Trust must be earned

# 2024 Engagement Report Brief*

June 2025

*This brief is a selection from the Amundi Engagement Report 2024. The full report is available here, and you can find all reports and policies on responsible investment here

# Highlights of Amundi's engagement activity in 2024

### A global engagement activity

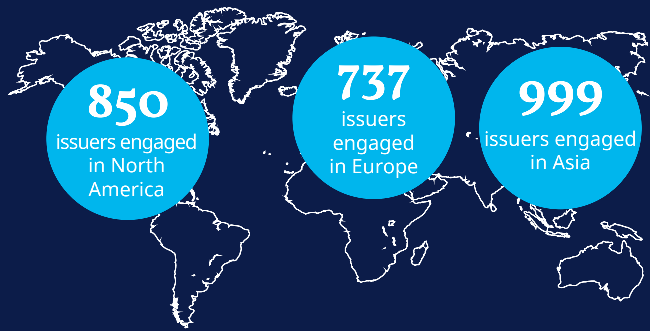
**2,883**
unique issuers engaged in 2024 covering between 57% and 96% of main indices that offer significant coverage to client portfolios

### Engagement activity supported by a large dedicated ESG team in collaboration with investment platforms

**30** dedicated ESG analysts on the one hand, and

**10** voting and governance specialists located across five different locations around the world, involved in research and engagement, collaborating with **890** investment professionals

### Engagement activity performed in all regions of the world...




### ... and on diverse sustainability factors

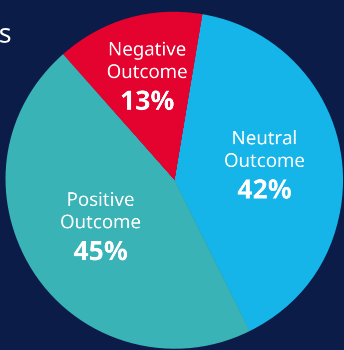
**1,691** issuers engaged on Climate

**759** issuers engaged on Natural Capital Preservation

**843** issuers engaged on Human Capital & Human Rights

### An internal system of milestones to monitor engagement progress

**Negative:** the issuer is making too little progress over a defined period




**Neutral:** too soon to tell whether the issuer's trajectory is positive or negative, or mixed results

**Positive:** the issuer has largely achieved their KPIs or is on track to do so in a timely manner

**45%** of closed engagements in 2024 had a positive outcome and **13%** were closed with a negative outcome

# Contents

# A Brief Overview of Engagement at Amundi

## Why Amundi views Engagement as essential?

**For an investor, diversified by nature, anything that could favour or hurt the economy will be financially material. Wealth creation is based on factors of production such as natural resources, labour and innovation, as well as financial capital and infrastructures and needs institution stability. Investors should therefore consider any elements that could impact those production factors, namely environmental capital, social capital, financial capital and governance.**

*"Amundi's conviction is that well-managed companies are essential for successful long-term investments. A company that neglects to respect and protect the natural world and its resources jeopardises its future viability and value."*

**Caroline Le Meaux,**
Global Head of ESG Research, Engagement and Voting

The primary role of Amundi is to invest on behalf of clients, ensuring the best opportunities for sustainable returns over time. Companies that fail to address critical issues, such as poor governance or a lack of commitment to Environmental, Social and Governance (ESG) principles, expose themselves to increased financial and reputational risks. Consequently, these companies are viewed as suboptimal investments, as they are less likely to create enduring value for client portfolios.

Investors are nevertheless only one part of the economic ecosystems alongside individuals, businesses and governments. The major transformation of our economies that is needed to ensure its long term sustainable growth will only occur if governments, customers, companies and financial markets work together in an organised manner to limit the negative impacts on employees, savers, pensioners and territories across the globe, while also benefiting from the opportunities that it may create.

Stewardship activities aims at influencing the activities or behaviour of investee companies in order to preserve and foster long term economic capital as part of our search to create long-term value for our clients' portfolios. based on a sector approach it is supported by state-of-the-art research on emerging sustainability challenges identified by dedicated experts.

Active ownership can be a stronger driver of positive change than divestment. Every engagement is tailored to each company's unique set of circumstances. Our dedicated team identifies areas for improvement and, by sharing our expertise and making recommendations, we encourage companies to make meaningful changes and push them to aim for positive, tangible outcomes on ESG dimensions.

As a trusted partner in achieving sustainability goals, Amundi provides investors with opportunities to engage in meaningful progress within the sustainability field, including a pioneering stance on critical issues such as PFAS and ocean protection.
More than geopolitical tensions, regulatory uncertainties and economic turmoil might switch the attention of executives and boards to short term adaptation. In 2025, while understanding this context and being mindful of the economic imperatives, we will nonetheless respectfully continue to engage issuers on how they manage specific sustainability risks as well as their impact on sustainability factors.

# What exactly is Engagement?

Engagement differs from corporate access and traditional dialogue with companies. For one, engagement aims to influence an investee company's activities or behaviour, thereby improving its ESG practices or its impact on key sustainability-linked topics. More specifically, engagement involves setting a clear agenda and targets focused on achieving real-life outcomes within an expected timeframe. **In a nutshell: engagement targets specific, measurable change over a set timeframe.**

Although engagements can have various aims, they essentially fall into one of two categories, in line with a double materiality approach to ESG considerations:

- **Engaging an issuer to improve the integration of environmental and social dimensions** into its processes, or the quality of its governance, in order to limit its sustainability risks **(outside-in perspective)**
- **Engaging an issuer to improve its impact on environmental, social, and human rights or other sustainability considerations that are material to society and the global economy** and which could lead subsequently to higher ESG-related risks for the economy and our portfolios, **(inside-out perspective)**

# Who is responsible for Engagement & Voting at Amundi?

Led by Caroline Le Meaux, the ESG Research, Engagement and Voting team has 42 dedicated experts, located across Paris, London, Beijing, Singapore, and Tokyo. It is divided into two groups: 30 dedicated ESG analysts on the one hand, and 10 voting and governance specialists on the other. Both contribute actively to Amundi's engagement efforts. Housed within the Responsible Investment division at Amundi, the ESG Research, Engagement and Voting team is the in-house nerve centre for ESG expertise that supports all of Amundi's investment platforms. The ESG Research, Engagement & Voting team works actively with fund managers and financial analysts to strengthen ESG expertise and capabilities across the company[1]. The ESG Research, Engagement and Voting team has therefore developed a comprehensive set of materials for them to use in:

