

Amundi
Investment Solutions

Trust must be earned

2025 Engagement Report

June 2026

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Engagement at Amundi Asset Management

Through its stewardship activities, Amundi is seeking to have a tangible impact on the real economy by fostering a collaborative, positive, pragmatic yet ambitious dialogue with companies. Our aim is to inspire a broad range of actions that benefit not only issuers but all stakeholders, while supporting sustainable long-term returns. We believe that dialogue is the cornerstone of a healthy and resilient transition towards a sustainable, inclusive, low-carbon economy and durable value creation, which we believe cannot be systematically solved by divestment approach. 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.

With long horizons and diverse exposures, investors remain vulnerable to systemic shocks that cannot be diversified away — from environmental degradation to labour and supply chain stress. These shocks can shift the fundamental drivers of value and therefore the risk return outlook of portfolios. Amundi's stewardship strategy aims to safeguard and enhance portfolio resilience and therefore performance over time by addressing root causes across value chains and taking into account the interconnections between climate, biodiversity, social and governance issues, delivering measurable long term benefits for clients, distributors and shareholders.

Engagement aims at influencing the activities or behavior of investee companies in order to preserve long term economic capital as part of our search to create long-term value for our clients' portfolios. It therefore must be result-driven, proactive and integrated in our global ESG process. Engagement can nevertheless have various aims that could be presented in two categories:

- Engage an issuer to improve the way it integrates the environmental and social dimension in its processes, the quality of its governance in order to limit its sustainability risks
- Engage an issuer to improve its impact on environmental, social, and human rights related or other sustainability matters that are material to the global economy.

Engagement differs from corporate access and traditional dialogue with a corporate as it targets an improvement in the impact and dependencies of issuers, and a more resilient business model. More specifically engaging implies having a specific agenda and targets that focus on real-life outcomes in an expected timelines.

Stewardship, the cornerstone of our ESG strategy

To reach this target of mid to long term economic resilience of our investee companies as well as stability of our sovereign debt portfolios, Amundi has developed a consistent system-level stewardship strategy to address system-wide threats creating non-diversifiable risks to the economy and portfolios by affecting factors of production (land, labour), alongside a targeted bottom up focused approach, to magnify impact of our stewardship. Sustainable long term growth and resilience is the cornerstone that inform all angles of the strategy of Amundi . Consistent with this vision, sustainability will be promoted by different teams in their interactions with regulators, public bodies, industry association, index and data providers, academics as well as with clients. Amundi is also member of 60 industry initiatives or working groups in the responsible investment space, including 27 initiatives where senior Amundi members are on the steering committee. We are members of more than 15 collaborative engagement initiative for which we are lead for 46 engagements and co-lead on 40 engagements.

Stewardship activity is an integral part of Amundi's ESG strategy. Amundi views the transition towards a sustainable, inclusive low carbon economy as a cornerstone of a sound economy. Apart from the systematic integration of ESG criteria within our investment, as well as a consistent engagement with different stakeholders of our ecosystem, Amundi has developed an active stewardship activity with our investees through:

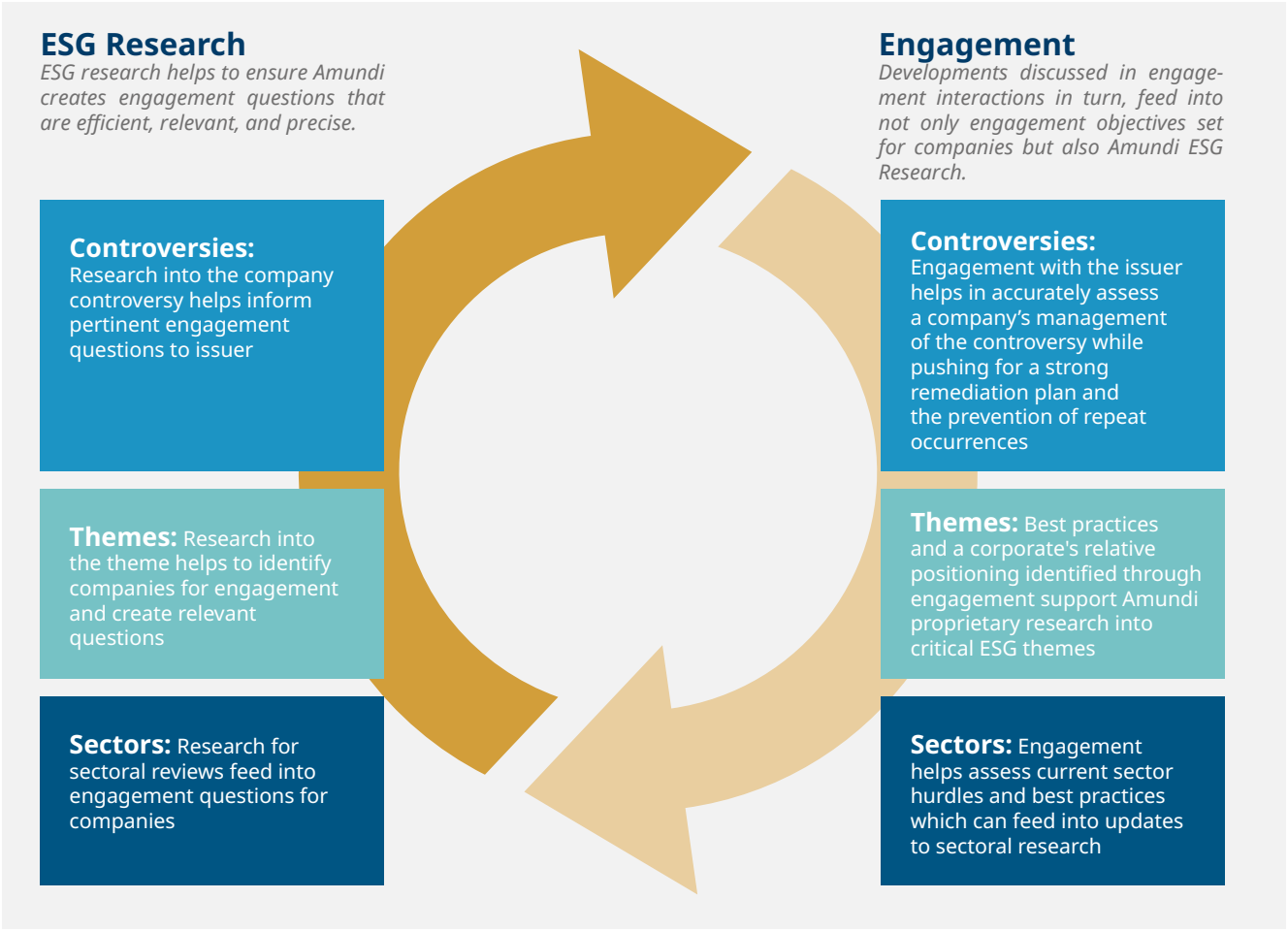
- A pro-active engagement policy that seeks to improve the mid to long term risk / return profile of our portfolios. The objective is:
  - ➜To better manage sustainability risks by contributing to best practice dissemination by driving a better integration of sustainability in our investees' governance, operations and business models
  - ➜To better cope with impacts on sustainability factors by triggering positive change concerning how investees are managing their own impacts on specific topics that are paramount to the sustainability of our economy,

- To support the mid and long term growth of our investees by urging them to perform their own profitable transition towards more sustainable business models and to align their level of investment in Capex/R&D.
- A voting policy emphasizing the need for corporates' governance and boards to grasp the environmental and social challenges, both risks and opportunities, and insure that corporates are appropriately positioned and prepared to handle the transition towards a sound, sustainable, inclusive low carbon economy.

Engagement, a Key Pillar in Amundi's "2028 Ambition Plan"

Engagement will continue to play a key role going forward. After the completion of Amundi "ESG ambition plan 2025, stewardship remains a specific items of the "2028 Ambition Plan", with the ambition to continue deployment of Climate dialogue with investee companies to cover 85% of the carbon footprint of global indices by 2028[1]. Our approach relies in climate engagement performed to promote an orderly and realistic transition to resilient economic models, notably by taking into account entire value chains, with significant coverage of energysupply actors as well as demandside actors and taking into account the interdependence of issues in the context of multiple transitions (climate, energy, digital, demographic), with the engagement of companies most exposed to natural capital preservation issues and a continued dialogue on the social dimension to preserve the economic sustainability of actors and territories.

ESG research and engagement: two key parts to the Amundi team's work that combined, create a continuous feedback loop

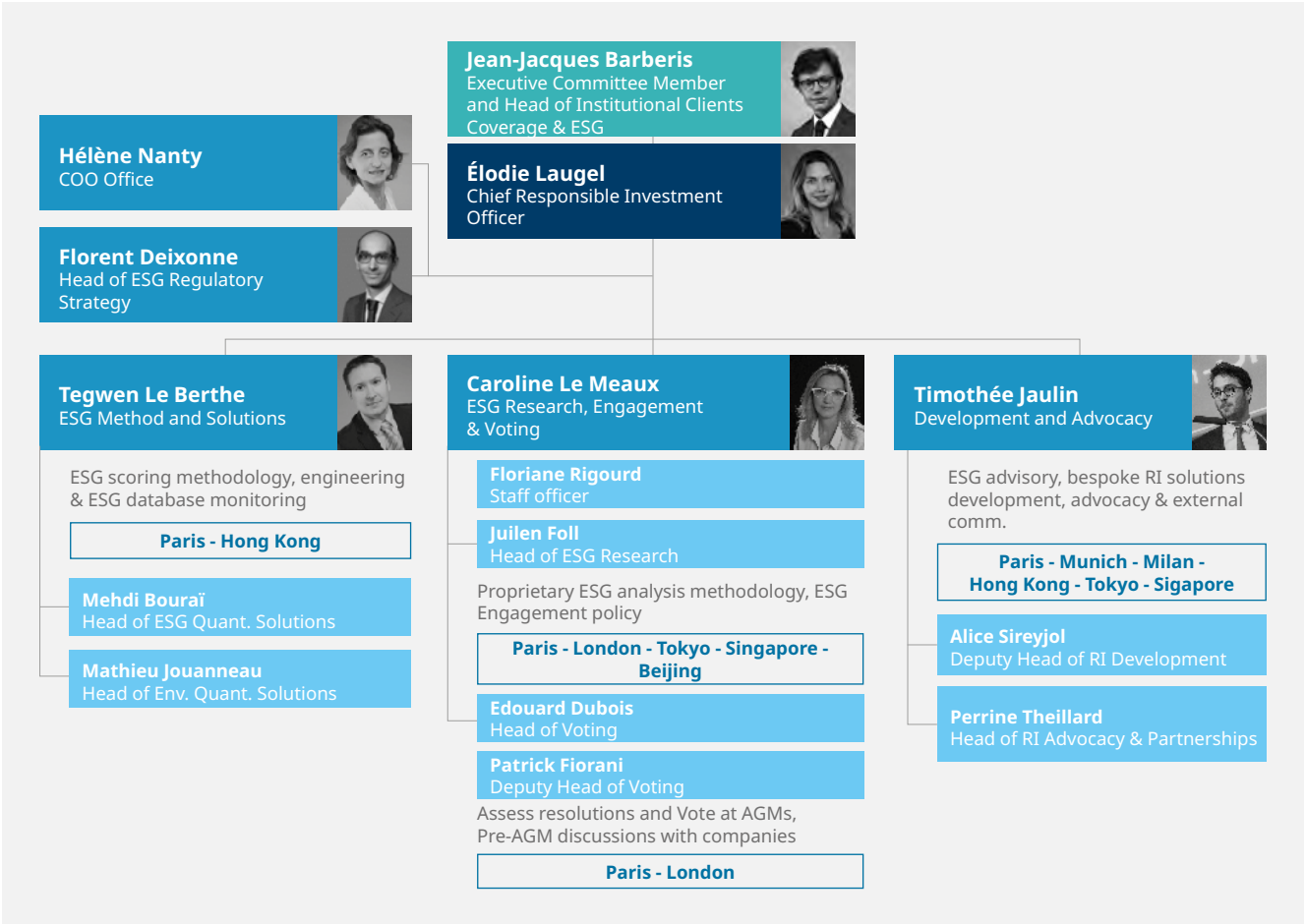


1. Equity index : MSCI ACWI & Bond index : Bloomberg global aggregate corporate index.

Who We Are

The ESG Research, Engagement and Voting team, led by Caroline Le Meaux, is a team of 41 dedicated specialists spread across Paris, London, Beijing, Singapore, and Tokyo. Divided into two divisions, the team consists of 30 dedicated ESG analysts and 9 voting and governance specialists. Both teams contribute actively to the engagement effort. The team sits within the Responsible Investment division at Amundi.

The ESG Research, Engagement & Voting team belongs to the in-house center of ESG expertise that supports all of Amundi's investment platforms. The members of the team work actively with fund managers and financial analysts to strengthen ESG knowhow and expertise across the whole company including ESG trends or ESG positioning of issuers. The central ESG team also seeks to foster a culture of ambitious and impactful engagements with issuers across all investment platforms.



ESG Research Team

The ESG Research team is responsible for internal ESG qualitative analysis and the organization of the engagement efforts. Each ESG analyst specializes in various sectors and thematics and is the primary person responsible for driving ESG research and engagement strategies internally on those sectors and topics. ESG analysts meet, engage and maintain constant dialogue with companies to improve their ESG practices and impacts. They have the final say over ESG ratings of companies to ensure that internal ESG scores are accurate and in line with key Amundi convictions and company actions. The team is also responsible for monitoring sector trends, defining which ESG criteria to consider per sector, staying abreast of established and emerging ESG topics, assessing the impact of ESG topics on the macro-sectors (both risks and opportunities) and assessing the broader impact those sectors have on sustainable development.

Amundi Voting & Corporate Governance

The Amundi Voting & Corporate Governance team consists of 9 specialists who analyze resolutions and organize ongoing dialogue with companies' board representatives with the aim of better understanding their strategy and support their ESG practices. These interactions are also an opportunity to ensure that Amundi recommendations on governance, environmental and social related matters as well as voting policy are communicated at the highest levels inside the companies. The ESG Research, Engagement and Voting team has developed a comprehensive set of materials and tools that guide the investment professionals in selecting the engagement themes, selecting the issuers targeted, conducting a rigorous engagement by having precise, ambitious and pragmatic demands and in tracking improvement.

As the systematic consideration of environmental and societal issues already plays a key role in dialogue with companies across all Amundi investment platforms (beyond the ESG Research, Engagement, and Voting team), we truly believe that our investment professionals, alongside the ESG Analysts, play a central role in reaching Amundi's engagement ambitions.

Our voting activity is an integrated arm of our stewardship activities. Insufficient improvements following an active engagement could trigger a negative vote. Engagements are also triggered by our voting activity to encourage issuers and issuers ' boards to better integrate sustainability and long term views in their company's strategic planning.

Tracking and Monitoring Engagement Progress through a Dedicated Tool

All open engagements are recorded in a central tool shared with all investment professionals, for transparency and traceability reasons. Any fund manager or financial analysts can contribute.

To track issuer specific engagement objectives, and subsequent improvement, Amundi has an engagement reporting tool. This tool records the feedback given to issuers on specific engagement topics (in terms of KPIs[2] for performance improvements) and tracks issuer performance towards these objectives.

Engagements reported in our tool are able to generate auditable statistics to help transparently report the success of our engagement activities.

The Engagement Process at Amundi

Engagement Themes

Amundi engages issuers around 5 main areas:

- 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

2. Key performance indicators.

Promoting the UN Sustainable Development Goals through engagement

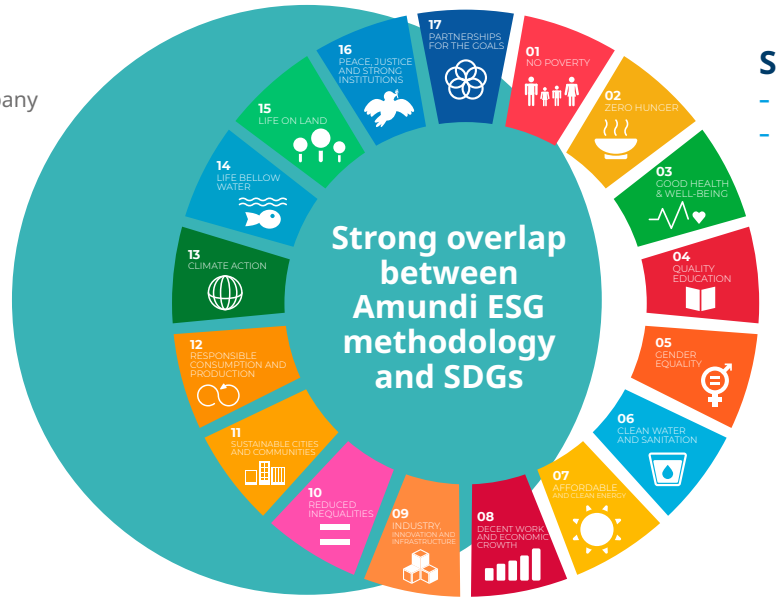
In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development that aims to provide a "shared blueprint for peace and prosperity for people and the planet, now and in the future"[3]. The Sustainable Development Goals (or SDGs) are a globally collaborative and relatively 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.

Even if our engagement activity is not structured directly towards SDGs, it has a strong overlap.

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 berween UN SDG Indicator and Amundi Engagement KPIs

Reinterpreting nationally focused KPIs into corporate engagement KPIs to encourage companies to concretely contribute to the SDGs

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

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

Selecting Companies for Engagement

Amundi engages investees or potential investees at the issuer level regardless of the type of holdings held. Issuers engaged are primarily chosen based on the level of exposure to the engagement subject (often known as the engagement trigger).

The environmental, social, and governance issues that companies face could have a major impact on them or on the economy. Thus, we consider that we need to assess the ESG quality of an issuer regardless of our position in the balance sheet (as a shareholder or a bondholder). If ESG issues have direct financial consequences for businesses, those issues will be considered by our investment professionals (equity or credit analysts, fund managers) in their valuation models and investment processes. Subsequently, we engage on ESG issues at issuer level. Amundi may also engage with issuers on ESG subjects that have financial materiality for the value of the instrument they are invested in, in addition to their holistic ESG-related active dialogues with issuers.

Amundi engagement spans different continents and takes into account local realities. The aim is to have the same level of ambition globally but adapt questions and intermediate milestones across the different geographies. We also wish our engagement activities to be impactful and additive to the global effort of the financial community.

Amundi engages also at instrument level (for example for Green, Social, Sustainable bonds (GSS bonds) to promote better practices and transparency.

Measuring and Monitoring the Engagement Progress

Defining the Engagement Period

The engagement period varies depending on the agenda, but the average engagement period is approximately 3 to 5 years. Amundi defines different milestones and engagement developments that are shared internally via our engagement tool, which is available to all investment platforms. Formal assessments are carried out, at minimum on a yearly basis. We wish to have a collaborative, supportive, and pragmatic yet ambitious dialogue with our investees, to inspire a wide range of actions that will benefit not only the issuers but also the economy. We truly believe that dialogue is the corner stone of a sound, strong development towards a sustainable and inclusive low carbon economy.

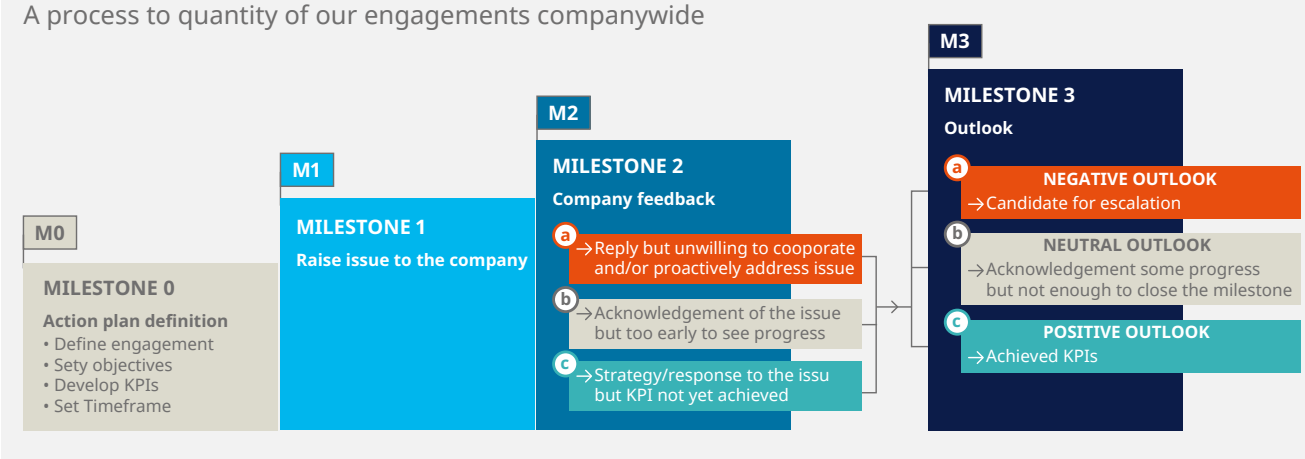
Measuring an Engagement's Progress

Alongside the engagement, Amundi assesses the progress made by the issuer towards certain objectives using milestones.
An internal system of milestones assess progress towards these KPIs including:

- Issuers who have made little to no progress towards the objective after a sufficient period[4] of time or have been non responsive (**negative**) flagging them for a potential escalation based on criticality of the matter
- Issuers who have not yet provided indication on if and when they will achieve the objective but it is still too early to assess if there is a positive or negative trajectory or issuers that had a mix progression (**neutral**)
- Companies who have achieved to a great extent the KPI or are on a path where the KPI is likely to be achieved in the near future (**positive**)

Setting Milestones in the Engagement Process

A process to quantity of our engagements companywide



4. Time period of the engagement can vary depending on the types of objectives set by the analyst and the timeline for the engagement is determined by the analyst based on the level of difficulty to achieve the engagement objective among other variables.

Our first objective is to induce positive impact and the way we decide to engage will always be defined by its effectiveness. Triggering deep change in large organizations might prove to be complicated, stressful and even considered impossible by issuers.

Adopting a longer-term view and considering different intermediary targets for engagements that takes into account situations and circumstances in which the company operates is an essential element of engagement for it to be effective: keep the long term goal in mind while seeking manageable and measurable improvements in the short to medium term.

As investors we must be both demanding and pragmatic to promote a transition towards a sound, sustainable, inclusive low carbon economy in a timely manner. We understand the current limitations to effectively measure and address key themes in sustainability, climate, biodiversity, and human rights. We consider sustainability to be a moving benchmark, and as such our engagement strategies will evolve overtime to better integrate these developments.

Engagement Escalation: incentivizing change through a toolbox approach

When engagement fails or if the action / remediation plan of the issuers appears weak, 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 mode include (in no particular order), questions at AGMs, votes against some resolutions in AGMs, public statements, filing or co-filing of a shareholder resolution, negative overrides in one or several criteria of our ESG score, ESG score caps and ultimately exclusion if the matter is critical.

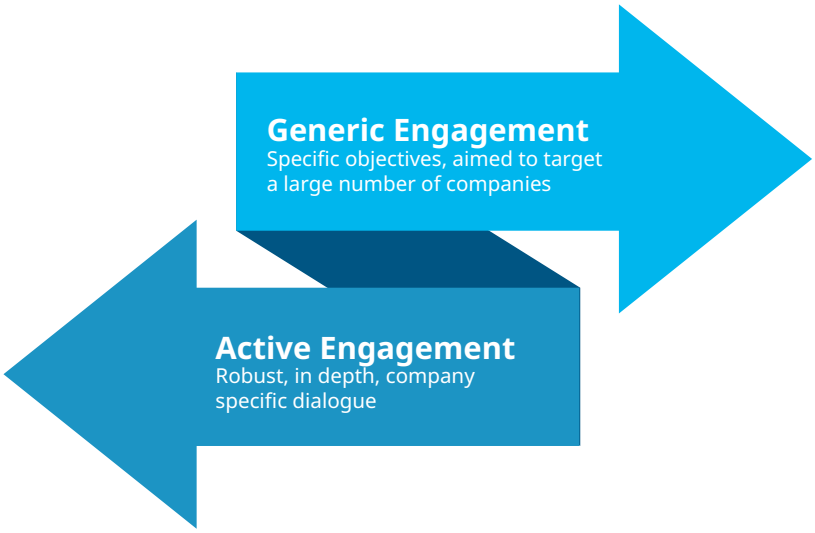
Escalation modes could use our voting activities, if some equities are held, and in themes that are critical (climate, biodiversity & natural capital, social, corruption related issues, severe controversies and/or violations of Global Compact principles) or in case of lack of answers on engagement related to sustainability factors, Amundi could decide to vote against the discharge resolution, or against the renewal of the mandate of the chairperson or some board members.

In addition to escalation through our voting activities, 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. Amundi has committed to integrate ESG criteria into the investment process of actively managed open-ended funds[5], with an objective to fulfill the financial objectives, while maintaining the portfolio average ESG scores above the average ESG score of their respective investment universe. Negatively overriding ESG scores creates therefore a penalty in our capacity to invest in the issuer.

The ultimate escalation mode could be exclusion from the active investment universe in case of failure to engage and remediate on a critical issue.

Direct Engagement with Issuers

Direct engagements where Amundi engages on a standalone basis with issuers are over a various forms of communication. This can include In-person meetings, phone or video calls, emails or formal letters. We divide these forms of communication into two categories: active engagement versus generic engagement. Whether the format, the ultimate aim is to set an engagement objective and to track and monitor a corporate's progress.



5. See Amundi's responsible investment policy.

Active Engagement

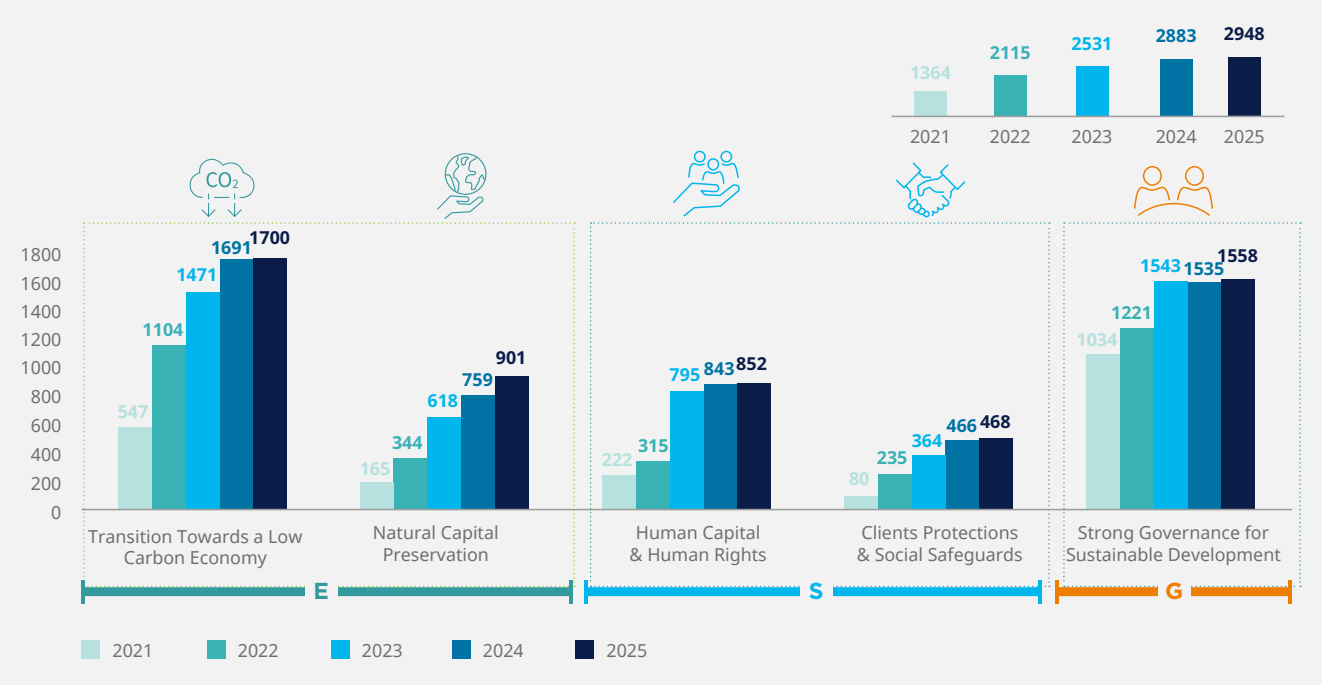
Active engagement includes active dialogue between Amundi and the corporate. For active engagement, the targets or intermediates objectives of active engagements are specific to the situation of the issuers. This represents the bulk of our engagement (over 80%).

Generic Engagement

Generic engagements are campaigns that cover large numbers of companies and very specific (often more narrow) uniform engagement objectives (such as communicating our thermal coal policy to corporates and outlining our objectives accordingly). Generic engagement could also be the first step of an active engagement in order to set clear expectations.

A Year in Review

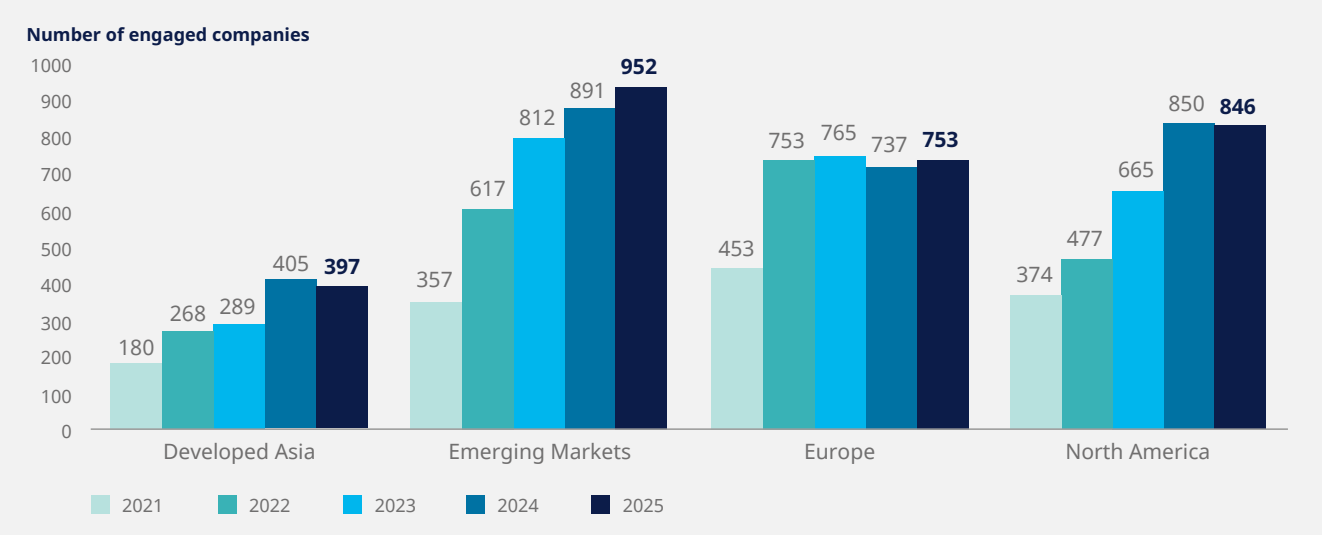
In 2025, the number of issuers increase on Natural Capital Preservation and remained stable across all other themes reaching a total of 2,948 issuers engaged



Source: Amundi Statistics 2025

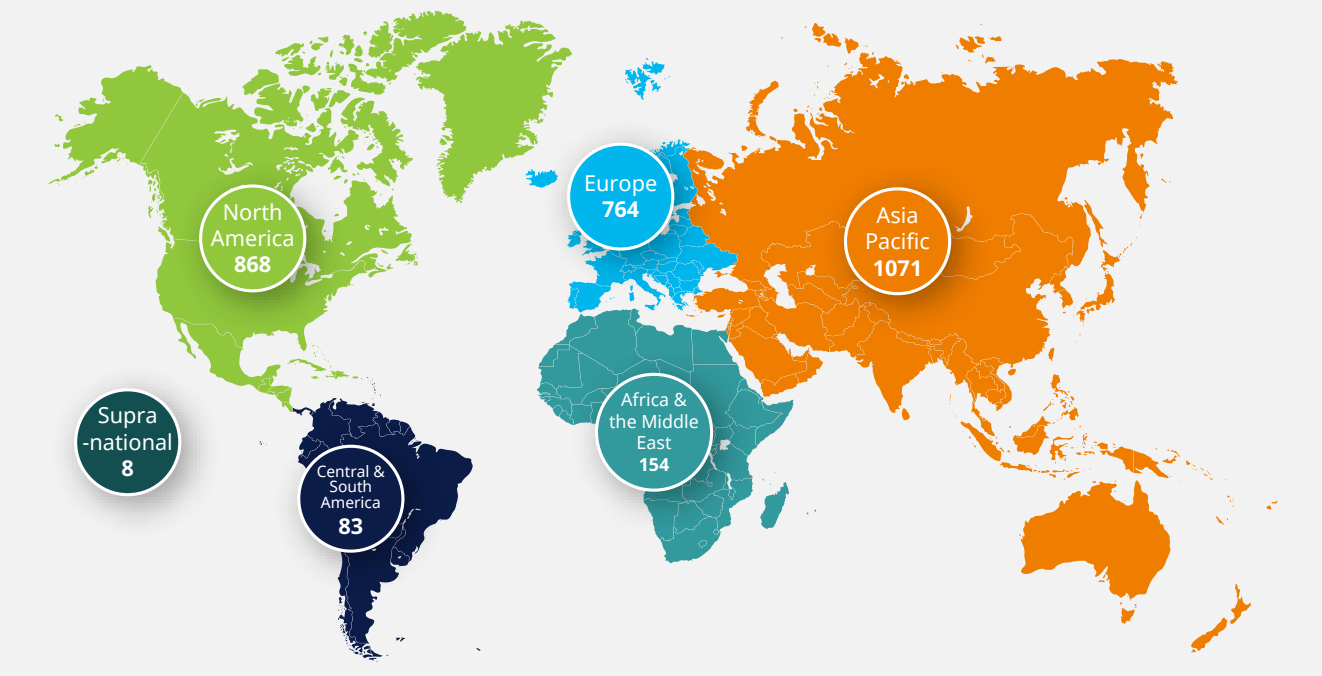
We increased our engagements across almost all macro themes in 2025. Regarding Climate, we aims at engaging high climate impact sector, but also overtime to increase our engagement with all sectors to best address the scope 3 and climate risk, as no business model is immune from climate issues. ESG and Climate issues need also to be discussed at board level, and that directors held responsible when the strategy is insufficiently taking into account those dimensions. On the other themes, we focused our engagement on issuers with specific exposure or risks.

Issuers engaged increased in Emerging Markets (+7%) and remained constant in Developed Asia, Europe and North America.



Source: Amundi Statistics 2025

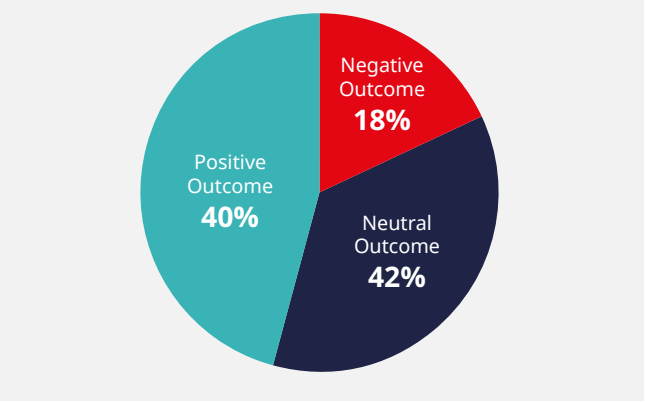
Regional Breakdown of Engagements (by number of issuers)



Source: Amundi Statistics 2025

From a regional perspective Asia Pacific is therefore the region with the highest number of companies engaged with more than 1000 issuers engaged in 2025.

Outcome of engagement closed in 2025



40% of closed engagements in 2025 had a positive outcome and 18% were closed with a negative outcome.[6]

6. Neutral Outcome means engagements that were closed and did not specifically have a positive or negative outcome. This can be due to many factors such as when the context at the company changes making the engagement KPI no longer relevant.

Climate



Context

Climate change represents an existential challenge for the global economy: rising anthropogenic emissions have already increased average temperatures and amplified the frequency and severity of extreme events, and the remaining window to close the emissions gap and avoid the most severe levels of warming is narrowing. Failure to accelerate mitigation and adaptation will intensify physical and transition risks for ecosystems, communities and economic activity, with disproportionate consequences for end savers, pensioners, employees and the territories that host economic activity.

Recent multilateral reviews underline this urgency. The UNFCCC's first global stocktake, presented at COP28, confirmed that many signatories are not on track to meet their nationally determined contributions, a shortfall that persisted through COP29. That stagnation heightens downside risk for markets because delayed or disorderly policy action, sudden increases in carbon pricing, and abrupt shifts in demand all amplify the cost of transition for high-emitting firms.

For issuers, climate risk materialises through multiple, interacting channels: higher operating and capital costs from carbon pricing and abatement investments; increased asset and turnover losses from severe weather and chronic climate impacts; and competitive displacement as low-carbon technologies and business models scale. These channels can erode cash flow generation and long-term enterprise value. For the portfolios of investors, the systemic nature of those risk prevents to apply diversification as a way to lower the exposure to this risk.

Amundi Approach

Amundi's climate stewardship is a direct response to these material risks and to the broader failure of the global transition to progress at the pace required. Rather than relying primarily on formulaic, rule-based screens, Amundi has operationalised a pragmatic stewardship framework grounded in first-principles research and contextual analysis. This approach prioritises deep, issuer-specific engagement that assesses transition pathways, capital allocation choices, governance quality and credible emissions-reduction plans, enabling more targeted interventions that seek to secure measurable real-world outcomes.

The value of this approach is twofold: it addresses financial risk by seeking to improve issuers' transition planning and resilience, and it advances systemic outcomes by encouraging faster, more credible decarbonisation across sectors. Success depends on collaboration — among companies, regulators, the financial industry and customers — and on combining stewardship with policy advocacy and capital-allocation decisions that collectively reduce the probability of late, disruptive transitions. Ultimately, the objective is practical and measurable: to protect long-term portfolio value for beneficiaries while helping steer the real economy toward lower emissions and greater resilience.

Throughout 2025 we tracked our engagements against the weighted contribution of each issuer towards the carbon intensity of the MSCI World and the Global Corporate Bonds Index index. We further subcategorised issuers according to MSCI high intensity carbon sectors (HICS) and MSCI HICS without publicly stated, independently verified climate commitments (neither stated commitment nor verified targets) (Table 1).

Table 1: Engagement across MSCI World and Global Corporate Bonds index universe

		2024 Engaged	2025 Engaged
MSCI World	Carbon Intensity	68%	75%
	Carbon Intensity in HCIS	79%	83%
	Carbon Intensity in HCIS Without Climate Commitments	84%	78%
Global Corporate Bonds Index	Carbon Intensity	76%	82%
	Carbon Intensity in HCIS	79%	86%
	Carbon Intensity in HCIS Without Climate Commitments	79%	93%

Scope of Engagement

Effective engagement requires an appropriate mapping of scope and selection. In other words, posing relevant recommendations to issuers with a high probability of implementing them. To do this, it is necessary to understand the business model of the issuer and its own specific challenges in a consistent way. Amundi uses a proprietary climate assessment framework to systematically identify the most relevant and impactful issues. The framework was designed to satisfy the following considerations:

- Consistent evaluation criteria across all issuers, linked to activity-specific sub-criteria allowing for contextual differences across regions and sectors
- Actionable recommendations at every step of the decarbonisation journey, incrementally increasing in ambition with each engagement round

Table 2 highlights some of the unique criteria contained within the framework which, are mapped between two categories, each with a distinct priority:

1. Engaging on key climate risk management: Mitigate risks faced by our investees by encouraging them to quantify and prepare for both physical and transition factors to which they are exposed
2. Engaging on business model adaptation for the transition to a low carbon economy: Support the mid- and long-term growth of our investees by encouraging them to perform their own profitable transition towards more sustainable business models

Although each issuer may be assessed against every criterion relevant to their activities, engagement items are more focused. Discussions centred on one or two key issues, which are relevant and within reach, as our experience shows this tends to motivate positive momentum over shorter timescales. Longer-term, this collaborative relationship leads to ever-advancing progress throughout the framework criteria.

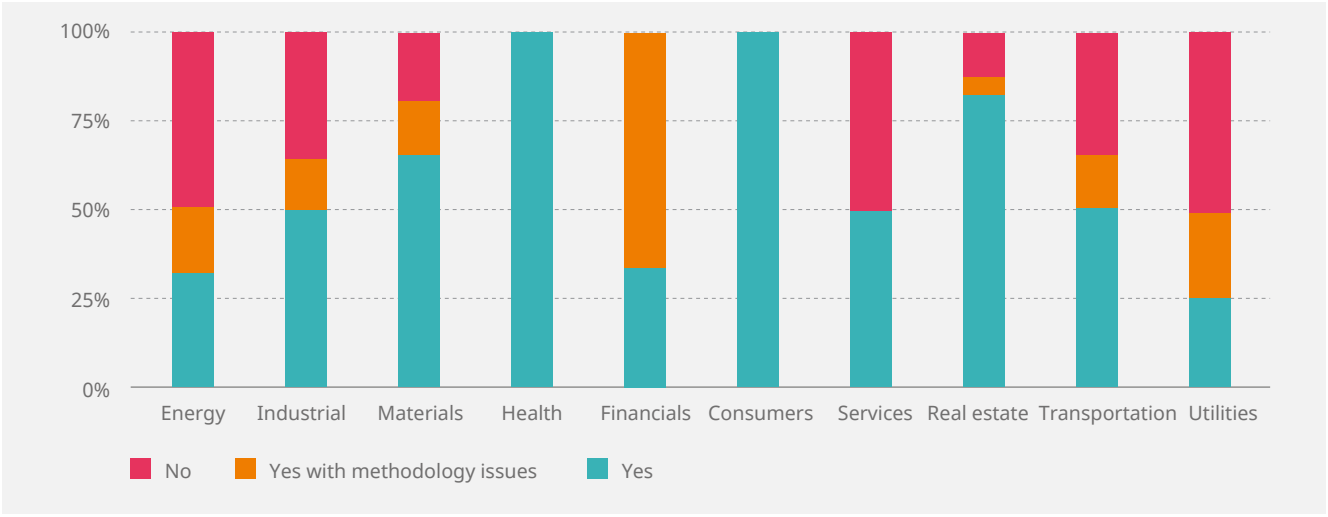
Table 2: sample of Amundi climate assessment framework criteria

Risk Focus	Example Assessment Criteria (non-exhaustive)
1. Engaging on key climate risk management	Stress testing of economic assumptions against reference scenarios in line with a 1.5°C objective
	Commitment to phase-out activities, or financing of activities, incompatible with the Paris Agreement (e.g. thermal coal)
	Robust quantification of methane emissions aligned with best practice, with appropriate target setting and risk reduction strategy
	Physical risk: Assessment of climate-related risks and opportunities using different climate mitigation scenarios, economic impact, and asset resilience planning
	Mitigate social risks implied by the low-carbon transition, including publicly available formal just transition strategy
2. Engaging on business model adaptation for transition to a low carbon economy	Long-term gross GHG reduction targets, covering >95% of Scope 1&2 and >90% of Scope 3, in line with a 1.5°C objective
	Identification of emission drivers and disclosure of their current levels, including related capex plans
	Breakdown of targeted GHG reductions per mitigation lever and means to reach those targets supported by robust strategy and capex alignment
	Long-term strategy for business growth based on sustainable alternatives to high-carbon activities (or financing of activities)

Issuer-level Climate Research

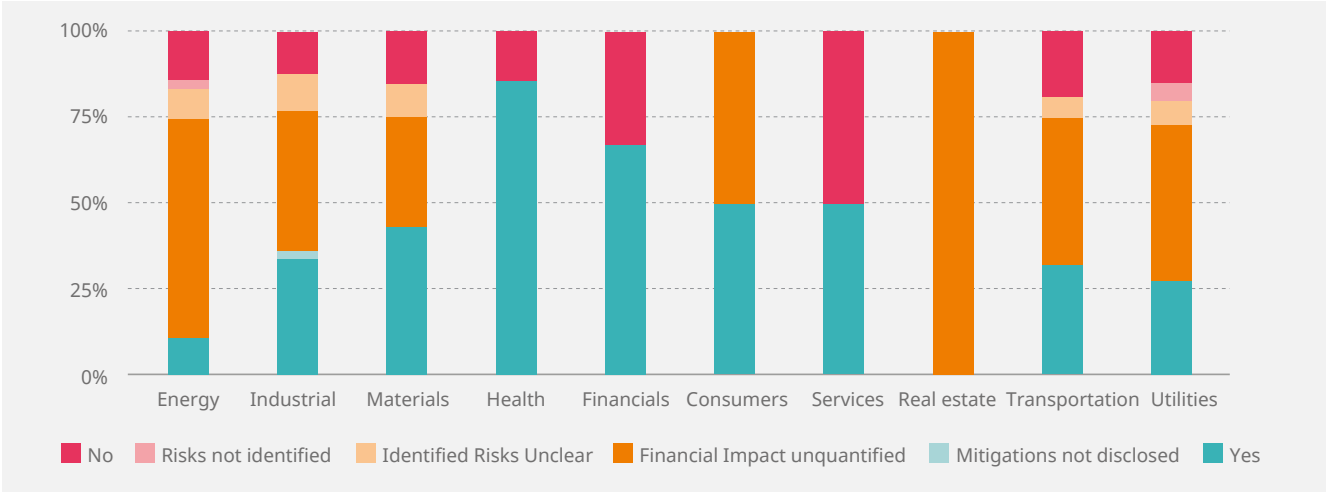
As of 2025, Amundi has completed a total of 879 in-depth climate performance assessments following the approach outlined above. The assessments cover 645 unique issuers, some of which have faced re-assessment for one or more years due to significant changes in either their own strategy or the external context. The following charts are provided to highlight the assessment outcomes from a sub-section of criteria (in % of number of issuers).

