

Amundi's Engagement on Just Transition

Amundi's stewardship is one of the two key pillar of our responsible investment philosophy

As a part-owner of the companies in which it is invested, Amundi has a role to play in influencing issuers

- To **improve their impact** on sustainability factors & goals
- To manage more properly their **sustainability risks**



Main goal of Amundi's stewardship activity:

Accompany the transition towards a sustainable, inclusive & low-carbon economy

Stewardship

A Pro-Active Engagement Policy

- Contribute to **best practice dissemination** and drive a better **management of sustainable risks**
- Trigger positive change on how investees are **managing their impacts** on specific topics that are paramount to the sustainability of our economy
- **Support the mid and long term growth** of our investees by urging them to accelerate their own transition towards sound, more sustainable business models and to **align their level of investment in Capex/R&D**

A Demanding Voting Policy

Emphasizing the need for:

- An **accountable, diversified & well-functioning board**
- Corporates' governance and board **to grasp the environmental and social challenges**
- Boards & corporates to be **appropriately positioned** and prepared **to handle the transition** towards a sustainable, inclusive and low carbon economy

What is engagement and how it is carried out at Amundi?

“ Shareholder engagement consists of proactively interacting with issuers with the aim of **accomplishing a defined set of objectives**¹. ”



How?

Through a continuous and purpose-driven dialogue & monitoring...

- Meeting the **chair or other board members**
- Holding **meetings with management**
- Writing **letters/emails** to a company to raise concerns

Amundi has a unique set up to ensure effectiveness of engagement:

- ✓ Research driven
- ✓ Contribution of all investment platforms
- ✓ Strong emphasis on quality and knowhow



Means?

...supported by a dedicated ESG research-driven team & ad-hoc ESG tools

- **42¹ ESG & corporate governance analysts²**, involved in research and engagement across 5 locations (Paris, London, Singapore, Beijing and Tokyo) and 15 nationalities²
- **890 investment professionals** (700 PMs & 190 financial analysts)
- All engagements are reported in an **internal tool** and **progress is assessed** to ensure traceability & accountability

1. There can be no assurance that the professionals currently employed by AMUNDI will continue to be employed by AMUNDI or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success. For illustrative purposes only. 2. Amundi as at end of December 2024

5 main areas of engagement

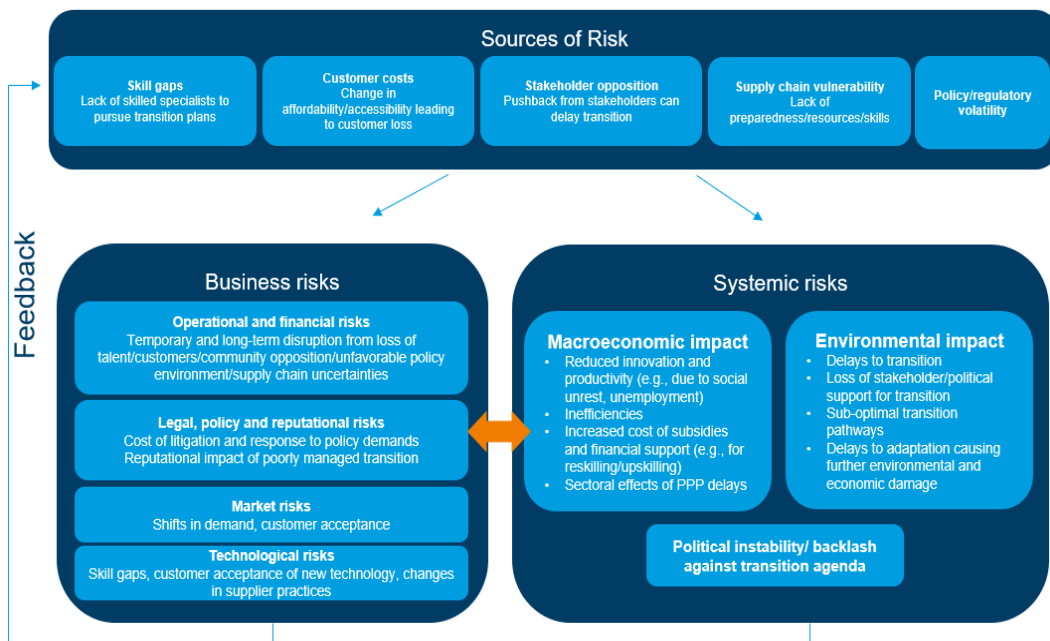
Accompanying the transition towards a sustainable, inclusive & low-carbon economy



(*) ecosystem protection & fight against biodiversity loss. (**) through the protection of direct & indirect employees, promotion of human rights.

Engaging to promote a Just Transition

Why engage: The materiality of a just transition



Emerging research supports the importance of factoring in just transition risks:

A 2023 survey of developers of utility-scale renewable energy projects conducted by the Lawrence Berkeley National Laboratory and covering projects from 2016-23 in the US identified community opposition a major factor leading to the cancellation of wind and solar projects. Similarly, an academic paper analysing 53 blocked renewable energy projects in the US, found that nearly a half of those were cancelled due to community pushbacks, only a quarter resumed after being delayed, and almost 4600 MW of generating capacity was lost. Similar qualitative analysis is available for a study of developing and emerging economies.

Engaging to promote a Just Transition

What does it take to start?

