse gas emission reduction objectives in line with attaining net Zero emissions by 2025.
   2022 progress: four asset classes offer a minimum of one Net Zero Ambition solution
   c. Expand impact investment solutions to €20 billion AUM through the launch of new investment solutions targeting a positive environmental and social impact.
   2022 progress: Impact Investment AUM increased to €8.7bn.
   d. Enlarge responsible investing in passive management by expanding the ETF range to include 40% ESG ETFs
   2022 progress: 27% of the ETF range is composed of ESG funds
   e. Provide clients with access to cutting edge sustainability analytics through ALTO Sustainability (Amundi Leading Technologies and Operations) a modular technology solution that integrates a wide range of ESG & Climate analytics
   2022 progress: the content of the first module of ALTO Sustainability has been developed.

2. Deepen the integration of ESG in our investment solutions
   a. Broaden engagement efforts to +1,000 companies through the deployment of a climate engagement plan
   2022 update: our climate engagement plan has been extended to 418 new companies.
   b. Divest from companies that conduct more that 30% of their business in unconventional hydrocarbons by 2022
   2022 update: Amundi has completed divestment from all such companies

1. All 2022 updates and figures are valid as of 31/12/2022

3. Set objectives internally in line with our commitments

a. Extensive integration of ESG criteria into Renumeration policy

From 2022 we have integrated ESG and CSR KPIs into the remuneration and performance structures applicable to the CEO and the 200 most senior executives, sales and portfolio managers

2022 update: ESG objectives were incorporated in the annual objectives of 99%[2] of portfolio managers and sales representatives and the implementation of the "Ambition 2025" plan accounted for 20% of the criteria supporting the performance share plan awarded to 200 Amundi senior executives.

b. Reduction of Amundi's operational emission by 30% per employee

By 2025 we target a 30% reduction in our GHG emissions per employee on Scope 1 & 2 emissions as well as in business travel

2022 update: An action plan has been launched on greenhouse gas emissions related to energy usage (scopes 1 and 2) and business travel (scope 3).

c. Present our climate strategy (Say on Climate) to shareholders during the 2022 annual shareholder meeting.

2022 update: At the Annual General Meeting on 18 May 2022, the resolution was approved by 97.72%.

C. Engagement & Voting, a key pillar of our strategy

Stewardship activity is central to Amundi's responsible investing philosophy, alongside the systematic integration of ESG criteria in our active investments. We believe that stewardship and effective engagement play a key role in enabling a wide transition towards a sustainable, inclusive low carbon economy. Amundi has developed an active programme of stewardship activities through engagement and voting.

As a major shareholder via the funds and mandates we manage on behalf of our clients, Amundi has a role to play in driving capital towards the leading actors in ESG and in influencing laggards to adapt and evolve their strategies to combat key issues. We recognise that as part-owners of the companies in which we invest that we have an obligation to influence their strategies towards approaches that take account of ESG issues more effectively. We seek constructive dialogue to help drive change and to support those who are already delivering positive results.

Our proactive engagement policy seeks to:

- Contribute to the dissemination of best practice and drive a better integration of sustainability in companies' governance, operations and business models.
- Trigger positive change concerning how companies manage their impacts on specific topics that are key drivers of the sustainable future of our society and economy.
- Support companies in their transition towards more sustainable, inclusive and low carbon business models.
- Engage to push issuers to increase their levels of investment in Capex/R&D in highly needed areas to facilitate this transition.

Our voting activity is an integrated arm of our stewardship activities *(More details on this can be found in Principle 3)*. Insufficient improvements following an active engagement could trigger a negative vote. Engagements are also triggered by our voting activity to encourage issuers and their boards to better integrate sustainability and long-term views in their company's strategic planning.

2. At the time of the closing of the appraisal campaign (including setting 2023 objectives), not all managers and employees were present

Our voting policy makes best use of our duties as part-owners of issuers and emphasises the following needs:

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

We believe that engagement and voting will play an even greater role going forward and already forms a key pillar of our "Ambition 2025" plan. Amundi's ambition is to scale up the different initiatives we created with the investment platforms in 2020 and 2021 in order to leverage our engagement effort by empowering the investment professionals that already have active dialogues with issuers.

➜ Progress in 2022

As part of our ESG Ambitions 2025 plan, Amundi launched a cycle of engagement on climate issues in 2022 that will see an additional 1,000 companies enter into constructive dialogue with us by 2025. Amundi specifically requests that businesses publish a detailed climate strategy based on specific indicators and set out objectives for each carbon emission scope and on the corresponding capital expenditure (investment plan). In 2022, Amundi engaged an additional 418 companies on the climate issue.

This engagement covers all environmental, social and governance issues. Beyond the specific topic of climate change, in 2022, specific thematic commitments included the circular economy; biodiversity, for which a specific report was published on our website; deforestation; ocean protection; strategy for alignment with the Paris agreement; the just transition; human rights; living wage; as well as fair distribution of added value within companies.

2022 Engagement at a glance:

	Indicators	Unit	2022	2021	2020
Engagement policy	Number of issuers excluded	Number	954	833	617
	Total number of companies engaged	Number	2,115	1,364	NA
	Number of additionnal companies involved in ongoing dialogue issues	Number	418	NA	NA
Voting policy	Number of resolutions subject to vote	Number	107,297	77,631	49,968
	Number of General Meetings subject to vote	Number	10,208	7,309	4,241
	Level of support for climate shareholder resolutions	%	87	86	NA
	Average opposition rate	%	21	20	20

More detail on our engagement & voting activities in 2022 can be found in Principle 9 to 12.

Principle 2

Signatories' governance, resources and incentives support stewardship.

1. How our structure supports and enables responsible investing and stewardship deployment

Taking action as a responsible financial institution is an essential component of Amundi's strategy, as such responsible management is integral to our governance. The responsibility to achieve the group's ESG objectives lies with both the supervisory and management bodies, and is central to the way these governance bodies operate.

The responsible investment strategy is discussed at the highest levels and is governed by dedicated committees reporting to the Board of Directors and the General Management Committee. These governance bodies regularly interact with each other and with the various business lines working on these issues, primarily via the Responsible Investment team.

See Principle 3 for more information on our relationship with Crédit Agricole and how we manage conflicts of interest between the businesses.

Governance of ESG issues within Amundi

A. Dedicated Responsible Investment Business Line

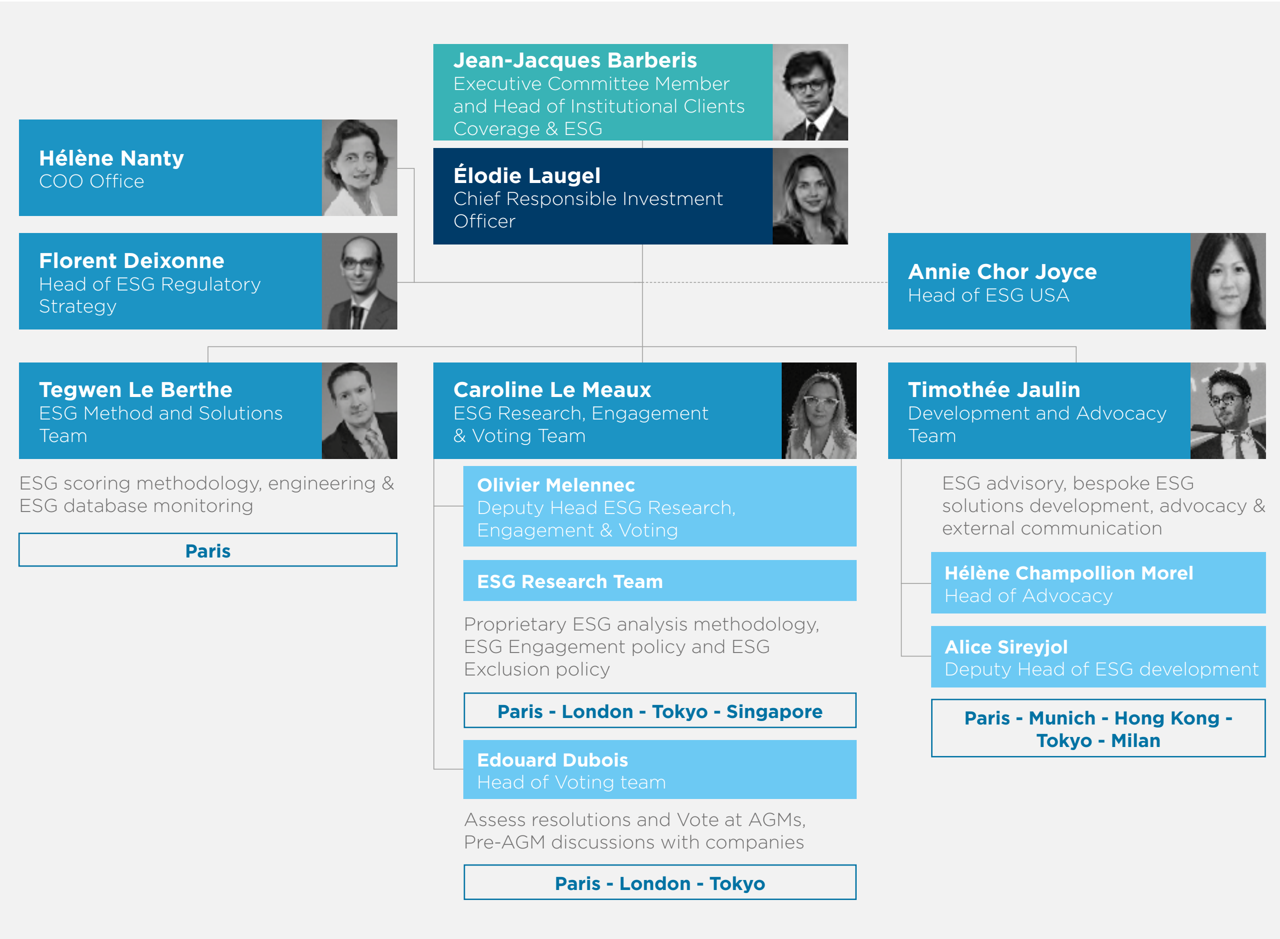
Amundi has a team dedicated to responsible investment, under the supervision of Jean-Jacques Barbéris, an Executive Director of the firm and Supervisor of ESG. This department is positioned as an autonomous and independent unit within the overall organisation, serving the needs of institutional, distributor and retail clients as well as investment platforms.

General organisation and figures

The team is organised around five areas of expertise, each with its own senior leadership:

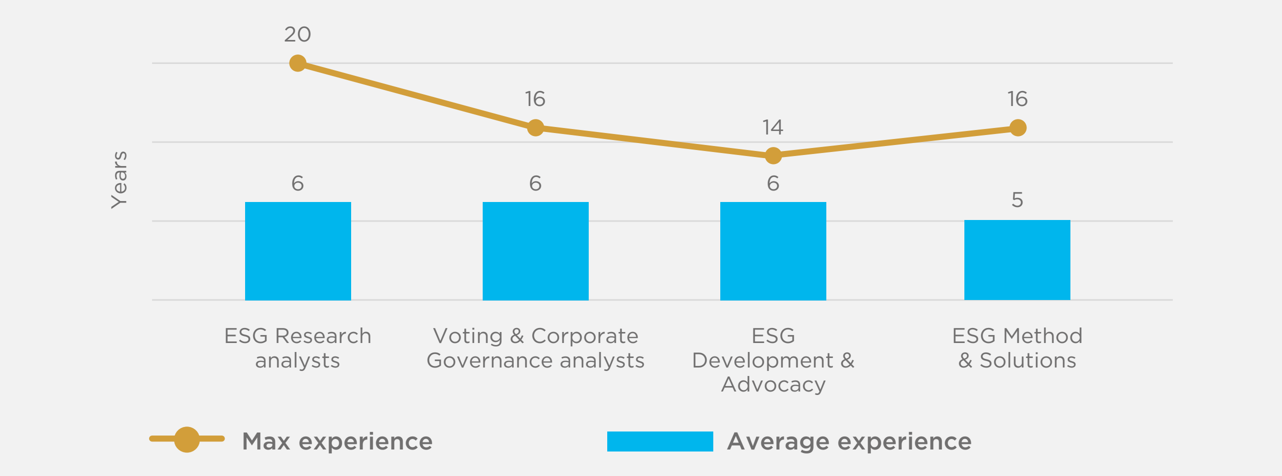
- The ESG Research, Engagement and Voting team
- The ESG Method and Solutions team
- The ESG Business Development & Advocacy team,
- The ESG COO Office
- The ESG Regulatory Strategy

Organisation and positioning of the Responsible Investment Team



The Responsible Investment team has an overall average experience in the ESG / CSR sector of six years and is composed of 65% women.

Experience in the ESG / Corporate Social Responsibility industry of Responsible Investment Team



The team has a wide range of experience and expertise, with members across the team holding dedicated relevant qualifications in areas including:

- Natural Resources & Sustainable development
- Bilan Carbone® Methodology Training
- ESG Investing (CFA)
- Business and Human Rights
- Climate Risks
- TCFD training
- Responsible Investment Analysis (PRI)
- Sustainable Development Management (MOOC & CentraleSupelec)
- Sustainable Finance (MOOC)

B. The ESG Research, Engagement and Voting team, the keystone of stewardship exercise

Led by Caroline Le Meaux, the ESG Research, Engagement and Voting team spans Paris, London, Beijing, Singapore, and Tokyo. Sitting within the Responsible Investment division at Amundi, the team is independent from the Investment Management and Financial Analysis teams ensuring the quality and independence of the ESG analysis, while working in close collaboration with portfolio management teams.

Through its stewardship activities, Amundi is seeking to have a positive impact on the economy. We truly believe that active ownership generally yields more robust outcomes than divestment.

The ESG Research, Engagement and Voting team currently comprises 25 dedicated ESG research and engagement analysts and 8 Voting & Corporate Governance specialists globally that contribute actively to our stewardship efforts. It is split into two divisions:

- The **ESG Research team** is responsible for internal ESG content and organises our engagement efforts. Each analyst specialises in various sectors and themes and is the primary person responsible for driving ESG research and engagement strategies internally on those sectors and topics. The analysts meet, engage and maintain constant dialogue with companies to improve their ESG practices and have the final say over the ESG ratings of companies to ensure that internal scores are accurate and in line with key Amundi convictions.

The team is also responsible for monitoring sector trends, staying abreast of established and emerging ESG topics, assessing the impact of ESG topics on the macro-sectors covered (both risks and opportunities) and the impact of those sectors on the sustainability factors.

While ESG analysts work in close collaboration with research analysts and portfolio management teams of the broader firm, their independent status ensures the quality and the objectivity of the ESG analysis that they carry out.

- The **Amundi Voting and Corporate Governance team** consists of specialists that analyse resolutions and organise ongoing dialogue that Amundi wishes to have with companies pre- and post- Annual General Meetings (AGMs), with the aim of better understanding their strategy and pushing for continuous improvement in practices. These conversations are also an opportunity to engage with issuers on practices that foster progress. We recognise that individual company approaches take time to evolve, and we look for progress and momentum as much as achievement. Our pre-AGM dialogue with companies aims to encourage ongoing improvement, which then informs our voting actions. By applying the general voting policy principles, Amundi is able to cast votes consistent with the shareholder dialogue.

  This team is in charge of coordinating all voting related tasks, and responsible for managing the voting rights that have been delegated by the funds and subsidiaries.

The ESG Research, Engagement & Voting team is the in-house centre of ESG content expertise that supports all of Amundi's investment platforms. The team members work actively with fund managers and financial analysts to strengthen ESG knowledge and expertise across the whole company; including ESG trends or the positioning of issuers.

The profiles of the ESG analysts are diverse and we constantly strive to maintain a balance of skills and backgrounds within the team. Hailing from seven different nations and operating across five offices globally, their cumulative work experience spans 10 countries. This rich diversity significantly enhances the quality of our ESG research, contributing meaningfully to the depth and breadth of our insights.

There is strong experience across the team in analysis, both on the sell- and buy-sides, but also a range of experience in audit, and ESG and CSR consultancy, as well as direct industry experience in a variety of businesses, from fashion to insurance, construction and IT software. The team's industry specialties are shaped by this range of experience, giving us deep insight into the operational challenges of business, which enables more thoughtful understanding of the issues faced by the companies in which we invest on clients' behalf.

The ESG Research, Engagement and Voting team is supported by four other teams

ESG Method and Solutions team

The team of eight quantitative analysts and financial engineers is led by Tegwen Le Berthe and is responsible for maintaining and developing Amundi's proprietary ESG rating system and ESG data management systems (which includes the selection of external data providers to create ESG ratings). They help analysts and portfolio managers integrate ESG considerations into their investment decisions. They also support business development teams in creating innovative solutions by integrating ESG data into financial products (ESG ratings, climate data, impact indicators, controversies etc.). They oversee the development and integration of ESG tools into Amundi's portfolio management systems and the systems for providing information to clients. They are also responsible for implementing client-specific ESG exclusion rules.

ESG Business Development & Advocacy team

Led by Timothée Jaulin with presence in Paris, Munich, Tokyo and Hong Kong, the team of 14 is in charge of developing and promoting ESG solutions tailored to the needs and challenges of investors, and offering ESG advice and services to all Amundi clients. It is also responsible for managing communication campaigns on key ESG issues with all stakeholders, centralising collaborative actions with sustainable finance initiatives and developing training programmes for our clients and employees.

ESG COO Office

Under the responsibility of Hélène Nanty, the team coordinates the Responsible Investment Department's projects with the Group's support functions, produces business monitoring dashboards (Business, Budget, IT, Audit, Projects) and oversees major cross-functional projects.

ESG Regulatory Strategy

This team led by Florent Deixonne is responsible for ESG regulatory issues. It supports Amundi's development by anticipating the impact of future ESG regulations, and contributes to the financial sector's work on the continuous strengthening of the ESG investment framework in all jurisdictions.

Interactions between ESG team and portfolio managers team

The Responsible Investment Business Line provides ESG rating, assessment and scoring methodologies as well as qualitative analysis. It 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.

Periodically, the ESG Analysts meet with Fund Managers to share their opinions on specific issuers. In addition, in a monthly basis, ESG analysts organise training sessions on specific sectors or thematic. This session is a place to exchange and spread the ESG culture with Fund Managers and Product Specialists of all Investment platforms. ESG teams also communicate with all of Amundi's team through different channels

- Monthly newsletter: The ESG Business line has launched a monthly newsletter that is informing Amundi's teams about the Responsible Investment news
- Monthly ESG ratings update news: The ESG Method Solutions team's provides monthly global statistics on corporate and sovereigns ESG ratings (turnover no of rated issuers), as well as ESG coverage stats on all major equity and bond indexes in the monthly news. Portfolio managers receive the news in their inbox
- ESG "Weekly picks and food for thought": The ESG Research team sends out weekly information on ESG related topics which has been developed for the use of portfolio managers
- Internal web conference: Internal Web Conferences are proposed to all Amundi staff in order to support them in acquiring knowledge on ESG topics

In addition, the investment team participates in the ESG & Climate Strategy Committee and the ESG Rating Committee (including methodology validation, exclusion policy review, individual ESG rating review), thereby ensuring coordination between the teams in the implementation of the Group's responsible investment strategy.

➜ Our progress in 2022: Reinforcement plan continues

In 2022, the Responsible Investment department continued to grow following the reinforcement plan implemented in 2021. The team increased from 40 members to 62, with investment into the ESG Research team, the ESG Business Development team, Voting and Corporate Governance team and ESG method and solutions team.
2022 also saw the implementation of a dedicated role to cover ESG regulation.

C. Dedicated governance to monitor and manage the responsible investment strategy

With the support of these teams, four Responsible Investment steering committees ensure the regular and structured follow up of all work carried out by the Responsible Investment team. They are regularly monitored by Amundi's CEO.

The ESG and Climate Strategic Committee

Chaired by Amundi's CEO, this committee meets on a monthly basis with the responsibility to:
- Steer, validate and monitor Amundi's ESG and climate strategy,
- Validate major strategic changes to the Responsible Investment policy,
- Monitor the progress and achievement of the Ambition 2025 plan, and

The ESG Rating Committee

Including senior managers from investment, responsible investment and risk and compliance business lines, and chaired by Amundi's Chief Responsible Investment Officer, this committee meets on a monthly basis. The committee is responsible for:
- Defining Amundi's ESG rating methodology, systems, processes and resources and approving any amendments,
- Validating the criteria for and application of exclusion and sector policies,
- Reviewing and taking decisions regarding ESG ratings on specific cases of exclusion, based on due diligences done by the ESG team, or in case of escalation, and
- Developing Amundi's ESG jurisprudence on emerging issues.

The committee also deals with ESG topics related to climate and the energy transition (such as our coal policy, carbon footprint methodology, rating of issuers facing climate related controversies), and social and societal issues. Two External senior experts are permanent guests to this committee to participate in discussions.

Voting Committee

Chaired by Amundi's Responsible Investment Supervisor, this committee includes personnel from the Responsible Investment team along with external advisers. They meet at least once a month, with ad hoc meetings scheduled when needed, with responsibility for:
- Supervising the consistent application of Amundi's voting policy and acting as an adviser for voting decisions on individual cases
- Reviewing and validating the following key activities:
  - Principles of Amundi as an active and responsible shareholder, and interaction with issuers,
  - Periodic reports on voting activities,
  - Local or individual issues not covered by voting policies,
  - Escalation process with issuers presenting specific risks,
  - Voting decisions for individual cases where the implementation of the voting policy, could not be in the best interest of the holders of the funds, and
  - Ensuring alignment of voting activities with key ESG engagement themes.

Two External senior experts are permanent guests to this committee to participate in discussions.

ESG Management Committee

This committee includes the senior leadership of the Responsible Investment Team. This committee meets on a weekly basis and is responsible for:
- Setting objectives and priorities for the ESG and voting teams,
- Building a consolidated view of ESG capabilities and resources across the Group, and
- Promoting ESG across the business, addressing key client requests and business opportunities.

➜ Our progress in 2022

In 2022, we included additional participants for two of those committees

- ESG rating committee: Addition of two permanent experts for US and real assets expertise
- ESG and climate strategy committee: Addition of representatives for the following business lines
  - Strategy, Finance and Control Division
  - French Partner Networks Division
  - Compliance
  - Sustainable Transformation

D. Sharing and fostering expertise across the business

Training and education

The training around responsible investment that is available to the wider Amundi business was strengthened in 2022 with the addition of a "Responsible Investment Training" programme. Delivered via an e-learning platform, the courses have been jointly designed by the Responsible Investment, Training and CSR teams in collaboration with the different business lines. They include the fundamentals of responsible investment along with Amundi's strategy, convictions and ambitions for Responsible Investment by 2025, particularly the Climate Strategy. Tailored modules are also available for specific business lines to meet their particular needs.

Particular attention is being paid to training Amundi' s senior executives so that they have the knowledge required to ensure a robust and effective implementation of Amundi's responsible investment strategy. In addition to training, employees also receive expert support (in particular the Responsible Investment team, "ESG champions") to help them implement good responsible investment practices. The "ESG champions" within the management platforms serve as ambassadors of responsible investment issues for their colleagues and are key contributors to cross-functional projects related to responsible investment (e.g. the definition of the Sustainable Investment Framework).

As a part of the "Ambition 2025 plan", Amundi has set itself the goal of training 100% of its employees in responsible investment by the end of 2023 and we are on track to achieve this.

A culture of teamwork and information sharing

ESG Research analysts, financial analysts and fund managers share the same research center, where all research and engagement streams are published. The calendar of all engagements are also shared, enabling investment professionals to join. Regarding engagement, ESG analysts have developed engagement toolkits that describe for different subjects the questions to ask as well as the best practices. For a given company under engagement, the questions asked, the status of the engagement is recorded in this tool, enabling the financial analysts or the fund manager to understand the nature and the quality of the answer from the company.

Regarding investment decisions, Fund managers have the final say, except if the company is excluded from the investment universe. A negative override of the ESG score in case of escalation is a penalty, as average ESG score of portfolios have to be higher than that of the benchmark.

More information on the integration of ESG and stewardship to the investment process can be found in Principle 7.

3. External research providers, an essential resource

A. Integrating external data in ESG analysis and rating work

Our ESG Research team leverages data from external providers. The information received covers ESG scores, ESG controversies, and other ESG-related information. Our analysis draws on this data to generate proprietary scores, ratings and controversies analysis, and processes the data to serve clients' specific exclusion requirements. Some external research providers have also been chosen for their climate-related data concerning climate risk management and CO_2 data.

We source inputs from specialist global providers, each with its own methodology and inbuilt biases. By taking inputs from a range of sources and applying our own proprietary analysis and approach we can gain a fuller understanding of companies and provide our investment teams with a fulsome picture and valuable insights.

The use of such third-party data gives Amundi:

- Greater overall coverage of issuers by combining different footprints, as some providers have better coverage of particular regions/ sectors/asset classes.
- A 360° view on critical ESG topics and relevant issuer behaviour, as data providers take different approaches to analyse a particular criterion.
- Access to more frequent analysis updates, as each data provider updates their analyses according to different schedules.

We source data from 16 main providers:

16 main providers

Generalists

TRUCOST, MSCI, V.E, REFINITIV, SUSTAINALYTICS, EthiFinance, HUMPACT, ISS ESG

Climate

MSCI, TRUCOST, Iceberg Data Lab, Climate Bonds, FTSE Russell, CDP, LUXEMBOURG GREEN EXCHANGE, carbon4 finance

Controversies / controversial weapons

ISS ESG, MSCI, RepRisk, SUSTAINALYTICS

Sovereigns

Verisk Maplecroft

These data providers are selected according to a dedicated due-diligence process undertaken by the ESG Method and Solutions team. We use these data sources to inform our proprietary ESG analysis and ratings methodology.

More information on which can be found in Principle 7.

Illustration 7: **Assessing companies' performance on biodiversity**

Biodiversity is an area of increased focus. Scientific knowledge led by IPBES is progressing fast and biodiversity-related regulations and initiatives such as the Task-Force on Nature Financial Disclosure or the Global Biodiversity Framework, to name but a few, are being developed.

Biodiversity is by nature a very broad topic. The data to understand it fully remain scarce and the biodiversity footprinting methodologies, which aim at giving a full picture of a company impact on biodiversity, are still nascent. For this reason, and after conducting a data and methodology review process, Amundi decided to analyse companies' biodiversity performance based on a wide breadth of data.

Data Type	Data providers	Other risks
ESG Rating	- Vigeo - MSCI - Sustainalytics - Amundi Research	Biodiversity is a dedicated part of Amundi Company overall ESG Rating
Controversies	- MSCI - Sustainalytics	Biodiversity-related controversies are assessed
Materiality	- ENCORE	Materiality assessment of a company impact and dependency on biodiversity
Practices	- MSCI - Trucost - Refinitiv	Raw data on water usage or pollutants intensity to evaluate companies practices
Policies	- CDP - Refinitiv	Biodiversity-related policies of companies are assessed
Activities	- MSCI - Trucost - Amundi Research	Revenues of companies are analysed to identify companies with negative (pesticides production, ...) or positive (water treatment, ...) impact on biodiversity
Biodiversity footprint	- CDP - Iceberg Data Lab	While mainly based on modeled data, biodiversity footprint indicators are useful to understand the overall impact of a company business on biodiversity

Using this data, we believe that we can gain a general view of a company's performance, impact, and dependency on biodiversity. With the maturing of the methodology and the gradual implementation of regulations, we see this list as being in constant evolution and strive to integrate more data points over time.

Our ESG analysts also have access to information from additional sources beyond these extra financial data providers, including:
- Dialogue with companies' management and stakeholders,
- Companies' publicly disclosed documents,
- Equity and credit analysts of the Amundi Group,
- Sectoral experts,
- NGOs, scientists, unions, media, brokers sell-side reports, and
- Bloomberg, Reuters.

This creates a direct feedback loop from engagement activity into the ESG ratings and analysis – and subsequently into the investment decisions of portfolio managers. These sources of information form an essential component in the ESG analysis process as they allow analysts to crosscheck information and data on specific topics, as quality and reliability of information is essential. All the information provided by external suppliers, once quality checked and filtered through the professional assessment by our analysts, feeds into our internal portfolio management system (ALTO) which is available to all portfolio managers.

➜ Our progress in 2022

Reinforcing a robust ESG data processing and rating process

In April 2022 we completed the transfer of responsibility for the integration of ESG data and the monthly calculation of ESG scores from the Responsible Investment team to the Global Data Management department.

This team now comprises of six ESG data specialists, who are responsible for ESG data integration and quality for around 20 data providers.

This transfer allowed us to strengthen relationships with our data providers to improve quality and service. It also allowed for better quality controls throughout the value chain: at the level of sourcing of provider files, pre- and post-integration of data into the repository.

The Global Data Management team also support Amundi's business lines on issuers relating to raw data and ESG scores: ESG, Investment, Risk, etc.

B. The role of external providers to support our voting activity

Amundi's Voting and Corporate Governance team (part of the ESG Research, Engagement and Voting team) also relies on services from external providers.

Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions, while retaining complete autonomy over their recommendations. ISS also provides customised voting recommendations based on Amundi's voting policy. Using research and recommendations from multiple proxy advisers allows the Voting and Corporate Governance team to make informed voting decisions, taking into account different viewpoints. The voting decisions are also informed by the dialogue the Voting and Corporate Governance team undertakes with companies, as well as the views of internal experts, including the Responsible Investment team.

Amundi uses the ProxyExchange platform, provided by ISS, to monitor voting positions and send instructions in accordance with Amundi's voting policy. The only exceptions to adhering with the voting policy are to align with specific client mandate voting policies.

C. ESG analysis at the core of our investment platforms

Amundi's ESG analysis is embedded into our portfolio management systems. Portfolio managers and investment analysts from all investment teams have real time access to corporate and sovereign issuers' ESG ratings, alongside financial ratings and related ESG analytics and metrics. This enables fund managers to factor sustainability risks into their investment decision process and apply Amundi's exclusion policy whenever applicable. They are also able to design and manage their portfolio(s) in accordance with any strategy/ product-specific ESG rules and objectives that may apply.

More detail on Amundi's exclusion policy and ESG ratings methodology can be found in Principle 7.

4. Integrating ESG considerations within remuneration structures

ESG is integrated into remuneration structures across the organisation, from the CEO downwards in accordance with Article 4 of the Internal Regulations of Amundi's Board of Directors, which specifies that the Compensation Committee *"analyses the remuneration policy and its implementation with regard to social and environmental issues"*.

ESG and climate issues are taken into account in the Group's remuneration policies at several levels and in multiple phases.

Executive renumeration

Reflecting the strategic importance of these issues, a portion of the variable remuneration attributed to Amundi's CEO is tied to environmental, social and governance indicators. As of 2022, and subject to approval by the General Meeting, 20% of the performance evaluation and remuneration of the CEO will take into account ESG and CSR objectives.

Factors considered in this evaluation include the implementation of the ESG Ambitions 2025 plan, the gender diversity of management bodies and the achievement of the Human and Societal project of Crédit Agricole SA.

Sales and portfolio managers remuneration

From 2022 onwards, Amundi will progressively integrate ESG objectives into the performance evaluation of sales representatives and portfolio managers, directly influencing their variable remuneration.

Responsible Investment team renumeration

The variable remuneration of the Responsible Investment team is based on both qualitative and quantitative analysis of their effectiveness and delivery against expectations, alongside broader profit sharing based on Amundi's overall performance. All Responsible Investment team members are evaluated on their collaboration with the investment teams and clients' segment departments, as well as according to the efforts made to integrate ESG in the investment processes.

➜ Our progress in 2022

- ESG objectives were incorporated in the annual objectives of 99% of portfolio managers and sales representatives and were a determining factor in their variable compensation
- ESG objectives under the "Ambition 2025" plan accounted for 20% of the criteria supporting the performance share plan awarded to 200 Amundi senior executives
- Assessment of the performance of the Chief Executive Officer and the Deputy Chief Executive Officer was based on ESG and CSR objectives for a minimum of 20% (taking into account the implementation of ESG projects accounting for 10% for the Chief Executive Officer and 15% for the Deputy Chief Executive Officer and the Crédit Agricole S.A. Group's Customer, Human and Societal Project accounting for 10%)

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Amundi takes conflicts of interests very seriously and actively works to identify, prevent and manage them. For this reason, the firm has put in place numerous measures to drive transparency and ensure that potential and actual conflicts are monitored and dealt with.

Illustration 8: **General measures to minimise and monitor conflicts of interest**

- Conflicts register of cross-directorships of senior Amundi staff
- Policy for managing conflicts of interest detailing employees' responsibilities to identify, prevent and manage conflicts
- Procedures and rules governing the primacy of the client interest
- Procedures and rules governing the selection and remuneration of intermediaries
- Internal committees (broker/dealer, products, risk management, compliance, audit, compensation), which take full account of ethical considerations in their decisions
- A Debt Restructuring Committee
- Appropriate training of relevant employees to ensure that they are fully aware of their responsibilities and obligations

1. Amundi's relationship with Crédit Agricole

Crédit Agricole Group is Amundi's parent company but we are an independent organisation with an established board of directors and five specialist committees: Strategic and CSR, Audit, Risk Management, Compensation, and Appointments. Full details of all board member commitments are published in our Governance of Amundi Company document, which outlines their existing and former positions in Crédit Agricole Group companies, as well as other listed and unlisted companies.

Information barriers (physical, organisational, procedural and IT barriers) are in place to avoid the risk of conflicts of interest and the improper circulation of confidential and inside information.

Amundi has defined a universal common basis for its voting policy based on the fundamental governance principles and shareholder rights that Amundi expects to be applied and respected globally. Amundi exercises its stewardship responsibility on behalf of its clients on all five continents. That said, the implementation of this policy is adapted to each of these local contexts. Our decisions are always made with a view to defending the interests of our clients by supporting the creation of sustainable long-term value. To do that, Amundi considers each company's context in a pragmatic manner to make sure its voting decisions are effective.

The voting control system is based on the voting policy, the existence of a voting committee to deal with delicate situations, and the posting of all votes on the Internet.

We have a specific focus on Companies linked to Amundi and specifically Issuers with a controlling interest in Amundi as Crédit Agricole. In addition, we do not vote on Crédit Agricole resolutions as part of our relationship with the company.

Case study 1: **Voting conflict of interest between Amundi and Crédit Agricole**

Context: Amundi had to vote in April 2022 for an AGM of a French based company where Crédit Agricole is controlling almost 20% of the capital.

Amundi Action: Amundi voted against the re-election of an independent board member given the low attendance rate at Board and committee meetings during the previous year as well as during the last three years. Amundi is vigilant about the necessary availability of Board members, taking into account the number of mandates they hold and the attendance rate. In case of a low attendance level, we expect companies to provide a cogent rationale. We informed the company of our voting intentions.

Engagement Outcome & Issuer Momentum: The level of dissent was 22% on this resolution.

A. Policies and procedures

We recognise that Amundi Group entities may be exposed to potential conflicts of interest when carrying out transactions or entering into service contracts with entities within our Group, entities of our parent Group, as well as with third parties.

In order to manage this, we have put in place internal rules and procedures to ensure and respect each client's interests – including, but not limited to, our Conflicts of Interest Policy and Code of Conduct.

Our specific rules of conduct, vis-à-vis clients, mean all employees must:

- Ensure and respect the primacy of each client's interest, particularly in relation to their personal interests and/or the Amundi Group's interests,
- Avoid situations where they may need to choose between their personal interests, whether financial or otherwise, and the Amundi Group's interests or those of its clients,
- Respect the principle of equal treatment among clients,
- Not disclose to a client confidential information about a client that has come to their attention in the course of their professional activities. This does not apply to information that is or has become public.

The Amundi Code of Conduct is the fruit of a collaborative approach between our different business lines; Retail and Institutional Marketing, Purchasing, Compliance, Legal, HR, Corporate Social Responsibility and Communications, among others.

Beyond compliance with legislative, regulatory and professional rules, the Code of Conduct, which applies to all of our operations, reflects our commitment to carrying out our activities with the highest ethical standards and professionalism and to acting in the best interests of our customers.
Other examples of the robust policies and procedures we have in place to safeguard client interests include:

Employee remuneration

Each Amundi Group entity is tasked with ensuring that remuneration structures do no lead, directly or indirectly, to potential conflicts of interest. This could include ensuring remuneration based on sales targets does not incentivise employees to recommend one product over another that might better fit the client's needs. All entities have policies and practices in place that take into account the interests of all clients in order that these interests are not negatively affected in the short, medium or long term.

Gifts and benefits

Employees must not accept a gift or any other benefit from a third party that could put them in conflict with their responsibilities. All gifts and benefits received must be disclosed at least once per year and may not exceed the maximum amount set per business relationship per year. If this cap is exceeded, the employee must justify it and request the authorisation of their manager and the compliance officer before accepting.

Employee training and awareness

In addition to written policies and procedures, we include conflict of interest training in the training plan for our employees. Amundi maps the various conflicts of interest that may arise and damage the interests of clients. These scenarios are regularly updated and inform our employee training and policy development.

B. When conflicts of interest arise

While Amundi employees strive to avoid conflicts of interest, there are clear policies and procedures in place outlining the action to take should one arise. In the first instance, the employee involved must immediately alert their direct line manager as well as their compliance officer.

Potential conflict of interest cases are jointly analysed by the Compliance Department and relevant business line, with two possible outcomes:

- Where a conflict has previously arisen and is included in the scenario mapping, the existing control process must be applied.
- Where the conflict presents a new scenario, the Compliance Department and business line must carry out an analysis of the conflict and define its framework. The mapping will then be updated to inform future action.

All Amundi Group entities maintain and regularly update a conflict of interest register, outlining the times a conflict has arisen and the action taken. This register is maintained by the relevant compliance officer for each entity and is available to the Group Compliance Department.

Where a conflict has been identified, every effort is made to find an appropriate solution and avoid any client harm. Where we are not reasonably certain that damage to the client's interests can/has been avoided, the client is informed. The information shared with them is sufficiently clear and detailed – and officially recorded - to enable the client to make an informed decision about what action they wish to take.

Mapping was updated in 2022 with 64 conflict of interest scenarios. More details are available in section 2.B of this principle.

2. Avoiding conflicts of interest in stewardship activities

Conflicts of interests may arise when exercising stewardship activities. Avoiding them is essential to preserve the best interest of our clients and beneficiaries. For this reason and in addition to broad measures taken at group level, specific criteria apply when it comes to our stewardship responsibilities.

A. A global setup intended to prevent conflicts of interests

The company maintains a strict segregation of its voting and stewardship function away from our client relationship divisions, this is done to minimise any potential conflicts and ensure effective stewardship.

In addition to our Conflicts of Interest policy and Code of Conduct, our stewardship activities are underpinned by strict procedures asserting the primacy of clients' bests interests and our ability to form an ad-hoc committee to address arising and potential conflicts.

For example, any voting decision in relation to Amundi's partner and joint venture companies is automatically escalated to the Voting Committee and the decision-making on all votes is fully documented – with particular attention to any situation where the vote is not in accordance with the usual Amundi voting policy.

Our Remuneration Policy also ensures that the interests of our senior management and investment staff align with those of our clients.

B. Voting on companies that have links with Amundi

When exercising the voting rights of our open-ended funds, Amundi may face potential conflicts of interest. Measures to prevent and manage such risks have therefore been put in place.

The first preventive measure is the definition and publication of the voting policy validated by the management bodies of the group's management companies.

The second measure consists of submitting to the Voting Committee, for validation prior to the general meeting, the voting proposals for resolutions relating to a pre-established list of listed companies that are sensitive because of their links with Amundi.

These sensitive listed companies for which a potential conflict of interest has been preidentified, are defined as follows:

1. Issuers with a controlling interest in Amundi or owned by Amundi,

2. Issuers which are our Partners,

3. Issuers with which Amundi shares an Executive Officer/Director,

4. Issuers that are among the most significant clients of Amundi.

In addition to these previously identified issuers, the Voting and Corporate Governance team also submits to the voting committee any potential conflicts of interest that may result from the analysis of resolutions from general meetings.

Using our voting power with our clients

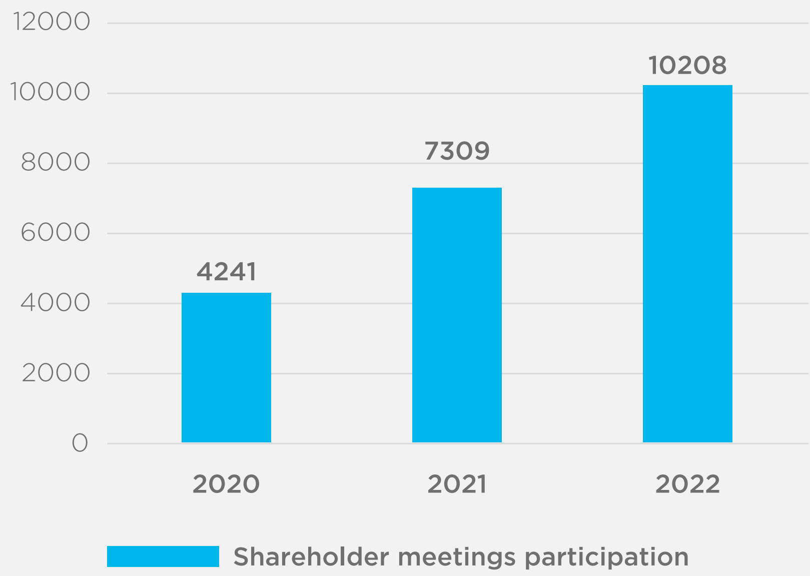
During the 2022 voting season, Amundi had to vote on behalf of its clients at the General Meeting of one of its biggest clients. We recommended the voting committee vote against the remuneration report for the chief executive officer due to multiple concerns regarding the structure and level of his remuneration. In particular, we were concerned that the total compensation was far above other local competitors, which means the CEO pay could be considered 'unacceptable' from a societal perspective and give rise to some controversy. Moreover, part of the CEO's variable remuneration did not include any performance criteria or included performance metrics that were insufficiently challenging.