Interim (<2035) reduction targets covering at least 95% of Scope 1&2



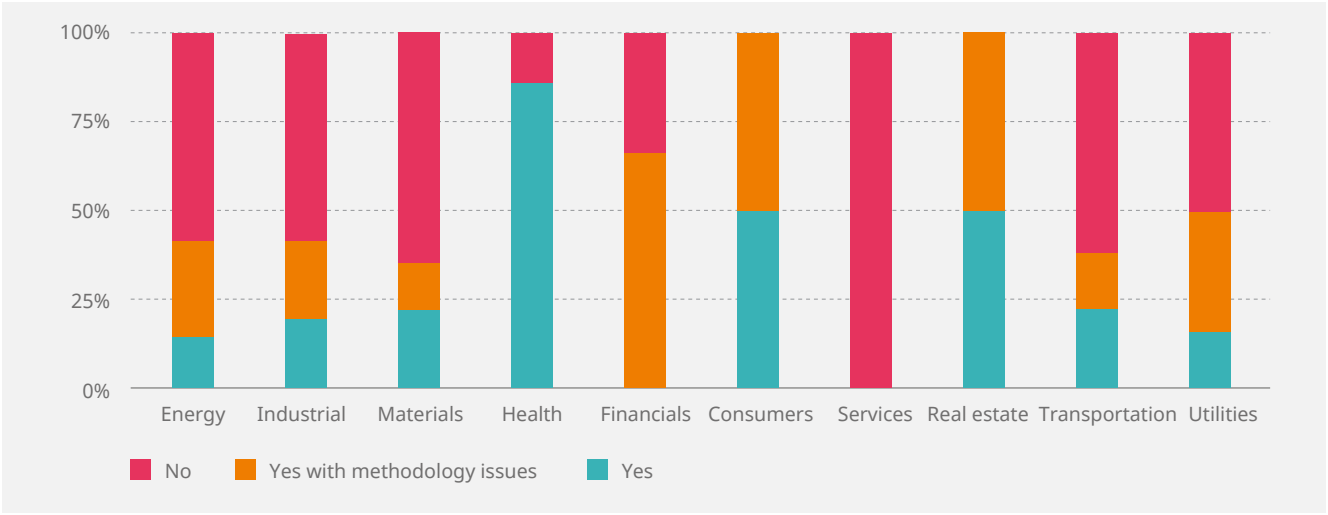
Issuers across all sectors display at least 50% compliance on near-term target setting for the reduction of direct emissions, when allowing for methodology issues (e.g. limited boundary setting, omission of non-CO_2 GHGs, etc).

Transition Assessment: risks, financial impact, mitigations disclosed



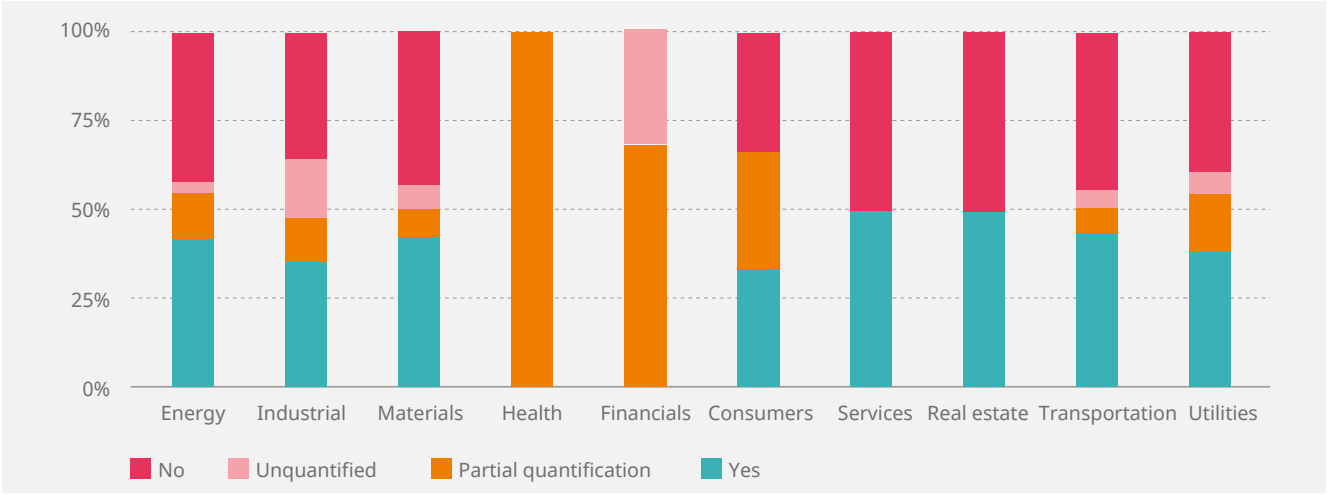
This criteria forms part of our assessment's sub-section on risk and opportunity identification. Our analysts looks for a clear process, description of the likelihood and potential impact of identified risks, the transmission channels through which they may affect the issuer, and the mitigating factors the issuer plans to implement. Except for the series titled 'No', all issuers claimed to have carried out a climate transition risk assessment. However, when looking more closely, many are incomplete or inadequate. For example, transition risks may be generic and lack a clear link to how they may affect the issuer, financial impact may be unquantified, or the reports may simply fail to mention what risks were identified.

Long-term GHG targets covering >95% S1+2 and >90% S3



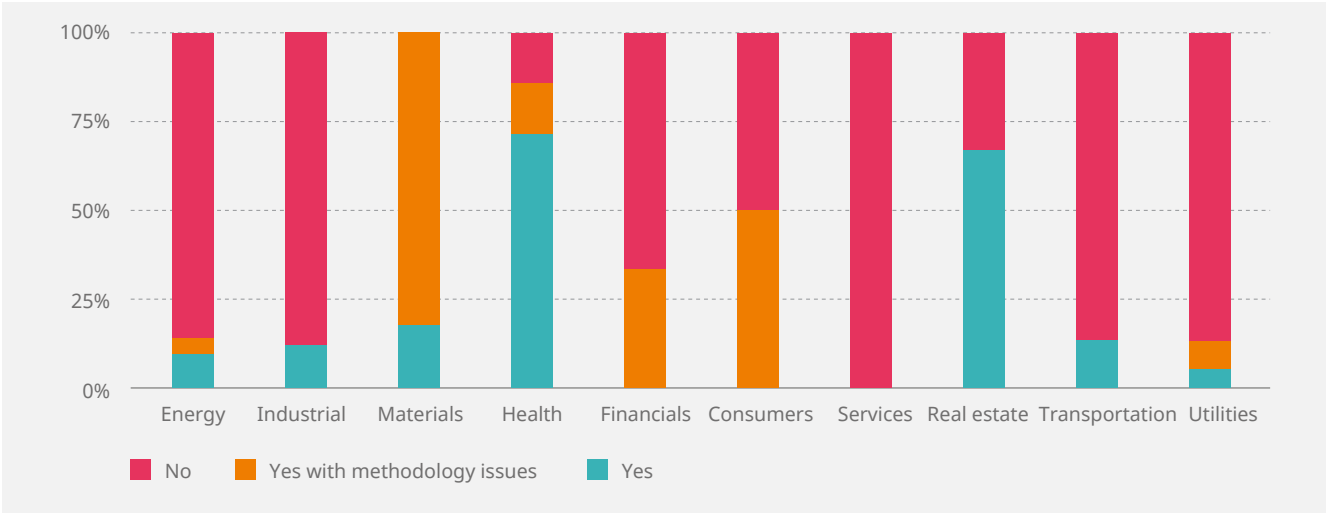
Compared to the near-term target criteria, assessment of long-term all-scope ambitions are significantly lower. Our analysts look for clear, time-bound, quantified reduction targets covering at least 95% of scope 1 & 2 emissions and at least 90% of scope 3. This requires much more than a net-zero commitment, and targets overly reliant on offsets are considered non-compliant.

Identification and quantification of emission drivers



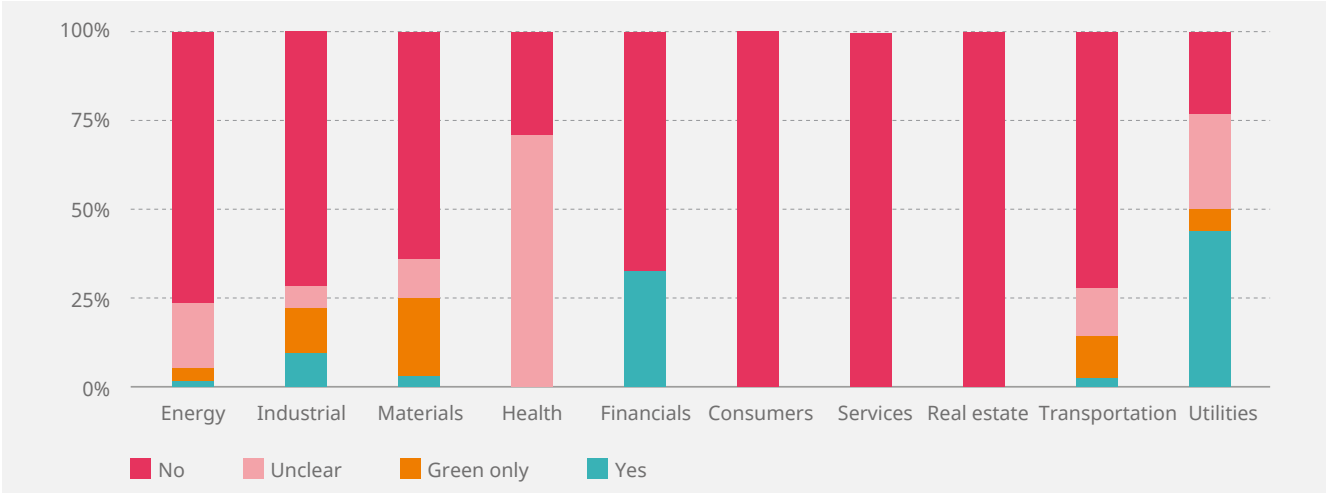
For our evaluations of transition planning, the first criterion concerns a clear understanding of the core drivers of current emission levels, demonstrated by a clear and comprehensive quantified breakdown. For example, alongside a headline total scope 1, 2 or 3 disclosure, our analysts look for quantified breakdowns by GHG gas, business activity, source type, geographic location, or other factors most relevant to the context of the issuer.

Quantified contribution of each mitigation lever mapped to GHG reduction targets



Following the emission driver criteria (above), our assessment then seeks to identify how well the issuer has mapped its proposed reduction measures (mitigation levers) to specific components of its emission profile. For the majority of sectors, this criteria highlights key credibility gaps on which our engagement efforts can focus.

CAPEX plan distinguishes green and non-green share

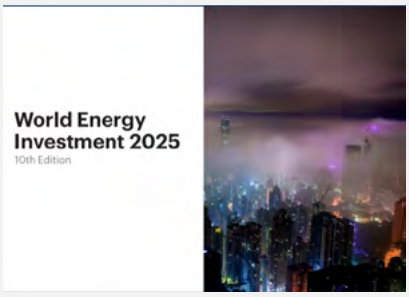


The third area of our transition planning assessment constitutes a group of criteria designed to understand how the issuer intends to finance its plan. To fully comply with these criteria, our analysts look for future CAPEX planning (to match the duration of issuer's stated targets and mitigations), quantified amounts per year, split by green and non-green share (i.e. decarbonisation spend vs maintenance spend etc), and linkage to the corresponding mitigation levers.

Macro-level Climate Research

Amundi's engagement activity is research-led at both issuer level and global macro-trends. This section highlighs some of our research activities.

IEA Finance Industry Advisory Board



Throughout 2025, Amundi provided input, commented on the underlying analytical work, and reviewed the report of IEA World Energy Investment 2025[7]. As outlined in this introduction and further detailed in the second part of this report, a fundamental pillar of Amundi's engagement activity is business model adaptation to a low-carbon economy. Prerequisites for effective engagement on this topic are; a clear view of what constitutes a future low-carbon economy, and a sense of the timescales over which it may transpire. Through our membership of the IEA Finance Industry Advisory Board we track the dynamic evolution the transition and its emergent risks and opportunities across regions and sectors. We implement these insights directly into our engagement framework, ensuring that our requests and recommendations continue to be relevant, proportionate, and achievable.

European Commission Climate Benchmarks Developer Community



The Platform on Sustainable Finance is an expert group established under Article 20 of the Taxonomy Regulation. Its role is to advise the Commission on relevant topics related to the EU Taxonomy[8] and the EU Sustainable Finance Framework[9] at large. Amundi's long-running involvement via the Climate Benchmarks Developer Community supports in-depth regulatory knowledge which can directly inform our engagement activities. Amundi provides feedback to the platform's outreach, sharing insights with peers and regulators to help frame the practitioner perspective of relevant mechanisms, findings and concepts.

Research to Enhance Engagement Approach



Much of the issuer-level information which underpins our bottom-up research is available directly from issuers in the public domain. However, the key information necessary for targeted, relevant engagement is often contained within hundreds of pages of disclosure. In this study[10], we identified new approaches to assist with the extraction and collation of climate-relevant information from corporate documentation. We introduce a Retrieval-Augmented Generation (RAG) pipeline, which automates the extraction and categorisation of information across large volumes of reporting, providing analysts with only relevant information verbatim on which to base their assessment.

7. IEA (2025), World Energy Investment 2025, IEA, Paris https://www.iea.org/reports/world-energy-investment-2025, Licence: CC BY 4.0
8. https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
9. https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en
10. Tilly, S., McDougall, A., Chaillou, T., Le Guenedal, T., Sakout, S., Sekine, T., Automating Insight Extraction from Oil and Gas Sector Climate Disclosures with AI (October 14, 2025). Available at SSRN: https://ssrn.com/abstract=5556560 or http://dx.doi.org/10.2139/ssrn.5556560

For engagement to be effective, recommendations must be feasibly achievable; issuers and investors cannot implement changes which may reasonably lead to excess risk based on narrow climate indicators. In this paper[11], we illustrate the introduction of climate-related signals as portfolio optimization constraints. Looking beyond carbon intensity, we integrate carbon historical trends, ambition reduction (derived from companies future targets) and run backtests. We demonstrate that, in some cases, applying constraints of different climate aspects can yield better results than relying on a single, catch-all metric.



1. Engaging on Business Model Adaptation to a Low-Carbon Economy

Context

The pace and scale of the energy transition are influenced by factors including changes in regulation, economic conditions, and geopolitical developments. In the near term, these factors may appear to undermine even the best-laid transition plans, and risk leaving businesses confused over how best to plan for the risks arising from global warming.

2025 saw the cancellation of $29.7 billion worth of clean energy manufacturing projects in the USA, led by battery and EV manufacturing cancellations, as automakers responded to policy changes[12]. Geopolitical conflicts heighten energy security concerns; in Europe (where 90% of fossil fuels are imported) this debate includes not only gas storage and fossil back-up but also a doubling-down on renewables growth to break the dependency[13].

Meanwhile 2025 was the third hottest year on record, only 0.01°C below 2023 and 0.13°C below 2024 (the warmest year on record)[14]. Globally, renewable energy additions are predicted to continue the streak of record-breaking years, increasing from 717 GW in 2024 to 793 GW in 2025[15]. In short, neither a political backlash nor regulatory reversals have halted either temperature rise or renewables build-out.

For investors and issuers alike, these mixed messages can complicate the determination of a resilient strategy. Business models must have resilience, flexibility and contingencies built-in to face both long-term systemic climate risk and near-term policy uncertainty. Our research-led climate engagement continually adapts to the specific decarbonisation context applicable to each issuer, ensuring relevancy and maximising the potential for positive change.

11. Do, H., Le Guenedal, T., Bhaugeerutty, M., Alinejad, K., Boughanmi, S., McDougall, A., Lepetit, F., Sekine, T., Constructing Investment Portfolios with Climate-Relevant Metrics: a multifaceted problem (June 11, 2025). Available at https://research-center.amundi.com/article/constructing-investment-portfolios-climate-relevant-metrics-multifaceted-problem
12. Clean Economy Tracker, Atlas Public Policy (Data through to September 31 2025) https://cleaneconomytracker.org/2026/03/10/in-2025-companies-announced-31-2-billion-in-new-clean-energy-manufacturing-investment-and-more-than-35800-anticipated-manufacturing-jobs/
13. Middle East war strengthens case for renewables, say clean energy experts, Financial Times, 2026 https://www.ft.com/content/001a7cb8-96a9-4b6c-95ad-d609976141c9?syn-25a6b1a6=1
14. Copernicus: 2025 was the third hottest year on record, EU Climate Change Service, 2026 https://climate.copernicus.eu/copernicus-2025-was-third-hottest-year-record
15. Renewable additions in 2025 are once again expected to surge, putting tripling within reach, Ember, 2025 https://ember-energy.org/latest-insights/renewable-additions-in-2025-are-once-again-expected-to-surge-putting-tripling-within-reach/

Collaborative Engagement on Sovereign Transition Policy

The Collaborative Sovereign Engagement on Climate Change is a PRI initiative launched in 2022, enabling investors to support governments to address climate-related risks and economic transition opportunities.

This collaborative initiative makes it possible to engage with more public institutions (ministries, agencies, regulators, etc) than bilateral sovereign engagement, as it gathers more resources and shares expertise from participating investors.

Engagement with sovereign issuers is important not only to support countries' decarbonization pathways but also to help companies progress on their journey. The elaboration of sectoral targets and policies in line with the country's Nationally Determined Contributions (NDCs), and the establishment of mandatory disclosures and climate-related regulations for companies provide a strong framework to progress towards decarbonization and attract necessary financing.

Following an initial engagement program with Australia, the PRI extended their collaborative initiative to Japan and Canada in 2025. Amundi joined the advisory committee of Japan's engagement and the federal group of Canada's engagement.

Preparatory and knowledge sharing meetings with the PRI and group of investors involved in the initiative started over summer.

As of end-2025, a request for engagement was sent to different Japanese ministries and agencies, focusing on the following topics:

- Japan's overall approach to transition finance and connection to industry pathways;
- Investor views on sovereign disclosure and NDC investment plans;
- Japan's approach to carbon pricing.

Regarding Canada, the first interactions with the federal government and agencies are expected in 2026.

2. HICS Engagement Campaign

Context

Target setting and transparent baseline disclosure are the foundations of any credible decarbonisation strategy. Engaging issuers on the quality and completeness of their starting point is therefore a priority: without a clear, auditable baseline the direction, pace and effectiveness of subsequent emissions reductions cannot be assessed with confidence. If issuers do not clarify their baseline boundaries, scopes and measurement methods, there is a material risk that decarbonisation efforts will focus on the wrong activities, produce overstated progress, or fail to address the most significant sources of emissions. For the climate, that outcome would slow real-world emission reductions and delay economy-wide decarbonisation, making the achievement of temperature goals more difficult and costly.

Failing to act may also present risks for issuers, e.g. regulatory, financial and reputational risks[16]. In short, weak baseline disclosure may undermine both the environmental integrity of transition plans and the resilience of the businesses that adopt them.

16. Financial Stability Board (2025) "The Relevance of Transition Plans for Financial Stability" https://www.fsb.org/uploads/P140125.pdf

Amundi actions

We applied Amundi's proprietary climate assessment and engagement framework to identify priority issuers and the specific disclosure shortcomings most material to credible transition planning. That framework combines multi-year climate assessments, sectoral emission profiles and alignment checks against recognised best-practice elements (baseline completeness, scope coverage, boundary setting, data quality, interim targets and governance). Using these inputs we prioritised engagements where improved baseline disclosure would unlock the largest emission reductions or materially change capital-allocation decisions.

Across our coverage universe and a selected cohort of priority issuers, we conducted targeted research into emissions drivers, data quality and the feasibility of measurement improvements. We complemented issuer-specific work with participation in industry working groups and collaborative stewardship initiatives to share methodologies and encourage common disclosure standards. In engagements we posed consistent, concrete questions to issuers: please disclose your baseline year(s) and explain boundary choices; provide emissions by scope and material business unit; set and date interim targets linked to long-term pathways; demonstrate how capital expenditure and business planning align with targets; and describe thirdparty assurance and governance arrangements for climate data. Where appropriate we asked how they planned to secure supplier and valuechain data and what obstacles prevented fuller disclosure.

Engagement objectives

For the current engagement cycle our objectives were twofold and consistent across sectors.

- First, we sought to increase transparency and comparability by securing clear, auditable baselines and consistent boundary definitions so that material emission sources can be reliably identified and prioritised.
- Second, we pressed for targets that are both credible and financially sustainable: targets should be pragmatic, accompanied by interim milestones and embedded in business planning and capital allocation rather than treated as a compliance exercise.

These near-term objectives are designed to enable long-term outcomes. Clear baselines and interim targets will allow issuers to convert strategy into operational change — improving investment decisions, reducing absolute emissions and enabling credible reporting against evolving regulatory standards. Measurable progress on baseline disclosure in 2025 is intended to facilitate more ambitious implementation (capex reallocation, supplier engagement and product redesign) in subsequent years.

Issuer momentum

Across the campaign we observed a spectrum of responses. A meaningful subset of issuers responded positively: they published or committed to publish clearer baselines, expanded scope coverage, introduced interim targets and initiated thirdparty assurance processes. Following engagement meetings with these issuers practical commitments and timelines were observed, and in several cases issuers shared concrete plans to improve supplier data collection or to realign near-term investment with their published targets.

Other issuers demonstrated limited progress or stagnation. Common constraints cited included data availability in complex supply chains, regulatory uncertainty in certain jurisdictions, and near-term capital pressures. A smaller number of companies regressed or deprioritised disclosure due to reorganisations or strategic shifts. Overall, as our engagement expectations have risen, the gap between high and low performers has become clearer: top performers are adopting higher-quality baselines and interim targets, while laggards often face structural or contextual blockers that require different engagement tactics.

Sector	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company A **Sector:** Steel **Region:** Asia	One of the world's top steel producers with almost 100% virgin steel production Slightly lags behind similar global steel producers The company aims to diversify towards energy transition solutions (battery materials, hydrogen, etc.) and expand steel business overseas It has set an absolute target on emissions aligned with a well-below 2°C trajectory; however, it has not submitted for validation to the SBTi The company has no GHG emissions reporting for production ex. Korea.	1. We recommended GHG reporting on all plants	No updates on group-wide reporting but the company indicated that subsidiaries are being discussed with the government and in 2024 the company was in the process of disclosing internally as part of a consolidated reduction roadmap	Company has provided a summary table for emissions at all business sites including those that are international and subsidiaries.
		2. We recommended SBTi validation when the 1.5°C guidance for steel is published	Under consideration as to how they can mitigate / avoid costs of EU CBAM. In 2024, the company's Energy & Construction business units are now 1.5°C SBTi-validated, however no progress has been made with steel segment.	No evolution on climate targets in 2025 but overall their targets quite strong compared to Asian peers. Set target to reduce emissions 37% by 2030 (2021 baseline) and had a short term emissions intensity target for 2024. However this was not met due to regulatory demands to increase output of the power generation business in 2024.
	The company has no target for the production of low carbon steel	3. We encouraged the company to set a target on the amount of low-carbon steel produced, with details on what is considered low carbon	Incomplete target on low carbon steel, but it does have a new EAF project due to be operational by 2026 to meet European demand (0.4 tonnes of CO_2 per tonne of steel vs 2.0 for traditional steel). The company also aims to have 5 million EAF production by 2030.	No developments in regards to this objective in 2025.
	Next Steps: *We will follow up in 2025 on open points, including the possibility of providing updated climate targets with SBTi verification if possible and disclosure emissions for global assets.*			
Company B **Sector:** Automobiles **Region:** North America	Major global car and van manufacturer, slightly ahead on the shift to EVs Commitment to phase out internal combustion engine (ICE) cars & vans by 2040 (vs 2035 for a 1.5°C objective).	1. We recommended ICE phase-out by 2035	The company had initiallly pledged to phase out ICE vehicles by 2030 in Europe. The company subsequently revised its 2030 pledge, reverting to a 2035 target in line with EU legislation, citing lower-than-expected demand.	The company's stance has evolved with regard to ICE phase out; there is no longer a straighforward pledge to completly phaseout internal combustion engines.
	EV sales target aligned with a well-below 2°C objective Does not disclose a well-to-wheel (WtW) carbon intensity per km	2. We encouraged the company to raise EV sales target at a 1.5°C – aligned level	The company maintained a goal to sell 50% electric vehicles by 2030, which does not align with a 1.5°C trajectory. The company later readjusted its EV strategy.	The company confirmed its major shift in its electrification strategy with extended-range hybrid vehicles, more affordable and smaller fully electric vehicles and new truck models powered by more efficient internal combustion engines by 2030, in the face of slower demand for full electric vehicles. By 2030, the auto manufacturer states that approximately 50% of its global sales volume will be hybrids, extended-range EVs and fully electric vehicles up from 17% in 2025.
	Next Steps: *Despite this setback we will continue to encourage the company to disclose a breakdown of unit sales per powertrain technology on a global scale and make a net zero commitment for scope 3 emissions (category 11 use of sold products). There has been no progress on the part of the company on these recommendations.*			

Company C **Sector:** Construction Machinery & Heavy Trucks **Region:** Asia	One of the world's largest truck & bus manufacturers, laggard on the shift to EVs Does not disclose a well-to-wheel (WtW) carbon intensity per km No transparency on current or planned investments (CapEx and R&D) No commitment to phase out ICE trucks/buses vs 2045 for a 1.5°C objective No EV sales target, which we consider a must-have for any manufacturer	1. We recommended ICE phase-out by 2045	In 2023 the Company stated its policy is to provide "environmentally friendly vehicles (including ICE)" tailored to customers' use, and did not commit to phasing out ICE vehicles. In 2024 the Company continued to emphasize improving ICE efficiency alongside other technologies.	The Company pursues a multipathway approach (improving ICE, nextgeneration fuels, and electrification) and has not committed to a specific ICE phaseout date such as 2045. It intends to continue ICE efficiency improvements in the near–to–medium term.
		2. We encouraged the company to set an EV sales target	In 2024 the Company announced an intention to sell EV trucks in the US by 2030 (previously reported as 10,000 units), but did not express this as a percentage of future sales, making the target ambiguous versus IEA NZE scenarios.	The Company continues to pursue multiple technology pathways. Sales of hybrids and battery EVs remain limited and the Company has not disclosed detailed current volumes. The previously announced US sales intention for 2030 remains, but the Company has not provided a clear EV salesshare target, so its position still falls short of IEA NZE electrification levels.
		3. We encouraged the company to disclose a carbon intensity per km	The Company had not disclosed carbon intensity per km historically.	The Company has presented a pervehicle emissions reduction target but has not progressed to publish carbon intensity in terms of emissions per km.
		4. We recommended the company to disclose a breakdown of current and planned investments	To date the Company has not provided a clear breakdown of current or planned investments by technology or area.	The Company states it is developing ICE improvements, nextgeneration fuels and electrification in parallel, but has not disclosed detailed investment allocations (amounts or percentages) by technology.
	Next Steps: *The company is expected to end its capital ties with the parent and relaunch as an independent firm in 2026, which may lead to a reorganisation of its climate strategy. We will continue engagement through 2026 to monitor these changes and to press for stronger targets and clearer disclosures.*			

Next steps

The campaign has clarified what works and where tailored approaches are required. We learned that a one-size-fits-all ask is insufficient: as engagement topics become more complex, sectoral and regional nuances determine feasibility and the appropriate sequencing of requests. To reflect this, in 2026 we will continue to develop detailed valuechain maps across our areas of coverage to identify where systemic blockers (for example chronic supplier data gaps or regulatory constraints) make immediate progress unlikely. This mapping will allow us to avoid lowimpact engagements and instead prioritise pragmatic routes that target the highest-emission levers and cross-sector solutions.

Case study 1: Engaging on Decarbonisation Strategy with a Global Diversified Miner

Context: Diversified mining companies face material and distinct barriers to aligning with the IEA Net Zero Scenario. Their emissions profiles are often dominated by Scope 3 from downstream activities (for example iron ore and metallurgical coal used in steelmaking), they operate in geographies with differing regulatory expectations, and they contend with persistent data gaps — notably fugitive methane from coal operations and inconsistent supplier data across value chains.

It is essential that mining companies work towards removing these barriers to ensure they are adequately addressing climate related risks (which may include financial risks associated with possible asset stranding) while seizing potential opportunities by aligning their metals/minerals portfolio with the commodities required for the energy transition[17] (such as cobalt and lithium).

Amundi actions: Applying our sector guidance within Amundi's climate assessment framework, we prioritised engagement with a developed-Asia domiciled, globally operating diversified miner whose largest exposures are iron ore and metallurgical coal alongside copper and nickel. We analysed the company's public disclosures, scenario assumptions and capital plans, noting the following gaps most likely to impede credible decarbonisation: outdated GHG reduction targets and insufficient granularity; over-reliance on unproven technology pathways; mismatched CAPEX allocation; overlooked methane emissions exposure; opaque governance of climate lobbying activities.

Engagement objectives: During our direct engagement framed around the company's Say on Climate proposal, we posed clear, actionable recommendations:

- Publish updated 2030 Scope 1 & 2 targets that reflect current performance and future ambition;
- Disclose a detailed Scope 3 strategy with quantified interim targets and explain how executive remuneration drives progress across all scopes;
- Clarify the rationale for a continued focus on metallurgical coal and provide sensitivity testing against the IEA NZE;
- Explain the company's capex trajectory and provide nearer-term investment plans aligned with decarbonisation needs;
- Commit to improved methane monitoring (increased measurement frequency, satellite and ground-based detection) and set methane reduction targets;
- Outline policies and oversight to ensure trade associations' lobbying activities do not contradict the company's climate commitments.

Where possible we shared sectoral comparators and encouraged measurable, time-bound commitments.

Issuer momentum: Progress in 2025 was limited. The company declined to reset its Scope 1 & 2 targets, arguing that:

a. deeper and expanded mining activity will increase emissions requiring caution in raising ambition,

b. their existing trajectory is intended to support organic growth with lower emission intensity,

c. dependence on technology scaling (notably OEM readiness for electric heavy equipment and alternatives to diesel) constrains shorter-term ambition.

They provided examples of collaboration with electric truck manufacturers as evidence of forward planning, but did not commit to updated 2030 targets.

On Scope 3 and strategy, the company retained a long-term focus on metallurgical coal expansion and continued to emphasise CCUS solutions. Their internal 1.5°C scenario projects metallurgical coal demand materially above the IEA NZE (around 50% higher), which we view as a misalignment with credible sector pathways. The company acknowledged constraints to accelerating transition metals

17. IEA (2025), Global Critical Minerals Outlook 2025, IEA, Paris https://www.iea.org/reports/global-critical-minerals-outlook-2025, Licence: CC BY 4.0

production and to scaling alternative steel-making demand (e.g., EAF adoption), but did not provide the detailed ramp-up plans we requested.

Capital expenditure plans moved further away from our expectations in 2025. Management informed us that the USD 4 billion decarbonisation investment they previously cited is likely to be deferred into the 2030s given slower-than-expected technology deployment; near-term green CapEx between 2025–2029 remains limited relative to identified needs. Notably, a proposed renewable energy project at a key site — previously estimated to cut site emissions by roughly 15% and reduce Group Scope 1 modestly (circa 2%) — was shelved in 2025 for budgetary reasons; the company intends to pursue commercial renewable offtake arrangements instead of owning the project. On methane, the company said it is not yet ready to set formal targets and views diesel fuel use (truck fleets) as a larger near-term emissions driver. We maintain that methane — which the company estimates constitutes around 10% of its reported emissions — warrants targeted measurement and reduction commitments. Finally, lobbying disclosures remain high-level: the company continues to report association memberships but has not provided robust evidence of active oversight to prevent associations from advocating positions inconsistent with the company's stated climate objectives.

Given these outstanding issues, we withheld support for the company's Say on Climate and submitted detailed feedback outlining the items above.

Next steps: The 2025 engagement cycle clarified that while operational constraints and technology scaling are genuine hurdles, they do not obviate the need for clearer interim targets, realistic near-term capital commitments and strengthened governance on methane and lobbying. For 2026 we will press for time-bound milestones rather than open-ended commitments: updated 2030 Scope 1 & 2 targets or a published trajectory explaining why an update is not yet feasible; quantifiable Scope 3 interim targets; a revised near-term green CapEx plan with annualised commitments; and methane monitoring rollouts with a target-setting horizon.

Our objective remains to convert disclosure and ambition into measurable emissions reductions and lower transition risk for the company.

Case study 2: Engaging on Decarbonisation strategy with an Asian Steel Company

Context: Decarbonising steel is central to limiting warming, but the pathway differs sharply between technology routes: blast furnace–basic oxygen furnace (BF-BOF) steel reliant on metallurgical coal faces higher transition risk than direct reduced iron feeding electric arc furnaces (DRI-EAF), which are increasingly supported by falling renewable costs.

The company we engaged, an Asia domiciled steel producer with significant overseas assets and joint ventures, continues to base its long-term strategy on retaining BF-BOF capacity supplemented by carbon capture, utilisation and storage (CCUS). Considering that the issuer's home country signed the COP28 agreement emphasising a transition away from fossil fuels, the long-term coal-dependent strategy may prove incompatible with future policy development. Furthermore, the focus on CCUS underplays proven decarbonisation options such as EAF/DRI pathways. The levelized cost of CCUS-dependent steel is predicted to be as much as 70% higher than DRI/EAF pathways by 2050[18]. The company also lacks the CapEx granularity, cross-jurisdictional target setting and clearer integration of overseas JV emissions needed to evidence credible delivery by 2030.

The company's decision to incorporate its overseas assets in its decarbonization plan continues to be a challenge. Its laissez-faire approach, clubbed with major changes in geo-politics engender uncertainty - where in certain cases it does not have complete autonomy on capex decisions. The current political dynamics imply that it would be a long race to decarbonize blast furnaces in the near term.

18. Bloomberg NEF (2023) "Costs for the major green steel technology routes today, and in 2050" https://about.bnef.com/blog/green-steel-demand-is-rising-faster-than-production-can-ramp-up/

Amundi actions: We engaged the company repeatedly from 2024 into 2025, applying Amundi's climate assessment framework to benchmark its strategy and disclosures against regional peers and sectoral decarbonisation pathways. Our analysis highlighted feasibility gaps in the transition plan, covering technology pathways, GHG reduction target boundaries, and planned levels of transition-supporting CAPEX. These formed the basis of our engagement objectives.

Engagement objectives: Our objectives were directly represented in our recommendations to the Company:

1. Set and disclose time-bound CapEx plans showing how investment will facilitate a transition away from BOF;
2. State clear commitments to scale EAF/DRI where feasible;
3. Set quantified targets for overseas operations and JVs integrated with the group's climate targets;
4. Improve disclosure on technology choices and the economic rationale for CCUS-enabled BF-BOF versus alternative routes.

Following investor questions at the 2024 AGM that included Amundi's concerns, we used a 2025 ESG focus call with senior executives to press these points and to seek concrete, near-term milestones.

Issuer momentum: Progress in 2025 was limited but not absent. The company agreed to an ESG focus call with senior management — a meaningful shift given previous opacity — and this engagement followed investor questions at the 2024 AGM that helped elevate the issue internally. The company also improved disclosure on overseas emissions and published climate targets for some joint ventures acquired in 2025; however, these JV targets remain separate from the group's core targets and lack harmonised methodologies and timelines.

Strategically, the company has continued to prioritise CCUS and hydrogen options and has not committed to a material reallocation of CapEx toward EAF/DRI pathways. A previously proposed owner-led renewable project that would have reduced site emissions materially was cancelled for budgetary reasons in 2025, and management indicated they plan to prefer commercial renewable procurement over direct investment. The company justified slower transition capital deployment by citing geopolitical constraints on decision-making at some overseas sites, slower OEM scaling for electrified heavy equipment, and the long-lived nature of BF assets.

While management provided examples of collaboration with equipment manufacturers and noted operational constraints, they did not provide the detailed, time-bound CapEx or integration plans we requested.

Next steps: For 2026 we will press for clearer, measurable progress and adapt our tactics to the mix of company constraints and investor leverage. We will assert the importance of asset-level CapEx schedules with annualised commitments showing how BOF capacity will be reduced or repurposed and how EAF/DRI investment will be ramped where feasible. We will insist on harmonised, auditable targets and methodologies for overseas operations and JVs and require that newly acquired assets present integration plans with timelines for target alignment.

Where the company cites technology or geopolitical constraints, we will seek verifiable interim milestones (for example, pilot EAF conversions, procurement commitments for low-carbon iron feedstock, or binding offtake/renewables contracts) rather than open-ended commitments. Our priority remains to ensure capital is allocated to the lowest-cost, lowest-risk decarbonisation routes and to protect investors from transition and stranded-asset risks while supporting a credible, evidence-based transition plan.

Carbon reduction levers with a Global Chemicals Company

Context

The chemical industry accounts for roughly 5–6% of global greenhouse gas emissions and sits at the intersection of multiple hard-to-abate value chains. Engaging large, systemically important chemical producers is therefore a high-impact priority: their decisions about feedstocks, energy sourcing and technology deployment shape emissions across many downstream sectors. The company we engaged is among the largest in the industry by revenue and has one of the sector's largest carbon footprints, making its transition pathway consequential for broader industrial decarbonisation.

For the issuer, transitioning will be complex and subject to multiple external dependencies[19]; it must navigate stringent regulation (particularly in Europe), significant green CAPEX requirements, and securing enough renewable energy to meet its needs. Postponing transition investments to post-2030 as a cost-cutting measure, and failure to transparently validate a financially credible pathway could lock the company into higher operating costs, stranded assets or reduced access to customers who require certified low-carbon inputs.

Amundi actions

Amundi conducted a detailed net-zero assessment of the company's emissions, decarbonisation levers and capital plans and used that analysis to frame a multi-year engagement beginning in 2022 and continuing through 2025. Our assessment benchmarked the company against sectoral pathways and peer practice, with attention to the scalability and sequencing of decarbonisation levers: renewable electricity procurement, electrification of processes, feedstock substitution (biogenic and recycled materials), hydrogen and green ammonia deployment, and supplier carbon-footprint management.

Engagement objectives

We have engaged both directly as well as participated in collaborative investor initiatives focused on chemical sector decarbonisation and raised specific, operational requests in meetings and written feedback:

1. publish a transparent CO_2 reduction curve that quantifies the contribution and timing of each mitigation lever;
2. set externally validated targets (or commit to SBTi submission once sector guidance is final);
3. provide asset-level CapEx/Opex plans showing how investment will be sequenced to deliver interim and 2030 goals;
4. make supplier product carbon footprint (PCF) data binding in procurement where feasible;
5. and set quantitative commitments on low-carbon hydrogen and ammonia intensity where pilot projects mature.

The recommendations made to the issuer during the current engagement cycle (above) align with our near-term objective to secure greater transparency and verifiability of the company's pathway so investors can assess delivery risk.

We also encouraged a halt to near-term fossil expansion plans that would materially increase lock-in risk or to ensure they were accompanied by credible, time-bound decarbonisation commitments.

19. Y. Kloo, L.J. Nilsson, E. Palm, Reaching net-zero in the chemical industry—A study of roadmaps for industrial decarbonisation, Renewable and Sustainable Energy Transition, Volume 5, 2024, 100075, ISSN 2667-095X, https://doi.org/10.1016/j.rset.2023.100075.

Issuer momentum

Progress between 2022 and 2025 showed a mix of constructive steps and continuing concerns. Positive developments include the launch and scale-up of a Supplier CO_2 Management Programme that now covers about 1,900 suppliers and roughly 80% of the company's Scope 3.1 emissions, and steady growth in renewable electricity sourcing (from <1% in 2020 to approximately 26% in 2025). The company commissioned a 54 MW PEM electrolyser expected to produce up to 8,000 tonnes per year of low-carbon hydrogen and cited an offshore wind investment that expanded owned renewable capacity.

Nevertheless, important gaps remain. The company reiterated a 15% reduction target for Scope 3.1 by 2030 (vs. 2022) and a net-zero ambition by 2050, but it has not sought SBTi validation pending sector-specific guidance, limiting comparability.

Management has curtailed near-term green CapEx for some electrification projects and deferred larger electrification and other transition investments to post-2030 citing market and cost constraints. It has also continued investments that expand fossil fuel production in China, and provided no quantified group-level targets for renewable feedstock substitution despite naming feedstock substitution as a central medium-term lever.

The company reports that around 70% of transition-related Opex/Capex for 2025–2028 will target alternative feedstocks, yet volumes remain marginal today and outcomes from supplier engagement are not yet quantified.

On hydrogen and ammonia, pilots and tests have progressed but management declined to set gross carbon-intensity targets for hydrogen/ammonia or to preferentially commit to green pathways over blue at scale.

In sum, the company is making demonstrable data and pilot progress but has delayed substantial capital deployment and stopped short of binding, externally verifiable commitments. A detailed breakdown of year-on-year progress is provided in the following pages.

2022 Key Issues	2023 Progress	2024 Progress	2025 Progress
1. Set a Scope 3 target (+)	– Target announced to reduce Scope 3.128 emissions by 15% by 203029 and achieve net-zero on these emissions by 2050. – Key to achieving this is the company's Supplier CO_2 Management Programme (launched in 2021) which is designed to define the carbon footprint of suppliers' products and to directly align purchasing decisions with raw materials with a lower carbon footprint.	Progress on the Supplier CO_2 Management Programme: The company can show progress in reaching out to key suppliers and onboarding PCFs[30] of raw materials into a digital solution. In addition, the company is involved in establishing uniform sector guidelines for calculating the PCF. Yet, a major part of the raw materials purchased remain without a CFP. Further expansion of portfolio of products with a certified reduced carbon footprint due to alternative feedstock (biogenic and recycled): The company set an annual target for recycled and waste-based raw materials to replace fossil fuel in production from 2025 onwards. In addition, the company has expanded its product segment that is based on renewable raw materials. While the recycling target as well as the amount of biogenic feedstock represent a marginal stake in production, management counts on a gradual increase in the share of renewable raw materials as the key strategy for the green transition.	Progress on the Supplier CO_2 Management Programme: – In 2025, the company continued to roll out its Supplier CO_2 Management Programme, now covering around 1,900 suppliers, representing approximately 80% of Scope 3.1 emissions. – Supplier engagement remained focused on collecting product carbon footprints (PCFs) for key raw materials and integrating this data into procurement processes, although PCF coverage remains uneven across suppliers. Scope 3 targets and ambition: – The company reiterated its 15% Scope 3.1 emissions reduction target by 2030 (vs. 2022 baseline), with a long-term ambition to reach net zero by 2050. – While progress was made on data quality and supplier engagement, the company acknowledged that full Scope 3 emissions alignment remains constrained by data availability and supplier readiness. Certified reduced-carbon products and alternative feedstocks: – In 2025, the company continued the gradual expansion of its product portfolio with certified reduced carbon footprints, mainly driven by the increased use of biogenic and recycled feedstocks. – Management confirmed that volumes remain limited and represent a marginal share of total production, but highlighted a year-on-year increase in the share of renewable and waste-based raw materials as a key decarbonisation lever. The company reiterated its intention to prioritise renewable and circular feedstocks over time, subject to availability, cost and customer demand for low-carbon products.
2. SBTi approved targets (=)	The company awaits sector agnostic chemical guidelines.	No change in position: Despite playing a major role in writing the sector guidance, the company stated it will only commit to SBTi once the final guideline has been published, which is not expected before 2025.	No change in position: The company reiterated that it will not submit targets for SBTi validation until final sector-specific chemical guidance is published.

3. Progress on carbon reduction levers (Scope 1 and 2) (+/-)	– Electricity needs from renewable energy: several investments in its own renewable power assets and purchasing green power agreements. Renewable energy source as a share of total electricity rose to 17% (the aim is to achieve 60% by 2030 and become an active trader of green energy) – Process electrification: various concepts under examination (I.e. using electric heat pumps and e-boilers, electrifying steam drives) – Verbund system to carbon-optimise energy supply	Electricity needs from renewable energy: – Renewable energy source as a share of total electricity rose to 20% – The company advanced its plan of owning renewable power assets (i.e. one of the largest offshore wind farms worldwide operational in 2024) – Entered joint venture for a larger offshore windfarm project in Southern China; the site in China is planned to be fully supplied with renewable energy Process electrification: – Significant cuts in green CapEx announced and large investments into electrification of steam production postponed until after 2030 as the company does not see sufficient market demand – The company expects maturity of technologies after 2030 Energy supply and efficiency: – 51% of its electricity demand was covered with its own gas and steam turbines combined heat and power plants. The company implemented more than 500 measures to reduce energy that year. Renewable feedstock: – Became strategic focus for the energy transition and management plans to become an active trader in renewable raw materials to give sourcing stability to other chemical producers – The company sees advantages in renewable feedstocks as key to decarbonisation as they allow closer alignment with market demand and reduce fixed costs – While the limited availability of biomass is an issue today, the company expects regulation to drive investments into biofuels	Renewable electricity: – Renewable sources accounted for 26% of total electricity consumption (up from <1% in 2020) – This increase reflects the continued expansion of long-term power purchase agreements and market-based electricity sourcing. Electrification & low carbon technologies: – The company confirmed progress on several electrification and low-carbon technology projects at pilot or demonstration stage. – A 54 MW water electrolyser was commissioned at a major production site, producing up to 8,000 tonnes of low-carbon hydrogen per year, with potential emissions reductions of up to around 72 $ktCO_2e$ annually at site level. – Electrification of steam crackers remains delayed beyond 2030, with large scale deployment conditional on demonstrated customer demand and willingness to pay for low-carbon products. Energy efficiency: – Continued implementation of operational efficiency measures across sites (more than 500 energy-efficiency measures referenced historically), with efficiency remaining a supporting lever rather than a primary driver of emissions reductions. Renewable feedstock: – Renewable and circular feedstocks were identified as the primary medium-term decarbonisation lever, alongside electrification and hydrogen. – The company confirmed ongoing efforts to expand the portfolio of products with certified reduced carbon footprints, partly driven by the use of alternative feedstocks. – Priority feedstocks discussed include biogenic and recycled inputs, with flexibility across different feedstock types seen as strategically important. – Management emphasised that feedstock deployment is demand-led, with scale dependent on customer willingness to pay for low-carbon products. – The company stated that no quantitative group-level targets are set for renewable feedstock substitution, citing constraints related to availability, price volatility and market maturity. It was reiterated that alternative feedstocks are expected to complement, rather than replace, other decarbonisation levers in the near to medium term.