**a.** selecting engagement themes and issuers to target,

**b.** conducting a rigorous engagement by having precise, ambitious, pragmatic demands and,

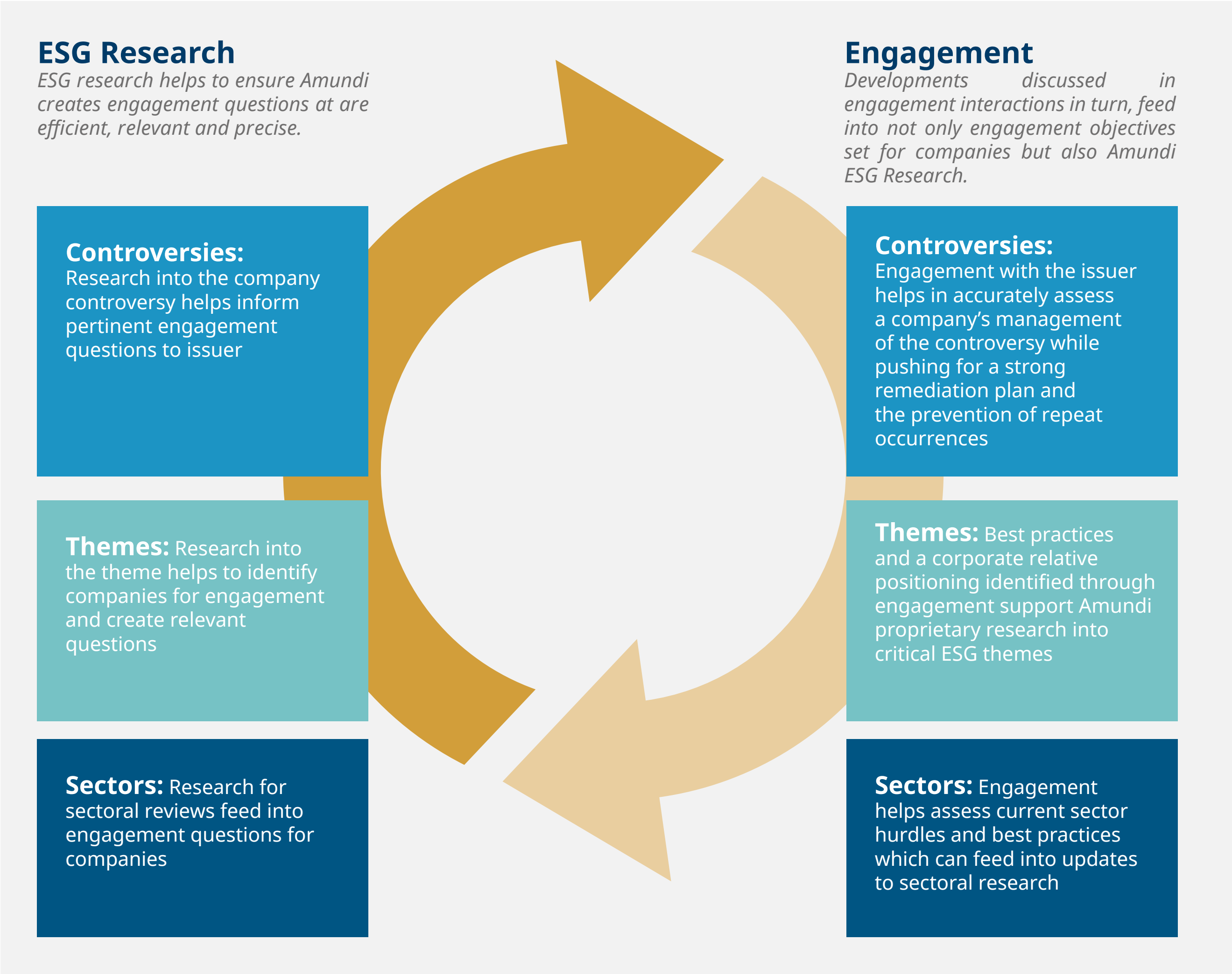
**c.** tracking improvement.

Each ESG analyst specialises in a set of sectors and themes for which he or she takes charge internally, driving ESG research and engagement strategies in this area. ESG analysts meet, engage and maintain constant dialogue with companies to improve their ESG practices and impacts.

Both informal interactions and engagement contribute, alongside data providers, to the ESG ratings of companies. Analysts have final say over ratings to ensure that Amundi's proprietary ESG scores are free from external bias.

1. Actions include training for financial investment professionals on ESG metrics and tools, access to a constantly updated centralized platform of ESG ratings, analysis, research and engagement activity, regular analyst calls covering trends in a specific sector.

### ESG research and engagement: two key components of the Amundi team's work that together create a continuous feedback loop




## How does Engagement & Voting contribute to Amundi's Responsible Investment Framework?

Systematic consideration of environmental and social issues already plays a key role in dialogue with companies across all Amundi investment platforms. In any case, the ESG Research, Engagement and Voting team ensures the consistency, traceability and quality of these engagements, and we believe that as our engagement further expands in scope, our investment professionals have a central role to play in reaching Amundi's ambitions. As a manager of portfolios, diversified by nature, we need indeed to consider the risks and impacts on the global economy which are the main driver of the value of our portfolios.

Voting is an integrated arm of Amundi's stewardship and closely related to engagement efforts. Insufficient improvement following active engagement could trigger a negative vote on associated proposals, discharge of the board, or executive remuneration. Conversely, engagements may be 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.

# What makes Amundi's approach so unique?

Managing short-term performance while preparing for the medium and long term is a must to protect the interests of end savers and pensioners. Ambition and pragmatism are necessary to navigate a time when the economy, science and public policy sometimes diverge. Engagement and voting are therefore key to our ESG activities, as we believe that actively dialoguing with our investees can drive positive outcomes, while mindful of these divergences.

Three key pillars are required to deliver tangible sustainability outcomes and drive portfolio value through stewardship activities: breadth, depth, and consistency.

## The breadth of our stewardship activities aims to create systemic change

Amundi's stewardship activities span all five continents, engaging with a diverse array of sustainability factors. In 2024, the firm engaged with 2,883 unique issuers, evenly distributed across Europe, Asia, and America covering 90% of MSCI World equities market capitalisation and substantial portions of corporate debt. Notably, over 50% of these engagements focused on climate issues, while more than 25% addressed natural capital preservation and human rights ensuring that Amundi's influence is felt across a significant portion of financial indices.

This extensive engagement is underpinned by a universal voting policy that emphasizes fundamental governance principles and shareholder rights.

The breadth of these activities enables coordinated efforts between private and public stakeholders, contributing to Amundi's goal of driving systemic change.

## Our in-depth technical expertise guides engagement efforts, enabling us to drive meaningful change

The depth of Amundi's stewardship is bolstered by a large, well-structured team of experts. The responsible investment department comprises 42 ESG and corporate governance analysts collaborating with 890 investment professionals across five locations. The information is all shared to all investment divisions through internal tool to guide decisions. This collaborative approach is enhanced by a dedicated framework and robust methodologies that guide engagement efforts.

Amundi's stewardship is also tailored to the specific contexts of issuers, ensuring that demands are timely and relevant, with a structured process around milestones to establish demand, assess issuer’s feedback and finally evaluate outcome. Engagement is also linked to escalation procedure When engagement fails or if the action / remediation plan of the issuers appears weak to incentivise change.