A climate commitment:

An intent to transition

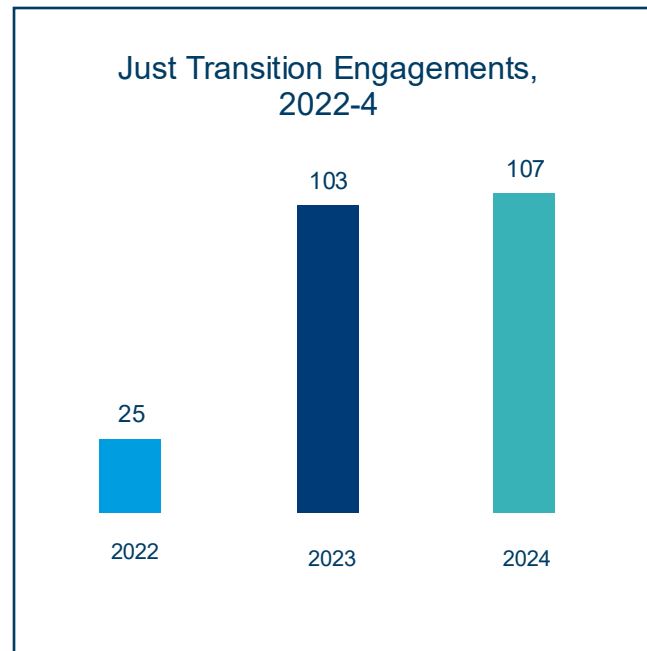
Core social commitments:

Foundations of fairness

A just transition strategy or
elements of one*

Engaging to promote a Just Transition

How we engage	
Expectations	Sectors
Demonstrate respect for fundamental human rights Have in place fundamentals of a functional social dialogue with workers and other key stakeholders Assess transition-related social risks (and opportunities), allocate resources and conduct adequate planning for transition for workers (e.g., by identifying reskilling and redeployment opportunities) and affected suppliers, communities and customers	Oil and Gas Utilities Mining Automotive Banks
Collective engagements and collaborations: Finance for Tomorrow (France); LSE Just Transition Lab (UK); World Benchmarking Alliance's Collective Impact Coalition (Global)	



European Oil & Gas Company

Just Transition

This large European oil and gas company had set a target to achieve net zero emissions by 2050, and its energy transition plan, which was released in 2022, included ambitions of 50% capex on renewables and low carbon solutions by 2030. We wanted to ensure that the company also addressed any potential social risks to the implementation of their climate plan. While the company published a just transition plan in 2023, the strategy was not clearly linked to their climate goals.

E S G



Collective
Engagement

Starting in
2023

Positive
Momentum



ISSUES IDENTIFIED

1

Assess material socio-economic risks for the company associated with climate transition

2

Develop a just transition strategy, with board accountability for implementation, demonstrating alignment with the company's climate transition plans, and informed by a robust risk assessment

3

Adopt quantitative KPIs and metrics to enable investors to assess the company's progress on their just transition strategy implementation



PROGRESS

- At this point, the company's just transition strategy continues to lack granular timelines, objectives and metrics, as well as board oversight. Although the company had initially committed to publishing a just transition strategy, there was no progress on this in 2023-4.
- Yet, despite initially walking back on plans to develop one, as discussed in previous engagements, the company did acknowledge that some meaningful KPIs can be introduced and reported. The company also shared that they would consider liaising with its People and Organisation unit, which collects social data, for more coherent reporting between human capital and just transition.



NEXT STEPS

- Overall, we concluded that the company's just transition strategy continues to lack granular timelines, objectives and metrics, and we were also somewhat disappointed by a lack of board oversight of these matters.
- Our initial engagement objectives will, therefore, remain the same in 2025.



Other Actions Taken

No escalations taken at this time.

North American Utilities Company

Just Transition

Just transition is considered a high priority for the company, and it has a publicly released just transition framework. The framework was informed by work undertaken alongside a third party in 2022. Assessments were carried out on upcoming and near-term coal retirements, with an emphasis on community demographics, plant specifics and adjacent employment opportunities. It has some internal just transition metrics, which are used to measure the effectiveness of their ongoing strategy, but these are not yet disclosed. At present, there are no current metrics to define at-risk/vulnerable customers.



Collective
Engagement

Starting in
2023

Positive
Momentum



ISSUES IDENTIFIED

We made the following recommendations to the company:

- Disclose redeployment metrics and any other measures used to assess just transition efforts
- Map the customer base and determine the percentage of vulnerable customers
- Implement process metrics, such as the number of meetings with workers or local stakeholders, and disclose the percentage of workers facing job changes
- Disclose third-party dependencies, including policy and technology considerations
- Provide additional information on the alignment of central and local just transition budgets and timelines, addressing coordination mechanisms.
- Enhance transparency on how the social dimension of the transition influences the company's restructuring plans, encompassing mergers, acquisitions, capital expenditure, and expansion plans.
- Improve disclosure on the human rights and human capital competencies currently held by the Board.



PROGRESS

- The company appointed a specialist who was tasked with work on national and local social justice matters with the aim of elevating their engagement on just transition to the global stage.
- Although no metrics have been introduced at this stage, initial discussions have been held with the HR team to understand and address current disclosure hurdles. The company also continues to be committed to its upskilling and reskilling plans (400 people under trainings).
- The company also highlighted progress made on human rights with a recent update to their policy.



NEXT STEPS

- We will continue to engage with the company in 2025 on outstanding KPIs, and we specifically recommended, as an interim measure, considering implementing process metrics, such as the number of consultation meetings held with employees or local stakeholders on matters related to transition, and disclosing the percentage of employees facing job changes related to transition plan implementation.



Other Actions Taken

No escalation at this time.

Lessons learned & possible solutions