4. Commitment to expand on renewable hydrogen and green ammonia (-)	– Methane pyrolysis project announced – Blue ammonia project announced No targets are planned to be set on gross hydrogen and ammonia carbon intensity due to implementation uncertainties. No commitment to favour green over blue ammonia projects in the future.	Hydrogen production: – Methane pyrolysis for green hydrogen: first successful testing done – PEM31 water electrolyser for green hydrogen: construction started to be operational in 2025 Ammonia: – The plant to reduce 95% of the CO_2 generated from the production process of ammonia using CCS is under evaluation No targets are planned to be set on gross hydrogen and ammonia carbon intensity due to implementation uncertainties.	Hydrogen production: – First successful testing of methane pyrolysis for low-carbon hydrogen was confirmed. – Construction of PEM electrolysis capacity advanced, with operations expected to ramp up following commissioning in 2025. Ammonia: – No quantified targets set for green or low-carbon ammonia carbon intensity. – CCS-based ammonia pathways remain under evaluation, including potential to reduce up to 95% of CO_2 emissions from ammonia production, subject to feasibility. The company reiterated no commitment to favour green over blue ammonia at this stage, citing implementation uncertainty.

Next steps

We will continue targeted engagement in 2026 focused on converting pilot activity and supplier outreach into time-bound, measurable outcomes. Our priorities are:

- Publication of the internal CO_2 reduction curve as a living disclosure item;
- SBTi submission or equivalent external validation when sector guidance permits;
- Asset- and project-level CapEx/Opex schedules that support how the company will scale electrification, renewable feedstocks and low-carbon hydrogen/ammonia commensurate with its targets;
- Quantified disclosure of emissions reductions achieved via supplier PCFs and the conditions under which procurement will privilege lower-carbon inputs;
- Explicit criteria and governance to justify any continued fossil expansion (e.g., stringent phase-out/retrofit commitments, shortest feasible commercial lifetimes).

Our objective is to encourage the Company to shift from pilot-stage progress to measurable, verifiable reduction pathways that materially lower both climate impact and transition risk for investors.

Key Focus Sector: Oil & Gas Decarbonisation & Transition

Sector context

Full-scope decarbonisation of the oil & gas sector presents a fundamental challenge to the core business activity. Low-temperature scenarios include a diminishing long-term role for hydrocarbons, but economic fundamentals today do not fully reflect this. Oil & Gas companies therefore face a unique decarbonisation challenge; planning for a low-carbon future whilst simultaneously meeting today's energy demand.

Most emissions from the sector arise from the products' end use, but those resulting from extraction and production remain significant. Operational emissions from the sector (i.e. oil & gas production Scope 1 & 2) represent 15% of total global energy emissions[20]. In the near-term, this presents a substantial opportunity to dramatically cut real-world emissions from the sector with zero impact on activity levels. This can be achieved within the control of companies, and in many cases can increase profitability through efficiency savings.

To succeed as profitable sustainable businesses throughout the energy transition, we believe oil & gas producers should incorporate two elements in their long-term business strategies:

Long-term revenue diversification:
We recommend issuers identify the most appropriate product diversification strategy suited to their unique context. The transition must be considered pragmatically, with firm objectives and flexible strategy. Producers must set realistic, achievable targets which drive consistent financial performance and emissions reduction.

Near-term impact of own operations:
In parallel issuers must reduce the carbon intensity of their current operations, for example, by reducing fugitive emissions of methane; achieving zero routine flaring; or improving operational energy intensity; all of which may be addressed via operational excellence, robust fabric maintenance, and rigorous planning.

Case study 3: European Oil & Gas company – Energy transition governance

Context: The oil and gas sector sits at the centre of the energy transition; how companies in this sector allocate capital, measure emissions and invest in low-carbon activities could materially affect the ability to achieve net zero by 2050. A credible, transparent transition strategy is a core requirement for issuers in the sector committed to reducing systemic climate risk by accelerating deployment of low-carbon solutions and constraining future emissions[21].

For Oil & Gas sector issuers, varied commercial risks[22] associated with the transition to a low-carbon economy could draw the long-term financial viability of existing business models into question. Weak climate governance and opaque capital allocation complicates investor assessment of exposure to potential risks, which may include: higher transition and regulatory risk if policy tightens; reputational and financing risks if investors and lenders lose confidence; and competitive disadvantage versus potential first-mover peers that capture growing low-carbon markets. Conversely, clear accountability mechanisms such as a Say on Climate give shareholders a structured way to assess management's trade-offs between short-term hydrocarbon returns and long-term, lower-carbon value creation.

20. IEA (2023), Emissions from Oil and Gas Operations in Net Zero Transitions, IEA, Paris https://www.iea.org/reports/emissions-from-oil-and-gas-operations-in-net-zero-transitions, Licence: CC BY 4.0
21. IEA (2024), Turning Pledges into Progress, IEA, Paris https://www.iea.org/reports/turning-pledges-into-progress, Licence: CC BY 4.0
22. Semieniuk, G., Holden, P.B., Mercure, JF. et al. Stranded fossil-fuel assets translate to major losses for investors in advanced economies. Nat. Clim. Chang. 12, 532–538 (2022). https://doi.org/10.1038/s41558-022-01356-y

Amundi actions: To inform our engagement we reviewed the company's publicly disclosed climate and transition strategy history, analysed available capex and project disclosures, and benchmarked the company's approach and disclosure against peer practices and investor expectations. We also considered our prior voting record: we supported management's Say on Climate at the 2022 AGM and backed shareholder resolutions on climate targets in 2021–2023. At the 2025 AGM Amundi voted against the re-election of the board due to its unilateral decision to significantly downgrade the transition plan without the presentation of a say on climate resolution, as described in detail throughout the following sections of this case study.

Engagement objectives: Throughout 2025 our engagement was repeated with company management and investor relations teams. In those discussions we pressed four specific asks:

1. that management propose an updated Say on Climate shareholder vote,
2. that it provides clearer and more granular transparency on its energy transition strategy,
3. that it discloses the expected economics and capex profile of its low-carbon activities (including projects moved into joint ventures),
4. and that it explains the rationale and expected returns for using JVs versus on-balance sheet investment.

In the 2025 engagement cycle our immediate objective was to secure a management-led Say on Climate so shareholders could formally assess and vote on the company's transition pathway and capital allocation priorities. Short-term objectives also included obtaining quantified disclosures on the profitability assumptions, capital requirements and timing for prioritized low-carbon businesses (hydrogen, CCUS, EV charging, renewable biogas and biofuels), and clarity on how JVs would be treated in reporting and performance targets.

These near-term asks were intended to enable longer-term outcomes: improved capital allocation toward economically viable low-carbon opportunities, stronger governance and accountability for delivery, and the information necessary for investors to monitor progress and reduce transition risk in subsequent years. Better disclosure was intended to permit constructive investor dialogue leading to measurable emissions reductions and a more resilient business model over the 2026+ horizon.

Issuer momentum: The company declined to propose a Say on Climate in 2025, based on perceived limited investor appetite.

Substantively, the company's transition strategy has been progressively pared back since launch: after a substantial revision in 2023, further contraction occurred through 2024 and 2025. In a major 2025 strategy update the company moved a material portion of its renewables activities into joint ventures, leaving the principal low-carbon focus on hydrogen, CCUS, EV charging, renewable biogas and ethanol. Management argued that JVs can deliver higher returns with lower capital intensity for the company, and committed to provide some future disclosure on capex for EVs, biogas and biofuels and selective disclosure for JV activities. However, they did not define the scope, timing or level of granularity for those disclosures, and provided no quantified economics or clear reporting framework for JV-held projects. Overall, the responses were insufficient to demonstrate credible, verifiable progress against investor expectations.

Next steps: We closed the 2025 engagement cycle with a negative assessment due to the combination of strategy dilution and the absence of a Say on Climate or any other formal presentation to the shareholders process since 2022. The issuer has effectively moved from a sector-leading stated position to one that lags peers in transparency and accountability and remains vulnerable to further downward revision. We will continue to monitor the company's disclosures for any material improvement, specifically looking for defined capex schedules, project-level economics, and transparent treatment of joint ventures in targets and reporting.

Our future approach will prioritise securing verifiable, investor-auditable commitments (including a formal Say on Climate) that restore accountability over capital allocation to low-carbon solutions and reduce the issuer's transition risk.

Case study 4: Expanding Methane engagement to National Oil Companies

Context: Methane has rapidly risen to the top of the oil & gas climate agenda because of its outsized short-term warming effect and the relative speed with which mitigation yields climate benefits. Over a 100-year horizon methane contributes roughly 22% of anthropogenic warming (CO_2 ~73%), but measured over 20 years its contribution increases to about 45% (CO_2 ~51%). Methane's global-warming potential is commonly estimated at ~80 times that of CO_2 on a 20-year basis, and its atmospheric lifetime is roughly 12 years. That combination — high potency and short lifetime — makes methane abatement one of the most effective levers to reduce near-term emissions and improve the probability of limiting warming.

In the oil and gas sector methane is both a climate and commercial problem: routine venting, flaring and leaks release a saleable product, increase regulatory and reputational risk, and elevate transition costs if left unchecked. Conversely, methane mitigation is often cost-effective and technically straightforward: identification and measurement using on-site instruments, continuous monitoring systems, drones and satellite detection enable operators to prioritise inexpensive abatement options.

Global policy is increasingly tightening: the Global Methane Pledge seeks a 30% reduction in methane by 2030 (from 2020 levels) with 159 signatory countries representing about 75% of global GDP, while regional rules — notably the EU Methane Regulation (EUMR) and evolving US regulations — are establishing legally binding monitoring, reporting and verification requirements and banning routine venting and flaring. For oil and gas companies, failure to measure and abate methane risks regulatory non-compliance, rising costs of capital, and lost product revenues; successful action can deliver immediate climate benefits and protect long-term competitiveness.

Amundi actions: Amundi has treated methane as a priority engagement theme in the oil and gas sector for several years. Our work has combined collaborative and targeted bilateral engagement. At the collaborative level we continued to participate in an engagement initiative covering approximately 50 companies to identify high-emitting firms that were not yet members of the Oil and Gas Methane Partnership (OGMP[23]), the sector benchmark for robust measurement and mitigation.

In late 2024 Amundi independently launched a new, methane-focused direct engagement targeting 14 companies, prioritising national oil companies (NOCs) that were OGDC[24] signatories but not OGMP members. Over 50% of global oil & gas production is attributable to the relatively small number of NOCs, engagement with this group is essential. That bilateral programme continued through 2025. We conducted company benchmarking and disclosure reviews, attended industry and investor conferences to present an investor perspective on methane measurement and mitigation, and contributed to methane working groups and consultations to shape investor guidance.

Engagement objectives: In engagements we recommended the cohort of companies to:

- adopt continuous measurement,
- publish verified methane inventories,
- set absolute and intensity targets,
- and join OGMP.

Our 2024–25 engagement objectives were pragmatic and outcome-oriented. First, we sought to increase the transparency and accuracy of methane measurement and reporting, urging companies to move from estimated inventories to site-level and continuous monitoring (including deployment of satellites, drones and fixed monitors where appropriate).

Second, we asked companies to adopt timebound, verifiable methane targets — both absolute and intensity-based — aligned with near-term climate goals.

23. https://www.ogmpartnership.org/ , The Oil & Gas Methane Partnership 2.0 (OGMP 2.0) is the flagship oil and gas reporting and mitigation programme of the United Nations Environment Programme (UNEP).
24. https://www.ogdc.org/; The Oil & Gas Decarbonization Charter is an industry initiative

Third, we encouraged OGDC signatories, particularly NOCs, to join OGMP so their measurement and verification practices align with best practice and emerging regulation (notably the EUMR).

Finally, we aimed to stimulate consideration of financing mechanisms and commercial models that make methane abatement economically attractive, including the treatment of avoided product loss and potential third-party financing for mitigation equipment.

These near-term objectives were designed to enable longer-term outcomes: accelerated, auditable emissions reductions, clearer capital prioritisation for low-emission operations, reduced regulatory and transition risk for issuers, and improved investor ability to assess and engage on progress.

Issuer momentum: Progress in 2025 was mixed. For the cohort of NOCs that were OGDC signatories but not OGMP members, engagements are still early-stage: many NOCs showed limited prior exposure to continuous methane measurement, required detailed technical briefings, and expressed uncertain views on financing pathways for mitigation. These conversations were constructive but slow; we therefore anticipate a multi-year effort (2–3 years) before substantive implementation across that group. Encouragingly, several NOCs engaged positively, welcomed introductions to technical partners, and committed to explore pilot measurement programmes.

Among companies in the ongoing collaborative engagement — many of which are more advanced operators, particularly in North America — the picture was different. These firms generally have greater familiarity with methane monitoring and some are already implementing LDAR (leak detection and repair) and continuous monitoring pilots. However, regulatory uncertainty and timing considerations moderated decision-making: pending or evolving US regulations and the rollout of the EU Methane Regulation, which formally incorporates OGMP principles and has a phased implementation through 2030, have led some companies to defer final decisions on OGMP membership until the regulatory picture clarifies.

There has been a noticeable increase in the number of companies formally evaluating OGMP and allocating budget to methane activities, but few unequivocal commitments to join OGMP in 2025. The EU Methane Regulation's forthcoming Methane Transparency Database (planned for launch in 2026) is expected to increase the incentive to align with OGMP, as alignment will simplify compliance for operators supplying EU markets.

Across both engagement streams we observed an important behavioural shift: more companies are recognising methane as a material operational and regulatory risk and are allocating resources to measurement and mitigation. Nonetheless, many companies — especially some NOCs and non-OGMP firms — have not yet committed to the level of measurement rigour or timebound targets investors expect.

Next steps: Building on 2024–25 activity, Amundi will intensify methane engagements in 2026 with targeted objectives and escalation pathways. For NOCs and other OGDC signatories that are not OGMP members we aim to encourage pilot measurement programmes, public commitments to OGMP membership or equivalent verified measurement frameworks, and the publication of methane targets. We will continue to facilitate technical introductions and advocate for financing structures that make abatement investments commercially viable for operators of different sizes and fiscal regimes.

For companies that are already advanced, we will push for faster adoption of continuous monitoring, transparent disclosure of measurement methodologies and data, and explicit mapping of methane actions to regulatory requirements such as the EUMR. To support these actions, Amundi will continue to participate in cross-industry working groups, contribute to public consultations (for example on the Methane Transparency Database), and monitor regulatory developments closely.

As the 2030 milestones approach, the combination of investor pressure, evolving regulation and improved monitoring technology should increase both the pace and visibility of methane mitigation — and Amundi will continue to engage until measurable, verifiable progress is achieved.

Case study 5: Engaging a Major North American Midstream Operator on Methane

Context: The focus of this case study is a North American midstream company which operates expansive interconnected national transmission systems across the continent, transporting significant quantities of natural gas. The Company was initially amongst the names included in the collaborative methane engagement campaign. We escalated the matter through a separate direct engagement stream.

Amundi actions: As part of the collaborative engagement, we co-signed a letter encouraging the company to join OGMP in mid-2023. The company was selected from a screen of high methane emitters who were not members. During 2025 we engaged directly on methane and other climate topics.

Engagement objectives: Assess the measurement and reporting of their methane data

- Ask the company to join OGMP
- Ask the company to publish a methane intensity number, comparable to peers
- Ask the company to publish venting and flaring data
- Give feedback to the challenges the company has with OGMP
- Explain the importance of OGMP and having comprehensive, verified measurement in place

Issuer momentum: In 2025 the Company published an OGMP 2.0 reassessment report, which it had agreed to do during pre-AGM discussions with shareholders considering filing a proposal with the same objective. The report concluding that, along with their prior reservations, the evolving regulatory environment led them to decide not to join OGMP at that time.

Implementation of levels 4 and 5 of OGMP can have more complex practical impacts for midstream operators than in the upstream segment. Broadly speaking, midstream assets (i.e. transmission networks of 30”+ high-pressure pipe extending upwards of 100,000 km) are geographically far more distributed than upstream assets (i.e. wellhead manifolds, infield flowlines and gathering systems). Meeting OGMP L4’s point-source measurement requirement for such a vast system would be a significant multi-year undertaking. Combined with rapidly shifting regulatory requirements in one of the Company’s main operating markets, which effectively remove mechanisms that would present a financial imperative, the decision is understandable to some degree.

However, the outcomes of the report and reassessment process should not be understated. It highlights that operations in one of the Company’s three markets already meet the standard for OGMP L4 and establishes a methane intensity reduction target of 40-55% for 2019-2035. This incremental progress provides valuable detail on the context and practical challenges faced by the Company, and presents an opportunity to refine the engagement recommendations accordingly in line with the original objectives.

Next steps: We will be following up with the company during 2026 on the progress they are making on managing methane, reducing the emissions as per their target and whether there is any additional data disclosure. We will also look to gain more detailed information of the assessment process; specifically a quantification of how many compressor stations, meter stations and valve sites would fall within the threshold of a representative measurement sample under L4 guidelines. Further updates concerning the Company’s position on OGMP membership will be sought, for example the consideration of partial membership in operating regions already meeting L4 requirements. While we welcome the detailed OGMP Reassessment Report, we continue to explore further pragmatic, relevant approaches to encourage the Company to enhance its overall methane position.

Key Focus Sector: Thermal Coal: major risk to a successful transition

Context

Coal combustion is the single largest contributor to human-induced climate change. Despite the strides in global clean energy, thermal coal continues to remain the largest share of installed capacity in the global electricity mix, and for over half a century, coal has been the primary source of electricity generation worldwide. Although coal use is expected to decline in the future, it continues to retain a leading position in overall electricity generation currently. Given increasing electricity demand and electrification across the world economy, it is imperative for coal to be phased out in a timely manner to achieve a successful climate transition. While a large share of thermal coal use is in power generation, it is also used across a variety of sectors including, but not limited to, cement production, industry and manufacturing, chemicals etc. Hence, engagement across the thermal coal value chain around limiting further development as well as phasing out within an appropriate timeframe, is critical. In addition to climate change, coal mining and combustion also substantially contribute to air pollution, responsible for millions of deaths worldwide annually.

Phasing out coal is paramount to achieve the decarbonisation of our economies. That is the reason why Amundi is committed to phasing out thermal coal from its investments by 2030 in OECD and EU countries, and by 2040 in non-OECD countries. Consistent with the United Nations Sustainable Development Goals (SDGs) and the 2015 Paris Agreement, this strategy is based on scenarios designed by the International Energy Agency's (IEA) Sustainable Development Scenario, Climate Analytics Report and Science Based Targets.

The details of our thermal coal policy are as follows:

1. Coal Exposure and Phase Out

Concerning mining extraction, Amundi excludes:

- Companies generating more than 20% of revenues from thermal coal mining extraction.
- Companies with annual thermal coal extraction of 70 MT[25] or more.

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

- All companies that derive over 50% of revenues from the thermal coal mining extraction and the thermal coal power generation.
- All companies that derive between 20% and 50% of revenues from thermal coal power generation and thermal coal mining extraction, with a poor transition path[26].

2. Coal Developers

Where applicable, Amundi excludes:

- Mining, utilities, and transport infrastructure companies that are developing thermal coal projects with a permitted status and that are in the construction phase.
- Companies with thermal coal projects in earlier stages of development, including announced, proposed, with pre-permitted status, are monitored on a yearly basis.

At Amundi, divestment is a serious action so over the previous years it has been important to engage with companies that could potentially be at risk of future divestment, given our commitment to eventually phase out from thermal coal. We have ensured that our policy is clearly communicated to issuers and that they have adequate time to make the necessary changes. For companies near a threshold for exclusion, in addition to informing the company of the rational for our potential action, engagement is a way to ensure that the associated data is accurate. In the event of any discrepancies that may arise due to differing calculation methodologies used by data providers, engagement helps Amundi make informed decisions prior to possible divestment. We have continued to adopt this approach in 2025 as well.

25. Millions of tons
26. Amundi performs due diligence analysis to assess the quality of the phase out plan

Amundi actions[27]

To deliver on the Amundi thermal coal policy, we maintain a database of companies exposed to thermal coal revenue[28] where Amundi has investment exposure (through active or passive investment strategies). Year-on-year, all issuers identified as mis-aligned yet below the threshold for automatic exclusion (detailed above) have been systematically engaged in line with our policy.

Beyond policy-triggering direct revenue, we also identify issuers across the value chain with business models that are economically dependent on the prolonged use of thermal coal. Informed by a range of data providers, external lists, databases, and analyst input, these companies are encompassed in a broader 'enablers' focus list for further due diligence and, as necessary, engagement.

Engagement objectives

In 2025, our engagement strategy evolved in the following way for our policy list and the broader focus list.

- We concluded our annual engagement with issuers that were in Amundi's exclusion universe i.e. excluded from actively managed funds and passive ESG strategies, with whom we had engaged with for three years or more on the subject of an aligned phase out. For these issuers, we are using other escalatory mechanisms, such as through their Annual General Meeting (AGM).
- For issuers that did not fulfil the above condition, we continued to engage on the need for a thermal coal exit aligned with Amundi's Coal Policy and the 2030/2040 timeframes (adhering to an exit by 2030 for OECD and EU countries and by 2040 for the rest of the world). In addition to asking for an aligned thermal coal phase out, we further expanded our engagement to include other elements of decarbonisation.
- In the past, we communicated guidance around certain decarbonisation best practices but have evolved our engagements to include specific climate transition KPIs this year, that we are pushing the companies to achieve. While for some issuers, we were already engaging on relevant decarbonisation KPIs, we initiated this engagement for others. The most material climate transition KPIs to engage were chosen by Amundi's relevant ESG sector experts keeping in mind each issuer's unique characteristics such as business model, geographical exposure, current disclosure and practices etc.

27. Note: We have evolved our illustration methodology this year to reflect companies' status using the policy list, in contrast to the broader focus list that was used in the previous reports . We have also revised the past year graphs to reflect the relevant policy lists. This is done for better year on year consistency and simplicity.
28. Subsidiaries are often engaged via their parent companies

Issuer momentum

2025 policy exposure screening

During 2025, 285 unique issuers across multiple value-chain stages were engaged on thermal coal. Of this total, 132 issuers were identified in our 2025 policy screening process (as described above) and subsequently engaged on topics including but not limited to; the need for a timely exit, transparency around asset retirement schedule, regulatory back up requirements, and confirmation around the cessation of operations/exposure. Some issuers within this pool were also engaged on other climate KPIs as deemed most material to issuer specificities, in addition to an exit from thermal coal.

Figure 1 and Figure 2 provide breakdowns of issuer status at the conclusion of Amundi's 2025 Thermal Coal Policy screening and engagement exercise. Issuers within this list are subjected to due diligence, targeted engagement, and escalation where appropriate.

Figure 1: 2025 Policy Screening: Issuers subject to 2040 Phaseout[29]

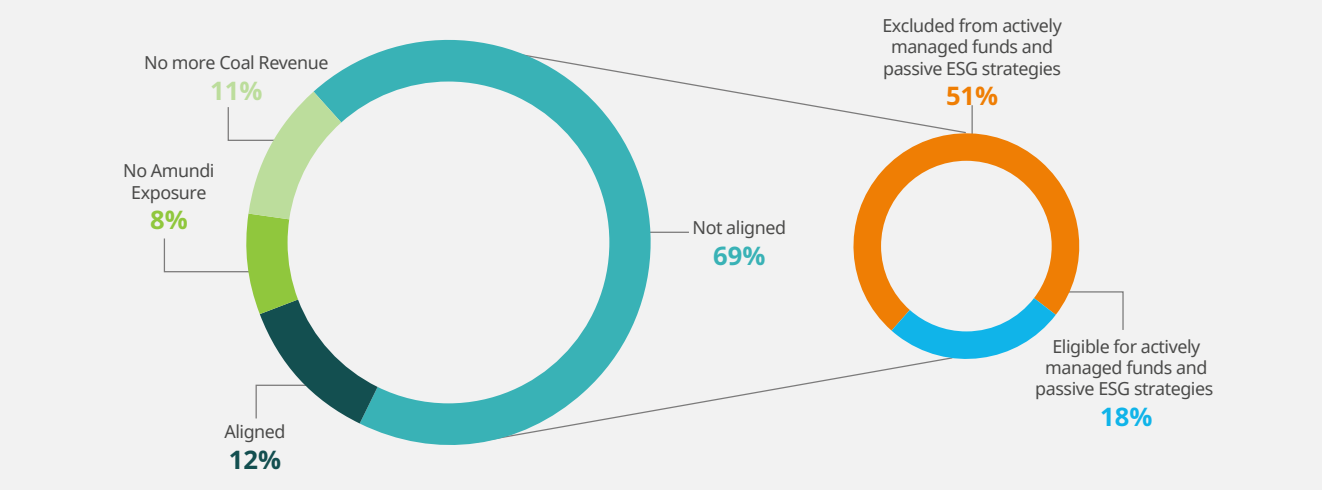
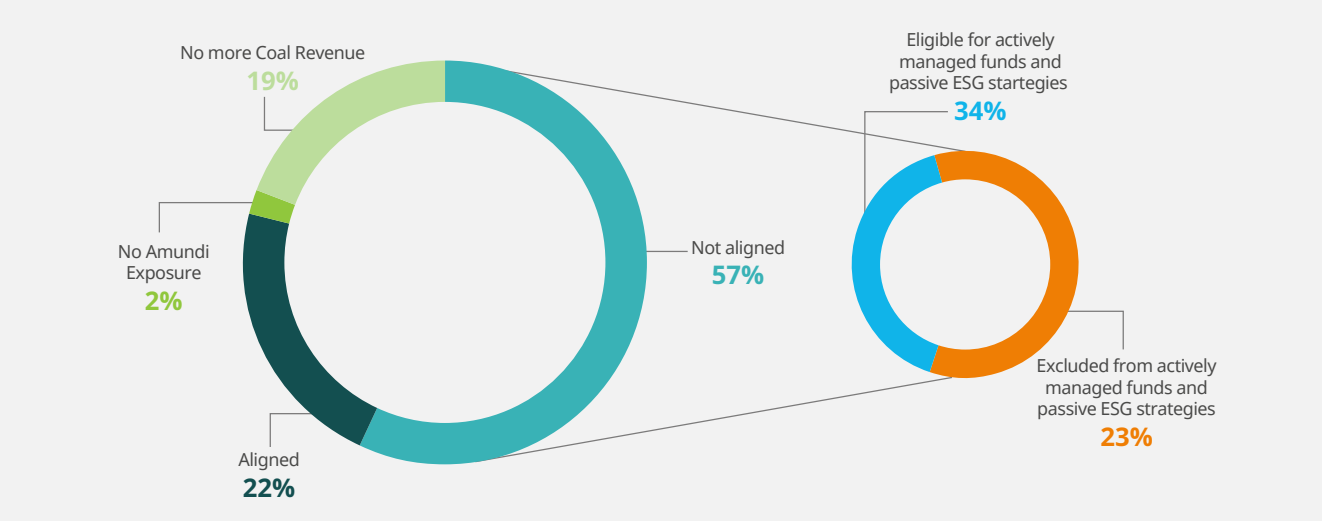


Figure 2: 2025 Policy Screening: Issuers subject to 2030 Phaseout



29. Explanatory notes:
- Eligible for actively managed funds and passive ESG strategies': non-zero coal revenues (as per external data sources) falling within the policy threshold. This group is subject to systematic engagement and enhanced monitoring.
- 'No more coal revenue': zero coal revenue (as per external data sources), enhanced monitoring continues in cases where physical exposure is indicated.

2024 - 2025 Issuer evolution

Year-on-year, individual may move between the categories defined by Amundi's policy screening (e.g. from changes in Amundi's investment universe, or in the issuer's activities). To account for this, screening is performed dynamically to produce updated exposure lists each year. Figure 3 and Figure 4 demonstrate the progress of all issuers identified in the 2024 list thoughout 2025, highlighting consistent reductions in the number of misaligned issuers.

Figure 3: Evolution of 2024 Policy List (2040 Phaseout)

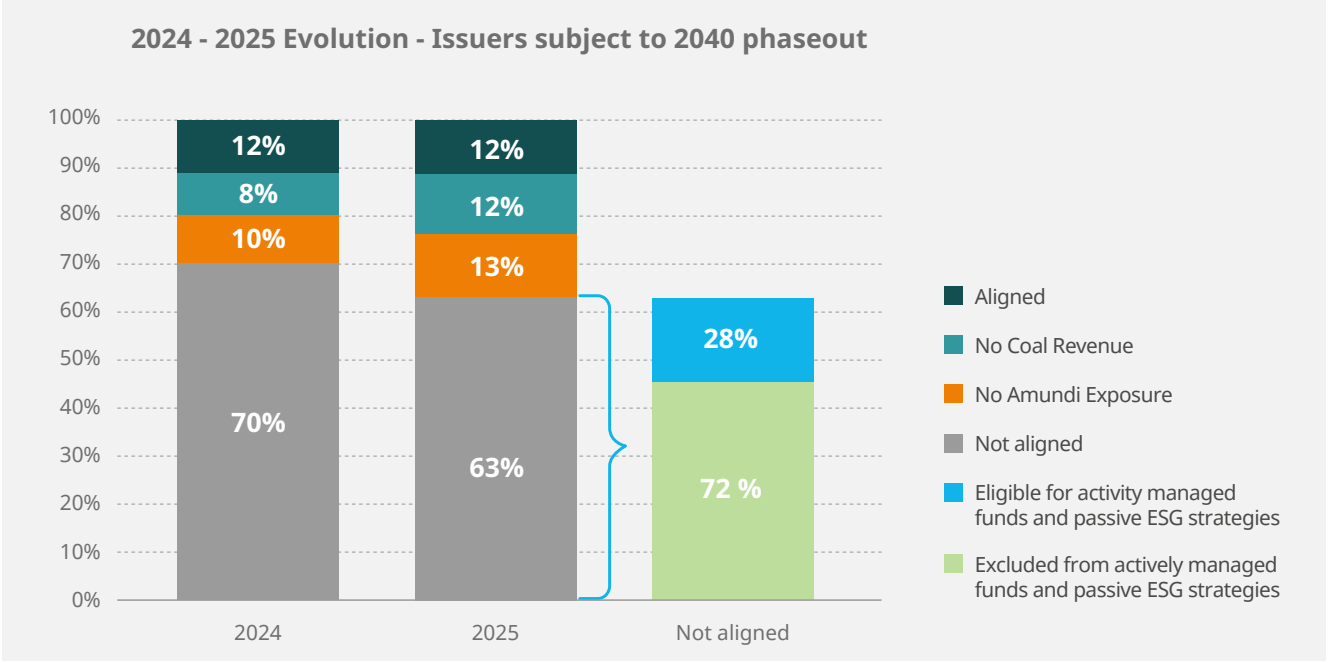
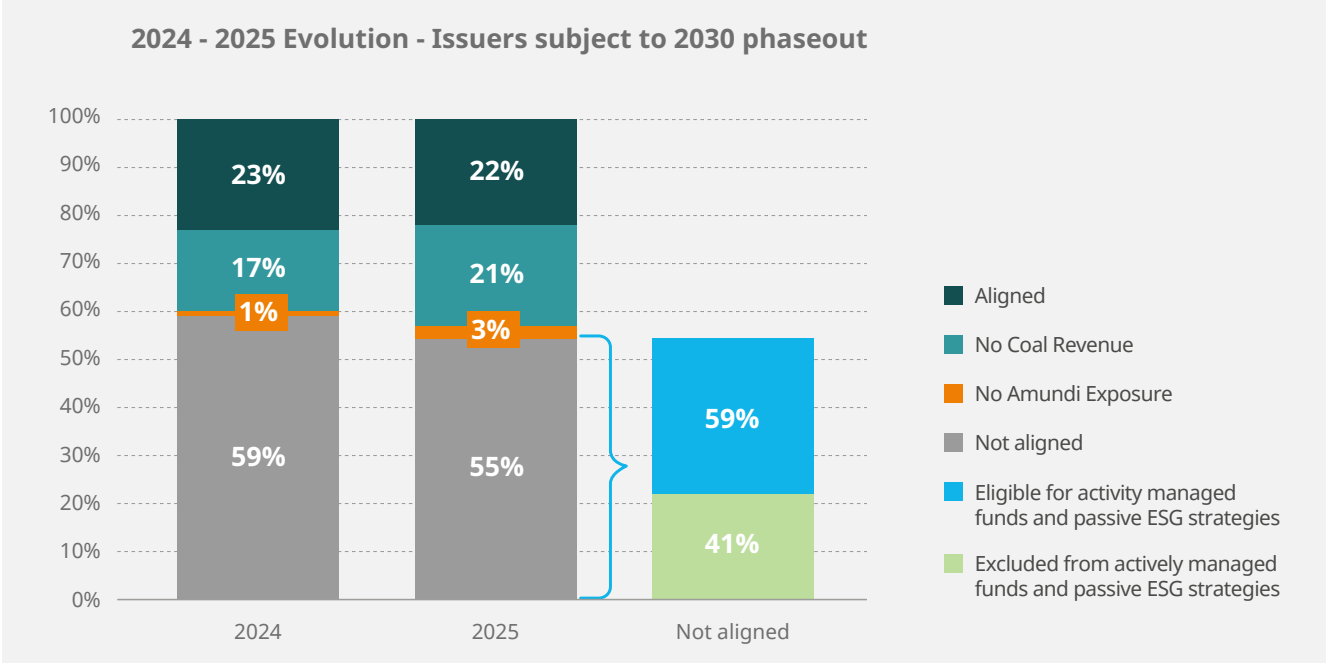


Figure 4: Evolution of 2024 Policy List (2030 Phaseout)



2023- 2024 - 2025 Issuer evolution

As described on the previous page, Amundi's screening process is performed dynamically to produce updated exposure lists each year. Figure 5 and Figure 6 demonstrate the progress of all issuers identified in the 2023 list thoughout 2024 and 2025, highlighting consistent reductions in the number of misaligned issuers.

Figure 5: Evolution of 2023 Policy List (2040 Phaseout)

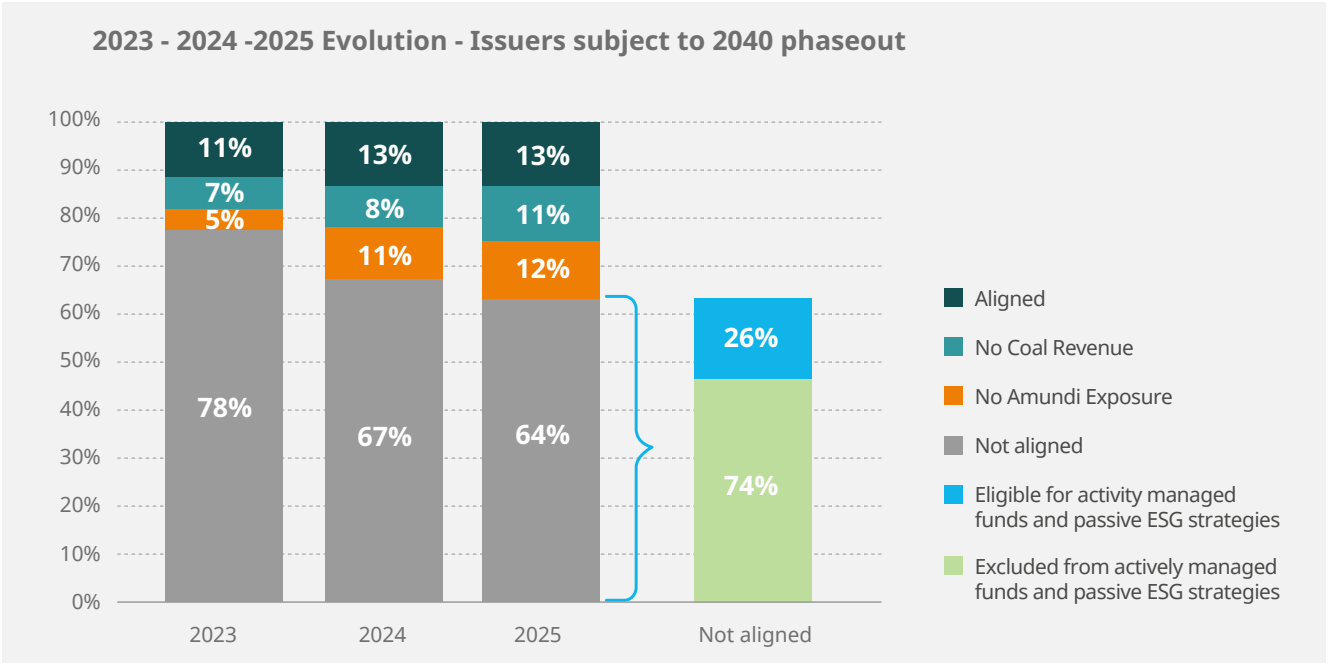
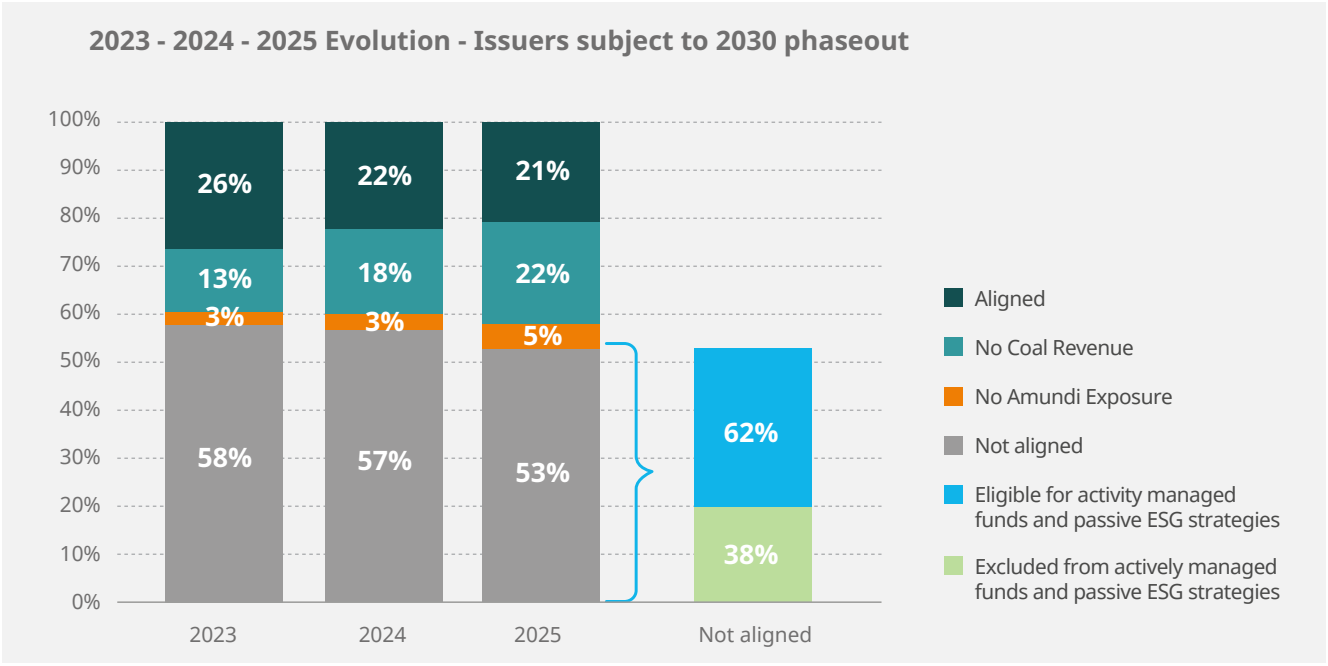


Figure 6: Evolution of 2023 Policy List (2030 Phaseout)



Next steps

We deem it necessary to continue discussions around winding down companies' exposure to thermal coal, those directly affected by our policy but also those within the wider ecosystem i.e. companies with an economic dependency on coal with a business model wholly or partly reliant on prolonged coal usage. We will continue to engage with a set of issuers as deemed in line with our policy and process to phase out from thermal coal.

Case study 6: Engaging with Sovereign issuers on thermal coal

Context: Amundi has committed to reduce its exposure to thermal coal in its portfolios, with a formal exit for OECD countries by 2030 and for the rest of the world by 2040, in line with the Paris Agreement.

Our commitment to such deadlines does impact our capacity to invest in companies exposed to thermal coal, notably utilities and mining. As we recognize that companies are constrained by the legislative framework and energy policies of the countries in which they operate, we have decided to engage with sovereign issuers on this topic.

Amundi Actions:

Engagement Selection

Amundi decided to engage with countries' governments alongside utility companies and domestic banks, in order to find the right path towards a low carbon energy mix and phase out thermal coal. We selected a few countries with significant reliance on coal in power generation and no full commitment to phase-out to pursue this engagement campaign: Australia, Indonesia, Kazakhstan, South Africa and Türkiye. Only Türkiye and Australia answered positively to our request for engagement.

Sovereign issuer	Share of coal in electricity production	Coal phase-out commitment	Net Zero target	Response to request for engagement
Australia	46%	No	2050	Interactions in 2023, 2024 & 2025
Indonesia	69%	Partly*	2060	No answer in 2023 & 2024, interaction in 2025
Kazakhstan	58%	No**	2060	No answer
South Africa	82%	No	2050	No answer
Türkiye	35%	No	2053	Interactions in 2023 & 2024, no answer in 2025

* Indonesia did not sign clause 3 (no new plant) of the coal exit at COP26; In 2022, Indonesia set a 2050 phase out date for unabated coal-fired power generation.

** Kazakhstan has only endorsed clause 4 of the coal exit at COP26, which focuses only on financial, technical, and social support for a just transition. It has not committed to a coal phase-out nor ceasing to permit issuance or construction of new coal-fired plants.

Engagement Objectives:

Our intentions are to:

- Explain to sovereign issuers Amundi's thermal coal policy and its impact on the companies we hold, notably mining, utilities and banks
- Obtain clarifications on the country's thermal coal phase out plans and target date
- Exchange on ways for the government to support the energy transition of its economy, through a transformation of local utility companies and support from the financial sector

Engagement Outcomes & Issuer Momentum: In 2025, there was still little progress on Australia's and Türkiye's commitment to phase-out coal, for different reasons (energy security; weight of coal in the domestic economy; difficulty to meet growing energy demand without fossil fuels). There was, however, progress in the development of renewable energies and in establishing policies and measures to meet decarbonization targets.

Issuer	2023 recommendation	Response to request for engagement
Australia	– Commit to thermal coal phase-out by 2030 as Australia is an OECD country. – Strengthen the country's carbon pricing scheme (Safeguard Mechanism): 1/ enlarge the coverage (currently only a small part of the GHG emissions is covered); 2/ reduce the use of offsets.	- Still no plan to phase out coal by 2030 and no timeline. + The government released a Net Zero Plan setting out government priorities, establishing policies and measures to drive down emissions and support investment in low emissions and renewable activities. This includes six sectoral decarbonization plans and a review of the Safeguard Mechanism in FY 2026/27.
Türkiye	– Update Nationally Determined Contribution (NDC) according to Paris Agreement requirements. – Commit to coal phase-out by 2030 as Türkiye is an OECD country. – Put in place a carbon pricing scheme.	+ Türkiye updated its first NDC to the UNFCCC in 2023 and published a 2nd NDC with 2035 target in 2025. - There is still no published pathway or timeline on the phasing down of thermal coal (capacities continue to increase). + The climate law was voted in 2025: it enshrines the government's net zero and NDC targets into law and sets the basis of an ETS based on the EU model + The development of renewables (wind and solar) and other technologies is going on.

Next Steps and Amundi Perspective of Engagement: As the questions of energy security and affordability have taken center stage following the war in Ukraine, phasing out coal has become more complex for many countries. We will continue to adapt our engagement to this new context and to broaden our focus on decarbonization strategies and policies.

Sovereign Thermal Coal Indicators: Follow up on the ASCOR Project

ASCOR is an investor-led initiative, co-chaired by Esther Law, Amundi's Senior Emerging Markets Sovereigns PM. The TPI Global Transition Centre at LSE is the academic research expert of ASCOR.

The ASCOR assessment framework consists of three pillars: emissions pathways; climate policies; climate finance. Within the climate policies pillar, key thermal coal indicators include:

- Has the country committed to a deadline by which to phase out fossil fuel subsidies?
- Does the country publish an inventory of explicit fossil fuel subsidies?
- Has the country committed not to approve new coal mines?

In 2025, the number of countries assessed by the tool increased to 85 - from 70 in 2024 and 25 when launched in 2023. This represents approximately 90% of global greenhouse gas emissions and GDP and achieves full coverage across several major global sovereign bond indices. The State of the Sovereign Transition 2025 report was published in November. It offers a comprehensive snapshot of the global state of climate ambition and implementation among national governments.

In December 2025, ASCOR launched an online consultation survey to seek stakeholders' feedback on potential changes to the ASCOR framework, which has undergone only minor adjustments each year since 2023. The TPI Centre is exploring whether the framework requires more substantial adjustments considering the current state of investor priorities, country practices, scientific evidence and data availability.

Case study 7: Coal Phase-Out & Operational Targets with a Turkish Conglomerate

Context: The issuer is a Turkish conglomerate whose core activities include electricity generation alongside other businesses across the energy value chain.

Amundi actions: Amundi has engaged the company since 2024 to secure a commitment to phase out thermal coal in line with Amundi's Thermal Coal Policy (coal exit by 2030 for OECD/EU jurisdictions, 2040 for the rest of the world).

In 2025 Amundi intensified engagement on coal phaseout and broadened the dialogue to cover the company's wider energy transition strategy. Our engagement combined issuerlevel research on material climate exposures with targeted recommendations designed to elicit timebound commitments and improved disclosure. We encouraged the issuer to adopt a coal phaseout aligning with Amundi's policy, to map and disclose Scope 3 emissions by material category and provide a verification timetable, and to establish both carbon intensity and absolute operational emissions (Scope 1 & 2) targets for the midterm (with 2030 as a benchmark). We also recommended clear, timebound renewable capacity targets and a capital expenditure framework that distinguishes green versus brown investments so that future capex allocations can be assessed against transition ambitions.

Engagement objectives: During the 2025 engagement cycle we aimed to secure three interlocking outcomes that would materially strengthen the issuer's transition credibility. First, we sought an explicit coal phaseout commitment aligned with Amundi's Thermal Coal Policy (2030 where applicable), thereby removing a principal source of thermalcoal exposure and lowering transition risk. Second, we aimed to encourage comprehensive, categorylevel Scope 3 disclosure with independent verification and a clear timeline, enabling robust measurement of the issuer's full valuechain emissions and tracking of progress over time. Third, we advocated for midterm operational targets — both a carbon intensity metric for power generation and an absolute Scope 1 & 2 reduction target by 2030 — coupled with explicit renewable capacity targets and transparent green/brown capex allocation. These measures were designed to translate shortterm reporting improvements into medium and longterm capital allocation decisions that reduce emissions and derisk the business.