This proactive and systematic engagement strategy allows Amundi to maintain a high ratio of engaged issuers relative to assets under management, even in passive investment strategies.

## There are no results without consistency

Recognising that engagement results are not linear, perseverance is key to achieving meaningful and lasting results. Amundi has consistently engaged with its issuers over the years, addressing a wide range of sustainability factors as soon as they are identified as risks to issuers’ strategies. This proactive approach enables Amundi to cover critical topics before they become detrimental to industries, demonstrating its foresight and leadership in sustainable investment practices.

This consistent approach has garnered recognition from external stakeholders, positioning Amundi as a leader in stewardship among the largest asset managers globally, as evidenced by its ranking in ShareAction’s Voting Matters reports through the years, 6th in 2024 and 3rd in 2023. Such recognition underscores Amundi's dedication to maintaining high standards in stewardship, reinforcing our role as a leader in sustainable investment practices.

# Why we engage?

Engagement on environmental issues, particularly climate change and biodiversity, is crucial as these challenges pose significant risks to ecosystems and economies. With global anthropogenic emissions continuing to rise, the urgency to align with the Paris Agreement is crucial. The UNFCCC's global stocktake presented at COP28 revealed that many signatories are falling short of their emission reduction targets, highlighting the need for collective action. Additionally, the estimated annual value of ecosystem services ranges between $125-140trillion, underscoring the financial implications of biodiversity loss. By engaging with companies on these environmental themes, we aim to promote sustainable practices that mitigate risks and protect the interests of our stakeholders.

Social cohesion is essential for a just transition to a low-carbon economy, focusing on human capital management and client protection. Effective management of human rights and labour relations can enhance company performance, as studies show that workers in safe and supportive environments are more likely to remain with their employers. Moreover, the relationship between human capital and company performance is well established, making it a highly material issue for companies across all sectors. Our engagement efforts in this area aim to ensure that companies prioritise employee welfare and ethical practices, ultimately fostering trust and loyalty among customers.

Governance is at the core of a company's ability to create sustainable, long-term value. Robust governance practices are essential for managing risks related to climate change, human rights, and other critical issues. The 2021 ICGN Corporate Governance Principles emphasise that effective governance fosters sustainable value creation and protects stakeholder interests. By engaging with companies on governance matters, we strive to enhance board diversity, strengthen shareholder rights, and promote transparency. Our commitment to constructive dialogue in this area aims to drive positive change, ensuring that governance remains a cornerstone of sustainable development and aligns corporate strategies with the interests of all stakeholders.

# How Does the Engagement Process Unfold?

## Amundi's five key engagement themes

Sustainability factors are interrelated; therefore, a healthy economy where companies can flourish requires action on multiple fronts. Based on existing research, the Engagement and Voting team has identified five main areas that capture the overall orientation of its engagement efforts. These are:

- The transition towards a low carbon economy
- The natural capital preservation (ecosystem protection & fight against biodiversity loss)
- The Human Capital & Human Rights
- The minimum standards in terms of clients' protection and societal safeguard
- Strong Governance practices that strengthen sustainable development

According to potential for progress and existence of levers the focus on themes evolves from year to year.

## Selecting issuers and investment instruments

Issuers engaged are primarily chosen based on their level of exposure to the engagement subject, or a specific concern raised by the company's behaviour or history. **Engagement takes place at issuer level**, regardless of the type of holdings in our portfolio. **Amundi also engages at the instrument level**, as for instance on Green, Social & Sustainable bonds (GSS bonds), to promote better practices and transparency.

**Engagement at Amundi spans all continents, and while we seek to have the same level of ambition globally, we adapt our questions and milestones across regions** to take into account local realities.

## Establishing clear objectives, timeframes & milestones

Once Amundi has identified an engagement topic and a company or group of companies to engage, we must establish the **terms of the engagement – duration, objectives, and waypoints**.

Timelines vary depending on the agenda, but the **average engagement period is approximately 3 years**.

The main objectives of the engagement are broken down into **precise and attainable milestones with target dates** to foster dialogue and achievement.

As investors, we must be both demanding and pragmatic to promote a timely transition towards a sustainable, inclusive low-carbon economy. We therefore take a long-term view in considering intermediary targets for engagements, seeking manageable and measurable improvements. This involves taking into account the circumstances in which each company operates.

**Once established, targets and milestones are then shared internally and updated throughout the engagement on a proprietary, centralised tool shared with all investment professionals**, for transparency and traceability. Any fund manager or financial analysts can contribute.

## Measuring and monitoring progress

The goal of engagement is always to induce positive momentum towards the objectives Amundi has identified. The choice of mechanisms, meanwhile, will be dictated by effectiveness. These can take many forms, including letters, email exchanges, phone calls or meetings.

To track issuer-specific engagement objectives and progress, Amundi's proprietary engagement reporting tool is used to compile feedback given to issuers in terms of KPIs for performance improvements, and to assess their advancement towards objectives. Formal assessments are carried out on a yearly basis at least.
An internal system of milestones is used to assign the engagement to one of three categories:

- **Negative:** the issuer is making too little progress over a defined period (may result in being flagged for potential escalation, depending on criticality of the topic)
- **Neutral:** if it is too soon to tell whether the issuer's trajectory is positive or negative, or when results from engagement are mixed
- **Positive:** the issuer has largely achieved their KPIs or is on track to do so in a timely manner

Our tool also allows Amundi to generate auditable statistics to help transparently report the outcome of our engagement activities.

## Beyond Engagement: Closure vs. Escalation

An engagement ends when the assigned time period expires without being extended, or when an issuer achieves the target of the engagement. Sometimes one engagement may close with a neutral or positive outcome while another begins on a related topic due to the evolving context. In many cases we will have multiple engagements with an issuer in parallel due to the interrelatedness of our key themes for engagement.

When engagement achieves no results or an issuer's action/remediation plan appears weak, Amundi may undertake one or more forms of escalation.

**These may include:**

- **Questions at AGMs** when relevant
- **Filling/co-filing of shareholder resolutions** on topics related to the engagement.
- **Voting** (including votes on discharge of board members or against the renewal of directors).
- **Public statements**
- **Impact on proprietary in-house ESG Rating:** negative overrides on specific ESG criteria or ESG score caps.

- **Exclusion** at last resort: if engagement on a critical matter fails, the issuer's ESG score can fall to "G", within a scale from A to G, making them ineligible for the investment universe (i.e., all active investing strategies over which Amundi has full discretion) until remediation is deemed adequate.