While Amundi expressed these concerns to the company through our various engagements, the company's response did not alleviate our concerns, as the rationales provided were not considered satisfactory. The voting committee supported the decision to vote against, notwithstanding the existence of the conflict of interest.

➜ Our progress in 2022

- Examples of specific measures implemented or enhanced in 2022 are described below. Our policy on managing and preventing conflicts of interest was updated in September 2022. It now incorporates vigilance and supervision measures in respect of conflicts of interest implemented within the Group and relating to socially responsible investment to stick to Amundi's ESG strategy.
- The internal framework was also reinforced with updates on all our conflict of Interest pillars, which includes prevention measures and covers the management of conflicts of all Amundi employees. It incorporates a risk mapping with 64 updated conflict of interest scenarios with details on the prevention and controls measures as well as applicable procedures. It also includes a description of the control framework. All employees are required to complete a conflict of interest declaration and attestation on an annual basis.
- A new training programme on conflicts of interest will be rolled out in Q2 2023 for all the entities of Amundi Group, developed in collaboration with Crédit Agricole
- We will continue to enhance our approach with regards to conflicts in the area of ESG and stewardship specifically, to ensure that clients have full confidence that we continue to operate solely in their best interests.
- In 2022, Amundi voted on all holdings for which it was economically viable to do so. This equated to 99% of the total votable assets, which saw us vote at 10,208 shareholder meetings.

Shareholder meetings participation



Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Amundi has a culture of prudence and has developed a comprehensive framework to identify, manage and mitigate the risks associated with its activities. We believe that a well-functioning financial system can only be achieved by the combination of rigorous risk management at entity level, with a commitment to promoting best practice through risk-management related innovations and partnerships.

Our internal control and risk management system is written in accordance with the guidelines laid out by our parent company Crédit Agricole, which are designed to ensure a consolidated approach to risk. These external guidelines are supplemented by Amundi's own charters, standards and internal procedures in the areas of risk monitoring, including IT and accounting; compliance checks and internal audit.

The internal control system applies equally to all Amundi Group entities and covers the management and control of activities, as well as the measurement and monitoring of risk.

Amundi understands that risk is multi-faceted and operates over different timeframes. This requires us to look beyond market risk and take into account credit, liquidity, and reputational risks, as well as ESG risk generated by a company's activities. Our investment professionals are supported by an independent risk department with a broad scope, and an ESG team that has access to specialist research and can provide its own in-depth analysis of ESG risks likely to impact portfolios.

1. Rigorous risk management to frame our activities

a. A group-wide approach to risk management

Amundi's approach to managing risk is based on a high level of integration of the Risk Management business unit across the whole of the Amundi Group. This ensures a uniformity of process, the pooling of resources and a high level of team expertise, by way of dedicated centres of competence.

The Risk Management business unit is organised as a matrix, consisting of:

- Cross-business Risk Management Departments, which determine the broad methods for controlling and monitoring risk related to the way funds are managed and provide supervision of this risk. The goal of these departments is to integrate all risk and performance factors and indicators for each fund analysed, and to ensure the internal consistency of these indicators and their suitability to a fund's objectives.

- Risk teams in each subsidiary that manages assets, which oversee the risks and functionally report to a department head.
- Teams specialised by field of expertise which are brought together in a dedicated department whose mission is to ensure consistency across business lines of the approach taken for each type of risk. The main missions of these departments are to define the standards and methods for measuring risk, produce the risk indicators and provide expertise in applying these measures to the portfolios.

A dedicated team is in charge of steering the operational risk monitoring system. Its main role is to:
- Map operational risk at the Amundi level,
- Collect information about operational incidents,
- Monitor all action plans designed to mitigate this risk,
- Contribute to calculating the capital requirement, and
- Contribute to the Permanent Control system.

Amundi takes a comprehensive approach to managing operational risk, with all teams and managers involved. Periodic reports are sent to Senior Management and the Board of Directors on the controls carried out by the Risk Management function. In 2022, Senior Management was regularly updated about:
- The Risk Management function's monthly scorecard, which provides a detailed review of the Group's exposure to various risks and sensitive matters,
- The updates provided by the Head of Risk Management to the Executive Committee,
- The Risk Management business unit's various governance committees which Senior Management takes part in; including Amundi's Group Risk Management Committee, which the head committee of the Risk Management system.

The Board of Directors also receives regular presentations from the Risk Management Committee, which cover the risk management system, its current state and any changes to it; along with a summary of risks, changes in risk, the level of the main risk limits and usage of those limits.

The main changes to the risk monitoring system in 2022 related to the continuation of work started in previous years around liquidity risk, particularly in relation to European Securities and Markets Authority (ESMA) regulations, and the implementation of an ESG risk framework. In addition, Amundi's acquisition of Lyxor, which was announced in April 2021 and completed in January 2022, saw risk frameworks deployed for ex-Lyxor funds during the incorporation of the company's business activities into Amundi entities.

b. Identification of market-wide risks

Asset management is first and foremost a risk management activity, which is why Amundi constantly ensures that our organisation and processes enable us to identify and contain risks. 2022 was a year marked by several significant market-wide risks: among them the ongoing war in Ukraine, high inflation, high interest rates, the re-opening of China and the end of the global pandemic.

Our approach is characterised by the sharing of expertise and best practice so that we can best understand and manage these risks. This is facilitated by:
- Operating across business lines,
- Ensuring the systematic representation of the Risk, Compliance and Security functions on the various committees involved (such as products, investments and ESG),
- Combining our applications and risk measurements methods onto a single IT platform, creating a common set of guidelines for all teams,
- Establishing initiatives to discuss and provide information on the various risks associated with the company's activities, and
- Educating employees about new risks that appear, and changes in the regulations governing them, through e-learning sessions.

Maintaining a risk culture also involves making clients aware of the risks to which their assets are exposed. Amundi publishes studies for its clients which describe these risks and how they are affected by economic conditions, as well as the solutions put in place by the management team to capitalise on them.

Amundi also shares with its clients a monthly outlook produced by the Amundi Investment Institute of market-wide risks and potential evolution scenarios across 4 pillars: geopolitics, inflation, growth and climate change. This is integrated within the monthly Cross Asset Investment Strategy publication on Amundi Research Center

Illustration 9: **The invasion of Ukraine**

On February 24 2022, the Russian Federation launched a large-scale armed attack on Ukraine. The continuing invasion has not only led to the fastest-growing refugee crisis in the world, but has also triggered a massive shock to the global economy, squeezing supply and pushing up prices to record levels.

In response, Amundi prioritized timely and accurate dissemination of information to all our stakeholders. This was achieved by continuously sharing updates on the market and impact on portfolios as the crisis evolved. Our investment teams, along with risk specialists and in-house economists (Amundi Investment Institute), proactively monitored developments across the region and the impact on our client portfolios. Timely information and investment view were also made available through numerous channels of communications: 12 articles on Amundi Research Center, 11 dedicated client calls, 2 podcasts, specific client Q&As, etc.

Amundi directors are asked to take part in two training sessions per year to enhance their knowledge and skills and give them a more thorough understanding of the company's business lines and strategic challenges. In 2022, one of the sessions included an overview of European regulatory news, as well as a presentation of the Financial Security system and how it adapts to the needs arising from the Russia-Ukraine conflict.

In the course of its business activities, Amundi is primarily exposed to risks related to third-party asset management activities and financial risks, mainly arising from the management of its investment portfolio and the guarantees granted to certain products. The table below provides a summary:

Investment risks	Other risks
– **Credit risks** – **Market risks** – **Liquidity risks** – **ESG risks**	– **Operational risks** - Mandate objectives - Process malfunction, human error; - Non-compliance, tax and legal; - Business discontinuity (including cybersecurity); - Human Resources. – **Business risks** – **CSR risks (including duty of care, corruption)**

c. A dedicated internal control system supported by adequate resources

The internal control system referenced at the start of this principle covers the entire Group in France and internationally, and is based on the following fundamental principles:

- Systematic reporting to the Board of Directors in relation to the risk management framework, the monitoring of set limits, the activities and results of audits carried out by the various parts of the internal control system, as well as significant incidents,
- Direct involvement of Senior Management in the organisation and functioning of the internal control system,
- Comprehensive coverage of activities and risks,
- A clear definition of responsibilities, through a system of formal, up-to-date delegations,
- Effective segregation of commitment and control functions.

Internal resources dedicated to risk and control management

262	150	29	49
Risk Department	Compliance Department	Security Department	Internal audit

The **Risk Management Department** is responsible for monitoring the risk to which Amundi is exposed on its own account and as manager on behalf of third parties, with the exception of non-compliance risk and security risk. In this regard it:

- Continuously checks that the company and its clients are not exposed to financial risk beyond their tolerance levels,
- Ensures that investment constraints are complied with, and
- Checks that operational risk is controlled.

The **Compliance Department** is responsible for monitoring non-compliance risk and continuously ensures compliance with legislative or regulatory provisions, and professional and ethical standards, particularly in terms of:

- Market integrity,
- Financial security,
- Protection for clients and unitholders,
- Professional ethics, and
- Prevention of fraud and corruption.

In addition, it is responsible for checking employees have a minimum level of knowledge regarding the regulatory and ethical environment and financial techniques.

The **Security Department** is responsible for monitoring the risk associated with the information system; namely IT infrastructure, applications and data, as well as the risk relating to personal data protection, business continuity and the protection of persons and property.

Illustration 10: **Market integrity and transparency**

Investment service providers such as Amundi are required to act in an honest, fair and professional manner that promotes market integrity. Plans to strengthen controls in this area were finalised in 2022 at the portfolio management and trading in financial instruments level. This involved significant IT developments in our market abuse monitoring system, which saw a new tool implemented to detect suspicious transactions.

2. Identifying and addressing systemic risks

We believe that investing for the long term is an advantage. This makes the integration of ESG into our investment approach a natural expression of this belief. Our view that value creation goes beyond performance requires us to consider major systemic sustainability risks, such as climate change and growing inequalities.

We recognise our responsibility to contribute to efforts to address systemic issues, as well as to efficiently allocate capital for the future. Our role in raising standards, not least in terms of ESG performance by the companies in which we invest, is a key part of this responsibility. In general, we recognise that the private sector must integrate environmental, societal and governance issues for four main reasons:

1. In a more liberal economy, economic and financial actors have a greater responsibility towards society.

2. As long-term investors, asset managers have a major role to play in directing capital towards, for example, projects related to the energy transition.

3. We must also influence the strategies of companies, especially when we are among their main shareholders. We have the ability and the responsibility to channel capital to the leading actors addressing key ESG and sustainability challenges, or on the contrary to put pressure on laggards, as part of a constructive dialogue.

4. We have a responsibility to our clients: we must deliver performance over the long term. In a world where intangible assets represent an important part of the overall valuation of companies, the integration of ESG factors in our investment process makes it possible to capture the most important and relevant information over the long term.

As far as sustainability risk is concerned, Amundi's contribution to the collective effort is through:

- The development of investment solutions enabling to direct capital where the financing needs are,
- An active, constructive and demanding shareholder dialogue *(see Principle 9 for more details on these actions)*, and
- The promotion of good practices in risks areas by contributing to collective initiatives *(see Principle 10 for more details on these actions)*.

a. Taking a collaborative approach

Amundi works with all stakeholders to anticipate and respond to a wide range of economic, technological and environmental challenges. Maintaining constant dialogue with our clients, peers, Amundi employees, NGOs and public and regulatory authorities, among others, helps us to understand their expectations and fosters trust.

The Group also adheres to various international charters, including the United Nations Global Compact, the Principles for Responsible Investment, the Net Zero Asset Managers Initiative, as well as the Diversity Charter. We also participate in more than 25 collective initiatives aimed at working with public authorities to encourage more sustainable practices.

➜ Progress in 2022

In 2022, Amundi's Chief Responsible Investment Officer, Elodie Laugel, was one of 20 highly qualified individuals chosen to join the European Commission's High-Level Expert Group (HLEG). The first meeting was held in September 2022 and the group was tasked with identifying, over the following nine months, how the Commission could take a 'Team Europe' approach to bringing about the needed financing from the private sector for the massive investments required to tackle the most pressing global challenges and ensure sustainable development. The recommendations will inform a comprehensive strategy to scale up sustainable finance in low- and middle-income countries.

We also joined the Global Investors for Sustainable Development Alliance (GISD) in 2022, and the Council of Institutional Investors (CII).

b. Integrating ESG risks into risk management processes

The year 2022 once again demonstrated why tackling climate change and biodiversity loss - while limiting its social impact - are key for our economy. A major transformation can only occur if it is done in an organised manner between governments, customers, companies and financial markets. This will limit the negative impacts on employees, end savers, pensioners and territories across the global.

ESG criteria are integrated into our control framework, and responsibilities are divided between the Investment teams, our first level of control; and the Risk teams, our second level of controls.

The Risk teams may at any time assess the compliance of a fund with its ESG objectives and constraints.

The Risk Department is part of a governance framework designed around responsible investment. It monitors compliance with regulatory requirements, as well as the management of risks related to these issues. Responsible investment rules are monitored by the Risk teams in the same way as any other rule under their purview, using the same tools and procedures. These rules include exclusion policies, eligibility criteria and fund-specific rules.

Compliance checks for these rules are automated in the form of an internal compliance tool with pre-transactional or blocking alerts. These inform fund managers of potential breaches, after which they are required to restore portfolio compliance. This applies most notably to exclusion policies.

c. Physical and transition risk identification and assessment

Amundi's decision to focus on physical and transition risk stems from our conviction that tackling climate change while managing the social impact of the energy transition is an integral part of sound risk management. It is also important for creating long-term value for our clients.

Since 2020, Amundi has strengthened and expanded our approach to include identifying and assessing sustainability risks, including physical climate and transition risks, and incorporating them into the key indicators that are considered in the investment process.

Our indicators and targets help us to identify, qualify and effectively manage climate-related risks and opportunities. Using a wide range of indicators, Amundi is able to set short-, medium- and long-term targets. For this purpose, we rely on a broad set of data providers to guarantee our measurements and assessments are as accurate as possible.

Process for identifying physical climate risks

While Amundi has identified both short- and long-term physical risks that potentially have a significant impact on investment portfolios, the information available for assessing financial impact is limited and often lacks standardisation across sectors and regions.

Therefore, our approach to physical climate risk assessment is applied to dedicated climate strategies. Investment portfolios are exposed to variably acute and chronic climate risk depending on each company's sector and geography, and increased climate risk can have a significant impact on the financial performance of sectors with high climate risk.

Amundi's approach to physical climate risk assessment is based on data and methodology developed by Trucost. Trucost maps the location data for a company's physical assets against seven climate hazards (fire, cold wave, heatwave, sea level rise, flood, tornado and drought) to analyse issuers' sensitivity to these different risks.

Process for identifying and managing climate, market and transition risks

Amundi takes a three stage approach:

- **Calculate carbon risk:** the degree of exposure to risk should be assessed before taking action to reduce such risk;
- **Assess:** scoring in terms of energy transition to reflect a company's exposure to energy transition risk and how this risk is anticipated and managed by management;
- **Anticipate:** estimating the impact of nonconvergence risk (+2°C objective) on the performance of a portfolio of securities. Several tools are available to our investment professionals to apply this approach in practice.

Commitment to the Net Zero Asset Manager initiative

In 2021, Amundi joined the Net Zero Asset Managers initiative and announced its intention to gradually align its portfolios and operations with a net zero emissions target to limit global warming to 1.5°C by 2050. The Net Zero Asset Managers initiative is a group of 315 global asset managers with $59 trillion in assets under management who have pledged to support the goal of zero net greenhouse gas emissions by 2050 or sooner, consistent with global efforts to limit warming to 1.5°C, and to support investment aligned with this goal.

➜ Our progress in 2022

One year after joining, Amundi restated our commitment to the initiative and outlined our "Ambition 2025" plan in accordance with these goals. We launched the first products in our Net Zero Ambition fund range, in line with the commitment to offer such products across all asset classes and investment styles.

This approach required immediate transformation efforts on three fronts:

- Products - by increasing the number of investment solutions aligned with a Net Zero trajectory for all types of investors;
- Clients - by advising them on how to align with the Net Zero objective; and
- The companies in which Amundi invests - by encouraging them, through constant dialogue, to adopt and implement credible transition plans towards the global Net Zero objective

Members of the board also received training on the various ESG regulations relevant to asset management in 2022.

More information on the scope and progress of the "Ambition 2025" plan can be found in Principle 1.

Integration of sustainability risks

Amundi has been working on improving the assessment and incorporation of sustainability risks, including climate and environmental risks, in their management.
We aim to move from a qualitative to a more quantitative approach. The objective is to identify key indicators that represent the most relevant impacts on portfolios, considering climate, environment, social, and governance factors.

The project is structured in three steps:
- Defining a list of proposed sustainability risk indicators, focusing on material risks and their financial impacts on issuers,
- Implementing the monitoring of these indicators progressively, assessing their outputs and potentially setting limits based on them.
- Upgrading the ESG Risk Management framework, including the incorporation of indicators into risk strategies and investment limits.

The current ongoing step involves identifying key sustainability risk factors and mapping them to financial variables of issuers. It is expected to be completed by the end of the second half of 2023, with the validation and approval of indicators by Amundi's governance bodies.

Preliminary indicators under consideration include measures that quantify the potential impacts of sustainability risks in terms of financial materiality and proxies for reputational risk.

The second step, involves monitoring the defined sustainability risk indicators and assessing their impact on managed portfolios. This monitoring will inform discussions with portfolio management teams and be included in various risk management reports.

The third step focuses on upgrading the ESG Risk Management framework and potentially defining internal risk alerts or limits based on the indicators. The estimated completion for this step is the first half of 2025.

It should be noted that the deadlines, indicators, and target implementation may be subject to changes during the project's implementation phase.

3. Commitment on three specific frontiers to promote a well-functioning financial sector

Mobilising the private financial sector at scale remains one of the most significant challenges when it comes to financing climate policy and sustainable development, particularly in Emerging Markets and Developing Economies.

Blended finance can be a solution, where public capital is leveraged to de-risk private investments and channel massive private investments across a multitude of works. This works to develop key financial system infrastructures, support undeveloped segments of a market, while offering international investors investment opportunities with the right risk/return via mechanisms that include, but are not limited to, guarantees or credit enhancements.

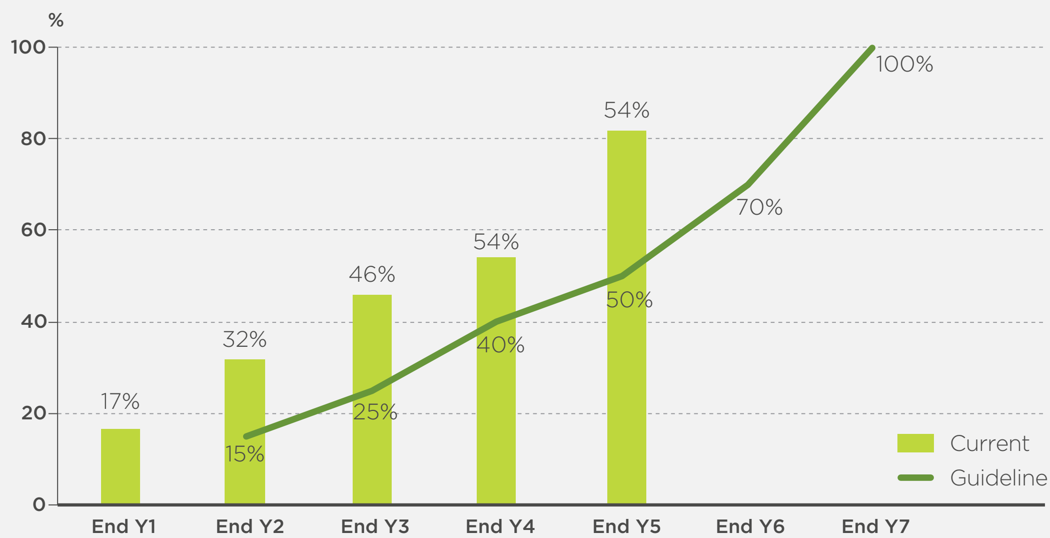
Case study 2: **Geographic frontier – Emerging markets**

In partnership with the International Finance Corporation (IFC), Amundi has developed an approach that seeks to address the costly gap between the low-yield environment in developed markets that investors face and the extensive green infrastructure financing needs in developing economies. Amundi was selected by the IFC as its partner for implementing an innovative solution consisting of a fund, launched in March 2018 – the Amundi Planet Emerging Green One (AP EGO or *"the Fund"*) – with additional support from the IFC's Green Bond Technical Assistance Program (*"GB-TAP", or "the Program"*). The partnership provides an innovative platform that combines extensive expertise in asset management (Amundi) with private sector development in EM (IFC) to help developing economies achieve long-term sustainable growth.

In 2022, the partnership continued to play its role by:

- Financing sustainable development in emerging countries. Despite challenging market conditions, AP EGO maintained its "greening" path, with an allocation of more than 80% in emerging market (EM) green bonds at the end of 2022 (well above the targeted 50%) notably by participating in new issuances from first-time issuers of EM green bonds highlighting AP EGO's commitment to expanding financing for climate investments.
- Conducting training for EM financial institutions on green bond issuance to further stimulate growth of EM green bond issuance: In 2022, the GB-TAP had its most active year to date with 12 Green, Social and Sustainability (GSS) Bonds Executive trainings programs. Since the inception of the funds, a total of 895 participants (42% women) from 323 financial institutions located in 65 different countries have been attending trainings.
- Disseminating knowledge and best practices in issuing green finance through two dedicated webinars and the publication of three market guides to enhance issuer reporting (the Green Bond Handbook in April 2022, the Green Finance Reference Guide in August 2022, the Biodiversity Finance Reference Guide in November 2022)
- Fostering dialogue with companies in emerging countries to strengthen their commitments towards environmental, social, and governance and reporting practices.

EM green bond ramp-up progress



Source: Amundi, fund data as of 31/12/22 on a mark-to-market basis.

Number of green bonds in portfolio: 39
Weight of green bonds in the portfolio: 80.9%

Case study 3: **Instrument frontier – New and under-developed sectors**

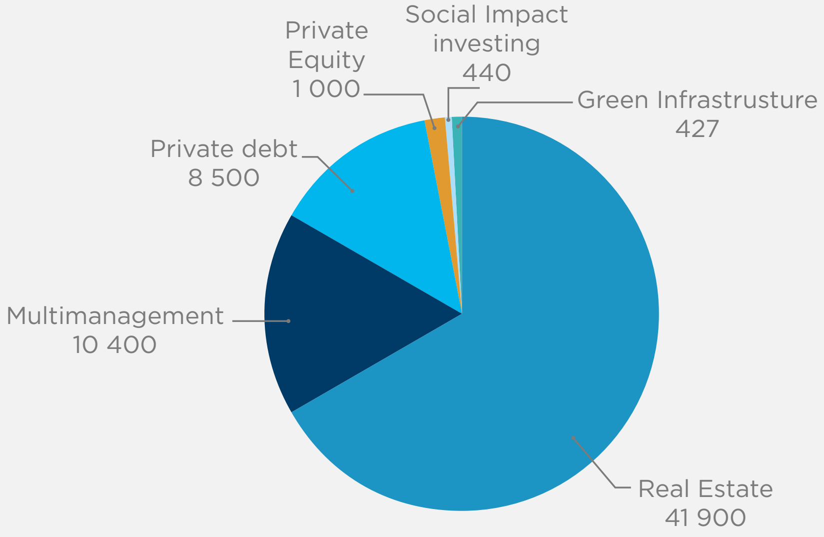
In September 2020, the Asian Infrastructure Investment Bank (AIIB) and Amundi launched the AIIB-Amundi Climate Change Investment Framework (CCIF). Endorsed by the Climate Bonds Initiative (CBI), the AIIB-Amundi Climate Change Investment Framework's approach translates the key objectives of the Paris Agreement into fundamental metrics to assess an issuer's level of alignment with climate change mitigation, adaptation and low-carbon transition objectives.

The CCIF delivers an extra financial Impact as it is designed to encourage the integration of climate change risks and opportunities into business practices by targeting the engagement of B-list issuers (future climate champions with effective engagement) to help them transition to A-list credentials (climate champions).

This new investor tool provides, for the first time, a holistic issuer-level assessment of both climate change risks and opportunities. This framework, made public to promote common market practices, was utilised to launch in January 2021, the Asia Climate Bond Portfolio, a US $300 million fixed income portfolio, actively managed by Amundi teams, which seeks outperformance by identifying, analysing and selecting tomorrow's Climate Champions.

As of 2022, the portfolio key allocation (36.5%) was comprised of bonds issued with the aim of financing infrastructure programs across a well-diversified number of sectors such as power and renewable electricity production, telecommunication services, transportation and utilities. Almost a third of our allocation was dedicated to financing projects from other productive sectors, such as automobiles, chemicals, paper & forest products, semiconductor and electronic equipment, totalling an exposure of 30.5%.

AIIB Sector allocation



Source: Amundi. Data as of 31 December 2022

Case study 4: **Issuer frontier - Private debt markets**

Launched in 2019 by Amundi with the support of the European Investment Bank, the Green Credit Continuum (GRECO) programme aims to support the most impactful, yet underdeveloped, segments of green debt markets in Europe: high yield issuances, securitisations and private debt.
The Fixed Income space experienced its worst year in terms of performance in 2022 by historical standards. In particular, the Green labelled bond segment had a quite challenging primary market amid the significant meltdown mainly driven by the energy crisis and the substantial rise in interest rates leading to a tough macroeconomic environment exacerbated by the war in Ukraine.

During 2022 the fund managed to complete 6 new transactions across 5 European countries and over different sectors, mainly in the High Yield space and across several sector contributing to the portfolio diversification. Overall, the fund has completed 22 transactions, where 18 of those were first green bond issuances and 15 target operations were in the High Yield segment. Europe, and particularly France, remains the domicile of most of the deals.

Active participation in Green Bond Principles Executive Committee

The Green Bond Principles ("GBP"), the Social Bond Principles ("SBP") and the Sustainability-linked Bond Principles ("SLBP") are voluntary guidelines that recommend transparency and promote integrity in the development of the Sustainable Bond markets by clarifying the approach for issuances.

Through global guidelines and recommendations that promote transparency and disclosure, the Principles outline best practices that ensure integrity when issuing bonds serving social or environmental purposes. In 2022, 98% of sustainable bonds globally (excluding supranational issuers) were aligned with GBP, SBP and SLBP highlighting the recognition of these international standards by the market.

The Principles are promoted by the International Capital Market Association (ICMA), a not-for-profit membership association headquartered in Zurich, and offices in London, Paris, Brussels and Hong Kong, with c. 600 members active in debt capital markets in over 60 countries, such as private and public sector issuers, banks and securities dealers, asset and fund managers and other investors, insurance companies, capital market infrastructure providers, central banks, law firms and others.

Since 2017 and after the renewal of its 2-year mandate, Amundi is a member of the Executive Committee of the ICMA's Principles and as an investor (option 1) plays an active role addressing matters relating to the Principles (or option 2) representing the interest of investors e.g., the development of Sustainable Bonds market, the standardization and impact reporting practices.

Active participation in High-Level Expert Group

The High-Level Expert Group (HLEG) on scaling up sustainable finance in low and middle-income countries started in 2022 their reflection on the challenges and opportunities of sustainable finance in partner countries with a view to providing recommendations to the Commission on how to scale up funding from the private sector.

At a time when the multiple global crises are taking a heavy toll on the global economy, overturning years of progress towards the Sustainable Development Goals (SDGs), helping partner countries in accessing finance for their sustainable infrastructure projects is critical to a global recovery, in line with the Global Gateway strategy.

Amundi Chief Responsible Investment Officer & Executive Committee member Elodie Laugel belongs to the group of 20 highly qualified members selected based on their expertise, from a company or institution they represent, while considering geographic and gender balance.

Engaging on climate under "Ambition 2025"

After joining the Net Zero Asset Managers initiative in July 2021, Amundi launched a plan in 2022 to achieve decarbonisation more quickly. ESG "Ambition 2025" is a social and climate action plan that seeks to deepen ESG integration into our investment solutions, strengthening our savings offering for sustainable development and setting internal objectives that align with Amundi's ESG commitments.

As we believe engagement with issuers is key to fostering concrete changes and to contributing effective to the transition towards a low carbon economy, Amundi will extend the scope of our dialogue to larger groups of companies to support them in making progress towards reducing emissions and becoming aligned with the Paris Agreement.

In 2022, as part of our Ambition 2025 plan, we launched a cycle of engagement on climate issues that will see an additional 1,000 companies engaged by 2025. Amundi specifically requests that businesses publish a detailed climate strategy based on specific indicators and set out objectives for each carbon emission scope and their corresponding capital expenditure. In 2022, Amundi engaged an additional 418 companies on climate issues.

This engagement covers all ESG issues. Beyond the specific topics for climate change, in 2022, specific thematic commitments included the circular economy, biodiversity, for which a specific report was published on our website, deforestation, ocean protections, strategy fore alignment with the Paris Agreement, the just transition, human rights, living wage, as well as fair distribution of added value within companies.

More detail on the "Ambition 2025" plans objectives and progress to date can be found in Principle 1.

Biodiversity loss related risks

Amundi believes biodiversity loss is one of the most significant systemic risks facing the world. For this reason, we continued to sound the alarm in 2022 to highlight the very real risks the further loss of biodiversity pose to a well-functioning society.

Through a series of two in-depth papers[3] and a thematic series covering 8 sectors exposed to biodiversity, we shone a spotlight on the risks posed by biodiversity loss, the actions that sectors and industries, such as mining and forestry, need to take to halt further erosion, and outlined how Amundi holds our investee companies to account.

Biodiversity underpins not only our economy but also our very existence. Yet we – individuals governments and the private sector – are only in the early stages of understanding how essential it is. Food insecurity, human health and the increased severity of climate events all have consequences for society and the global economy.

3 https://research-center.amundi.com/article/biodiversity-it-s-time-protect-our-only-home

Amundi is an active member of the Finance for Biodiversity Pledge. This initiative brings together 103 financial institutions representing over €14.7 trillion in AUM across 19 countries from around the globe, committing to protect and restore biodiversity through their finance activities and investments.

We represented the signatories with a speech at the High Level Segment of the Fifteenth United Nations Conference on Biodiversity (COP15) to call on global leaders to protect and restore biodiversity.

The World Economic Forum's Global Risks Report[4] has for the past six years identified biodiversity loss and ecosystem collapse as a high level of global risk in terms of impact and likelihood. The WEF also found in 2020[5] that half of world's total GDP is moderately or highly dependent on nature and its services and, as a result, exposed to risks from nature loss.

Corporates and corporate actions both depend on biodiversity but also impact biodiversity loss. They derive value and material benefits from ecosystem services yet conversely, their activities put increasing pressure on the stability and reliability of the services and materials that nature.

More details of engagement on biodiversity can be found in Principle 9.

4. https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf
5. http://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

1. Review and assurance of our ESG approach

Each of the four key ESG committees is responsible for reviewing the policies and processes under their remit on an annual basis at the minimum.

- ESG Strategic Committee
- ESG Rating Committee
- Voting Committee
- ESG Management Committee

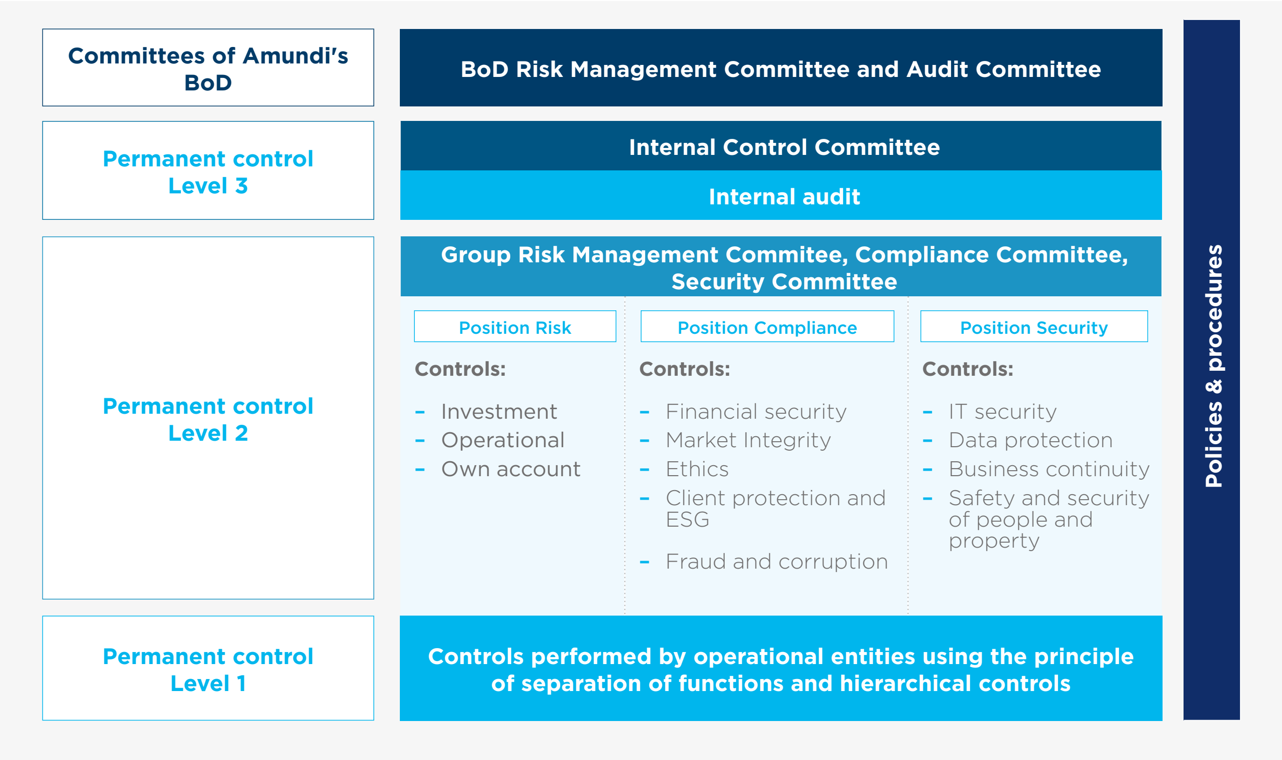
More details on the four ESG committees in *Principle 2*.

They also oversee our progress towards delivering the changes necessary to fulfil our "Ambition 2025" plan's objectives *(see Principle 1)*, having successfully achieved those for the 2018-2021 ESG plan.

On specific funds, we have French Socially Responsible Investment (SRI) labels in place and apply the International Financial Corporation's (IFC) Performance Standards. A significant part of Amundi's funds are certified by other French or international labels, and are therefore audited to ensure that the associated requirements are verified. We reinforce these external certifications through our internal assurance and oversight processes.

2. A three level control process on ESG topics

Amundi operates a 3-level control to ensure the consistency and good implementation of our Responsible Investment approach:



a. Level 1 Permanent Control

Level 1 Permanent Control provides the foundation for the Internal Control system. It is implemented by all operational units under their hierarchy. Level 1 Permanent Control is designed to ensure compliance with internal procedures relating to the operational processes, and their compliance with current laws and regulations, professional standards and codes of conduct. It makes it possible to prevent or detect any risk arising as a result of Amundi's activities.

The executives of the operational units are individually responsible for managing the risk associated with their activities. They are responsible for the definition, efficient deployment and regular updating of the Permanent Control system within their units.

The control system takes into account the regulatory framework and internal procedures. It is understood that these procedures must evolve and be adapted to our clients' expectations. They must take into account improvements that are expected in relation to any actual or potential incidents, as well as the recommendations made by Internal Audit.

The operational units obtain the resources necessary to perform these controls and regularly communicate the results to the Department to which they report, the Risk Management Department, the Compliance Department, and the Security Department.

The quality and relevance of the Level 1 controls and the effective relaying of their results for Level 2 control functions is an essential factor in the efficiency of Level 2 controls.

b. Level 2 Permanent Control

Level 2 Permanent Control is performed jointly by three control functions, which are independent from the operational units:
- the Risk Management function;
- the Compliance function;
- the Security function.

Collectively, these three functions are responsible for the cooperative and coordinated management of the entire Permanent Control system to verify that it provides comprehensive cover of the risks Amundi is exposed to. The Risk and Compliance functions report to the Head of the Strategy, Finance and Control Division, and the Security function reports to Amundi's Head of Governance and General Secretary.

ESG constraints are verified daily by our Risk Department. This ensures compliance with Amundi's exclusion policy and ESG-specific portfolio guidelines. ESG ratings *(see Principle 7 for more details on the methodology)* are among the tools available to the risk department. This enables ESG topics to be integrated within Amundi's control framework. The risk department oversees adherence to regulatory requirements and management of risks related to these topics, as well as monitoring adherence to ESG constraints (whether exclusions or other rules) within mandates – which are regarded in the same way as any other contractual requirements. Alerts for potential breaches are automated both pre and post-trade.

The Compliance function is responsible for monitoring noncompliance risk and continuously ensures compliance with legislative or regulatory provisions and professional and ethical standards.

The Security function is responsible for monitoring the risk associated with the information system (IT infrastructure, applications and data) as well as the risk relating to personal data protection (under the European regulations on the handling of personal data and the free circulation of these data), business continuity, and the protection of persons and property.

c. Level 3 Permanent Control

Amundi's Internal Audit is in charge of the Group's periodic control; it ensures the lawfulness, security and effectiveness of all operations and risk control activities across all Amundi entities. It intervenes via audit plans approved by the Board of Directors' Risk Management Committee to cover the activities at frequencies appropriate to the risks of each activity. Each audit results in a report and recommendations, to which the audited entities respond. The effective implementation of recommendations is monitored twice yearly by Amundi's Internal Audit. The General Internal Audit Department of Crédit Agricole S.A. also conducts audits of the Amundi Group.

Our ESG processes and systems are also audited internally by Amundi's Internal Audit Department. This oversight plays a key role in our oversight of ESG processes and systems, providing confidence and assurance about quality and consistency of our approach and delivery. The Audit team is independent and provides challenge and input across the business thanks to its audit recommendations.

Given the sensitivity on ESG topics and the material importance for Amundi to protect its clients trust, Amundi may seek external assurance, over and above these three levels of control.

3. Dedicated control of data

Amundi data Management team of experts runs quality controls on the ESG data inputted into our systems at different stages of the value chain

- The first, data-related quality control, is performed on the files provided by suppliers.
- It covers, in particular: ❶ checking the files' are delivered on time, ❷ their contents, not least to ensure scores are up- to-date; and ❷ checking the format quality of the files provided by suppliers. The second-level controls ensure the integration quality and scoring of the criteria. It is particularly used to detect missing criteria, as well as insignificant or anomalous values, missing ISIN, duplicates... A third batch of controls are applied post-integration to control completeness and consistency at issuers level.

Relevant alerts require members of the analyst and quant team to review data at a level 2 side.

Every month, in order to update ratings, a ratings simulation is computed by Data Management team, controlled for consistency, completeness, new and old exclusion, and is sent to the ESG analysts and Quant team. Each analyst then validates the ratings of the companies that they he oversees

In each step in the process, multiple quality controls are performed, including:

- controls on stability of the analysis universe, identifying entries and departures from the universe or those that are excluded, as well as companies coming close to doing so; and
- controls analyzing the rotation rate, verifying the dynamic of the rating breakdowns by quintile between different months, and performed with respect to the overall rating (ESG) as well as each individual component (E, S, and G).
- exclusions are particularly looked after, with multiple controls from the 3 teams.

Illustration 11: **External assurance in the context of the Amundi responsible Investment AUM publication**

Amundi's statutory auditors have carried out procedures on the amount of assets under management classified as Responsible Investments by Amundi of €847 billion as at 31 December 2021. Their report[6] indicates that based on the work they have performed and the evidence they have obtained, nothing has come to their attention that causes them to believe that the information, is not prepared, in all material respects, in accordance with the Amundi reference framework.