Issuer momentum: The company demonstrated constructive, incremental progress but has not yet delivered all the commitments recommended. Positive steps include the 2024 reduction in ownership of the coal asset and an observable strategic pivot toward renewables, especially solar and solarhybrid projects, with an emphasis on batteryenabled solutions where feasible. The issuer has made a formal commitment to its transition strategy with the Capital Markets Board — including a gradual thermalcoal phaseout — though that commitment has not yet been broadly publicised. On disclosure, the company completed greenhouse gas calculations in 2024 and reported Scopes 1, 2 and 3 in 2025; however, Scope 3 was not broken down into material categories in the published report. Management told us it aims to prepare comprehensive, independently verified Scope 1, 2 and 3 calculations for the 2025 reporting period and to publish them in the report due in H1 2026. Targets remain a work in progress: the issuer confirmed both carbon intensity and absolute operational emissions targets are under development and indicated that the forthcoming sustainability report may include relevant target information. Similarly, renewable capacity outcomes and the allocation of capex between green and brown assets are being refined through feasibility studies and regulatory reviews; the company explained that final capacity figures may shift depending on whether battery storage is incorporated, and that a formal capex classification framework remains pending.

Overall, the issuer's responses were cooperative and signalled real intent, but the commitments are largely at the planning or internalcommitment stage rather than publicly enshrined, timebound targets.

Next steps: Amundi will review the issuer's 2025 reporting (due H1 2026) to assess whether the company has published independently verified Scope 1–3 emissions with category breakdowns and whether it has articulated timebound carbon intensity and absolute operational targets. If the forthcoming report includes these elements, we will evaluate the ambition and implementation pathways and seek clarity on the green/brown capex split to enable forward monitoring of capital allocation. If disclosures

remain partial or targets absent, we will escalate engagement pressure by requesting (a) a public, timebound coal phaseout commitment aligned with Amundi's 2030 benchmark for the relevant asset, (b) interim targets and milestones for 2026–2030 to demonstrate credible nearterm action, and (c) a formal capex classification and disclosure schedule. Our objective remains to secure verifiable, timebound commitments that convert the issuer's strategic intent into measurable reductions in emissions and reduced transition risk for investors.

Case study 8: Coal Phase-out & Transition Engagement with an Asian Utility

Context: The issuer is a large, regionally significant electricity utility with substantial thermal coal exposure whose investment and operational choices will materially shape emissions trajectories across its home market and in non-OECD jurisdictions where it operates.

Engaging the company is therefore strategically important: accelerating credible coal retirements and reallocating capital to proven renewables and grid upgrades can materially reduce systemic transition risk and help align the power sector with Paris goals. If the company does not accelerate coal retirements and scale renewables, cumulative CO_2 emissions from its generation portfolio will remain elevated, undermining national and regional progress toward a lower temperature pathway and locking in high-carbon infrastructure for decades.

Amundi actions: Amundi carried out a targeted, evidence-based engagement programme informed by detailed research and collaborative escalation. We analysed the issuer's historical disclosures and FY2024–2026 management plan, quantified the emissions impact of announced coal closures (estimated at ~16.2 $MtCO_2$/year avoided for the named units) and modelled the implied capital allocation to assess whether planned investments matched stated decarbonisation ambitions.

Acting as a lead investor within the Asia Investor Group on Climate Change (AIGCC) and in coordinated engagement with the Australian Centre for Corporate Responsibility (ACCR), Amundi amplified requests and created a pathway for escalation where progress stalled.

Engagement objectives: Across multiple direct and collaborative meetings during 2024–2025, we posed a set of specific recommendations to the company:

- set and publish science-based short- and medium-term targets and submit them for independent validation (for example, SBTi);
- publish a timebound coal phase-out timeline (OECD by 2030 / non-OECD by 2040);
- prioritise investment in established renewables and publish quantitative renewables and grid-investment commitments;
- disclose a clear carbon price assumption, a climate-related physical risk assessment and link climate metrics to executive remuneration;
- publish a transparent Just Transition plan with workforce and community measures;
- set annual progress metrics and publish yearly updates against FY2024–2026 commitments.

Issuer momentum: The company demonstrated meaningful, measurable progress during 2024 and continued action through 2025 although key gaps remained. On the positive side, the FY2024–2026 management plan was updated to include the early closure of five inefficient domestic thermal coal units by FY2030, which we estimate will avoid approximately 16.2 $MtCO_2$ per year for the announced units.

The issuer also increased capital allocation transparency, disclosing approximately USD 1.924 billion of decarbonisation spend across the next three years: roughly USD 1.284 billion for renewables expansion, USD 385 million for network enhancements and USD 192.6 million for thermal power transition, while signalling substantial future investment in nuclear and hydrogen after FY2027.

Management set a new domestic renewables target to increase generation by 4 billion kWh/year by 2030 versus a FY2022 baseline, and Just Transition disclosures improved incrementally—examples include quantitative job creation data for an Australian solar project following investor-provided best practice templates.

Notwithstanding these advances, important shortcomings remain. The issuer has not published independently validated short- and medium-term targets, year-on-year quantitative reporting against the FY2024–2026 plan is limited with no clear annual progress metrics disclosed for 2025, and linkage of executive remuneration to climate KPIs is insufficiently defined. The company has not provided a comprehensive, timebound plan for a full coal phase-out consistent with OECD/non-OECD timelines, and lobbying transparency—particularly the alignment of trade association positions with the company's transition commitments—remains unresolved.

Next steps: We will press for a timebound programme of deliverables that converts signaling into verifiable action: submission of science-based targets for independent validation by end-2026; publication of an annual public progress report against FY2024–2026 spend and generation targets beginning FY2026 with clear KPIs; publication of a transparent Just Transition plan with quantified workforce and community measures by mid-2026; and disclosure of executive remuneration design showing climate KPIs, their material weighting and evidence of application in the next compensation cycle. We will also escalate scrutiny of lobbying and policy engagement by requesting disclosure of trade association memberships, lobbying spend and a statement of alignment with the company's transition commitments.

Recognising legitimate jurisdictional and energy-security constraints—and the company's signaling on nuclear and hydrogen post-FY2027—we will maintain a dual emphasis on accelerated deployment of proven renewables and robust near-term emissions targets, while insisting on contingency plans should nascent technologies not scale as assumed. Where regulatory barriers materially limit the company's ability to accelerate closures, we will seek regulatory outreach to address structural impediments. Overall, the issuer has shown important momentum; Amundi will continue active, evidence-led engagement to secure robust targets, transparency, remuneration alignment, robust Just Transition planning and clearer plans for coal phase-out and lobbying alignment.

Updates: Engaging on Coal Phase-Out Commitments

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company A **Sector:** Energy **Region:** Europe	**Power generation business:** – Concrete commitment to phase out from thermal coal power generation by 2030 **Mining business:** – The company stated that thermal coal mining will stop when generation stops in 2030 – This was misaligned with Amundi coal policy, lacks explicit strategy such as specific dates on mine closures and end dates for third party sales of thermal coal	1. We encouraged the company to commit to phase out thermal coal mining by 2030, accompanied by an explicit strategy and expected closure dates.	As in the previous year, government energy security reserve prevents development on this recommendation.	The company shared ambition to exit coal-fired power generation by 2030, with the last coal plant closing in 2029 and coal refineries closing alongside mines. However, A government decision in 2026 will determine if a specific coal capacity must remain available for back-up power until 2033.
		2. We recommended the establishment of a strategy for exit from third-party sales of lignite-refined products by 2030.	The company was receptive and demonstrated willingness. We continue to encourage progress on these items.	Similarly to last year, the company was receptive and demonstrated willingness. We continue to encourage progress on these items.
		3. We encouraged the company to increase its transparency on third-party sales products (i.e., industrial usage).	Discussed during engagement, remains work in progress.	
		4. We recommended the company to disclose concrete projections on the reduction in mining volumes leading up to the 2030 phase-out.	Discussed during engagement, remains work in progress.	
	Next Steps: *The government's option to allocate up to 3.7 GW of power capacity into a security reserve until 2033 is a legitimate systemic blocker to the engagement progress. However, we will continue to encourage the company to progress with all other open items.*			
Company B **Sector:** Utilities **Region:** Asia	– No phase out from thermal coal by 2040 in line with Amundi policy. – We have conducted engagement with the company as part of an investor led collaborative engagement programme launched by The Asia Investor Group on Climate Change (AIGCC). – We have also engaged independently with the utility company	1. We encouraged commitment to phase out from thermal coal by 2040.	Coal retirement timeline: 5 units by 2040 (respective PPA expiry years). But, two units have PPAs beyond 2040. Need regulator collaboration.	No changes to coal retirement timeline, discussions on transitioning from coal to gas.
		2. We encouraged the company to develop science-based emission reduction targets.	Progress: Net Zero 2050 target; 35% intensity reduction and 50% coal reduction by 2035.	New target to reduce GHG emission intensity by 5% annually from 2024.
		3. We encouraged the company to prioritise investment and ambition in renewables.	Commitment to 8.3GW increase of renewables capacity by 2025, supporting country's target to achieve 70% renewables by 2050.	Partnerships on green hydrogen, early-stage tests of hydrogen co-firing and green ammonia. High reliance on CCUS in carbon strategy (30% reliance) despite commercial feasibility challenges.
		4. Finally, we recommended improvement in transparency and accountability around climate KPIs.	Continues to disclose sustainability-linked KPIs for performance evaluation of senior management.	Included a new KPI "National Energy Transition Projects" under executive remuneration, comprises key projects under country's energy transition roadmap.
	Next Steps: *We will continue a two-way dialogue with the company, to encourage the company to phase out the remaining two thermal coal units by 2040 (in line with our policy). We will also continue engaging with the issuer on other crucial decarbonisation indicators and levers.*			

Company C **Sector:** Utilities **Region:** Europe	– Operated coal power plants with installed capacity of 4.3 GW – Not on track to achieve the reduction in emission intensity aligned with 1.5°C climate scenario – Some progress on target ambition and low-carbon transition plan – SBTi commitment in 2021 – Invested in renewable energy, grid flexibility optimisation, storage, charging, and e-mobility – In 2021, coal still accounted for 30% of the company's energy generation mix	1. We encouraged commitment to phase-out thermal coal by 2030.	Re-engaged on implications of government-mandated security reserves. The company reaffirmed commitment to ceasing coal operations by 2028.	As of our 2025 engagement, the company reinstated its commitment to phasing out coal by 2028. We hence successfully closed the engagement.
		2. We recommended the company to to set a comprehensive Net zero target at group level.	The company expects to finalise Net Zero Target for all business activities by 2025.	As per our 2025 conversation, the company states most methane emissions from its grids are fugitive which mainly originates from accidental damage to grid assets during excavations, so they are hard to eliminate completely and therefore make setting meaningful reduction targets is challenging.
		3. We encouraged the company to set measurable methane reduction targets and ensure transparent reporting on methane intensity.	The company cited certain challenges in setting Group-level methane reduction target, but is making progress including updating internal processes in line with OGMP.	As per our 2025 conversation, the company states a number of the company's subsidiaries were already formal members of the OGMP 2.0, but still lack of corporate reporting on this subject.
	Next Steps: *Recognising the company's significant progress, we will continue to monitor outcomes on net zero and methane. Meanwhile, there is significant potential for enhanced disclosure on just transition, on which the Company has prepared a promising initial strategy.*			

Case study 9: Engaging on Thermal Coal with a North American Electric Utility

Context: Thermal coal phase-out remains one of the highest-impact engagement priorities for investors seeking to limit warming and reduce stranded-asset risk in energy portfolios. The issuer in this case is a major domestic energy company that, as of our initial escalation, continued to operate roughly 1.35 GW of coal-fired generation.

Amundi actions: Amundi opened engagement with this company on thermal coal in 2021. After an extended period of non-response, the company engaged with Amundi for the first time in 2024. Our engagement combined proprietary research into the company's asset footprint and policy context with targeted stewardship outreach.

Engagement objectives:

We recommended:

- a clear timetable for exiting thermal coal consistent with Amundi's 2030 guideline for OECD/EU countries;
- explicit net-zero and intermediate decarbonisation targets;
- the integration of ESG metrics into executive remuneration;
- a published just-transition plan with funding commitments for affected communities.

This was a single-issuer engagement. Alongside bilateral dialogue we positioned our asks within broader industry context, referencing Amundi's policy expectations and relevant regulatory constraints in the issuer's home market, and we sought regulatory and technical clarifications to ensure the feasibility of the timetable requested.

Issuer momentum: The company's response in 2024 represented a meaningful shift after three years of non-engagement. In its public disclosures the company outlined commitments to accelerate coal plant retirements and to expand low-carbon generation. It committed to retire an additional coal unit of approximately 400 MW by 2025 and has stated that the remainder of its coal exposure will be closed by 2031; these retirements received regulatory approval in the state, an important enabler given local affordability and demand-growth considerations. The company also highlighted historical progress—retiring roughly 1 GW of coal capacity since 2005—and published a just-transition framework with proposed funding measures for affected communities.

On our core asks, momentum is mixed: the company has advanced early retirements (two further plants ceased operations during 2025) but its announced closure timetable of 2031 still remains misaligned with Amundi's 2030 guideline, and public disclosures around intermediate emissions targets and the integration of ESG metrics into executive remuneration remain incomplete. Country-level headwinds—rapid load growth and affordability pressures—were cited by the issuer as constraints that shaped the pace of its commitments.

Next steps: We will continue engagement to press the issuer to bring its coal retirement timetable forward to 2030 where feasible and to adopt explicit, timebound net-zero and interim targets that cover Scope 1–3 emissions and are aligned with credible decarbonisation pathways. We will also press for measurable ESG KPIs to be incorporated into executive remuneration and for clearer, funded just-transition mechanisms with independent monitoring.

Over the coming year we will closely monitor the next planned retirements and regulatory approvals, We recognise and support the company's demonstrable steps to retire capacity and expand renewables in a market with genuine affordability and demand challenges.

Halting Development of new Thermal Coal capacity

Systematic context

Coal developers are defined as any company developing or planning to develop new thermal coal capacities. To meet the goals set out in the Paris Climate Agreement, an important milestone is to stop the development of new unabated coal-fired power plants or coal mines. Based on IEA's report21, new coal project announcements have slowed in the past few years, but there are still around 175 GW of capacity under construction globally, with a majority of the new developments happening in developing markets.

The message is clear. The world needs to stop adding new unabated coal-fired assets, cease construction of unabated coal power plants, and tackle emissions from the existing coal fleet via a few options from retire, repurpose, and retrofit. Concurrently, a massive scale-up of clean energy is needed with system-wide improvements in energy efficiency and in a just transition manner. Amundi excludes companies developing or planning to develop new thermal coal capacities along the entire value chain (mining, production, utilities, and transport infrastructures) from its active universe22.

Policy approach

Following Amundi's policy to exclude coal developers, in 2025 Amundi continued to engage with companies that have been identified as potential coal developers.

1. Stopping New (early stage) Potential Coal Development Projects (before construction) or Facing Exclusion
2. Encouraging Companies to Commit Publicly to "No New Coal"

The objective of the engagement is also to better comprehend the status of the coal projects in scope, and communicated with them the imperative to NOT proceed with construction and instead to phase out thermal coal, and do so with public statements. Public statements are testament of credibility as these statements must be prudently deliberated by senior management, and once it is made public, all market participants, not just a handful of investors, can observe the progress toward commitments.

Momentum

Encouragingly, we have seen progress in the number of coal development projects changing their status from "announced or proposed" to "cancelled or shelved". Among 132 companies we have engaged in relation to coal projects in early developmental stages in 2024, 15 projects were stopped and shelved in 2025[30].

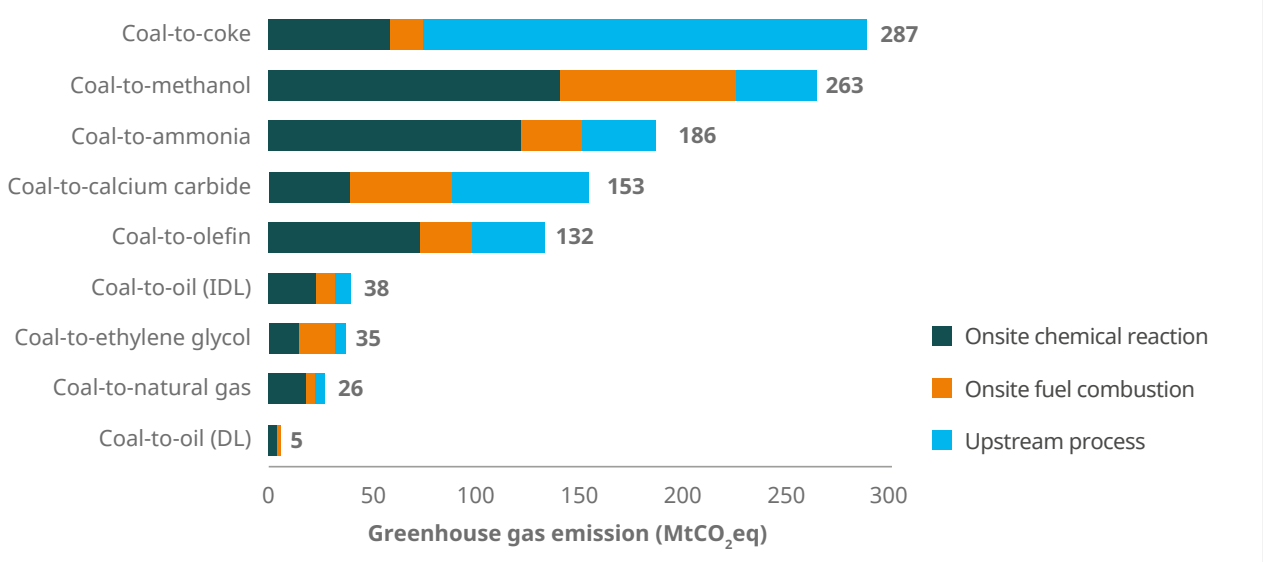
Next steps

For 2026, Amundi will continue its ongoing research program to identify and track new coal development projects, and scrutinise projects identified in 2025 to determine any change in status. This research and enhanced due diligence process will inform potential changes to the both the exclusion and watch list. Engagement activities with all identified issuers will continue.

Case study 10: Engaging with a Global Chemicals Company on Developing Coal Gasification

Context: In 2024 Amundi identified an industrial gases company as a material engagement target because of its involvement in two coal-to-syngas (coal gasification) projects in China. Under tolling arrangements the company constructs, owns and operates gasification facilities while end-clients supply coal feedstock and receive syngas for downstream conversion to ammonia and ethylene glycol.

Figure 7: Onsite and upstream GHG emissions from production of each coal derived chemical



(DL: direct liquefaction, IDL: indirect liquefaction)
Source: Guo et.al. (2024)

Because the client supplies the coal feedstock, the projects do not register as "coal revenue" under conventional classifications, yet they are clearly economically dependent on coal and generate substantial greenhouse gas (GHG) emissions both onsite and upstream. Using literature values for different gasification technologies, Amundi estimated the projects' emissions between 1.2 and 9.9 million tCO_2e per year. Those estimates are large relative to the company's 2024 reported Scope 1 emissions of 16.9 million tCO_2e (of which just 0.2 million tCO_2e were reported in Asia), and raise material questions about whether the company's decarbonisation strategy—which targets a one-third reduction in carbon intensity by 2030—adequately accounts for emissions from coal gasification.

The projects therefore presented a heightened risk of prolonged coal use, elevated carbon intensity across the value chain, and potential reputational and regulatory exposure if emissions remain under-reported or unmanaged.

30. Amundi excludes issuers that decide to start construction

Amundi actions: Amundi conducted targeted, project-level research to quantify the likely emissions and to clarify where disclosure gaps existed. We compiled and analysed the company's public project disclosures on coal feedstock volumes, coal type, gasification technology, syngas output and downstream chemical volumes, and applied published emissions factors for the relevant gasification routes to derive the 1.2–9.9 $MtCO_2e$/year range.

Where company reporting lacked facility-level data, we modelled conservative and upper-bound scenarios to capture uncertainty. Amundi reached out directly to the issuer to present our findings, request facility-level emission data and press for inclusion of gasification emissions within the company's corporate footprint.

Engagement objectives:

Specific recommendations posed to management included:

- Adoption of a formal coal phase-out plan
- Implementation of a process to account for emissions from tolling arrangements
- Inclusion of the gasification facilities in Scope 1–3 inventories and target-setting
- Clarify measures and timelines to deploy carbon capture at "capture-ready" plants
- Propose a plan to secure supplier and customer emissions data.

Amundi also referenced industry practice among relevant peers that are actively collecting supplier/customer emissions data, working with partners to reduce upstream Scope 3 and setting expectations for customers' net-zero commitments, and asked the issuer to adopt comparable practices.

Over the longer term Amundi's objective is to ensure the company's decarbonisation pathway aligns with a credible net-zero ambition, including supplier and customer engagement to reduce upstream Scope 3 emissions, incorporation of gasification emissions into corporate targets that support the company's 2030 intensity goal, and adoption of governance mechanisms to avoid lock-in of high-carbon assets.

Issuer momentum: During Amundi's initial engagement, the Company was responsive to our questions, but its answers revealed material gaps. Management stated it has no coal exit plan and will not withdraw from the existing gasification projects because of contractual commitments with clients. Citing the tolling model—where clients supply the coal—they asserted limited responsibility for feedstock-related emissions and indicated constraints on disclosing client operational data. The company did, however, describe the gasification plants as "capture-ready," suggesting retrofitting with CCS is technically feasible, although their clients currently have no plans to deploy capture at these facilities.

Following Amundi's continued engagement in 2025, management committed to expand reporting: they plan comprehensive Scope 1–3 disclosure in 2026 and to obtain limited assurance on Scope 1 and 2 emissions. While the commitment to broader disclosure and assurance is a positive step towards greater transparency, the issuer has not yet accepted responsibility for accounting for gasification emissions under its targets, nor has it proposed a timebound coal exit or a customer engagement programme to drive CCS adoption.

Next steps: Amundi will maintain active engagement focused on closing the accountability and transparency gaps identified. We recognise two legitimate constraints: contractual tolling arrangements and client ownership of feedstock, both of which complicate data access and responsibility allocation. To overcome these, Amundi will press for practical mitigants including contractual clauses that enable facility-level emissions reporting, timebound commitments to secure customer emissions data, and clear governance on when tolling emissions are treated as within the company's managed boundary for target-setting. We will monitor the company's 2026 Scope 1–3 disclosure and the limited assurance report to verify whether facility-level gasification emissions are included and whether quantified targets and timelines are provided for CCS deployment where feasible. If disclosure and mitigation remain insufficient, Amundi will escalate engagement—considering collaborative approaches with peers and industry initiatives to standardise reporting for tolling models and, where appropriate, using stewardship tools available to investors to drive change. Continued engagement will prioritise measurable outcomes: integration of gasification emissions into targets, demonstrable supplier/customer data-sharing mechanisms, and credible plans to avoid lock-in of high-carbon coal-to-chemicals capacity.

3. Engaging with the value Chain

Context

The continued evolution of our engagement coverage beyond high-emitting primary industries reflects of our view that a holistic approach must be taken, identifying the different levers and needs between producers and consumers across the value chain. The objective of engaging the downstream section of a given value chain on it's upstream impact, is to foster a growing demand for low-carbon alternatives. Adding pull factors from the demand side complements push factors on supply such as regulation.

This whole-of-system approach paves the way for simplified, standardised assessments which enable our team to focus on the identification of system-level engagement opportunities across value chains. As well as addressing the value chain segments typically less directly exposed, our approach also highlights emergent material engagement topics. Examples of both are presented in the following sections.

Semiconductors: targets and strategy for sustainable growth

Context

The semiconductors and semiconductor equipment sector spans companies ranging from wafer manufacturers, integrated device manufacturers and specialist equipment manufacturers to foundries who print wafers to customer specifications, and the so-called fabless companies who design and sell chips but outsource manufacturing to foundries.

Climate Impact

Together, semiconductor companies have been estimated to directly contribute around 0.2 percent of global greenhouse gas emissions and around 5 to 7 percent of global information and communication technology sector emissions, though results are sensitive to boundary choices and data availability (for example, whether and how Scope 3 is included)[31]. Considerable differences between business models within the sector make estimates and comparisons challenging, particularly when Scope 3 is factored in. Chip production typically consumes more energy and process chemicals than production of equipment and often represents the main share of operational emissions. A significant portion of the manufacturing footprint can be driven by fluorinated process gases used in key fab processes. These gases are difficult to eliminate fully and usually require high performing abatement, process optimisation and rigorous monitoring[32]. Fabless activities and microchip design tend to have a lower direct operational footprint, but upstream Scope 3 can be material given reliance on foundry manufacturing and complex supply chains.

Pathway & Progress

The sector's pathway to deep decarbonisation remains challenging but has matured since 2025. Many major companies now set science-based targets and, in some cases, longer term net zero ambitions that address Scope 1 and 2 and extend to relevant Scope 3 categories, although coverage and quality still vary across issuers. A large share of emissions is attributable to electricity consumption (typically Scope 2) used to manufacture chips and power data intensive production processes. Substituting fossil fuel based electricity with renewable electricity is a viable path forward (including on site generation, certificates and long term power purchase agreements), but access and additionality can be constrained in key manufacturing regions where grid decarbonisation is uneven[33]. Downstream Scope 3 remains hard to estimate consistently given the diversity of end uses

31. Deloitte (2024). Semiconductor sustainability forecast (Technology, Media & Telecommunications Predictions 2024).
32. US Environmental Protection Agency (EPA). Semiconductor Industry (voluntary efforts to reduce high GWP fluorinated compounds). US Environmental Protection Agency (EPA). Protocol for Measuring Destruction or Removal Efficiency (DRE) for fluorinated GHG abatement in the semiconductor industry.
33. Deloitte (2024). Semiconductor sustainability forecast (Technology, Media & Telecommunications Predictions 2024).

and allocation approaches; reporting practice is improving, but comparability and assurance remain mixed.

Materiality

As cited above, the direct (Scope 1&2) impact of the sector globally is marginal. However, when considering both up- and down-stream activities, plausibly there are multiple risks and opportunities. Scope 3 is financially material in semiconductors because it can affect both upstream cost exposure and downstream revenue quality: semiconductor manufacturing is energy- and materials-intensive, while major customers are placing greater weight on embodied carbon and operating efficiency in the hardware they buy. That may create a risk for companies tied to more carbon-intensive supply chains or weaker product-carbon data, and an opportunity for firms whose products help customers cut electricity use and total cost of ownership. Examples include:

- A major US-headquatered global tech company says datacentre ICT hardware is one of the largest contributors to its Scope 3 emissions and that semiconductor chips are the main contributor to those hardware supply-chain emissions
- A global chipmaker states that it aims to increase product energy efficiency 10x by 2030 for client and server microprocessors to reduce customers' Scope 3 emissions; also reporting that in 2024 it improved client product energy efficiency by 21% year on year and achieved more than 4.0x improvement versus its 2019 baseline.

Taken together, this suggests that Scope 3 in semiconductors is not just a matter of disclosure, but rather it is now increasingly tied to competitiveness, customer alignment, product mix and, over time, margin quality.

Efficient chip and power management technology is important to climate related solutions, including electric vehicles and smart grids. With demand for data processing and digital infrastructure still rising, it remains necessary for investors to engage semiconductor companies on credible climate strategies, with particular attention to renewable electricity procurement, fluorinated gas management and Scope 3 boundary and supplier coverage[34].

Amundi actions

Amundi has engaged the semiconductor sector on climate strategy development and reporting for a number of years, observing growing maturity on climate progress in recent years. However, given the diversity of business models across the sector, the specific objectives and recommendations are tailored for specific companies. Generally, our expectations include the following:

Engagement objectives

- Measure and report transparently on Scope 3 emissions, clearly stating any assumptions used in calculations
- Report on product efficiency, preferably capturing year over year improvements
- Commit to science-based emissions reductions targets
- Engage with the value chain and develop collaborative reduction strategies
- Engage with industry to collaboratively develop methodologies for carbon footprint reduction strategies and advocacy strategies to promote access to renewable energy across the value chain

34. Deloitte (2024). Semiconductor sustainability forecast (Technology, Media & Telecommunications Predictions 2024).

Issuer momentum

The table below provides a sample of our engagements with the sector. Despite the challenges companies face, we have seen progress over the past year as companies accelerate their target-setting and disclosures.

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company A **Region:** North America **Start Year:** 2022	Semiconductor manufacturer. Set first climate target in 2015. At the start of the engagement, the company had a 2025 goal to reduce absolute Scope 1 and 2 GHG emissions by 25% from a 2015 baseline by the end of 2025 No Scope 3 target Existing target not yet certified by the SBTi, although discussions with SBTi were held	We encouraged the company to measure and disclose Scope 3 emissions. We recommended the company to set a Scope 3 emissions reduction target. We suggested the company seeks SBTi validation of a science-based target.	After minimal action in 2023, progress was made in 2024: Scope 3 calculations underway, planned disclosure in 2025. Developing Scope 3 target, but not yet able to disclose full details. Submitted near-term SBTi commitment, acknowledged better preparedness compared to previous years.	In 2025, company progressed on operational decarbonisation and had introduced Scope 3 disclosures. It was progressing on discussions with the SBTi on target-setting. Company shared with Amundi that it was actively reviewing product efficiency metrics, noting this was in early stages.
	Next Steps: *We are pleased with the progress and will continue to engage with the company in 2026. Key areas of focus will be confirming SBTi progress and implementation of Scope 3 targets.*			
Company B **Region:** North America **Start Year:** 2023	Semiconductor manufacturer, set SBTi commitment December 2022. Following assessment and engagement, issuer identified supplier maturity on climate as a major risk.	We encouraged the company to set and seek SBTi validation of a science-based target.	Positive evolution on supply-chain decarbonisation during 2024.	Feb 2025: SBTi validated Scope 1-3 near-term (2034) targets as 1.5°-aligned.
	Next Steps: *We will continue to engage with the company to encourage the pursuit of validation for long term net zero targets.*			
Company C **Region:** Europe **Start Year:** 2020 (on SBTi); 2022 (on TCFD-aligned reporting)	Semiconductor equipment manufacturer The company's reporting on climate risks was limited The company achieved climate neutrality in 2019 and was committed to further CO_2 reduction efforts but those were not specified	Encouraged the company to publish TCFD or equivalent report to demonstrate it has adequately assessed climate risks. We recommended the company to set and seek SBTi validation of a science-based target.	Positive evolution in 2025, in aligment with the company's previous communication.	The company shared that no plans existed to publish a TCFD-aligned report (or equivalent). SBTi project ongoing, and results were to be seen by end of 2025. The company has submitted to the SBTi in November 2025, aligned with our expectations
	Next Steps: *Although we would still very much welcome a more detailed disclosure of company's climate opportunities and particularly, risks, we have opted to close the relevant objective at this time. Subject to SBTi validation of targets, we plan to close this engagement in 2026.*			
Company D **Region: North America** **Start Year: 2022**	Semiconductor manufacturer. The company had a commitment to set a science-based target aligned with limiting global temperature rise to 1.5°C above pre-industrial levels and reaching net zero emissions by 2050 and to seek SBTi verification. In 2021, the company made an acquisition which was likely to affect target-setting.	We encouraged the company to assess opportunities to set absolute reduction targets given opportunity for target revision following the acquisition.	Pre-acquisition, issuer SBTi commitments included Scopes 1, 2 and 3 (partial). Post-acquisition, commitments had been removed. The company clarified that this was due to a need to review targets in light of business changes.	In late 2025, the company shared that it was making progress towards finalising its climate transition plan. Citing a mismatch of SBTi methodology fit with the company's growth strategy, issuer is now seeking to set a science-based target informed by the SBTi methodology.
	Next Steps: *We appreciate the company's efforts in climate transition planning and the changing circumstances complicating SBTi validation. We ask for transparency and continued efforts, and will engage in 2026 to evaluate the issuer's proposed target-setting approach.*			

Case study 11: Scope 3 disclosure with a European semiconductor company

Context: The semiconductor sector presents acute Scope 3 reporting challenges because product lifecycles are long, products are multipurpose, and sector-specific guidance from recognised standard-setters was not available when our engagement intensified.

Amundi has engaged this European semiconductor manufacturer since 2020 on setting a science-based target; by 2024 Scope 3 calculations remained the primary barrier to a credible company-wide target. In 2024 the company proactively sought investor input, citing the absence of clear SBTi methodology for semiconductors and noting that an industry initiative (the Semiconductor Climate Consortium, SCC) was developing more tailored guidance.

Without improved Scope 3 measurement and disclosure, investors cannot reliably assess the company's transition risk or progress; for the company, continued gaps risk reputational scrutiny, inconsistent benchmarking, weakened supplier influence, and potential misalignment with customer and regulatory expectations as supply-chain scrutiny increases.

Amundi actions: Amundi prioritised practical, sector-appropriate support to enable credible Scope 3 target-setting. We reviewed best-practice methodologies from adjacent sectors (notably electrical equipment) and synthesised those approaches into a set of concrete recommendations the company could apply while sector guidance matured.

Our advice focused on methodological choices for product carbon footprinting, use-phase intensity estimation, and supplier-data capture, and included suggested disclosure formats and milestones to make progress auditable.

We recommended industry collaboration—specifically joining the SCC—to accelerate standardisation and peer learning, and we urged the company to publish a timebound Scope 3 improvement roadmap with measurable milestones (for example, percentage of emissions covered by primary supplier data and coverage of product carbon footprints).

Engagement objectives: In the short term we sought to ensure the company closed material information gaps that impede credible target-setting and investor assessment. Our initial asks were that the company disclose product use and product efficiency across key product categories, report use-phase intensity data where material, and communicate how it shares energy-efficiency guidance with customers. We also encouraged it to join the SCC to benefit from emerging sector methodologies.

For 2025 our objectives became more operational: we asked the company to publish a Scope 3 improvement roadmap with clear milestones (including the share of emissions covered by primary supplier data or product carbon footprints), to disclose category-level year-on-year changes to demonstrate where reductions are occurring, and to disclose the share of strategic suppliers with GHG-reduction targets or SBTi commitments. These steps were designed to enable robust 2026+ target-setting and to drive measurable supplier engagement and emissions reductions over the medium term.

Issuer momentum: The company responded positively and made meaningful progress. It shared internal workstreams—including product lifecycle assessments and an active product energy-efficiency programme—that provided a foundation for improved Scope 3 accounting. The company was cautious about direct product-use reporting because its products have multiple end-uses, but agreed that use-phase estimates can be structured using transparent market-share assumptions.

Importantly, the issuer expanded its Scope 3 accounting in FY2024 and joined the SCC in 2025, which materially assisted efforts to standardise industry approaches. The company also initiated a supply-chain data project and an IT roadmap to close information gaps; management indicated this roadmap is likely to accelerate data availability and close significant gaps sooner than previously anticipated (targeted before 2028).

As a result of better supplier and lifecycle data, the company expects Scope 3 totals to increase in its next sustainability report—reflecting improved coverage rather than an operational deterioration. On supplier engagement, the company has assessed and disclosed that it is targeting 72.5% of suppliers with committed SBTi-aligned targets (with a larger pipeline under assessment) and has built a buffer into its target given expected changes in supplier commitments.

Governance and accountability measures have been strengthened: the CEO engages directly with top-emitting suppliers, and a bonus–malus mechanism in procurement links purchasing decisions to supply-chain decarbonisation performance. The company acknowledged our suggestion to disclose category-level year-on-year changes and said it would consider incorporating that into future reporting.

Next steps: Amundi will continue engagement in 2026 to sustain momentum and convert commitments into measurable outcomes. Our immediate follow-ups will be to press for publication of a Scope 3 improvement roadmap with explicit milestones and timelines (including targets for primary supplier data coverage and product carbon footprint coverage), to request clear disclosure of the assumptions used for product use-phase estimates, and to encourage annual category-level change reporting so investors can track where reductions are occurring.

We will monitor the IT roadmap and supply-chain data project to ensure these initiatives translate into improved data quality and coverage, and we will seek evidence of supplier-target verification and timebound plans to reach the 72.5% engagement objective. Where appropriate, we will coordinate with peers within the SCC to promote consistent methodologies.

Scope 3 across global consumer goods

Context

With strong disclosure and ambition increasingly common across consumer goods, the stewardship focus has shifted from targets alone to whether companies are driving real-world change across their value chains. Absolute emission reductions are the end goal, but for many consumer-facing companies the most effective levers are upstream (suppliers) or downstream (customers), not the issuer's own plant-level operations.

Failure to address Scope 3 therefore risks undermining corporate claims of alignment with climate scenarios, exposing issuers and investors to transition and regulatory risk (for example higher pass-through costs from carbon pricing), and leaving large, measurable sources of global emissions unaddressed.

The fashion industry illustrates the scale and the nature of the challenge: it is estimated to account for roughly 10% of annual global carbon emissions, with approximately 99% of those emissions in Scope 3 and some 75% occurring upstream; processes concentrated in tier-2 suppliers—pre-treatment, dyeing, printing and finishing—can account for more than half of supply-chain emissions and are often fueled by thermal coal.

Quantification is difficult because primary supplier data are scarce and supply chains are complex, but proxy measurement and targeted supplier engagement are essential first steps to credible target-setting and to unlocking the real-world reductions the transition requires.

Amundi actions

Amundi has worked with global consumer goods issuers to translate ambition into context-specific, implementable strategies. We developed sector-specific climate criteria and recommended benchmarks that map emission hotspots to practical levers (procurement, supplier finance, product design and customer incentives).

Engagement objectives

We signposted issuers to recognised industry resources and collaborative platforms, and encouraged participation in multi-stakeholder initiatives that pool methodology and finance solutions. We have advised companies to prioritise:

- Primary supplier-data collection.
- Establishment of product carbon footprinting (PCF) programmes.
- Publish timebound Scope 3 improvement roadmaps with measurable milestones (for example, percent of emissions covered by primary supplier data or PCFs).
- Where appropriate we proposed commercial levers—responsible purchasing commitments, guaranteed offtake or preferential procurement, low-interest loan facilities and supplier incentive mechanisms—that enable suppliers to make low-carbon capital investments.

Our engagement combined one-to-one stewardship with sector-level campaigning to direct resources where they have the greatest real-world impact.

Issuer momentum

Progress across the consumer sector has been heterogeneous but meaningful. Several issuers have improved Scope 3 transparency, expanded PCF programmes for key product lines, and begun replacing proxy data with supplier-level measurements. A number of companies have committed to SBTi-aligned targets and are shifting procurement policy to favour suppliers with verified decarbonisation plans.

Where issuers have acted on financing levers, pilots demonstrate that low-cost loans or purchase guarantees materially reduce supplier investment risk and accelerate adoption of cleaner processes.

At the same time, common challenges persist: primary data collection remains uneven, tiered supply chains and regional energy-system differences complicate standardisation, and the scale of capital required is large (estimates for the fashion sector's net-zero transition run into the hundreds of billions to a trillion dollars).

These realities explain why many companies are progressing in phases—improving measurement first, then piloting financing and procurement levers, and finally embedding supplier KPIs into commercial terms and governance.

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company A **Region:** Asia **Start Year:** 2023	The company does not report on full Scope 3 emissions including purchased goods and services. General commitment to reduce Scope 1,2 and 3 emissions but no concrete reduction targets and to strengthen their emissions management.	We recommended the company to expand the reporting boundary of Scope 3 emissions.	Environmental inventory of 60 suppliers (80-90% of orders) is in progress.	Achieved supplier emission data >90% of orders. Company informed Amundi it is working on disclosing Scope 3 cat 1, 2, & 15.
		We encouraged the setting of climate targets for Scope 1,2 and 3 in line with SBTI	Near-term (2030) Scope 3 target in development. Developing near-term (2030) Scope 3 target for 10 suppliers.	Internally initiated some targets on Scope 3; plan to set a 3-year target on Scope 3 emissions for critical suppliers.
	Next Steps: *We will continue to encourage the company to report Scope 3 emissions, ensuring it covers the key categories. In addition, we recommend the that the company develops its targets on Scope 3 emissions.*			

Company B **Region:** North America **Start Year:** 2023	The company has a Net Zero by 2040 target for own operations but no SBTI verification There is no target on Scope 3 and no public commitment to set one in place There is public reporting of Scope 3 emissions for 3 categories only The company provides little clarity on the extent to which climate is a factor in supplier due diligence	We encouraged the company to report on Scope 3 Emissions broken down per category	The company informed Amundi that it is now able to evaluate Scope 3 emissions for all 15 categories; however, these emissions per category are still not publicly reported.	The company now discloses Scope 3 emissions for categories 5, 6 and 9 and is still working on being able to report on other categories, in particular category 1.
		We recommended the setting of a Scope 3 target (ideally verified by SBTI)	No explicit commitment to set a Scope 3 target. The company stated it is not yet able to achieve reporting objectives, although this remains a priority.	No progress. The company is still working on expanding their Scope 1 and 2 Net Zero commitments to Scope 3 but have not yet set targets.
		We suggested the company begins engaging with suppliers on climate including investigating whether suppliers use and can phase out coal boilers	The company is looking at climate impact if they potential switch out certain materials but there are no specific initiatives to engage with their vendor base as it changes very rapidly each season	The company has begun engaging with suppliers to better understand their emissions reduction strategies or their participation to initiatives.
	Next Steps: *We will follow up in 2026, specifically on their estimations and reporting of other Scope 3 emissions categories.*			
Company C **Region:** Europe **Start Year:** 2023	The company has SBTI approved target to reduce absolute emissions of Scope 1 and 2 by 55% by 2030 and 40% reduction in Scope 3 intensity by 2030 per £1m sales The company is working on using direct data from suppliers rather than modelled emissions data It is unclear what the strategies are to work with suppliers to reduce climate impact The company is not a signatory of the UNFCCC Fashion Charter	We encouraged the company to set an absolute emission target for Scope 3	No intention to set absolute targets, citing lack of knowledge to achieve.	No progress
		We recommended the company to clarify the percentage of supply chain emissions that are modelled	Does not collect supplier emissions, citing frequent supply chain changes.	The company informed Amundi that they now collect primary data from 90% of Tier 1 suppliers and 50% of Tier 2 suppliers.
		We encouraged engagement with suppliers to reduce emissions including phase out of coal boilers by 2030	Does not think coal boiler commitment is possible but indicated ongoing discussions.	No progress
		We suggested commitment to UNFCCC Fashion Charter	No progress	No progress
		Finally, we encouraged the company to provide transparency on support for suppliers to decarbonise	No progress	The company has started a pilot project to improve their understanding of their cotton supply chain consumption data, with the goal of betting assessing their carbon footprint across Scope 3.
	Next Steps: *Although we would still very much welcome a more detailed disclosure of company's climate opportunities and particularly, risks, we have opted to close the relevant objective at this time. Subject to SBTi validation of targets, we plan to close this engagement in 2026.*			

Next steps

Amundi will continue to prioritise engagements that convert Scope 3 measurement into verifiable, real-world emissions reductions. In 2026 we will press issuers for timebound Scope 3 roadmaps with clear milestones (including targets for primary supplier-data coverage, PCF rollout, and percent of strategic suppliers with verified GHG targets), require transparent disclosure of assumptions used for proxy calculations, and request evidence that procurement and finance levers are being operationalised at scale.

Our objective remains to convert issuer-level commitments into measurable supplier emission reductions and, ultimately, observable decreases in absolute emissions across consumer value chains.

4. Engaging with the financial sectors

Insurers' Disclosure of Financed and Insurance-Associated Emissions

Context

Insurers uniquely influence the low-carbon transition through both sides of their balance sheet: investments and underwriting. For insurers, financed and insurance associated emissions (scope 3 category 15 under the GHG Protocol) typically comprise over 95% of their total footprint, dwarfing scope 1 and 2 emissions. Transparency on these emissions is therefore essential: without it, investors and stakeholders cannot assess an insurer's full climate impact, the credibility of its net zero pathway, or whether capital and underwriting appetites are aligned with the objectives of the Paris Agreement.

Amundi believes that transparency on scope 3 category 15 emissions is crucial to understand a financial company's full climate impact and to judge its progress on decarbonization. Reporting on these emissions and setting transparent targets helps to ensure that insurers are on the right track to align their activities with the Paris Agreement.

Amundi actions

In 2025, Amundi increased the breadth of its dialogue with insurers on their scope 3 category 15 reporting and target setting. We are asking insurers to start calculating and set intermediary reduction targets for financed emissions and insurance-associated emissions. This campaign targets a mixed set of insurers in terms of geography (Europe, Americas, Asia) and business mix (life & health, property & casualty insurance, reinsurers). As the sample is varied, the companies concerned are at different stages of progress.

Engagement objectives

Depending on the insurers' level of progress, we asked them:

- to report on financed emissions
- to increase transparency on financed emissions reporting
  - ➜expansion of asset coverage
  - ➜inclusion of investee scope 3 emissions, if material
- to publish intermediary financed emissions reduction targets
  - ➜improving the granularity of targets
- to report on insurance-associated emissions
- to publish insurance-associated emission reduction targets

Issuer momentum

In general, an insurer's first step is to start reporting on the emissions related to its investment portfolio (financed emissions), with usually a split between equities and bonds. This reporting often goes hand in hand with target setting (on an emission intensity and/or absolute emissions basis). Several insurers have started to provide transparency on these financed emissions.

On the other hand, reporting on insurance-associated emissions is scarce, but several insurers indicated to us that they have started doing internal work on this. Only a few insurers have published intermediate targets for reducing insurance-associated emissions, with in some cases not having reported on absolute insurance-associated emissions yet.

Several insurers mentioned that data needs to be more mature before they can start publishing insurance-associated emissions. This contrasts with financed emissions data, which some issuers

indicated as being 'pretty good'. Most insurers cited the challenges they face to get data for insurance-associated emissions, especially related to SMEs. However, even for commercial lines, there appears to be a lack of good quality, customer level reported data across the client base. One also has to keep in mind that the PCAF methodology standard for insurance at this stage only covers emissions associated with commercial lines, project insurance, personal motor lines and treaty insurance. The level of reporting therefore depends on the business mix of the P&C insurer. For a P&C insurer with a typical customer base of personal clients and SMEs, it is difficult to calculate the GHG emissions of the underwriting portfolio. Some insurers mentioned to be working with standard setters and other industry members to further develop industry standard methodologies. In general, models built are aligned to PCAF methodology.