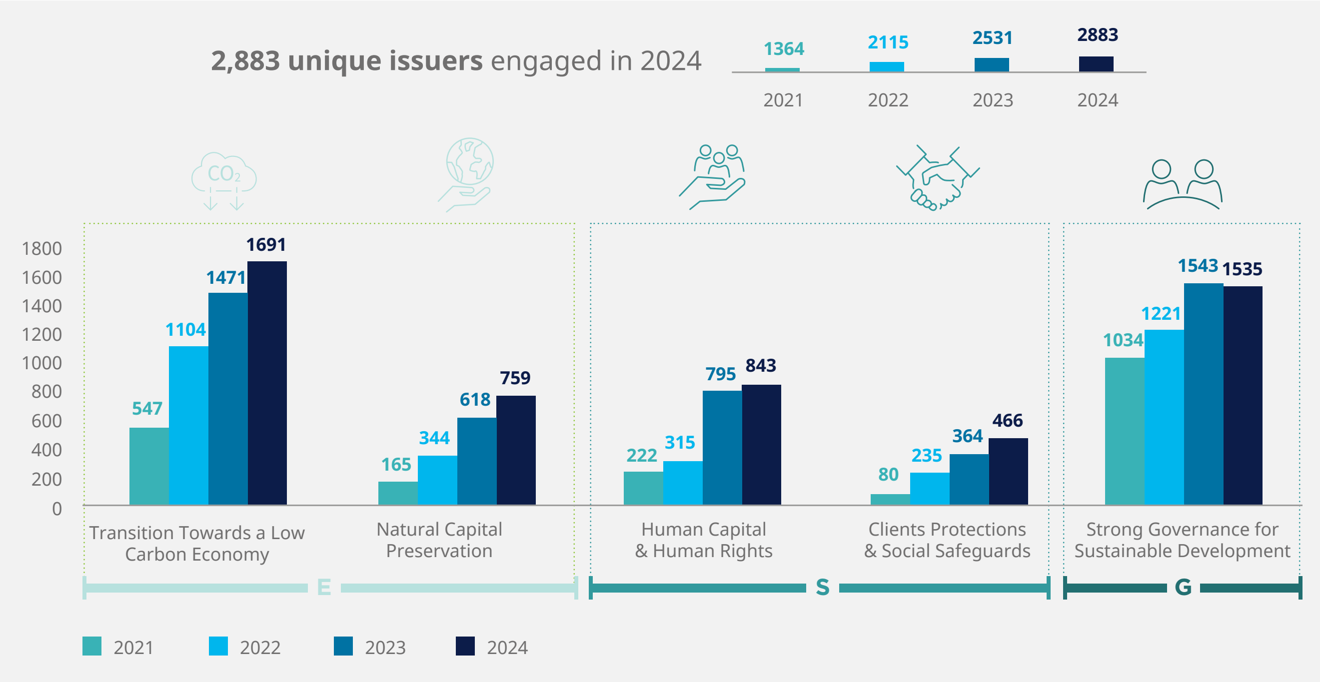
Throughout the process of engagement and, if necessary, escalation, we recognise the current limitations on measuring and addressing key themes in sustainability. In our exchanges with issuers, we seek to better understand the barriers to progress that companies face, while inspiring actions that will benefit not only the issuer or issuers, but all stakeholders. And because we consider sustainability a moving benchmark, our engagement strategies evolve over time to integrate developments.

Failed engagement might have a direct impact on our full capacity to invest in a company through a downgrade of the related criteria in the ESG score, and if the issue is critical, it could lead to a downgrade of the overall ESG score. The ultimate escalation mode could be exclusion in case of failure to engage and remediate on a critical issue

# A Closer Look at Amundi's Engagement Themes and Actions

**For each of its five broad themes, Amundi engages both directly and collaboratively on topics identified as *material* from an investor perspective, taking a dynamic view of materiality that recognises how "inside-out" and outside-in elements are related in time.**

**In 2024, the number of issuers engaged increased across all themes reaching 2,883, +10% increase vs. 2023**




Source: Amundi, statistics 2024

## Mapping Themes to the UN Sustainable Development Goals (SDGs)

Amundi's engagement activity is not directly organised around the SDGs, which are focused on issues and impact, whereas Amundi takes an investor approach looking at significant risks or opportunities. Nonetheless, there is considerable overlap between Amundi's five main themes and the SDGs. A correspondence chart is provided for easy reference.

| ESG themes | Primary SDGs |
|---|---|
| Transition towards a low 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 |
| Human Capital & Human Rights | 1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES |
| Minimum standards in terms of client' protections and societal safeguard | 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 |

Also like the SDGs, Amundi's engagement themes are long-term, iterative goals. For both, the first step is always access to reliable data and designing credible KPIs for progress. Radical change is not to be expected, and measuring the relative impact of engagement versus other factors is challenging. We believe, however, that by pressing for positive change as shareholders on behalf of our clients, we both enhance issuers' long-term valuations and add to the momentum for a more prosperous and sustainable future.

# Theme #1: Transition to a Low Carbon Economy

*57 case studies of companies engaged on this theme in 2024 Engagement Report*
*Selected case study in appendix: Support the calculation and disclosure of scope 3 emissions with a European semiconductor company*

## Amundi's position and priorities

Limiting global warming to 1.5°C or 2°C above pre-industrial levels requires a major transformation within our economies that will only be realised if governments, customers, companies and financial markets come together. Despite many public commitments, progress has been slow. Collaboration between sectors and stakeholders remains vital. However, against a more challenging economic backdrop and stagnating progress, pragmatic stewardship has its merits.

Amundi remains committed to addressing climate change alongside similarly motivated clients. Our engagement strategy is based on working constructively with issuers to identify meaningful actions they can take that balance climate imperatives with investor interests.

Our engagement activities are driven by purpose. The highest emitters are prioritised, as they can deliver the most significant impact on climate change. The engagement pool is then expanded to include the wider value chain as transitioning to a low carbon economy induces a shift of the entire ecosystem. For engagement planning, our detailed first-principles research and contextual analysis approach has proven essential, now more than ever, when it comes to delivering pragmatic and positive real-world outcomes.

In total, Amundi engaged with more than 1,600 unique issuers on climate in 2024. The main topics we addressed do not differ greatly from past engagements, as Amundi believes consistent, long-term collaboration with issuers will deliver the strongest outcomes. We engaged with issuers and financial services companies on the importance of decarbonising supply chains, products and portfolios. Key themes included thermal coal, which has been a priority topic for Amundi since 2019, methane reduction and physical climate risk mitigation and adaptation, among many others.

Our focus on adaptation a prime example of Amundi's pragmatic approach of recognising that some degree of climate change is inevitable. By anticipating how it will impact their operations, issuers can futureproof their businesses while protecting their long-term viability and ability to generate value for investors.

## Engagement momentum and outlook

The progress witnessed in 2024 was encouraging. During the year, among other topics, Amundi engaged with 226 unique issuers on exiting thermal coal. Of those, circa 55% were companies previously excluded from our active open-ended funds and ESG ETFs.