6. Available on Amundi website.

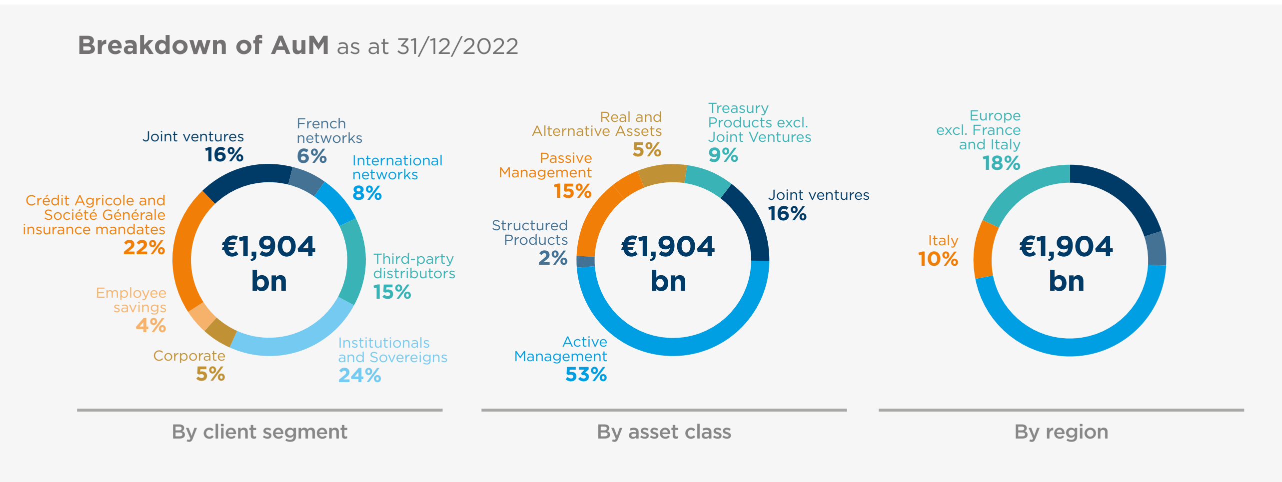
Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Amundi acknowledges the fiduciary duty given to us by clients, who have entrusted their capital to our care. We are dedicated to upholding that responsibility by prioritising their long-term interests in our investment decisions. We firmly believe that our active stewardship framework can generate meaningful change and add value over an average three-year period, with formal assessments carried out, at a minimum, on a yearly basis. However, some areas may necessitate a longer-term commitment, for which we are wholly prepared. The idea that "investing for the long-term is an advantage" is a core tenet of our investment philosophy. Every client is in a position to benefit from our long-term investment focus as well as our holistic responsible investment strategies.

1. Tailoring our approach to client needs

AUM by client segment, asset class and region at 31st December 2022



Source: IPE "Top 500 Asset Managers" published in June 2022, based on assets under management as at 31/12/2021.
Among traditional asset managers - Source: Refinitiv, December 2022.
Amundi data as at 31/12/2022.
Assets under management include assets advised and marketed and take into account 100% of assets and inflows from Asian joint ventures.
For Wafa in Morocco, assets are reported on a proportional consolidation basics.

As we deal with distributors and not end clients, we have limited visibility on end clients who own our funds and tracking distributors geography would be misleading. This is why we do not give a breakdown of our clients by geographical area, but only by AuM for client segment or geography.

a. Overview of our Responsible Investment and ESG approach

For a more comprehensive review of our ESG rating system and exclusionary approach, please refer to Principle 7 of this report.

Our commitment to ESG integration is demonstrated through our proprietary scoring system, which assesses issuers on a multitude of factors, resulting in a well-rounded understanding of each company's sustainability profile. This centralised ESG scoring methodology is grounded in universal principles like the United Nations Global Compact and the Organisation for Economic Co-operation and Development's (OECD) guidelines. With ratings updated monthly, this scoring system acts as a comprehensive, sector neutral ESG performance metric for over 18,000 issuers, both corporate and sovereign. Our shareholder engagement approach applies across all our assets under management, including passively managed funds.

In addition to our scoring methodology, we apply a sectoral exclusion policy for all actively managed portfolios where we exercise full discretion. In accordance with our A-G scale, issuers that we deem the lowest quality, rated G, are eliminated. In 2022, we completed divestment from companies that conduct more than 30% of their business in unconventional hydrocarbons, in line with our "Ambition 2025" plan. We are also committed to phasing out investments in thermal coal by 2030 in OECD countries and by 2040 in non-OECD countries. These policies are automatically included in each new mandate or dedicated fund, unless otherwise requested by the client.

b. Our Responsible Investment assets under management

Type		Unit	2022	2021	2020
Total assets under management	Total assets under management	€ billion	1,904	2,061	1,729
Responsible Investment assets	Assets under management	€ billion	799.7	846.9	378.3
	Responsible investment assets in passive management	€ billion	111	95	NA
	Proportion of ESG ETFs in total number of ETFs	%	27%	NA	NA
	Impact solution assets	€ billion	8.7	NA	NA
	Amundi Finance et Solidarité fund assets	€ million	481.0	440.0	331.0
	Amundi Immobilier assets labelled SRIs	€ billion	16.0	15.8	NA

As of the end December 2022, Amundi managed c. €800 billion worth of responsible investment assets. The scope of Amundi Responsible Investment AUM reporting consists of investment products incorporating "Responsible" criteria into their investment process. The "Responsible" criteria relate to specific Environmental, Social or Governance issues, Ethical or Sustainable themes[7], or to a combination thereof.

In order to cater to the diverse ESG preferences of our clients, we offer solutions in the following areas:

Broad ESG integration solutions:

Our portfolios consider E, S, and G criteria alongside traditional financial analysis to fulfil a wide array of clients' responsible investing needs, objectives and motivations. Positioned

7. For instance related to the Sustainable Development Goals developed by the UN (https://sdgs.un.org/goals)

at the heart of our ESG offerings, most of these solutions adopt a best-in class approach, selectively choosing issuers with superior ESG practices. Additionally, many of our individual products and fund families feature enhanced ESG integration through methods such as higher selectivity or indicator upgrade (rating or non-financial) should it be on geographic universe or thematic ones.

➜ Our progress in 2022

In 2022, Amundi made significant strides in expanding both our active and passive responsible investment solutions, aligned with our "Ambition 2025" plan. The key developments include:

- Launching the Amundi Fund Euro Corporate Short Term Green Bond, open to both institutional and retail investors,
- Extending the ESG Improvers investment range to include strategies for Emerging Markets and the US,
- Our fully-owned subsidiary CPR Asset Management introduced CPR Invest – Blue Economy, an actively managed fund focused on the marine economic ecosystem,
- Collaborated on *Quantalys Sélection Thématique* (Quantalys Thematic Selection), a thematic allocation offering tailored for financial advisers,
- Introduced a range of global ESG sector ETFs covering various market segments,
- Launched the first ESG ETF on Italian blue chips.

These initiatives contribute to progress towards our "Ambition 2025" goal to have 40% of Amundi's ETF product range ESG-focused by 2025. At the end of 2022, 27% of the ETF range is composed of ESG funds.

Sustainability themed investment solutions:

We offer thematic and impact-oriented portfolios, including:

- Paris-Aligned or Climate Transition (PAB/CTB) index solutions,
- Just Transition climate solutions,
- Green, social and sustainability bond funds,
- Green infrastructure/debt.

Several of these initiatives were developed in partnership with key public and private organisations. Further detail can be found below.

➜ Our progress in 2022 - Special initiatives and partnerships

Amundi has also strengthened our offering through innovative partnerships and the launch of Net Zero Ambition investment products, through collaborations with:
- the **International Finance Corporation (IFC)**
- the **Asian Infrastructure Investment Bank (AIIB)**
- the **European Investment Bank (EIB)**

The output was three specialised funds aimed at financing the global energy transition. We further implemented our Net Zero commitments in 2022 with new investment products such as:
- **Amundi Net Zero Ambition Global Corporate Bond Fund:** Launched in November 2022, this fund invests in bonds from companies worldwide committed to a Net Zero trajectory. It aims to steer the entire real economy towards carbon neutrality by investing in sectors that are actively engaged in climate action.
- **Amundi MSCI ACWI[8] SRI PAB[9] ETF Fund:** This new listing expands Amundi's range of Climate ETFs, replicating an index that is aligned with the Paris Agreement's goals.
- **Amundi European Net Zero Ambition Real Estate (ENZA RE) Fund:** This is a real estate impact fund fully committed to achieving carbon neutrality by 2050. The fund guarantees that the carbon trajectory of its assets will remain below the 1.5°C trajectory set by the CREEM benchmark.

These developments collectively reflect our unwavering commitment to responsible investing and ESG integration, and contribute to progress to the targets laid out in the "Ambition 2025" plan. *See Principle 1 for more detail on the "Ambition 2025" plan.*

c. Understanding and responding to client needs

Amundi prioritises fostering close relationships with our clients, ensuring a thorough understanding of their needs and, where appropriate, tailoring products. Our range of responsible investment solutions is designed to meet a wide variety of client preferences, including strategies such as negative screening, best-in-class screening, norms-based screening, sustainability-focused investing, and impact investing.

Feedback is formally collected from clients in order for us to continually improve the quality of the advisory and training services that we provide.

We have also worked closely with clients to develop appropriate products to meet to their climate change investing needs. We have, therefore, prioritised the transition to a low-carbon economy through an extended investment offering of off-the-shelf and bespoke climate solutions. Amundi aims to support investors in the design, management, and monitoring of their efforts to integrate climate change into their investment approaches. This has been centred around two major goals when it comes to constructing climate change related investment solutions: managing risks and encouraging the transition.

8. All Country World Index
9. Paris Aligned Benchmark

This table shows the main strategies that we developed alongside our clients:

	Equity	Fixed Income	Real Assets
Align Investments to a Net Zero Trajectory	**Paris Aligned & Climate Transition Benchmark ETFs**		
	Global Green Equities	Euro Bond Climate	
	European Climate Equities	Just Transition for Climate	
	Global Climate Multi-Asset		
Finance the Ecological and Energy Transition *For and with impact*	Global Sustainable Infrastructure	Global Green Bonds	Green Real Estate
	Global Natural Resources **Water Energy Global Resource**	EM Green Bonds	Green Senior Impact Debt
		GRECO Green Credit Continuum	
		Green Bonds ETFs	
	European Green Equities		
	ESG Thematic Equity ETFs: New Energy, World Water		
	Amundi-AIIB* Climate Change Investment Framework		

* AIIB: Asian Infrastructure Investment Bank

We seek to align out engagement activities with the major issues and priorities facing our clients, in order to be the best stewards of their capital. In 2022, Amundi engaged with issuers across six main areas:

- The transition towards a low carbon economy,
- The natural capital preservation (ecosystem protection & fight against biodiversity loss),
- The social cohesion through the protection of direct and indirect employees, promotion of human rights,
- Client, product and societal responsibilities,
- Strong Governance practices that strengthen sustainable development, and
- Dialogue to foster a stronger voting exercise and a sounder corporate governance.

More detail on our engagement approach and activities in 2022 can be found in *Principle 9*.

Illustration 12: **Accompanying clients on their Net Zero journey**

In 2022, Amundi remained proactive companions for two major European insurers on their Net Zero journey, a collaborative venture that kicked off in 2021, by:
- Assessing portfolio standpoints vs. pre-determined Net Zero targets,
- Engaging with the top 20 highest carbon footprint contributors within one insurer's portfolio, and
- Pursuing advisory on Net Zero and NZAOA requirements.

We also engaged with an additional large European insurer about their Net Zero journey by:
- Supporting the client's decision to embark on a Net Zero journey:
  - Introducing our client to leading Net Zero initiatives,
  - Conducting a Net Zero Benchmarking & peer review, and
  - Providing a full assessment of the recommended Net Zero initiative's protocol.
- Agreeing on governance at asset owner and at asset manager level:
  - Helping our client to define its Net Zero framework: what, where, when, how?
  - Define a fit for purpose governance to monitor Net Zero objective at both SAA and Strategy level.

Following this, we will pursue our advisory mission by supporting their implementation, monitoring and engagement strategy.

Illustration 13: **Accompanying client understanding of their Climate risks**

In 2022, Amundi conducted a review of available transition and physical risk metrics, notably using climate scenarios to answer requirements from new regulations. Amundi was able to identify and deploy new metrics to measure the transition risk exposure of clients' portfolios. Those metrics were used notably to meet the expectations of the French regulation LEC29 and TCFD requirements.

➜ Our progress in 2022

Identifying and responding to institutional clients' needs

In 2022, the results from our annual clients' survey highlighted the need to strengthen further the dissemination of our ESG thought leadership. Amundi has strengthened the transfer of intellectual capital to its clients by intensifying the production of our series of ESG Thema, a short document on responsible investment issues and their consequences. Through its targeted communication efforts, Amundi has further highlighted its leadership in responsible investment and its wide and diversified range of investment solutions. In 2022, we published 7 ESG Thema including two special editions for COP15 and COP27 and a thematic research paper series on biodiversity, as well as two dedicated papers on ESG integration in credit and the green risk premium.

These papers are now part of the most consulted publications within Amundi Research Center, proving that there is a clear interest from clients and the financial industry at large to stay informed on rapidly evolving ESG topics.

Our commitment to client-centric stewardship remains unwavering. As part of our dedication, we have instituted clear contractual relationships with clients that clarify our responsibility to deliver on ESG and stewardship mandates. We work diligently to meet and exceed these requirements.

2. Responding to risks and global crisis

Risk management continues to be pivotal to our stewardship approach. Recent years have brought significant challenges, such as a health and geopolitical crisis. The Covid-19 pandemic was a global event without modern precedent, which became an economic crisis that was reflected in the sharp drop in asset prices and an increased volatility on financial markets.

Amundi managed the crisis and continued normal operations thanks to the actions taken in terms of risk management, human resources and IT to monitor the liquidity of our portfolios. Plans implemented in the early stages of the pandemic enabled all Group employees to work remotely or on site, as appropriate, under safe and secure conditions. These rules and policies were amended and adapted as restrictions were lifted during 2022. At all times, our priority was for the health and safety of all employees and ensuring a continuity and consistency of client service and communication.

The Russian invasion of Ukraine in February 2022 was one of the year's most significant geopolitical events. In addition to bearing witness to the unfolding human tragedy, Amundi took very seriously our responsibility to keep our clients informed about any exposure to or enhanced risk stemming from the conflict.

More details on Amundi's approach to market-wide and systemic risk can be found in *Principle 4*.

3.Reporting openly and transparently to our clients

Amundi welcomes the opportunity to be fully transparent and open with our clients, and we maintain clear channels of communication. This includes providing investors with a wealth of documentation on our Responsible Investment approach, Engagement and Voting policies and reports and other ESG-related reports. Further, Amundi is able to provide both generic and customised ESG reporting depending on individual client needs. A list of the documents available and sample reporting in the Appendix.

➜ Our progress in 2022

In 2022, Amundi published its updated Climate and Sustainability report with a twofold objective:

- To report on the group's sustainable investment strategy and the objectives that have been defined in order to carry the ambition further.
- To report on the implementation of this strategy: the governance and the operational system put in place for its deployment, the means and actions deployed, and finally the associated results.
- Starting this year, the report is made up of two sections:
- The LEC[11] 29 report, which meets the requirements of Article 29 of the French Energy and Climate Law and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- The PAI report, which is the consolidated statement of Principal Adverse Impacts (PAI) for all Amundi Asset Management French entities, measuring each PAI indicator and our actions to mitigate them.

11. Loi Energie Climat

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

The ESG challenges that companies face have a significant impact on society. Moreover, they carry financial implications, presenting both risks and opportunities for businesses. At Amundi, our objective is to better understand these ESG-related opportunities and risks, weaving them into our investment strategies on behalf of our clients.

This section elaborates on how ESG criteria are incorporated into our management processes for ❶ corporate listed assets, ❷ sovereign debt issuers, ❸ real assets as well as ❹ delegated funds.

In addition to ESG analysis, Amundi adheres to a strict exclusionary policy, which we continually evaluate and evolve. Further detail on progress in 2022 can be found in this Principle.

Finally, we provide an overview and progress update on our "Say on Climate" strategy.

1. ESG analysis consolidates value creation

Amundi is steadfast in our conviction that comprehensive ESG analysis fortifies value creation by providing a holistic understanding of a company. This perspective guides our decision to weave ESG criteria across our active management processes, and to maintain an active engagement policy.

At the heart of our ESG integration is the belief that robust sustainability policies empower issuers to better navigate their regulatory and reputational risks, while simultaneously improving their operational efficiency. This integrated approach enables investors to anticipate long-term risks – be they financial, operational or reputational – and fully exercise their fiduciary responsibilities to clients and the broader society.

Amundi's ambition, through our ESG analysis, is to raise awareness and spur companies towards a sustainable operational ethos, which is then reflected in our ESG ratings. This analytical perspective allows us to assess risks in line with a company's operations, reducing the overall risk exposure for our clients. Consequently, we closely monitor our investee firms across all ESG criteria and traditional financial indicators. Our objective is to promptly identify potential issues so we can prevent or limit any adverse effects on the financial well-being of both the company and our clients.

2. A proprietary ESG rating available to all portfolio managers

a. Overview of the ESG rating

ESG analysis is the responsibility of the Responsible Investment team and is integrated into Amundi's portfolio management system. It is available in real time in the tools used by portfolio managers, to provide them with immediate access to the ESG scores of corporates and sovereigns, as well as financial ratings.

1. Criteria & Weights

ESG analysts:
- Define the most relevant criteria for each sector based on ESG materiality
- Weight the criteria by sector and select the appropriate data from each provider selected
- Contribute to the assessment of the quality of our external data

Qualitative Approach

2. ESG rating calculation

The Global Data management team carries out a strict calculation procedure:
- ESG ratings calculation process by combining Amundi's criteria and weights with external providers' scores
- Quality control of the calculation
- Updated monthly

Quantitative Approach

3. Qualitative input

ESG analysts integrate qualitative input retrieved from:
- Meetings with companies & industry experts
- ESG data/research from external providers and open-source materials

Qualitative Approach

+18,000 issuers ESG rated
ESG coverage spans all main equity & fixed income indexes

A B C D E F G

Source: Amundi as of December 2022

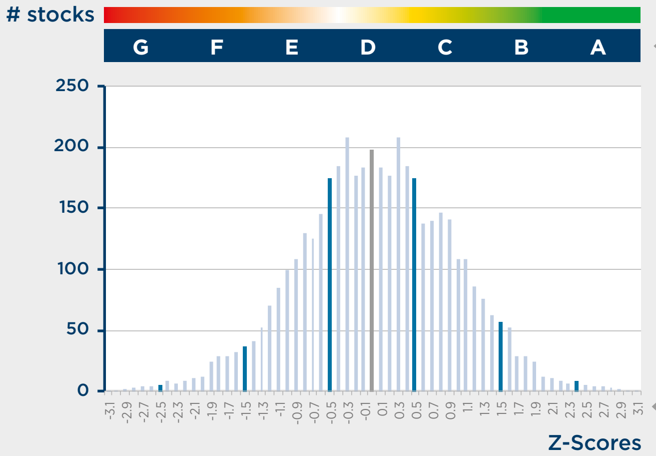
Amundi has defined its own analytical framework and developed its ESG rating methodology, the latter of which is both proprietary and centralized, which promotes a consistent approach to responsible investment across the organisation, in line with Amundi's principles and priorities.

The ESG rating aims to measure the ESG performance of an issue; for example, its ability to anticipate and manage the sustainability risks and opportunities inherent to its sector and particular situation. The ESG rating also assesses the ability of the company's management to address the potential negative impact of their activities on the sustainability factors that may affect it.

Portfolio managers and analysts from Amundi's various management platforms have permanent access to the issuers' ESG ratings, as well as related ESG analyses and metrics. Currently, more than 18,000 issuers have been given an ESG rating.

Our ratings span from A, indicating the best, to G, the lowest. Barring a few instances (some passively managed portfolios or client specific mandates) G-rated issuers are excluded from all portfolios.

From the ESG score to the ESG rating scale



ESG Rating Scale

is based on a letter rating scale from A to G (where A is the best, and G is the worst). The ESG Rating is the translation of the Z-score into an alphanumeric scale of 7 segments from A to G.

ESG score

Weighted average of the issuer's E, S and G scores. Each pillar is the weighted averaged of the scores obtained from each criteria that the E, S, or G pillar is composed of.

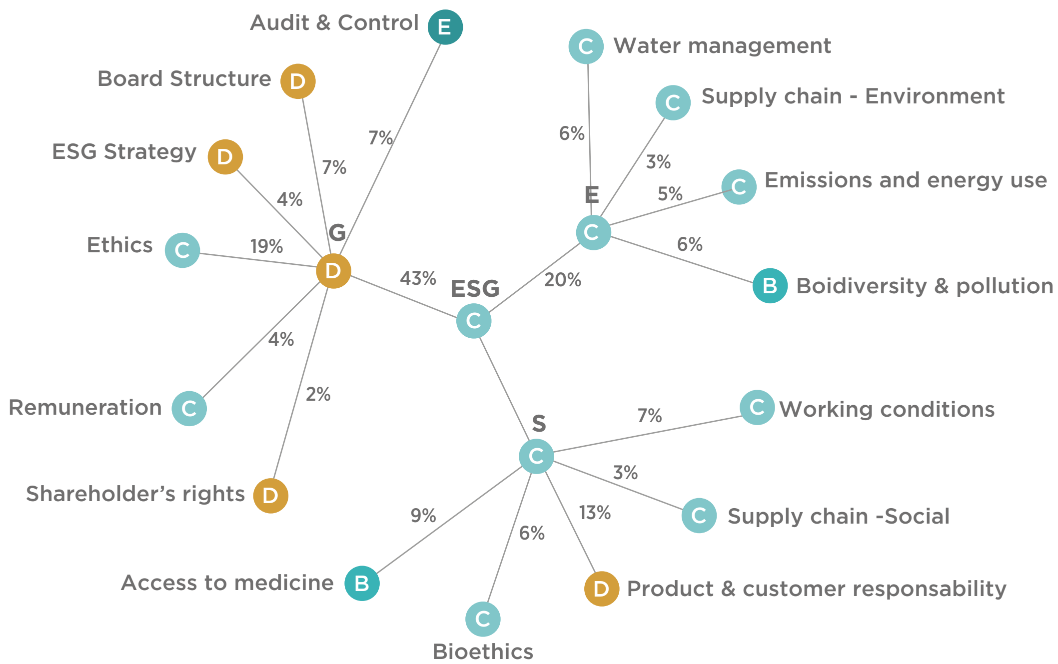
Single ESG rating per issuer, applicable to all asset classes

G-rated issuers are assessed manually and submitted to the ESG rating committee for examination and approval.

* Calculation methodology which transforms ESG criteria into Z-scores (deviation in the security's score compared with the average score for the sector, by number of standard deviations).

We ensure that issuers are continually monitored, with any controversial developments included in the ESG analytical process. A controversy can lead to a change of rating – this could reflect a specific criterion or even result in an adjustment of the final ESG score. For the sake of transparency, we have implemented our proprietary Stock Rating Integrator tool. This tool facilitates a clear understanding of an issuer's rating at any given time, portrayed through a 'flower graph', which clarifies the scores based on diverse criteria.

Example of an ESG rating of accompany as displayed in the Stock rating Integrator tool



In addition to the routine calculation of ratings, our ESG analysts undertake an active and in-depth analysis of issuers flagged for review. Various triggers can prompt intensified scrutiny, such as:

- Direct requests from portfolio managers,
- The overall level of exposure of Amundi to a given issuer,
- Our annual engagement campaigns,
- Issuers with a particularly weak ESG rating for a given criterion, and
- The quarterly controversies screenings.

b. Dedicated expertise provides the highest value to the clients

The Responsible Investment team functions autonomously, while still maintaining a close collaboration with the Investment Management and Financial Analysis teams. This structure not only ensures the impartiality of our ESG analysis, but also rigorous oversight as all G-rated issuers undergo validation by the ESG Rating Committee either directly or through the exclusion process. The separation of the ESG analysis allows our portfolio managers to benefit from different skills sets – both from financial and ESG perspectives – allowing them to make their investment decisions independently. With the exception of G-rated issuers, investment decisions regarding specific issuers securities ultimately rests in the hands of our portfolio managers.

We believe this structure provides the highest value to our clients, who can leverage the combined strengths of our ESG, Financial Analysis and Investment Management teams. Furthermore, Amundi emphasises our active engagement strategy as an essential part of our Global Responsible Investment Policy. Through these engagements, our goal is to use of ESG ratings to guide companies towards improvement, amplifying their real-world impact and subsequently expanding the investment options available to our managers and clients.

Further detail on the structure of and dedicated resource within the Responsible Investment team can be found in Principle 2.

3. ESG analysis and rating across asset classes

a. Amundi proprietary ESG rating at company level, applying to both listed equity and debt

ESG ratings are applied by the dedicated ESG Method and Solutions team. Our ratings approach is at the company level, encompassing both equity and fixed income instruments alike. Central to this strategy is our firm belief in double materiality: the negative real-world implications of an issuer's actions remain of paramount importance, irrespective of the financial sensitivity of the asset in question.

As is previously referenced in Principle 2, our methodology is based on 38 criteria; including 17 generic criteria, which are common to all sectors, and 21 specific criteria, which are relevant to the challenges of the various sectors. ESG ratings are updated on a monthly basis, using raw data provided by our external suppliers. The ESG Research Team closely monitors changes in issuers' ESG practices. ESG analysts regularly adjust their analysis and rating methodology in line with the environment and any event that may affect it.

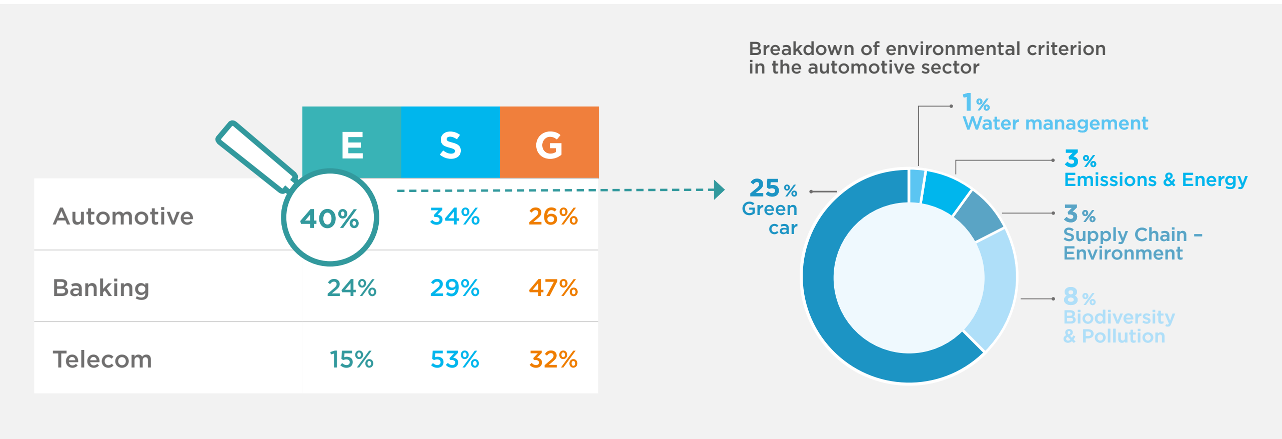
Overview of criteria assessed in ESG analysis framework

	Environment	Social	Governance
CROSS-SECTOR CRITERIA	- Emissions & Energy - Water Management - Biodiversity & Pollution - Supply Chain - Environment	- Health & safety - Working Conditions - Labour Relations - Supply Chain - Social - Product & Customer Responsibility - Community Involvement & Human Rights	- Board Structure - Audit & Control - Remuneration - Shareholders' Rights - Ethics - Tax Practices - ESG Strategy

	Environment	Social
SECTOR SPECIFIC CRITERIA	- Clean Energy - Green Car - Green Chemistry - Sustainable Construction - Responsible Forest Management - Paper Recycling - Green Investing & Financing - Green Insuring - Green Business - Packaging	- Bioethics - Responsible Marketing - Healthy Product - Tobacco Risk - Vehicle Safety - Passenger Safety - Responsible Media - Data Security & Privacy - Digital Divide - Access to Medicine - Financial Inclusion

Every portfolio manager has access to these ratings, and the calculations of the 38 criteria that inform them through our investment portfolio management software tool. This accessibility ensures that sustainability considerations are woven into their investment decisions, with portfolio managers applying any relevant constraints for their portfolios as applicable.

The ESG Method and Solutions team is responsible for assigning ESG ratings. For each sector, ESG analysts weigh 4 to 5 sector-specific criteria deemed the most important. Analysts will typically increase their level of scrutiny whenever the risk faced by a company on any given ESG criterion is deemed high and material. There is only one ESG rating for each issuer, regardless of the chosen reference universe. The ESG rating is thus 'sector neutral', ensuring that each issuer is evaluated evenly, with no sector receiving undue advantage or disadvantage. The culmination of these efforts results in an ESG rating spanning from A to G.



Example of sector weight attributions

Our dedication to quality is unwavering, and we continually refine our analytical processes, always mindful of the relevance and weight of each criterion. Our ESG analysts are sector specialists who are committed to:

- Tracking trends (macroeconomic, regulatory, etc.),
- Establishing weights based on the materiality of ESG factors,
- Assessing a representative panel of companies,
- Writing sector analysis reports,
- Selecting the most qualified external data suppliers meeting the definition of our criteria, and
- Defining the weights to each data supplier that represent the level of contribution of each supplier's ESG score to the final ESG score of an issuer.

While our core approach is consistent, we modify where necessary to service different asset classes to reflect their unique impacts.

➜ Our progress in 2022 - Consideration of environmental transition in the analysis

As part of our "Ambition 2025" plan, Amundi announced that we want to further integrate non-financial objectives related to climate into our active portfolio management. We are therefore working on the implementation of a rating methodology in order to assess, via a best-in-class approach, the transition efforts of issuers in relation to a Net Zero scenario, specifically through the effort made to decarbonise their business and develop their green activities.

All managers have access to the ESG ratings and analyses of the companies concerned, and use them in their own way depending on the management process. For example, different management platforms have developed alpha generation approaches based on the prospects of improving the ESG profile of invested companies.

b. Sovereign debt assessment

In addition to corporates, we also assess the ESG performance of sovereign issuers, on the understanding that ESG factors can significantly influence an issuers ability to repay its debt in the mid- to long-term, thus representing a risk for investors. These factors also serve as a reflection of how countries handle the major sustainability issues that are pivotal to global stability.

Our methodology is anchored on roughly 50 ESG indices or factors, which have been identified by Amundi ESG research as pivotal to tackling sustainability risks and issues. The indicators are obtained from an independent provider and each indicator may combine several data points, drawn from different sources, including open international databases (such as those of the World Bank Group, the United Nations etc.) or proprietary databases.

The indicators are grouped into eight categories for greater clarity, with each category falling into one of the E, S or G pillars. As with the corporate ESG rating scale, the ESG analysis of sovereign issuers is translated into an ESG rating ranging from A to G.

Environment	Social	Governance
Climate Change Natural Capital	Human Rights Social Cohesion Human Capital Civil Rights	Government Effectiveness Economic Environment

c. Green, Social, Sustainable and Sustainability-linked (GSS+) Bond analysis

The GSS+ Bond Analysis team within the Amundi ESG Research, Engagement & Voting team is in charge of defining the investable universe on the GSS+ bond market. Utilising our internal GSS+ bond assessment, any new investment must be evaluated. It is important to note that portfolio managers are not allowed to trade GSS+ bonds that have not first been screened by GSS+ bond analysts.

Amundi developed our GSS+ bond assessment process to ensure that we are appropriately evaluating the relevance and the extent of the impact of the projects financed by the proceeds of the GSS+ bonds we invest in. We also assess the alignment of the issuer's ESG strategy with its GSS+ bond issuance. Prior to investment, all GSS+ bond investments undergo a three-step assessment:

1. Issuer-level ESG screening

The GSS+ bond analysts systematically check for the following:

- Alignment of issuer with industry standards (e.g. ICMA Green or Social Bond Principles, EU taxonomy),
- Existence of a second party opinion or other certification, such as Climate Bond (CBI) certificates,
- Whether the issuer faces severe ESG controversies (detailed in section 7. 'Amundi's Responsible Investment Capabilities & Resources'); and
- Whether the projects to be financed by the green bond contribute to wider efforts by the issuer to favour the energy and/or environmental transition.

If this initial screening is not satisfactory, then the GSS+ bond cannot be considered for investment.

2. Issuance-level GSS+ analysis

Once the GSS+ bond issuer has undergone the initial screening, Amundi GSS+ bond analysts conduct a comprehensive review of the GSS+ bond issuance and a comparative analysis of the ESG performance of the issuance versus the overall ESG strategy of the issuer, as follows:

Project	Issuer	Green & Social Funding Rationale	Transparency
Asset level Impact Degree of green & social contribution in absolute, as well as relative to the sector and the country	**Issuer strategy** Contribution to issuer's ESG strategy, link between the green/social bond and issuer's KPIs	**Funding purpose** Alignment between green/social bonds and green/social assets in terms of purpose and allocation	**Disclosure** Amount of information available on projects, impact data, and verification

Source: Amundi, provided for illustrative purposes only.

If the analysis concludes that the GSS+ bond is not investable under Amundi's eligibility criteria, portfolio managers are not allowed to buy the bond for inclusion in their portfolios.

3. Ongoing monitoring after investment

After investment, the GSS+ team continues to assess that an issuer still has coherent ESG commitments.

- One year after the issuance: assess the availability of the allocation and impact report of the GSS+ bond, including a formal dialogue with the issuer in case partial information is missing,
- On a regular basis: perform a review of the issuer's environmental and/or social strategy to ensure that the overall ESG performance of the issuer is improving and is updated accordingly in case there is a significant evolution from one period to another,
- On a daily basis: controversy screening through different channels (internal controversy database, data providers, press, emails). If a significant controversy occurs, the GSS+ bond analyst engages with the issuer.

All of the information or data collected in the above-mentioned actions are gathered into an internal proprietary GSS+ bond database that allows Amundi to monitor the investable GSS+ bond universe. All bonds are reviewed once a year to reflect changes in the data. This internal database allows us to feed issuer and issuance level data at the fund level, which allows for a better understating of the allocation and impact of the strategy.

This serves as the basis for engagement with relevant GSS+ bond issuers, during which we seek to:

- Clarify discrepancies or missing impact data; such as understanding why there is a missing impact report, problematic impact data, or to define a remediation plan to address a controversy,
- Encourage issuers to integrate better ESG practices by promoting ICMA harmonised framework for impact reporting, promoting Life Cycle Assessment (LCA) considerations from the EU Taxonomy, encourage issuers to set targets for their ESG strategy, improve their Environmental and Social policies

See Principle 9 for how we engage on Green Bonds

d. Real assets

In 2022, Amundi's Real Assets division underwent substantial growth, with assets under management reaching over €66.6 billion by the end of December. This growth is a testament to our unwavering commitment to sustainable and resilient investment within real assets, underpinned by a comprehensive and evolving ESG integration strategy.

The advancements made in 2022, which are further elaborated on in the centralised Responsible Investment Charter, underscore Amundi's dedication to refining the Real Assets division, ensuring an adaptive, multifaceted approach to ESG integration and effectively addressing sustainability challenges within all of our investments.

Strong ESG Governance within Real Assets division

The integration and oversight of ESG governance within the Real Asset division is driven by:

- **ESG team dedicated to the Amundi Real Assets platform**

  This five-person team works very closely with the management teams and the members of Amundi Group's central ESG team.
- **Real Assets Management Committee dedicated to ESG issues**

  Amundi Real Assets' Management Committee includes ESG and impact topics related to real assets on its agenda at least once every quarter.
- **A Real Estate ESG Committee**

  The members of this committee represent all the key functions at Amundi Real Estate (asset management, ESG analysis, compliance, management, risks, etc.). The committee meets quarterly and defines and monitors the entity's responsible investment strategy and engagements.

- **An "ESG Front Runners" community**

  30 ESG representatives have been chosen from the various teams of the Amundi Real Assets platform (management, ESG analysis, sales, marketing, legal, etc.) to discuss all common issues in the field of responsible investment for the real estate assets areas of expertise. More generally, they have been brought together to ensure a consistent approach and to drive collective ambition. Their meetings are a forum for discussions on regulatory changes and for the sharing of information and good practices between areas of expertise.

- Additionally environmental, social and governance issues are discussed at all meetings of the investment committees of the six different Amundi Real Assets areas of expertise.
- Publication in 2022 of an SRI Charter for Amundi Real Assets covering the whole platform. Publication in July 2023 of the second edition of its Responsible Investment report.

In alignment with the broader Amundi Ambition 2025 plan, the Real Assets division is poised to implement new commitments and features, underscoring its continuous drive towards ESG excellence.

	ESG 2025 Objectives Purpose
Real Estate	- Launch of the net zero strategy in 2022, in particular via the Amundi European Net Zero Ambition Real Estate fund (ENZA RE) - Target for 2024: 100% of our main service providers will sign the supplier charter - Target for 2024: 100% of our main service providers will be rated by Amundi Real Estate - Each year, the ESG team commits to organising five training sessions for employees
Multi-Management	- Preparation of a net zero private equity fund of funds (article 8 SFDR) - Since 2022: all new investments are subject to an ESG rating - Implementation of a proprietary ESG scoring mechanism - Raise an infrastructure fund of funds (article 8 SFDR) - Preparation of a multi-strategy fund of funds (article 8 SFDR)
Private Debt	- Launch of a 2050 net zero transition fund - 100% of new investments will have a carbon footprint assessment and associated roadmap - 2022: first ESG awareness seminar for portfolio borrowers - Objective for 2023: organisation of the second ESG seminar - Commercial launch of the ACREL 2 real estate debt fund, with a focus on the contribution to the energy transition
Private Equity	- Launch of a 2050 net-zero just transition fund (article 9 SFDR) - 100% response from our holdings to our ESG reporting questionnaire - 100% of our holdings will have an ESG roadmap
Social impact	- Launch of 2050 net-zero just transition fund
Green infrastructure	- Launch of a 2050 net zero transition fund - Establish an ESG roadmap with our developers/industrial partners - Entry into force of the responsible investment policy

Integrating ESG into the Investment Process

Acknowledging the limitations in our central ESG rating methodology to cover all instruments and issuers within our investable universes, Amundi continues to make significant strides in developing tailored methodologies for private equity, private debt, fund of funds, and real estate and specific instruments like green or social bonds. These nuanced approaches are aligned in the new Responsible Investor Charter – Real Assets that was published in 2022.

The central role of non-financial criteria in real assets

There are five key stages to applying ESG criteria within real assets, with some specific nuance for sub-asset classes as appropriate:

1. Exclusion policy

Amundi Real Assets applies targeted exclusion rules in line with those set out in the Group's exclusion policy. A full list of exclusions can be found in the Responsible Investment Policy and Section 4 of this Principle. The nuclear sector is also excluded for Amundi Energy Transition products and solutions.

2. Selection policy

A preliminary assessment ensures that the investment team is exclusively concentrating on the sectors permitted under the responsible investment policy for the category of assets, the fund or the mandate. Additional exclusions may be applied in the prospectuses of certain funds, depending on the strategy. In addition to the exclusion list, social impact investments only invest in companies whose primary purpose is to create a positive impact for the intended beneficiaries of their actions. At each stage of the investment strategy, the impact analysis and the situation of beneficiaries take precedence over any other decision-making criteria.

3. Due diligence

In addition to the exclusion policy applied as a first filter, any opportunity received and presented to the investment committee is subject to ESG due diligence that includes an in-depth analysis of any non-financial risks identified. This due diligence is an integral part of the analysis criteria and supplements the parallel financial analysis. This enables investors to limit the financial risks (regulatory, operational and long-term reputational) associated with an investment and to fully discharge their responsibilities.

ESG due diligence is carried out by all sub asset classes, in collaboration, where necessary, with Amundi's ESG experts. Depending on the assets in question it may include the sending of questionnaires, discussions with the company's management and reviews of sector studies by nonfinancial rating agencies.

- **Within Real Estate:** the ESG due diligence carried out on any investment opportunity is two-dimensional, incorporating:
  - Analysis of the underlying real estate asset, and
  - Analysis of the tenant.
- **Within Green Infrastructure:** in addition to analysis of the assets, ESG due diligence also includes:
  - Analysis of co-investors,
  - Analysis of the assets' operator, and
  - For assets that produce renewable electricity, analysis of the electricity buyer under B2B (business to business) contracts (other than operators mandated by public authorities to act as references on public requests for proposals).

4. Investment decisions

The investment decision-making process and the investment memorandum for each area of expertise systematically includes the ESG due diligence results. Each team is particularly attentive to opportunities and ways of reducing the carbon footprint of assets.
Amundi Real Assets' investment decisions involve two key ESG processes:

- **Within private equity, corporate private debt, multi management and social impact investing:** the ESG representative has the right to veto investment decisions in advance of or at meetings of the investment committee.
- **Within real estate and green infrastructure:** the investment committee ensures that the appropriate ESG criteria for the fund in question are properly applied before any investment decision is made.