One US insurer specifically said that it was hard for them to make the link between scope 3 category 15 emissions and financial materiality. They said to follow the IAIS standards, which apply single materiality. Other companies, subject to the CSRD, said they are preparing for invested emissions disclosure requirements to comply with this regulation.

In the following table, we summarize our engagement: status quo at the start and recommendations we have put forward to incite best practices.

Company	Status quo of disclosure before 2025 engagement				Amundi recommendations				
	Financed emissions	intermediary financed emissions targets	Insurance-associated emissions	intermediary insurance-associated emissions	Report on financed emissions	Increase transparency on financed emissions reporting	Publish financed emissions targets	Report on insurance-associated emissions	Publish insurance-associated emissions targets
Insurer A (Africa)					X			X	
Insurer B (North America)					X			X	
Insurer C (North America)							X		
Insurer D (Asia)								X	
Insurer E (Asia)			NR	NR		X		NR	NR
Insurer F (Asia)						X	X	X	
Insurer G (Asia)					X			X	
Insurer H (Europe)								X	
Insurer I (North America)					X			X	
Insurer J (Asia)						X		X	X
Insurer K (Asia)									X
Insurer L (North America)			NR	NR		X	X	NR	NR
Insurer M (North America)						X	X	X	

NR = Not relevant, as the issuer is a life insurer and no methodology exists to calculate insurance-associated emissions of life portfolios

Next steps

Considering the primordial role insurers are to play in the energy transition, we will continue to engage the industry on scope 3 category 15 emissions, particularly addressing ourselves to lagging companies. Amundi is in favor of such reporting, as it increases transparency for investors on the decarbonization journey of the insurer. We are certainly aware of issues related to data availability and quality. However, Amundi recommends financial institutions to start reporting on these indirect emissions, even if data challenges only allow a small part of the portfolio to be covered.

Banks: transitioning towards green finance

Context

Amundi believes engaging with banks on their environmental strategies is essential as climate change is a systemic risk for the economy. Banks are exposed to all sectors of the economy. Banks heavily financing high-carbon activities, such as fossil fuels, may face elevated long-term financial risks because those assets would be at greater risk of becoming stranded. Research estimates global losses from asset stranding could reach USD2.28 trillion by 2040[35]. The major global banks (Global Systemically Important Banks or G-SIBs) tend to have climate strategies in place to varying degrees. However, small to medium sized banks, particularly outside of Europe, currently tend to be more at the early stage of formulating their climate strategies.

For a bank to mitigate climate-related risks, we look for a transition plan which demonstrates alignment with the Paris Agreement goals. This should include a clear commitment to be net zero by 2050 across all financing activities, backed by tangible science-based targets for 2030 or earlier as well as targets related to financing of green solutions. A key recommendation is for banks to phase-out thermal coal financing in line with credible timelines, as climate scientists leave no doubt on the necessity to phase-out thermal coal and have set a clear timeline for this. In cases where banks have a well-developed climate strategy, our engagement focuses on understanding how these institutions are assessing the credibility of their clients' transition plans.

Amundi recognises that the unique context arising from both size and region means that the level of progress on transition planning will vary across the banking sector. For engagement to be effective, it must recognise differences in regulatory frameworks, economic development levels and energy dependencies of the countries where a bank operates.

Amundi actions

During 2025, we continued our engagement with banks globally. The engagement was across different regions (both developed and emerging) and encompassed banks of various sizes.

Engagement objectives

Our overarching engagement objectives for banks are:

- Net zero commitment covering all relevant material activities, including lending, capital markets activities, asset management, etc
- Sector-specific interim targets (in particular for high-emitting sectors) aligned with credible science-based pathways
- A policy to reduce thermal coal exposure, ideally committing to phase out in line with the Paris Agreement (2030 for OECD and EU; 2040 for rest of the world)

Although our ultimate objectives remain consistent across all banks, the form of engagement demands reflects the banks' unique context driven by size and region. For instance, for banks that are in the early stages of their climate strategies (less mature) our engagement is tailored to focus on increasing awareness of best practices in relation to banks' net zero and transition strategies.

Meanwhile, for banks that are more advanced (mature) in their climate strategies, we expand our engagement to include more precise objectives, for example:

35. Stranding: Modelling the UK's exposure to At-Risk Fossil Fuel Assets, UKSIF (March 2025)

- Encouraging the issuer to extend financed emissions reduction targets to also cover capital markets activities (facilitated emissions), in addition to lending
- Recommending the development and publication of a client transition assessment framework or, if a framework exists, to be transparent on the output of the assessment, including how it is linked to client engagement and potential escalation

The section that follows highlights examples of our global engagement activities with banks.

Major Banks

In this section we highlight some examples of our global engagement activities with large banks in different geographies, both developed and emerging. Amongst the large banks there are differences in maturity of climate strategies. For instance, while the large banks in Europe and North America have set financed emissions reduction targets, this is not the case with all the large Asian banks. Generally speaking, the European banks tend to be more advanced in their climate strategies in particular when it comes to credit policies related to high-emitting sectors. The large European banks generally meet our overarching engagement objectives, therefore our engagement focuses on additional areas. For instance, including capital markets activities within scope of sectoral emission reduction targets, which is something currently done only by a few European banks. Another area we would like European banks to be more transparent on is having publicly available client transition plan frameworks and disclosing the output of this assessment.

Status quo of a selection of major European banks as of December 2025

Bank	Coal phase-out commitment	Discloses absolute financed emissions	Discloses facilitated emissions	Financed emissions targets cover capital markets activities	Publicly available client transition plan framework
Bank A (Europe)	Yes →	Yes →	Yes →	Yes →	Yes →
Bank B (Europe)	Yes →	Yes →	Yes →	No →	No →
Bank C (Europe)	Yes →	Yes →	No →	No →	No →
Bank D (Europe)	No →	Yes →	No →	No →	Yes →

The arrow indicates the momentum (i.e. stayed same or changed)

Case study 12: Engaging with a European bank

Context: We started engaging with this European bank in 2023 to notably discuss its thermal coal policy, but also its wider climate strategy. The thermal coal policy remains misaligned with the Paris Agreement, as it includes no commitment to phase out exposure to thermal coal power generation and as it lacks transparency (no full exclusion of coal developers).

Interestingly, the bank is quite active in the field of sustainable finance, being a player in the issuance and facilitation of green and social bonds.

Amundi actions: To support our recommendation, we participated in the 2024 AGM by asking a public question. We found this appropriate because the issuer remains one of the few large European banks that have not yet committed phasing out thermal coal power generation. Notwithstanding our regular engagement on this topic since 2023, we understand that the bank is unlikely to evolve. We therefore decided in 2025 to close this engagement topic and instead continue our dialogue on the other climate-related issues. These include increased transparency on its client transition plan assessments and the reporting of facilitated emissions and targets.

Engagement objectives:

Our 2025 engagement topics were the following:

- Increased transparency on its client transition plan assessments (such as sector-specific definitions of internal categories used to classify clients, portfolio level output disclosure)
- Measuring and reporting facilitated emissions
- Extending sectoral decarbonisation targets to also cover capital markets activities (facilitated emissions), on top of lending and investments

Issuer momentum: In 2025, the bank obtained validation by the SBTi of its submitted near-term financed emissions targets (lending and investments). This is a very positive development and makes the issuer a best practice example as only a limited number of financial institutions have seen their scope 3 category 15 emissions targets validated by the SBTi.

Notwithstanding the bank's detailed disclosure on absolute financed emissions and sectoral financed emissions targets, it has not yet started to report on or set targets for facilitated emissions. The changed mission of the NZBA has unlikely been helpful in this respect, as the bank had said to us in 2024 that it would likely follow the then outstanding NZBA guidance to include capital markets targets by November 2025.

Next steps: Regarding the client transition assessments, we did not observe increased disclosure. We will therefore continue to engage with the bank, in particular on reporting and on setting targets for facilitated emissions. Additionally, we will continue to push for enhanced transparency on its client transition assessments, such as sector-specific definitions of internal categories used to classify clients and an assessment output at portfolio level.

North American major banks

Context

While (most of) these banks have committed to be net zero by 2050 and have started setting 2030 emission reduction targets for some sectors, we identified them in 2023 as lagging global peers with regards to their thermal coal phase-out commitments. Given the developments in 2024, when several of the banks removed their public statements in relation to thermal coal, our engagement in 2025 focused more on how banks were engaging with clients on transition plans and whether the output from this assessment factors into risk appetite / limits.

Amundi actions

Since 2023, we have been engaging with these banks both individually and collectively through the IIGCC Banks Working Groups.

Engagement objectives

Our engagement objectives remained largely unchanged in 2025:

- Enhance transparency on financed emissions disclosures by not only covering lending commitments but also capital markets activities
- Expand sector decarbonisation targets to not only include lending commitments but also capital markets activities (for the banks that do not already).
- Regarding the banks' client transition plan assessment frameworks, encourage transparency on the portfolio level output of the assessment by internal category

Issuer momentum

This engagement with the banks is now in its third year. During 2025, there was limited progress made relative to our engagement objectives. We did not see additional banks expand the scope of sectoral decarbonisation targets to include capital markets activities; it remains the case that only two banks currently do this. In relation to disclosing absolute facilitated emissions, it remains the case that the banks are yet to disclose. During our engagement in 2025, some banks confirmed they have started work to measure but for most its remained on the roadmap rather than an item actively being worked on. During 2024, several of the banks removed their public statement in relation to thermal coal, although those we spoke to about the removal stated that it did not mean their position on coal had changed. That said, we note that, prior to this, none of banks had issued a phase-out commitment in relation to thermal coal. In 2024, we shifted our focus to how the banks were engaging with their clients, particularly in relation to client transition plan assessments. Several of the banks had disclosed frameworks to assess client transition plans, but at that stage most were not disclosing the portfolio level output of this assessment by internal category.

In 2025, we did see some of the banks disclose the output of client transition plan assessments, but two of the banks are yet to make such a disclosure. However, what is still lacking for most banks compared to what we consider best practice is the disclosure of sector-specific definitions of the internal categories clients are classified into post the assessment. In addition, there could be further transparency on how the output of the assessment factors into financing decisions or risk appetite. In the absence of public commitments, such as a thermal coal phase-out commitment, providing transparency on the client transition plan assessment allows investors to judge progress towards the banks' own transition plans.

Status quo of the selection of Major North American banks as of December 2025

Bank	Coal phase-out commitment	Discloses absolute financed emissions	Discloses facilitated emissions	Financed emissions reduction targets	Reduction targets cover capital markets activities
Bank A	No	Yes	No	Yes	No
Bank B	No	Yes	No	Yes	Yes
Bank C	No	Yes	No	Yes	No
Bank D	No	Yes	No	Yes	No
Bank E	No	Yes	No	Yes	Yes

Next steps

Going forward we will continue to engage with the banks collectively, through our involvement with the IIGCC Banks Working Group, and on an individual basis. Our focus remains on encouraging the banks to enhance their management of climate risks, starting with increasing measurement (expanding to disclose facilitate emissions) and having an appropriate strategy for risk management. Additionally, we will continue to focus on encouraging the banks to further enhance their disclosure of client transition plan frameworks, particularly sector-specific definitions of internal categories, and to clarify how the assessment output factors into financing decisions.

Case study 13: Engaging with major banks in Asia

Context: Amundi continued its co-leading role in a collective engagement campaign with Asian banks, run by the Institutional Investor Group on Climate Change (IIGCC). Amundi took on this co-leading role because it believes that banks, alongside their clients and governments, are pivotal to climate change mitigation, through their financing decisions and by supporting their customers to transition away from carbon-intensive activities. Asian banks are especially important to the global energy transition given their scale and the region's continued reliance on thermal coal. Banks' capital allocation decisions can materially accelerate investment in low-carbon activities across Asia and beyond.

Amundi actions: In 2025, some of the banks requested one-on-one meetings with Amundi instead of collective sessions. Others were not responsive to our request for a collective engagement. During the bilateral meetings, Amundi followed up on some of the milestones raised during the 2024 collective engagements.

Engagement objectives:

As was the case in 2024, our engagements focused on the banks' net zero commitment, green financing, financed emissions reporting and thermal coal policies.

Issuer momentum: The banks' net zero and thermal coal phase out timelines are not aligned with the Paris Agreement. However, on a more positive note, the banks are expanding the volume of green lending, thereby supporting investment in low-carbon solutions that are important for the energy transition. The banks are also implementing financed-emissions reporting systems, with some running pilot projects to refine data collection and quality, and methodologies.

Next steps: In 2026, Amundi will work with its co-leaders to pursue collective engagement with the banks in order to assess any progress and to reiterate our views on net zero alignment. We recognise that some Asian banks face national energy security constraints, yet many are simultaneously expanding their low carbon lending. As co-lead engager, Amundi will continue to broaden engagement across the region, encouraging institutions to accelerate their transition financing given the material role they can plan in the energy transition and consequently climate resilience.

Engaging with Regional Banks in North America

Context

We started our engagement with the North American regional banks as small-to-medium-sized banks, particularly outside of Europe, are at an earlier stage of formulating net zero strategies. These banks were selected as their progress on criteria such as net zero commitment was limited. Given that the regional banks tend to have more concentrated exposure to specific localities and more regional-specific businesses, we consider them important as their financing decisions can support the regional transition. This campaign also serves to complement our engagements with the major North American banks, allowing us to build a more holistic picture of the market dynamics and to share best practices with the regional banks.

Amundi actions

We had started to engage with a small sample of North American regional banks in 2022. To expand the breath of the engagement, we broadened in 2023 the range of regional banks targeted to cover 20 different localities.

Engagement objectives

The engagement objectives are:

1. Increase awareness of best practice in a bank's net zero and transition strategy
2. Increase awareness of best practice in thermal coal phase-out policies

Issuer momentum

This engagement with the North American regional banks is now in its third year. As we expected and based on our engagement in 2024, three more regional banks disclosed absolute financed emissions data in 2025, joining their peers that started during 2023 and 2024. Data quality concerns came up regularly in our discussions as a challenge for being able to measure financed emissions. We would encourage banks to be transparent in the assumptions underlying the measurement of financed emissions, including the disclosure of data quality scores to aid stakeholder understanding.

While it is still the case that none of the banks have yet set financed emissions reduction targets, one bank did disclose an emissions intensity reduction range it expects clients in a particular sector to achieve based on its clients' future emissions intensity. Another bank mentioned that it continues to conduct feasibility analysis to potentially set targets.

Despite the positive momentum in absolute financed emissions disclosures, we have not seen any additional banks put in place a commitment to be net zero by 2050 covering financing activities. It continues to be the case that none of the banks have a commitment to phase out thermal coal exposure. Most banks acknowledged the need for thermal coal to be phased out (i.e. need to transition) but believed it would take time and that industries need to be supported. Other banks mentioned that they are, generally speaking, not in favour of exclusion policies. In 2025, we also evolved our engagement to understand how the regional banks are assessing resilience to climate related risks and for some banks disclosing absolute financed emissions we started to engage to understand how these banks are assessing / engaging with clients on transition plans. While none of the banks had a formal framework to assess client transition plans, some were looking at client emission data and future emissions intensity expectations.

Bank	Coal phase-out commitment	Net zero commitment	Discloses absolute financed emissions	Financed emissions reduction targets	Developments Since start of engagement July 2023
Bank A	No →	No →	Yes →	No ↗	In 2024, the bank disclosed its initial absolute financed emissions, which was a positive development. In 2025, while the bank did not set a financed emissions target, it did indicate an emissions reduction range that it expects for clients in one sector based on its analysis of those clients' future emissions intensity.
Bank B	No →	Yes →	Yes →	No →	In 2024, the company made its initial absolute financed emissions disclosure covering two sectors. This was a positive development. During 2025, the bank expanded its financed emissions disclosures to cover an additional sector.
Bank C	No →	No →	Yes →	No →	In 2025, the bank made its initial absolute financed emissions disclosure, which was a positive development.
Bank D	No →	No →	No →	No →	
Bank E	No →	No →	Yes →	No →	Since July 2023, the bank published absolute emissions data covering a large portion of its lending.
Bank F*	No →	Yes →	Yes →	No →	In 2025, the bank made its initial absolute financed emissions disclosure, which was a positive development.
Bank G*	No →	No →	Yes →	No →	In 2025, the bank made its initial absolute financed emissions disclosure, which was a positive development.
Bank H	No →	No →	No →	No →	During our 2025 engagement, the bank guided that it will likely provide additional disclosures on its climate strategy in 2026.
Bank I	No →	No →	No →	No →	
Bank J	No →	No →	No →	No →	

* These two banks we engaged with initially in 2022 and followed up in 2023, 2024 and 2025

The arrow indicates the momentum in 2025 (i.e. stayed same or changed)

Next steps

As the engagement continues to develop, we expect the momentum for disclosing absolute financed emissions to continue. The disclosures established in 2024 and 2025 can serve as best practice examples to encourage peers to improve transparency. In addition, in 2025, at least one bank has indicated an emissions intensity reduction range that it expects for clients in a particular sector based on its analysis of these clients' future emissions intensity. While this is not explicitly a financed emissions target it can serve as an example to other North American regional banks.

Going forward we will continue to encourage the banks to increase transparency on absolute financed emissions and set targets to reduce these emissions. Ultimately, we would welcome progress and enhanced commitment from banks that have not yet made tangible steps towards committing to be net zero across financial activities. In 2026, we will continue engaging with the regional banks on the topics discussed above and continue to expand the engagement to other areas for the more mature banks (i.e. client transition plan assessment).

Updates: Engaging with banks in Asia, Africa & Latin America

Bank	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Bank A **Region:** Africa **Start Year:** 2022	Executive remuneration is based on external ESG ratings of the institution by rating agencies, rather than internal metrics.	We encouraged the company to create internal climate related ESG KPIs rather than use external ESG ratings.	No progress	During our call with the issuer, management indicated that it was creating a new suite of ESG KPIs and would not include external ESG ratings. However, the issuer's 2025 remuneration report includes external ESG ratings from large rating agencies as one of the KPIs. We will monitor if implementation of what we discussed will occur in 2026.
	Next Steps: *We will continue to encourage the bank to create internal, quantifiable ESG metrics rather than using external ESG ratings to drive executive variable remuneration.*			
Bank B **Region:** Asia **Start Year:** 2023	The bank is one of the largest banks in the country, with customers who are exposed to deforestation risk. Exposure to clients with coal activities (coal exclusion did not include coal infrastructure and developers). In 2023, the bank's sustainability-linked loans and green financing target were less than 1% of the bank's total loans. Climate risk is well understood by management, and the bank's climate strategy is credible. The bank has set decarbonisation targets.	1. We encouraged the bank to strengthen its thermal coal policy and align with best practice by excluding all thermal coal activities.	This was a year into our ask. The bank's coal policy did not cover all coal activities. However, the bank has a credible climate strategy compared to its emerging market peers. The bank doubled its sustainability-linked/green finance target as financing to transition and low-carbon solutions increased at a faster rate than the bank's total loans.	The bank indicated that it was reviewing its coal policy. The bank's exposure to coal is small and, the bank has a credible climate strategy compared to its emerging markets peers.
		2. We recommended the bank to publish a deforestation policy to guide its engagements and dealings with customers exposed to deforestation risk.		No progress. The bank still does not have a standalone public deforestation policy but relies on internal procedures to manage the risks.
		3. We encouraged the bank to ramp up green loans and financing.	The company is looking at climate impact if they potential switch out certain materials but there are no specific initiatives to engage with their vendor base as it changes very rapidly each season	The bank increased its 2030 sustainable finance target, with a focus on transition finance.
	Next Steps: *We will continue to engage the bank and nudge it to address some of the remaining issues. The bank has already made tremendous improvements in most climate risk aspects, with a commitment to attain net zero and thermal coal phase out timeline that is in line with the Paris Agreement.*			
Bank C **Region:** Latin America **Start Year:** 2023	One of the largest national banks with exposure to sectors that are vulnerable to deforestation and biodiversity loss. The bank has set decarbonisation targets for high emitting sectors that have been validated by SBTi. However, the bank does not have a public thermal coal exclusion policy.	1. We recommended the bank to develop a public coal policy, with a commitment to phase out all thermal coal activities by 2030 for OECD and EU countries and by 2040 for the rest of the world.	This was one year into our engagement request. Still, the bank does not have a public coal policy, so the momentum was neutral. The bank still had no public deforestation policy, so the momentum was neutral.	While the bank had no public thermal coal policy, management indicated during our engagement that it expects the bank to have no coal exposure by 2030. While the momentum on this particular ask was neutral, implementation of the bank's strategy to phase out coal exposure would be positive.
		2. We recommended the creation of a public deforestation policy.		There was no progress. The bank has not created a public deforestation policy but rather continues to use internal procedures to manage client deforestation risks.
	Next Steps: *Amundi will continue to engage the bank and nudge it to address the remaining issues: the creation of a public coal policy and a deforestation policy. A public policy would improve transparency and stakeholder accountability.*			

5. Physical Climate Risk, Adaptation & Resilience

Context

Physical climate risk is no longer peripheral. It is reshaping asset values, business models and community resilience worldwide. More frequent and severe acute events, including storms, floods and wildfires, together with intensifying chronic stresses such as extreme heat, prolonged precipitation change and sea level rise, are raising capital and operating costs, heightening tail risk across portfolios and disrupting value chains. These impacts fall unevenly across populations and regions, with vulnerable communities bearing a disproportionate share. As warming continues, the window for effective adaptation will narrow and the time available to implement responses will compress. Therefore, investors must move decisively from ambition to implementation: integrate physical climate risk into investment and risk decision making processes, prioritise interventions that deliver measurable resilience outcomes, and prioritize active stewardship and targeted financing to ensure adaptation measures are equitable, durable and well targeted.

Despite the urgency, the adaptation finance gap is widening. Developing countries alone require an estimated US$310 billion to US$365 billion per year by 2035[36], roughly 12 to 14 times current adaptation finance flows. About three quarters of adaptation needs are expected to rely on public funding, with roughly one quarter representing private sector potential, around US$91 billion per year at the higher end of the range. Therefore, blended finance and catalytic capital are essential to reduce risk for commercially viable adaptation projects. Concessional funding and insurance solution enable scaling up, and targeted policy support can help crowd in private investment. Additionally, investment in data, capacity building and measurement systems is pivotal to channel capital to activities that enhance resilience and support effective adaptation.

For investors, physical climate risk matters because it has direct and material effects on asset values, cash flows and corporate performance. Physical damage to property, plant and equipment increases capital expenditure and can cause prolonged operational disruption that erodes revenue and margins. These impacts transmit through supply chains, creating cascading disruptions that amplify volatility and downside for investors. Upstream and downstream exposures mean that a single localized event can affect revenues and operations across multiple issuers and asset classes. Rising adaptation needs will also reshape competitive dynamics as businesses innovate, reallocate capital and form new partnerships. It is estimated that climate risks could cut annual turnover by about 10% and reduce market value for affected businesses by around 4%, a clear signal that physical risk creates market level and systemic downside for portfolios. Although the downside is tangible, resilience investments can also generate upside: up to $19 in avoided losses for every $1 invested in adaptation[37].

Assessment, Analytics and Technological Advances & Challenges

Physical climate risk is non-linear and highly context dependent, so assessment must be location specific and granular to capture differences in scenarios and severity across climate hazards, locations and asset types.

On the data front, the market is expanding rapidly with assetlevel hazard exposure maps and vulnerability assessments are becoming common. Typical coverage includes location specific exposure maps, hazard vulnerability and to some extent, financial impact estimates. Important limitations remain, however, that reduce the usefulness of these data for investment decision making.

- First, many datasets are asset focused and do not provide robust issuer level aggregation or

36. UNEP's Adaptation Gap Report 2025
37. World Economic Forum

analysis. Datasets often contain exposure data for individual sites but fall short of aggregating those exposures into comprehensive company risk profiles that account for geographic concentration, interdependencies and portfolio tail risk.

- Second, datasets often omit or inadequately take into account company's adaptation actions. Calculations of exposure or impact that ignore retrofits, hardening, insurance cover or operational contingency plans will overstate risk for companies that have taken credible measures and understate it for those that have not.
- Third, value chain and supply chain impacts are largely not captured. Physical risk cascades through suppliers, customers and logistics nodes, but many datasets lack supplier mapping, critical node identification or contagion modelling, which would lead to underestimation of correlated and systemic losses and mispriced risk.

Despite these gaps, technological advances are strengthening alternative data sources for physical climate risk. AI and machine learning improve resolution and accuracy by using satellite and aerial imagery to map assets and by downscaling climate projections to site level. Other relevant technologies include IoT sensors[38] for condition monitoring and remote sensing for rapid damage detection. These tools can materially enhance risk measurement and monitoring, but they require local calibration and ground truthing to avoid false precision and to ensure explainability.

Given ongoing data gaps and limitations in current analytics, targeted engagement is essential to translate analysis into practical outcomes and narrow these gaps. Engagement complements data work by aligning public policy, corporate practice and market incentives. Through focused dialogues with ecosystem partners such as governments, companies, data providers, insurers and multilateral organisations, Amundi seeks concrete commitments on data publication, detailed adaptation measures and the development of bankable project pipelines, and will promote policy and financing reforms that unlock private capital at scale. Targeted engagement therefore provides a practical bridge between imperfect data today and the robust, comparable analytics required for longterm capital allocation.

Sectors most exposed to physical climate risk tend to be asset and resource intensive. Electric utilities face rising cooling demand as well as greater exposure to storms and flooding, which increases outage risk and repair costs. Transport hubs and networks, including ports, airports and rail, is vulnerable to coastal flooding and other extreme hazards such as wildfire, extreme heat and cold, which disrupt logistics and raise maintenance and replacement expenditure. Mining operations confront water scarcity, extreme rainfall and tailings stability issues that interrupt production and increase remediation liabilities. Data centres and cloud services face extreme heat and power interruptions that increase cooling demand and operating costs, while water stress further constrains operational resilience. Real estate and infrastructure in low lying or exposed locations face chronic threats from sea level rise and recurrent flooding that can erode values and interrupt services.

38. IoT sensors are specialized electronic devices that detect, measure, and convert physical or environmental parameters (like temperature, light, or motion) into digital data.

Updates: Physical Risk Engagement

Since 2023, Amundi has run a targeted engagement campaign on physical climate risk, focusing on companies in sectors considered high risk including electric utilities, electronic equipment and instruments, semiconductors, oil and gas, and telecommunications. The campaign is designed to convert analysis into measurable impact. Through proactive stewardship and targeted engagement, we seek to ensure companies embed adaptation into corporate strategy, strengthen board and executive oversight, conduct assetlevel scenario assessments, allocate financing for resilience measures, and improve transparency through standardised metrics and verifiable reporting. The table below summarises our priority objectives, the related details and key metrics, and the specific engagement topics we address.

No.	Objective	Focus	Detail	Potential engagement topic
1	Strategic planning	Climate strategy, clear roadmaps, business plans with proper governance	Integrate climate change adaptation with a holistic approach and impact framework. Develop clear roadmap, action plans and commitments. Proper governance with clear roles and responsibilities, and evaluation of strategy alignment and implementation progress.	Proper governance with defined roles and responsibilities to maintain oversight on climate changes and related risks.
2	Internal assessment and integration	Impacts, Risks, Solutions, and Opportunities	Assess climate risks and impacts (identify, measure and monitor), incorporate them into risk management, climate stress testing, business continuity planning, identify materiality and hotspots, review resilient solutions and look for business opportunities.	Enhance science-based physical risk assessment with more clarity on the scenarios used and the time horizons chosen.
3	Financing commitment and enhance capacity	Business and financing	Conduct adaptation and resilience programs and measures to enhance adaptive capacity with correspondingfinancing or investment.	Understand the current human capital structure dedicated to adaptation, resiliency and response. Encourage adoption of nature-based solutions for adaptation and resiliency.
4	Inclusive scope	Value Chain, Partnership, and Inclusiveness	Work with key stakeholders and vulnerable groups to support adaptation and enhance resilience. Find areas of collaborations to deliver transformative projects to build community and ecosystem resilience.	Diffuse physical risk assessment and management practices throughout the entire value chain.
5	Credibility and advancement	Transparent disclosure	Disclosure information and data about how are physical risks are being assessed, managed, and monitored.	Increase transparency on engagement with other stakeholders on exposure to and assessment of physical risks.

Source: Amundi's ESG Thema #18 - When extreme becomes the new normal: how to address physical climate risk

Physical risk engagement case study table

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company A **Sector:** Utilities **Region:** North America	– In 2022, the company was emerging from the regulator's Enhanced Oversight and Enforcement (EOE) process – EOE was implemented to ensure safety improvements after emergence from bankruptcy in 2020 – The company faced significant physical risks tied to its extensive energy infrastructure – This was compounded by a history of poorly maintained equipment that contributed to a series of catastrophic wildfire controversies reflecting a high material risk	1. We recommended the company to assess the accountability of the Board regarding climate change and related risks.	No direct progress but indicators suggest otherwise: regulatory safety certification of new wildfire plan, the company met key KPI of "zero structures destroyed"; undergrounding on track for 10,000-mile goal by 2026.	
		2. We encouraged definition of the company's current human capital structure dedicated to adaptation, resiliency and response.	Progress: integrating the climate strategy team into the broader strategic framework, better embedding risk management into operations.	
		3. We recommended the provision of enhanced physical risk assessment with clarity on scenarios and time horizons chosen.	Progress: assessments per IPCC17's high-emission RCP 8.5 scenario, preparing for climate risks in a warming world.	Progress: Climate Adaptation Assessment using location-specific data, mapped long-term risks focusing on existing and emerging threats (e.g. extreme precipitation).
		4. We suggested the company to evaluate nature-based solutions adoption for adaptation and resiliency.	Progress: implemented enhanced vegetation management as part of wildfire mitigations.	No further progress.
		5. Finally, we encouraged application of physical risk assessment and management practices throughout the entire value chain.	No progress.	Some progress: 10-year R&D roadmap emphasises wildfire prevention within the value chain, but a formal strategy and policy is still needed.
	Next Steps: *Acknowledging that the full implementation of grid improvements and vegetation management will take years, we will continue to closely monitor the developments and encourage continuous progress emphasising the integration of physical risk assessment and management practices across the value chain. While dedicated committees and oversight structures are already in place to manage safety and wildfire risks, we will further evaluate Board preparedness, encouraging regular updates and clear accountability mechanisms for addressing emerging physical risks. Increased transparency through the reporting of key progress metrics on the company's efforts on community engagement will also be considered a topic of future engagement.*			

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company B **Sector:** Utilities **Region:** North America	– This company operates generation, distribution and utility infrastructure. Established as the result of a merger, the company operates nationally, providing electricity and natural gas to millions of customers. The company has a presence in both the renewable energy sector and traditional utility services, managing a diverse range of assets that include wind farms, solar facilities, CCGT balancing, gas utility and electric distribution networks. – The company's extensive network of varied infrastructure across multiple unique locations (coastal, mountainous, forest, desert, urban) presents significant physical risk exposure. As well as potential losses due to outages and repair costs, the company may also be exposed to liability of physical risk hazards triggered or exacerbated by its own equipment. Amundi initiated physical risk engagement in December 2023 and progressed throughout 2024. – Our initial assessment of the company's performance against our proprietary climate framework highlighted a number of potentially unmet criteria on physical risk. Primarily, this indicated weak governance, incomplete risk analysis, the absence of an estimate of the financial impact of physical risk and incomplete assessment of supply chain resilience.	1. Governance: Specify a named Board member who is responsible for identifying, assessing, and managing the physical risks associated with a changing climate	Despite having several committees and reporting processes, the company does not currently specify a named Board member responsible for physical risk.	The company now reports having a Chief Risk Officer in charge of, among other things, identifying, assessing and reporting all risks including physical risks.
		2. Risk analysis and stress testing: Disclose greater details of the process and feedback loop for assessing physical risks and opportunities, as well as the timeline, assumptions and methodology referenced	Currently, the risk analysis is performed on only two IPCC SSPs, the results of which are not disclosed. Responding to our questions, the company stated its intention to disclose in its upcoming sustainability report a much-improved analysis, including asset-level risk assessments across the whole fleet (currently being conducted in accordance with their physical risk framework).	No further progress.
		3. Qualification of impact: Disclose the specific financial impacts on each asset type, location, and mitigation actions and solutions identified to strengthen asset resilience	As with the risk analysis, quantification is not currently disclosed. The company's intention to do so in future was not confirmed during the engagement	The company has been working further quantifying targets and KPIs. While this is improving on year on year basis, specific financial impacts on each asset type, location, and mitigation actions are still missing.
		4. Value Chain: Identify critical-path suppliers and engage with them and other key stakeholders on their exposure to physical risk, and identify contingencies to minimise business interruption	Details of supply chain resilience are not disclosed in the Company's public reporting, and were not confirmed during the engagement.	No further progress.
	Next Steps: *As of the end of 2025, the company was unable to meet Amundi's physical risk criteria. Looking forward, the company stated that it is working on a strategy to do so, and that it will publish improved disclosures in its upcoming sustainability reports.* *We await the company's revised sustainability report to assess if it contains information which is so far missing, as listed above. Following our assessment, we may re-engage and encourage the company to progress further on all incomplete responses.*			

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company C **Sector:** Real Estate **Region:** Asia	– The company, a prominent property development and investment company based in East Asia, focuses primarily on the development of residential, commercial, and retail properties. – Owing to both its asset-intensive nature and proximity to regular tropical revolving storms in low-lying coastal areas, the company is particularly exposed to physical climate risk. – Adequate assessment and resilience planning is essential to avoid loss and maximise opportunity over the typical long lifecycle of an asset in the sector. – In 2024, as part of the Net Zero engagement campaign, we assessed the company's climate performance against our real-estate framework and shared recommendations on unmet criteria.	1. Governance: Specify a named Board member who is responsible for identifying, assessing, and managing the physical risks associated with a changing climate.	The company has established a Sustainable Development working group responsible for identifying and assessing the climate risks, which are then reviewed quarterly by an ESG Steering Committee. The committee reports to the Board five times a year, but no specific Board member with overall responsibility for the process was named.	Improved disclosure over how sustainable development performance is linked to executive remuneration.
		2. Risk analysis and stress testing: Disclose greater details of the process and feedback loop for assessing physical risks and opportunities, as well as the timeline, assumptions and methodology referenced.	The assessment process considered IPCC RCP scenarios 2.6, 4.5, 6 and 8.5. With the help of an external technical consultant, the company conducted deep dive hazard modelling and developed climate resilience strategies for two of its latest major projects, which included an evaluation of adaptive capacity of individual buildings to the identified climate risks. However, this level of assessment is not matched for the majority of the portfolio.	Progress: Improved disclosure on hazard models used for urban drainage modelling, riverine modelling, coastal hydrodynamic modelling and intensified typhoon assessments.
		3. Qualification of impact: Disclose the specific financial impacts on each asset type, location, and mitigation actions and solutions identified to strengthen asset resilience	With reference to the climate-adaptive design solutions implemented at its two latest major projects, the company claimed it would have zero financial impact. This response is concerning, considering the extreme RCPs reportedly used. Furthermore, besides the two projects mentioned, none of the Company's assets benefit from such design solutions.	No further progress.
		4. Value Chain: Identify critical-path suppliers and engage with them and other key stakeholders on their exposure to physical risk, and identify contingencies to minimise business interruption	The company stated that it assesses suppliers' practices via a questionnaire on 21 criteria, including emissions, energy efficiency, etc. Whilst important for other ESG factors, this response does not satisfy our criteria on supply chain resilience to physical risks.	No further progress.
	Next Steps: *The company has made foundational progress on its management of physical climate risks. Positive aspects include the consideration of a range of IPCC RCPs and the implementation of assessment outcomes in major projects. We will monitor further evolution to their physical risk disclosure.*			

Company	Initial Assessment	Recommendations	Prior Evolution	2025 Status
Company D **Sector:** Semiconductor & semiconductor equipment **Region:** Asia	– The company designs, develops, and manufactures high-efficiency photovoltaic products and provides comprehensive clean energy solutions. – In extreme environments, the conversion efficiency of photovoltaic modules can be affected by a variety of factors, such as high temperature, high humidity, and strong ultraviolet radiation. These factors may lead to performance degradation and material aging, thereby reducing the actual conversion efficiency. – In response to physical climate risk, there is an industry trend of solar module companies moving toward improving energy conversion efficiency. – The company's SBTi targets were validated in December 2023. It's the first photovoltaic company that has all (short-term, long-term, and net-zero) targets validated by SBTi. The company is planning to identify physical risks and transition risks and assess the financial impacts.	Improve disclosure on product characteristics and product development strategy to enable improved energy conversion efficiency in response to climate risks.	Engagement initiated in 2025.	The company has developed solar module products of which energy conversion efficiency is above industry average, as well as extreme environment-adapted products. However, the shipment volume represents a relatively small percentage of the company's overall sales.
		Develop CAPEX allocation targets to development of extreme environment-adapted products.		The company invested in optimization of product features in glass, frame, and junction box welding. However, CAPEX allocation breakdown is not currently disclosed.
		Develop targets for revenue ratio of extreme environment-adapted products.		Products have been sold to customers in high-hail-risk areas with a premium price compared to conventional products. There could be potential revenue uplift and margin improvement when the sales of such product increase. However, no specific target for revenue ratio have been disclosed.
	Next Steps: *The company is actively optimizing the product characteristics but disclosure around financial targets from physical risk-related risk and opportunities remain limited and an area of further engagement (such as CAPEX allocation and revenue ratio of climate-adapted products).*			
Company E **Sector:** Steel **Region:** Asia	– The company is a multinational steel producer. – Physical risk is a highly material topic for the steel sector given water scarcity pose a major risk to water-intensive operations and extreme weather events may lead to production halts, infrastructure damages and supply chain disruptions.	Disclose key material physical risk drivers over the next 5- and 10-year horizons, and quantify the primary financial impacts of physical risk and monetized estimates of associated mitigation cost.	The company reports on physical risks but it is still largely qualitative. For instance, they disclose acute and chronic risks material to the company and assessed the number of suppliers with significant risk exposure to the climate hazards, but do not yet disclose a quantified value of physical risk financial impact.	The company is currently actively working with a well-established consulting company to better estimate both financial losses and opportunities for transition risk and physical risks initially to test the methodology before moving to others.
	Next Steps: *We are pleased with the company's momentum on physical risk assessment and we are aware that the finalization of this work could take time. We encouraged the company to provide year on year progress publicly such as the results from the work with the consultant/learnings before moving on to the next risk. We maintain a positive momentum as they are actively in the progress of doing our ask, and will continue to monitor evolution in this area.*			

Beyond corporate engagement, public policy is critical in shaping national approaches to physical climate risk, adaptation and resilience. Policy sets the framework, incentives and public investments that determine whether adaptation is prioritised, financed and implemented at scale. Through targeted engagement with policymakers and sovereign actors, we aim to align public signals and corporate practice, close critical data and capacity gaps, and promote standardised disclosure and credible metrics that enable investors to assess and manage physical risk. Below is an example of Amundi's constructive public policy engagement: we have engaged with a sovereign to discuss priorities.

Case study 14: Sovereign Engagement on Physical Climate Risk, Adaptation and Resilience

Context: In 2024, Amundi began co-leading an engagement with an Asian sovereign to address physical climate risk at the public policy level and to demonstrate investor practice for assessing physical risk within portfolios. As part of this process, we convened collaborative discussions with ecosystem partners, including other investors, banks, data providers and relevant government representatives, to surface investor approach to portfolio physical risk assessment, data requirements and gaps, and highlight financing barriers such as climate data gaps and the need for mechanisms to de risk resilience projects. At that time, the country had not yet committed to or published a National Adaptation Plan (NAP).

Amundi actions: Building on 2024 dialogues and momentum, investor engagement continued in 2025 with a focus on recommendations for launching and defining the scope of the sovereign's NAP. As several other countries have begun publishing NAPs, these 2025 discussions were particularly timely. Investors exchanged international best practice and guidance from other jurisdictions, and investors articulated expectations on asset level data, standardised disclosure and priority adaptation sectors. We also proposed concrete support measures, including technical pilots, data sharing and support mechanisms to help address data and financing gaps.

Engagement objectives:

The investor discussion focused on the following objectives:

1. Addressing informational barriers and gaps in climate resilience, including information sharing on adaptation planning in public and private sectors, assessing existing data barriers and ensuring climate risk information are made fit-for-purpose.
2. Investing in climate adaptation solutions, including innovative financing mechanisms, developing a pipeline of investible adaptation solutions and actionable steps to scale adaptation investments.
3. Shape the NAP and align policy, highlighting the NAP's role in setting public guidance and direction.

Issuer momentum: The following recommendations were raised to the government ministries and representatives:

1. Enhancing data linkages and visibility: We raised the need to consolidate fragmented adaptation data into an accessible platform, enhance asset-level data communication and enhance mapping of adaptation solutions in addressing location-specific hazards. To enable private sector involvement, the understanding around physical risk vulnerabilities across sectors and locations, alongside an understanding on adaptation opportunities, needs to be enhanced. These priority areas will help enhance investors' assessment of portfolio exposure to climate risk, inform contingency planning for businesses, inform product development for insurers, inform risk assessment and lending decisions for banks and help policymakers to align business resilience planning with national objectives.
2. Assessing transboundary risks: We raised the need to conduct transboundary and sectoral physical risk assessments, risk assessments to critical infrastructure and transport routes and mapping vulnerabilities across supply chains. The linkage across domains, such as adaptation with nature and biodiversity should also be assessed.
3. Facilitating regional coordination: We raised the importance of enhancing regional policy coordination on physical risk modelling and data sharing.
4. Catalysing private sector engagement and financing: We raised the need to establish platforms for policymaker and private sector dialogues on adaptation planning, supporting capacity building on financing options and roadmaps such as blended mechanisms, and developing a research and innovation roadmap on adaptation.
5. Support NAP development and public policy alignment: emphasising the NAP's role in setting public guidance and by clarifying how climate variables should be translated into sector- and asset-level impacts.

While the government recognised the NAP as best practice and is assessing its feasibility for publication in the coming years, investors and other stakeholders emphasised the NAP's importance as practical guidance for both the general public and industry. Access to climate data is progressing with a data sharing portal recently launched for public access and downscaled climate projection data made available. Nevertheless, the government acknowledged that consolidation of information continues an area of work, and there is interest amongst government bodies to collaborate with the private sector to understand the utility of such documentation. In addition, physical risk across the supply chain is challenging to assess, and there are existing discussions at the regional level that could function as a platform for inter-country exchanges on adaptation.

Next steps: The engagement represents a positive step toward sustained dialogue with policymakers and clearer communication of investor expectations. Investor feedback on data accessibility, private sector engagement, regional coordination and transboundary risk assessment has been taken into account.

Following the discussions, the government announced plans to develop a national adaptation plan to set out targeted strategies for addressing physical climate risks. It also indicated an intent to partner with businesses, academia and communities to advance sectoral resilience measures and diversify critical supply options. Amundi will continue to monitor the NAP and follow up on areas within its scope, as well as on other related initiatives.

Physical Risk Engagement Outcomes and Trends

We observe growing corporate openness to physical risk and a clear shift from ad-hoc contingency responses, often focused on business continuity plans, to more systematic risk management and strategic planning. This shift is reflected in increasing board level attention and oversight, targeted investments in resilience and adaptation measures, and wider use of asset level scenario analysis Disclosure and transparency are also rising, with more firms committing to report region specific exposure and adaptation plans. Companies are adjusting operations to reduce exposure and improve stability. Common actions include supply chain diversification and rerouting, site relocation or elevation, investments in backup power and cooling, and adoption of predictive maintenance for critical assets. Some companies are integrating adaptation into procurement and CapEx planning, while others are still treating resilience as a business continuity add on. Short term financial pressures and competing priorities remain barriers to full integration, and momentum, while improved, is still uneven. Many companies run pilot projects rather than scale programmes, and progress is often concentrated in larger corporates and specific regions.

We also see emerging opportunities. Companies are increasingly piloting AI and geospatial analytics to produce local risk intelligence. Interest in resilience linked finance and outcome based contracting is rising, accompanied by deeper collaboration among corporates, insurers, development institutions and local partners. Markets are starting to price resilience: vulnerable assets face higher financing risk, while demonstrably resilient assets attract greater capital. However, certain constraints persist. Data gaps and inconsistent metrics and methodologies continue to impede comparability and the scaling of resilience solutions.

Investor implications and next steps

Advanced technology, improved analytics and richer data are providing better tools for pricing physical risk and differentiating well adapted assets from vulnerable ones, shifting physical climate risk, adaptation and resilience from a defensive consideration to a potential source of relative returns. As digitalisation advances, interest is growing in AI applications that deliver local risk intelligence and support investment decisions, including climate smart agriculture and water management, predictive maintenance for operational resilience, and early warning and real time forecasting systems. AI driven geospatial analytics and climate scenario modelling are strengthening assessments by leveraging location specific data and improving robustness, credibility and comparability across markets, which enhances investors' ability to price risk and allocate capital to resilient and better adapted assets.

On top of the data constraints described above, engagement is essential because data and models alone cannot deliver the policy, operational or financing changes required to make adaptation and resilience investible or to improve physical risk management. Investors convert analytic insight into tangible outcomes by engaging with companies, regulators and ecosystem partners to clarify expectations, reduce information asymmetries and create conditions for adaptation projects. Amundi will continue to ask companies to move from pilots to scaled implementation by reporting asset level exposures, disclosing adaptation and resilience measures, committing capital and operating expenditure for resilience, mapping supply-chain dependencies and improving governance and strategic priorities.

In short, physical climate risk, adaptation and resilience are deeply interrelated with other sustainability priorities including transition to a low-carbon economy, nature-based capital and social resilience, so integrated engagement across these domains amplifies co-benefits, improves implementation and supports more sustainable outcomes.