Amundi has committed to phasing out from thermal coal by 2030 for OECD and EU countries, and by 2040 for the rest of the world, therefore Amundi analyses each phase-out strategy to assess if issuers are aligned with Amundi stated exit calendar or have no more coal revenue. Based on progress, Amundi has engaged accordingly with each issuer. Considering these assessments, in 2024,

- "Eligible but not yet aligned" issuers represented respectively 53% and 54% of issuers subject to 2030 and 2040 phaseout.
- "No coal revenue" represented respectively 21% and 23% of issuers subject to 2030 and 2040 phaseout.

Amundi's stance on coal is unwavering and we will continue to work with issuers to encourage them to find alternative sources of energy. Amundi also support issuers' efforts to reduce methane emissions.

Regulatory changes and shifting sentiment towards climate change in some parts of the world mean that momentum has faltered in some areas. We also recognise that much of the meaningful action needed to adequately address climate change involves changing physical infrastructure, which requires considerable time and investment.

Amundi continually develops and refines our engagement approach, leveraging the insights and expertise gleaned from our interactions with issuers. This means Amundi is better able to identify systemic blockers and work with issuers to adapt to and, where possible, overcome any obstacles on their respective decarbonisation journeys.

# Theme #2: Natural Capital Preservation

*51 case studies of companies engaged on this theme in 2024 Engagement Report*
*Selected case study in appendix: Promote disclosure and targets development on nature with an Asian Commerce Company*

## Amundi's position and priorities

Economic growth and prosperity have been achieved at the expense of the natural systems that underpin all life on Earth. International scientists from the Stockholm Resilience Centre have mapped out nine 'planetary boundaries', which represent the pressures that impact our planet. Crossing a boundary increases the risk of generating large-scale abrupt or irreversible environmental changes. Six boundaries have severely exceeded their safe operating limits, with a seventh on the verge of being breached.

Amundi recognises the significant risks natural capital depletion and biodiversity loss pose for people and the companies we invest in. Through our engagement activities, a dialogue is opened with issuers, and we work together to identify activities that contribute to the transgression of planetary boundaries so that meaningful action can be taken.

By sharing our experience, recommendations and best practice, Amundi can help issuers improve their understanding of the implications of natural capital depletion and biodiversity loss, not only for the planet but for their bottom line as well. The emphasis is on awareness, proactivity, risk mitigation and, increasingly, adaptation.

Natural capital is an incredibly broad theme because all Earth systems are, to a greater or lesser extent, interconnected. However, Amundi engagements fall under two overarching categories. The first is protecting and conserving natural resources, which provide or enable crucial ecosystem services. Key topics include biodiversity, ocean protections, water and combatting deforestation. The second is reducing and preventing damaging intrants that pose a threat to human and environmental health. Examples include plastic waste, chemical pollution, pesticides, fertilisers and air pollution, all of which can cascade.

In recent years, Amundi has also started engaging with issuers on the circular economy, articulating the many benefits of such a business model.

## Engagement momentum and outlook

Progress is being made in a number of areas, including biodiversity, where issuers we first engaged three years ago are making genuine strides forward. Issuers are improving their deforestation commitments, while awareness of the circular economy is growing, albeit slowly. We have also seen companies make commitments to end their manufacturing, or limiting their use, of PFAS, also known as forever chemicals. Important regulatory milestones are expected to come into force in 2025, which we expect will have a significant impact on PFAS use and production.

Amundi recognises that a lot of work still lies ahead, notably in the areas of water conservation, ocean protection, plastics, pesticides, fertilisers and air pollution. However, the progress recorded to date validates our approach of establishing open dialogue with issuers, sharing best practices and recommendations, and encouraging change.

Each issuer is at a different stage of their journey, with distinct pressures and priorities. Amundi will continue to encourage them to gather and share more granular data and make their environmental commitments public. We will recommend issuers explore technology-led solutions and collaborate with peers and companies throughout their supply chains.

At Amundi, we will refine and enhance our approach so we can best support issuers safeguard natural capital and biodiversity.

# Theme #3: Human Capital & Human Rights

*68 case studies of companies engaged on this theme in 2024 Engagement Report*
*Selected case study in appendix: Foster diversity best practices in global operations with a Japanese Electronic Components Manufacturer*

## Amundi's position and priorities

Respect for human capital and human rights are hallmarks of strong corporate values. Failing to respect human rights can, and should, have negative reputational and financial consequences for companies.

Amundi engages with issuers on their workforce and value chains, encouraging them to adopt effective human capital and labour relationship management practices. Companies are more likely to retain employees if they feel their workplace is safe and secure, offers equal opportunities and pays a fair wage. This results in less disruption because companies can retain valuable knowledge, skills and experience; something of particular importance to sectors facing significant disruption, such as technology.

Respect for human rights is also increasingly a matter of regulatory compliance, with mandatory human rights due diligence legislation regularly introduced around the world to address concerns of forced labour, child labour and the poor treatment of workers. Issuers with robust due diligence processes are better positioned to prevent operational and reputational risks that could result from allegations of human rights abuses.

Amundi engages with companies to ensure they mitigate human rights risks in their own operations and supply chains and are adequately prepared for upcoming regulatory changes.

Respect for fundamental human rights not only supports a company's social licence to operate but can also benefit its human capital strategies. Studies have shown the importance of labour rights implementation, with collective bargaining and union density increasing productivity, reducing turnover rates, promoting more effective modes of work and offering a channel to resolve or mitigate against potentially disruptive industrial disputes, as well as monitoring health and safety risks.

Workers in traditional and carbon-intensive sectors are those most at risk from the transition to a low carbon economy. A just transition is one that leaves no stakeholders behind or at a disadvantage. Amundi engages on this topic because we recognise that, if the transition is not equitable and inclusive, economies face material risks. At its most extreme, it could result in societal inequalities, poverty and even conflict.

## Engagement momentum and outlook

Throughout 2024, Amundi encouraged companies to adopt robust human rights policies and practices, address forced labour risks and implement effective grievance and remedy mechanisms. We also engaged on the promotion of safe and healthy working conditions at companies across sectors ranging from mining and oil & gas to the gig economy.

Amundi continued to encourage companies to assess opportunities to pay more workers a living wage and encourage their suppliers to do so. We anticipate that recent developments from the International Labour Organization (ILO), which defined the living wage and endorsed living wage policies, will give our dialogue with issuers even greater credibility.

Our engagements on forced labour delivered mixed outcomes. In general, companies are more aware of the risks involved and the growing expectations from regulators and investors, but there remains a lack of transparency.

Issuers are also showing greater awareness concerning access to remedy, but it remains a challenging topic across all sectors.

Our diversity and inclusion efforts are aimed at encouraging companies to leverage talent that represents a broader diversity of experience and thought. We noted some growing difficulty discussing gender diversity in 2024 and observed large differences in disability inclusion, which is often correlated with national regulation. While taking into account local legislation, Amundi remains committed to emphasising the importance of diversity at all levels of management.