Other points to note:

- **Within private equity, corporate private debt, multi management, social impact investing and green infrastructure areas of expertise:** at the time the investment is made, the agreement entered into with the entity in receipt of the financing includes a commitment on providing ESG data and meeting objectives, in line with the relevant fund's strategy.
- **For Amundi Real Assets' impact funds:** intentionality is a key factor, as borne out by specific analysis for each of the funds that is used for investment theses and investment decisions.
- **Within real estate area of expertise:** account is taken not only of the asset's performance, but also the environmental and social performance of the main stakeholders in the property (property managers, maintenance companies, builders, etc.) and any tenants.
- **Within multi management:** an in-depth review is carried out on the ESG practices of the managers of each fund and the integration of ESG criteria into their decision making process.

5. Holding period

Where possible during the holding period, each investment manager or director maintains an ongoing dialogue with the companies and/or the managers of the assets held in the portfolio. This close relationship is used to monitor action plans and to improve ESG performance. The management teams have two priorities in terms of responsible investment: a periodic review of the non-financial performance of the assets in their portfolio and the production of carbon footprint assessments.

Each sub asset class has developed practices specific to its investment universe:

- **Within Real Estate:** the ESG rating is reviewed at least once every three years during the holding period. This allows us to factor in the progress achieved on underlying assets. This progress can be achieved in several ways, in particular:
  - A direct/physical improvement as a result of work carried out. The results of these actions are directly transcribed in the annual questionnaire and the maintenance or educational actions for tenants, which feed into the assessment of environmental and social performance.
  - Better management of the use of the underlying asset, reflected by efforts in relation to the carbon footprint.
- Within Multi Management: an annual survey is carried out to monitor the progress made by the portfolio. The team applies a number of performance indicators that benchmark developments in ESG practices and metrics.
- **Within Corporate Private Debt and Private Equity:** ESG performances are reviewed annually as part of portfolio monitoring, using indicators chosen in advance with the issuer/investee company and in line with the ESG information obligations defined in the contractual documentation. A meeting dedicated to implementing an action plan to improve ESG performance is also offered to each issuer/investee company. Through their seat on the governance committee, the representative of the private equity team is able to discuss and monitor material developments in ESG matters included on the agendas of committee meetings.
- **Within Social Impact Investing:** each company in the portfolio is the subject of impact analysis. A series of quantitative criteria are assessed each year, resulting in the publication of an impact report for investors several times a year, usually expressed in terms of the number of beneficiaries per theme. Monitoring is carried out throughout the holding period as well as annually, involving participation in meetings of strategy committees, introducing the business owner to our ecosystem and partners, and support with the implementation of the economic and impact business plan. At each meeting of the strategy committee, the results are compared with the stated objectives and the impact made by the company is assessed.
- **Within green infrastructure:** impact reports for each fund are published every year with details of the environmental, social and governance monitoring carried out by the area of expertise. In addition, each investee company's supervisory committee reviews the assets' ESG performance every quarter to track it as closely as possible.

→ Our progress in 2022

Our achievements in the 2022 reporting period include:
- In January, we drafted an ESG charter common to all six areas of expertise – Real Estate, Multi Management, Private Debt, Private Equity, Social Impact and Green Infrastructure - we also published the the inaugural Real Assets Responsible Investor Report,
- In March, Amundi Real Assets participated in the Best Practice Guide for Private Debt Sustainability-Linked Finance published by France Invest, a professional organisation bringing together nearly 400 French management companies and some 180 consulting firms,
- Launched the Amundi European Net Zero Ambition Real Estate fund in June and the Amundi Delta Capital Health Real Estate Investment Trust in October. The latter dedicated to the health, well-being and long term care sectors in Europe,
- In September, Amundi Real Assets organised the first ESG meeting dedicated to the small and medium-sized companies that ARA supports in private equity and private debt. This first meeting was dedicated to ESG and focused on the theme "What role should ESG play in today's small and medium-sized companies". It brought together almost 50 leaders from 25 small and medium-sized portfolio companies,
- We celebrated the tenth anniversary of the Amundi Finance & Solidarity social impact fund with almost €500 million of assets under management.
- Published a Cahier de Vacances (Holiday Issue) in Summer 2022 – an educational initiative to help employees and partners understand responsible real estate investment. It was distributed to nearly 120,000 people,
- The ESG Front Runners team was renewed and expanded, adding four more members.

Specific progress in 2022 for Private Debt

- In March, Amundi Real Assets made significant strides in bolstering our ESG integration within the Private Debt sector,
- Participation in market working groups centred on Sustainability-Linked Loans. These efforts culminated in the release of a reference guide at the end of 2022, outlining the ESG aspirations we intend to champion with such financial tools,
- The fourth private corporate debt round emphasised an impactful strategy, seeking to equip each issuer with a tailored carbon footprint and an action plan for emission reductions,
- Launched a refined ESG reporting format, offering our fund investors a richer dataset and in-depth analysis, underscoring our commitment to transparency,
- Through collaboration with the ARA and Amundi Real Estate ESG teams we have facilitated enhanced integration of Sustainable Finance Disclosure Regulation (SFDR) concerns, ensuring our tools and strategies align with current regulatory expectations.

e. Delegation of fund management to third parties

Amundi sub-contracts the management of €47.5 billion of assets to external fund managers.

As part of our routine investment due diligence of delegated managers, we take a two pronged approach. In the first instance, we perform a qualitative evaluation based on the Responsible Investment policy of the organisation (25%), its responsible investment approaches (best in class, ESG integration, impact, etc.), including the exclusion policy (25%) and finally on the fund/delegation itself (50%).

As a second step, in order to verify what we have learned from the qualitative evaluation, we calculate a quantitative ESG score, using the proprietary ESG methodology of Amundi. Both these qualitative and quantitative evaluations of a manager's approach to ESG are part of a broader due diligence process of the fund/mandate and the company (operational due diligence, quality of investment process, quality of teams, performances, etc.).

When we delegate funds to managers, we also send them monthly a list of stocks to be excluded. When Amundi just performs a fund hosting function, then the exclusion list does not necessarily apply.

Illustration 14: **Fund of funds due-diligence process.**

ESG is incorporated at every step of the process:

1. Qualitative evaluation
We send a qualitative questionnaire to the manager of each external fund. This questionnaire is Excel based and runs to over 100 questions. We systematically score the responses to form a qualitative view at three levels: firm, strategy and fund.

2. Quantitative evaluation
We source the holdings of external funds on a quarterly basis and integrate this data with the proprietary ESG scores for the securities and issuers. This enables us to calculate an ESG score for each fund consistent with our internal Amundi process.

3. Integration
We integrate these two scores in our investment due diligence in a dedicated section on ESG, scoring each fund based on the combination of our quantitative and qualitative evaluations. The overall rating and conviction level of the fund will be influenced by the ESG evaluation.

4. Portfolio construction
When constructing solutions for clients, fund of fund portfolio managers seek to "Beat the Benchmark" in terms of their ESG Score. To do this they use:

1. The "look through" or "transparency" to underlying securities feature that is available in our front office system, Alto, to score internal Amundi funds and delegated funds and mandates for ESG,
2. For ETFs, the ESG score of the reference index of each ETF is used as a proxy,
3. The ESG score for external funds (per section 2 above) is integrated in Alto.

4. Exclusionary approach

a. A targeted exclusion policy

Amundi applies a strict exclusion policy of the worst ESG-rated companies across all actively managed portfolios, in line with our fiduciary duty to guard clients' interests. We ensure the strict exclusion of issuers not adhering to established sector policies or those in violation of international conventions, frameworks, and national regulations. Our exclusion policy is kept under active consideration and is formally reviewed annually and approved by the ESG Committee. The current exclusion policy bars any of our funds from investing in:

- Issuers involved in the production, sale, storage or services for and of anti-personnel mines and cluster bombs, as prohibited by the Ottawa and Oslo treaties,
- Issuers involved in the production, sale or storage of chemical, biological and depleted uranium weapons,
- Issuers that repeatedly and seriously violate one or more of the 10 principles of the Global Compact.

Additionally, Amundi applies specific sectoral exclusions to controversial industries, namely coal and tobacco. As of the end of 2022, this also extends to the unconventional oil and gas sector as well as the nuclear weapons industry. These sectoral exclusions are applied to all actively managed strategies over which Amundi has full portfolio management discretion, always adhering to relevant laws that may prohibit their implementation.

These exclusions apply unless clients specifically request otherwise in the context of individual mandates or tailored funds, or entirely passive strategies.

Illustration 15: **Sectoral exclusions policy**

Thermal Coal[12]

Amundi continues to strengthen our commitment to reduce coal exposure in portfolios, underlining the persistent drive towards exiting coal by 2030 in OECD countries and by 2040 globally, congruent with the United Nations Sustainable Development Goals (SDGs) and the 2015 Paris Agreement *(see* *Principle 9* *for more details on specific engagement on coal)*. This strategy builds on the insights and suggestions of the Crédit Agricole Scientific Committee, referencing scenarios by the International Energy Agency's (IEA) Sustainable Development Scenario, Climate Analytics Report, and Science-Based Targets. Annually enhanced since 2016, the exclusion criteria have been further tightened.
Where applicable, Amundi excludes:

- Mining, utilities, and transport infrastructure companies that are developing coal projects that have permitted status and are in the construction phase as defined in the coal developers list of the Crédit Agricole Group.
- Companies with coal projects in earlier stages of development, including announced, proposed, with pre-permitted status, are monitored on a yearly basis.

For companies considered too exposed to be able to phase out from thermal coal at the right pace, Amundi excludes:

- All companies with revenue in thermal coal mining extraction and thermal coal power generation >50% of their revenue without analysis,
- All coal power generation & coal mining extraction companies with a threshold between 20% and 50% with a poor transition path[13].

Concerning mining extraction, Amundi excludes:

- Companies generating >20% of their revenue from thermal coal mining extraction
- Companies with annual thermal coal extraction of 70MT or more without intention to reduce.

12. For more information see Amundis' RI policy
13. Amundi is performing an analysis to assess the quality of their phase out plan

➜ Our progress in 2022

In 2022, Amundi further enhanced the rigor of our Thermal Coal Exclusion criteria. Here are the key improvements:
- Amundi excludes all companies generating more than 20% of their revenue from thermal coal mining extraction compared to 25% in 2021.
- Amundi also excludes all companies extracting more than 70 Mt thermal coal annual with no intention to reduce compared to 100 Mt in 2021.

Amundi has fortified our engagement approach in 2022, ensuring all companies with thermal coal exposure are actively engaged and encouraged to align with our phase-out policy and timeline. Clear consequences for non-compliance have been outlined, including voting against the re-election of board or management members of firms not adhering to the phase-out timeline. These updates in 2022 emphasise the policy's robustness, contributing significantly to global decarbonisation efforts and alignment with worldwide climate goals.

Tobacco
- As a signatory of the Tobacco Free Finance Pledge, in 2022 we further strengthened our tobacco exclusion policy to align with global health and human rights priorities, to address the significant economic and societal costs related to tobacco use, estimated at over $1 trillion annually by the World Health Organisation[14] This policy applies comprehensively to the tobacco sector, including suppliers, cigarette manufacturers, and retailers. It is applicable across all actively and passively managed ESG strategies over which Amundi has full discretion. We exclude companies that manufacture complete tobacco products, applying a revenue threshold of 5%.
- The ESG rating of the tobacco sector is firmly capped at E. This policy applies to companies involved in the production, supply, and retailing of tobacco with revenues above 10% and is meticulously enforced on active investments.

Exclusions are seamlessly integrated into Amundi's investment tools, with the Risk Business Line ensuring robust enforcement of the policy. Should there be residual exposure to companies within the exclusion policy's scope, Amundi will vote against the board or management's discharge or re-election. Utilising MSCI as a data provider, we ensure extensive and reliable data back our policy enforcement.

Our enhanced tobacco policy is a testament to our enduring commitment to reducing exposure to the extensive risks within the tobacco sector.

Unconventional oil and gas
By the end of 2022, Amundi also excluded companies whose activity is exposed to exploration and production of unconventional oil & gas extraction (covering "shale oil and gas" and "oil sands") by over 30%. This is in line with Amundi's "Ambition 2025" plan.

Sovereign issuers exclusions
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's Rating Committee.

14. https://www.hrw.org/report/2014/05/13/tobaccos-hidden-children/hazardous-child-labor-united-states-tobacco-farming

➜ Our progress in 2022

In 2022, Amundi also introduced new exclusion criteria. The updated exclusions now include:
- Issuers engaged in the production, sale, or storage of nuclear weapons for countries not party to the Treaty on the Non-Proliferation of Nuclear Weapons,
- Issuers involved in the production of nuclear warheads and/or entire nuclear missiles,
- And issuers generating more than 5% of their total revenue from the production or sale of nuclear weapons.

These issuers are classified as G-rated according to Amundi's rating system, reflecting our commitment to mitigating investment risks associated with nuclear weapons production and sale.

Case study 5: **A combined engagement approach with governments, utilities and banks in Indonesia to facilitate our disinvestment from thermal coal**

Context: Amundi has committed to reduce our exposure to thermal coal in our portfolios, with a formal exit for OECD and EU countries by 2030 and for the rest of the world by 2040, in line with the Paris Agreement. This commitment to such deadlines does impact our capacity to invest in issuers exposed to thermal coal, including utility companies. However, we do recognise that companies are constrained by the legislative framework and energy policies of the countries in which they operate, and that any energy transition should consider energy security and affordability.

Amundi Actions: We have initiated joint engagement with utility firms, governments, and financing banks to navigate towards a low carbon energy mix. Targeting countries with significant coal reliance for power generation, with Indonesia being one of those countries, we aim to align our sovereign and thermal coal policy engagements. We contacted the Indonesian Ministry of Finance in late 2022 to further this objective.

Key objectives:
- Explain our thermal coal engagement and the impact on issuers, notably utilities,
- Obtain clarifications on Indonesia's thermal coal phase out plans and discuss ways to bring forward the target date from 2050 to 2040, and
- Discuss ways for the government to support the energy transition of utility companies.

Outcomes & Next Steps: Indonesia has pledged to achieve net zero GHG emissions by 2060 and enhanced its Nationally Determined Contribution in September 2022. Additionally, a Just Energy Transition Partnership was agreed with a group of developed countries in November 2022, with the aim to expedite the adoption of renewable energies. Despite these commitments, Indonesia's 2021-2030 Electricity Supply Business Plan anticipates a 14 GW increase in coal-fired generation fleet, a rise of 40%. A Presidential Regulation published in September 2022 outlines a 2050 phase-out target for coal power, diverging from the 2040 target deemed necessary to adhere to the 1.5°C temperature limit as indicated by the IPCC and IEA.

Our engagement letter underscored the discrepancy between Indonesia's decarbonisation commitments and the pathway consistent with the Paris Agreement's objectives. Moving forward, we propose a discussion with the Ministry of Finance regarding this issue and will continuously support and monitor the acceleration of their energy transition. A significant aspect to clarify is whether the Joint Energy Transition Partnership will alter the plans for increased coal power capacity and aid in advancing the thermal coal phase-out target date.

Case study 6: **Responding to emerging controversies at a European chain of nursing homes**

Context: The issuer, a French and European leader in the private for-profit nursing home sector, faces a lot of controversy regarding unethical behaviour, toxic culture and governance issues. Detailed investigations revealed issues like fraudulent work contracts, embezzlement of public funds, potential conflicts of interest with the Ministry of Health and tax evasion. These issues have limited the group's ability to provide adequate staffing and medical care, and accusations of a management style based on "terror" have further exacerbated the situation.

Amundi Actions: We have actively monitored and engaged with the company over the past decade, due to persistent issues that seemed more pronounced than for their industry competitors. The emergence of new allegations highlighted a system rooted in social malpractices and misappropriation of public funds, prompting an urgent reassessment. Viewing these as a breach of the UN Global Compact, Amundi's ESG rating committee held a special session in the week following the new revelations.

Key Objectives: Amundi's key objectives were to reevaluate the issuer based on the new information, assess their adherence to the UN Global Compact and determine the potential impact on their ESG score.

Outcomes & Next Steps: In response to the evaluation and the analysis from the ESG analyst covering the issuer, the committee made the decision to exclude the issuer from Amundi's active investment universe. This exclusion reinforces Amundi's stance against unethical business practices and emphasises the importance of ESG considerations in its investment decisions.

b. The specific case of non-ESG passive funds

Our exclusion policies already apply to all our actively managed funds and ESG ETF products, but do not apply to the non-ESG passive range. To increase the scope, Amundi's "Ambition 2025" plan includes a commitment to extend our ETF ESG products by 2025 to a minimum of 40% of our ETF range. As of December 2022, 27% of the passive fund range is comprised of ESG funds.

In parallel, for issuers held in non-ESG passive portfolios but excluded from our active and ESG ETF universe, Amundi uses our engagement and voting capabilities to express our concerns. Where insufficient action is being taken to reduce harm and/or transition to a sustainable business model, we will vote against the discharge of the board or management or the re-election of the Chairman and of some Directors.

Case study 7: **J-Power update for 2022 (Japanese producer of electricity)**

Context: In 2021, Amundi, along with other stakeholders, engaged with J-Power under the AIGCC utilities programme, aiming to enhance the company's alignment with vital climate and ESG goals. Despite collaborative efforts and improved ESG disclosures by J-Power, its commitment to Paris Agreement-aligned objectives remains ambiguous in 2022. This ongoing uncertainty led Amundi, Man Group and HSBC Asset Management to co-file shareholder proposals at J-Power's Annual General Meeting seeking to bolster the company's climate commitment and transparency. Even with considerable support for these resolutions, J-Power has yet to demonstrate significant commitment or action. The situation is further complicated by J-Power's reliance on unproven advanced coal technologies and gaps in their TCFD-aligned disclosures, particularly regarding physical risk measures and mitigation strategies.

Amundi's Actions: We have actively and rigorously engaged with J-Power, pushing for heightened ESG accountability and comprehensive plans of action. In a dedicated effort to accelerate J-Power's climate and ESG commitments, Amundi co-filed shareholder proposals for expedited climate and ESG commitment.

Key Objectives:
- Urge complete alignment with the Paris Agreement,
- Prioritise established renewable energy technologies and investments, and
- Enhance TCFD-aligned corporate disclosure, outlining physical and mitigation risks.

Outcomes & Next Steps: J-Power has initiated adjustments, setting a short-term goal to lower GHG by seven million tCO_2e by 2025 and a 40% reduction by 2030, alongside a JPY 300 billion investment for renewable projects, aiming for at least 1.5 GW renewable power generation by 2025. Despite these steps, their continued reliance on advanced coal technologies and limited progress in other key areas remain significant concerns.

In the coming period, Amundi will persistently urge J-Power towards a comprehensive and timely commitment to climate and ESG targets, ensuring alignment with the Paris Agreement. The focus includes the prioritisation of renewable energy and enhancement of TCFD-aligned disclosures and strategies. Amid rising support for climate-focused shareholder proposals, J-Power stands at a crucial juncture for significant strategic adaptations and pledges for immediate and decisive action.

5. Enhancing integration of ESG considerations into investment activities: "Say on Climate"

a. Amundi's "Say on Climate"

Based on the progress of the 2018-2021 ESG plan, we are especially aware of the efforts that still need to be made to ensure that all sectors and companies adopt a strategy aligned to the Paris Agreement.

As shareholders, Amundi strongly encourages the companies in which we invest to submit their climate strategy to an advisory vote at the General Meetings.

As a listed company, Amundi also believes that we have a responsibility to be transparent with our shareholders about our climate strategy. Therefore, in line with the commitment made in the ESG "Ambition 2025" plan, we submitted our climate strategy to a consultative shareholder vote at 2022 General Meeting. The resolution received 97.7% of votes in favour.

b. Amundi's approach: a progressive and evolving process

As scientific knowledge and methodologies grow and evolve, and the broad spectrum of asset classes and regions of the world in which Amundi invests do not all yet benefit from the analytical frameworks and data necessary for a comprehensive action plan, we understand that Amundi must adopt a progressive approach in setting the ambitions of a long-term climate strategy, with intermediate steps.

Amundi's climate strategy will therefore evolve in-line with methodological developments, protocols for defining ambitions, regulatory frameworks and the data available for assessing alignment with a 2050 carbon neutrality objective.

Based on our commitment to climate issues and our responsibility to our clients, Amundi's climate strategy is dynamic and steady, with short- and medium-term objectives. It is based on three convictions:
1. The need for a scientific approach: transition is a fundamental issue that calls for an industrial revolution based on both established scientific findings and the development of proven technological solutions,
2. The need to support the transition of companies in which we invest rather than excluding them or divesting from them, a method which must be restricted to businesses that compromise this transition. The transition involves supporting the transformation of high carbon-emitting business models into models of decarbonised development,
3. The search for social and economic progress: we are of the opinion that the transition will only be achieved if it is deemed socially acceptable.

In addition to joining the Net Zero Asset Managers initiative, Amundi has put in place a Climate 2022-2025 Action Plan based on three key goals:
1. The integration of climate change within our business operations, namely the resources implemented within our organisation, the alignment of our employees, governance and commitments to reduce direct greenhouse gas emissions;
2. The integration of climate change within our management for third parties, describing our commitments in regard to savings and investment solutions;
3. The integration of climate change within our actions targeting the businesses in which we are invested, describing our exclusion policy, shareholder dialogue and policy on the use of voting rights in order to accelerate the transition of these businesses to a decarbonised business model associated with the objectives of the Paris Agreement.

c. Detail of plan and progress in 2022

The following tables lays out specific objectives defined to meet the three key goals, and the progress to towards achieving them in the 2022 reporting year.

		Target (if applicable)	Progress at 31/12/22	Status
1. Integration of climate issues into the conduct of business				
A. Putting climate at the centre of governance				
Role of the Board of Directors	No. of hours devoted by Board of Directors to climate issues		4 hours	Ongoing, in line with objective
	Average attendance rate at sessions on climate & responsible investment	>80%	94%	Ongoing, in line with objective

Employee alignment, through compensation policy	CEO compensation plan linked to ESG & CSR objectives	100%	100%	Achieved
	Compensation plan for 200 senior executives linked to ESG & CSR objectives	100%	100%	Achieved
	Sales and portfolio managers assessment & compensation includes ESG objectives	100%	99%	Achieved*
B. Setting objectives for reducing direct emissions				
Aligning the CSR policy with Net Zero 2050 challenges	Reduction in energy-related HGH remission (Scope 1 & 2) per FTE compared to 2018	-30% by 2025	-51%	Achieved
	Reduction in GHG emissions related to business travel (Scope 3) per FTE compared to 2018[15]	-30% by 2025	-75%	Achieved
	Integration of the carbon footprint Reduction objective into the Purchasing policy	Objective to be defined in 2023		Ongoing, in line with objective
C. Deploying the resources necessary to achieve the objectives				
Deployment of resources dedicated to ESG & climate commitments	40% increase in Responsible Investment Team by 2022	100%	100%	Achieved
Ongoing employee training	100% of employees to undertake responsible investment training	100%	Training programme launched in 2022	Ongoing, in line with objective
	Number of training hours dedicated to climate issues provided to the SLT (Senior Leadership Team)		3 hours	Achieved
Contribution to industry efforts	Activity report on collective commitments	Annual activity report	Completed	Achieved
	Activity report on Climate-related research published by Amundi on the Amundi Research Centre website	Annual activity report	Scheduled for Q1 2023	Ongoing, in line with objective
	Number of Institutional clients canvassed on Net Zero challenges		3	Ongoing, in line with objective
	ALTO* Sustainability marketed and number of modules offered	2025	Content of first module defined	Ongoing, in line with objective
D. Implement this strategy in a fully transparent manner				
Voting & responsible investment policies	Voting policy	Annual	Ongoing	Achieved
	Responsible investment policy	Annual	Ongoing	Achieved
Stewardship Report	Stewardship Report	Annual	Ongoing	Ongoing, in line with objective
	Voting Report	Annual	Scheduled for Q1 2023	Ongoing, in line with objective
	Engagement Report	Annual	Scheduled for Q1 2023	Ongoing, in line with objective
Climate Report – TCFD	Climate and Sustainability Report	Annual	Scheduled for Q1 2023	Ongoing, in line with objective

15. Measurement carried out on entities with more than 100 FTE, in intensity. Excluding refrigerants.

2. Integrating climate change into management of third parties				
A. Systematically incorporating the assessment of transition into actively managed open-ended funds				
Incorporating 100% of the assessment of transition into actively managed open-ended funds[16]	Implementing environmental transition assessment in the investment process	100%	2025, preliminary work started	Ongoing, in line with objective
B. Developing Net Zero 2050 transition funds on major asset classes				
Active management Net Zero range on the main asset classes	Number of asset classes offering Net Zero transition investment products	6 by 2025	4	Ongoing, in line with objective
C. Contributing to the energy transition financing effort				
Supporting the energy transition financing effort	Activity report on green solutions, climate	Annual	Scheduled for Q1 2023	Ongoing, in line with objective
3. Integration of climate issues into business initiative				
Divest from unconventional hydrocarbons	Policy and eligible scope disinvested	100% by 2022	100%	Achieved
A. Establishing an active dialogue to speed up and further urge the transformation of investee company business models				
Climate Commitment extended to over 1,000 companies	Cycle of engagement with 1,000 additional businesses by 2025[17]	+1,000	+418	Ongoing, in line with objective
B. Promoting a socially acceptable energy transition				
Activity report on the "Fair Transition"	Annual report	Annual	Scheduled for Q1 2023	Ongoing, in line with objective

Amundi will continue to adjust our climate strategy in the coming years, according to the scientific reference scenarios and in close connection with its clients' objectives, both by investing in solutions to accelerate the transition and by progressively aligning our portfolios with the 2050 neutrality objective.

16. Scope of activity managed open-ended funds, where a transitional rating methodology is applicable
17. For information: 547 climate-related commitments from a scope of 464 companies at the end of 2012

Principle 8

Signatories monitor and hold to account managers and/or service providers

Amundi continually monitors the market for developments and to ensure access to quality information. This ensures we are aware of increases in coverage and scope of the ESG data that is available, including making sure we have access to innovative products, including raw data and forward-looking assessments.

1. Data providers

Amundi constantly monitors ongoing development projects at important and innovative ESG data providers. Outlier data on individual companies are also checked. As well as this ability to cross-refer, the use of multiple data providers has several additional benefits:

- It allows for a greater overall coverage of issuers by combining different footprints (some providers have better coverage of particular regions / sectors / asset classes).
- As data providers take different approaches to analysing a particular criterion, the use of multiple data providers' information gives the ESG analysis team a 360° view on critical ESG topics and relevant issuer behaviour.
- It gives Amundi access to more frequent analysis updates, as each data provider updates their analyses according to different schedules.

We monitor controversies on companies and survey views amongst the team to ensure that our ratings reflect the current reality. ESG analysts have the ability to override any company rating if it does not reflect their judgement. In the case that such an override would lead to an exclusion, the decision is made by the Ratings Committee.

We also continuously monitor the quality of its ESG research and data from external sources. This monitoring includes an automated quality check (set out under Review and assurance of our ESG approach), as well as an ongoing qualitative check from our ESG analysts, who are specialists in each of their sectors.

Comparing the data is crucial in order to assess the quality of the underlying information that we use for our strategies. Typically, if ESG or climate-related data gives us very different outputs, we observe these discrepancies, and conduct a deeper analysis in addition to our principal ESG analysis. Sample ESG data are statistically verified internally at high level to assure their consistency.

On a formal basis, the ESG Method and Solutions team and the ESG Research Team analysts carry out the following actions, producing annual reports for consideration by the ESG Ratings Committee:

- Complete annual review of each major ESG supplier and production of a detailed assessment;
- Summary table of supplier offers in relevant ESG categories, updated regularly and including an assessment of services;
- Monitoring table of regular supplier meetings and discussions, including the main points covered; and annual supplier assessment report updated by the ESG Analysis team, integrating the views of different analysts on all ESG data suppliers.

Amundi conducts an annual review of its main ESG vendors and their offers (ESG ratings, climate, controversies, etc.). Amundi also have regular calls and meetings with those vendors to keep up to date with the latest methodological developments and to provide feedback on their services and data, including any potential shortcomings.

Illustration 16: **Carbon data gaps with one of our main provider**

In 2022, we observed major gaps in issuers' carbon data from a year to another. In order to understand these gaps we engaged with our data provider to explore them more deeply. We identified a few reasons for those gaps including: a first year of reporting (vs estimations before), a change in the estimation model from the provider, the impact of COVID on issuers absolute emissions.

We put in place more controls and tracking on those gaps following this in order to gain more comfort on our carbon data.

2. Proxy advisors

Regarding proxy advisors, the team undertakes regular due diligence meetings with ISS in which we discuss issues such as timeliness and quality of their research and the application of our voting policy, through monthly meetings and mail exchanges. We provide feedback to proxy advisors on their methodology and any potential gaps we observe in their analysis.

The Voting & Corporate Governance team maintains in all cases the ability to override the default recommendation made by ISS applying the custom policy, in this case, the analyst will signal to ISS any identified error. General meetings of companies' part of a pre- defined "qualitative universe" (that takes into account the financial materiality of the votes at the fund level and aggregated), as well as meetings considered significant due to the inclusion of specific proposals (e.g., shareholder proposals on environmental or social topics) will be systematically reviewed by the team.

Amundi accommodates certain custom voting policies, provided for specific client mandates.

Principle 9

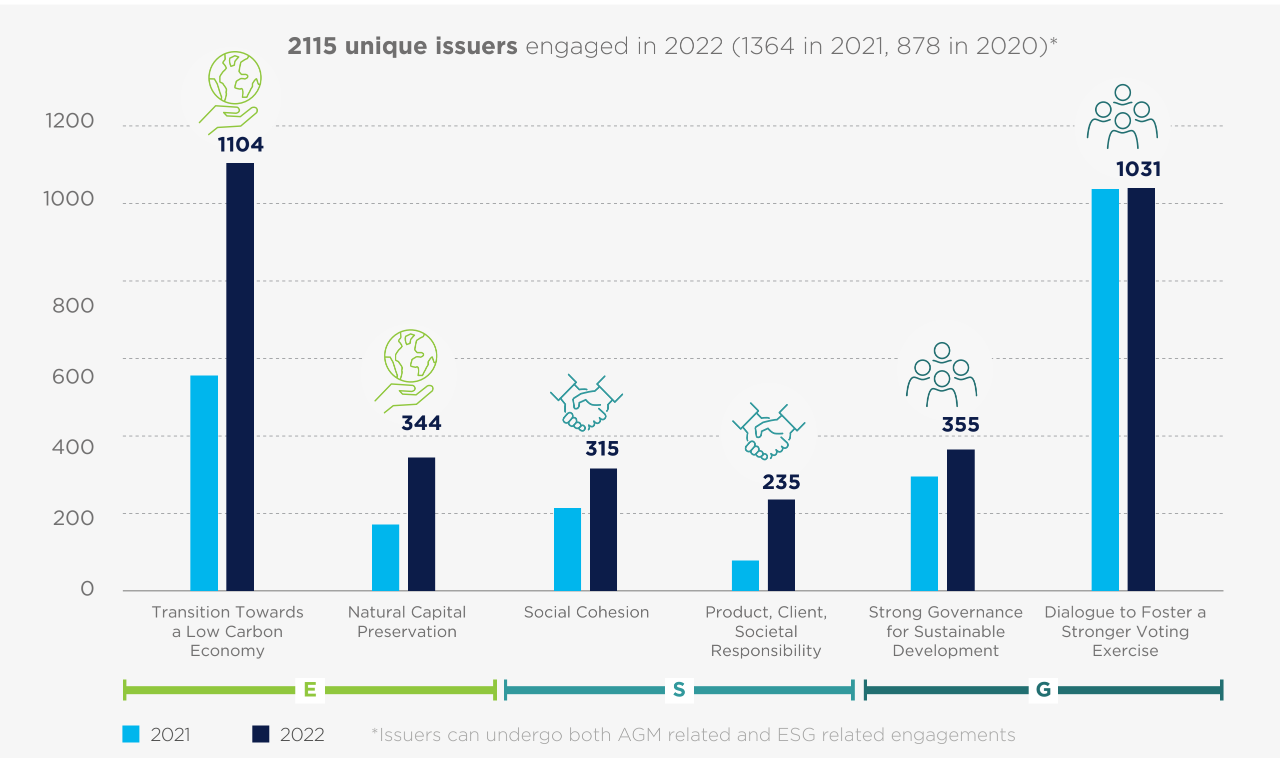
Signatories engage with issuers to maintain or enhance the value of assets

Guided by Amundi's foundational belief in being a trusted, long-term partner working in the interests of clients and society, our stewardship activities are driven by the ambition to forge a resilient and sustainable economic future. As Europe's leading asset manager, our legacy is deeply anchored in responsible investment and ESG integration. Our commitment to engagement is deeply rooted in our core investment values, strategies, and ethos (highlighted in Principle 1) and our obligation to serve our clients (as described in Principle 6). Leveraging our expertise, we don't just aim to manage but to spearhead positive change by actively influencing investee companies. We hold the steadfast belief that active engagement, when integrated seamlessly into our robust ESG framework, can yield more significant and enduring impacts than mere divestment. At Amundi, engagement is more than just an activity – it's a pledge, results-driven, and in harmony with our overarching mission to cultivate lasting value for our clients and the wider community.

Amundi's 2022 Engagement Overview: A detailed snapshot of sustainability engagements and their geographic distribution, highlighting our commitment to active stewardship.

A year in review

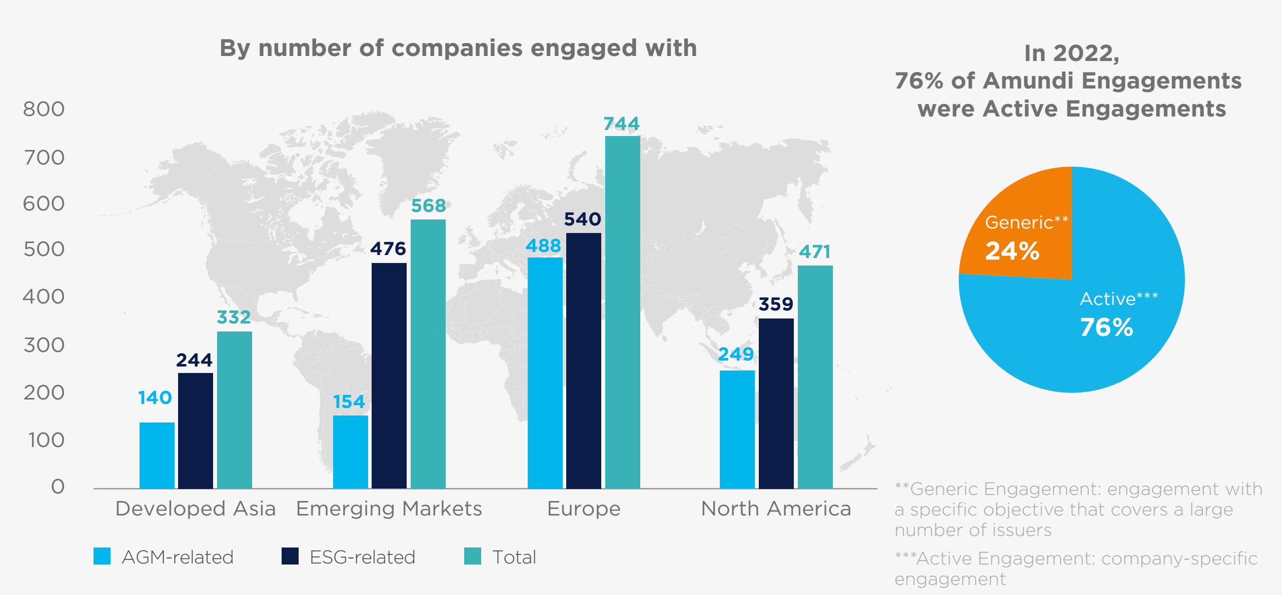
Amundi 2022 Engagement Statistics



Source: Amundi Statistics 2022

18. These statistics cover both direct engagement performed by Amundi and collaborative engagements where Amundi is active.

Geographic Breakdown of Engagement



Source: Amundi Statistics 2022

While this principle offers a snapshot of our stewardship efforts concerning engagement, a more detailed account of all our engagement policies and activities for the reporting period can be found in our 2022 Engagement Report.

1. The aims of engagement

At Amundi, we define engagement as a process distinct from corporate access and traditional corporate dialogue. The primary objective of engagement is to influence the activities or behaviors of investee companies, guiding them to improve ESG practices or make an impact on key sustainability linked topics. More specifically, this process is characterised by having a specific agenda and targets that focus on real-life outcomes within a pre-defined timeframe.

Our approach falls into two distinct categories, which sees us engage issuers to:

- Improve their integration of environmental and social dimensions within their operations and to strengthen the quality of their governance to limit sustainability risks.
- Elevate their positive impact on key environmental, social, and human rights related issues which are material to society and the global economy and could translate into higher ESG-related risks, such as controversies, fines or lower valuation.

a. Selecting Companies for Engagement

Amundi's engagement process is holistic, encompassing investees and potential investees, regardless of the nature of our holdings. The selection hinges on an issuer's exposure to the specific engagement theme, termed the 'engagement trigger'.

Given the potential far-reaching implications of environmental, social, and governance issues on companies, it is imperative to evaluate an issuer's ESG calibre, irrespective of the size of our stake. ESG challenges with financial repercussions are integrated by our investment experts into their valuation models and investment protocols.

Our engagement, therefore, addresses ESG issues at the issuer level. Amundi's investment professionals not only delve into ESG topics pivotal for the valuation of the instruments they invest in, but they also engage in holistic ESG-focused dialogues with issuers.

Recognising the diversity across regions, our engagement strategy, while maintaining a global ambition, adapts to regional nuances to reflect the reality of the situation on the ground in the different geographies we invest in. The intent is to foster a globally consistent yet locally relevant impact, contributing significantly to the global financial community's collective efforts.

a. How We Engage

Amundi conducts engagements both individually and collectively with other investors.

Collaborative Engagement: Working with Our Peers to Help Drive the Conversation

Collective efforts can often have great impact. Just as we encourage issuers to act collectively on key sustainability issues, investors also often collaborate. Collaborative initiatives can provide additional scale and scope for engagement or provide opportunities for greater impact. When deciding between collaborative engagement or our own, Amundi will choose the most efficient method to push the agenda, which may favour a collaborative method. We might supplement collaborative efforts with direct engagement if a collaborative engagement does not cover particular issues, sectors, or companies, or if the collaborative initiative does not address the topic in a way Amundi might wish. Amundi values both engagement types as a means to have a positive impact on sustainable outcomes, and will only be active in a collaborative engagement when it is in line with our own policy.

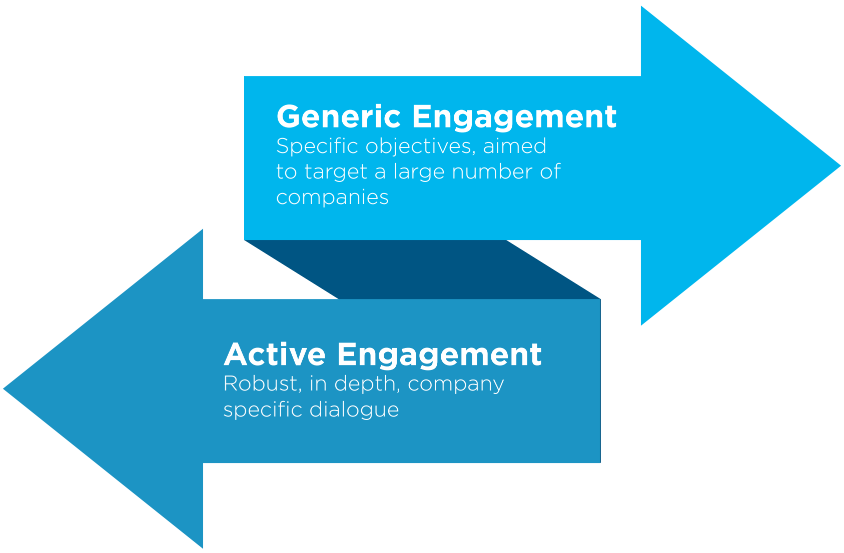
Further details of our collaborative efforts can be found in *Principle 10*.

Direct Engagement with Issuers

Where Amundi chooses to engage on a standalone basis with issuers, we do so through various means of communication. This can include in-person meetings, phone or video calls, emails, formal letters or questionnaires. We divide these forms of communication into two categories: active engagement and generic engagement. Whatever the format, the ultimate aim is to set an engagement objective and to track and monitor a company's progress.

How we Engage: defining Active Engagement

Selecting an Active or Generic Engagement Strategy



Active Engagement with Issuers

Active engagement is defined as any engagement which includes active dialogue between Amundi and the company. For active engagement, the targets or intermediate objectives of active engagements are specific to the situation of each issuer. This can include robust dialogue on topics through meetings, calls, direct emails, and questionnaires. With active engagement, company replies are often robust and they provide us with extensive information to set engagement objectives and track progress.