Natural Capital Preservation

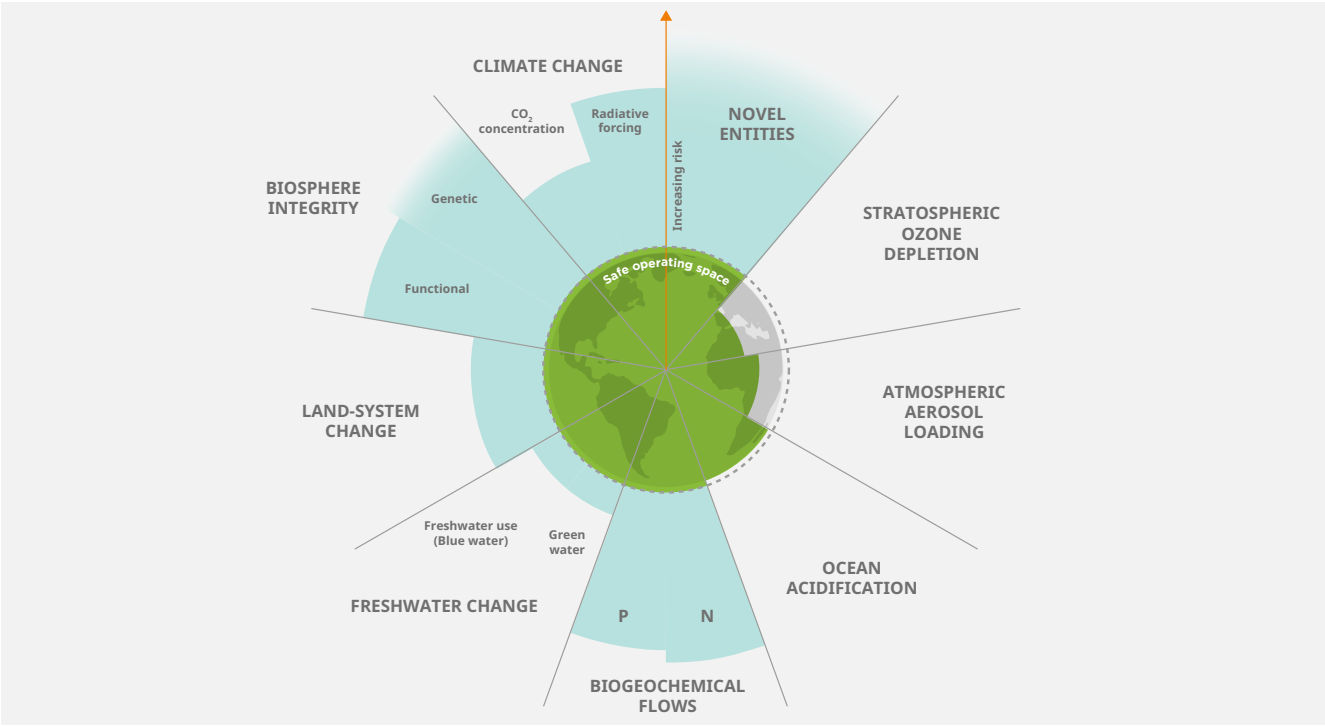


The Case for Engagement: Deterioration in biodiversity health is a Material Financial Risk

Natural Capital underpins all life on Earth but its true value, estimated to be around USD 125–140 trillion annually or roughly 1.5x global GDP[39], remains inadequately factored into corporate risk management and balance sheets. According to S&P, 57% of the world's largest companies (S&P Global 1200) have a significant nature dependency risk across their direct operations and 71% of companies in that same universe have at least one asset located in a Key Biodiversity Area[40]. Despite this, only 8% of the companies assessed within this group have corporate pledges to protect nature and associated dependencies underscoring the opportunities for growth in this area and the need for continued and increased engagement.

The risks are continuing to grow. According to the Stockholm Resilience Centre's 2025 update of the planetary boundaries[41], seven of the nine boundaries[42] have been transgressed, up from 6 during in the 2023 update as ocean acidification has now been breached[43]. This trend suggests continued deterioration beyond safe operating limits, heightening risks of abrupt earth system changes and ultimately risks to society, corporates, and the economy.

Planetary Health Check 2025: Seven of the Nine Planetary Boundaries Breached



Source: Stockholm Resilience Centre

Amundi's Approach to Engaging on Natural Capital Risks

At Amundi, engagement on natural capital primarily focuses on key areas where corporate activities impact biodiversity loss and natural capital, many of which contribute to the crossing of planetary boundaries. These activities are identified and addressed via our Amundi Biodiversity & Ecosystem Services policy, which focuses on companies with high exposure to biodiversity harming activities that either lack sufficient processes/disclosure or have been involved in serious controversies. It is applicable to issuers who are flagged due the following types of activities:

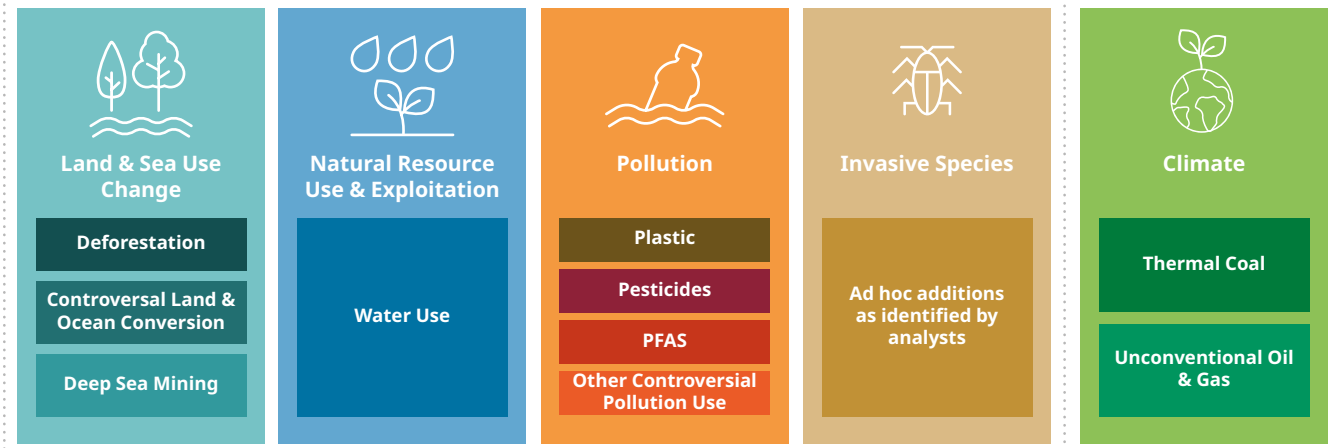
- activities with potential critical impact on forests and deforestation with related controversies or no valid policy

39. https://publications.banque-france.fr/sites/default/files/medias/documents/wp826_0.pdf
40. https://www.keybiodiversityareas.org/
41. The planetary boundaries is a concept that represents the pressures that impact the Earth system in a single framework. Mapped by a team of international scientists from the Stockholm Resilience Centre, these nine processes regulate the stability and resilience of the Earth system to ensure a healthy, functioning environment. These boundaries are essential for clean air, fresh water, climate regulation, and pollination, among other key environmental services. Just as there is a limit to how much CO_2 the atmosphere can handle, crossing other planetary boundaries increases the risk of generating large-scale abrupt or irreversible environmental changes.
42. https://www.stockholmresilience.org/news--events/general-news/2025-09-24-seven-of-nine-planetary-boundaries-now-breached.html
43. https://www.stockholmresilience.org/research/planetary-boundaries.html#:~:text=The%202023%20update%20not%20only,abrupt%20or%20irreversible%20environmental%20changes.

- controversial activities regarding land/sea use change in areas of sensitive biodiversity
- involvement in deep sea mining and/or exploration
- activities with potential critical impact on water and exposure to water-related controversies
- exposure to controversial pollutants including pesticide production, PFAS, single use plastic production and single use plastic users
- exposure to other controversial polluting activities

A Policy focusing in activities that drive biodiversity loss

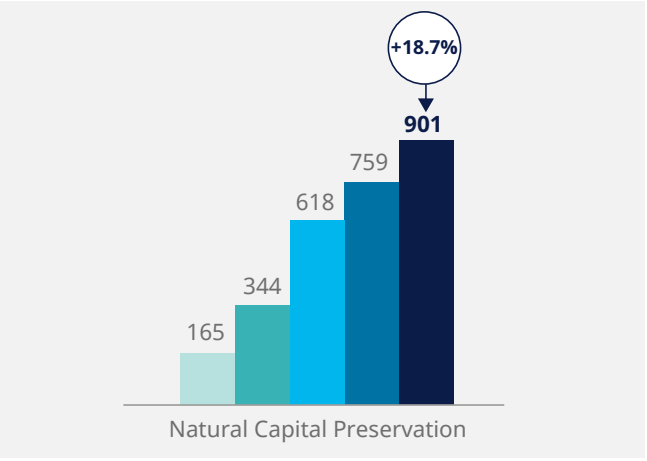
How do we adress the five biodiversity drivers through our Biodiversity & Ecosystem Services Policy



Amundi engages with all companies identified in the policy, in addition to other companies where biodiversity linked topics are deemed highly material. We may engage on both the key activities driving biodiversity loss as well as the company's overall strategies concerning natural capital preservation to ensure proactive management before an issue occurs. We seek to encourage companies to quicken the pace to address their impacts on nature, including those identified via our natural capital policy but also those who are not yet fully capturing business opportunities to be solutions providers including on subjects such as circularity and pollution.

Amundi continues to frame its engagements on nature within the context of the Planetary Boundaries[44]. Examples within these boundary themes include but are not limited to companies flagged within Amundi's Biodiversity & Ecosystem Services Policy

Overall Views on 2025



Across all nature topics, we have seen varied evolution. The key observations are as follows:

- Natural capital is a material and growing financial risk. Corporate awareness is rising but meaningful management remains largely uneven
- Companies are beginning to strengthen traceability, board oversight and pilot solutions (circularity, water stewardship, nature-positive projects, etc), yet major gaps persist in asset level data, supply chain coverage, quantitative impact measurement, timebound targets and links to executive remuneration.

44. We cover all of the planetary boundaries excluding two: Climate Changed (addressed in the climate section of the report) and Stratospheric Ozone Depletion which was addressed by the Montreal Protocol in 1987 which successfully helped to phase out the production and consumption of ozone depleting substances globally making it less of a material concern today material concern today https://www.state.gov/key-topics-office-of-environmental-quality-and-transboundary-issues/the-montreal-protocol-on-substances-that-deplete-the-ozone-layer/#:~:text=The%20Montreal%20Protocol%2C%20finalized%20in,%2C%20fire%20extinguishers%2C%20and%20aerosols.

Key Engagement Observations in 2025

Overall positive evolution on engagement momentum, in particular compared to the 2021/2022 baselines of many companies highlighted in this report. This shows that progress is not instantaneous and sustained investor pressure can help realize small year on year changes that eventually lead to major strides and positive outcomes.

Positive evolution is not only in Europe alone. Seeing great strides in Asia as well as some in North America. Much of the recent positive progress can be linked primarily due global regulatory pressures visible across Europe but also in Asia and pockets ofNorth America. Voluntary framework participation to advance on nature reporting remains largely in early stage.

Consistent engagement investor engagement remains essential in the absence of clear consistent regulation and in times of great uncertainty. The risks are clear and investors play a key role in converting corporate awareness of risk into scaled, measurable outcomes.

Biosphere Integrity – Severely Transgressed

Biosphere integrity refers to the genetic diversity on the planet and its overall ability to adapt and evolve with changes to the biosphere. This includes its ability to continue its role in regulating the earth's system and providing it with essential ecosystem services including provisioning services (such as food and other raw materials we rely on) and regulating services (such as pollination, erosion control, and air/water quality among others). The boundary is defined based on the maximum extinction rate that is compatible with preserving the genetic integrity within ecosystems. The current rate of species extinctions is estimated to be at least tens to hundreds of times higher than the average rate over the past 10 million years and is accelerating. We engage on biodiversity preservation as a specific topic as well as through the direct drivers of biodiversity loss, linked to other planetary boundaries.

1. Engaging on Biodiversity and Natural Capital Strategy of issuers

There is a growing awareness among corporates regarding the importance of biodiversity. According to a study by the TNFD, 64% of 800 institutions surveyed that nature related issues are considered significant or more significant than climate in terms of future prospects of their business.[45] Despite this, corporates are still in the early days of measuring and managing their impact and dependencies on nature and biodiversity. This includes the associated risks to the business if they do not act. Reporting on nature is growing but there is still a long way to go. A 2025 study by EY for example found that out of 450 companies analysed, 93% of companies now reference nature in their public reporting. However, few companies yet conduct formal TNFD reporting (13%) or include a TNFD index in their existing disclosures (26%).[46] While frameworks such TNFD aim to ensure uniform and robust reporting standards, 2025 has witnessed a period of roll back of reporting requirements including a simplification of CSRD and dilution of other regulation.[47] Thus, without sufficient incentives via regulatory policy, a major gap in global reporting on nature measurement and management is likely to remain. This reinforces the growing need of engagement so that the investors can ensure investee companies are providing the relevant data of impacts and dependencies to guard against risks in their investment portfolios.

Amundi Actions

Amundi initiated a biodiversity strategy dedicated engagement in 2021. This engagement aims to drive greater awareness and action on nature across a range of sectors where material links to nature are high have been targeted including companies exposed to nature related controversies or flagged in our Biodiversity & Ecosystem Services Policy.

These engagements ask companies to take steps to analyze and report on their relationship to nature including mapping out their impacts, dependencies, and associated risks and opportunities. By better understanding their links to nature and the related financial materiality, companies can take essential actions to better address identified risks and mitigate their impacts.

45. https://tnfd.global/publication/tnfd-2025-status-report/
46. https://www.ey.com/en_pl/insights/climate-change-sustainability-services/nature-action-barometer-survey
47. https://sustainabilitymag.com/news/how-european-esg-regulations-impact-businesses-in-2025

Momentum & Outcomes

Momentum to address nature via assessment and reporting of impacts, dependencies, risks, and opportunities remains slow with no significant uptick in momentum compared to last year. However, we are seeing improvement in certain companies, including those where engagements on nature started over three years ago or companies impacted by EU CSRD regulations. However, concrete reporting in terms of quantification of nature impacts and the setting of robust targets remains in its infancy.

Below we present highlights from a few cases[48].

Company	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2025 and Next Steps
Company A **Sector:** Paper & Forest Products **Region:** Europe **Starting Year:** 2023 	Relatively strong biodiversity management since operations are linked to 36 biodiversity hotspots but gaps remain on management and disclosure. Additionally, cork oak trees have been losing their vitality, attributed to poor management practices, the occurrence of harmful agents and climate change. Certification schemes in place to guarantee its own forest and products by obtaining the Forest Stewardship Council (FSC) certification Biodiversity discussions are integrated at board level Partnerships and collaborations with nongovernmental agencies (NGOs) and other stakeholders to secure additional resources that are utilized to implement forest management and conservation projects, conduct monitoring programmes, and support cork producers in sustainable practices.	Improve the company's biodiversity risk analysis by identifying nature-related dependencies and opportunities to align with TNFD guidance and sector best practice Improve company's suppliers' management by integrating biodiversity risk analysis into supplier assessments Improve biodiversity disclosure by publicly explaining the company's biodiversity strategy and developing biodiversity related targets in its sustainability strategy and in the company's remuneration scheme	**2024** In 2024, we did not observe any specific updates to the company's management of biodiversity in line with our recommendations. biodiversity.	In 2025, we managed to identify significant progress particularly around disclosure of biodiversity practices and an updated strategy: The company's risk analysis focuses on identifying impacts and dependencies but is not able yet to identify opportunities. The company has implemented mitigation measures in biodiversity-sensitive areas, particularly in the context of its agroforestry operations. For instance, the company has converted eucalyptus plantations into cork oak forests. Transparency has also improved by notably disclosing new biodiversity targets such as the surface of Planted/ densified forest estates under management or the number of Cork oak trees planted The company has also explained it has undertaken and is continuing to undertake several assessments to better assess its biodiversity management needs. We appreciate the progress but continue to push for the following: The company has not been able yet to be aligned with TNFD guidance but is considering applying the TNFD's LEAP approach There are no biodiversity targets included in the remuneration calculation currently; but the company said that it recognizes the importance of further exploring biodiversity-related opportunities and intends to deepen this topic in future workstreams. Therefore, adjustments in the remuneration policy may eventually be considered in the future. *We will continue the engagements in 2026 to follow up on these remaining open items.*

48. Company A in last year's report was closed and Company G from the 2024 report (European Insurance Company) was closed As we engaged with the issuer on biodiversity over 2021-2024 and as the next DMA will only be done in 2027, we have decided to close this engagement stream for the time being.

Company	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2025 and Next Steps
Company B **Sector:** Chemicals **Region:** Europe **Starting Year:** 2021 	– Dedicated Biodiversity approach within the Sustainability strategy with the target to be 'land positive' by 2030 – Target for 75% of their organic raw materials to be bio-based by 2030 – Various initiatives, measures and production solutions relating to biodiversity protection – Participation in recognised working groups to advance best practices – Biodiversity discussions are integrated at board level	– Further develop the biodiversity strategy on other drivers of biodiversity loss beyond land use change – Develop other biodiversity related indicators and targets that are linked to nature positive target – Share main outcomes of company's assessment of impacts, risks, dependencies, and opportunities related to nature (along the format of TNFD) – Conduct life cycle assessments on main products	**2022 -2023** – Set target to perform 40 full lifecycle assessments by 2024 – Launched impact and dependencies assessment of their business and value chain on nature to determine priority actions – Commenced ingredient transparency, raw material traceability, and certified sourcing of bio-based raw materials – Looking to leverage opportunities on top of managing biodiversity risks – Began working with SBTN **2024** – The company continues to work towards nature positive with SBTN to establish nature targets with this methodology. But reporting on impacts, dependencies, risks, and opportunities (ideally) in line with TNFD is lacking – Reports progress on ambition to exceed land used to grow raw materials with land saved by a factor of two by 2030 and on supply chain transparency of sourcing of raw materials /third-party certification to validate bio-based materials – Achieved target of full lifecycle assessments for 2024 and expanded the target to its top 100 ingredients – Developed a strategy and related targets on water stewardship as water and land used was identified as the largest business impacts by the company – Objectives and targets set for product solutions that mitigate the impact of climate change, land degradation and biodiversity protection	– Continued reporting on the share of bio-based raw materials compared to total organic raw materials. In 2024, 56% of organic raw materials were bio-based (2023: 59%), according to the company's sustainability reporting. The company's target remains more than 75% by 2030, although year-on-year figures show a slight decline in 2024. – Continued work to extend lifecycle assessments on products and ingredients to cover a broader set of ingredients. – Continued engagement with the Science Based Targets initiative (SBTi) for climate; however, no further progress has been reported on setting Science Based Targets for Nature (SBTN), with the company indicating it will wait for additional sector guidance. – Biodiversity-related actions continue to be referenced through sourcing practices and product solutions, notably in relation to land use and water, but reporting on nature-related impacts, dependencies, risks, and opportunities remains limited and not yet aligned with TNFD. Compared to the 2021 baseline, the company has made tangible progress over the past three years, notably through improved disclosure on the share of bio-based raw materials, the use of lifecycle assessments to inform product sustainability, and initial engagement with emerging nature-related frameworks. While gaps remain, in particular on TNFD alignment and formalized nature targets. *We close the engagement with an overall positive outcome but could reopen once additional sector specific guidance becomes available from initiatives such as SBTN.*

Consumer Services	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2025 and Next Steps
Company C **Sector:** Consumer Services **Region:** North America **Starting Year:** 2021 	– 2030 Zero deforestation commitment and already achieved nearly 100% transparency for key commodities – Biodiversity integrated into conversations on environmental risks but no specific strategy – Involved in numerous collaborative initiatives on key commodities and on nature, including joining TNFD forum to collaborate on reporting frameworks in 2021 – Lack of policy on antibiotic use that complies with WHO guidelines – High exposure to plastic (and flagged in our Natural Capital Policy for this subject) with limited plastic disclosure and targets. In particular, the company does not disclose clearly on its plastic footprint (volume/weight of plastic, share of recycled content). It has a target to get 100% of its packaging (plastic + paper) from renewable (i.e. bioplastic), recycled or certified sources (i.e. FSC certified wood fiber) by 2025 but we would prefer to see metrics and targets specific to plastic.	– Recommended for company to report on impacts, dependencies, risks, and opportunities – More transparency on sustainable sourcing beyond key commodities – More transparency and proof points on how external collaborations further their Nature goals and targets – Improve commitments on antibiotic use – commit to Ellen MacArthur Plastic Pact and set targets to increase specifically the use of recycled plastic	**2022-2023** – Some expansion to new 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 – Public commitment to Consumer Good Forum's Forest Positive Coalition meaning they will report on agreed KPIs linked to forests – Some efforts around regenerative agriculture but vague and limited pilots **2024** – No key developments but imply they are reviewing the indicators of TNFD – No progress on transparency regarding material nature topics in 2024 including details around how their collaborations are concretely having positive impacts to further their nature goals – They demonstrate some leading practices such as commodity traceability to combat deforestation for key commodities but have not expanded their efforts to a broader number of commodities – No progress on antibiotics including stronger commitments – Limited momentum on managing plastic risks beyond some pilots in certain regions of operation	No updates/developments on their management of nature including around key subjects such as plastic management and anti-microbial resistance. Company still does not commit to a more formal review on nature and relevant risks/ impacts. Company retains strong commitment around biodiversity and deforestation however some allegations of deforestation continue – Company has not aligned to WHO standards for anti-biotics but did set a quantitative target to eliminate antibiotics in the chicken supply chain (progress, efforts on beef remain unclear) – Company has not joined Ellen MacArthur Plastic Pact and does not disclose more plastic metrics nor targets. In 2025, we voted against the Chair of the Board and members of the Audit Committee with a tenure of more than two years due other serious ESG concerns related to Social issues (but not nature in 2025). *We will continue to engage in 2026 and could consider other escalatory actions on to nature related concerns if necessary going forward.*

	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2025 and Next Steps
Company D **Sector:** Consumer Services **Region:** Europe **Starting Year:** 2021 	– Company had a sustainability strategy in place including a zero deforestation by 2030 commitment and a science-based target to align with the 1.5 degree scenario – a very ambitious goal for a restaurant and catering company – Target to increase plant-based dishes by 33% by 2025 – Company still in early days of developing a comprehensive biodiversity strategy	– 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 these for investors) – Expand their biodiversity-linked strategies to beyond core commodities (i.e. soy and seafood) and impact drivers (food waste, plastic packaging) – Collaborate with industry peers to address biodiversity loss	– Company joined Act4Nature, a French collaborative initiative, which led to them outlining strategic ambitions in line with the five drivers of biodiversity loss – Joined the SBTN Corporate Engagement programme to help build sector specific elements to the frameworks but no specific commitment to SBTN or TNFD – Efforts to translate their objectives at a local level including regenerative projects with groups such as WWF however no clear plans to scale them yet – Positive evolution to map supply chain – in particular joining Eco Vadis supplier engagement to understand where their impact is and how to better guide suppliers. They are monitoring a total of 80 commodities, which represent 85% of climate impact (based on volumes) **2024** – While there has been no concrete evolution on our previous recommendations, the company indicates that they are heavily working on nature in context to CSRD. This includes working with SBTN and developing their nature transition plan – Company started reporting globally on total volume of packaging produced and % recycled though it is not yet broken down by type (paper vs. plastic for example)	Updated double materiality assessment clearly identifies nature as a key risk for the company. Conducted a risk assessment using the Science Based Targets Network (SBTN) methodology, aiming to identify priority locations, commodities and business units related to water, land use, pollution and biodiversity. This assessment confirmed that a vast majority of their impacts are in the upstream supply chain associated with agriculture. Updated their supplier code of conduct to include more specific requirements around the protection of biodiversity with the aim to have 100% of suppliers sign by the end of 2025. Updated targets around packaging, sustainable seafood sourcing, plant based dishes and palm oil in addition to their existing targets and commitments. Metrics on waste generation and recycling but not specifically broken down on plastic. Plastic strategy remains limited. *Overall we have observed a significantly more robust strategy on biodiversity compared to the 2021 baseline including evidence of robust measurement and targets. Due to this progress we will close the engagement. Overall we consider it a positive result.*

Food and Food Retail	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2025 and Next Steps
Company E **Sector:** Food Products **Region:** Asia **Starting Year:** 2024 	– Agricultural producer with primarily involved in fresh fruit and palm oil production Company is relatively strong on managing deforestation risks including having achieved 100% traceability to single origin for palm oil, its zero deforestation, and compensation/ remediation for historic deforestation and ongoing efforts to ensure certification aligned with international standards Beyond deforestation, company was in the early days of addressing biodiversity risks more comprehensively across operations but was starting to conduct company wide assessments on nature to support a broader nature strategy across the company	– Map and assess biodiversity related risks across operations and value chain and report accordingly on the results publicly	– The company had conducted a thorough company-wide assessment on nature-related impacts, dependencies, risks, and opportunities which is part of their ongoing broader strategy to evaluate sustainability and climate-related impacts comprehensively. This involved assessing direct and indirect impacts of operations and developing mitigation strategies to minimize their ecological footprint. On dependencies they were still in the process of better understanding dependencies however they were highly aware that they had strong dependencies due to their reliance on natural resources for their business They were also actively evaluating related risks/ opportunities that might arise to prepare for potential challenges and capture opportunities such as around resilience of ecosystem services and developing environmentally friendly products Few details on these efforts were so far reported and the company was not yet at the point they were ready to report more or set targets	We did not see evidence of a formalization of the company's biodiversity strategy in terms of a publication of impacts, dependencies, risks, and opportunities in line of their efforts they highlighted the previous year. The company's focus in 2025 remained scaling their management of biodiversity to achieve sustainability gains. Specifically, the company highlighted to us their focus on risk mitigation around forest fires (and their work with external partnerships on this) as well as their new efforts to address ocean related risks for plantations in proximity to local waterways which were potentially impacting seagrass. *We encouraged the company to report more on this including findings and positive outcomes that have resulted from their broader biodiversity strategic efforts going forward we will continue to push for more proof points on outcomes as well as a formalization of their nature strategy in their reporting.*

Food and Food Retail	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2024 and Next Steps
Company F **Sector:** Food Retail **Region:** Europe **Starting Year:** 2022 	– Company had a sustainability strategy in place with commitments on deforestation and climate – Goal to be 100% deforestation free for monogastric animal supply chains by 2025 and had signed the Soy Manifesto in the UK – Sustainability policies on key risk commodities, including soy, palm oil, seafood – Company still in early days of developing a comprehensive biodiversity strategy and had yet to apply the strategy to its supply chain	– Set centralised biodiversity strategy for the Group – Develop detailed biodiversity including targets at the supplier level. An example was setting a compulsory target for CDP disclosure for their core supplier base over a certain size and who supplied directly – Expand multi-stakeholder initiatives to drive tangible improvements on biodiversity – Establish deeper measurement and reporting action on emerging risks for new commodities	– Company was trialing innovations to fast track biodiversity measurement tools, such as biodiversity trackers at the farm level – Beyond climate, governance framework now encompasses elements including biodiversity (+food waste, sustainable agriculture, biodiversity, healthy diets, and packaging). This shows a better understanding of the company's impacts that are not reduced to climate – Biodiversity strategy presented to board in 2023 **2024** – Increased focus on the interrelationship between climate and nature, particularly in the supply chain. Conducted supply chain mapping exercise to understand its nature-related risks, impacts and interdependencies using WWF's Biodiversity and Water Risk Filter – Requested UK suppliers to set an SBTi-aligned net zero target and to begin measuring carbon footprint, but something similar for biodiversity/forest not yet started – Partnership with TNFD and intends to make a full TNFD-compliant disclosure once it has completed the process of mapping all its most at-risk supply chains.	– Overall, the company is now particularly advanced on its biodiversity strategy and disclosure. The company has a consolidated biodiversity reporting part with policies, metrics, clear targets and supporting partnerships covering climate, circular economy (including food waste and packaging), and nature (freshwater, deforestation, natural habitats, fish sourcing, and sustainable farming). The company strategy so far focuses on six commodities (soy, timber/paper, beef, palm oil, coffee, cocoa) for deforestation, as well as on fish to protect natural fish stocks. Coffee, cocoa, and timber are already 100% certified. Soy and palm oil are targeted to reach 100% by end 2025. Beef is only sourced from company welfare approved farms and cannot be sourced from Brazil. On fish, the company targets 100% MSC certified tuna by end 2025 and 100% "sustainable seafood" by end 2030 (both targets apply only to its own brand products in its main market). It almost finalized its TNFD LEAP assessment started in 2024. The scope has evolved to include more of its high-risk commodities material to the Science Based Targets Network's (SBTN) High Impact Commodity List, and most meaningful to its business. *We will keep the engagement open for one more year as we wait to see the conclusion of their 2025 targets and updated strategy beyond 2025. We expect to finally see disclosure around nature-related risks identified in the supply chain and hopefully new robust targets. Pending the quality of what is released we will either keep engaging for improved strategy/targets or close the engagement as a success.*

Energy	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2024 and Next Steps
Company G **Sector:** International Conglomerate / Independent Power Producer **Region:** Southeast Asia **Starting Year:** 2022 	– Southeast Asian conglomerate with energy assets (among other businesses). The renewable energy business was originally flagged due to a controversy regarding one of its hydroelectric dams in a biodiversity sensitive region along a major waterway due to threats concerning fish migration and associated economic risks around local fish stocks – While the initial flag was this controversy, more broadly the company demonstrated limited strategy to address nature more holistically across operations which are varied -ranging from renewable energy, and primary materials (limestone), to packaging, food and property management	– Ensure biodiversity becomes a key priority at the board level and is discussed regularly – Assess and publish impacts, dependencies, risks and opportunities linked to nature – Establish companywide nature strategy related to specific identified drivers of biodiversity loss from operations – Develop and publish of measurable biodiversity targets and a no net loss commitment – Encourage remediation of hydroelectric dams impacts through establishment of post impact environmental assessment	**2022** – Company was in the process of formalising oversight at board level on sustainability topics and was considering metrics and targets related to natural capital – Monitoring of fish population and migration was occurring **2023** – Company confirmed that fish migrations have not been impacted in river due to mitigation measures implemented – Sustainability was included in the agendas of a quarterly board meeting, covering a range of topics including biodiversity (but biodiversity efforts were only focused on sensitive hydropower as opposed to nature risks more holistically)) **2024** – Company set nature goals (for 2030 and 2050), we asked them to provide greater detail (KPIs) to show evidence of success of conservation efforts to support these targets. The company replied saying it was too early as goals and projects were still in development – Company set net positive impact on biodiversity target for 2050 and raised possibility for company to convert this to a no net loss by 2030 goal to align with peers and international standards	– Strategy remains heavily focused on hydropower operations, a majority of their profits ➜ We continued to encourage further development of nature strategy for other business divisions such as its food packaging businesses, where nature remains material but the company so far does see it this way as operations are not located in biodiversity rich areas. ➜ We have continued to re-iterate the need for a holistic strategy addressing risks across value chain and not just based on location of a business unit. – 2030 biodiversity goals remain broad and vague (goals on conservation, capacity building, and scientific research) and lack clear measurable KPIs. ➜ KPI development is still underway but their current ambitions are sufficiently complex and may not be fully met. – We continued engagement to advance the issuer's 2050 net-positive biodiversity commitment and, ideally, convert it to a 2030 no-net-loss (NNL) target to align with peers and IFC Principle 6 Standard. ➜ The issuer resisted more targets, saying many drivers fall outside their control in the complex river landscape and that setting a baseline in such a dynamic ecosystem is especially challenging. – We encouraged quantification and more granular data for endangered species. ➜ The issuer mentioned that they've been working on data historically (in particular for fish populations) However, they haven't necessarily focused on one type of species and haven't yet been able to put together a YoY population census (though in development). – Recommended evolution of their biodiversity policy to commit to not operate in IUCN protected/World Heritage sites in line with the IFC Performance Standard 6 that the issuer acknowledged and said would consider. *We will continue the dialogue in 2026 and assess the momentum overall positive compared to the 2022 baseline.*

Commerce	Assessment at start of engagement	Past Recommendations	Evolution in Past Years	Status in 2024 and Next Steps
Company H **Sector:** E-Commerce **Region:** Asia **Starting Year:** 2024 Collaborative – with Nature Action 100 (Amundi is co-lead)	– The company has been flagged by Amundi's natural capital policy for risks related to plastic use and to deforestation. – Amundi engaged with this company through the Nature Action 100 initiative – The company is still at the beginning of its biodiversity journey – The company's nature strategy is limited to small efforts mostly focused on direct buildings and operations, the greening of headquarters, and reducing waste at offices through waste management strategies. – 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	– Establish greater top-down oversight to drive biodiversity/nature across the company. – Assess its links to nature by mapping out its impacts, dependencies, risks, and opportunities – Establish a 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 – Disclose detailed plastic volume and set targets to increase recycled content in their packaging	– The company is using AI to better identify products that could be in violation of laws to combat illegal wildlife species trade. – They are working on efforts to promote sustainable agriculture and sustainable supply chains. – In addition, the company has begun analysing 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.	– There has not been much progress. The company has informed us that they are focusing on educating internal teams on nature and biodiversity related topics but concrete evolution not yet noted – We reiterated our requests directly as well as in the context of the NA100 Initiative – specifically we emphasized that the company needs to accelerate first on a top down, centralized strategy on biodiversity management across operations *We maintain a neutral momentum as the engagement only started in 2024. We will follow up in 2026.*

Next Steps on our Biodiversity Engagements

We have seen some noticeable progress from companies, but there is clearly a lot of work to do. We will continue our engagements into 2026 and hopefully see major strides forward within the context of CSRD reporting and the establishment of new targets for 2025-2030. We notably see a major difference between companies who are currently aware of biodiversity risks and progressing on reporting in line with CSRD or voluntary TNFD and those who are in the nascent stages of understanding their links to nature and how to develop their overarching strategy to identify and address impacts, dependencies, risks, and opportunities. As some companies finish these key milestones to report with frameworks and to set their next set of targets, we can anticipate that we will begin to turn our focus towards companies that are requiring more engagement focus to ensure they are sufficiently taking into account these risks. We will continue to engage with companies to ensure they are sufficiently addressing nature-related risks, including those flagged in our nature policy for specific material issues.

Case study 15: Engaging with a Utility Company On Biodiversity Risk Management & Measurement

Electric utilities' infrastructure is deeply intertwined with land, water, and ecosystems. Their decisions can hence damage nature or help promote its restoration. As grids expand to support clean energy, integrating biodiversity into planning becomes essential for longterm reliability, regulatory compliance, and social license to operate. Electric utilities control extensive rights of way, substations, reservoirs, and generation sites that overlap with forests, rivers, grasslands, and coastal or offshore habitats. New renewable projects, such as wind farms, solar parks, and hydropower, can fragment habitat, alter river flows, or cause direct wildlife mortality if not adequately or designed. These impacts can trigger permitting delays, legal challenges, and costly mitigation or redesign, directly affecting project timelines and returns.

Conversely, well managed utility lands and infrastructure corridors can become refuges or movement pathways for wildlife, offering opportunities for habitat creation, pollinator meadows, and naturepositive design around solar arrays or along transmission lines. Healthy ecosystems also provide services utilities depend on, such as watershed protection that stabilizes hydropower yields and reduces flood and erosion risk, which in turn safeguards physical assets.

Because climate change is both a driver and a consequence of biodiversity loss, utilities that align decarbonization with biodiversity goals strengthen the resilience of both the grid and the landscapes that host it. Integrating biodiversity data into network and generation planning helps balance cost, emissions, and ecological risk, reducing uncertainty for investors and regulators while supporting a credible transition to lowemissions electricity systems.

In 2021, we started engaging with a European based utility company with global operations and a number of assets in high risk regions. Its exposure, coupled with the exposure to some moderate controversies in such ecosystems, led us to further investigate into the company's biodiversity practices and subsequently launch an engagement to encourage improvements regarding identified gaps in management.

In 2021, while in the early days of its biodiversity journey, the company was already showing promising policies and programs through asset and region specific actions, the past controversies suggested continues weaknesses and gaps in management. For example the company had many initiatives but projects remained relatively small and narrow in scope. Targets also lacked scale and quantification.

Engagements / Amundi Action: Given the significant exposure to biodiversity risks and the heightened risk for potential future nature related controversies we began engaging on biodiversity topics in 2021 focusing on robust biodiversity risk management.

Our specific objectives are as follows:

4. Set no net loss ambition
5. Set supporting quantitative targets to track progress and impacts of environmental strategies at high risk assets

Momentum & Outcomes: Since the start of the engagement, the company has made consistent year on year progress, notably strengthening its disclosures and increasing the scale of its targets, Notably, in 2022, the company released its Net Positive 2030 ambition which included a roadmap towards its 2030 goal. However, the underlying activities to support the ambition were primarily qualitative in nature, reaffirming the continued need for engagement. This early work in 2022, was also very small scale and pilot project focused.

Over the years we have seen continued year on year progress including notably high involvement in TNFD pilot projects to utilize the TNFD LEAP approach for high risk assets and activities. This demonstrated continued efforts by the company to support evolving efforts across industry stakeholders to better quantify and report on nature related impacts, dependencies, risks, and opportunities.

As of 2025 we saw a significant jump in the company's efforts to support its Nature Positive 2030 target with its newly published 2025-2030 biodiversity plan. Notably the company demonstrated stronger integration of biodiversity into operations through systematic materiality analysis that identified two core metrics: ❶ impacts on ecosystems during construction and ❷ impacts on ecosystems during operation (after construction). For each project, the company establishes a baseline assessment of site conditions before drilling and measures outcomes after. It ties permitting to site-specific action plans that follow a mitigation hierarchy (avoid, minimize, restore, offset) to reduce and compensate ecological harm. Direct impacts on species are quantified and, where necessary, compensated. Targeted programs such as insulating or redesigning lines, have for example demonstrably reduced bird electrocutions on specific projects.

Measurement is conducted at multiple scales, from facility level monitoring to country and business line aggregations, so progress can be tracked locally and consolidated globally. However, the company acknowledges that Net Positive improvements may emerge at portfolio level even when individual sites may show mixed outcomes. To date, the company continues to be a key pilot participant of TNFD's LEAP[49] approach conducting detailed analysis for highly sensitive ecosystems but has not conducted a formal TNFD report.

In reporting, the company has moved more towards quantitative disclosure compared to their 2022 strategy. By 2024 more than 70 assets had biodiversity plans and by 2028, the company to reach over 450 assets covered.

However, more quantitative proof points beyond the number of action plans is still lacking to support their net positive ambition. The company did acknowledges the persistent challenges on data include uneven local regulations and variable data, which complicate standardization. The company therefore focuses on core metrics and project by project regulatory engagement to justify impact forecasts and design like for like compensation (similar species and habitats). Additional costs for biodiversity measures are recognized but not currently used as a performance metric. While these challenges are acknowledged, we think more work can still be done on improved quantification of key impact drivers or quantitative proof points for key assets.

Finally, in regards to how the company is managing nature related stakeholder concerns (such as those related to past but mostly resolved controversies), the company continues to strengthen stakeholder engagement: early risk analysis and consultations with NGOs, regulators, and communities identify no go areas and contentious issues, informing project development and compensation decisions. The company is investing in internal capacity building and standardized methodologies to improve comparability across jurisdictions, returning to basics on core indicators where regulation diverges, and engages with regulators and local stakeholders to refine permitting and monitoring while incorporating biodiversity outcomes into capital planning to reflect ecological and financial trade-offs. We find their efforts to be sufficiently robust to address associated risks.

Next steps: Overall we are very positive on the company's approach to nature management and are encouraged by their year on year improvements. While the company remains a strong performer, their global exposure to associated risks remains high and some gaps remain. For example, going forward we hope to see the company progress on the quantification of its biodiversity plans. In 2026, we will encourage the company to draw on the TNFD guidance indicators for the utilities sector around key impact drivers such as collisions, pollution, waste, and land disturbances, all of which are collected from existing, well recognized standards. Furthermore, we would want to see the company take an additional step and formally produce a TNFD report, as we think this is a proactive next step to ensure reporting aligned with best practice and very feasible consider all the ground work the company has done so far with TNFD. We look forward to continuing our conversations with the company going forward in 2026.

49. Locate, evaluate, assess, and prepare

Spotlight on Finance For Biodiversity

As a financial institution, Amundi recognizes the need to protect biodiversity and reverse nature loss during this decade. As such, in 2021 Amundi joined the Finance for Biodiversity Pledge, a coalition of 200 signatories across 29 countries across banking, asset management, insurance, pension funds and impact funds, all committed to taking action on biodiversity.

In alignment with Amundi's commitments to responsible investment practices, Amundi has taken a set of strategic targets related to biodiversity addressing four of the key critical pillars identified by Finance for Biodiversity Pledge: Governance Education, Strategy and Impact Assessment.

Amundi's Finance for Biodiversity Commitments



Source: Amundi, Lec29 2024

In addition to our Commitments highlighted above Amundi remains an active member of the group. Key involvements include the following:

- Member of the Finance for Biodiversity Advisory Board
- Co-chair of the Sovereign Debt Working Group
- Participant in the Engagement Working Group
- Participant in the Advisory Working Group
- Participant in FABRIC Collaborative Corporate Engagement Program including lead investor on 3 collaborative engagements

Highlight: Joining the Finance for Biodiversity Foundation's new Sovereign Debt working group

The Finance for Biodiversity (FfB) Foundation launched in February 2025 a Sovereign Debt focus group to develop practical guidance for financial institutions on integrating nature considerations into sovereign debt finance. The group, co-chaired by Amundi, includes around 20 financial institutions (banks, asset owners, asset managers and insurers).

While biodiversity and ecosystem services are critical to economic stability and debt sustainability, they are rarely incorporated into sovereign debt assessments. The objective of the working group was to propose a framework to analyze countries from a nature and biodiversity standpoint, and to track the most relevant and accessible data sources. The first version of this new Sovereign Nature Assessment Model was published by FfB in November 2025, for public consultation (until end-January 2026).

The model aims to capture both the financial materiality of nature loss and the impact materiality of countries' pressures on / contributions to biodiversity. It is not designed as a rating but as a practical tool for sovereign risk analysis, policy engagement, and capital allocation aligned to nature-related financial products. It is inspired by the OECD's State–Pressure–Response Framework and is structured around three pillars:

1. State of Natural Capital: profiles a country's ecosystems, biodiversity, and species richness, as well as trends in land-use change, deforestation, and restoration opportunities.
2. Socio-economic Activities: examines exposure to nature-related risks through economic sectors with high dependencies and impacts, and the pressures arising from human activity.
3. Governance Response: evaluates sovereign ambition, institutional capacity, and policy effectiveness in addressing biodiversity loss and mobilising resources.

The next steps for the working group will be to update the model following the consultation period and to develop use cases such as country profiles to help financial institutions appropriate the tool.

Ocean Acidification – Close to Being Transgressed

Ocean acidification refers to the reduction of the pH of the ocean over an extended period primarily caused by an increase of CO_2 in the atmosphere. The ocean absorbs 30% of the CO_2 that is released into the atmosphere and as it is absorbed, a chemical reaction occurs resulting in an increasingly acidic ocean which hinders the ability of the sea to create structures such as coral reefs and shells, potentially impacting the entire ocean ecosystem and food system. Since the start of the industrial era, the ocean's surface pH has fallen by around 0.1 units, a 30-40% increase in acidity, pushing marine ecosystems beyond safe limits and degrading the oceans' ability to act as Earth's stabiliser[50]. In 2025, this planetary boundary has now been assessed as breached for the first time.

While ocean acidification is predominately a side effect of climate change, oceans protection as an issue crosses many planetary boundaries including not only ocean acidification, but also biosphere integrity, novel entities and biogeochemical flows. However, oceans themselves are rarely at the forefront of conversations around climate change and biodiversity loss due to the indirect nature of many corporate activities that impact oceans such as plastic pollution, chemical pollution and ocean acidification among others. Thus, we engage on ocean protection to not only address these indirect impacts but to also highlight the material risks we face if ocean protection is not sufficiently prioritized.

50. https://www.stockholmresilience.org/news--events/general-news/2025-09-24-seven-of-nine-planetary-boundaries-now-breached.html

2. Engaging on Ocean Protection

The ocean is essential to life on earth but faces significant threats due to human activities[51].

Ocean assets including ecosystem services are estimated to be worth $24 trillion annually according to WWF[52] with annual benefits estimated at $2.5 billion[53]. While these are simply estimates, the evidence is clear that many jobs, people, sectors and global economies are highly dependent on the oceans including industries such as fishing, tourism, and shipping. Coral reefs alone have been calculated to generate US $36 billion per year for the global tourism industry[54] and over 3 billion people globally rely on seafood as their primary animal protein source[55]. The food sector alone provides up to 237 million jobs which could be impact by biodiversity loss declines due to ocean acidification or other drivers biodiversity impacts. In addition, the ocean is also an essential player in the fight against climate change, with the ocean having absorbed about 90% of heat generated by rising GHG emissions[56]. As the ocean's ability to regulate climate change reaches its limit, other ocean linked sectors such as shipping, ports, and offshore energy could see heightened physical risks such as rising sea levels and extreme weather events[57].

Ocean health however is in a rapid state of decline, and this will have a cost on the global economy. Coral reefs play a key role in tourism as well as ensuring thriving fish stocks and erosion protection, and yet 50% of the world's coral reefs have already disappeared[58]. Furthermore, global fish stocks have declined by over 87% between 2003 and 2019[59] and over one-third of global first stocks are over exploited threatening not only biodiversity, but also food security. Furthermore, the UN estimates that over 400 million tons of pollutants are being dumped into the sea annually with evidence of this pollution being found in regions of the world from polar regions to the deepest ocean trenches[60].

These impacts to the oceans ultimately have a cost. Declining ocean health cans been estimated to cost more than $4 billion annually[61] and research indicates that around US$8.4 trillion of assets and revenues in ocean linked sectors, are at risk globally through 2036[62]. But conversely, ocean protection also presents a real opportunity to address global challenges. It is no secret that achieving 1.5-degree pathway is a challenge due to economics, technological limitations, and global sentiments. But according to a study commissioned by the High-Level Panel for a Sustainable Ocean Economy, it is estimated that ocean-based climate solutions could reduce global GHG emissions by up to 4 billion tons of CO_2e annually by 2030 and up to 11 billion by 2050. This is roughly equivalent to the emissions of all coal fired power plants globally.