We also continued our engagement on a just transition towards a low carbon and sustainable economy. Awareness around what is required to achieve a just transition continues to increase; however, we noted some companies have shifted their transition strategies in light of the more turbulent political and economic environment. As a result, we saw mixed progress, with some companies advancing and others taking time to identify their next steps.

# Theme #4: Clients Protections & Societal Safeguards

*60 case studies of companies engaged on this theme in 2024 Engagement Report*
*Selected example in appendix: Promote access to medicine in low- and middle-income countries with a Pharmaceutical Company*

## Amundi's position and priorities

Maintaining the trust and confidence of clients and customers is of paramount importance to the long-term viability of all companies. There are clear links between customer opinions and company turnover, which in turn influence earnings potential, investor sentiment and, ultimately, shareholder value.

Amundi's engagement activities on this theme are guided by three overarching principles:

- Firstly, by engaging with issuers to develop societal safeguards, we are able to help them identify systemic risks, so they can take appropriate action and protect their long-term value.
- Secondly, we encourage companies to ensure they protect the safety of their clients and customers to maintain their trust.
- Finally, we seek to encourage companies to promote access to basic products and services, particularly for underserved markets, and match their offering to changing societal needs.

Amundi has engaged on the topic of tax transparency since 2017, and it remains one of the cornerstones of our activities on this theme. Aggressive tax strategies pose significant risks to the global economy, which means companies are under growing regulatory scrutiny. In particular, Amundi has engaged with the technology sector to encourage more transparent and responsible tax strategies.

Excessive use of, and reliance on, antibiotics has given rise to greater levels of antimicrobial resistance (AMR), which poses a threat to human health, biodiversity and the environment. The primary focus of our engagements had been on food companies and restaurants with exposure to AMR via their protein supply chains. In 2024, we took stock of our activities and recognised that the systemic nature of its impact also necessitates broadening the scope to sectors that have a significant impact on AMR proliferation. We identified pharmaceutical and water companies as two such sectors to prioritise.

Responsible marketing and content have been key engagement topics since 2020. We also engaged on digital rights policies, ethical AI, cybersecurity and online safety of underage users. In 2024, Amundi introduced the theme of financial inclusion and expanded our healthcare and medicines engagement activities to include the medical technology sector. Lastly, we engaged with food companies to uncover opportunities linked to healthier consumer lifestyles.

## Engagement momentum and outlook

During 2024, Amundi pursued its engagement with issuers on the topic of tax. Progress was mixed but a number of large companies were preparing to adopt the EU Public Country-by-Country Reporting Directive, which will deliver greater transparency and granularity in future. Negotiations over the new UN Framework Convention on International Tax Cooperation will run from 2025 to 2027, creating opportunities for Amundi to engage with companies to ensure they are proactive and on the right side of regulatory change.

Progress on tackling AMR remains relatively slow. In 2025, however, we expect global action to gain further momentum, driven by several high-profile local and international policy developments and action plans. Most notably, in September 2024, at the 79$^{th}$ United Nations General Assembly (UNGA) High-Level Meeting on Antimicrobial Resistance, world leaders approved a political declaration outlining a clear set of actions and targets.

Companies' digital rights policies and strategies started to mature in 2024, with more issuers introducing governance arrangements and looking into metrics to support effective policy implementation. In 2025, Amundi will continue to engage with companies on the operationalisation, implementation and resourcing of their digital rights policies and risk management efforts. Although ethical AI policies are now much more widespread, there remain questions around the companies' abilities to uphold these commitments in practice and demonstrate accountability for any arising risks.

New challenges continue to emerge amid the rise in sophisticated cyberattacks and data breaches. The result, however, has been noticeable improvement across sectors in companies disclosing their cybersecurity strategies.

Our initial analysis suggests uneven maturity across food and restaurant companies when it comes to addressing nutrition in a systematic manner. We will continue to engage with food companies to uncover opportunities linked to trends associated with a move towards healthier consumer lifestyles.

# Theme #5: Governance

*58 case studies of companies engaged on this theme in 2024 Engagement Report*
*Selected case study in appendix: Engaging with non-listed companies to push for independent supervisory board member and support their work on ESG strategy*

## Amundi's position and priorities

Strong governance underpins the resilience and integrity of well-run companies; it is at the core of their ability to create sustainable, long-term value. Amundi recognises that, without proper oversight, companies may fail to adequately address risks, which could result in reputational damage, financial loss or regulatory penalties.

Through our engagements, we seek to encourage positive corporate behaviour, foster accountability and drive positive change. Amundi's approach aligns with that of the 2021 ICGN Corporate Governance Principles, as well as the UK Corporate Governance Code 2024. The former emphasises that effective governance is grounded in fairness, accountability, responsibility and transparency. While the latter highlights a board's responsibility to maintain successful stakeholder relations and embed integrity, openness and trust in a company's culture.

The composition of a board is part of the bedrock of its effective corporate governance. Amundi encourages boards to have a diverse membership, for example, in terms of gender, experience and skillset, as well as an appropriate number of independent directors. We believe diversity enhances decision-making, as it introduces a broader range of perspectives, reducing the risk of "group think" and ensuring well-informed discussion and debate.

Board responsiveness is an important indicator of how companies react to, and engage with, investor outreach and voter dissent. This is especially critical in the event a controversy arises.

Executive remuneration remains a contentious issue, worldwide, which is why Amundi advocates for transparent and fair compensation packages that are performance-based and linked to long-term shareholder value.

Amundi also participates in thought leadership via industry and public policy initiatives to help highlight best practice in governance for the protection of shareholder value.

## Engagement momentum and outlook

In 2024, Amundi's efforts focused on enhancing board diversity, independence and effectiveness; strengthening shareholders rights; and ensuring transparency in areas such as executive remunerations, risk oversight, responsiveness and ethical conduct. We believe that constructive dialogue leads to improved decision-making processes and better alignment with long-term objectives.

Amundi is highly attentive to gender diversity, including in countries not subject to any regulatory requirements. In 2022, we sent 128 letters to Board Chairs asking them to improve female representation. By the end of 2024, half (50%) of the companies had increased the number of women at board level and now align with Amundi's recommendations. This compares with 38% a year previously. We remain committed to engaging with companies that have not yet reached their goal.

We have seen some improvements in board competency mix, both in terms of disclosures and composition, but recognise progress is limited by the pace of scheduled board refreshment. Amundi will continue to engage companies on this topic.

A proactive and targeted campaign was launched on a sample of companies in 2024 to assess board responsiveness to the latest proxy season results. A third (35%) of the companies responded, of which 27% provided Amundi with additional information. We will continue to monitor the progress of these companies and engage in further dialogue where appropriate and necessary.

Amundi believes that integrating ESG metrics into executive remuneration frameworks is important for companies in all sectors and regions.

Governance remains a crucial theme for Amundi, and we will continue to engage with existing issuers and identify new companies and encourage them to adopt best practices.