Generic Engagement

Generic engagement is how we describe engagement campaigns that cover large numbers of companies and very specific (often more narrow) engagement objectives. These campaigns are usually done via email and enable us to reach a larger numbers of companies simultaneously where the engagement objective is, for the most part, uniform across the entire engagement group. One example is how we communicate our thermal coal policy to companies and outline our objectives accordingly. Large engagement campaigns are arguably limited in scope but they have their own value as they enable us to target a larger number of issuers with specific requests related to Amundi policies and ambitions.

Generic engagement could also be the first step of an active engagement in order to set clear expectations to a large number of companies.

B. Addressing Regional Nuances Through Collaboration of Portfolio Managers and Analysts

Amundi is a global organisation; not only in terms of where our clients are based and the types of assets we manage on their behalf, but also in terms of having a presence in different regions. We are headquartered in France, which is where 50% of our employees are located, with nearly a third of our remaining headcount based across the rest of Europe, 10% in the Americas and 8% in Asia. This gives Amundi on-the-ground intelligence about the local nuances of these markets, whether regulatory, political or socio-economic, and allows us to adapt our engagement approach based on the reality of the situation on the ground.

One example of how these insights support Amundi's stewardship activities is the way in which the ESG Research, Engagement, and Voting team has developed a robust set of resources to support investment professionals in their engagement processes, which take into account regional nuances. This informs theme selection, issuer targeting, best practice in how to conduct thorough engagements with explicit and actionable demands, and monitoring progress. While ESG considerations are integral to our company-wide dialogues, it's evident that our ESG analysts, in collaboration with investment professionals, are pivotal to achieving Amundi's engagement goals. Apart from their in-depth ESG interactions, these professionals also address ESG topics of financial significance. Our global team of portfolio managers and both ESG and financial analysts engage in meaningful discussions, ensuring that local insights are incorporated. The overarching aim is to maintain global standards while accommodating regional specificities.

C. Measuring, Monitoring, and Escalating in the Engagement Process

Defining the Engagement Period

Amundi's engagements typically span around three years, varying based on the defined agenda. Progress and developments are systematically tracked through our internal engagement tool, accessible to all investment platforms. Through yearly assessments, we aim to maintain an ambitious yet practical dialogue with investees, fostering broad-spectrum actions for the collective benefit. At the heart of our mission lies the belief that constructive dialogue is foundational to advancing towards a sustainable, low-carbon economy.

Measuring Engagement Progress

Amundi diligently measures issuers' progress toward set objectives using defined milestones. Our paramount goal is to effect positive impact, so we shape our engagement strategies around efficacy. Navigating transformative changes in large organisations can pose considerable challenges for issuers. Adopting a long-term perspective, we frame intermediary targets for engagements, considering the unique circumstances of each company. Balancing our aspirational long-term objectives, we emphasise achievable and quantifiable short to medium-term enhancements. As proactive investors, our role is to be both rigorous and adaptive, championing the shift to a sustainable and inclusive economy. Recognising existing challenges in accurately gauging sustainability, climate, and human rights themes, we view sustainability as an evolving benchmark. Consequently, our engagement approaches are continually refined to resonate with emerging insights.

Amundi's Dedicated Proprietary Tool for Monitoring Engagement

All open engagements are recorded and are accessible to all investment professionals. For transparency and traceability reasons, any fund manager or financial analyst can contribute. In order to monitor issuer-specific engagement objectives and the ensuing progress, Amundi has created a proprietary engagement reporting tool. This tool documents the feedback provided to issuers on specific engagement topics (in terms of KPIs for performance improvements) and tracks issuer performance towards these targets. An internal milestone system assesses progress towards these KPIs including:

- Issuers who have made little or no progress towards the target after a sufficient period of time or have remained unresponsive, (negative) flagging them for a potential escalation depending on the severity of the issue,
- Issuers who have not yet indicated if and when they will achieve the objective, but it is still too early to assess if their trajectory is a positive or negative, or issuers that have had varied progress (neutral), and
- Companies who have largely met the KPI or are on course to achieving the KPI in the near future (positive).

Engagements logged in our tool can generate auditable statistics to assist in reporting.

Engagement Escalation

When engagement fails or if the action / remediation plan of the issuer appears weak, Amundi employs a "Toolbox" approach to engagement escalation, aiming to incentivise positive change in issuers. We may enact a mode of escalation up to exclusion from active investment universe, meaning all active investing strategies over which Amundi has full discretion. Escalation modes include (in no particular order), negative overrides in one or several criteria of the ESG score, questions at AGMs, votes against management, public statements, ESG score caps and ultimately exclusion if the matter is critical.

See additional detail on how we escalate our stewardship activities to influence issuers in Principle 11.

2. The Nature of Engagement

Engagement centres on various sustainability aspects, can involve multiple approaches, expect different outcomes, and be initiated based on unique rationale.

Amundi aims to reach a balance between ambition and pragmatism in order to optimise the efficiency of our engagement and therefore maximise our impact. For this reason, while pursuing the same midterm goal, our practices and demands are adapted to the context of a geography, market, theme or issuer.

A. Themes Framing our Engagement Activity

In 2022, we continued to engage with issuers within our six key themes:

1. Transition towards a low carbon economy,
2. Natural capital preservation (ecosystem protection and fight against biodiversity loss),
3. Social cohesion through the protection of direct and indirect employees, promotion of human rights,
4. Client, product and societal responsibilities,
5. Strong governance practices that strengthen sustainable development, and
6. Dialogue to foster a stronger voting exercise and a sounder corporate governance.

Promoting the UN Sustainable Development Goals through Engagement

In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development, which aims to provide a "shared blueprint for peace and prosperity for people and the planet, now and in the future."[19] Sustainable Development Goals (SDGs) are a globally collaborative and relatively comprehensive set of goals that apply to all countries and all actors. They include universally pressing issues such as poverty reduction, health, inequalities, environmental sustainability, ethics, and economic growth.

Each SDG has specific targets and indicators to monitor global progress to achieve these goals. These indicators present opportunities for not only the public sector but also the broader society and private entities to engage in sustainable development in a meaningful way.

The SDGs do not always directly correlate to ESG but they can provide a framework for where investors can help promote global sustainable development through a wide variety of products and strategies within the realm of responsible investing.

Incorporating the SDGs into our Amundi ESG & Engagement Process

ESG Rating
- Measures company performance
- Sector based

SDGs
- Measures Global impact
- Issue/theme based

1. Identify the overlap between SDG Targets and Amundi ESG rating Criteria
Identify the most material SDG targets and indicators for each sector which SDGs are reflected in our rating criteria

2. Create a Bridge between UN SDG Indicator and Amundi Engagement KPIs
Reinterpret nationality focused KPIs into corporate engagement KPIs to encourage companies to concretely contribute to the SDGs

19. https://sdgs.un.org/goals

Engagement remains a key tool to promote the SDGs by influencing investees to tackle those challenges and have a positive impact on their outcome. While not all SDG indicators may be relevant to the target sector, the SDGs can help drive the engagement agenda to SDG goals and targets where the private sector has a key role to play and where investor engagement can encourage greater momentum.

ESG themes	Primary SDGs
Transition towards a low carbon economy	7 Affordable and Clean Energy; 13 Climate Action; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities
Natural capital preservation	12 Responsible Consumption and Production; 14 Life Below Water; 15 Life on Land; 6 Clean Water and Sanitation; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities
Social Cohesion	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Client, Product & Societal Responsibility	1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-Being; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Governance Practices for Sustainable Development	16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals; 5 Gender Equality; 8 Decent Work and Economic Growth; 13 Climate Action; 10 Reduced Inequalities
Dialogue to Foster a Stronger Voting Exercise	5 Gender Equality; 8 Decent Work and Economic Growth; 13 Climate Action; 10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions

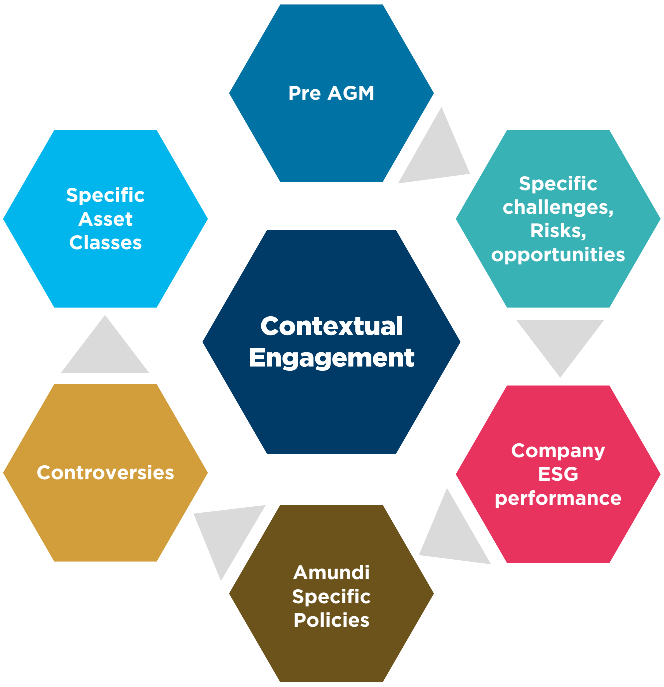
B. Factors Triggering our Engagement

Amundi initiates engagement based on specific context, issuer-related situations, or sustainability concerns within a company. Companies might also be approached based on how material or salient a particular theme is to its business model or their exposure to relevant risks/opportunities.

While the general areas of focus remain consistent, the specific reason for engaging with each company varies. Our overarching goal is to either enhance their practices or suggest phasing out certain activities.

At times, the engagement aims to highlight sustainable opportunities that could deliver additional benefits to companies and stakeholders. Regardless of the topic, Amundi wants to encourage overall improved performance as well as encourage companies to meet specific performance benchmarks or impacts.

There are various triggers which prompt contextual engagement. They include:



1. Pre-AGM Dialogue: Amundi may engage in pre-AGM dialogue to encourage sounder corporate governance that is in line with our Voting Policy. These discussions, beyond addressing AGM agenda items, provide opportunities to directly engage board members on key sustainability issues. We encourage board accountability in terms of social responsibility and climate strategy. For underlying ESG issues, our ESG Research and Voting & Corporate Governance team may conduct joint company dialogues. Our voting patterns mirror our overall approach to stewardship, meaning that we are committed to long-term relationships with the companies in which we invest, and strive to have active dialogue with them. Amundi is committed to transparency and, where possible, we inform issuers of planned negative votes.

Case study 8: **Pre-AGM Engagement**

Company: Intel Corporation

Context: Since 2021 Amundi has been asking companies to include ESG criteria in their variable remuneration. The Voting team has subsequently been reinforcing its expectations regarding the quality of the criteria used and the disclosure provided. Amundi excepts all criteria used in incentive schemes to be clearly defined and linked to strategic targets. We therefore engaged with some of our portfolio companies that did not meet this requirement.

Amundi Actions: Amundi engaged with Intel Corporation to discuss, most notably, the lack of transparency on the performance goals used in its CEO remuneration. We highlighted the importance of the integration of ESG metrics in executive compensation, aligned with the company's strategy and with rigorous and quantitative targets.
We informed Intel Corp. of our position, including our policy to vote against the compensation of companies that do not meet this requirement.

Engagement outcomes and issuer momentum:
In 2022, Intel provided enhanced disclosure regarding the ESG metrics and achievement against the related goals outlined in its 2021 Annual Cash Bonus Plan:
- Environmental Sustainability: Goals related to energy conservation and net positive water use.
- Diversity & Inclusion: Goals related to global inclusive hiring practices in support of our 2030 RISE workforce inclusion goals for gender and URM diversity.

Next steps: Amundi acknowledged the improvement made by Intel regarding the transparency of E&S criteria and targets but still voted against because of other issues in the remuneration plans. The Voting team informed the company of the remaining concerns.

2. Engagement around Specific Challenges, Sustainability Risks, or Opportunities:
Contextual engagement can be triggered by specific challenges or sustainability risks faced by the issuer or its sector. An example includes industries utilising a specific metal whose extraction might imply human-right related challenges. *Examples of how we exercise our rights and responsibilities can be found in Principle 12.*

3. Specific ESG Performance:
A company's ESG performance, whether in general or based on our proprietary ESG Rating Tools, can trigger engagement. For those lagging or showing progress, the engagement aims at spurring improvement in ESG performance or endorsing the adoption of industry best practice. Engaging with a company may require multiple angles and thus the above are not mutually exclusive. *For illustration, please see the updated ENN case study on page 89 of this report*

4.Amundi specific policies:
As part of its fiduciary responsibility, Amundi has set minimum standards and exclusion policies on critical sustainability topics. Specific monitoring and escalation procedures are triggered when breaches are identified, which can lead to engagement, specific voting actions (when applicable) or exclusion. *Details on our stewardship escalation activities, which includes exclusion, can be found in Principle 11.*

5.Engagement following a controversy:
Please refer to the case study on the emerging controversy in a European nursing home chain, as detailed in Principle 11, for additional details.

6. Engagement for specific asset classes:
Specific asset classes, such as green bonds, social bonds, asset-backed securities and sovereign debt, may require dedicated engagement strategies. These engagements have a specific focus on ESG topics relevant to the asset class and aim to foster better practices or disclosures. *An example of our engagement with sovereign issuers, in this case Hungary, can be found later in this principle.*

C. Established versus Emerging Themes Shaping Outcome Expectations

Established Themes

Amundi recognises that our demands and expectations of issuers depend on their level of maturity; the particular circumstances they face, such as the country in which they operate; as well as the nature of the theme in question. For established themes that are frequently discussed and well researched, such as climate and water risks, yet still require enhanced corporate practices, Amundi's objective is to push for the adoption of best practice. While improvement on these themes is still expected, companies and sectors are likely to have a strong level of awareness of the importance of the topic.

Emerging Themes

Emerging themes are important for the transition towards a sustainable, low carbon and inclusive economy, but awareness remains limited and best practice is still emerging. With these themes, Amundi's objective is to raise awareness, create positive momentum and contribute to establishing market standards.

D. A Specific Relationship with Investees Leading to Specific Target Setting and Modalities

Engagement offers investees Amundi's perspective on industry best practice and can provide important insights for corporates, especially on emerging topics. This is significant as it encourages them to see the benefit of engagement, rather than dismissing it as a useless exercise.

Amundi engages current or potential investee companies at the issuer level regardless of the type of holdings held. The primary criterion for selecting issuers for engagement is their level of exposure to the engagement topic.

Given the sustainability implications of environmental, social, and governance issues, both in terms of risk and opportunities, we need to assess the ESG quality of an issuer regardless of our position in the balance sheet (whether a shareholder or a bondholder). If ESG issues could have financial consequences for businesses, those issues will be considered by our investment professionals (equity or credit analysts, portfolio managers) in their valuation models and investment processes.

Illustration 17: **Engaging with all companies, no matter their ESG performance, is important to trigger adoption and improvement of best practices**

Engagement angle for ESG performance	Definition	How and why Amundi engages on this angle
Engagement with Leaders	Discussions with leading issuers with strong ESG performance to offer them positive encouragement and incentivise them to remain a leader through continued improvements. *"Best in Class"* is a moving target and it is important to recognise leaders with strong performance but continue encouraging them to make improvements.	Engaging with leaders can help Amundi get a better sense of current best practice and the direction the sector is going in to manage specific risks. These key insights can help to set feasible benchmarks for companies who may lag behind.
Engagement with Improvers	Companies in the early days of their ESG journey that lag behind peers but express a strong desire to improve. Includes companies with a limited knowledge of ESG best practice such as SMEs (small-medium enterprises) or companies in emerging markets.	Amundi may work closely with the company to encourage improved performance by helping the company identify feasible yet ambitious short-term and longer-term targets that will lead to improved ESG performance.
Engagement with Laggards	Companies that demonstrate poor performance on one or more ESG criteria and lack the motivation to improve.	Engagements target specific areas where companies lag behind and aim to incentivise companies to make necessary improvements.
Engagement for Better ESG Disclosure	Companies that lag behind their peers because of poor disclosure but not necessarily poor practices (such as in high yield, small cap, or emerging market spaces).	Engagement to encourage transparency aims to help companies develop their reporting and become a more responsible corporate actor. Having a clear, well implemented, management framework for ESG issues is key to demonstrate to investors that the company prudently manages risks as measurement is the first step of management.

Source: Amundi Asset Management

E. Asset-class Based Engagement

Private Equity

We exercise our responsibility as an investor through shareholder dialogue with companies, and consider ESG factors in our investments and our voting policy.

Amundi Private Equity Funds follow the Amundi Asset Management voting policy in their company interactions, with particular focus on two societal issues:

- The energy transition, in particular the decarbonisation of the economy.
- Social cohesion, particularly employee welfare and profit-sharing systems in private companies.

CSR functions became more deeply embedded within senior management during 2022 and were elevated to the highest level of governance. Indeed, about 70% of companies in our portfolios review ESG matters either at the Supervisory Board level (or equivalent) or at the Executive Committee level - sometimes at both levels.

Once we invest in a Private Company, we have a seat on the Supervisory Board and are committed to accompanying them on their sustainability journey. To this end, we define an ESG roadmap with each of our investee companies. One of the first commitments we ask is to link the variable remuneration of the CEO, as a minimum, or of the whole Executive Committee to ESG metrics. While this was difficult to achieve in 2022 (only one company complied), we anticipate a shift in attitudes and better rates of acceptance in 2023. In order to be aligned with our two specific focus issues, we systematically promote:

- one climate KPI: carbon assessment, carbon reduction roadmap, SBTi certification, etc.;
- one social KPI: gender diversity, better profit-sharing system, opening the capital to employees, etc.

In 2022, we also frequently engaged with companies on ESG reporting, as 75% of our portfolio will be submitted to the Corporate Sustainability Reporting Directive and for many this will be the first time they will have to do this reporting exercise. Consequently, we talked a lot about how to complete a materiality matrix, about double materiality and how to organise and identify the right metrics. Some companies are still in the denial phase while some others are preparing for this new ESG reporting and see it as an opportunity to improve their business model in a changing world, even though they all fear the hard work that needs to be done to be compliant by 2026.

Another topic we fight for is to get a better gender diversity at investee companies. Only 16% of our investee companies are gender balanced and most of them are male dominated. This can be explained in part by the sectors in which the companies sit (many are in the STEM sector), but at Amundi we think that diversity is a source of performance. Despite this, we are happy to see that all companies are above the 75% minimum level required by the State Equality Index and that 36% of them have even obtained above 85%.

More information on our approach to gender diversity can be found in *Principle 1*.

Case study 9: **tech company**

Context: In 2022, we invested in a tech company who presents itself as a digital transformation operator. As with many private companies in France, their CSR framework lacked structure and management experience in this area.

Amundi Actions: Quite rapidly, Amundi decided to engage with the company in order to discuss ESG and to improve the company's understanding and approach to the topic. We offered to lead on the ESG Roadmap on behalf of other investors. We managed to agree 22 ESG actions to implement, including:

- ESG KPIs in the variable remuneration of the Executive Board;
- Carbon assessment (Scopes 1, 2 & 3);
- Improving the State Equality Index up to 85%;
- Completing a materiality matrix in order to be prepared for the CSRD;
- Having at least one women at the Executive Committee;
- Implementing a Responsible Digital policy;
- Widening the number of employees who can be shareholders;
- Implementing a Diversity & Inclusion Policy;
- Engagement outcomes and issuer momentum

At the end of 2022. We were happy to see that a carbon assessment is planned for the first semester of 2023, a woman will be promoted to the Executive Committee and the company is very near to reaching the 85% for the Gender Equality Index.

Next steps: We will continue to closely follow the engagement and follow up with the company on specific ESG matters and targets that are yet to be set or achieved, to help the company meet its ESG targets over time.

Fixed Income

When it comes to corporate and sovereign debt stewardship, Amundi's approach centres around teams of specialists that provide a variety of assessments; including proprietary, fundamental analysis and covenants, prospectuses and transaction document assessment when needed. In case of default, Amundi actively participates in negotiations with the issuer and the other investors. When we are a member of the restructuring steering committee, Amundi seeks to protect the interests of our own clients, but also those of the other investors, rather than members of the committee. We also push, when possible and relevant, to include sustainability related KPIs, however this is not always possible as terms are approved by all investors, and the distressed issuer might not have the resources nor the processes to comply with such a demand in the short term.

Case study 10: **Amundi's Active Role in a Kazakhstan Company's Turnaround**

Context: In 2020, a Kazakhstan-based company defaulted, triggering a restructuring process. Amundi was involved from the start and participated in negotiations with the issuer and its debtors.

Amundi Actions: The company was significantly restructured in the following years, with its governance overhauled, and it is now following the UK Corporate Governance Code. Amundi has participated in the selection of the new board members and the chairman.

Engagement outcomes and issuer momentum: Debt investors and the issuers reached an agreement on the restructuring of the debt in late 2022. After the application of an haircut, the debtors will become shareholders of the company, following the general assembly that will occur at the beginning of 2023.

Next steps: Amundi is continuing to closely monitor this issuer and is engaging with the company in order to foster a stronger incorporation of sustainability, such as climate related KPIs, in compensation packages and gender diversity at board level.

Case study 11: **Sri Lanka's Debt Crisis - Amundi's Pursuit of Socially Conscious Restructuring**

Context: In April 2022, Sri Lanka declared the country was suspending payment on most foreign debt for the first time in its history.

Amundi Actions: Amundi actively participated in the restructuring discussions that took place between debtors and the country, as part of the steering committee. During the process, Amundi pushed to include social elements into the restructuring.

Engagement outcomes and issuer momentum: The country did not have the resources or processes in place to be able to issue a socially linked bond at that time.

Next steps: Amundi continues to advocate for the inclusion of social KPIs in sovereign debts, but recognises that it could be challenging for them to meet the level of disclosure required by investors.

Supporting Emerging Markets for ESG Integration and Disclosure

It is the conviction of Amundi's Emerging Markets (EM) team that engagement can drive value in a mutually beneficial way. Apart from the different engagement streams that could trigger dialogues with issuers in emerging markets; our ESG Research team, EM fund managers and financial analysts have worked together to build a specific engagement stream for emerging markets.

➜ Our progress in 2022

In 2022, continuing from our initiatives in the previous years, the specific Emerging Markets Engagement campaign on ESG issues further expanded its scope. Out of the 568 emerging market-related engagements conducted globally, our EM portfolio managers and financial analysts had conversations with 113 companies. This marks an increase from 107 in 2021 and 80 in 2020, spanning regions such as Central and Eastern Europe, the Middle East, Africa, Latin America, and Emerging Asia. Maintaining our approach, most of these engagements remained bottom-up, zeroing in on company-specific material issues through Amundi's proprietary ESG rating tool. The selection of issuers was primarily based on their potential as ESG improvers, as indicated in the updated ENN case study below. In 2022, given its overarching significance, the topic of net zero was integrated into most of our questionnaires. We also ventured into diverse themes such as gender diversity, human rights and biodiversity, among others.

Outcomes:

Throughout 2022, our continued engagements resulted in sustained interest from emerging market issuers. They were keen to better understand ESG materiality and the weight it holds for investors, both as potential risks and opportunities. ESG standards in emerging markets are gradually aligning with those in developed markets. Despite the evident progress, there remains a long road ahead. We are optimistic about the substantial value that can be unlocked through these engagements. Given the anticipated growth trajectory for EMs in the coming years, it will be even more vital for businesses within these regions to evolve responsibly. This growth should focus on minimising adverse impacts while optimising value generation for both shareholders and stakeholders.

Case study 12: **2022 Update of Ongoing Engagement with ENN Energy on Strengthening ESG Practices**

Context: Amundi began its engagement with ENN Energy Holdings, a gas utility based in China in 2021, focusing on certain E, S, and G criteria that seemed to be lagging. These concerns included GHG emissions, health & safety, and specific corporate governance practices. This engagement was initiated to better understand the company's plans and actions towards improving these criteria.

Amundi Actions: Throughout 2021, Amundi held multiple discussions with ENN Energy addressing these topics. The primary objective was to comprehend the company's direction and anticipate potential changes. ENN Energy exhibited promising ESG momentum. To further this momentum, Amundi provided several recommendations:

- Committing to phasing out thermal coal by 2040, aligning with Amundi's coal policy,
- Setting clear GHG emissions targets, especially expanding targets falling under Scope 3,
- Adopting and disclosing climate-related risks and opportunities according to the TCFD framework,
- Enhancing health & safety measures by expanding H&S certifications to more member companies, and
- Promptly implementing ethics training for all suppliers and contractors.

In 2022, we continued our engagement with ENN Energy, tracking their recent progress and advising on further ESG enhancements.

Engagement Outcomes for 2022:
ENN Energy demonstrated significant progress in 2022:
- **Scope 3 Emissions:** They initiated a Scope 3 emissions accounting programme through a third-party consulting agency, transitioning from a Scope 1&2-focused plan to a comprehensive carbon management approach,
- **TCFD Alignment:** Severe flooding in Henan Province in July 2021 acted as a catalyst. Consequently, a quantification pilot for climate risk in line with the TCFD framework was undertaken. This pilot is intended to guide ENN Energy's future TCFD-compliant reporting, aiming for company-wide adoption.
- **Health & safety:** By the end of 2022, ISO 45001 H&S certification was expanded to 62 member companies, which account for over 70% of the company's revenue. ENN has set an ambitious goal to certify companies contributing to more than 80% of its revenue by the end of 2023. While Amundi continues to advocate for 100% site certification, ENN has expressed challenges, especially with smaller member companies.
- **Business Ethics:** The company now mandates all its suppliers and contractors undergo business ethics training. This is achieved through the Bidders' Commitment to Integrity and Self-Discipline and additional training modules.
- **Coal Phase-Out:** ENN Energy is committed to phasing out coal by 2040 in line with Amundi's policy. They are also exploring certification possibilities with the Science Based Targets initiative.

Next Steps: Amundi acknowledges ENN Energy's commendable ESG progress and remains committed to supporting their journey. Feedback for future improvement includes:
- A publicly communicated, definite plan for phasing out thermal coal,
- Concrete targets and strategy for Scope 3, absolute emissions reduction targets for Scope 1 and 2,
- Aiming for 100% company site certification to international H&S standards, such as ISO 45001,
- Seeking certification from the SBTi,
- Conducting business model stress testing using the IEA NZ Scenario carbon price, and
- Expanding assessment of climate-related risks and opportunities in alignment with the TCFD framework.

Amundi believes some of these actions are already on ENN Energy's roadmap and offers its continued encouragement and support for their full realisation.

Engaging with sovereign entities

Engagement with sovereign issuers is gaining momentum in the market but is generally less developed than engagement with companies. According to the PRI, the four main barriers to engagement with sovereigns are:

1. the fear that voicing concerns could be interpreted as political criticism;

2. the lack of impact if holdings are too small and the risk of attracting undesired attention if holdings are large;

3. the rise of passive investment, which provides structural demand for sovereign issuers included in major bond indices;

4. the perception that ESG risks are relevant mainly for emerging markets.

Amundi's Approach to Sovereign Engagement:

Amundi's sovereign engagement is built on multiple pillars, integrating the ESG research and engagement teams (Sovereign ESG and GSS bond analyst teams) with portfolio managers.

Amundi Asset Management's Sovereign Framework

Issuer Level	Sovereign ESG Team / EMD PM team participate in investor calls with the Ministry of Finance etc.
Bond Structuring / Restructuring	PM use bondholder position to pin relevant KPIs to the bond structure (exemple, via SLBs)
Industry Level Collaboration	Amundi is part of the Advisory Group of UN PRI led ASCOR project, sharing expertise & skills to help develop a Sovereign ESG framework (participants include pension funds, TPI and asset managers)

Source: Amundi Asset Management

Case study 13: **Sovereign Engagement – Hungary**

In October 2022, Amundi engaged with officials from Hungary's Ministry of Finance, Debt Management Agency and Ministry of Energy to review and discuss the country's Green Bond framework and its transition towards a low carbon economy. Amundi raised two main issues:
- The EU Taxonomy alignment of the framework was not yet fully assessed;
- The transportation sector is lagging behind the country's 2030 emissions reduction target.

The issuer acknowledged the issue of the taxonomy alignment and said to be working on it. The country has also announced plans to implement additional policies that should accelerate the energy transition.

Case study 14: **Update to 2021 engagement with Latin American sub-sovereign issuer**

In 2021, Amundi was one of the 10 bondholders involved in discussions for the restructuring of a Latin American sub-sovereign issuer. Amundi proposed the restructured bond coupon be linked to SDG 4 (quality education) or SDG 6 (clean water and sanitation) via a Sustainability-linked bond format.

2022 Update:
Amundi's proposal was not included in the restructuring (mostly due to political issues and time pressure). It has nonetheless expressed keen interest to issue a SDG-linked bond in the future.

In 2022, Amundi has intensified its collaboration with sovereign issuers, particularly through combined thematic engagements, such as their initiatives on thermal coal alongside utility firms and banks *(refer to the* *Indonesia case study on pg. 68 in Principle 7*).

Supporting Green bonds to make the energy transition concrete.

Amundi sees the green bonds asset class as pivotal in directing private capital to address the financial demands of the energy transition. Our primary engagement around this asset class continues to focus on the improvement of reporting capabilities.

Context: Green Bonds Engagement Overview

Amundi launched a thematic engagement campaign centred on green bonds in 2021. The objective was to spur greater compliance with ICMA's Harmonised Framework for Impact Reporting and Life Cycle Assessment (LCA). As a green bond investor, the assessment of the green bond and the impact from green projects does not terminate upon completion of the issuance, but continues throughout the duration of the green bond while it is outstanding via what is called impact reporting. For good governance and integrity of the green bond market, we believe that green bond issuers should ensure continuous efforts are made to improve the consistency and availability of reported metrics over time. Through engagement, almost all issuers have shared the difficulties of collecting, harmonising and reporting on the relevant climate impacts and metrics when projects cover a wide variety of categories.
In 2011 we have continued the campaign with the same green bond issuers to track their progress and the challenges they face.

Engagement Selection:

We have engaged with a total of 20 issuers, with an equal split between developing and developed markets, from six different sectors: automobile, bank, real estate, transportation, utilities, and renewables.

Engagement Objectives:

There were two broad aims for our engagements that apply to all sectors:
1. Encourage alignment with the ICMA Harmonised Framework for Impact Reporting
2. Encourage adoption of the LCA approach in green bond impact reporting

➜ Our progress in 2022

Engagement Outcomes & Issuer Momentum:
Since the commencement of the initiative in 2021, six of the 20 participants responded positively in 2022, taking actions based on our feedback. These companies exhibited behaviors such as:
- Having undertaken Framework implementation steps, with plans to publish new impact reports in the forthcoming year or upon the next green bond issuance,
- Shifted from reporting "until proceeds have been fully allocated" to ongoing reporting as long as a green bond remains outstanding, and
- Enhanced sustainability data reporting, emphasising Scope 3. However, green bond reports might not yet incorporate a crucial aspect of LCA, capturing Scope 3 emissions across the value chain.

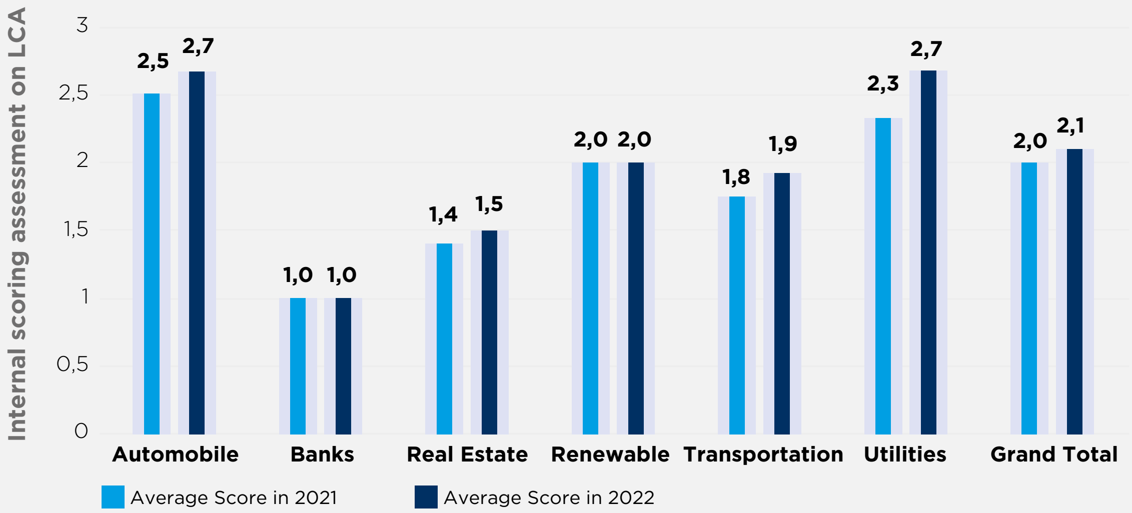
Out of the six issuers with positive traction, it is quite balanced in terms of issuers from developed and developing markets.

2022 Outcomes for Harmonized Framework for Impact Reporting

We have seen noticeable progress around the adoption of the Harmonised Framework, which we believe has to do with greater awareness and more efficient collection of the non-financial data and drivers that make impact data on project level readily available. One of the main drivers is the implementation of the ECB's Guide on climate-related and environmental risks, which has refined quantitative assessment techniques for climate-related aspects. While we have observed commitments for future compliance, our focus remains on monitoring its actual execution.

Regarding the Harmonised Framework for Impact Reporting, we witnessed meaningful progress and commitments in 2022.

Harmonized framework for impact reporting

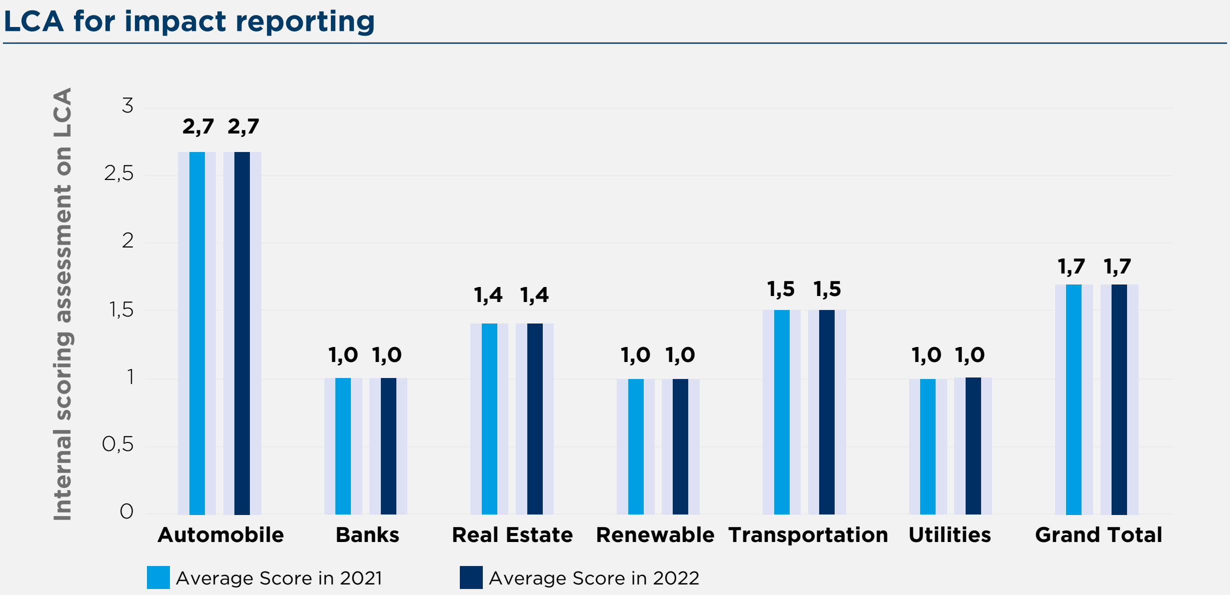


Source: Amundi Asset Management

2022 Outcomes for the LCA Assessment

Regarding the LCA assessment, its advancement in green bond reporting has been limited. Most progress centres on broader business operations and sustainability, not green bond specifics, possibly due to challenges with Scope 3 emissions data. While some strides are being made in supplier data, the adoption of LCA in green bonds differs greatly. For instance, while many in the manufacturing sector have thorough, sometimes third-party verified methodologies, issuers from less manufacturing-focused industries show little to no progress.

Chart: LCA for impact reporting with minimal progress seen over the past year



Source: Amundi Asset Management

A good example of best LCA best practice is an automobile manufacturer, Volkswagen, which is reporting in full alignment of the Framework related to green bond impact data and report, LCA assessment with clear explanation and methodology with independent verification.

Case study 15: **Volkswagen Group – A Model for Green Bond Reporting**

Context: Volkswagen Group (the "Group", or "VW") is one of the leading automobile manufacturers and the largest carmaker in Europe. In 2018, Volkswagen Group was the first automaker to commit to the Paris Agreement, aiming to be net carbon neutral by 2050 the latest. For VW, the goal is to embrace the sustainability transformation in the transport sector, and become a leading provider of sustainable mobility. To align with the Group's overall sustainability strategy, the first Green Finance Framework (the "Framework") was launched in March 2020. This was followed by its inaugural EUR 2 billion of green bond issuance in September 2020.

VW's emission scandal and controversies in the past have prompted the issuer to put in efforts to ensure its green bond issuances are not only meeting minimum requirements, but also follow investor expectations and adopt some of the best practices. Specifically for green bonds, we began our engagement with VW since 2021 following the release of its first allocation and impact report on two main themes a) alignment with Harmonized Framework for Impact Reporting and b) life cycle assessment (LCA). And in 2022, our engagement continued and further expanded to include other market developments in the green bond market such as EU Taxonomy alignment at the green bond level.

Amundi Actions: Amundi has encouraged VW to adopt market practices including disclosure of EU Taxonomy alignment beyond company, and onto green bond level of alignment, with clear disclosure of assessment in details to address technical screening criteria, do no significant harm and minimum safeguards.

Key Objectives for our engagement were as follows:

Promote best practices and improve transparency on the level of details on green bond projects and methodology:

- The automotive industry's share of green bond issuance has increased over the past few years and expected to grow further as the industry steps up its decarbonization efforts, along with greater regulatory pushes for electric vehicles (EVs) where many places are phasing out vehicles with petrol-consuming internal combustion engines and targeted investments in EVs in its related infrastructure and ecosystems. VW was among the top issuers of green bonds, in terms of issuance volume, from the automotive industry in 2022, and our objective of the engagement with VW is to ensure frequent and large green bond issuers such as VW are aware of investor expectation and adopting best market practices such as disclosure of EU taxonomy alignment, and strong preference of capital expenditures over operating expenses for use of proceeds.
- As we began our green bond allocation and impact including life cycle assessment (LCA) in 2021, car manufacturing is a critical sector because LCA has been used in the automotive industry for more than 20 years, mainly help to identify environmental hotspots and areas of innovation. Hence, they are also early adopters of LCA assessment and impact analysis for green bonds. Key objective of our engagement is also to understand and share with issuers from other sectors automotive industry's experience and work related to LCAs.

Engagement Outcomes and Issuer Momentum
In 2022, we observed key outcomes including:

- VW has taken into the feedback on market practices and updated its green finance framework to incorporate the latest development on EU taxonomy alignment and identify economic activity in accordance with the EU taxonomy (mitigation) in late 2022.
- To support its de-carbonization strategy and its fully-electric vehicles timeline, VW has updated the framework's eligible proceeds to include only capital expenditures for battery electric vehicles, and explicitly excluding capital expenditures in relation to plug-in hybrid electric vehicles or to vehicles with combustion engines.
- At VW, with the LCA assessment carried out, it has also initiated works to further improve its data integrity and identify hot spots in the LCA, where suppliers have been involved early on, following which VW would then explore possible solutions to reduce the negative impacts throughout the process.

Next Steps: Although green bond issuers from manufacturing intensive sectors such as automakers generally report relatively high level of alignment on their green bond reporting standards as compared to other sectors based on our findings, the level of disclosure still varies, and many of them have yet updated the green finance framework to include EU taxonomy activity details and alignment. VW is one of the early adopters in doing so with some areas of improvements, and through our engagement, they have continued to improve their framework and green bond report. For the next steps, even though their allocation and impact report are off to a strong start, we would ask VW to look into geographical breakdown of its green bond project allocation and impact information to provide more context on local and regional baseline and calculation reference. As EU taxonomy has been incorporated into its updated Green Finance Framework, we would expect to see EU taxonomy reporting incorporated into future green bond reporting. We are happy to see that VW has made steadfast contributions to the development of green bond markets and we will continue our dialogue with the company.

Looking Ahead - Advocating for Holistic Impact Data Practices

Going forward we will continue to work with issuers and encourage best practice of having a comprehensive view of their impact data, not just operational level but also specific projects. LCA is often based on ISO methodologies and best practice, and many issuers that we have observed work with professionals; such as external consultants, external research or academic bodies with specialty in this area, to overcome certain challenges. System and technology are becoming more important as well when it comes to data integrity and consistency. We continue to encourage companies to work with external expertise where needed to improve their data collection and transparency across the value chain.

3. Thematic Engagement Activities

A. Engagement on Thermal Coal: Transition to a Low Carbon Economy

Amundi's Policy on Thermal Coal & Commitment to Coal Phase-Out

Amundi's thermal coal policy remains a key part of its climate and engagement strategy. Without a timely and accelerated wind down of thermal coal globally, the world will be unable to reach Paris-aligned temperature goals.