Despite these material links and risks, oceans remain under threat and undervalued. Ocean is factored into the UN SDGS and into the Kunming Montreal Global Biodiversity Framework (GBF) ratified at COP15, however progress on achieving these goals is so far not promising. UN SDG 14: Life Below Water is shown to be alarmingly off track with 50% of its targets showing regression[63]. This SDG has been identified to be the least funded out of any SDG[64]. By 2030, $175 billion is needed per year to achieve SDG14 but between 2015-2019, only $10 billion in total was invested[65]. Furthermore, only 8% of the global high seas are currently report published in advance of COP16 highlighted that Target 3 of the GBF that aims to "ensure and enable that by 2030 at least 30% of coastal and marine

51. https://home.kpmg/cn/en/home/news-media/press-releases/2020/12/the-time-has-come-survey-of-sustainability-reporting.html
52. https://www.worldwildlife.org/pages/blue-finance#:~:text=The%20ocean%20or%20%22blue%22%20economy,US%242.5%20trillion%20a%20year
53. IPBES. "Methodological Assessment of the Diverse Values and Valuation of Nature of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services," Zenodo, 2022. https://doi.org/10.5281/zenodo.7687931.
54. https://www.oecd.org/environment/resources/biodiversity/G7-report-Biodiversity-Finance-and-the-Economic-and-Business-Case-for-Action.pdf
55. https://www.seafoodwatch.org/seafood-basics/the-state-of-seafood
56. https://www.un.org/en/climatechange/science/climate-issues/ocean-impacts
57. https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector.pdf
58. https://www.wwf.mg/?244950/Ocean-wealth-valued-at-US24-trillion-but-declining-fast
59. Long-term data show alarming decline of majority of fish species in a Lower Mekong basin fishery - ScienceDirect
60. https://worldoceanreview.com/en/wor-7/pollution-of-the-oceans/a-problem-of-immense-scale/
61. https://oceanpanel.org/the-oceans-importance/
62. WWF. Navigating Ocean Risk: 2021. WWF International, 2021. https://wwfafrica.awsassets.panda.org/downloads/navigatingocean-risk-2021.pdf.
63. https://www.un.org/en/desa/world-oceans-day-call-action-save-our-ocean
64. https://impact-investor.com/un-ocean-conference-sdg-14-still-most-underfunded/
65. https://www.weforum.org/publications/sdg14-financing-landscape-scan-tracking-funds-to-realize-sustainable-outcomes-for-the-ocean/

areas are conserved and managed" (also known as the 30x30 target) shows that at the current rate, this target will not be reached until 2107[66].

At the corporate level, inaction on ocean protection is also apparent. SDG14 on Ocean protection has been identified as the least prioritized by corporates [67]and out of all the public voluntary commitments made on ocean protection between 2017 and 2021, only roughly 7% are from the private sector[68]. This lack of action emphasizes the need to investors to drive awareness with investee companies on ocean risks to ensure improvement management and resilience.

However, some momentum is occurring. In 2025, the United Nations Oceans Conference took place in Nice, France which had the key goal of advancing negotiations and related to ocean protection including but not limited to the High Seas Treaty to fill regulatory gaps and create marine protected areas in the high seas beyond national jurisdiction to meet the 30x30 target. As of September 2025, the treaty was ratified by 60 countries and will take effect in early 2026[69]. In addition to establishing Marine Protected Areas, the treaty sets clear expectations for environmental impact assessments, transparency, and sustainability which will enable exposed corporates to have a stronger level of standardization on how to address ocean risks. Another key outcome of UNOC (and the associated Blue Economy Finance Forum in Monaco right before) came from unlocking new financial streams to support coastal resilience and sustainable blue economies, creating potential new opportunities for corporates to better manage impacts and capture ocean related opportunities.

Regardless the case for increased action on oceans remains. Investors represent a key opportunity to drive visibility around these subjects which remain poorly understood and addressed.

Highlight: Mobilizing All Actors to Conserve and Protect Oceans and UNOC and BEFF

In June, Amundi took part in the United Nations Ocean Conference in Nice (France), mobilising all actors to conserve and sustainably use the ocean, and in the Blue Economy and Finance Forum in Monaco.



Caroline Le Meaux, Global Head of ESG Research, Engagement and Voting at Amundi, contributed at both events to key discussions on the role of sustainable finance innovation to scale blue economy solutions, to reverse ocean degradation through efforts tackling plastic pollution or to better use science to enable ocean regeneration.

Here are the key highlights:

Awareness around ocean related risks remains low and there is a pressing need for immediate action by stakeholders including investors.

Scaling data solutions is essential to better understand ocean ecosystems and quantify impacts and associated risks.

Opportunities exist for investors to finance and scale solutions related to ocean preservation and restoration.

Through engagement, investors can also encourage companies to begin scaling pragmatic solutions to ocean impacts such as innovation across the plastic value chain to facilitate recyclability and circularity.

66. https://www.greenpeace.org/static/planet4-international-stateless/2024/10/b53a2f62-from-commitment-to-action-achieving-the-30x30-target-through-the-global-ocean-treaty.pdf?_gl=1*1ybktme*_up*MQ..*_ga*MjA5MDgyODk5OS4xNzM0OTY1ODk0*_ga_94MRTN8HG4*MTczNDk2NTg5My4xLjAuMTczNDk2NTg5My4wLjAuMTgzNzA4MDcxNQ..*_ga_0CCB1GTVV6*MTczNDk2NTg5My4xLjAuMTczNDk2NTg5My4wLjAuMA..*_ga_99CSX66YC1*MTczNDk2NTg5My4xLjAuMTczNDk2NTg5My4wLjAuMA.

https://for-the-ocean.org/wp-content/uploads/2024/10/Together-for-the-Ocean-Report-Exec-Summary.pdf

67. https://docs.wbcsd.org/2018/07/WBCSD_Business_and_the_SDGs.pdf

68. 116 out of the 1616 identified. https://www.respectocean.com/wp-content/uploads/2022/11/ocean-100.pdf

69. https://www.lemonde.fr/en/environment/article/2025/09/20/un-high-seas-treaty-ratified-by-60-countries-to-take-effect-in-early-2026_6745584_114.html

Amundi Actions

Amundi continues to ensure that ocean protection is sufficiently prioritized by corporates who are directly and indirectly exposed to ocean related risks. Amundi launched an engagement campaign in 2021.

The companies selected as candidates for ocean engagement are based on the following four factors:

1. Companies identified via the Ocean100 as having the largest direct impact on oceans globally
2. Companies in sectors with significant direct or indirect impacts on oceans where the topic of oceans is material though often less prioritized than other ESG subjects[70]
3. Companies with controversies that have either direct or indirect impacts on oceans
4. Companies identified as having exposure to deep sea mining exploration activities

60 issuers engaged in 2025 on oceans specifically

Issuer Evolution

While we can see some isolated examples of positive developments, overall awareness of the topic of ocean protection remains low, despite the push for increased action with the United Nations Ocean Conference in 2025. This is especially true for sectors where the impacts to oceans are indirect and the risks less acute. Companies with activities more directly related to ocean impacts do demonstrate a stronger understanding of the issue; however, we still see major gaps in strategy beyond basic recognition of the importance of oceans, as they generally lack robust strategies to address nature-related risks.

Fishing & Aquaculture	Assessment at start of engagement	Recommendations	Company Evolution in 2022- 2024	Status in 2025 and Next Steps
Company B **Sector:** Fishing & Aquaculture **Region:** Asia **Starting Year:** 2021 ↑	– The company is at the start of its work on sustainability, and in particular, oceans – Lack of supply chain transparency in regards to sourcing of raw material inputs	– KPIs on the percentage of Tier 2 and 3 suppliers that are traced – Expansion of the number, frequency, and quality of supplier audits including defining a fixed audit frequency – Time bound targets for increasing the percentage of ASC/MSC certified volumes – Introduction of a grievance mechanism for the supply chain – Publication of a strategy for reducing the use of WHO designated Critically Important Antimicrobials – Target for the percentage of recycled materials used in products – Strategy to monitor the prevalence of microplastics/plastic contaminants in fish	– No evolution identified, and company did not respond to our engagement requests despite doing so in 2021 **2024** – Company informed us that they do not have a fixed audit frequency and that audits occur every 2-5 years. We encouraged them to do so to better align with industry standard practice – Positive improvement on certification with a timebound target to achieve 100% certified products by 2030 with currently 50% being certified – For antibiotics they do not have a timebound target but they are developing processes to better address this, including the development of vaccines and only using critically important antibiotics in line with national guidelines. We will continue to encourage them to go further beyond national minimums to better align with WHO – They acknowledge challenges around microplastics and have initiatives to reduce plastic including a target set to reduce plastic by 30% by 2030 but nothing specific yet on microplastics	– Company increased the frequency of audits from every 5 years to every 2 to 4 years but still no KPIs on Tier 2/3 suppliers that are traced – Evidence of strong collaboration with sustainable seafood production and antibiotic reduction groups, which we see as a strong practice. – However, still no timebound targets to end the use of medically important antibiotics which we will follow-up on in 2026. – According to public reporting the company targets to have MSC- and other GSSI certified products account for 15% or more of product sales, including fishery and marine products, by end of 2031. In March 2025, the sustainable certified products sales ratio was 6%. *We consider the evolution so far positive and will continue to follow up in 2026.*

70. Such as hotels, waste management, chemicals, fashion, and mining

Fishing & Aquaculture	Assessment at start of engagement	Recommendations	Company Evolution in 2022- 2024	Status in 2025 and Next Steps
Company C **Sector:** Fishing & Aquaculture **Region:** Europe **Starting Year:** 2022 Direct and Collaborative Engagement with FAIRR (Amundi is co-lead) 	– Engagement primarily focused on fish feed with FAIRR – The company has conducted very little work so far on the biodiversity footprint of the feed basket	– Disclose a high-level ESG risk assessment on feed including marine ingredients and soy – Increase disclosure on: ➜ Absolute volumes of fish meal fish oil in feed (FMFO), including breakdown if sourced from whole fish or by products ➜ R&D spend and projects related to novel feed ingredients, including how current investments into alternative feed are expected to replace FMFO usage. ➜ Strategies to increase the use of trimmings and processing waste ➜ 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 ➜ Target to increase the use of alternative feed ingredients, as informed by the risk assessment ➜ Disclose FFDR (foraged fish dependency ratio) calculations – Disclose targets on novel feed ingredients – Timebound targets for ASC and MSC certification across the supply chain – new in 2025	– Amundi was co-leading collaborative engagement via FAIRR – A slight improvement but overall generally flat performance since last year – The company is yet to provide a clear strategy for reducing the biodiversity footprint of the feed basket – New targets set including achieving 100% deforestation-free supply chains, value chains, monitoring, verification, and evaluation system for traceability and surveillance monitoring **2024** – No evolution on KPIs	Engagement conducted collaboratively with FAIRR in 2025, Amundi was co-lead Establishment of a 2030 roadmap which set clear goals, New risk assessments on raw materials conducted including double materiality assessments for CSRD reporting. Assessments included the feed segment and freshwater use Continued work on novel ingredients, they have ramped up algae from 2 to 4 producers and continued work to increase use of trimmings (which also supports their climate strategy as the emissions are low) However, still no specific targets on novel feed and novel ingredients and clear disclosure on R&D spent/ FMFO volumes. *Some evolution on novel ingredients and feed but overall still lacking clear and ambitious targets so we will continue the engagements. Overall momentum is positive but we keep the engagement open and will continue in 2026.*

Mining & Metals	Assessment at start of engagement	Recommendations	Company Evolution in 2022- 2024	Status in 2025 and Next Steps
Company C **Sector:** Mining & Metals **Region:** North America **Starting Year:** 2022 	– Company uses riverine tailings storage disposal method (a method know to be more damaging to the environment) as the mine is in an area with high seismic activity and other options are not considered safe and viable possibilities – Company has robust reporting on their monitoring of actual and potential impacts of their tailings disposal method for land-based impacts but nothing on ocean impacts where the tailings waste ultimately ends up Due to this tailings method disposal, the company was flagged in our biodiversity policy in 2023, though engagements had started the previous year	– Develop ocean strategy within overall biodiversity strategy to account for ocean-based impacts – Increase evidence around verifying stakeholder claims concerning ocean preservation claims such as KPIs and NGO/third party account	– In 2022 the company confirmed that they were conducting a lot of work on ocean impacts and that the mine was in an area with some of the most sedimentation in the world meaning impacts from tailings sedimentation were limited – Company also maintained that they go above government minimum standards on how much sedimentation was allowed in their disposals to maximize environmental protection. However details on this were not public, something we encouraged – In 2023, the company publicly wrote about how they are remediating and managing ocean impacts including the fact that studies have shown only slightly higher than normal sedimentation and that impacts were reversible **2024** No major development around third-party verification of their ocean reporting. No significant developments regarding their nature strategy to measure/baseline no net loss for existing sites such as the one that uses riverine tailings in an environmentally sensitive region	No specific updates on the impact management in regards to oceans but company states they continue to study ocean impacts of sedimentation in the area of deposit. The company maintains that their studies show limited negative impacts and some positive impacts (sediment into coastal bodies has proven suitable for colonization of indigenous plants in the region such as mangroves). Rivers, oceans, and coastal health identified as a key priority pillar within their social investment strategy that they worked on with a local third party to identify needs and programs. Company does report volumes of water (both high quality and low quality) discharged into sea, ocean, or estuaries. *We will continue to engage but do not think escalation is mandatory at this time as they demonstrate more robust management than peers in the region. However, due to heightened risks around the practices, the company remains flagged in our Natural Capital Policy with an override on the biodiversity criterion.*

Shipping	Assessment at start of engagement	Recommendations	Company Evolution in 2022- 2024	Status in 2025 and Next Steps
Company E **Sector:** Shipping **Region:** Europe **Starting Year:** 2022 	– Strong NOx and SOx strategy – The company reports on containers lost at sea and strives to address the root causes of these losses – The company also reports on hydrocarbon spills on a yearly basis and is working towards setting targets – The company discloses its progress towards the installation of Ballast Water Treatment Systems to avoid the spread of invasive species on its vessels – However, the company was contemplating starting deep sea mining which is a threat to the marine ecosystem - though no official permits were issued	– Publish their stance on Arctic routes – Expand perimeter of spill reporting to include chemical releases – Stop contemplating Deep See Mining. Amundi sent a voting alert on this issue before the company's AGM (March 2023) and voted against the discharge of directors and the re-election of relevant directors – Further refine biodiversity strategy to report on impacts and dependencies, including ocean specific impacts including noise, light, invasive species, and other related indicators	– In May 2023 the company dropped deep sea mining – Improved methodologies to measure air emissions – Engaged with various groups to better refine their understanding of negative and positive impacts on nature with a public aspiration to align with science-based targets once a universal standard is better defined – No updates on their stance around Arctic routes **2024** – Explicit commitment to not utilize Arctic routes for the company's vessels due to known impacts on the ecosystem (such as heavy fuel oil in shipping producing black carbon pollution that accelerates arctic ice melt as well as underwater noise pollution and break-up of the remaining ice) – No other evolution noted, such as increased reporting on ocean related KPIs or improvements in nature reporting	In addition to reporting on hydrocarbon spills, containers lost at sea, operational and air pollutants (SOx, NOx, NMVOCs, CO, PM10, PM2.5, and black carbon), The company collects weather and climate data and actively engage on emerging topics such as underwater radiated noise. We see this as a positive point in evolution towards our asks though it is not yet formalize din reporting. The company does not intend to report on its oceans impacts following the framework of the Taskforce on Nature-Related Financial Disclosures for 2025. But it it is already conducting a LEAP assessment to identify current gaps and potentially prepare for future reporting under the TNFD framework. *Going forward in 2026 will keep encouraging the company to continue to strengthen the management of its impacts and encourage it to use the TNFD framework with a particular emphasize on ocean impacts (its material impacts compared to land based). However overall we assess the momentum as positive.*
Company F **Sector:** Shipping **Region:** Asia **Starting Year:** 2023 	– The company had a good strategy for the reduction of NOx and SOx emissions based on the International Maritime Organisation standards and aims to reduce air pollution with the installation of SOx scrubbers and increased consumption of low-sulphur fuels – Clear strategy to minimise the use of hazardous materials – Pledge not to use Arctic shipping routes – Installation of Ballast Water Treatment Systems to avoid the spread of invasive species on all vessels – Whale conservation programmes – Participation in the Ship Recycling Transparency Initiative	– Report on all hydrocarbon spills in a quantitative way that allows for year-on-year comparison of performance ➜ We believed that the company's strategy to avoid spills was not sufficiently ambitious so we recommended the use of advanced ship main engines and a vessel fleet replacement program – Report on containers lost at sea – Recommended more ocean-related KPIs on key drivers such as pollution streams, and wildlife collisions, noise, etc. –new for 2024	– No evolution identified so recommendations remain the same **2024** – The company still does not report on spills in a quantitative way that allows for year-on-year comparison and track record. There have been no positive developments around shipping containers lost at sea or other ocean related KPIs (pollution streams, wildlife collisions, noise, etc.) – However, we note that the company reported no major environmental impact over the past few years	~ After highlighting that no spill occurred during the year under review the company told us that it would consider publishing a track record on spills. ~ The company does report on TNFD but we have encouraged it to develop quantitative nature related and move beyond high level commitments to more measurable outcomes especially in line with key impact drivers such as pollution, wildlife collisions, noise, etc. *So far overall momentum is neutral but the company is showing some positive interest in improvement so we will continue the engagement in 2026.*

Next Steps

Amundi will continue its work on oceans by focusing on the sectors that have a strong impact on ocean health as well as the key drivers of ocean degradation. These include plastic, pollution, and other activities that negatively impact oceans; for example, those flagged via controversy monitoring or in our biodiversity policy. Overall, while we are seeing evidence that companies are increasingly aware of the importance of ocean preservation, they have a long way to go to translate that awareness into meaningful action.

The United Nations Ocean Conference in 2025, helped support the growing efforts of the business and financial community to address ocean impacts and mitigate risks, however Amundi has observed that these efforts remain limited to a largely narrow group of concerned stakeholders, companies, and investors. At UNOC in June 2025, UN Under-Secretary-General Li Junhua argued that "the time for incremental progress is over." He also argued that billions - not millions – in investment was required, along with binding commitments that can "survive political transitions and economic pressures." Within this context, ocean engagements with corporates remain more important than ever. While we wait for countries to translate the High Seas Treaty, the creation of Marine protected areas, and the scaling of Blue Financing, it remains essential that we continue to drive momentum and ambition across our investee companies to take action where they can.

Case study 16: Engaging with A Company Exposed to Deep Sea Mining

Deep sea mining, or the process of retrieving mineral deposits from the deep seabed in the ocean below 200m[71] is an increasingly visible subject within the investor community and within the conversation of ocean protection as a whole.

Deep-sea mining remains a subject at unique crossroads in this decade. On one hand the activity is presented as a potential source of critical minerals such as nickel, cobalt, and manganese, which are needed for batteries, electrification, and other low-carbon technologies[72]. Terrestrial mines are often associated with geopolitical tensions, environmental impacts, high rates of community descent with ore supply limited to a handful of dominant countries and companies. Many major countries (notably China and the United States) have a high interest in deep sea mining for strategic materials security in the long term.

At the same time, the practice remains a highly controversial activity from an environmental perspective. Scientific understanding of deep-sea ecosystems is still limited, and there is significant uncertainty regarding the scale and reversibility of impacts on biodiversity, seabed habitats, and ocean carbon storage. Even exploratory activities can generate sediment plumes, disturb fragile ecosystems, and affect species and ecological functions that may take decades to recover—if recovery is possible at all[73]. While the extent of the impacts remain largely unknown, so far studies suggest a far greater surface area would need to be disturbed compared to land based mining with one study on nickel suggesting up to 2,000x times more area compared to land based nickel mining.

This creates a complex sustainability paradox. On one hand, the energy transition is increasing demand for critical minerals; on the other, the potential environmental costs of accessing these resources through deep-sea mining could be substantial, far reaching, irreversible, and difficult to fully assess in advance. Due to the high number of scientific unknows the practice widely considered to be in violation of the 'precautionary principle'[74].

For investors, this translates into material environmental, regulatory, and reputational risks, particularly in the absence of a finalized international regulatory framework and broadly agreed scientific standards. Over 40 countries have committed to a deep sea mining moratorium[75] including France,

71. https://iucn.org/resources/issues-brief/deep-sea-mining#:~:text=Deep%2Dsea%20mining%20is%20the,habitats%20and%20wipe%20out%20species.
72. https://www.weforum.org/stories/2025/09/deep-sea-mining-critical-minerals/
73. https://www.weforum.org/stories/2025/09/deep-sea-mining-critical-minerals/
74. https://www.europarl.europa.eu/thinktank/en/document/EPRS_IDA(2015)573876
75. https://deep-sea-conservation.org/solutions/no-deep-sea-mining/

UK, Brazil, and Canada until standards are finalized and the risks full explored[76]. On the investment risk, the up front capex and opex for deep sea mining is incredibly high (estimated at upwards of +$5 billion)[77] for a practice that is so far not supported by many major governments. Furthermore, the metals and minerals market is subject to fluctuating and often volatile commodity prices based on market demand, making estimated revenues highly unpredictable[78].

In 2023, Amundi initiated an engagement with a global marine engineering and offshore infrastructure group that has exposure to deep-sea mining exploration through one of its subsidiaries. The company operates across dredging, offshore energy, and marine environmental services, and positions itself as a contributor to infrastructure and energy-transition projects. However, its involvement in seabed mineral exploration was flagged by Amundi as it's a topic within Amundi's Natural Capital policy due to the potential environmental risks associated with deep-sea mining.

Amundi Actions: Amundi identified the company's exposure to deep-sea mining as a high-risk issue and was subsequently flagged in our policy in 2023 with engagement commencing the same year. Our objectives for the company were as follows.

Key Objectives:

- Encouraging the company to refrain from entering commercial deep-sea mining activities until internationally agreed scientific and regulatory safeguards are in place, as is outlined in the global support for a deep sea mining moratorium which currently 40 nations have supported
- Encourage greater transparency on how environmental and biodiversity risks are assessed and managed throughout their deep-sea mining exploration activities including their ongoing efforts to help quantify the risks which are still largely unknown and unstudied

Momentum & Outcomes: Over the past few years, the engagement has led to interesting and constructive dialogue that has underlined the complexity of the issue in modern times.

The company acknowledged investor concerns and provided some reassurance around its approach. In our 2025 dialogue they maintained that they were not in support of a 'total moratorium' which pauses the industry (potentially forever), however the company emphasized its support for the a science-based regulatory framework through the International Seabed Authority (ISA) and continued to stress the importance of internationally agreed upon rules. They provided similar assurances in past dialogues as well with the company indicating in 2024 that they would not devote additional financing until standards were approved. While not an explicit commitment to refrain we find their approach quite positive, especially compared to peers who either do not indicate any support for standards or have demonstrated a willingness to circumvent the United Nations approved body in charge of managing international waters (ISA).

In regards to our second objective, while the practice is not specific discussed in their annual sustainability disclosures, the company highlighted to us ongoing collaboration with independent scientific institutions for the environmental monitoring of their exploratory activities. In 2024, the company indicated that a mix of third party European scientists as well as other stakeholders were working jointly with the company while it undergoes its exploratory activities to collect data on the actual environmental impacts. They also noted that their specific machinery is designed to limit the surface area of the impacts (a slight disturbance to the dust on the sea floor within a few meters with machines that do not even touch the floor).

Although engagement remains open and the company continues to reference scientific collaboration and regulatory alignment, it has not clearly signaled a willingness to adopt the precautionary approach recommended by Amundi. As a result, despite ongoing dialogue, the engagement has not yet translated into concrete commitments or improved public disclosure. Overall, momentum is therefore assessed as neutral at this stage. While we are impressed by their efforts, limited reporting is currently released to the public as proof points to support this, something we will continue to encourage throughout this engagement so investors and other stakeholders can have better transparency.

76. https://deep-sea-conservation.org/solutions/no-deep-sea-mining/
77. https://www.adlittle.com/en/insights/viewpoints/seabed-mining-20-trillion-opportunity
78. https://www.adlittle.com/en/insights/viewpoints/seabed-mining-20-trillion-opportunity

Next Steps: Given the significant and still largely unquantifiable environmental risks associated with deep-sea mining, the company will remain flagged in Amundi's Biodiversity & Ecosystem Services Policy with a score cap on the biodiversity & pollution criterion to reflect the risks.

We do however appreciate the company's willingness to dialogue on the subject and discuss their evolving efforts in a highly evolving and largely dynamic. We look forward to continuing the dialogue as the situation evolves.

Freshwater change

This boundary relates to modifications to the earth's freshwater systems and water cycle. It is divided into two groups: blue water (surface and ground water) and green water (root zone soil moisture or plant available water). Green water directly accounts for hydrological water cycles and blue water is more focused on aquatic ecosystem integrity. Transgressions of these two water boundaries occurred over a century ago and there continues to be substantial transgressions of this boundary.

This boundary leads to risks around freshwater availabilities and declining water tables. These risks are compounded by physical risks linked to surpassing other planetary boundaries such as climate change and a loss of biodiversity integrity.

3. Engaging on Water

Context

Water underpins the survival of all living things on this planet. However, supply of unpolluted freshwater is increasingly scarce. Globally, demand for water has doubled since 1960, due to increased water demand from population growth, urbanization, and industries including agriculture, livestock, and manufacturing. The economic value annually of fresh water annually has been estimated to be approximately $58 trillion which is roughly equivalent to 50% of the global GDP[79]. Poor investment into water infrastructure, unsustainable water use and increased variability in precipitation patterns due to climate change and biodiversity loss are adversely impacting the supply of freshwater to meet growing needs[80]. According to the UN, global freshwater demand will exceed supply by 40% by 2030 based on current trajectories[81]. And according to the World Bank, at least 1.4 billion people have been affected by droughts and 1.6 billion by floods between 2000 and 2019[82]. Furthermore, Goal 6 of the UN SDGs[83] (Clean Water and Sanitation) which is focused on promoting access to clean water and sanitation for all, requires a fourfold increase in progress is required if it is to be reached by 2030 according to the WHO[84].

This translates into direct risks for corporates. Water resilience is an essential topic within physical risk adaption and resilience with 90% of disasters being water-related according to the OECD[85]. The value of water-related economic risks is estimated to be equivalent to 7 to 9% of Global GDP, among

79. https://www.worldwildlife.org/press-releases/water-crisis-threatens-58-trillion-in-economic-value-food-security-and-sustainability#:~:text=By%202050%2C%20around%2046%25%20of,investment%20in%20sustainable%20water%20infrastructure.
80. https://www.wri.org/insights/highest-water-stressed-countries
81. https://www.weforum.org/agenda/2023/03/global-freshwater-demand-will-exceed-supply-40-by-2030-experts-warn/
82. https://www.undrr.org/implementing-sendai-framework/sendai-framework-action/water-risks-and-resilience
83. Sustainable Development Goals
84. https://www.unwater.org/sites/default/files/app/uploads/2021/12/SDG-6-Summary-Progress-Update-2021_Version-July-2021a.pdf
85. https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/10/embedding-water-related-risks-in-financial-stability-frameworks_ea8c0bd8/ee1757f9-en.pdf

the highest amongst other ecosystem services[86]. According to CDP, water risks could substantially impact the businesses of 69% of listed equites, potentially compromising up to $225 billion in value[87]. Companies from all sectors require water as part of production and processing stages. For corporates operating in areas of high-water risk, water shortages can lead to disruptions in operations, higher costs of production, conflicts with local communities, and fines/work stoppages imposed by authorities which ultimately increases costs for corporates. These risks are not merely theoretical. Many regions are already facing severe water stress issues and are forcing changes to corporate water usage that will have cost for companies if they are not prepared. For example, the Chilean government mandated in 2022 that mining companies should cut their freshwater use to 10% of their total water use by 2030 and 5% by 2040[88]. Also, in Mexico that same year, the president called for an end to beverage production growth in the drought stricken north, encouraging companies to move their production to the southern part of the country[89].

To address these hurdles and mitigate the associated financial costs, companies can begin to more proactively address the risk. According to CDP, waters risks to businesses might be up to five times greater than the cost to these companies of investing now to prevent these risks.

At Amundi, we view companies to be at the heart of both the challenge and the solution to water management. Companies have the potential to act now on water to limit the regulatory, financial, or operational risks they may face. In doing this, companies may even be able to improve management of entire watersheds, benefiting ecosystems and society.

Amundi Actions

In 2025, we engaged with 185 companies across a wide range of sectors with our engagements notably focusing on companies with activities that have a critical impact on water resources and present insufficient risk management or controversies.

185 issuers engaged on water in 2025

Took escalatory actions against 1 company for water related concerns during the 2025 AGM Season

Engagement Objectives

In regards, to our dedicated water engagement strategy. The aim of the engagement is to:

1. Raise awareness and encourage concrete ambition around water stewardship
2. Incite action to tackle water scarcity and pollution challenges across sectors and geographies

86. Ranger et al., 2023 from https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/10/embedding-water-related-risks-in-financial-stability-frameworks_ea8c0bd8/ee1757f9-en.pdf
87. https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/321/original/High_and_Dry_Report_Final.pdf?1651652748
88. https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/chilean-lithium-miners-to-use-desalinated-water-to-quell-water-use-concerns-73789017
89. https://www.thedrinksbusiness.com/2022/08/mexican-president-calls-for-ending-beer-production/

Momentum & Outcomes

Momentum from selection companies from the engagement can be seen in the table below.

Macro Sector	Assessment at start of engagement	Recommendations	Evolution in past few years	Status in 2025 and Next Steps
Company B **Sector:** Food Products **Region:** Latin America **Starting Year:** 2023 	– Some Existing understanding of water related risks but reporting on operational exposure and actions remained vague and limited. but reporting was limited. – Reported intention to begin using the WRI Aqueduct tool to analyze water stress at sites – Target to achieve 20% reduction by 2030 (2019 baseline) and ambition to have "zero waste of water" – Some KPIs reported but overall company lacked evidence of a comprehensive strategy on water with a particular focus on high risk areas	– Develop more granular KPIs that measure the successes, risks, and challenges related to water management. – Ensure that water is incorporated into the strategic sustainability review and digital transformation programme that the company is planning. – Develop an action plan to provide stakeholders with key actions to achieve their water reduction goals	**2023** – There has been evidence of the digital transformation plan leading to more concrete ESG related KPIs, of which water is one of the topics that has been a focus, albeit there is more work to be done. **2024** – We note that the company has made efforts to introduce specific water reuse and total consumption reduction targets as part of their sustainability and digital transformation reviews including a target to have 100% reuse of treated water by 2025 (93% achieved as of 2023) Company updated water risk analysis and identified 84 manufacturing sites with high to extremely high water stress levels based on the WRI Aqueduct tool as a result of this they implemented a series of mitigation actions including analysis of activities/equipment with highest consumption rates, capture water from alternative sources, ultrafiltration treatment systems and efforts to improve availability of water in local communities. However this has not yet been translated into a concrete action plan to achieve targets	Company now identifies 101 sites to be in areas of extremely high- and high-water stress. The company is actively exploring the avenue of zero water used for cleaning methods which they have identified as the largest part of their water use (and wastage). These methods include the use of dry steaming and introducing certain chemicals. – We continue to push for more concrete action plans detailing the steps that will be taken over the coming years. The company has informed us that they are exploring this option. We do however see an increase in reporting on kpis across operations with, for example, 25 ultra filtration systems installed, and 204 bakeries now connected to a water management system. However, a more forward-looking action plan across all high risks sites is still required. – We will maintain this dialogue with the company in 2026, with a particular focus on KPI measurements, forward looking strategy roadmap, and the implementation plan of zero wastewater and zero water use cleaning methods.

Company C **Sector:** Mining & Metals **Region:** Asia **Starting Year:** 2022 	– Some reporting on water activities but primarily anecdotal – Expressed commitment to increase recycling and reuse of water but no specific target – Do not report with CDP water	– Report with CDP Water – Improve perimeter of water reporting including asset level data – Set water targets to increase recycling and reuse rates – Set more ambitious water target for global operations – Site level water targets	– The company Reported to CDP Water in 2022 with asset level reporting of water (post engagement) – The company has a water target for intensity by 2030 but it is global and not site level. We also question the level of ambition of the target **2024** – The company admitted they have reached the maximum limits possible with their targets on water without new technologies which do not yet exist. Most of their water is used for cooling and they are talking to researchers to find solutions	No specific evolution in 2025 including site level targets. They do report on water for various business lines but not at a site level. Company continues to emphasize that the lack of solutions limits their ability to further address water risks. They mentioned they are still working with various institutions to study the problem and try and find solutions (including Columbia). However, details on these efforts remain undisclosed (a point that we encouraged them to report more on in 2025). The company acknowledged this ask and said they were trying to make it more public. *Due to the lack of progress after 3 years we will close this engagement as we are unlikely to see any concrete improvements due to the technological limitations they are citing. As the challenges the company is facing are industry wide in addition to the fact that they do not have water related controversies, we do not think escalation is necessary at this time.*
Company D **Sector:** Fashion **Region:** Asia **Starting Year:** 2023 	– Water is a chronic risk and material subject for garment production. Despite the company supply chain's exposure to water risks, the company had not started developing their water strategy – Company did not report with CDP water but did report with CDP climate – No reporting on water consumption in supply chain (tier 1 or core suppliers) – No water targets	– Report with CDP Water – Begin collecting water data in supply chain – Set water targets for the supply chain – Encouraged the company to become more proactive on water by starting to collect data from at least their core suppliers so that they could slowly build up the data and capacities to eventually set targets or reduction strategies	– In 2024, we saw very little evolution from the company. – They mentioned that it is their second year for CDP climate and they are open to doing CDP Forest and CDP Water one day, but they have limited resources and do not have the capacity at the moment. – The company did mention they are actively working on collecting water data and hope to have more on the subject in the next few years	– We saw little evolution from the company. They mentioned that they still have limited resources and do not have the capacity to report with CDP Water – The company mentioned they are still working on collecting more advanced water data on self-operating facilities and hope to have more on the subject in the next few years – The company is planning to establish a water resource management system to achieve efficient use of water resources – While the company made little progress on water, they did make improvements in chemical safety which is linked to water management. They notably joined the Zero Discharge of Hazardous Chemicals (ZDHC) Initiative, which leads the fashion industry to eliminate harmful chemicals from its global supply chain. – The company also disclosed a chemical safety technical specification policy. *We will follow up next year to encourage them to accelerate their management of water risks*

In 2025, the scale and severity of water scarcity risks continue to be insufficiently covered by business resilience planning or sustainability strategies. Water pollution is an overlooked issue across most sectors and often associated with very poor disclosure. The end goal is for companies to have time-bound, quantitative targets to reduce water use in their operations and to submit, annually, to the CDP Water Framework. For companies in the engagement pool that are lagging, we shall continue to engage with them and encourage better performance. However, some sectors and companies – technology, beverages and mining in particular – are making headway and can demonstrate some examples of "best practice" related to target setting and the publication of specific and relevant KPIs.

Next Steps and Amundi Perspective of Engagement

Going forward, we will continue to encourage better integration of water stewardship risks alongside other important goals, such as climate change and biodiversity. In addition to specifically engaging on water, as we evolve our approach on water stewardship we will ensure it is integrated into our physical risk and resilience engagements more broadly to ensure water related aspects are sufficiently prioritized. Finally, across all sectors and companies, we hope for water pollution risks will be better addressed in the long run via more water discharge KPIs and higher standards.

Case study 17: Engaging on Water management with a North-American Beverage Company

Context: In 2022, AMUNDI initiated an engagement discussion with a major North American beverage company that has significant exposure to water-related controversies. As a beverage producer, the company has a high reliance on water and has many global production facilities in regions exposed to severe water scarcity including Mexico, India, and Australia. In these areas, the company has ongoing conflicts with local communities over its groundwater usage and water exploitation agreements, particularly in regions affected by climate change, decreasing rainfall, and other physical risks that impact water availability. In Latin america for example, the company has faced criticism for allegedly overexploiting local water resources with local communities being subjected to stricter water conservation measures by authorities, than companies including this one.

The company has some ambitious efforts in place including a timebound target of replenishing 100% (or more) of the water used in all priority locations by 2030. The company also stated its commitment to improving the water table health around facilities identified as the most critical. However, we have found that the company still has gaps in management of water risks. For this reason, the company was identified as an engagement candidate on water-related issues in 2022.

Amundi Actions: Amundi's engagement with the company focuses on water management practices including its existing efforts around water replenishment but also around its efforts to reduce water risks at the operational level. More specifically, we requested the following KPIs:

Engagement objectives:

- Request disclosure of the volume of water extracted at assets in particular for regions facing water scarcity, where the company has been accused of excessive water withdrawal or for assets that they identify as critical
- Asked for the inclusion of water-related KPIs in executive and board remuneration
- Encourage the company to consider relocating beverage production for certain plants to areas of lower water stress
- Encourage the company to consider a total water consumption/use reduction target

Momentum & Outcomes: Engaging with the company proved challenging as the company appears to be happy with current initiatives, does not seem inclined to go further but also is already operating close to maximum efficiency for water, per our own assessment.

To summarise, we see the following continued gaps in their water management strategy:

- Lack of transparency and granularity at the asset level, particularly for high-risk facilities. No improvements have been observed, although the company has reported they are working on this.
- The company has not provided sufficient details on how it plans to balance long-term business growth in high-risk regions with increasing water stress.
- No indication of plans to relocate operations from high water-stress areas to regions in the same country (such as Mexico) with lower water scarcity.

This objective was for the company to introduce more KPIs and information about how they monitor water stress in sensitive areas. In 2025, we were informed that this is something the company is working on and hope to share publicly over the next 12 to 24 months. We will continue to work with the company to ensure that this happens.

Regarding our request for the company to include water related KPIs in executive and board remuneration, the sustainability team was able to share with Amundi that this is something that occurs, albeit the specifics of the KPIs and where they are applied is not public. We are pleased to see that these KPIs are used, but will continue to encourage if possible an increase public disclosure associated with it.

On our final engagement objective where we are seeking for the company to consider introducing a total water consumption/use reduction target, the company seems reluctant to do so. The company maintains the case that they have one of the most efficient water use ratios in the industry (close to 1.2 on average), and but it is not a hard target. In addition, even with a robust efficency ratio, consumption will continue to increase as the business continues to grow, even if they maintain their operational efficiency level. In line with our own industry research, we concur that the company's current water efficiency ratio is robust, nevertheless, we will continue to maintain this discussion with the company because performance could easily slip on water efficiency levels without a specific target, and on absolute consumption, we still think this is needed for high risk regions, where efficiency is at its maximum, risks are high, but water use rates will continue to increase.

Next Steps: We will continue encouraging the company to do more on water, especially at an operational level. This will help them ensure strong resilience towards growing water risks in the region which are becoming more acute with climate change. We did so by highlighting for example the case, where the National Assembly for Water and Life directly accused the company of contributing to water shortages and that persistent allegations continue implying that there could be gaps in their effectiveness in managing water risks and addressing stakeholder grievances. Operationally, we see huge potential risks for the company, and industry, in the event that certain sites around the world become unsuitable for beverage production due to water scarcity.

To reflect these risks, we plan to maintain the company's internal score cap on water management on the company's internal ESG Score to reflect these risks. In addition, in 2025, Amundi voted against 3 board members due to other nature-related concerns. However, going forward additional escalatory voting actions regarding water risks could be considered. Amundi will continue engagement next year to further discuss the points described above. While we do know the company is doing many things to manage these risks notably through their timebound replenishment targets, we aim to encourage the company to become more transparent in its efforts at an operational and asset level, in particular, for high risk regions and a strategic approach to a future water stressed world.

Case study 18: Engaging with a North-American Consumer Services Company with the Valuing Water Finance Initiative

Context: The Valuing Water Finance Initiative (VWFI) was launched by Ceres in 2022 and is the first investor group of its kind and it seeks to engage 72 companies that have high water footprints from a range of sectors to drive wide scale improvements in water system management.

The ultimate long term vision from Ceres is that this program will help companies towards their vision statement that:

"Companies will recognize fresh water as the world's most precious natural resource, essential to whole industries and all communities and ecosystems. By sustainably managing water use, eliminating point and nonpoint pollution, taking collective action, adopting good governance practices, and supporting the human right to water, companies will achieve sustainable water management."

– CERES 2023

Amundi continues to play a role in this investor-led effort as co-lead for one north-American multinational fast-food company which started in 2023. Given the company's extensive and complex supply chain, discussions have so far centered around how the company is expanding and improving their water stewardship policies and practices, which were predominantly focused on direct operations rather than supply chain at time of the start of the engagement.

Amundi Actions: Amundi continued its engagement dialogue with the company in 2025 and maintained the same KPIs.

Key objectives for our engagement were as follows:

- Development of supply chain level targets that leverage the learnings from the company's biennial water risk assessment
- Setting time-bound, science or contextual targets, and/or policies to address impacts on water quality from point and nonpoint sources across the value chain
- Demonstrate recognition of the human right to water in corporate policies via clear action on WASH, for example.

Engagement Outcomes and Issuer Momentum: In 2023, the company already has some positive policies in place relating to water stewardship such as conducting water risk assessments for some high-risk locations for certain commodities like chicken, beef, and dairy. They also set water reduction targets for withdrawals and consumption in direct operations. However, in 2024, there was no concrete progress as they were continuing to finish up the assurance process for their water assessments so they were not able to disclose much yet.

In 2025, we witnessed some progress including increased oversight at the board level and plans to increase water disclosure under voluntary frameworks. Nature including water is discussed more frequently at the board, a pivot which was in part due to CSRD requirements. They are continuing to work on gap assessments including water, with WRI water risk assessments being updated every 2-3 years. Based on the last risk assessment, two-thirds of their direct facilities and supplier facilities are in low risk regions. They are using these findings to ensure they are not exacerbating risks in the remaining one third that are considered to have water challenges. For suppliers they have identified that scarcity is mostly focused on their beef, chicken, corn, and bean supply chains. The most significant challenges they are currently facing on water is in relation to these supply chains as they are struggling to get suppliers on board with aligned risk mitigation and water adaptation strategies/targets. They also struggle with this on climate but we appreciate that they are engaging their suppliers on both which are highly interconnected.

On targets, their targets expire in 2025, and we have had no indication of what the new targets will be, if any. We have encouraged them to introduce new ambitious targets. The company was open to doing this but did also note, that there were many material risks and conflicting objectives so they so far cannot say if they will have any and what they will look like.

Next Steps: The company has remained very open and receptive to our feedback within year 3 of the collaborative engagement. In particular they were open to our feedback on how to better encourage suppliers to improve their water performance. This support is something we aim to focus on in 2026 (such as highlighting best practices identified to the company). We look forward to continuing the dialogue in 2026 and will aim to ensure that setting water targets for their supply chain remains a priority for the company within the context of their next set of environmental targets.

Land System Change

Land system change is a planetary boundary of particularly high importance as the conservation of natural lands plays in ensuring that the Earth remains within safe operating bounds of more than one boundary due to its overlaps with climate change and biosphere integrity. According to scientists we must retain 85% of tropical and boreal forests and 50% of temperate forests (total intact forest compared to total area of natural vegetation) to remain within this safe boundary. Falling below these thresholds puts society at risk due to the key services that forests provide such as CO_2 absorption, hydrological cycle maintenance, erosion prevention and biodiversity maintenance among other key services. According to research, we have far surpassed this boundary with more than 420 million hectares of forests disappearing in the last three decades- an area larger than the entire European Union[90]. The impact of this deforestation is already being observed. For example, rainfall in the Amazon decreases as forest loss exceeds a specific threshold[91] which could impose massive productivity losses worth up to U$1 billion annually on the region's agricultural industry in the medium to long term[92], making deforestation risks a paramount issue.

4. Engaging on Deforestation

Over the past three decades, there has been a significant loss of forested regions worldwide despite the fact that forest provide substantial direct and indirect benefits. Forests themselves are a direct source of livelihood and income globally with the FAO estimating that that forest industries contribute more than US$ 450 billion to national incomes, contributing a notable share of global GDP; up to 7% of the manufacturing GDP of the EU alone. It is estimated that forest industries provide formal employment to approximately 1% of the global labor force (ILO 2022[93] Indirectly, forests play a crucial role in mitigating climate change by acting as carbon sinks that absorb and store carbon dioxide from the atmosphere. This process, known as forest carbon stock capacity, is essential for regulating the Earth's climate and maintaining ecological balance by reducing greenhouse gas concentrations. For example, according to one study, tropical forests offer one of the largest opportunities to cost-effectively address near-term emissions[94] Forests also play a key role indirectly in agricultural productivity with the implications of deforestation are already being observed in regards to food security and long term economic growth[95]. More specifically, deforestation has negative impacts notably on agriculture production, rainfall, and temperature increases in addition to direct losses in forest habits[96]. Thus, beyond forest based industries, there is significant value in keeping

90. https://www.euronews.com/green/2023/11/04/finland-ireland-france-which-european-countries-have-the-most-and-least-forests
91. Research is ongoing and threshold is still being studied https://www.nature.com/articles/s41467-021-22840-7
92. Leite-Filho, A.T., Soares-Filho, B.S., Davis, J.L. et al. Deforestation reduces rainfall and agricultural revenues in the Brazilian Amazon. Nat Commun 12, 2591 (2021). https://doi.org/10.1038/s41467-021-22840-7 from https://www.nature.com/articles/s41467-021-22840-7.pdf
93. https://ilostat.ilo.org/forest-sector-employs-33-million-around-the-world-according-to-new-global-estimates/
94. Lubowski & Rose 2013. https://www.cambridge.org/core/journals/global-sustainability/article/economic-value-of-tropical-forests-in-meeting-global-climate-stabilization-goals/5B4CBE658796B9B97B488CE792EDA946
95. Yurtkuran, S. (2021). The Effect Of Agriculture, Renewable Energy Production, And Globalization On Co2 Emissions In Turkey: A Bootstrap Ardl Approach. Renewable Energy, 171, 1236–1245. https://Doi.Org/ 10.1016/J.Renene.2021.03.009.
96. Dhakane, A, A., Osman, M, F., Afrah, A, N., Ahmed, O, A., The Effect of Deforestation on Agriculture Production. IOSR Journal of Agriculture and Veterinary Science.2024. DOI: 10.9790/2380-1706014549. P 45-49.

forests in tact. Studies on the Amazon rainforest alone estimate that the annual economic benefit of conserving the rainforest (local sustainable industries, climate mitigation, and hydrological services) is approximately $8.2 billion per year[97]. More specifically, according to another study, (Leite-Filho et al, 2021), rainfall in the Amazon decreases as forest loss exceeds a specific threshold[98] which could impose massive productivity losses worth up to US$1 billion annually on the region's agricultural industry in the medium to long term[99], further emphasizing how deforestation is a a paramount issue. On the climate change mitigation side, by considering only their benefits regarding carbon storage and sequestration, taking a conservative estimate of $10 per ton of carbon, we may value each hectare of forest at $200,0[100]. Hence, we can estimate that the 420 million hectares of forests that disappeared in the past three decades represent a $840 billion loss, by only considering their carbon value. But forests represent many other economic benefits such as previously mentioned. Of note, taking into account the total economic effects (i.e., direct, indirect, and induced economic contributions), including demand on other sectors and expenditure on labor income, the forest sector contributed more than USD 1.52 trillion to national economies in 2015[101].