# Appendix

## Transition to a Low Carbon Economy Case Study

### Support the calculation and disclosure of scope 3 emissions with a European Semiconductor Company

2024 was the first year of engaging with a European manufacturer of semiconductors and semiconductor components on Scope 3 reporting. Since 2020, Amundi has been engaging with the company on setting a science-based target. However, over the years, Scope 3 calculations remained a challenge.

**Context:** In 2024, the company proactively reached out to Amundi for feedback voicing concerns about the feasibility of setting a Scope 3 target in the absence of clear guidance for the semiconductor sector. Specifically, SBTi guidance for semiconductors is not yet available; an industry initiative, the Semiconductor Industry Consortium, was working on Scope 3 guidance, but was not available at the time the engagement started.

**Amundi Actions:** As a first step, Amundi focused on providing the company with guidance on Scope 3 reporting, which would serve as the foundation for target-setting but would also demonstrate to investors that the company is developing a strategy to address the matter. In the absence of clear methodological guidance for the sector from recognised authorities, Amundi developed a set of recommendations for the company using best practices from related sectors, such as electrical equipment.

**Engagement Objectives:**
Key objectives for our engagement were to encourage company to consider:

- Disclosing product use and product efficiency across key categories as well as year-over-year product efficiency improvement
- Reporting use phase intensity data for products
- Consider sharing knowledge with customers on responsible use of products and opportunities in renewable energy use
- Consider joining an industry initiative, such as the Semiconductor Climate Consortium, to facilitate company-wide learning and best practice exchange with peers

**Engagement Outcomes & Issuer Momentum:** The company was receptive to our recommendations. It shared work already underway internally on which Scope 3 calculations and reporting could be built, including product lifecycle assessments. It also noted interest in product energy efficiency from clients. The company was cautious about reporting on product use: one challenge being the multi-purpose nature of its products limiting its ability to trace their ultimate use. Nevertheless, such calculations could be made on the basis of market share and reported with clearly stated assumptions.

**Next Steps:** We will continue to follow up with the company in 2025 to follow its progress. Although we appreciate that most engagement objectives might take some time to address, we see more immediate opportunities in accelerating customer engagement and participation in sector-wide climate initiatives.

# Natural Capital Preservation Case Study

## Promote disclosure and targets development on nature with an Asian Commerce Company

**Context:** Amundi took an active role on the engagement with an Asian commerce company during the launch of the Nature Action 100 Collaborative Engagement in 2024. Nature Action 100 is a global investor led engagement initiative focused on supporting greater ambition and action to reverse nature and biodiversity loss.

The company distributes and retails various products ranging from consumer electronics and apparel to food, chemicals, and other products. The company also provides online services such as online shopping, search engine development and cloud computing services to customers worldwide. The company has had quite a lot of positive momentum in recent years on its overall ESG strategy, and on climate, as demonstrated by its increased alignment with ESG reporting standards such as ISSB and TCFD. However, the company is still early on in their biodiversity journey, like most companies in the Nature Action100 benchmark. The company's nature strategy is limited to small efforts and anecdotal examples mostly focused on direct buildings and operations, the greening of headquarters, and reducing waste at offices through waste management strategies.

**Amundi Actions:** The collaborative engagement focused primarily on the broad investor expectations outlined by the NA100 initiative including:

- Ambition – encourage companies to publicly commit to minimize contributions to key drivers of nature loss and conserve and restore ecosystems throughout value chains by 2030
- Assessment -- assess and publicly disclose nature-related dependencies, impacts, risks, and opportunities throughout the value chain
- Targets -- set time bound, context specific science-based targets informed by nature assessments and disclose annual progress against those targets
- Implementation -- develop a companywide plan on how to achieve targets
- Governance -- establish board oversight and disclose management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities

Additionally, more specifically to the company, based on the company's current practices Amundi has set the following KPIs:

- Establishment of greater top-down oversight to drive biodiversity/nature across the company. Biodiversity and nature are largely assimilated into the company's overall ESG strategy but there is no specific team or individual in charge of nature specifically to drive a strategy at the company
- Asked for company to begin assessing its links to nature by mapping out its impacts, dependencies, risks, and opportunities
- Establishment of a specific top-down strategy with high level oversight that incorporates efforts they are already working on and topics not yet managed by the company
- Increase efforts on already known key environmental impact topics such as on plastic impacts on nature across the value chain such as via products sold across online retail operations

**Momentum and Outcomes:** Two calls occurred in 2024 with the company to discuss the subject. The company was very open to dialogue and eager to learn about investor expectations. During our calls with the company, they elaborated on some of their efforts, including the use of AI to better identify products that could be in violation of laws to combat illegal wildlife species trade. In addition, the company disclosed in the calls that they made some efforts to promote sustainable agriculture and sustainable supply chains. In addition, the company had begun some analysis on certain topics such as waste and water. They also mentioned the existence of an internal environmental policy that does included biodiversity, but the policy did not appear to have any high-level oversight and there was no specific working group on nature internally which would better drive a cross-cutting nature strategy across departments.

It remains too early to see any concrete evolution as this was only the first year of the engagement. Later in the year during the second call, which occurred after the release of the NA100 Benchmark, the company mentioned that they were working on communicating internally on nature and on the NA100 expectations via a webinar for teams and departments. We see this as a positive sign that the company is working internally on the subject which will hopefully lead to greater strategy going forward.

**Next Steps:** We are looking forward to continuing our dialogue with the company in 2025. In 2024, we helped them identify some of the 'low hanging fruits' where they can easily improve in the short term. This includes the development of a specific nature strategy and increased governance and oversight. We hope to see some evolution in the near future which will help the company establish a foundation and begin tackling nature related risks more concretely across operations.

# Human Capital & Human Rights Case Study

## Foster diversity best practices in global operations with a Japanese Electronic Components Manufacturer

**Context:** In 2023, Amundi started engaging on gender diversity with a large Japanese manufacturer of electronic components with more than 250 locations across over 30 countries. The company has over 100,000 employees, about 90% of whom are based outside of Japan. To capitalise on its global footprint and remain competitive in a rapidly evolving sector, the company must leverage the full range of skills within its workforce. Gender diversity is one of the areas that has not significantly progressed within the company, however. For example, only one of the seven Board directors is a woman (representing just 14% of the Board members). In addition, the percentage of female managers at the company was only 3.8% in FY2022 suggesting a very small female leadership pipeline. Meanwhile, its target of 15% women in management positions by 2035 appeared relatively unambitious compared to peers, especially considering its largely international workforce and global competition.

**Amundi Actions:** We were concerned that the proportion of female executives at the company, which primarily reflects the situation in Japan, was low compared with the industry average. Therefore, in 2023 we encouraged the company to identify the barriers to increasing the number of female managers and develop strategies to overcome them, and we followed up on the engagement asks in 2024.