We have divested from coal developers and will continue to transition away from thermal coal in our portfolios. This will lead to a significant reduction in financial support for companies operating coal assets without strong phase out plans in the next few years. Amundi is committed to phase out from thermal coal by 2030 for OECD and EU countries, and by 2040 for the rest of the word. Our philosophy is that companies need to contribute to the low carbon economy by shutting down (not selling) coal assets and converting to clean energy while taking into account the need for a fair transition.

At Amundi, divestment is a serious action so it is important to engage with companies at risk of future divestment to make sure that our policy is clearly communicated and that companies have adequate time to make the necessary changes before possible exclusion. For companies near a threshold for exclusion, engagement is a way to ensure that provider data is accurate in the case of discrepancies due to differing calculation methodologies. Engagement in this context can also help Amundi make informed decisions prior to possible divestment.

Engagement Selection

For the second consecutive year, we communicated our coal policy to all companies flagged for thermal coal in 2022 that we were invested in, to encourage alignment with our policy and to speed up the withdrawal from thermal coal assets according to the 2030/2040 schedule, asking them to put in place a phase out commitment by the aforementioned dates if they had not done so already. Companies selected for the engagement were based on the following criteria:

- Companies internally flagged for having thermal coal based revenues (both coal power generation and thermal coal mining activities) ;
- Companies where Amundi has exposure (both active and passive)
- Companies within that list who have not yet publicly expressed a commitment to exit from thermal coal in line with the Paris Agreement adhering to the 2030/2040 timeframes

Engagement Objectives

Our key objectives for the engagement are as follows:

- Encourage companies to publicly commit to a thermal coal exit in line with the Paris Agreement (adhering to the 2030/2040 timeframes),
- Encourage companies to develop targets and

20. Based on provider data and additional internal due diligence.

strategies around a thermal coal exit in line with the Paris Agreement, and

- Encourage companies to stop developing new coal assets and capacity.

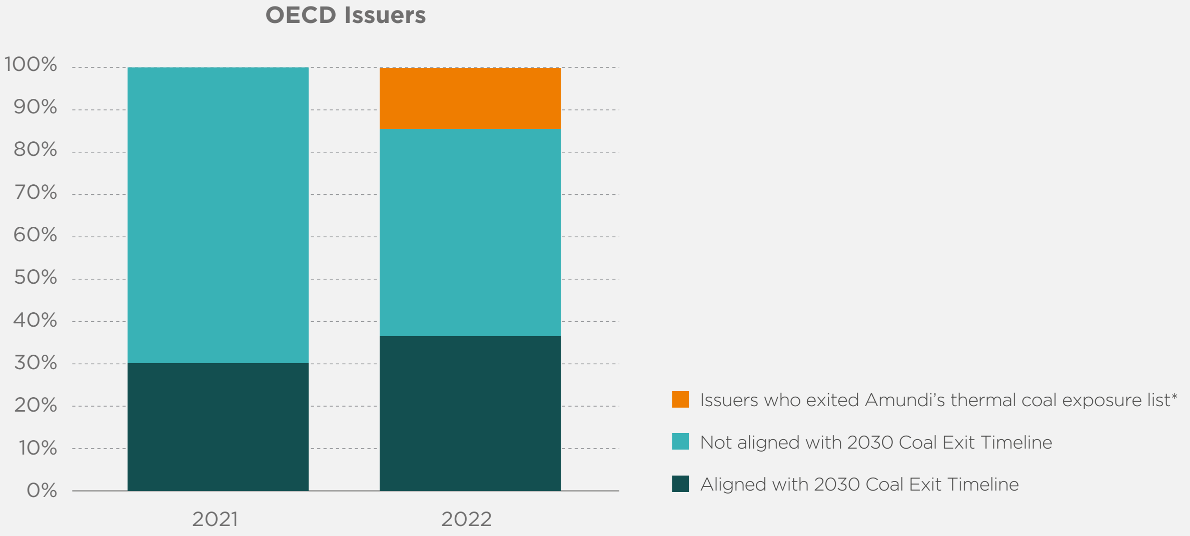
The policy is applicable to all investee companies, but predominantly affects sectors such as utilities, mining, industrials, oil and gas, and transport infrastructure. Most are involved in thermal coal power generation or thermal coal mining activities due to their business models that are significantly reliant on thermal coal.

➜ Our progress in 2022

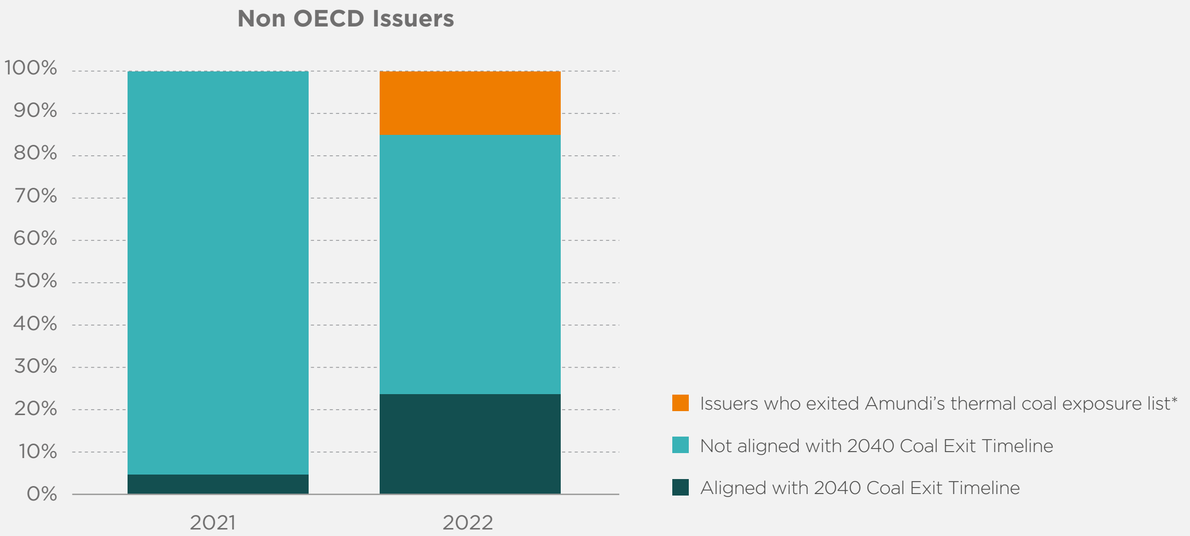
Engagement Outcome & Issuer Momentum
Due to the merger with Lyxor, the number of issuers in our engagement campaign increased in 2022. The following table outlines the progress made by the companies that had already been engaged by Amundi in 2021, prior to the acquisition:

Breakdown of Engagement Progress for Companies Exposed to Thermal Coal

2021 - 2022 OECD Issuers Evolution on Thermal Coal Exit Policy



2021 - 2022 OECD Issuers Evolution on Thermal Coal Exit Policy



*either due to the company no longer having thermal coal exposure or Amundi no longer having exposure in the company

Next Steps & Amundi Perspective of Engagement

We will continue to engage on the subject of thermal coal with all relevant investee companies that do not have a timely phase-out plan. For those where we do not see adequate actions or movement in the right direction or at the right pace, we will continue to deploy a variety of escalation tools including, but not limited to, exercising our voting rights as shareholders in Annual General Meetings (AGMs). Depending on how misaligned an issuer is with phasing out by the 2030 or 2040 timeframes, we will take varying approaches. Our actions range from voting against the discharge of the board to voting against re-election of the chair or one or more board members, as well as voting against the re-election of the entire board. Exclusion was also used in 2022.

In 2022, Amundi took voting actions against 29 issuers due to lack of engagement momentum concerning thermal coal. Based on engagement performance by 2022 year-end, we submitted 76 companies for voting escalation due to lack of reply to our engagements or lack of timely phase out for the voting campaign 2023.

Further details of our escalation activities can be found in Principle 11.

Thermal Coal Phase-Out: Navigating the Insurance Sector's Role in Climate Action

Engagement Selection

2022 marked the third year of Amundi's engagement on coal policies, targeting a diverse range of insurers across geographies and business lines. The breadth of this selection led to varying developmental stages of coal exclusion policies among the engaged insurers.

Engagement Objectives

Amundi's core demand revolves around the introduction of a solid thermal coal policy, considered an essential step for insurance companies aiming to align their underwriting and investments with a 1.5°C or well-below 2°C scenario. Key requirements include:

- Explicit exclusion of coal developers,
- A phase-out commitment by 2030 for OECD and EU countries and by 2040 globally, mirroring the IPPC's 1.5°C pathway, and
- Introduction of progressive exclusion thresholds to facilitate the full phase-out.

Engagement Outcome & Issuer Momentum

2022 witnessed significant advancements in awareness and action. Over half of the engaged insurers introduced tighter coal policies. A pivotal achievement was the universal adoption of some form of coal exclusion policy among all engaged insurers. However, regional disparities persist: while European insurers lead with refined policies driven by increasing investor demands and a vision for sustainability, Japanese insurers move incrementally. American insurers displayed mixed responses, with one announcing its inaugural coal policy and another eventually accepting dialogue after initial reluctance. The table below provides a more in-depth overview of our engagements focused on fossil fuel insurance for three companies.

2022 Engagement Campaign Overview – Fossil Fuel Insurance

Company	Assessment at start of campaign (2020)	Recommendations in year 1 (2020)	Achievements over 2020-2021	Achievements in 2022	Change during 2022	Quality of thermal coal policy	Recommandations during 2022
A	No policy	- Formally publish a coal exit policy.	Divestment from all direct investments in businesses with >30% of income from coal, with equities to be fully divested by the end of 2021 and fixed-income assets by the end of 2022.	No evolution of policy	=		- Introduction of absolute thresholds. - Exclusion of coal developers. - Define a full phase out plan. - Extend the coal policy to its third party assets.
B	No policy	- Formally publish a coal exit policy.	- Divestment and/or run off of directly managed equity and fixed income exposure to coal mining and coal-fired power businesses, by the end of 2021 for equity and 2028 for fixed income; - Not permit any new investments in businesses involved directly in either mining coal or generating electricity from coal.	No evolution of policy	=		- Exclusion of coal developers.
C	No policy	- Formally publish a coal exit policy.	No evolution of policy	First announcement of a policy - No longer invest or insure the construction of any new coal-fired power plants, thermal coal mines or oil sands; - No longer invest or underwrite new operation insurance risks of coal-fired power plants, thermal coal mines or oil sands for clients with > 30% of their revenues from these industries, or generating > 30% of their energy production from coal; - Phase out the underwriting of all existing operation insurance risks and ceasing new investments in clients with > 30% of their revenues from coal-fired power, thermal coal mines or oil sands, or generating > 30% of their energy production from coal by Jan. 1, 2030, or sooner; and - Not investing in or providing insurance cover for any new Arctic energy exploration activities.	↑		- Exclusion of coal developers. - Introduction of absolute thresholds. - Define a full phase out plan.

D	(General account) investments: Exclude companies - deriving >30% of revenues or energy production from coal, - producing >20m tonnes /year of coal, or - actively involved in building new coal facilities or plants. Policy includes exceptions for heavily coal-dependent countries. Engaging with the six coal companies remaining. No longer investing in companies with >5% of revenue from tar sands and operators of controversial tar sands pipelines. Underwriting: No insurance for construction of new coal-fired power plants or new coal mines, or for coverage of existing coal-fired power plants if they belong to new customers. Continues not to underwrite risks of companies operating in the tar sands sector.	- Remove the exception for heavily coal-dependent countries. - Extend the policy to its third party assets. - Clearly define a full phase out plan.	(General account) investments: Exclude companies - deriving >20% of revenues or energy production from coal; - extracting >10m tons /year of coal; - with an installed coal power capacity of >5GW, or - actively involved in building new coal capacity of >0.3GW. Full phase out of investments by 2030 in OECD and by 2040 in rest of the world. Companies with decarbonisation or coal phase out strategies aligned with a 1.5°C pathway will not be excluded by the new thresholds, unless they are developing new coal capacity. For issuers in countries heavily dependent on coal, when there is no evidence of a clear decarbonisation strategy or of a gradual coal phase out, a dedicated engagement is implemented. Underwriting: No underwriting of companies generating >5% of revenue from tar sands and operators of controversial tar sands pipelines. Reduce exposure to zero by 2030 in OECD and by 2038 in rest of the world.	- Removal of "For issuers in countries heavily dependent on coal, when there is no evidence of a clear decarbonization strategy or of a gradual coal phase out, a dedicated engagement is implemented". - Extension of coal mining developers. Underwriting: No insurance for the construction of new coal mines and new coal-fired power plants, even for existing clients (except for modernization or retrofitting exercises). No property coverage for existing coal mines of potential new clients.			- Extend the exclusion of coal developers to cover developers of coal infrastructure (on top of coal power plants and coal mining). - Extend the coal policy to the remainder of its third party assets.
E	Exclude underwriting of and investments in companies with >25% of extraction, production or revenues from thermal coal. Phase out of existing risks by 2023. Commitment in principle to not provide insurance for, nor make investments in new coal-fired power plants.	- Earlier phase out of existing risks. - Introduction of an absolute threshold. - Exclusion of coal developers. - Clearly define a full phase out plan.	No evolution of policy	No evolution of policy	=		- Introduction of absolute thresholds. - Exclusion of coal developers. - Define a full phase out plan. - Develop an exclusion policy on tar sands.
F	Commitment in principle to not provide insurance for, nor make investments in new coal-fired power plants. However, may do so after prudent consideration for cases where such plants are essential for the stable supply of energy to the country concerned.	- Remove reservation on the exclusion of new coal plants. - Adopt an exit policy for existing coal plants and coalmines. - Clearly define a full phase out plan.	Will not provide insurance for, nor make investments in new coal-fired power plants.	Addition: Not newly provide insurance for, nor make investments in the existing coal-fired power plants or steam coal mines. However, we may carefully consider and handle the cases that incorporate decarbonizing technologies and techniques toward achieving the Paris Agreement targets.			- Removal of exclusion (*"However, we may carefully consider and handle the cases that incorporate decarbonizing technologies and techniques toward achieving the Paris Agreement targets."*) - Exclusion of coal developers. - Adopt an exit policy for existing exposure. - Define a full phase out plan.

G	No new insurance or new financing for coal fired power generation projects. But including exceptions for individual circumstances: *"circumstances such as national energy policy and other considerations in the relevant country, and in the context of the OECD Arrangement on Officially Supported Export Credits and other international guidelines"* and *"will also take into account other factors such as the availability of other options and alternative technologies".*	- Remove reservations on the exclusion of coal fired power generation projects - Extend the policy to coal mining and coal infrastructure projects as well as all coal-related companies. - Adopt an exit policy for existing coal exposure.	No new insurance or new financing for coal fired power generation projects or thermal coal mining projects. However, we may grant exceptions for projects with innovative technologies and approaches, such as CCS/CCUS and mixed combustion, with the aim of achieving the goals of the Paris Agreement, based on careful consideration.	Addition: No new insurance or new financing for oil and gas company extraction projects* in the Arctic Circle (all areas north of latitude 66°33, including the Arctic National Wildlife Refuge, ANWR) and oil sands mining. **Exemptions for projects with decarbonization plans that are aligned with the Paris Agreement*			- Removal of exceptions. - Extend the policy to coal infrastructure projects as well as all coal-related companies. - Exclusion of coal developers. - Adopt an exit policy for existing coal exposure. - Commit to a full phase out (according to a 2030/2040 timeline).
H	Exclusion of companies with >20% revenues related to coal and lignite, or >50% revenues related to coal-fired electricity production, or >20% revenues related to tar sands and oil shale.	- Introduction of an absolute threshold. - Lower the 50% threshold for coal-fired power plants. - Clearly define a full phase out plan.	Exclusion of companies with: any revenue from the mining of thermal coal, or >20% revenues related to coal-fired electricity production, or >5% revenues from the exploration and extraction of unconventional oil and gas (shale oil and gas, oil shale, tar sands and arctic oil). Applicable to its general and third-party account assets - except funds from external providers.	No evolution of policy	=		For coal-fired electricity production: - Introduction of an absolute threshold. - Commit to a full phase out (according to a 2030/2040 timeline).
I	Applicable to its general and third-party account assets - except funds from external providers. Exit from and no new investments in companies with - >30% of revenues from coal extraction or coal-fired power generation, - >10% of revenues from oil sands.	- Advance the phase out from coal for OECD from 2040 to 2030. - Extend the coal policy to the treaty reinsurance business.		Exit from and no new investments in companies: - with >15% of revenues from coal extraction or coal-fired power generation (with revenues between 15% and 30% possible in individual cases, where an active engagement dialogue has been established with the company) - with >10% of revenues from oil sands.			- Phase out from thermal coal for OECD countries by 2030 instead of 2040. - Apply the restriction *"No insurance for new coal power plants, mining and related infrastructure"* to the Treaty reinsurance business also.

Amundi's Strategic Engagement with Banks on Coal Phase-Out Initiatives

Amundi has been proactive in its engagement with major banks to advance the phase-out of thermal coal and promote alignment with climate-centric goals. Through persistent dialogue, Amundi emphasises the importance of banks adopting clear, actionable pathways towards net-zero emissions. These engagements have led to meaningful progress, with banks committing to detailed sustainability strategies, disclosing absolute financed emissions, and unveiling policies that restrict the financing of coal-centric activities. By leveraging collaborative investor coalitions and individual follow-ups, Amundi has played a pivotal role in steering the banking sector towards a more sustainable future.

Case study 16: **Driving Thermal Coal Phase-Out Through Collaborative Engagement with HSBC**

Context: Amundi has been engaging with HSBC for several years on the topic of climate and its thermal coal policy. HSBC had committed to reach Net Zero emissions by 2050, but a pathway on how it would reach this target was missing, as well as a clear plan to phase out coal investments. Following intensive engagement with HSBC though a collaborative investor coalition led by ShareAction, the bank committed to disclose a sustainability strategy. This strategy included an alignment of its financing activities with the objectives of the Paris Agreement and a phasing out of thermal coal by 2030 in the OECD and by 2040 in the rest of the world.

Amundi Actions: Under the ShareAction banner, Amundi was part of a group of large investors that filed a climate resolution with HSBC in January 2021, ahead of its AGM. Following this, HSBC itself filed a board-backed resolution at the 2021 AGM committing the bank to disclose a sustainability strategy. On the back of this company-proposed resolution, the co-filing investors, including Amundi agreed to withdraw their motion and instead supported the bank's proposal during the AGM in May 2021. In late 2021, Amundi individually followed up with HSBC following the release of its thermal coal phase-out policy. Even though we considered that HSBC had made good progress during 2021, we believed that a major issue was still not addressed.

In particular, our key objectives for HSBC in 2022 included:

- expand the thermal coal exclusion policy to its asset management activities.
- refinement of the coal developers' definition, to ensure the exclusion of indirect financial support for new thermal coal assets.

Towards the end of 2022, we were asked to provide feedback prior to the publication of its revised energy policy, which was published in December. However, it was not clear what assurances HSBC would seek to ensure that general corporate purpose financing is not used for activities which the new energy policy is trying to exclude.

Engagement Outcomes and Issuer Momentum:
Following the announcement of HSBC's 2021 climate strategy, we observed further momentum during 2022, including the following key developments:

- The bank disclosed absolute financed emissions for two sectors and disclosed decarbonisation targets for lending activities related to these sectors in February 2022,
- The bank published a thermal coal exclusion policy for its asset management activities in September 2022,
- The bank published an updated energy policy in December 2022, which included an exclusion on provision of new finance or advisory services for the specific purposes of new O&G fields or related infrastructure.

Next Steps:
We will continue to engage with HSBC. In particular, Amundi has asked for a refinement of the coal developers' definition, to ensure the exclusion of indirect financial support to new thermal coal assets.

More details on our collaborative approach to engagement can be found in Principle 10.

b. Engagement on Biodiversity & Natural Capital Preservation

Background & Amundi's Policy on Biodiversity

Biodiversity encompasses the variety of ecosystems on Earth and is crucial for the planet's health, human well-being, and economic stability. Currently, we are witnessing a concerning decline in biodiversity, with one million species facing potential extinction. This decline poses multifaceted risks, from threats to food security and public health, to increased severity of environmental disasters, which in turn jeopardises the stability of corporates and society. In 2022, the Kunming-Montreal Global Biodiversity Framework highlighted the essential role financial institutions must play, both in mobilising funding and engaging with corporations. Investors need to ensure that companies align their ambitions with the framework's targets, thereby mitigating the associated risks.

Amundi recognises the urgent need to address biodiversity loss. Our engagement strategy emphasises the importance of corporate responsibility in addressing their biodiversity impact and understanding the risks stemming from their reliance on nature. We advocate for a proactive approach that includes addressing significant contributors to biodiversity loss, such as pollution, deforestation, and unsustainable consumption. The pathway to incorporating the goals of the Global Biodiversity Framework into actionable corporate strategies is still unfolding, but the urgency to act is evident.

Engagement Selection

The initial pool of companies we engaged on biodiversity included 56 corporates across eight sectors and 18 countries (see our 2021 engagement report for more details). They operate in sectors such as restaurants, mining and metals, chemicals, and insurance. In 2022, we grew our engagement pool to 92 issuers. The broad nature of the initial engagement sample meant that we could identify best practice within and across sectors and geographies, and use this as guidance for companies. Details on these practices can be seen in our standalone report (found here). In 2022, we followed up with corporates to re-emphasise Amundi's recommendations.

Beyond our initial engagement pool, biodiversity was a topic of engagement for other companies in 2022, with whom we shared the our learnings from 2021.

Engagement Objectives

Our key objectives for the engagement were as follows:

- Raise awareness of the growing topic of biodiversity loss to accelerate corporate action
- Identify current industry best practice and disseminate these recommendations to corporates.

→ Our progress in 2022

Engagement Outcome & Issuer Momentum

In 2022, we observed a few examples of companies that have already made improvements to their biodiversity strategy:

Sector	Assessment at start of campaign (year 1)	Past Recommendations (Year of current engagement -1)	Status in 2022	Change	Additional Recommendations going forward
Company A **Sector:** Consumer Services **Country:** United States	- 2030 Zero deforestation commitment and already achieved nearly 100% transparency for key commodities - Biodiversity integrated into conversations on environ-mental risks but no specific strategy - Involved in numerous collaborative initiatives on key commodities - Lack of policy on antibiotic use that complies with WHO guidelines	- More transparency on sustainable sourcing beyond key commodities - More transparency and proof points on external collaborations to further their goals and targets - Improve commitments on antibiotic use	- Public indication that internal focus has now expanded to other commodities beyond key ones to meet 2030 zero deforestation goal (though little reporting on the progress for these yet) - Public disclosure on biodiversity specifically including an indication that they are in the process of developing a framework to guide their efforts (with TNFD) - Lack of policy on antibiotic use that complies with WHO guidelines	↑	- Establish antibiotic policy that complies with WHO Guidelines - Improve reporting on zero deforestation target beyond key commodities - More reporting on biodiversity framework that is in development
Company B **Sector:** Mining & Metals **Country:** Australia	- Time bound (2030) No Net Loss strategy for biodiversity - Biodiversity monitoring at site level using available tools like IBAT - Extensive collaboration with external groups - Early days of risk modeling to incorporate biodiversity into their models	- Develop companywide biodiversity strategy (not just looking at the topic at an asset level) - Improve biodiversity reporting to provide greater transparency on their efforts to calculate their no net loss ambition - Provide clearer biodiversity roadmap - Report on company impacts, dependencies, risk, opportunities	- Published short term milestones for their healthy environment goal which will include context based water targets - Completed all mapping for land and water areas and the establishment of nature positive asset plans to work towards their 2030 goal	↑	- Publish more details on nature positive asset plans - Report on impacts, dependencies, risks, opportunities linked to biodiversity
Company C **Sector:** Chemicals **Country:** United Kingdom	- Target to be Land Positive by 2030 - Topic overseen by executive committee - Science based approach to assess biodiversity footprint - Considers downstream and Scope 3 impacts of products	- Further develop the biodiversity strategy, notably by incorporating further other drivers of biodiversity loss than land use change - Develop other biodiversity related indicators and targets	- Net Nature Positive by 2030 (in addition to previous land positive commitment) - Follow through on commitment by preserving and restoring natural ecosystems in supply chain, minimising water impact of operations and helping to accelerate regenerative and sustainable agriculture	↑	- Further detail the reporting on company's impacts, risks, dependencies, and opportunities related to nature - Expand further the LCA in order to further cover the product portfolio
Company D **Sector:** Food Products **Country:** United States	- Biodiversity is part of the environmental strategy of the group but not a distinct topic. - The company has established an action plan in favour of agro-forestry which is adapted to regional specificities - The company has set up a programme *"Harmony"* with c.2,000 wheat farmers in Europe with a specific aim of the protection of biodiversity and preservation (ie via counting bees and butterflies at sites); there is a charter of 35 farming practices that need to be adhered to.	- Better formalise the biodiversity strategy as a distinct theme within the environmental strategy - Public reporting on specific KPIs as they relate to biodiversity and the conservation projects that have been introduced at the company.	- Since last year the company has become more involved with sustainability initiatives related to land and forest restorations and regenerative agriculture - Expansion of the *"Harmony"* wheat programme; and all wheat required for the European biscuits division will now be produced under Harmony. - Cocoa Life programme includes biodiversity considerations – for example land restoration initiatives across Cote d'Ivoire and Ghana.	↑	- Public disclosure of KPIs that relate to the Harmony programme including, % of farmers complying with the programme, # species measured at farms - Detailed definition of the meaning of *"responsible pesticide use"* at the company

Next Steps & Amundi Perspective of Engagement

In order to allow companies sufficient time to take our recommendations into account, a formal follow up will occur in 2023. We will reassess company performance using our proprietary methodology (described in the standalone report). We will continue to widen our engagement pool on this topic.

Case study 17: **Sodexo's Journey Towards Biodiversity Conservation**

Context: Amundi started engagement with French catering company Sodexo on biodiversity in 2021. Biodiversity loss is a particularly tough subject for a catering brand with global operations because sourcing decisions are not made centrally, but at the local level. This makes it difficult to systematically implement companywide targets. Sodexo has a zero deforestation commitment in place and had set a science-based target to align with the 1.5 degree scenario; commitments that would profoundly impact how they do business. The company also has a 2025 target for their menus to include 33% plant-based dishes. However, the company was still very much in the early days on the topic of biodiversity more broadly.

Amundi Actions: After initial engagement in 2021, Amundi followed up in 2022 with formal biodiversity recommendations for the sector. This included anonymised guidance on how they currently scored in comparison to sector peers, as well as Amundi suggestions for best practice.

Key objectives for Sodexo were:
- Achieve full transparency and mapping of supply chain,
- Develop a global biodiversity policy that includes guidance on how this is to be translated at a local level,
- Top down reporting on biodiversity (taking local progress and KPIs and aggregating it for investors),
- Expand their biodiversity-linked strategies to beyond core commodities (i.e. soy and seafood) and impact drivers (food waste, plastic packaging), and
- Collaborate with industry peers to address biodiversity loss.

Engagement Outcomes and Issuer Momentum:
In 2022, we observed positive developments at the company in that Sodexo joined the Act4Nature initiative, which reinforced their ambition to develop responsible agriculture based on the preservation of natural resources and the respect for biodiversity. Sodexo's Act4Nature commitments are the same ones described above but in a key development, they have classified them according to the drivers of biodiversity loss from IPBES, 2019. We see this as a key clear indicator that Sodexo is thinking more holistically about environmental targets within the context of a global biodiversity strategy.

Next Steps: Going forward, we hope to see more collaboration from Sodexo with industry peers, such as those within Act4Nature, to accelerate change. We hope to gain a better indication of how public targets are being translated at the local level, in particular for more challenging geographies. We also hope to see more transparent reporting against Sodexo's other commodities beyond the five priority ones. However, we understand these objectives could take a few years and look forward to following up annually on their progress.

c. Engagement on Social Cohesion: Protecting Employees and Promoting Human Rights

Context:
At Amundi, we understand that transitioning to a sustainable low-carbon economy may lead to social tensions, impacting a wide range of stakeholders and potentially hindering our climate objectives. We believe in a holistic approach that values both the destination and the journey towards a decarbonised economy. To counter broader inequalities, we emphasise the importance of fostering innovation and achieving economic stability by ensuring respect for fundamental human rights, not only

within our direct operations but throughout our supply chains. We have initiated campaigns against the global increase in forced labour and have championed methodologies to prevent forced and child labour. Moreover, we are advocates for a living wage, emphasising the welfare of workers and the importance of giving employees a voice. While we continue to engage on gender equality, we have expanded our focus to disability inclusion, recognising its potential in accessing untapped talent pools. Through collaboration, we have participated in several campaigns and initiatives to promote social cohesion, always highlighting the need for comprehensive reporting on social challenges.

Amundi's Policy on Engaging on Gender Diversity at the Board Level

Amundi champions the principle of diversity, understanding its critical role in fostering well-rounded decision-making, especially as businesses navigate increasingly complex landscapes. We advocate for companies to cultivate gender diversity and inclusivity, with a particular emphasis on diversifying board compositions. While our global engagement campaigns sometimes face nuanced challenges, such as shifting focuses from gender to ethnic diversity in markets like the United States, we stand firm in our belief that gender diversity efforts should remain undiminished. Prioritising ethnic diversity should not overshadow the significance of gender representation. In Asian markets, we continually underscore the importance of diversity as a core investor concern. Thankfully, with more investors echoing our stance, we're witnessing positive shifts in the discourse.

Engagement Selection

Amundi's Corporate Governance team has systematically discussed gender diversity with companies, across all geographies, whenever a concern was identified.

Given the lack of progress of some companies on this issue, we decided to escalate the matter and initiate a proactive dedicated campaign on the topic. To define the scope of this campaign, we identified issuers for which we have exercised our voting rights on the first semester of 2022 and for which we have voted against some directors' re-election due to lack of gender diversity (33% of women for developed markets and at least one woman for Asian and emerging markets). On this primary scope, we decided to focus on the Amundi's top holdings per region. During Q3 2022 Amundi sent 128 letters to board chairs, across all markets and sectors, to ask them to improve female representation and to warn them of potential dissent votes from Amundi at their 2023 AGM if improvement or progress was not seen.

Engagement Objectives

Amundi expects companies to take steps to ensure that each gender represents a minimum of 33% of the board for developed markets. As a member of the 30% Club Investor Group France, Amundi also aims to increase the representation of women in executive management teams to reach at least 30%. In Asian markets, the nature of the dialogue differs, as this is still an emerging topic. Taking into account this market difference, we are asking for at least one woman to sit on the board in this region.

➜ Our progress in 2022

Engagement Outcome & Issuer Momentum

As of the 31st December 2022, 43% of target companies answered our letter. More than one third (19 companies) acknowledged receipt of our letter without providing any supplementary information, a quarter showed a real interest in the topic, with some already defining a strategy or taking a commitment to improve their level of gender diversity. Amundi is pleased to note that four issuers have already increased the number of women at board level and are now aligned with Amundi's expectations. The chart below illustrates our engagement efforts towards increasing female representation at the board level for two companies.

Macro Sector	**Assessment at start of campaign** (year 1)	**Past Recommendations** (Year of current engagement -1)
Company A **Sector:** Banks **Country:** Spain	Low rate of female representation at the board level (27%)	Increase female representation at the board level to 33%

Illustration 18: **Amundi's Disability Inclusion Engagement Campaign**

Disability inclusion is a pivotal aspect of the social dimension in ESG, a segment that encompasses a broad spectrum of diversity, equity, and inclusion (DE&I) issues. While areas like gender equality and ethnic diversity often receive attention, disability inclusion remains less explored, even though the World Health Organisation estimates that approximately 15% of the global population lives with some form of disability.

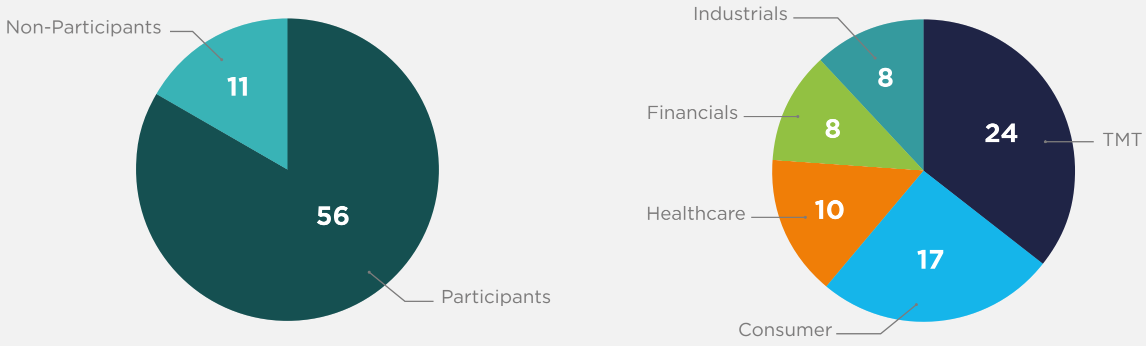
Embracing disability inclusion in the professional world is not merely about rights and justice; it is a catalyst for sustainable growth and development. According to the report "Unlock the competitive advantage of a disability-inclusive workforce," there has been a notable shift in perception: companies are transitioning from viewing disability inclusion as just a CSR obligation to recognising it as a solution to talent shortages and a means to facilitate business and cultural transformation.

At Amundi, and more broadly, within Crédit Agricole, we hold the conviction that disability inclusion is integral to advancing the overarching themes of DE&I. Ensuring equal occupational opportunities for everyone is a core tenet of our philosophy. As responsible investors, we see it as our duty to highlight, educate, and promote disability inclusion strategies across various companies and sectors, prompting the inception of our Disability Engagement Campaign in 2022.

Illustration 19: **Overview of Amundi's Cross-Sector Engagement**

Inclusion of persons with disabilities is a topic that concerns all sectors. Still, the challenges and practicalities are different depending on the type of industry, whether it concerns a production or a services sector. For this engagement theme we have therefore deliberately chosen to include sectors with a different degree of production intensity and service level: TMT, healthcare, consumer, industrials and financials. Overall, we contacted 67 issuers, of which 84% participated in the engagement (56 companies).

Companies engaged on Disability Inclusion



Source: Amundi Asset Management

Engagement Objectives

As this concerns the first year of engagement, the purpose of the 2022 campaign was:

- to gather more detailed information about the state of the global jobs market in terms of disability inclusion;
- the identification and dissemination of best practice.

During this campaign, we gave broad feedback to corporates. Going forwards, we will use the more in-depth insights derived from the campaign to provide companies with more concrete feedback to facilitate increased action around disability inclusion.

➜ Our progress in 2022

Engagement Outcome & Issuer Momentum

We noted from this engagement campaign that companies very often have a disability strategy in place, but that in some cases these strategies turn out to be a 'box ticking' exercise. We will, therefore, remain vigilant and ask companies for concrete examples of implementation and their progress. Below are some of the key insights we gathered from this campaign.

- While many companies have a broad DE&I strategy, dedicated disability inclusion strategies are less common,
- National regulations significantly influence the strength of disability policies, with countries like the US, France, and Japan leading in disability integration due to reporting requirements or aspirational goals,
- Few companies publicly communicate the percentage of disabled employees. However, there is a growing trend, especially in the US, towards "self-identification" of disabilities by employees,
- Cultural barriers and regulations, especially in European countries, hinder self-reporting of disabilities,
- Companies are increasingly fostering a disability-inclusive culture through various initiatives, including Employee Resource Groups and DE&I Champions,
- Many companies participate in global initiatives like the Disability Equality Index of Disability:IN and the Valuable 500 group, and
- A notable perspective from an engaged company promotes use of the term "uniquely-abled" instead of disabled.

Below is a case study of Amundi's engagement with NTT, a leading telecommunication company, recognising its proactive approach to disability inclusion, particularly in hiring practices and dedicated projects.

Case study 18: **Engaging on Disability Inclusion with NTT**

Context: Disability inclusion receives less attention than other DE&I topics, such as gender equality and ethnic diversity. However, approximately 15% of the global population has some form of disability. By attracting and retaining this workforce, telecommunication companies increase the size and diversity of their talent pool in terms of competencies and perspectives.

We believed NTT to be a great example.

Amundi Actions: Amundi started engaging with Nippon Telegraph and Telephone Corporation (NTT) in 2022, alongside the launch of our Disability Inclusion campaign. During the campaign, we noticed that companies most often simply add a section on disability to their existing DE&I policies, rather than establishing a distinct policy or strategy. NTT, however, has implemented a set of measures specifically focusing on disability. This made the company a 'best in class' actor among our engagement universe.

Engagement Objectives: During this first year of the engagement campaign, we primarily focused on the gathering of information and the identification of best practice. Nonetheless, the meetings also allowed us to give some initial feedback to corporates. Overall, our objectives going into the engagement were the following:

- Insure dedicated monitoring and resource allocation for Disability
- Improve communication around disability inclusion strategy
- Encourage collaborative initiatives and communicate best practices.

Engagement Outcomes and Issuer Momentum: We believe NTT's progress on disability integration is a reflection of the Japanese government's proactive stance on this topic. Notably, the group includes disabled people in its workforce directly as well as through four Special Purpose Vehicles (as Japanese law allows it). Most recently, disabled employees at NTT's domestic group companies represented 2.47% as of June 2022 (above the legally required rate of 2.3%).
NTT has many projects that have been built to realise the potential of disabled employees. For example, people with disabilities analyse the accessibility of websites and suggest improvements in accordance with Japanese Industrial Standards (JIS). Disabled employees also deliver lectures and training sessions at a wide range of events to help others better understand disability. Additionally, NTT operates a portal site (Yu Yu Yu), which serves to help disabled and elderly people. Another example concerns internal consulting services provided by disabled employees, working in coordination with NTT Laboratories, to verify technologies and services from the perspective of people with disabilities.

Finally, we also value NTT's membership (since December 2019) of the Valuable 500, an international initiative to promote the participation of people with disabilities in business.

Broadly speaking, NTT is quite advanced on the topic of disability inclusion into the workplace. However, NTT does not yet monitor the financial resources allocated to disability inclusion. We recommended the company allocate and report on a specific budget for disability inclusion.

Next Steps: We will follow up with the company next year. Among other points, we will encourage NTT to have specific resources allocated to disability inclusion at group level, such as a dedicated team and a specific budget, on top of the existing Diversity Promotion Officers in charge of disability and diversity inclusion.

D. Just Transition Engagement Campaign

Context:
Transitioning to a low-carbon economy is unlikely to succeed if the social risks associated with the changes are not properly managed. Key to a just transition is the commitment to leaving no one behind and ensuring that adverse effects of the transition are mitigated for workers, local communities and other social groups; while providing decent work for all, promoting social inclusion and eradicating poverty. These principles are enshrined in the 2015 Paris Agreement and the guidelines issued by the International Labour Organisation in the same year.

Failing to adhere to the objectives of just transition entails material risks for companies and the wider society. A disorderly approach to transition that does not incorporate the principles of social protection is likely to exacerbate societal inequalities and pose risks to the global economic system, fueling poverty and community displacement. It also risks undermining support for environmental objectives if the affected stakeholders see themselves as disenfranchised and disadvantaged by the changes. From an operational and reputational risk standpoint, companies can face disruption and legal challenges from workers who have not been offered reskilling or decent jobs, or communities whose livelihoods are affected by closing sites.

To achieve the goals of advancing decent work and promoting decent work in accomplishing the environmental transition, companies need to:

- Respect human rights and promote equity,
- Engage workers and stakeholders in social dialogue, and
- Assess risks, allocate resources and conduct adequate planning for transition for workers (e.g., by identifying reskilling and redeployment opportunities) and affected communities and customers.

To support corporate action on supporting a just transition, Amundi began engaging with companies on this issue in 2020.

Engagement Selection

Our sector selection for this engagement campaign was driven by exposure to the social risks associated with the transition. The initial 2020 engagement started with the transport sector, particularly with automotive companies whose business models had started to evolve with the growing demand for electric vehicle (EVs), necessitating new employee skill profiles. In 2022, we also engaged with companies in the extractives sector on their approach to a just transition. For example, for various companies within our thermal coal policy engagements (see page 96 of this report for more details), a Paris-aligned thermal coal exit cannot and will not happen without a clear just transition strategy.

Engagement Objectives

The overall objective of our engagement is to encourage companies to incorporate a just transition into their climate plans by:

- Assessing estimated transition risks on workforce and relevant stakeholders, such as local communities, and quantifying such risks where possible through metrics such as number of jobs affected or number of sites marked for closure,
- Implementing and demonstrating evidence of adequate social due diligence, dialogue and stakeholder engagement mechanisms,
- Developing an explicit just transition strategy to align with climate, net zero, and thermal coal policies and strategies, and
- Developing and demonstrating appropriate risk mitigation plans, such as allocation of budget for workforce reskilling and redeployment.

Next Steps & Amundi Perspective of Engagement

Over the course of our engagement, we have seen growing awareness of just transition among companies with whom we have held dialogues. However, corporates' understanding of the social obligations that come with a shift towards more sustainable business models remains fragmented. In 2023, we will seek to engage with additional sectors and increase the geographical coverage of our engagement efforts to include more emerging market companies.

Case study 19: **Update for 2022 – Large car manufacturer's Just Transition in the Age of Electrification**

Context: The automotive industry is witnessing radical shifts propelled by electrification and automation. With these changes come significant workforce implications, necessitating well-structured transition strategies. A major player in the automotive world with over 660,000 global employees, is at the forefront of these transitions, committing €33 bn to its electric vehicle (EV) venture in the coming years. As the sector transformation continues, the player is under the microscope to ensure that the shift towards EVs does not leave its massive workforce behind, especially since the company historically boasts strong employee development programmes.

Amundi Action: Recognising the emerging challenges tied to a 'just transition,' Amundi engaged the car manufacturer for a clearer roadmap. Key objectives in 2022, continuing from 2021, included:

- Publicly reporting training needs that align with the forthcoming just transition, identifying both obsolete roles and future skill requirements,
- Enhanced transparency on transition-specific training, including the effectiveness metrics (KPIs) utilised, and
- Greater clarity on HR's strategy to manage potential redundancy bottlenecks, especially with the impending shift to EVs.

Engagement Outcomes and Issuer Momentum: The car manufacturer has shown positive strides. In 2020, the company committed to avert major redundancies until 2029, with the bulk of job reductions coming from natural retirements. This commitment was reinforced by an agreement between company's union and management for a socially harmonious future transition.
Furthermore, in 2022, the company provided insights into its workforce composition, noting that half of its employees still work manual jobs. As the company accelerates its digital and electric transformation, an academic collaboration has been initiated to pinpoint areas of workforce impact and requisite skills development. Emphasising future-readiness, the car manufacturer has committed to focusing its employee training on crucial emerging technologies.

While these steps are commendable, the company is still shaping its comprehensive just transition strategy. In comparison to 2021, the company displayed greater receptiveness to enhancing its disclosure, albeit without detailing the precise employee impact metrics or a comprehensive mitigation strategy. However, as part of its 'NEW AUTO Group strategy,' the company has emphasised the importance of training, aiming for a 35% increase in training hours by 2030, a step towards addressing potential human capital discrepancies in the electrification era.

Next Steps: In 2023, Amundi's engagement with this car manufacturer will remain robust. The focus will be on urging the company towards a detailed just transition strategy coupled with meticulous disclosures.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

As a responsible investor with a clear understanding of the role and importance of ESG criteria, Amundi participates in numerous initiatives as a member and/or signatory. We are an active participant in working groups at a range of organisations – both regulatory and industry-led – aimed at moving responsible finance, sustainable development and corporate governance forward in the best interests of our clients.

1. Collaborative engagement: working with our peers to help drive the conversation

Collective efforts can have great impact. Just as we encourage issuers to act collectively on key sustainability issues, investors also often collaborate. Collaborative initiatives can provide additional scale and scope for engagement or provide opportunities for greater impact.

When deciding between engaging collectively or on our own, Amundi will choose the most efficient method to push the agenda. Amundi may supplement collaborative efforts with direct engagement if a collaborative engagement does not cover particular issues, sectors, or companies, or if the collaborative initiative does not address the topic in a way we might wish. Amundi values both engagement types as a mean to have a positive impact on sustainable outcomes.

Amundi often plays an active role in collaborative initiatives. We generally take the role of lead investor on engagement with one or more companies. Sometimes an 'active role' also means that Amundi contributes to the planning, methodology and operations of the initiative.
By contrast, on some occasions, Amundi is simply a participant in a collective initiative. This is usually the case when the initiative is dynamic and impactful without particular assistance from Amundi. For other collective actions, Amundi might contribute to the thought leadership on emerging topics or provide contacts and resources. As a participant, Amundi has the opportunity to gain insights into new and emerging problems or advise the group on the feasibility of proposed methodologies to prepare for active engagement.

International initiatives can include both institutional investors and asset management professionals. The goal is to encourage businesses to improve their practices and transparency in terms of, for example, combatting climate change and deforestation, protecting water resources, and health and nutrition in developing countries. We actively participate in the development of standards and initiatives where we believe the additional effort will be important to client outcomes, and lend our weight to other initiatives where we feel this is the most positive contribution we can make.

2. Collaborative engagement: involvement of Amundi in industry bodies

Industry bodies on which Amundi staff member hold formal roles

Initiative	Topic	Purpose	Amundi's involvement
FIR (Forum pour l'Investissement Responsable)	Responsible finance	The FIR seeks Socially Responsible Investment (SRI), to ensure that more investments integrate the issues of social cohesion and sustainable development. With other SIFs (Sustainable Investment Forum), the French SIF is a founding member of the European network, Eurosif.	- Chair of the engagement commission - FIR- AG CAC 40: Active participation in drafting ESG questions at CAC40 companies' AGMs as well as to the analysis of the answers and the report - Member of the working group on forced labor in collaboration with RHSF to create a methodology
Association Française de la Gestion financière	Responsible finance	Professional body	- Amundi co-headed the working group that led to the publication of guidelines to asset management companies for setting a fossil fuel policy for the oil & gas sector - Working group on gender diversity and disability
ICMA - International Capital Market Association (Green Bonds Principles, Social Bonds Principles and Sustainability-Linked Bond Principles)	Responsible finance	ICMA brings together members from all segments of the wholesale and retail debt securities market and focuses on a comprehensive range of regulatory and market practice issues which impact all aspects of international market functioning.	- Member of executive Committee (Green Bonds and Social Bonds) - Member of Working Group (SLBs) - Leader of the Impact Measurement WG for Social Bonds in 2020-2021 season
Institut de la Finance Durable (IFD, the Paris Institute for Sustainable Finance, formerly Finance for Tomorrow)	Responsible finance	Institut de la Finance Durable (IFD, the Paris Institute for Sustainable Finance, formerly Finance for Tomorrow) is an initiative led by Paris EUROPLACE and aims to promote sustainable finance in France and internationally.	- Founding member - Active membership and contributor to "Taxonomy and European Green Deal"; "Just Transition" and "Green Bonds" Working Groups - Investors for a Just Transition coalition (Lead on Transport Working Group; Participation in Building & Construction Working Group) – Member of the biodiversity working group as well.
Global Investors for Sustainable Development Alliance (GISD)	Responsible finance	The Global Investors for Sustainable Development (GISD) Alliance is seeks to deliver concrete solutions to scale-up long-term finance and investment in sustainable development. GISD's work is supported by a Strategy Group appointed by the CEOs and by United Nations system partners coordinated by UN DESA.	- The UN Secretary General Guterres invited Valerie Baudson to be part of the initiative

High-Level Expert Group on Scaling up Sustainable Finance in Low and Middle-income countries	Responsible finance	The primary tasks of the European Commission's High-Level Expert Group on Scaling up Sustainable Finance in Low and Middle-income countries will be to identify the challenges and opportunities of sustainable finance in low- and middle-income countries and to provide recommendations to the European Commission. The report will focus on how to increase resources from private capital to close the current SDG financing gap and to accelerate private financial flows for the implementation of the external dimension of the Green Deal and a green, just and resilient recovery in our partner countries.	- Elodie Laugel, Chief Responsible Investment Officer, part of the member group

Further industry organisations in which Amundi is involved

Initiative	Topic	Purpose	Amundi's involvement
Principles for Responsible Investment (PRI)	Responsible Finance	The PRI is the world's leading proponent of responsible investment and it works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.	Amundi is a PRI signatory since 2006 and as a consequence has access to tools and resources. It is committed to the 6 PRI principles and involved in PRI events (such as the yearly PRI in Person event) and PRI transparency reporting and discussions/dialogue.
GIIN Operating Principles for Impact Management	Impact investing	The OPIM Principles bring greater transparency, credibility, and discipline to the impact investing market.	Amundi has adopted the Operating Principles for Impact Management - a market standard for impact investing in which investors seek to generate positive impact for society alongside financial returns in a disciplined and transparent way. Amundi publishes an annual Disclosure Statement.
World Benchmarking Alliance (WBA)	Responsible finance	The World Benchmarking Alliance (WBA) seeks to change the way that business impact is measured to boost motivation and stimulate action for a sustainable future.	- Participation to working groups (definition of Just Transition assessment framework)
Institutional Investors Group on Climate Change (IIGCC)	Climate change	The IIGCC mobilizes capital for the low carbon transition and to ensure resilience to the impacts of a changing climate.	Amundi is a board member of the initiative

	Banks' transition to net zero	The IIGCC and TPI published in July 2022 "An investor-led framework of pilot indicators to assess banks on the transition to net zero". The report gives an indication of how 27 of the largest global banks score on their progress to transition to net zero. The IIGCC Banks Working Group supported the establishment of the report through engagement meetings / emails.	Member of the IIGCC Banks Working Group, lead on 2 banks (Bank of China, Agricultural Bank of China) & co-lead on 2 banks (China Construction Bank, ICBC)
Climate Action 100+	Climate change	Launched in December 2017 at the One Planet Summit. This initiative seeks to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.	Active membership Lead on company engagement on different sectors (Construction materials; Airlines)
One Planet Sovereign Wealth Fund Asset Manager Initiative	Climate change	Engage a community of investors in our principles to improve the impact and distribution of international capital and thus contribute to a gradual energy transition, gradually leading to a more sustainable and less polluting economy.	Pursued active membership
The Japan TCFD Consortium	Climate change	Created in May 2019 under the auspices of the Japanese Ministries of the Economy and the Environment (Amundi being the only non-Japanese member of that consortium) and focused on improving issuers' reporting on environmental issues.	Attended regular meetings (on average every two months), as one of the two representatives from the asset management industry.
Asia Investor Group On Climate Change (AIGCC)	Climate Change	The Asia Investor Group on Climate Change (AIGCC), a subsidiary of the IGCC is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.	Participation in the Utilities Engagement program (lead & co-lead on 2 companies)
Powering Past Coal Alliance (PPCA)	Climate Change	The Powering Past Coal Alliance (PPCA) is a coalition of national and sub-national governments, businesses and organisations working to advance the transition from unabated coal power generation to clean energy.	Amundi has a thermal coal exclusion policy aligned with the objectives setup in the alliance included within its responsible investment policy, which is updated annually

FAIRR	Environment & working condition	A global network of investors addressing ESG issues in protein supply chains.	- Lead on specific companies' engagements - Contribution to working group in FAIRR's Sustainable Proteins - Engagement in which 25 global food manufacturers are asked to disclose information on their intention and long-term approach to transitioning proteins portfolios towards lower impact and more sustainable sources in line with the 1.5°C world
Finance for Biodiversity Pledge	Biodiversity	84 financial institutions from around the globe signed the Finance for Biodiversity Pledge. They commit to protect and restore biodiversity through their finance activities and investments.	- Amundi is an active member of the initiative and participate in its three working groups (Engagement with companies; Impact assessment - Public policy advocacy) – Amundi represented the signatories with a speech at the High Level Segment of the Fifteenth United Nations Conference on Biodiversity (COP15) to call on global leaders to protect and restore biodiversity
Net Zero Asset Managers (NZAM) initiative	Climate change	International group of asset managers committed to supporting the goal of net zero carbon emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius, and to supporting investing aligned with net zero emissions by 2050.	Amundi is a member of the NZAM initiative and has committed to supporting the goal of net zero carbon emissions by 2050.
Access to Medicine Index	Access to Medicine	This initiative identifies access to medicine best practice (in pricing, licensing and R&D for instance).	Co-lead investor for the engagement of a pharmaceutical company
Workforce Disclosure Initiative Letter (WDI)	Social disclosure	This urges companies to disclose better and more comparable data on their employees and supply chains, and shows the intention of Amundi to integrate workforce issues into its investment decisions.	- Amundi drafts and sends letters to companies complete the WDI survey - Member of advisory committee in 2021
Platform for Living Wage Financials (PLWF)	Living Wage	The PLWF aims to address the non-payment of living wage in global supply chains in the garment industry, retail/food retail, and food.	Active Member of Garment & footwear WG, Retail & Food retail, Active engagement (lead or co-lead on 11 companies),
Investor Action on AMR initiative	Antimicrobial resistance	A collaboration between the bio Initiative, the Access to Medicine Foundation, the Principles for Responsible Investment, and the UK Government to galvanize investor efforts to address global antimicrobial resistance.	Active engagement with companies and data providers

The 30% Club Investor Group	Gender diversity	Six asset managers, including Amundi, call on French large caps to establish action plan to have at least 30% women in executive management teams by 2025.	Founding member of the French group, member of the Japanese group - Co-chair for 2021 engagement season of the French group Active engagement with companies (lead or co-lead on 3 companies)
Tobacco-Free Finance Pledge	Health, human rights, environment	Highlights the leadership of made institutions that have implemented tobacco free finance policies and encourage others to follow.	Amundi has a tobacco exclusion policy aligned with the objectives setup in the pledge included within its responsible investment policy, which is updated annually

3. Illustrations of collective actions in which Amundi has been involved

a. Collaboration with regulators

ICMA[21] - Green, Social, and Sustainability-Linked Bonds Principles

Amundi has been an Executive Committee member since 2017 and consequently plays an active role addressing matters relating to the Principles e.g. the development of Green, Social and Sustainability-linked Bonds market and the standardisation and impact reporting practices. In 2022, Amundi was involved in the following working groups: Impact Reporting, Climate Transition Finance, Sustainability-Linked Bonds and Social Bonds. Amundi was also a member of other task forces on Secured Sustainable Bonds and Sustainable Commercial Papers.

b. Collaborative work promoting best practice

Amundi frequently collaborates with industry associations, think tanks and NGOs on specific topics in order to promote best practice.

➜ Our progress in 2022

The ASCOR Project

The ASCOR (Assessing Sovereigns' Climate-related Opportunities and Risks) project is a coalition of international institutional investors[22] as well as investor networks (UN Net Zero Asset Owner Alliance, PRI) aimed at creating a framework and database to assess the climate action and Paris Agreement alignment of sovereign issuers (both developed and emerging markets). The projects academic research partner is the TPI Global Climate Transition Centre based at the London School of Economics' Grantham Research Institute.

Amundi is involved in the ASCOR project through funding and active participation in the working groups. Investors willing to assess sovereign issuers' climate-related risks and opportunities currently face two main hurdles:

21. The International Capital Market Association

22. (including BT Pensions Scheme, the Church of England Pensions Board, Aktia Bank, Allspring Global Investments, AM, Ceres, Colchester Global Investors, Franklin Templeton, the IIGCC, MFS IM, Ninety One, SURA AM

1. There is no internationally agreed climate-related framework dedicated to sovereign debt instruments.
2. While a lot of sovereign data is publicly available, it is often not harmonised, comparable or even consistent, which makes it difficult to conduct an appropriate analysis.
This lack of reliable tools hampers investors' ability to undertake material analysis and to engage with governments on climate change, and subsequently undermines the climate related investment case.

The aim of the ASCOR project is "for every sovereign debt issuing country to eventually be assessed against a framework which will analyse emissions pathways performance, policy action, and opportunities to finance the transition. The framework will also focus on fairness, recognising the principle of common but differentiated responsibilities that underpins the United Framework Convention on Climate Change."

Such a framework should facilitate dialogue between private investors and sovereign issuers and help prioritise issuer engagement efforts to support increased climate ambition. It will also support investors in achieving their net-zero commitments.

The project is currently in its testing and consultation/feedback phase and should be launched in late 2023.

Combatting forced and child labour
Respect for fundamental human rights underpins social stability and enables the pursuit of other social objectives including the promotion of equal and fair opportunities for all. We expect companies to implement robust human rights policies and practices not only in their own direct operations but also throughout their supply chains. With forced labour estimates on the rise globally[23], we started a dedicated campaign on the matter and joined a collective effort by the French Sustainable Investment Forum (FIR) and Human Rights Without Borders (RHSF) to develop a methodology for engaging with companies on the prevention of forced and child labour.

We are participating with other investors on the Lab 8.7 Program - led by Ressources Humaines Sans Frontières (RHSF) / Human Rights Without Borders - within the French SIF for an eight-month period. The aim of this engagement called "experiment" by RHSF is to design and try an alternative method for evaluating companies on the prevention of child labour and forced labour risks in their supply chain. This alternative assessment of companies is based on the reference framework - dedicated to the prevention of forced labour and child labour – built up by RHSF.

It is intended, among other objectives, to be actionable and appropriable by institutional and private investors and to support investors' decisions to contribute to the sustainable reduction of vulnerability to child and forced labour in supply chains.

RHSF is an NGO with 15 years' experience in the field of forced and child labor. The RHSF team has been experimenting with pilot prevention solutions in partnership with stakeholders in various parts of the world and shares its expertise with all those (companies, investors, trade unions etc.) working for decent work throughout the supply chain.

In 2022, we progressed on the methodology with the RHSF. We hope to combine our efforts to implement the methodology more broadly within our forced labour engagements in 2023.

23. https://reliefweb.int/report/world/global-estimates-modern-slavery-forced-labour-and-forced-marriage-september-2022

c. Collaborative work on Climate

Case study 20: **Amundi's action with Climate Action 100+**

Amundi is an active member of Climate Action 100+ (CA100+), an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. In 2022, Amundi supported CA100+ in a collaborative engagement with 15 corporates from various sectors and regions. Amundi was lead for two of them and a collaborator on the others.

Context: Since 2020, Amundi has been an investor lead within the initiative for a cement and aggregates company based and operating in the United States. This company has been identified as a climate laggard in the CA100+ Net Zero Company Benchmark as they lack critical climate-related information, such as Scope 3 emissions. The company discloses carbon emissions reduction targets that cover only part of its activities and material scopes. These targets present poor climate ambition that is not aligned with the Paris Agreement

Amundi Actions: Amundi initially struggled to get a meeting with the company but finally obtained one in 2021.
Based on our initial engagement the key objectives set were:

- Strengthen climate-related disclosure,
- Establish additional climate reduction targets on all material scopes and activities, and
- Seek external certification for targets such as by the SBTi (Science-Based Targets initiative)

Over the course of 2021, we saw a lack of progress on our engagement objectives. The company notably questioned the comparison with cement producers, due to limited revenue generated by cement, as opposed to aggregates. Nevertheless, the production of cement is responsible for the majority of their carbon emissions. Given the lack of expressed interest in accelerating climate topics, as well as the company's rating in the CA100+ Net Zero Company Benchmark, we triggered an escalation by voting down all but one item at the company's 2022 AGM.
During our 2022 discussion with the company's representatives, we reiterated our requests and expressed our concerns about the company's lack of progress.

Our Updated Objectives for the company in 2022 were:

- Raise the ambition of interim targets related to the direct greenhouse has GHG intensity of cement production in order to align with the Paris Agreement,
- Seek external validation of targets, such as by the SBTi,
- Include Scope 1 in the net zero commitment, the most important scope in the company's carbon footprint,
- Report on the main physical indicators that are driving the company's GHG emissions,
- Set quantitative targets on the main mitigation levers and disclose the planned contribution to the achievement of emissions reduction targets,
- Disclose the alignment of the company's annual and planned capital expenditures, and
- Prohibit the use of offsets to achieve the Scope 2 interim target.

In 2022, we sent a letter to the board of directors detailing the above expectations. We informed the company that Amundi was considering several escalation methods if elements of the letter remain unanswered.

Engagement Outcomes and Issuer Momentum: Unfortunately, several elements we consider critical remain unaddressed and we have not received a reply from the company in response to our letter to the board of directors. Further, the company's performance is still far below industry peers. Despite this, we have observed the following positive developments in 2022.

- Reporting of direct lobbying activities in the next report, and
- Inclusion of scope 1 in the net zero commitment in the next report.

Next Steps: We welcome the developments announced by the company. However, issues mentioned above on the company's climate disclosure and ambition – that we consider critical – remain unaddressed. We plan to keep pushing for those much-needed additional efforts that would better align the company's strategy with investor interests. Amundi has filled a climate-related shareholder proposal for the company's 2023 Annual General Meeting.

Case study 21: **Amundi co-leads engagements with Chinese banks with the IIGCC**

Amundi is co-leading a collective engagement campaign that focuses on Chinese banks through the Institutional Investors Group on Climate Change (IIGCC).
IIGCC is a group of asset owners and asset managers with about €60 trn under management. The objective of the IIGCC initiative "IIGCC Net Zero Investor expectations of Banks" is the development of a net zero assessment framework for the banking sector, in collaboration with the Transition Pathway Initiative. This framework is to provide guidance on banks' alignment with a 1.5°C pathway.

As part of this project, Amundi is co-leading engagement with Chinese banks. The aim is to improve the transparency of disclosure and communication to investors by Chinese banks on their coal phase out policies, net zero commitments and governance. Amundi, in its role as co-lead engager, will continue to push for engagement with more Chinese banks, given the significant role they can play in the energy transition. As some of the world's largest banks, they have the capacity to fund sustainable energy projects and to accelerate the phase out of fossil fuel energy.

Context

Banks have a role to play in climate change, alongside governments and the private sector, to encourage carbon-intensive borrowers to phase out activities that produce large amounts of emissions and help them transition to low carbon processes or products. They can also direct funding to more sustainable and low carbon solutions. Chinese banks, in particular, are important players in the global energy transition given their size and the fact that China's economy is still highly dependent on coal. This is the main reason for our engagement with a major Chinese bank, many also have significant room to improve on management and board diversity standards. The primary topic for our engagements with Chinese banks in general, however, concerns environmental factors.

Amundi Actions

Amundi has engaged with this major Chinese bank for two years. The engagements focused on its net zero transition pathway, with a specific request for the bank to improve its transition practices by developing definitive KPIs. In November 2022, we engaged with the bank as a lead in the Institutional Investors Group on Climate Change (IIGCC) collaborative engagement, alongside other investors.

Key Objectives for our engagement were to encourage the bank to publicly announce its fossil fuel policy and to commit to phase out coal. We also took the opportunity to encourage the bank to increase its board diversity, with a particular target of 30% female board members.

Engagement Outcomes and Issuer Momentum

- The bank now has a strict fossil fuels policy and is promoting the transition to a low carbon environment as demonstrated by its falling exposure to the fossil fuel industry, in particular coal. In line with the Chinese government proclamation the bank is no longer funding coal projects outside China, however has no such domestic policy. The bank's ESG strategy mirrors that of the Chinese State, which will likely constrain any progress.
- The bank committed to disclose its board gender diversity targets in the near future.

Next Steps

Given the important role China has to play in the energy transition, Amundi will continue to ask the bank for more transparency on its fossil fuel policy and to align their policy with the Paris Agreement timeline. In that respect, our main request remains for the bank to commit to a coal phase out, ideally according to a 2030/2040 timeline.

We will also follow up with the company on its promised disclosure of targets on gender board diversity. We will reiterate our long-term demand for the bank to meet the 30% female director ratio.

d. Collaborative work on Natural Capital preservation

Case study 22: **Collectively Engaging on Fishing & Aquaculture with FAIRR**

In July 2019, Amundi became a signatory of the Farm Animal Investment Risk and Return initiative (FAIRR[24]). The innovative peer network for institutional investors seeks to use their influence to help global livestock, fish and dairy companies change their behaviour and build a more sustainable global food system.

In the past couple of years, FAIRR launched a collective engagement campaign called Sustainable Agriculture. It is targeting eight salmon companies and encouraging them to diversify their feed ingredients and reduce dependency on feed sources such as soy, fishmeal and fish oil (FMFO). Reducing such dependency is an important part of lowering climate impacts, mitigating biodiversity risks, and promoting sustainability and long-term resilience in the aquaculture sector, which complements our thematic engagement workstream on oceans.

Amundi Actions: In 2022, we collaborated with other investors and jointly-led an engagement call with one of the targeted companies. The engagement was divided into sub topics with each investor taking lead on one subtopic. The aim of the engagement call was to press for more disclosure on aspects of the company's feed strategy.

24. https://www.fairr.org/

Key Objectives for our engagement were:

- Publicly disclose absolute volumes of FMFO sourced through feed, the breakdown of FMFO sourced from whole fish and by-products and R&D spend and projects related to novel feed ingredients, including work on blue mussels and sugar kelp,
- Greater public discussion and disclosure of how the company's current investments and use of alternative feed ingredients are expected to replace FMFO usage,
- Conduct and disclose a forward-looking risk assessment examining how marine and soy ingredient sources could constrain production and increase exposure to ESG risks, including climate risk,
- Disclose strategies to increase the use of trimmings and processing waste, as informed by the risk assessment,
- Disclose strategies to increase the use of alternative feed ingredients (e.g., algae, insects, single-cell proteins, high omega-3 oilseeds), as informed by the risk assessment, and
- Disclose a target to increase the use of alternative feed ingredients, as informed by the risk assessment.

Engagement Outcomes and Issuer Momentum: The company now discloses levels of FMFO, and has even disclosed reasons for the increase in FMFO use since the last reporting year. The company detailed the ongoing novel feed project at the company, and explained some of the key limiting factors to increasing the novel feed ingredients at present. These reasons included the carbon footprint of alternative ingredients; the company aims to reduce its emissions by 46% by 2030, of which 43% comes from feed production. The company also shared issues with the lack of availability and price associated with novel feed ingredients.

Next Steps: We appreciate the developments that we have seen at the company, and look forward to working with FAIRR to follow up with the company in 2023. Our requests will include a high level risk assessment on the company's continued reliance on FMFO. Other things we hope to see from the company in future include targets on novel feed ingredients, and details of fully worked forage fish dependency ratio (FFDR) calculations.

e. Collaborative work on working conditions, living wage & gender diversity

Case study 23: **Collaborative Engagement with US Food Processing Company through FAIRR**

Context: One of FAIRR's major engagement campaigns is on Working Conditions across the global agricultural sector. The industry has a heavy reliance on human capital meaning that labour practices are an extremely relevant consideration. FAIRR's campaign seeks to address a range of labour-related issues including the adoption of automation to improve worker safety and food security, compliant with international labour standards, and the enforcement of these policies.

Given our ongoing work on wages, labour conditions and human rights, FAIRR's collective engagement campaign aligns well with our broader thematic focuses in this area.

Amundi Actions: In 2022, we collaborated with other investors to jointly lead an engagement with an American food processing company to ensure that the company has the right policy structure and enforcement mechanisms in place to empower workers, regardless of contract type or geography. Amundi led a specific portion of the engagement call.

Key Objectives for our engagement were:

- Better disclosure on grievances reported, disaggregated by category,
- Disclosure of the distribution of workers across employment contract types for all operating markets,
- Get clear information on the company approach to worker representation at the board level, and
- The company's strategy should assess the impact of climate change and automation on the workforce to supporting a Just Transition in meat production.

Engagement Outcomes and Issuer Momentum: We noted some positive developments at the company during 2022, including the launch of an automation programme to de-risk some jobs and an update to the ethics hotline at the company to become completely anonymous, available in multiple languages and available 24/7. Alongside this, the company launched a campaign to advocate use of the ethics hotline and for individuals to speak up when they observe concerning behaviours.
However, since then, the company has faced serious allegations of forced and child labour and poor working conditions at a number of facilities. With this in mind, we will be monitoring developments at the company extremely closely.

Next Steps: As part of the collaborative engagement campaign, we will be looking to follow up again in 2023. In particular, we will be looking for more information on the company's assessment of the social impact of automation and climate change on their specific workforce and other stakeholders. This will be an important piece of analysis in conjunction with our own thematic campaign on a Just Transition. Amundi will also be pushing to get more disclosure from the company on employee metrics by contract type, and reported grievances by category.

Case study 24: **Living Wage in Supply Chains: PLWF Collaborative Engagement**

Platform Living Wage Financial (PLWF) is a coalition of 19 financial institutions representing a total of €6.5 trillion of AUM that engage and encourage investee companies to enable living wages and incomes in their global supply chains. PLWF focuses on living wages for contracted workers in the garment and footwear sector, and for retail companies' own employees. Self-employed workers, such as cocoa and coffee farmers, are not paid a wage but earn an income from one or multiple income generating activities.

As recognised by, among others, the International Labour Organisation (ILO) and OECD, living wage is a fundamental human right and is instrumental in the battle against poverty. Sectors that strongly depend on manual labour; such as garment, agriculture, food and retail workers, pay wages that are often insufficient to cover basic living expenses. Wages in these sectors are often on or below the poverty line, even if there is a legal minimum wage, and well-below national living wage estimates.

Amundi Actions

Engagement Selection

Amundi joined PLWF in 2018 and has continued to play a key role in its annual engagement activities.

Engagement Objectives

Companies are scored using the PLWF developed methodology[25] that was created in consultation with industry experts and an independent accountancy firm, and which is aligned with the UN Guiding Principles. Based on their scores, companies are categorised as embryonic, developing, maturing, advanced, and leading. This is done to:

1. Encourage companies to address the non-payment of living wages in global supply chains through policies, data, targets, and timelines for living wage adoption, and

2. Improve company adoption of internal best practices that support living wages; including reporting, grievance mechanisms, promotion of freedom of association and collective bargaining and purchasing practices.

Amundi Activities

Amundi is actively involved in the Garment & Footwear, Food & Agriculture, and Food Retail working groups. In 2022 Amundi was lead engager with four companies in Garment & Footwear, and two for Retail, as well as co-lead for many others. The full list of companies under engagement can be viewed on the PLWF website.

In addition to the annual assessment and engagement campaign, Amundi has joined forces with other investors to actively engage on wage-linked controversies identified by the investor group to put collective pressure on companies under engagement to fully and effectively address areas of concern.

Amundi has now participated in four assessment and engagement cycles with the PLWF. Outside of the collective effort of the investor group, Amundi has used the PLWF's assessment results to empower its voting decisions[26]. Companies which continue to demonstrate poor or no momentum on the topic have been subject to votes against the discharge of some board members.

25. PLWF methodologies are sector specific and open source and can be viewed on the PLWF Website

26. Voting decisions are done based on Amundi's own Voting Policy and engagement strategies strictly independent from other investor members in the PLWF – more details can be found in Principle 12

Engagement Outcomes & Issuer Momentum: While a full review of the PLWF's annual efforts can be viewed in the Annual Report, the key findings for the sectors is as follows:

Garment and Footwear
- Policy commitments and operational understanding of living wages are becoming more robust
- Evidence on the impact of multi-stakeholder collaborations is limited 25% of brands fail to promote
- Freedom of Association in supply chains
- Urgent need for impact assessments and wage gap analysis
- Positive momentum towards the integration of assessment findings
- Companies have lost ground on effectiveness measures

Agricultural & Food
- Recognition of living income in formal policies must advance
- Well-informed action towards supply chain wide targets is needed Feedback from stakeholders is not integrated in processes
- Weak complaint and remediation mechanisms for human rights grievances

Retail
- Income considerations for a company's own employees are increasingly in scope
- Companies often lack a clear strategy or KPIs on living wage.
- Lack of integration of a living wage/income in purchasing practices
- Weak complaint and remediation mechanisms for human rights grievances

Next Steps and Amundi Perspective of Engagement: Based on the PLWF's results, it is clear that companies are far from effectively addressing the non-payment of living wages in global supply chains. There has been limited progress on this topic in the aftermath of the COVID-19 crisis and global struggles with inflation have exacerbated the need for living wage.

Case study 25: **30% Club, Société Générale**

Context: Based on recent data, 31% of companies in the SBF120 in France have at least 30% of women in their executive committees (compared to 18% in 2020) but only 9% have at least 40% (up from 6% in 2020)[27]. The financial sector shows a very good gender balance in terms of the percentage of women in the total workforce, with averages being around 50%. While we could expect a similar proportion of representation at the senior executive management level, this is not the case. This represents a lost opportunity for financial companies, which have had access for a long time to a large female talent pool[28].

Public data on gender diversity at senior executive management level of a sample of French financials

Company	% of women in workforce (2022)	% of women in ExCom (2022)*
Societe Generale	54.0%	20.0%
Company A	52,5%	40.0%
Company B	52.0%	0.0%
Company C	54.3%	21.4%
Company D	48.0%	25.0%

*Defined as management level below board, companies have different names for the executive committee, e.g. General Management or Management Committee.

At the time the 30% Club France investor group was launched in late 2020[29], Société Générale (SG) had 57% women in its workforce, but only 16% of its General Management members were women.

Amundi Actions: We first met with SG in January 2021 with the Chairman, as part of Amundi's involvement with the 30% Club France (Amundi was the investor lead).

At the start of the engagement in 2021, the investor group's specific objectives for SG were as follows:

- Demonstrate a greater gender balance at the General Management level (highest governing body below the board) with more concrete momentum towards SG's targets and communicate on a near term action plan.
- Publicly disclose a clear action plan on how SG intends to drive gender diversity at the company all the way up to the highest management levels

Diversity and inclusion is a strategic priority for SG; the company has a target to have at least 30% women on its management bodies by 2023. SG's year end performance towards this target was as follows:

- Strategic Committee (Top 30 positions), 23% women at the end of 2021
- Management Committee (Top 60), 26% women at the end of 2021
- Key group positions (Top 150), 25% women at the end of 2021

27. https://30percentclub.org/wp-content/uploads/2023/01/30CLUB_FR_2022-Annual-Report-1.pdf
28. https://30percentclub.org/wp-content/uploads/2022/01/30Club_France_Diversity_Report_Final.pdf
29. https://30percentclub.org/france-investor-group/

Engagement Outcomes and Issuer Momentum

In 2022, we observed key positive developments at the company. First, with the nomination of a female as Deputy General Manager and Chief Operating Officer in January 2022, the proportion of women in General Management increased to 33% (2 out of 6). This is despite SG not having a target at the General Management Level. However, we note that SG announced in October 2022 that this person will leave the bank effective 31 December 2022. Depending on her replacement, the percentage of women on the General Management may evolve in 2023[30]

Building upon the progress observed, Amundi led a follow-up meeting with SG later in 2022 with the 30% Club France Investor Group. Based on this call, we noted additional positive developments. SG informed us that as of 2022 they aim to have at least 50% women on succession plan slates compared to historically including at least 1 female. SG was also open to our feedback on additional disclosure for more granular diversity data, we provided SG with the 30% Club France Investor Group's KPI list to provide guidance on the investor group's reporting expectations.

Based on the company's developments and our 2022 engagement dialogue we evolved our engagement objectives for the company.

Updated 2022 engagement were as follows:

- Encourage increased transparency around the measures SG has in place for retention of female talent once promoted, given the trends seen in the 2021 data. We noticed there was a drop in percentage of women on the Management Committee (top 60) to 26% in 2021[31] from 29% in 2020
- Encourage SG to disclose more granular diversity data to allow investors to assess SG's progress, such as gender breakdown of turnover rates and percentage of women in the top-10 remuneration of the company
- Encourage SG to become more ambitious than its current target 'at least 30% of women by 2023 in management bodies', given the proportion of women in its workforce

Next Steps: Going forward in 2023, Amundi will continue to engage with SG to follow up on the actions the bank is taking to achieve its targets as well as how SG are assessing the effectiveness of those strategies. Given that gender diversity and inclusion is an import topic for SG, we plan to continue engaging with the bank so that they can become a best in class example for the sector. We will also monitor for any potential change in strategy on this important topic under the new CEO who takes up his role in May 2023.

30. We note that on 9th March 2023, a new executive governance structure that will be effective from 23rd May 2023. There will be a core General Management team (CEO and two Deputy CEOs) and this core team will be part of a wider new Executive Committee. In this Executive Committee at the date of formation, of the 13 members 7 will be women.
31. At the end of 2022 this ratio was 27%

d. Support for research into responsible investment matters

Supporting university chairs

Amundi actively supports academic research and has forged several partnerships with university chairs, especially regarding green finance matters:

- ESSEC is a leading business school in France. *"ESSEC Amundi Chair in asset & risk Management"* aims at promoting academic research in the field of Asset and Risk management and stimulating the cooperation between ESSEC and Amundi researchers, in particular in offering a series of research seminars on specialized topics to Amundi collaborators and institutional clients and diffusing the results of academic research towards these collaborators.
- Academic Chair *"Sustainable Finance and Responsible Investment"*, created in 2007, sponsored by the Association Française de Gestion (AFG) and led by the École Polytechnique and the Institut d'Économie Industrielle (IDEI) in Toulouse.

• Amundi has renewed its partnership with EDHEC-Risk Climate Impact Institute. Amundi has been a partner of EDHEC-Risk since 2009, and through time EDHEC-Risk has become the premier academic centre for industry-related financial research on risk and investment management, especially on ETF. In October 2022, the institute changed its focus and thus its name to EDHEC-Risk Climate Impact Institute (EDHEC-Risk Climate), reinforcing EDHEC's commitment to helping organisations integrate sustainability risk and impact considerations. Amundi sponsors the new research chair on "Measuring and Managing Climate Risks in Investment Portfolios". EDHEC-Risk Climate aims to become a leading academic reference point helping long-term investors manage the asset-pricing implications of climate change as well as mitigation and adaptation efforts.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

When engaging companies, Amundi assesses the progress made by the issuer towards certain objectives using milestones. Our first objective is to induce positive change and the way we decide to engage will always be based on its expected effectiveness. When engagement fails or if the remediation plan of the issuers appears weak, we may enact a mode of escalation up to the point of exclusion from our active investment universe, meaning all actively managed strategies over which Amundi has full discretion.

1. Measuring and monitoring engagement progress

Triggering deep change in large organisations can prove to be complicated, disruptive and even considered by issuers to be impossible. This is why we seek consensus and action on reasonable milestones during engagement monitoring while not settling for progress merely for the sake of progress. As investors we must temper our ambition with the necessary pragmatism to promote a transition towards a sustainable, inclusive and low carbon economy in a timely manner. We understand the current limitations to effectively measure and address key themes in sustainability, climate science biodiversity, and human rights. We consider sustainability to be an evolving benchmark, and as such our engagement strategies will evolve over time to better improve integration of these developments.

2. Engagement escalation: to have an impact we need to incentivise change when momentum is slow

Engagement escalation can include (in no particular order):

- negative overrides to potential or continued investment in one or several criteria
- questions at AGMs
- votes against the discharge or the renewal of board members
- filling of resolutions
- public statements
- ESG score caps (main example is tobacco policy: an issuer that has more than 10% of its headline revenue coming from tobacco has its rating capped as E) – *see Principle 7 for more details of Amundi's proprietary ESG scoring system,*
- and ultimately exclusion.

For example, in the case of themes that are critical (such as climate, natural capital preservation, social matters, severe controversies and/ or violations of Global Compact principles) or where there has been a lack of response on engagement related to sustainability factors, Amundi can decide to vote against the discharge resolution. In the case of long-standing inaction, or if the case is severe, Amundi can vote against the chairperson or some board members.In addition to exercising escalation through our voting activities, failed engagement can have a direct impact on our ability to invest in a company. ESG Research analysts can downgrade the related criteria in the ESG score of the issuer, and in the case of a critical issue, the overall ESG score can be downgraded.

Amundi has committed to integrate ESG criteria into the investment process of actively managed open-ended funds, with an objective to fulfil the financial objectives while maintaining the portfolio average ESG scores above the average for their respective investment universe. Negatively overriding ESG scores therefore creates a penalty in our capacity to invest in the issuer. Occasionally, an issuer's ESG rating can change from being investable to excluded due to its obstinacy on an ESG issue that we believe to be crucial.

The ultimate form of escalation is exclusion, in case of failure to engage and remediate on a critical issue.

a. Responding to controversies leading to divestment

Case study 26: **Escalation following a controversy at a European food company**

Context: During spring 2022, a European food company faced a major controversy regarding their product safety. French authorities confirmed a link between dozens of E. coli infections in children and frozen pizzas sold by this company. In total, 75 infections have been reported, including 53 confirmed cases of haemolytic uremic syndrome (HUS), with another 26 cases still under investigation. Sick children were aged from one to 18 with a median of seven years old. Two have died.

Amundi's action: We promptly engage the company on the subject. The company was reluctant to discuss the matter during our engagement as they did not wish to comment on the situation due to ongoing legal proceedings. Nevertheless, they had no plan going forward to have top level remuneration linked to quality assurance, neither had they any reaction about the weaknesses in their audit system that led to this controversy.
Two criteria of the ESG score - community involvement and product safety – of the issuer were then overridden leading to a downgrade of the final score.

Case study 27: **Responding to emerging controversies at a European chain of nursing homes**

Context: The issuer, a French and European leader in the private for-profit nursing home sector, faces a lot of controversy regarding unethical behaviour, toxic culture and governance issues. Detailed investigations revealed issues like fraudulent work contracts, embezzlement of public funds, potential conflicts of interest with the Ministry of Health and tax evasion. These issues have limited the group's ability to provide adequate staffing and medical care, and accusations of a management style based on "terror" have further exacerbated the situation.

Amundi Actions: We have actively monitored and engaged with the company over the past decade, due to persistent issues that seemed more pronounced than for their industry competitors. The emergence of new allegations highlighted a system rooted in social malpractices and misappropriation of public funds, prompting an urgent reassessment. Viewing these as a breach of the UN Global Compact, Amundi's ESG rating committee held a special session in the week following the new revelations.