**Engagement Objectives:**
Our key engagement objectives for the company were as follows:

- Set a more ambitious target for the ratio of female managers
- Assess barriers to women's progression within the company and develop a strategy to address them
- Specifically, in 2024, we asked the company to
- Enhance reporting on diversity metrics tracked

Evidence efforts to increase the overall number of women in leadership and specifically the number of female leaders in Japan.

**Engagement Outcomes & Issuer Momentum:** When we engaged with the company in September 2023, we raised concerns that the company's low female manager ratio—below industry averages—could suggest a lack of commitment from top management. The company did acknowledge the importance of promoting gender diversity across its operations. It also informed us about some of the actions it was undertaking to prevent harassment and support women's career development through education. However, our view was that much more robust action should be taken going forward.

In the first half of 2024, we reiterated our recommendations for more ambitious gender diversity targets and action plans to the company's CEO. In addition, as the company's female board representation did not align with Amundi's revised voting policy that required at least two female directors, we communicated our recommendations to the company ahead of the AGM.

In the second half of the year, the company provided an update to Amundi on several short- and longer-term initiatives around gender diversity in Japan, such as career development training, anti-bias training for male managers and management workshops. We appreciated the update but requested a dedicated meeting given the company's slow progress on female representation compared to Japanese peers.

In the meeting, we offered additional metrics for disclosure based on the insights into the company's strategy and challenges faced, such as the size of the global female talent pipeline and ratio of women returning from maternity leave who are subsequently promoted. We also encouraged clear executive accountability for progress, including measures in the event that progress is not accomplished, and stronger focus on not only reporting but also building a female talent pipeline, particularly at junior management and mid-career levels.

**Next Steps:** Ahead of the year end, we reiterated our recommendations to the company, and will continue to closely monitor its progress. Given the company's international presence and ambitions, we see significant opportunities to apply diversity insights from its global operations across jurisdictions.

# Clients Protections & Societal Safeguards Case Study

## Promote access to medicine in low- and middle-income countries with a Pharmaceutical Company

**Context:** Since 2010, Amundi has actively supported the Access to Medicine Foundation (ATMF), an independent non-profit organisation whose aim is to guide and encourage pharmaceutical companies to do more for the people who live in low- and middle-income countries (LMICs) and therefore to better address SDG3 (Good Health and Well-Being). We strongly value the ATMF for the insight it brings, through various research papers and assessment frameworks, when forming our views on the strategic positioning of companies in the pharmaceutical sector.

In 2019, the ATM Foundation launched and coordinated its first collaborative engagement for investors to help steer the direction of pharmaceutical companies towards better serving access to medicine and SDG3 in LMICs. Along with over 140 financial institutions in 2024, Amundi has participated in this investor-led engagement since its launch, which illustrates our active support of the ATMF. The outcome from this engagement is feeding into the ATMF framework designed by the ATMF to establish the Access to Medicine Index (ATMi) a ranking, updated every two years, of the world's 20 largest pharmaceutical companies, based on the steps they take to improve access to medicine in low- and mid-income countries (LMICs). The ATMi is based on a framework of 32 indicators that together capture the core role for pharmaceutical companies to improve access to medicine in relation to 83 diseases, conditions, and pathogens. The framework is evolving over time, to take into account progresses made by the industry, but also to account for changes in diseases' prevalence (e.g., the growth in non-communicable diseases) or the emergence of new threats (e.g., COVID-19). However, the key elements in the framework include:

- Governance of access
- Research and development
- Product delivery

**Amundi Actions & Key Expectations:** From the start, Amundi was assigned to be the co-lead in the engagement with a French pharmaceutical company. Our expectations for the company were informed by its standing in the ATMi.

**Issuer Momentum:** In 2024, our assessment of the company's progress was informed by an engagement outreach earlier in the year, in which the company provided an update with several quantitative metrics around the implementation of its access to medicines efforts in the LMICs, most notably the work around non-communicable diseases, particularly diabetes and access to insulin, and the update to its ATMi standing. In the 2024 edition of the ATMi, the company ranked #3 compared to #8 two years earlier. This reflects an acceleration of the progresses we had already observed in 2022 and 2023 in the company's implementation of its strategy of access dedicated to LMICs. Two years ago, the company launched its Global Health Unit (GHU), which aims to provide access to medicines in 40 countries with the highest unmet medical needs. The GHU works with local, regional, and global partners to provide affordable medicines, support health systems, and foster innovative solutions for non-communicable diseases such as diabetes (through both oral medicines and insulins), cardiovascular disease, and cancer. One of the initiatives of the GHU is the Impact brand, which offers 30 essential medicines at no profit. In its 2024 ATMi report, the ATMF noted that the company was leading in Governance of Access, performs strongly in Research & Development and Product Delivery, and was demonstrating best practice for its inclusive business model to improve access to products in LMICs.

**Next Steps:** At the end of 2024, given the company's continuous progress and demonstration of best practices, we have decided to close our engagement with the company on access to medicine in LMIC. Going forward, we will assess our engagement focus to potentially pursue our engagement efforts on the topic around companies with less advanced strategies.

# Governance Case Study

## Engaging with non-listed companies to push for independent supervisory board member and support their work on ESG strategy

**Context:** Amundi Private Equity MidCap invests in non-listed Small and MidCap companies. We partner with them to grow and structure their strategy, including ESG strategy.

**Amundi Actions:** To structure the CSR governance at the investee-level, we engage with the company and make our recommendations through an ESG roadmap that is reviewed by the Supervisory Board.

The Supervisory Board is, generally, made up of the CEO of the company, a few other executives and the current investors. One of our recommendations is to add at least one independent member. We consider this best practice to have several advantages, as the independent member:

- Is a counterweight in a controlled company
- Is a fresh eye and provides a critical perspective, enriching the company's process analysis
- Brings a new skill set and expertise in key areas (finance, technology, ESG, etc.) allowing them to guide the company in its development
- Is complementary to the other Board members given their experience and knowledge

**Outcomes & Issuer Momentum:** We have recommended the introduction of at least one independent Supervisory Board member to all 15 companies we have invested in. This best practice is common and even mandatory in some countries for listed companies. However, after a few years of engagement, we note that this practice does not get much support from private equity companies. A minority of the companies are considering it, but the large majority do not consider this as a priority and postpone every year.

The main pushbacks we have are:

- The Board is already quite large and adding a new member will add complexity in governance
- All topics are well covered through the company's members and investors at the Supervisory Board, so no other skills are necessary
- No need to get a counterweight because of the presence of several investors already seen as (nearly) independent
- No desire to have someone from outside the company judging what the company is doing

**Next Steps:** We will keep engaging companies on the importance of having at least one independent Supervisory Board member and maintain this recommendation in our ESG roadmap reviewed annually by the Supervisory Board.

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The information contained in this document is deemed accurate as of June 2025.

## LEGALS

**Amundi Asset Management**
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