Key Objectives: Amundi's key objectives were to reevaluate the issuer based on the new information, assess their adherence to the UN Global Compact and determine the potential impact on their ESG score.

Outcomes & Next Steps: In response to the evaluation and the analysis from the ESG analyst covering the issuer, the committee made the decision to exclude the issuer from Amundi's active investment universe. This exclusion reinforces Amundi's stance against unethical business practices and emphasises the importance of ESG considerations in its investment decisions.

b. Escalation by voting against the discharge or renewal of boards members

Case study 28: **AIG**

Context: Amundi has been actively engaging in dialogue with insurance companies on their coal exit strategy, as we believe a shift towards best practices in this sector's policies can significantly contribute to the energy transition. American International Group (AIG), one of the largest insurance companies, had committed to reach Net Zero by 2050, but still had no policy regarding the underwriting of coal-related projects. Amundi has been engaging with the Company regarding its coal policy since 2020, but AIG's answers were not deemed sufficient to address our concerns.

Amundi's action: For that reason, Amundi decided to hold the Audit Committee accountable and to vote against the re-election of the Chair of the Audit Committee at the insurance company's 2022 AGM (99% support).

Case study 29: **Martin Marietta Materials**

Context: Since 2020 and supported by other investor members of the CA 100+ coalition, Amundi has led a collaborative engagement with Martin Marietta Materials, a cement and aggregates company based and operating in the United States. The Company has been identified as a climate laggard in the CA 100+ Net Zero Company Benchmark. It has failed to release critical climate-related information that is disclosed by peers producing cement. It discloses carbon emissions reduction targets that cover only part of its activities and material scopes. The Company presents limited climate ambitions overall, which Amundi considers unaligned with the Paris Agreement.

Amundi's action: Despite our engagements with the Company, multiple critical elements of its climate strategy were still considered inadequate. Amundi opposed the re-election of all Board members at the 2022 AGM (support level was 95% or higher).

Illustration 20: **Escalation by raising a question at an AGM - Credit Suisse**

Context: We continued our ongoing discussion with Credit Suisse on the bank's energy policy and climate strategy during 2022. Our engagement with the Swiss bank has spanned across several years now. Even though considerable progress has been made over this period, Credit Suisse' climate policy remains insufficient, notably in terms of thermal coal exclusion and transparency.

Amundi Actions

Our 2021 & 2022 engagement initiatives

At the 2022 AGM, Amundi filed a climate resolution together with 10 other institutional investors (managing a total €2.18trn of assets) and coordinated by ShareAction[32]. It was a milestone as it was the first climate resolution to be voted at a Swiss company. The resolution turned out to be a success; receiving 18.5% of support, 4.3% of abstain.

Subsequently, we had a collective follow up meeting – alongside ShareAction, the Ethos Foundation and some of the other coalition investors – with Credit Suisse in December 2022. The purpose of this meeting was to influence the contents of the Say on Climate plan, which the bank will put to a vote at its 2023 AGM.

32. The co-filing group was made up of ShareAction and eleven institutional investors including the pension fund of Zurich city, Pensionskasse Stadt Zürich; the Swiss Federal Pension Fund, Pensionskasse des Bundes PUBLICA; and Ethos Foundation, composed of 235 Swiss pension funds and public utility foundations.

Timeline of Engagement Actions for Credit Suisse and Corporate Evolution

	Amundi actions	Amundi demands	Company actions
Aug. 2020	–	–	Strengthening of coal policy
Jan. 2021	Company meeting on ESG issues	- Inclusion of ESG performance targets into variable remuneration - Set sectoral emission reduction targets - Removal of exceptions on the coal exclusion policy	–
Feb. 2021	–	–	Signing up to the SBTi
March 2021	Company meeting on climate issues	- Commitment to phase out coal - Removal of exceptions on the coal exclusion policy - Extension of coal exclusion policy to asset management business	–
April 2021	Company meeting on controversies	–	Funding member of NZBA
2021 AGM	Joint investor statement	- Commitment to phase out coal - Exclusion policy on coal developers - Commitment to help clients implement coal phase out plans - Publication of more information on the expected transition strategies of clients	–
	- Vote AGAINST reelection and reappointment of several board members due to a failure of their control duties (Greensill, Archegos controversies). - Vote AGAINST all Remuneration items ex ante and ex post linked to Chairman and Executive Members - Vote AGAINST dividend	–	–
Nov. 2021 (COP26)	–	–	Publication of an updated coal policy: - Commitment to phase out coal - Exclusion policy on coal developers - Commitment to tighten coal revenue thresholds over time

March 2022	–	–	- Joined the NZAM initiative - Published emission reduction target for the energy sector
2022 AGM	Joint investor resolution	- Introduction of a climate article in the banks' Articles of Association - Improve climate risk disclosures - Bring coal policies in line with leading sector practice	–
	- Vote AGAINST reelection and reappointment of several board members. - Vote AGAINST Remuneration items. - Vote AGAINST discharge of Board and Senior Management for Fiscal Year 2020 and 2021. - Vote AGAINST dividend - Vote FOR approval of a special audit - Vote FOR our own investor resolution	–	–
Dec. 2022	–	–	Publication of Climate Action Plan for the asset management activities, including: - emission reduction targets - thermal coal exclusion policy
Dec. 2022	Joint investor company meeting	- Removal and/or clarification of the exception on the group coal policy - Extend the Asset Management coal exclusion policy to the full product range - Publication of emission reduction targets for additional sectors - Extend the scope of emission reduction targets to also include facilitated emissions - Provide further transparency on the Client Energy Transition Framework	–

Most recent engagement objectives

In the resolution presented at the 2022 AGM, the investor coalition asked for the introduction of a climate article (commitment to align with 1.5°C) in the bank's Articles of Association[33].

More specifically, the investor coalition asked the bank:

- to improve its climate risk disclosures (including emission disclosures and targets to also cover the capital market activities);
- to bring its coal policies in line with leading practice in the sector (removal of the exception[34], application to the asset management activities).

33. shareholders are also asked for these disclosures and commitments to be made in the management report, as opposed to the bank's sustainability report, in line with TCFD guidance
34. "unless supporting energy transition"

During the December 2022 meeting, the primary demands from the investor coalition were as follows:

- removal and/or clarification of the exception on the group coal policy;
- extend the Asset Management coal exclusion policy to the full product range;
- publication of emission reduction targets for additional sectors;
- extend the scope of emission reduction targets to also include facilitated emissions (capital markets facilitation and underwriting);
- provide further transparency on the Client Energy Transition Framework, including timelines and mechanisms to upgrade, downgrade or end relationships with clients.

Engagement Outcomes & Issuer Momentum 2022: Further to the achievements reached in the last few years. The following positive outcomes were achieved in 2022:

- Credit Suisse Asset Management joined the Net Zero Asset Managers initiative (NZAMI) in March 2022.
- In December 2022, just ahead of our (collective) engagement meeting with Credit Suisse, the bank published a Climate Action Plan for CS Asset Management and Credit Suisse Wealth Management. This plan includes:
  - a commitment to half emission intensity of investments by 2030 for equites and corporate debt
  - an exclusion policy on thermal coal
  - tightened policies around oil & gas and oil sands.

Next Steps: We recognise that Credit Suisse has made progress in an environment that was particularly challenging for the bank. Remember that the bank has been implicated in controversies affecting its reputation (Greensill, Archegos) and subsequently suffered from high turnover among management and employees.

Still, there are several remaining topics that justify continued engagement with the bank. For Amundi, the most important issues currently outstanding are:

- So far, emission reduction targets have been set for only one sector (energy sector).[35]
- The scope of disclosures and targets does not cover committed exposure (only drawn exposure).
- The scope does not cover the capital markets activities[36].
- Concerning the coal policy (which, as a positive point, does cover capital markets activities):
  - It contains exceptions for companies "supporting the energy transition" without enough transparency on what this means.
  - The coal policy of the asset management activities looks weaker:
    - It contains no exclusion of coal developers
    - It applies to a restricted product offering only
  - The oil sands policy of the group looks weak[37], while the policy of the asset management activities only applies to a restricted product offering[38].

In light of the merger with UBS, Amundi will assess how to follow up during 2023.

35. Since this report was written, but before its final publication, Credit Suisse announced emission reduction targets for 5 additional sectors.
36. Even though over 75% of its financing of top oil and gas expanders is in the form of capital markets financing
37. "No lending or capital market underwriting for companies deriving more than 25% of their revenues from oil sands unless these companies have materially reduced their overall emissions intensity over time and have credible plans to materially reduce carbon intensity further."
38. "Restriction on companies active in oil sands with a 10% revenue threshold. Expected to be effective as of April 1, 2023, and will apply to actively managed portfolios classified as "2 – Avoid harm" and above within CS AM and to all single-security investments within discretionary mandates and wealth funds managed by CS Wealth Management"

Principle 12

Signatories actively exercise their rights and responsibilities

We regard the considered and intelligent exercise of investor voting rights as a central aspect of our role as a responsible investor. Our voting policy responds to our holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. Furthermore, our voting reflects our overall approach to stewardship, meaning that we are committed to long-term relationships with the companies in which we invest, and to active dialogue with them.

1. How we exercise voting rights

a. Our approach

The Voting & Corporate Governance team consists of eight specialists who analyse resolutions and organise ongoing dialogue with companies, pre and post AGMs, with the aim of:

- Being a responsible investor through the exercise of the voting rights and following a clear voting policy that encourages strong governance and accountability of boards and management on environmental and social issues,
- Encouraging adoption of governance best practice through pre-and post AGM dialogue, either by highlighting key elements of our voting policy and, when possible, by alerting the issuers when we intend to vote against a resolution with a clear rationale,
- Using the structure created by proxy voting to invite feedback and dialogue from companies on issues we have raised via the ballot, and
- Taking the opportunity to raise awareness among board members of the challenges and opportunities that the transition towards a sustainable, inclusive low carbon economy could pose on their long-term business success, the necessity for them to handle it at board level and be accountable to the AGMs.

As part of our regular dialogue with issuers, Amundi informs companies of our proprietary methodology for ESG analysis and the rating assigned to them; and we explain any changes as they arise. The positions we express in our votes should not surprise companies. They are the result of our analysis and dialogue, based on fully transparent criteria. Amundi has centralised the exercise of voting rights within the Voting & Corporate Governance team and exercises the votes on behalf of its subsidiaries and funds. We are committed to transparency and, where possible, we inform issuers of planned negative votes.

In 2022, as the Voting & Corporate Governance team grew in size following the acquisition of Lyxor, Amundi continued to increase the number of active dialogues with issuers around AGM season.

The following entities have delegated voting to the Voting & Corporate Governance team of Amundi: Amundi Asset Management, Amundi Austria, Amundi Canada, Amundi Deutschland, Amundi Hong Kong, Amundi Japan, Amundi Iberia Amundi Immobilier, Amundi Ireland, Amundi Luxembourg, Amundi Sgr, Amundi Singapore, Amundi UK Ltd. BFT IM, CPRAM, Etoile Gestion, Sabadell Asset Management, Société Générale Gestion.

2. Amundi's voting policy

Amundi intends to fully exercise our responsibility as an investor by voting at general meetings according to our voting policy.

Amundi has developed our voting policy according to our holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. Our voting policy is supported by our own data and KPIs. A portion of the analysis is performed in-house, mainly on priority issues and companies and part of the custom analysis (analysis of the resolutions according to Amundi's voting rules) is performed by ISS, an external provider. This is supplemented by the analysis of three different proxy advisers: ISS (general voting policy, Glass Lewis, Proxinvest. The policy is reviewed on an annual basis and is available on our corporate website.

The key elements of the voting policy include:

Shareholder rights: A corporate governance regime must protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders.

Boards, committees and governing bodies: Boards have strategic authority and their decisions affect the future of their company, both in the short and long-term; all board members have individual responsibility.

Boards are accountable to the company and its shareholders, but must also have due regard to, and respect the interests of, other stakeholders. In particular, employees, creditors, customers and suppliers.

Compliance with social and environmental standards is also a board responsibility. For a board to be effective, a fair level of independence and diversity is needed as well as a limitation of over-boarding.

Amundi fully backs the eight principles of the World Economic Forum's Climate Governance Initiative:

- Climate accountability on board
- Command of the subject
- Board structure
- Material risk and opportunity assessment
- Strategic and organisational integration
- Incentivisation
- Reporting and disclosure
- Exchange

Compensation policy & dividends: we analyse executive compensation holistically and vote based on two main criteria: the CEO's compensation must be reasonable, and economically justified. Further, we are vigilant to ensure that the company's approach to pay, and more broadly its sharing of value overall, do not generate unacceptable situations of social inequality. Pronounced socioeconomic inequalities are detrimental to GDP growth, and even though inequalities have different grounds, corporates have an impact on them.

Therefore, we have reinforced our dialogues with companies concerning the critical need to focus on the long term while balancing different stakeholders' efforts with a conservative approach on dividend payment and temperance in executive compensation. Social cohesion, wage balance and employee involvement in the company's growth have long been engagement topics for Amundi. We are also vigilant on the inclusion of stringent ESG performance criteria in the variable remuneration, as well as KPIs related to climate for issuers from the climate high impact sectors.

Amundi assesses each environmentally or socially related shareholder resolution. Corporate governance analysts seek, when needed, the help of the ESG analysts to assess the value of the proposal for the shareholders.

a. Scope of the voting policy

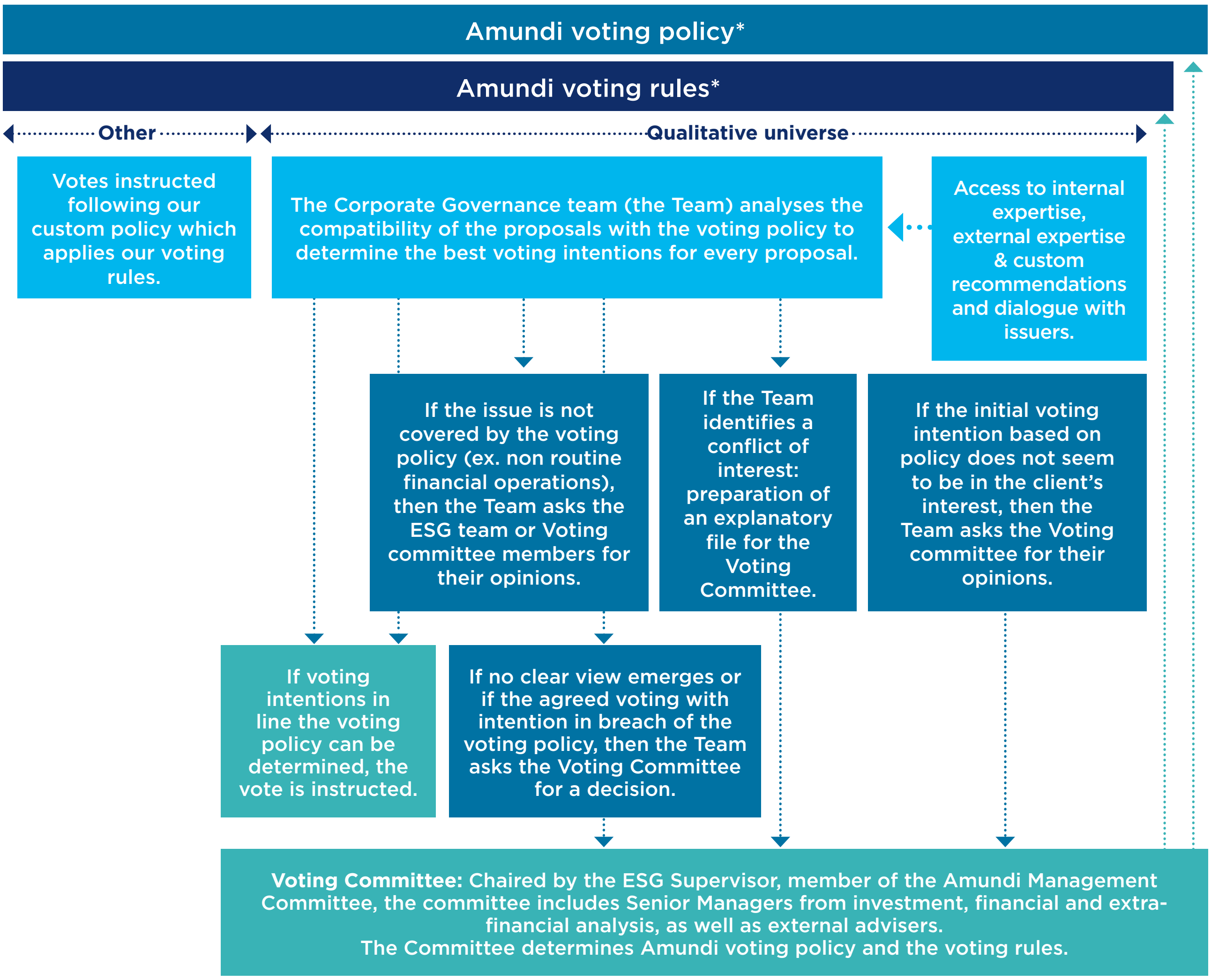
The funds exercise their voting rights at equity investee company meetings whenever possible. Our voting approach applies to all Amundi managed equity funds. Voting rights are exercised for all shares held, unless the required period during which trading is blocked or any custodian risks is creating a potential adverse impact on our clients as it would hinder portfolio managers' trading discretion. In some rare instances we may not be able to ensure effective voting for some or all of the shares held. In 2022, we voted for 99% of the shares held.

When the management of an equity portfolio is entrusted to an outside manager, that manager may have the voting rights, as provided in the delegation contract. Clients with segregated mandates can require us to apply their own voting policy. Voting rights are exercised for securities held in the portfolio at the time of the General Meeting. To fully exercise these rights, the lent securities can be recalled in accordance with local laws, technical constraints, and the interest of the meeting. The decision to recall the shares will be based on a qualitative appraisal, taking into account the nature of the proposal, the size of Amundi's voting power, and/or the potential consequences of the vote. For the SRI labelled funds, shares are systematically recalled for all issuers several days before the meeting record date in order to hold the rights to vote at the meeting.

In 2022, we voted on all holdings where it was economically viable to do so, which was 99% the total of the votable assets under the responsibility of Amundi (meaning we voted on more than 10,200 AGMs).

Full disclosure of all our latest voting decisions is available on our corporate website.

Proxy-voting flowchart



* Reviewed on a yearly basis, voting rules are described in an application document (internal).

3. Exercising our voting rights in a considered and responsible manner

Good governance practices are paramount to protecting the interests of minority shareholders. The exercise of voting rights at the Annual General Meeting is therefore key to expressing an opinion on the company's strategy and operational and financial management. This means being able to vote in proportion to the ownership of the capital and not being faced with limitation or protection mechanisms that would allow the company to circumvent the decision-making power of its shareholders. In 2022, Amundi funds exercised their voting rights at company meetings in which they have an equity investment[39] whenever possible[40].

Our voting policy includes certain high-level governance principles that are universally applicable, such as independent oversight and alignment of agents' remuneration with their principals' interests. As far as possible we express these consistently in our voting in all jurisdictions. Nevertheless, cultural norms do vary to the extent that it is not always productive to maintain this stance to the same degree and we must accept a slower pace of change over no change at all. The implementation of this policy is adapted according to our understanding of the limit of what is possible each of these local contexts and we seek to position our votes accordingly.

Our decisions are always made with a view to defending the interests of our clients by supporting the creation of sustainable long-term value[41]. To do this, Amundi considers each company's context in a pragmatic manner to make sure our voting decisions are effective; especially, for example, regarding gender diversity. In that case Amundi may link the vote with a specific engagement stream.

Amundi's Voting & Corporate Governance team closely monitors the votes, working with proxy advisers and custodians to understand the reasons why any vote could be rejected and to implement corrective measures if necessary.

a. Voting against management as an escalation mode

In addition to the traditional AGM items on which Amundi votes under our voting policy (as outlined in section 2 of this principle), we have used votes to express concerns following failed engagements or in case of failure to act on topics representing systemic risks; such as the energy transition, coal phase-out, and social cohesion. Amundi voted against the discharge of the board or management, and against the re-election of the Chairman and of some Directors in the following cases:

- Companies that are excluded from the active investment universe according to the Amundi Responsible Investment policy but held elsewhere, for example in index funds,
- A selection of companies with a poor climate or environmental strategy,
- A selection of companies with controversial social practices.

Progress towards 2023

Amundi expects companies to be responsive to the concerns expressed by shareholders through their votes and engagements. A lack of responsiveness by a company will impact our voting decisions as we believe it is critical to hold board members to account.

Starting in 2023, the Voting Team will launch an annual engagement campaign to contact the board or chairs of companies that received more than 20% dissent, asking them to engage with their shareholders and explain how this dissent was taken into account. Depending on the companies' answers, Amundi may decide to vote against the renewals of directors at the following general meeting.

39. 99% of the shares held of portfolios of our voting universe. Ballots' failures are explained by operational problems
40. See appendix of the voting policy for the exact description of the voting scope https://www.amundi.com/institutional/
41. See Principle 3 to see our policy regarding potential conflict of interest

b. How we voted in 2022

Key outcomes of 2022 voting campaign

In the 2022 voting season, opposition votes were made for five main reasons:

- Unbalanced remuneration practices or lack of ESG/ climate-related KPIs,
- Lack of diversity and independence in the composition of boards of directors,
- “Over-boarding” - when a board member has, in our view, more executive and/or non-executive positions that he or she can reasonably discharge to a high standard,
- Failure to factor in climate issues or questionable social practices, and
- Unsustainable dividends and excessive capital authorisations.

Where possible, Amundi endeavours to alert issuers if it intends to vote in opposition by sending an email prior to the meeting. This will explain the rationale for the intended voting stance.

The 2022 voting campaign was also characterised by the high number of proposals relating to Environmental and Social (E&S) issues, as the number of shareholder proposals on these issues continued to rise globally. In the US, companies from the S&P 500 received a record 642 proposals in the 2022 season, representing a 5% increase versus 2021. E&S-related proposals represented a large majority of all proposals received by Russell 3000 companies: 58% of proposals in 2022 compared to 51% in 2021, based on data from The Conference Board.

Climate remained a focus of investors’ attention during the 2022 proxy season, with more than 100 proposals. Requests for increased climate-related disclosure have typically received higher support from shareholders, with 11 proposals securing majority support (for instance, at Boeing, Chevron and Exxon Mobil). More broadly, the increase in volume meant a decrease in average shareholder support, due in part to a number of overly prescriptive proposals, but also to the spread of “anti-ESG” proposals.

21% ***Opposition Rate Globally***

In 2022, the opposition rate on compensation was 38%

In 2022, the opposition rate on dividends was 7%

In 2022, Amundi supported 87% of climate-related shareholder resolutions presented at the General Meetings in which it participated.

In 2022, Amundi supported 83% of social, health & human rights related shareholder resolutions presented at the General Assemblies in which it participated.

Executive compensation

Amundi considers that the alignment of manager and shareholder interest is a key part of corporate governance and companies’ remuneration policy must reflect and maintain this balance. In 2022, Amundi paid close attention to whether executive remuneration plans and practice rewarded short-term targets at the expense of long-term growth, as well as balancing the different stakeholders’ efforts. We also scrutinised the inclusion of ESG KPIs, and KPIs related to climate for issuers from high impact sectors, at board, executive and ideally senior management level.

Dividends

We strongly believe that dividend policies should balance shareholders’ need for income, with the need to preserve the financial strengths of the company, as well as the long-term interest of employees to pave the way for future earnings growth.

Climate strategy

We supported a large majority of shareholder resolutions calling for more transparency and information on ESG and climate strategy. This was recognised by ShareAction's "Voting matters 2022" report, in which Amundi ranked among the top performing asset managers in terms of voting on climate change, climate-related lobbying, and social issues.

Board structure

Amundi expects to have a full understanding of the functioning of the governance bodies of the companies in which it invests, including:

- the level of independence,
- existence and operation of specialised committees,
- skills and background balance,
- adequate availability of directors (absence of "over-boarding")

Social, health & human rights related resolutions

Social, health & human rights-related resolutions have increased at General Meetings.

Illustration 21: **Say on Climate**

While Say on Climate as a topic emerged in 2021, 2022 was the year the new consultative vote on companies' climate strategy really expanded throughout Europe and Australia across a wide range of industries. Amundi voted on over 48 'Say on Climate' resolutions proposed by the boards of companies. In the United States, no companies submitted a Say on Climate this year, which could be explained by the opposition to this type of vote voiced by some investors in this market, however, the number of shareholder proposals on climate increased yet again. Amundi continued engaging with companies in 2022 to recommend they include Say on Climate on the agenda of their General Meetings.

Amundi adopted a demanding approach to the analysis of Say on Climate resolutions in the 2022 season, a practice it encouraged in 2021 by voting mainly in favour of these resolutions.

In 2022, Amundi asked the companies that submitted a climate strategy at their General Meetings to present comprehensive targets (in terms of figures, scope and baseline scenarios), a precise agenda (short, medium and long-term objectives) as well as clear resources to achieve their climate goals (including a three- to five-year investment plan), before analysing each strategy in its entirety to assess its soundness and alignment with the Paris Agreement. This approach led to a differentiated and case-by-case exercise of our votes on the climate strategies submitted to shareholders. Of the 47 Say on Climate resolutions[42] tabled by companies this year, Amundi supported a total of 38%.

All companies concerned by a negative vote were informed of the reasons and we shared our expectations as regards improvements to their strategy.

42. The companies with dual listing that submitted a Say on Climate at each of the entity's AGM were counted as one.

Case study 30: **Say on Climate**

Outside of Europe, Australia recorded the highest number of Say on Climate proposals during the 2022 proxy season, with eight companies in the Mining, Utilities and Energy sectors proposing a vote on their climate transition plans. It was also the market with some of the most contested proposals, including the vote at Santos Limited, which saw 34% opposition, or that of Woodside Energy Group, which registered dissent of 49%. This level of contestation is evidence that investors are looking closely at the Say on Climate votes and are not hesitating to express their opposition to inadequate climate strategies, rather than an expression of voter disagreement with the principles of Say on Climate.

Woodside Energy Group

Amundi was among those who voted against Woodside's Say on Climate proposal. While we praised recent positive developments in the company's energy transition strategy, we encouraged the company to bolster its Net-Zero ambition, suggesting they limit their dependence on carbon offsets to achieve CO_2 reduction goals in favour of operational improvements, and to further consider profitable options to develop low-carbon solutions and deep emission abatements aligned with 1.5°C scenarios.

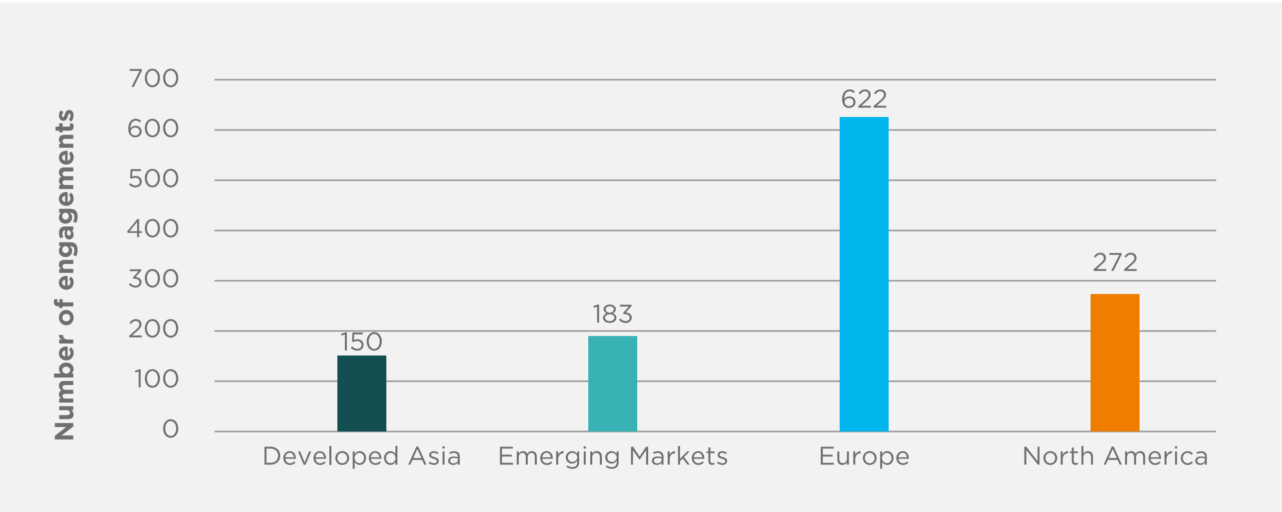
c. 2022 Voting statistics

The Amundi Corporate Governance team conducted dialogue with 1,031 issuers in 2022.

	Number of issuers
Voting Intentions' alerts*	624
Dialogues triggered by voting alerts**	205
Pre-AGM and Off-Season Engagements	202
TOTAL	1,031

* With no further dialogue
** With no off-season dialogue

Geographic breakdown of issuers dialogue



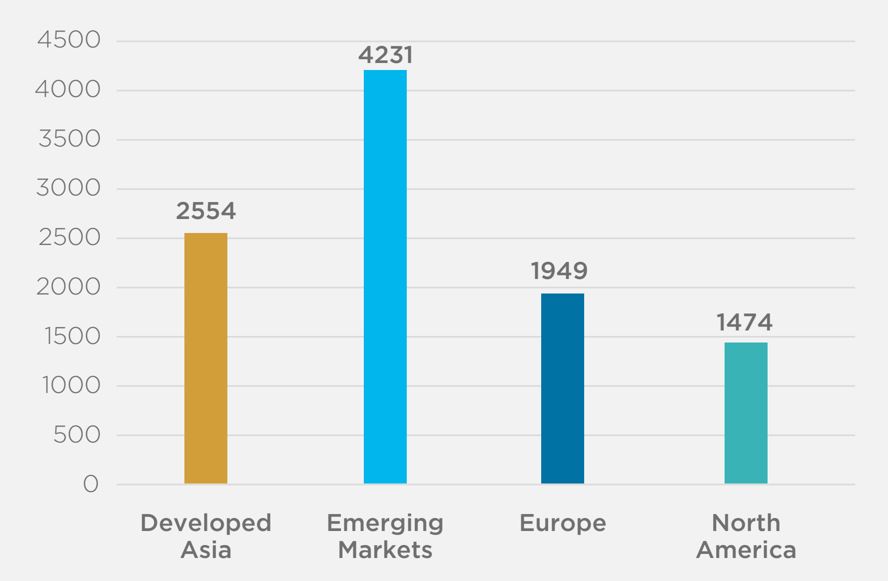
Source : Amundi Asset Management

Overview of Amundi voting statistics over the last 4 years

Voting statistics	2019	2020	2021	2022
Number of companies voted	2,931	3,397	4,008	**7,554**
Number of meetings voted	3,474	4,241	7,309	**10,208**
Meetings voted with at least one vote "*Against Management*"	56%	71%	64%	**69%**
Number of items voted	41,346	49,960	77,631	**107,297**
Number of items voted "*Against Management*"*	13%	20%	20%	**21%**
Votes "*Against Management*"	**2019**	**2020**	**2021**	**2022**
Number of items voted "Against Management"	5,413	10,032	15,303	**22,550**
Proportion of votes "*Against/Category*"				
Board structure	11%	19%	20%	**24%**
Compensation	27%	31%	45%	**38%**
Financial Structures	21%	28%	21%	**20%**
Dividends (*)				**7%**
Shareholder proposals (**)	43%	49%	32%	**35%**
Other	5%	11%	8%	**8%**
Vote in favour of Shareholders proposals	**2019**	**2020**	**2021**	**2022**
Number of Shareholder proposals	1,107	1,346	2,261	**2,730**
% of votes in favour of shareholder resolutions	65%	67%	77%	**68%**
Breakdown / theme				
Climate	81%	87%	86%	**87%**
Social/Health/Human Rights	70%	81%	83%	**81%**
ESG Items	**2019**	**2020**	**2021**	**2022**
Environment / Climate	133	148	196	**277**
Social	4,380	5,503	7,398	**9,003**
Governance	36,833	44,309	70,037	**98,017**

(*) A new "Dividends" category was created in 2022. These proposals were previously recorded in the "Other" category.
(**) Does not include votes for which there was no management recommendation. Source: Amundi Asset Management

Geographic Breakdown of Meetings Voted by Region (2022)



Source: Amundi Asset Management

4. Non-equity asset classes

We recognise that as fixed income investors we do not often have the same voting opportunities as other asset classes, but that our responsibilities and the role we are able to play in influencing issuers is by no means diminished for this reason. Rather, as a significant debt investor with €605 bn assets under management at the end of 2022, we have the influence and the leverage to motivate significant change at the issuer level, and the resource and expertise to contribute to progressive and sustainable restructuring in the case of default.

a. Fixed Income

In case of an event at the bond level triggering a vote, the fund manager can express their view via the ALTO front office tool by the same process used to manage the corporate action. The fund manager will consider the value creation as well as level of risk induced in their voting decision.

How we engage with fixed income issuers, for example in case of default and/ or when Amundi is a member of the restructuration steering committee, can be found in Principles 9 – 10.

b. Real Assets

Illustration 22: **Private Equity**

Amundi Private Equity Funds follow the Amundi Asset Management voting policy in their company interactions, with a focus on two societal issues:
- The energy transition, in particular the decarbonisation of the economy
- Social cohesion, particularly employee welfare and profit-sharing systems in private companies.

Once we invest in a Private Company, we have a seat at the supervisory board and, as such, have certain voting rights at this level. We are committed to accompanying the company on its sustainability journey and to this end we define an ESG roadmap with each of our investee companies.

For examples of how we engage with Private Equity holdings please see *Principle 9*.

5. Voting in practice

Chevron - Climate Strategy

At the 2022 AGM of the US oil company Chevron Corporation, Amundi supported three shareholder resolutions related to climate.

The first asked the firm to set targets in line with the 2015 Paris Agreement, which aims to halve emissions by 2030. It received support from 33% of shareholders.

The second resolution asked the company to report on the potential financial impact of the IEA Net-Zero scenario in 2050 for the company. This resolution was supported by 39% of votes. Lastly, the third proposal sought disclosure of a report on the monitoring and management of methane emissions from the company's operations. This resolution was overwhelmingly adopted with 98% of votes in favour.

Amundi voted against the re-election of all board members in light of concerns about the company's climate strategy and its lobbying practices. The lead director received the highest level of dissent votes against his re-election with 12.8%. We wrote to the company to inform them of our votes.

Centrica - Climate performance metrics

Centrica plc is a British multinational energy and services company that predominantly operates in the United Kingdom, North America and Norway. It was identified as one of the world's largest corporate greenhouse gas emitters by the Climate Action 100+ investor coalition. As the company sits in a climate-sensitive sector, it is even more important that Centrica recognises it has a role to play in addressing these urgent challenges, and should therefore be looking to manage these risks by integrating related performance metrics into executive pay. Amundi informed the company in June 2022 that we would support neither the remuneration report nor the remuneration policy, as a direct consequence of the company's poor disclosure on climate targets and weights. Centrica did not answer to our request.

Thermador Groupe - Separation of Chair and CEO roles

Amundi prefers the functions of chairman and chief executive officer to be separate. Where the two roles are combined, the board should provide detailed explanations with the reasons justifying this dual function. In such cases, Amundi recommends the nomination of a lead independent director, with specific and distinct functions.

At the 2022 AGM of Thermador Groupe, the mandate of the chairman/CEO was submitted for renewal. Amundi voted against the resolution due to the absence of a lead independent director, and undertook active engagement with the company. Twelve percent of shareholders voted against the re-election of the chairman/CEO, which reflects the alignment of shareholder expectations on this issue.

A few days after our engagement, the company informed Amundi that the nomination of a lead independent director had been added to the agenda of the next board meeting. Amundi will monitor changes to the board composition and will continue to engage with the company to reinforce our preference for a clear distribution of powers that limits conflicts of interest.

Amazon.com - Health & Human rights related resolutions

The 2022 AGM of Amazon.com, the US online retailer, illustrates clearly the differing ways Amundi takes voting decisions based on a comprehensive analysis of companies, including environmental and social aspects.

Amundi voted against the retailer's Say on Pay, on the grounds that the chief executive's remuneration is excessive compared to peers, and also due to the absence of relevant ESG metrics associated with variable pay. The proposal received 44% of votes against.

Regarding board appointments, we opposed the renewal of the Audit Committee Chair in light of the recurring controversies over workplace conditions. There have been numerous reports and allegations concerning the company's lagging employment practices, in particular regarding health and safety, but also on the topic of collective bargaining.
Amundi supported multiple shareholder proposals, including a proposal requesting that non-management employees be considered on the list of prospective Board candidates. Amundi is in favour of employee representation and we believe it would be particularly beneficial for companies with large workforce like Amazon.com. This proposal recorded 22% support from shareholders. Amundi also voted in favour of several proposals requesting that Amazon.com improve its disclosure on working conditions (44% support), the protection of worker rights (39% support) as well as a report on plastic reduction (48% support). We explained our voting decisions to the company. Amundi is considering potential next steps to escalate the matter, including filing shareholder proposals.

Apple - Social, Health & Human rights related resolutions

Apple, through some of its suppliers, is one of the many companies named in the controversy over treatment of Uyghur people in recent years, including in the 2020 "Uyghurs for Sale" report published by the Australian Strategic Policy Institute. As such, a shareholder submitted a proposal at the 2022 AGM of the US-multinational asking the board of directors to oversee the preparation of a report on the extent to which Apple's policies and procedures effectively protect workers in its supply chain from forced labour.

On the grounds that such additional disclosure could enable better assessment of the company's related policies, the requested report could contribute to the company's long-term value creation as well as reducing reputational and legal risks. Amundi therefore voted in favour of the shareholder proposal which received 34% support.

McDonald's Corporation – Social, Health & Human rights related resolutions

At the 2022 AGM of the worldwide fast-food chain, Amundi supported a shareholder proposal requesting a public report on the public health costs of antibiotic use in agriculture. Excessive reliance on antibiotics in raising animals for food –including McDonald's meat supply chains – contributes to antimicrobial resistance (AMR), which threatens global health by reducing the effectiveness of antibiotic drugs. Adequate transparency on the matter is in shareholders' interest to ensure the company take into account all costs and risks its market or business model may face.

Shareholders representing 13.19% of the votes supported the proposal. A similar proposal that was co-filed by Amundi the previous year had received the support of 11.27% of shares voted. This increase in support may evidence that more investors are becoming aware of the public health risks associated to AMR.

Appendix

Delivery against the expectations of other stewardship codes

EFAMA		UK		Amundi report
#	Principles	#	Principles	
1	Asset managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities.	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	4
		2	Signatories' governance, resources and incentives support stewardship.	13
2	Asset managers should monitor their investee companies, in accordance with their engagement policy.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	54
3	Asset managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients' investments.	9	Signatories engage with issuers to maintain or enhance the value of assets.	77
4	Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.	10	Signatories, where necessary, participate in collaborative engagement to influence issuers.	113
5	Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.	12	Signatories actively exercise their rights and responsibilities.	136
6	Asset managers should disclose the implementation and results of their stewardship and voting activities.	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	47

Canada		UK		Amundi report
#	Principles	#	Principles	
1	Develop an approach to stewardship	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	4
2	Monitor companies	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	54
3	Monitor companies	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	47
		12	Signatories actively exercise their rights and responsibilities.	136
4	Engage with companies	9	Signatories engage with issuers to maintain or enhance the value of assets.	77
5	Collaborate with other institutional investors	10	Signatories, where necessary, participate in collaborative engagement to influence issuers.	113
6	Work with policy makers	4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	30
7	Focus on long-term sustainable value	2	Signatories' governance, resources and incentives support stewardship.	13
		7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	54

Italy		UK		Amundi report
#	**Principles**	**#**	**Principles**	
1	IMCs should have a documented policy available to the public on whether, and if so how, they exercise their ownership responsibilities.	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	4
		2	Signatories' governance, resources and incentives support stewardship.	13
2	IMCs should monitor their investee companies.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	54
3	IMCs should establish clear guidelines on when and how they will intervene with investee companies to protect and enhance value.	9	Signatories engage with issuers to maintain or enhance the value of assets.	77
4	IMCs should consider cooperating with other investors, where appropriate, having due regard to applicable rules on acting in concert.	10	Signatories, where necessary, participate in collaborative engagement to influence issuers.	113
5	IMCs should exercise their voting rights in a considered way.	12	Signatories actively exercise their rights and responsibilities.	136
6	IMCs should report on their exercise of ownership rights and voting activities and have a policy on external governance disclosure.	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	47

Japan		UK		Amundi report
#	Principles	#	Principles	
1	Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.	1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	4
2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	25
3	Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	7	Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfil their responsibilities.	54
4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	9	Signatories engage with issuers to maintain or enhance the value of assets.	77
5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	12	Signatories actively exercise their rights and responsibilities.	136
6	Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	47

7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	**2**	Signatories' governance, resources and incentives support stewardship.	**13**
8	Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.	**8**	Signatories monitor and hold to account managers and/or service providers.	**75**

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The information contained in this document is deemed accurate as of October 2023.

LEGALS

Amundi Asset Management
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ASSET MANAGEMENT