The production of key forest-risk commodities, such as palm oil, soy, beef, rubber, timber, cocoa, and coffee, is the primary cause of deforestation globally. Unsustainable practices are causing irreversible harm to the environment and local communities. Until recently, deforestation was overlooked as a peripheral issue. Many corporates and sectors scarcely reported on specific deforestation impacts, especially for sectors where these impacts are mostly indirect.

However, the topic is becoming impossible to ignore. The EU Deforestation Regulation (EUDR) - is a landmark law that requires companies to ensure certain commodities and products placed on or exported from the EU market are deforestation free. The regulation is set for a phased introduction from December 2025[102]. Other, similar initiatives are being explored globally, alongside growing civil society pressure and consumer awareness. As such, pressure on companies to consider deforestation risks in earnest, is building.

Amundi Actions

For this reason, AMUNDI has doubled down on its deforestation engagement campaign in 2025, which has been running since 2022. This year we focused particularly on robust policy, transparent reporting, and effective monitoring for high and critically at risk companies.

Amundi encourages companies to take concrete actions to prevent deforestation and ecosystems conversion risks. With that aim, Amundi's Deforestation and Ecosystems Conversion Policy focuses on corporates having activities with high impact on forest that are either facing controversies or lacking sufficient policies and/or disclosure. This policy continues to evolve each year as we learn more about this important topic and any impending, related regulations.

We engaged 407 companies that fall under the deforestation policy in 2025 While many of these engagements have started in recent years and remain neutral in momentum, Amundi continues to take actions to accelerate efforts on deforestation with investee companies through both internal and external escalatory measures.

7 Companies had at least one engagement closed with a **positive outcome**

8 Companies **received voting** escalation due to deforestation related concerns

59 Issuers negative overrides on the biodiversity criteria due to deforestation concerns

97. https://climatetransform.com/the-environmental-effects-of-deforestation/
98. Research is ongoing and threshold is still being studied https://www.nature.com/articles/s41467-021-22840-7
99. Leite-Filho, A.T., Soares-Filho, B.S., Davis, J.L. et al. Deforestation reduces rainfall and agricultural revenues in the Brazilian Amazon. Nat Commun 12, 2591 (2021). https://doi.org/10.1038/s41467-021-22840-7 from https://www.nature.com/articles/s41467-021-22840-7.pdf
100. https://www.cbd.int/financial/values/g-valueforestpearce.pdf
101. https://www.fao.org/3/cb9360en/online/src/html/forest-production-global-economy.html
102. https://esgnews.com/eu-eases-compliance-and-delays-rollout-of-deforestation-regulation/

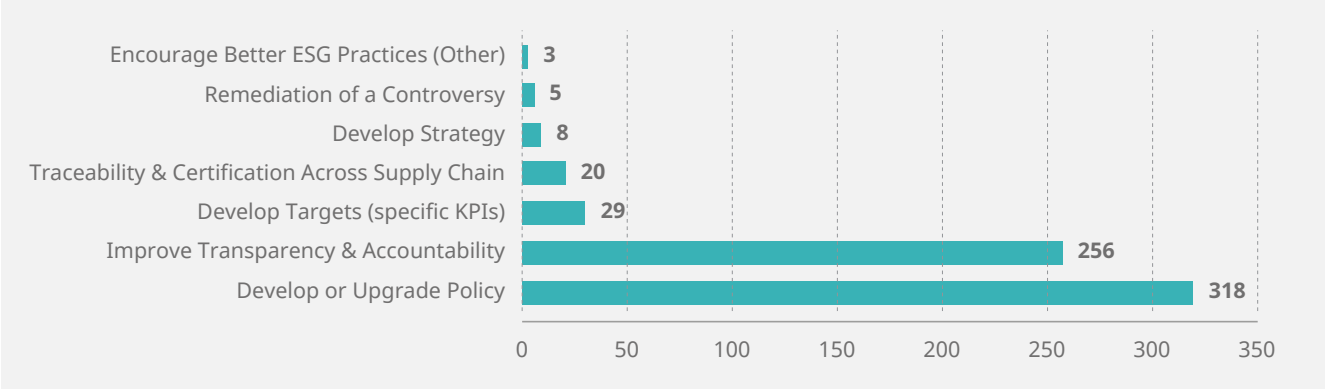
Engagement Objectives

We engage with companies where deforestation risks are found both in direct operations and throughout the value chain, to ask them to better integrate deforestation risks into their strategy. This can include engaging proactively on identification and management of deforestation risks as well as reactively when abuse or allegation occurs. In the case of controversies, we seek to ensure that companies are taking sufficient remediation measures and adjusting practices to prevent repeat occurrences in future.

Our dialogues with these companies focuses on the following overarching objectives:

- Set a timebound zero-deforestation public commitment applicable to all geographies and commodities for consumption and production. This should be completed by 2027 at the latest, but ideally we should already be complied to.
- This target should include cut-off dates for all deforestation risk commodities in the supply chain of 2020 of before. The zero-deforestation policy must integrate the principle of Free, Prior and Informed Consent
- We expect companies to establish robust systems to verify compliance with the no-deforestation commitment that covers all relevant direct operations or supply chains[103] and can be traced back to municipality or equivalent this including robust monitoring programs and certification schemes.
- Remediation of past and ongoing deforestation related controversies including full remediation of identified associated grievances
- We ask all companies that we identify as high or critical risk to report against CDP Forest

Open Engagement Objectives by Category*



*Based on Unique Number of issuers engaged per category of engagement objective. Issues can be engaged on multiple objectives at once, with each objective being tracked individually

103. Covering more than 90 % of total volume

Other Angles of Deforestation Engagement

Deforestation engagements go beyond our policy as well to focus on key sectors or specific angles were engagement is required.

Deforestation within the Context of Corporate Climate Strategy

Some of our deforestation related engagements take place within the context of our climate efforts. Uncertainties remain regarding the impact of bioenergy on climate change mitigation as well as on other environmental issues such as deforestation and other ecosystem conversion. It is important that companies who replace fossil fuels by biofuels take a proactive approach in ensuring that this shift makes a substantial contribution to climate change mitigation and do not cause significant harm to other sustainability objectives. This is notably why deforestation issues are also integrated within our net zero engagement campaigns, such as those we launched with utilities or cement companies in 2023. For these reasons, when assessing Net Zero strategy, we pay attention to biofuels consumption in energy-intensive sectors exposed to alternative fuel.

For instance, our sector specific objectives can include:

- encouraging cement companies that use biofuels as alternative fuel in clinker production to report on the different sources of bioenergy they consume (e.g. municipal food waste, forestry and agriculture waste, etc.)
- Ensure deforestation is sufficiently factored into company risk assessments including both deforestation risks as well as risks concerning the destruction of natural habitat and carbon sinks.

Engaging with Banks and Financial Entities to Encourage Robust Deforestation Policies

Deforestation also poses financial risks to banks. It amplifies physical risk, especially hazards such as flooding and landslides that can damage infrastructure and disrupt economic activity, with knock-on effects on asset values and borrowers' ability to repay loans. In addition, transition and liability risks may arise from deforestation: regulatory restrictions, shifts in market demand, and reputational damage can all affect banks and their customers. Liability risk is particularly acute where deforestation occurs in protected areas because affected parties may seek damages from a bank's client (and potentially from the bank itself) which can undermine credit quality and increase legal exposure. Given these risk transmission channels, integrating deforestation risk into credit underwriting, sectoral policies and portfolio monitoring is essential for a bank in order to minimize business, credit and liquidity risks, among others.

For banks our objectives are as follows:

- secure public deforestation policies that create robust frameworks for identifying, managing and reporting deforestation related risks.

See page 120 for a highlight of 3 engagements with Brazilian banks.

Engagement Outcomes & Issuer Momentum

Below is a sample of companies that have a significant impact on forests due to their direct operation or their supply chains. In addition, some companies were selected due to past and current controversies connected to land use, biodiversity, and human rights abuses.

Company	Assessment at start of campaign	Recommendations	Evolution in Past Years	Status in 2025, Actions Taken, and Next Steps
Company A **Sector:** Food Products **Region:** Southeast Asia **Starting Year:** 2022 	– Operations across all stages of food manufacturing, from the production of raw materials, to processing, to consumer products – High presence in a region considered to be at risk of deforestation, and high percentage of assets in high-impact operations (e.g., palm oil plantations) – Most plantations are company owned, allowing for planting to be done within landbanks (thus avoiding new land clearance) and for 100% traceability back to farm level	– Improve management of deforestation risks through improved actions to manage risks in supply chain beyond tier 1, including through supply chain mapping, capacity building and working with smallholders to support good agricultural practices – Improve grievance mechanisms to control, monitor, and verify compliance with no deforestation policy – Integrate forest issues into the company's long-term strategic business plans – Examine the company's involvement in deforestation-related controversies and remediation action – Certification programs along the supply chain – Report with CDP forest.	**2022-2023** – The company has made some progress with the milestones, notably related to transparency on whistleblowing and grievance mechanisms with the company targeting resolutions within 6 months of the case being raised – ongoing efforts to - improve the scope of certification programs which can improve traceability and supply chain mapping **2024** Amundi became co lead for the NatureAction100 engagement with the company and also engaged directly – The company informed Amundi that they are not yet ready to report with CDP or TNFD and are working internally to review and assess the gap. They are reporting against ISSB now – The company is now able to trace all its finished products back to original production line, evidencing the progess and work that the company put into this key issue. – The company has been able to provide details over their grievance handling, proving to be robust with short timelines for grievance responses (within 6 months as per the company's previous stated target). The company also has multiple channels via which issues can be raised.	In 2025, the company has made significant progress with supply chain traceability, reporting that they are now able to trace all finished products back to their original production line, with palm oil now fully traceable to mill. We see this as notable progress for the company and a testament to the broader certification work that the company has been focussed on alongside it. We have been able to close this objective positively. The company has embedded forest and biodiversity considerations into investments and operations using HCV/HCS assessment results and biodiversity monitoring data to inform site development plans. In recent years the company has not been proven to be involved in any deforestation-related controversies although this is a persistent risk which we believe the company is taking corrective action for by enacting their no deforestation policy. *The remaining gap to the company's progress is the lack of reporting against CDP Forest, something that we maintain to be extremely important for companies and the sector more broadly as it provides stakeholder with comparable yet granular deforestation related data. Presently, the company reports that they respond to the Global Reporting Initiative (GRI) standards and are exploring the International Sustainability Standards Board (ISSB) requirements. While we see these as valuable, we maintain that we would like the company to set a timeline for when they will report against CDP Forest. We would also like for the company to report against the TNFD which they have indicated to be less of a focus for them.*

Company B **Sector:** Food Products **Region:** Latin America **Starting Year:** 2022	– One of the largest food products companies in the world, specializing in the production of processed meats – Deforestation policy does not properly reflect or address the scale or impact of the company's risks (the company operates in high-risk commodities and regions of the world) – Highly exposed to reputational risks given past and current severe and significant controversies to do with deforestation (and other related risks such as child and forced labour)	– The current traceability programme only seeks to achieve traceability in one of the commodities in the supply chain. We recommend expanding this programme to cover at least one more key deforestation risk commodity to which the company is exposed – Improvement of the current deforestation policy to expand from no illegal deforestation policy, to one that applies to zero legal and illegal deforestation across all regions and all commodities – Increased volume of certified sustainable/ deforestation-free sourcing along the supply chain – Sign Cerrado Manifesto	**2022** – Improvement to the previous policy for zero illegal deforestation (for cattle, by 2025) with the policy aiming to end all forms of deforestation (illegal and legal) in the Amazon, for all commodities, by 2025. – The current traceability programme applies only to one commodity. However, the company is improving the levels of traceability that can be achieved for this commodity (the target is to now trace suppliers of this commodity, both indirect and direct ones) **2023** – Company added to exclusion list due to controversies, high risk exposure, and key gaps in management. Notably: – No zero deforestation policy applicable for all regions and commodities • Despite some positive momentum on the company's efforts for monitoring and traceability of their main commodity, traceability is lacking for other high deforestation risk commodities – Our KPI recommendation to target increased volumes of certified deforestation-free/ sustainable sourcing across the supply chain remained outstanding – No signs that the company will sign the Cerrado Manifesto **2024** – The company no longer allowed direct dialogue with investors and instead has periodic investor calls where questions are submitted in advance (and not always answered). This limited our ability to dive into certain subjects with the company and ensure they directly respond to our recommendations – We reiterated our recommendations and questions by email but saw no evolution towards those recommendations and the company did not provide us with specific answers	We have been pleased to have a dialogue with the company in 2025 on the topic of deforestation after not achieving dialogue in 2024 despite our requests. While our initial recommendation was for the company to expand their current traceability programme to cover additional commodities in the supply chain and we have not seen progress on this – or been promised any such developments – we have noted progress nevertheless. Specifically, the current programme is providing much more transparency of the company's supply chains than we initially anticipated, and is looking set to become even more powerful traceability tool in future by covering indirect suppliers as well as direct ones. Nevertheless, we note a distinct lack of movement by the company on our requests for them to sign the Cerrado Manifesto, something which we have been asking the company to do for 3 years now. The single greatest gap in the company's deforestation profile is their policy. We are disappointed by the weakness of the policy, the fact that eliminating both legal and illegal deforestation across all geographies will only be reached by 2030, three years past our minimum target date for companies not yet compliant date and five years after EUDR regulation (which will impact the company as it is rolled out). We maintain that this is critical for the company to address and will continue to seek improvements on this topic in 2026. *Subsequently, in 2025, we voted against the election of Directors due to related ESG concerns.*

Company C **Sector:** Food Products **Region:** Europe **Starting Year:** 2023 	Company is exposed to a wide range of forest risk commodities including soy, palm oil, cattle, and coffee among others Company had a timebound (by 2025) deforestation policy in place with appropriate cutoff dates (2020) Company had traceability and certifications in place but reporting lacked granularity on comprehensiveness and coverage of these systems Past allegations of deforestation in certain regions such as the Cerrado in Brazil Some efforts to remediate and restore previously impacted areas but there were not explicit commitments on this	– Demonstrate evidence of remediation/ corrective actions pertaining to deforestation allegations/ controversies – Set restoration targets – Further develop traceability system for high risk commodities/ regions to ensure zero deforestation across supply chain – Set timeline to resolve deforestation compliance concerns from suppliers	**2023** – No evolution observed **2024** – In 2024 the company published a methodology on deforestation that has included the definition of deforestation and conversion aligned with the Accountability Framework and that required suppliers to take compensation and remediation actions in case of non-compliance. – The company further developed their traceability system by introducing a new satellite-based tool	– The company's no-deforestation policy does not include a commitment to restoration of deforested land beyond engaging suppliers – While company did not comment on specific allegations or provide evidence of corrective actions taken when cases occur, they informed us that if a controversy came to light they would not stop working with suppliers concerned as their policy is to engage and assist suppliers to achieve compliance. They will only stop working with the supplier if the supplier fails to remediate or comply with their standards. ➜ In light of this we encouraged the company to set timelines to ensure specific resolution of non-compliances from suppliers within an appropriate timeframe. This will be a point of follow-up in the future. – Regarding traceability, so far satellite monitoring doesn't yet cover their total supply chain and have a target to extend it to all missed regions but as of 2025, they did not achieve this target. They indicate an intention to close this gap. The company did highlight to Amundi that they act as an intermediary in the commodities sector and are not a direct producer, thus they must ensure compliance with both direct and indirect suppliers. For direct suppliers they can trace the products back to farm level however there is greater complexity for indirect suppliers making traceability difficult due to the limited visibility. Their strategy relies on communicating its strategy to cooperatives who are responsible for ensuring compliance with their criteria. Then the company can sometimes requests audits and other types of tests to ensure compliance with the company's criteria *Going forward, we will continue our engagements with the company with a particular focus in 2026 to push for concrete proof points on the corrective actions they are taking when issues occur and timeframe in which they are resolving these non-compliances.*

Company D **Sector:** Construction Materials **Country:** Japan **Starting Year:** 2023	– In 2023, the company reported using less than 5% of biofuels for clinker production – The company had a target to increase the use of "alternative fuels" – which might be either biofuels or fossil-based waste – in accordance with the cement industry standards – We were nevertheless unable to determine how these biofuels were sourced with associated sustainability characteristics	– Report on the source and respective share of bioenergy used in the overall fuel consumption, in order to better inform sourcing-related deforestation risks – Provide information on supply chain due diligence, use of sustainability related certifications or other measures taken to ensure sustainability safeguards in sourcing	– The company acknowledged the issue and expressed they will consider our recommendations. No specific evolutions noted in the first year of the engagement **2024** – We noted an increased use of biofuel but still no clear improvement in the disclosure of its sourcing sustainability characteristics. We hence reiterated our recommendations	In 2025, the company indicates that all their biomass energy is derived from thinned wood and from wood waste originating in domestic construction and demolition, arguing that there is hence little risk of deforestation or loss of biodiversity. *However, we understand that wood from thinning operations can be classified as "waste" even when thinning is carried out improperly, which can cause forest degradation. We therefore reiterated our recommendation that the company adopt credible certification and chain-of-custody measures (for example, FSC certification) and disclose third-party audit results. We will continue to advocate for that next year.*

Next Steps

A growing number of companies are improving their efforts to conduct thorough assessments of forest-related risks, ensure compliance, establish policies and strategies, and enhance board oversight on forest-related issues. They are encouraged by evolving regulation, such as the EU Deforestation-free regulation, which requires any operator or trader with business in the EU to ensure their products are not exposed to deforestation. Nevertheless, a high number of companies still have no or insufficient zero deforestation commitments as demonstrated by the number of open objectives on policy across all of our deforestation engagements. While many companies are lacking policies altogether, for many companies where deforestation exposure is in the supply chain, zero deforestation commitments are embedded in their supplier sourcing policies. While this is a strong first step, we encourage companies themselves to commit to zero deforestation, and not just mandate it at the supplier level. This ensures that all actors along the value chain assume responsibility for zero deforestation including the companies themselves. Reporting on deforestation and providing full transparency also remain elusive in numerous high-risk regions and commodities. For example, managing deforestation risks in palm oil is much more advanced than soy supply chains, meaning we have observed uneven management of deforestation risks at corporate level. Finally, there is a growing need for more precise data and collaboration to evaluate and manage risks, as well as more reliable monitoring systems to track and report changes. Increased efforts are necessary to bring together stakeholders from diverse industries and value chains to collaboratively develop solutions.

Amundi remains committed to intensifying our engagement efforts with companies on deforestation. We aim to sustain our dialogue with existing issuers, expand efforts when newly identified risks emerge, but also scaling escalatory actions when deemed necessary to ensure that corporates are sufficiently prioritizing deforestation risks and are understanding the importance of robust policies and monitoring processes.

Case study 19: Engaging on Deforestation with a North-American Agribusiness Company

Context: The year 2025 marked our fourth year of engagement with a North-American agribusiness and food products company. Due to its significant exposure to soy and palm oil (among other commodities), the company faces considerable scrutiny regarding deforestation. Over the past years, it has been subject to numerous allegations of biodiversity destruction and illegal deforestation, particularly in highly sensitive ecosystems such as the sensitive biomes in Latin America. Recent allegations repeatedly involved the company for sourcing commodities linked to deforestation, land clearing and land-rights conflicts in Brazil's Cerrado and Amazon regions. In addition to this, the company has been criticized for not endorsing the Cerrado Manifesto, a widely referenced voluntary commitment to Cerrado conservation which is considered to be best practice.

Amundi Actions: Based on our previous engagement discussions, our 2025 engagement continued to focus on multiple aspects of its efforts to combat deforestation, including commodity traceability system and ambitions to enhance biodiversity opportunities throughout its supply chain. Additionally, the company was involved in TNFD working groups. We encouraged their efforts with TNFD to be translated into a concrete report since TNFD leverages major deforestation reporting frameworks into its reporting guidance to support comprehensive and standardised reporting around deforestation risks for stakeholders[104].

Engagement objectives:

Key objectives for our engagement were as follows:

- Strengthening biodiversity commitments and policies related to the soy and palm oil supply chain, notably through the establishment of a 2020 cut-off date for soy that is in line with international standards
- Encouraging the company to sign the Cerrado Manifesto to combat deforestation
- Improving reporting transparency by disclosing the total number of hectares affected by deforestation/conversion each year, categorized by region, in both direct and indirect operations as well as transparency on the number of hectares that have been deforested if deforestation has been identified
- Encourage transparency regarding company actions in regard to emerging and existing deforestation controversies including company findings around allegations and evidence of remediation
- Encourage formalised remediation policies including commitments to remediate/address grievances/issues within a certain timeframe
- Publish report on impacts, dependencies, risks and opportunities linked to nature with TNFD

Engagement Outcomes and Issuer Momentum: To recap 2024 in which we saw some progress — the company set a 2024 soy cut-off after meeting its 2025 deforestation target, improved traceability (100% of direct commodities to farm level in high-priority South America and ~98% of indirect sourcing in high-priority Brazil), and committed to TNFD reporting by 2025 — but these steps fall short of an earlier (2020) cut-off that would align with the developing EU Deforestation Law and leave gaps in indirect sourcing disclosure outside Brazil. The company also pushed back on some recent deforestation allegations, ongoing reports of illegal logging and indigenous-rights failures, and still refused to sign the Cerrado Manifesto. These continued gaps reinforced our decision to maintain a downgrade on its internal ESG score for deforestation related risks and led to a vote against the board at the 2024 AGM.

In 2025, the company continued to make steady progress. It became the first global commodity exporter to reach 100% traceability and monitoring of indirect sourcing in priority regions such as Brazil. Through its sustainable partnership, the company equipped local grain resellers with a traceability tool that leverages satellite imagery, remote sensing, and structured data to perform socio-environmental diagnosis of agricultural properties. The company expanded its impact by making the tool available to other companies in the sector which we see as strong practice as ultimately to effectively address

104. https://globalcanopy.org/insights/insight/deforestation-in-the-context-of-the-tnfd-recommendations-leveraging-prior-progress-utilising-existing-datasets-and-going-further-with-additional-guidance/

deforestation, stakeholder collaboration including at a precompetitive level is required. In addition, as part of an ongoing strategic partnership with another food company, the company has jointly tested and validated a traceability platform using blockchain technology for sustainable soy. The company reported against the TNFD framework, meeting its 2025 disclosure target and positioning it as an early mover. The company expanded its regenerative agriculture programs to new locations and enhanced existing programmes with the objective of supporting farmers in adopting practices for soil health. However, the company has not yet set a 2020 cut-off date across all commodities under its no-deforestation commitment and has indicated no intention of signing the Cerrado manifesto. The grievance mechanism could also include a formal timeline for resolutions in order to strengthen the remediation policy. Indeed, this would allow the assurance that any concerns raised in relation to deforestation would be responded to within a specific timeframe. While we have appreciated their progress due significant gaps highlighted, Amundi voted against the re-election of a director on the board and the discharge of the board during the 2025 AGM season.

Next Steps: Going forward we will continue to monitor the company's links to deforestation, including recent allegations and actions the company has taken to address them in addition to the open KPIs described above. Notably we still aim to encourage the company to encourage the company to sign the Cerrado Manifesto and set cutoff dates in line with EU Deforestation Regulation (2020). Based on progress we see or lack thereof, we will continue to reassess the ongoing risks and adjust the company's ESG rating or consider other escalatory measures accordingly.

Case study 20: Engaging with Banks on Deforestation Policies

Context: Our deforestation engagement with banks reflects two interconnected issues: the vital role of forests in climate resilience and the financial risks banks face when deforestation risk is poorly managed. Forests support climate stability by sequestering carbon and acting as vital carbon sinks. For example, the Amazon's above and below ground carbon stock is estimated at 100-200 billion tonnes of carbon per WWF. To help limit the second-order impacts of climate change on ecosystems, societies, and economies, it is important for banks to prudently manage financing to sectors exposed to deforestation.

Brazilian banks face a particular material exposure to deforestation risk through their sizeable lending to agriculture, particularly the beef production and meatpacking sectors. In 2025 Brazil surpassed the US as the world's largest beef producer[105], which heightens pressure on the Amazon and other regional forests because beef production requires large land areas for grazing and feed cultivation. As of end 2024, the three largest Brazilian banks held just under $1.4 trillion in combined total assets, underscoring their systemic importance in Brazil and the wider region and the potential scale of deforestation related financial risk, hence our engagement.

Amundi Actions: We began engaging the three largest Brazilian banks on deforestation in 2024.

Engagement objectives:

- Our objective is to secure public deforestation policies that create robust frameworks for identifying, managing and reporting deforestation related risks.

While all three banks acknowledge deforestation risks, their responses and risk management approaches differ in scope and rigor. All banks, however, rely more on monitoring and client engagement.

Engagement Outcomes and Issuer Momentum: All the three largest Brazilian banks currently do not have deforestation policies, though each demonstrates a robust understanding of the risks. One bank uses technology to monitor its clients' exposure to deforestation, with a particular focus on the beef and meat packing sectors. Another deploys satellite imagery combined with ongoing client engagement and runs business hubs in deforestation vulnerable regions to provide technical support to small beef producers. The third bank relies primarily on customer engagement, focusing on supply chain risks connected to large meat packers and their upstream suppliers, since some small farmers supplying the packers may clear land to expand herds.

105. Reuters: Brazil surpassing US as top beef producer, easing global supply squeeze

Our engagement in 2024–25 did not achieve the primary objective of securing public deforestation policies from these banks. Although each bank has implemented credible internal measures such as satellite monitoring and client engagement, these controls remain largely internal, which limits transparency, independent verification and stakeholder enforcement. As a result, we have not yet secured the public policy commitments we sought. That said, all three banks expressed support for the concept of a public deforestation policy and signalled a willingness to continue the dialogue.

Company	Assessment at start of campaign and recommendations	Evolution of the engagement in 2025 and Amundi Actions
Company A **Sector:** Banks **Country:** Brazil **Starting year:** 2024 	In 2024 the bank did not have a public deforestation policy. à recommended that the bank develop and publish such a policy to formalise its approach to limiting deforestation, support climate resilience, and reduce the legal, reputational and ethical risks that arise from deforestation-related controversies. A public policy would also improve transparency and stakeholder accountability.	The bank acknowledged the risks and the issue. However, as of 2025 it had not published a formal deforestation policy, although management continues to describe the internal measures it uses to manage this risk for example the bank employs satellite imaging alongside engagement in monitoring the risks. We consider the momentum of this engagement as neutral given that the engagement is relatively new. We will continue to press the bank to develop and disclose a public deforestation policy to improve transparency, strengthen stakeholder accountability, and reduce deforestation-related financial and reputational risks.
Company B **Sector:** Banks **Country:** Brazil **Starting year:** 2024 	In 2024 the bank did not have a public deforestation policy. We recommended that the bank develop and publish such a policy to formalise its approach to limiting deforestation, support climate resilience, and reduce the legal, reputational and ethical risks that arise from deforestation-related controversies. A public policy would also improve transparency and stakeholder accountability.	The bank acknowledged the risks and the issue. However, as of 2025 it had not published a formal deforestation policy, although management continues to describe the internal measures it uses to manage this risk. The bank uses technologies to monitor customers' exposures to deforestation. We consider the momentum of the engagement as neutral since our engagement on this topic began only in 2024. We will continue to press the bank to develop and disclose a public deforestation policy to improve transparency, strengthen stakeholder accountability, and reduce deforestation-related financial and reputational risks.
Company C **Sector:** Banks **Country:** Brazil **Starting year:** 2024 	In 2024 the bank did not have a public deforestation policy. We recommended that the bank develop and publish such a policy to formalise its approach to limiting deforestation, support climate resilience, and reduce the legal, reputational and ethical risks that arise from deforestation-related controversies. A public policy would also improve transparency and stakeholder accountability.	The bank acknowledged the risks and the issue. However, as of 2025 it had not published a formal deforestation policy, although management continues to describe the internal measures it uses to manage this risk. The bank employs both technology and engagement to monitor its customers that it identifies as 'high risk' when it comes to deforestation. We consider the momentum of the engagement as neutral since our engagement on this topic began only in 2024.We will continue to press the bank to develop and disclose a public deforestation policy to improve transparency, strengthen stakeholder accountability, and reduce deforestation-related financial and reputational risks.

Next Steps: We will continue to press the banks to adopt public deforestation policies, noting that our formal engagement on this topic began only in 2024. We welcome that all three banks demonstrate a sound understanding of deforestation risks and have implemented credible internal measures. However, because these controls remain largely internal, transparency, independent verification and stakeholder accountability are limited. Publishing formal deforestation policies would represent best practice, improve public accountability and facilitate comparability across institutions. We will continue our engagement in the coming year but do not consider escalation necessary at this time.

Novel Entities

Novel entities refers to the vast number of synthetic chemicals and substances that are released globally including plastics & microplastics, endocrine disruptors, PFAS, and nuclear waste, among others. Accurately assessing this boundary is a work in progress by the Stockholm Resilience Center due to the unknown quantities and untested nature of the majority of the chemicals that have been released into the environment. In addition, concerns around "cocktail effects" when the chemicals mix in the environment remains a large unknown. However, in line with the precautionary principle, according to the Resilience Institute, the boundary is considered vastly overstepped as the understood threshold for any new, untested or uncertified synthetic chemical on the earth's system globally is zero.

There is significant work being done to effectively evaluate these impacts on the earth's systems as well as on human health, but one thing is clear: these novel entities are everywhere. There are estimated 350 000 chemicals (or mixture of chemicals) on the global market chemicals produced since 1950 and 5000 of these are produced in great volume[106]. Of those high-volume production chemicals, less than half have ever been fully tested for safety[107]. These manufactured chemicals are released to the environment as air emissions, water discharges, and solid and hazardous waste.

Not only do these emissions pose risks to human health and the environment. They also represent lost opportunities to realize economic benefits and economic risks. For example, lead is estimated to have caused health damage of $6 trillion in 2019, equivalent to 6.9% of global GDP[108], due to loss of IQ points and premature deaths. This loss of human capital has consequences for productivity and economic development. Currently, the full costs of chemical pollution are not being tallied but numerous studies suggest the magnitude. It is estimated that the link between chronic diseases and broader exposure to harmful chemicals and heavy metals costs the global economy more than 10% of global GDP, due to higher health care costs, lost wages and lower productivity for employers[109]. The damage caused by chemicals to human health and the environment can take years or even decades to become apparent, but when it does become apparent, it can be severe and long-lasting.

We see a rise in regulation and consumer concern regarding the impacts to human health including PFAS, phthalates, and microplastics. Regulation in Europe for example has started to address the problem with the introduction of REACH and the Green Deal, and on a global level, a recently established UN science–policy panel aims to advise on how to best manage chemical pollution and waste. With these regulations and growing awareness around risks, corporates face a growing responsibility to not only address but also to remediate pollution issues. In 2023 alone, lawsuits around chemical pollution led to over $11 billion in settlements with more litigation expected in the years ahead. This cost can ultimately be felt by investors so to address this, investors can engage on a multitude of corporate actions including under the novel entity umbrella including plastics and specific types of chemical pollution including PFAS.

106. Wang, Z.; Walker, G. W.; Muir, D. C. G.; Nagatani-Yoshida, K. Toward a Global Understanding of Chemical Pollution: A First Comprehensive Analysis of National and Regional Chemical Inventories. Environ. Sci. Technol. 2020, 54 (5), 2575□2584.
107. https://news.climate.columbia.edu/2017/10/23/the-human-and-financial-cost-of-pollution/
108. https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00166-3/fulltext#:~:text=The%20global%20cost%20of%20lead,income%20losses%20from%20IQ%20loss.
109. https://www.env-health.org/human-exposure-to-preventable-environmental-chemicals-is-resulting-in-health-costs-of-10-of-global-gdp/

5. Engaging to End Plastic Waste

While plastic pollution remains one of the most pressing environmental issues in the world, new developments and a growing awareness further emphasizes the investor case to address plastic waste. We see growing evidence regarding the adverse impacts on the environment, climate, and human health. At least 11 million tons of plastic waste make their way into oceans annually, harming wildlife and threatening human health as microplastics and plastic toxins enter the food chain[110]. Everything from bottled water, beer, honey, sea salt and tea bags have all been exposed as microplastic carriers which end up in the human body[111].

Beyond human health, plastic production and pollution has significant climate implications. According to Pew, unless the plastic system is transformed, by 2040, annual greenhouse gas (GHG) emissions from the global plastic system will increase by 58% to 4.2 gigatons of carbon dioxide equivalents ($GtCO_2e$) – a metric used to standardize the measurement of emissions of different GHGs – equivalent to the emissions from one billion gasoline-powered cars[112]. At the current rate of growth, plastic and petrochemical production will account for 15 percent of the global carbon budget by mid-century[113].

The environmental and social impacts of plastic waste also come with high costs. In 2024, UNEP estimated that the social and environmental costs associated with plastic pollution were converging to a range of USD 300–600 billion per year. However, as the data on ecological and health effects across the life cycle are further refined and validated, the accuracy of the cost estimates improves and is so far increasing. In 2025, PNAS estimates that health-related costs alone associated with plastic chemicals and pollution (endocrine disruption, respiratory disease, cancer risks) are conservatively estimated at up to USD 1.5 trillion annually. As such, we can anticipate that laws embodying the "polluter pays" principle are likely to continue to gain popularity globally as nations begin to ensure that companies contributing to the problem, bear the cost of the pollution[114].

However, investing in the solution also represents an opportunity. A circular transition, a system that keeps plastic in use through recycling, alternatives, reuse, and innovation, presents an opportunity reduce global exposure to new plastic while still capturing market needs for plastic's many uses. While the investment costs of circular systems remain significant today, they are currently estimated to be less than the current investment trajectory of the current virgin plastic economy (around USD 65 billion per year through 2040 as opposed to USD 113 billion per year), demonstrating that plastic innovation can be a financial opportunity if companies sufficiently align strategies toward it.

Both 2024 and 2025 have been an intense years in the plastic landscape, marked by a new rounds of negotiations for a legally binding agreement that was supposed to be adopted in 2024 and enacted in 2025, known as the Global Plastics Treaty. The initial conferences aimed to set a framework, but preliminary goals were not reached, due to disagreements over whether the primary focus should be on tackling production or increasing recycling. Intense discussions on the matter continued in 2025, and while it was hoped by many to succeed in 2025, an agreement in the end was not reached mainly due to oil &gas -producing countries opposing the inclusion of limits on virgin plastic production[115].

Despite limited progress regarding the development of a Global Plastic Treaty, developments keep evolving on the regulatory landscape such as in the EU with the Packaging and Packaging Waste Regulation (PPWR) adopted and applied in 2024 replacing older, less stringent regulation[116]. The purpose of this regulation is to prevent the generation of packaging waste, make packaging on the EU market recyclable, and to adopt harmonized rules on labelling, and encourage a mandatory recycled content. Plastic regulation in other regions is emerging as well including various regulations across U.S. states (ranging from plastic bag bans to measures to policies aimed to curb single use plastic consumption)[117], and China's aim to restrict the use

110. https://cri.org/fossil-fuels/plastics-petrochemicals/
111. https://www.undp.org/kosovo/blog/microplastics-human-health-how-much-do-they-harm-us#:~:text=Different%20chemicals%20can%20leach%20from,decreased%20reproductive%20health%2C%20and%20cancer.
112. https://www.pew.org/en/research-and-analysis/reports/2025/12/breaking-the-plastic-wave-2025
113. https://cri.org/fossil-fuels/plastics-petrochemicals/
114. https://www.sciencedirect.com/science/article/abs/pii/S0308597X19309698
115. https://www.lemonde.fr/en/environment/article/2025/08/15/plastic-pollution-un-talks-collapse-amid-obstruction-by-oil-producing-countries_6744408_114.html
116. These measures will be replacing the Packaging and Packaging Waste Directive (PPWD).
117. https://www.weforum.org/stories/2024/01/plastic-bag-bans-reduce-waste/

of specific plastics items within the 2020 5 Year Plan[118]. For corporates, this means that companies must continue their strategies and management directives to respond to new regulations in regions of operation. In addition, litigation continues to grow around plastic production and use, in line with the polluter pays principle. In the US for example, currently 69 lawsuits are ongoing across plastic producers and companies with significant plastic use[119].

Amundi Actions

We launched our initial plastic engagement in 2019 and have built momentum on the subject ever since ensuring that our engagement efforts are addressing plastic pollution all stages of the value chain as no one company or sector is able to manage these risks alone.

As such, our engagement in 2025 continues to cover a variety of sectors ranging from consumer-focused sectors to those higher up the value chain such companies involved in plastic production. This includes intensive single-use plastic sectors such as food, beverage, retail, chemicals, oil & gas, packaging of which many of these companies are flagged in our internal natural capital policy.

128 issuers engaged on plastic in 2025

3 issuers had escalatory voting actions taken in 2025

Engagement Objectives

There are several aims for our engagement that apply to all sectors:

1. Drive awareness on the continued but growing importance of the topic of plastic waste to encourage accelerate action to sufficiently address risks
2. Encourage companies to reduce plastic consumption through strong targets ideally aligned with the Ellen MacArthur foundation guidelines
3. For companies in the manufacturing process, work on alternatives to replace/remove plastic
4. Encourage more transparency by responding to the new CDP plastic questionnaire launched in 2024.

Engagement Outcomes and Issuers & Sectors Momentum

The evolution of Amundi engagements on plastic are dependent on the number of years we have been discussing the subject with the issuer and sector. Some companies are new to our engagement pool and progress is still in the early days. Due to the complicated and negative evolution overall in the plastic landscape, for many companies, evolutions in 2025 remained overall limited. Notably, the 2025 deadline for the targets of the Ellen MacArthur Global Commitment has come to a close and most have pushed the targets date to 2030, instead of 2025. This can be explained through a lack of global consensus for a legally binding plastic treaty (and global standards) in combination with short-term cost considerations. However, at the same time we have witnessed some positive progress from certain companies in our initial engagements, proving that engagement is a consistency and long-term game to generate positive results.

Nevertheless, momentum on the topic (or lack thereof) is unique to each sector based on its particular plastic risks and exposure. Thus, we adjust the required engagement approach per sector to address its unique characteristics. Below, we outline highlights from certain sectors and advancements in the 2025 year of engagement:

Petrochemicals

Petrochemical companies, or those involved in the production of fossil fuel based chemicals, have high exposure to virgin plastic production. The noted health impacts from plastic chemical leakage presents clear risks to these sectors. Plastic producers face real dangers from regulation and litigation going forward due to health and environmental implications of plastic production. For example, if we compare the high costs to

118. https://english.www.gov.cn/statecouncil/ministries/202001/19/content_WS5e243ea1c6d0db64b784ccd1.html
119. https://plasticslitigationtracker.org/

PFAS producers to settle PFAS litigation[120] which was upwards of $12 billion[121] in payouts, there is a precedent for litigation of a similar nature in regions prone to high litigation such as the United States and even other regions including Australia[122] [123].

However, despite these risks we note the challenges of quick change to recycle or other alternatives to virgin plastic. Thus the aim of these engagements is to ensure companies are sufficiently taking account these risk through key levers of change in both the short, medium, and long term.

These include:

- Driving the accountability of chemical companies for plastic pollution along their value chain
- Scaling the production of recycled polymers to drive reductions in virgin plastic production
- Reducing the dependence on fossil fuels for virgin plastic by favouring the adoption of sustainable, bio-based alternatives through increased capex, R&D, and other levers to promote the scaling of safe, affordable alternatives.
- Increase action via collaborations and initiatives that aim to improve recyclability and reduce health concerns in downstream plastic products

In 2025, observed developments remained largely incremental and concentrated on specific initiatives rather than reflecting a broader shift in plastics strategies. Progress was mainly visible in chemical recycling, with several polymer producers advancing projects beyond the pilot phase. However, these initiatives remain limited in scale and are not yet accompanied by sufficiently robust disclosures to assess their environmental effectiveness or contribution to reducing reliance on virgin fossil-based plastics.

Across engagements, companies continued to show limited ambition on target-setting for recycled and alternative feedstocks, with fossil-based virgin polymers still accounting for the vast majority of production. While Life Cycle Assessments are increasingly referenced, disclosures remain partial, inconsistently verified, and rarely applied at portfolio level. Transparency gaps persist on plastics production volumes, feedstock composition, and downstream impacts, constraining the assessment of real-world progress. Many of these KPIs that companies failed to report are also not unachievable for example, in our sample of 22 companies, only 3 had actually reported on virgin plastic production volumes or volumes of alternative feedstocks compared to the overall total produced. These are figures that are achievable for companies to produce and provide investors with valuable information to assess exposure to virgin plastic business models.

In 2026, we aim to continue engagement efforts focused on improving disclosure quality, strengthening governance and accountability, and encouraging clearer targets to support a credible transition toward more circular plastics models.

Please see case study 21 & 22 on page 130 and 131 for two case studies from the petrochemicals sector.

Food Products, Beverages & Food Retail

We continue to engage with food, beverage & food retail companies on plastic in 2025.

Key objectives for the sector include the following:

- Time bound targets for phase down virgin plastic use and increasing recyclability of contents. More specifically, best practice would involve a timebound target of 100% reusable, recyclable or compostable plastic packaging
- Evidence of R&D/investment into viable, food safe plastic alternatives for packaging and for food transportation
- Elimination of problematic or unnecessary plastic packaging
- Expansion of plastic policy beyond either domestic or more advanced markets (such as Europe). Companies need to ensure that plastic reduction and reuse policies are applied universally across even the most difficult markets

Consistent with last year's findings, we have found that performance on the topic of plastics varies quite significantly, typically by geographic/regional exposure. Even if we were able to identify some positive points, notably the use of recycled plastic for replacing virgin plastic becoming commonplace, plastic remains central for the food & beverage industry as its light, affordable, and highly versatile.

While we see numerous examples of companies stacking up isolated actions to limit the use of

120. https://cdn.minderoo.org/assets/new/documents/Letter-from-Andrew-Forrest-Plastics-Human-Health.pdf
121. https://www.consumernotice.org/legal/pfas-lawsuit/#:~:text=June%202023%3A%203M%20agreed%20to,contamination%20in%20U.S.%20water%20systems.
122. https://www.wottonkearney.com/pfas-litigation-a-deep-dive-into-the-rise-of-consumer-led-claims-and-its-implications/
123. https://www.arnoldporter.com/en/perspectives/advisories/2025/11/microplastics-toxic-tort-litigation

plastic, this does not guarantee the implementation of a coherent plastic strategy across all business divisions and regions of operations. Many of the food products companies are lacking comprehensive strategies or specific time bound targets for phasing down their plastic use through increased recyclability or recycled contents, topics where we have seen little progress. We believe this reflects the sector's conflict between reducing plastic, maintaining packaging, which is food grade standard, and managing costs in a low margin business. Companies also remain hesitant to commit to quantified targets as they face difficulties in decoupling growth in sales from an increase in plastic use.

For food retailers, it is also interesting to note that the supermarket business model has developed around the use of plastic. Transition to a world with less plastics requires a thorough rethink of the entire food industry, which takes time. Besides, many food retailers are still in the early stages of calculating their plastic footprint and are therefore reluctant in publishing the quantity of plastic put on the market.

Furthermore more for all food and beverage sectors, it is also important to note the increased difficulties to balance considerations around plastic with other key ESG issues that remain challenging for the sector (human rights, healthy food, deforestation, climate, etc). Regardless, plastic needs to remain a key topic of focus for these companies due to the relevant risks (including polluter pays laws, increased litigation on plastic, consumer sentiments, etc), emphasizing the need for continued engagement.

Below is a snapshot of certain engagements across these sectors:

Company	Assessment at start of campaign (2022)	Past Recommendations	Evolution in Past Years	Status in 2025, Actions Taken, and Next Steps
Company A **Sector:** Food Products **Region:** Asia **Starting Year:** 2022	– The company is based in Asian country, where regulations linked with plastics are less stringent than in Europe, meaning pressures to address plastic risks are less significant – Nevertheless, the company has set some targets and does report against a few waste and plastic-related policies. – One aspect of the plastics policy that could be improved relates to its approach to recycling, rather than efforts to reduce plastic use The company has provided minimal KPIs related to recycling and limited evidence of third party recycling partnerships	– We encourage the company to introduce a specific, time bound target that relates to plastic recycling, for example, increasing use of recycled content, or a pledge that 100% of packaging will be recyclable ➜ This would complement the light weighting and biobased plastic policies that the company already has in place – We encouraged the expansion of projects related to light weighting and using plastic alternatives. This could be done via partnerships in the region. We would encourage the company to provide evidence of the success of these projects through KPIs and/or case studies – We encouraged the introduction of KPIs related to plastic use and recycling, as the company's current KPIs do not relate specifically to plastics	**2022** Limited to no progress **2023** The company has introduced one plastic KPI on total plastic used by company – The company introduced a target related to a minimum of 70% use of recycled plastic, or plastic biomass, by 2025, and 100% by 2030 – There has been no expansion on light weighting or alternative materials projects, although the company did start some collaborative partnerships with one local industry association **2024** The company has made significant efforts by implementing new targets. ➜ They will reduce the volume of new PET used by half by 2025 (2017 baseline) and 100% by 2050 ➜ They are improving recyclability by adopting recyclable designs for 85% of product packaging (65% for plastic containers and packaging) by FY2030 and 100% by FY2050	While the company has been responsive with us various ESG topics in 2025, they remained less willing to dialogue on plastic in the calendar year. However we have noted progress regardless. The company has increased their plastic reduction target from 25% to 30% by FY2030 (2017 baseline), which is a positive development. Alongside this, the company has expanded the use of bioplastics and recycled plastics in product packaging. Finally, we have seen some evidence of enhanced recycling collaborations with partnerships to recycle used PET bottles into new bottles (horizontal recycling programs). Going forward we will continue to encourage improvements in line with our objectives including Ellen MacArthur alignment and increasing the use of recycled content in products. *We expect to have a specific conversation on plastic in 2026 to better dive into our asks as well as the challenges and opportunities they see around the subject.*

Company B **Region:** North America **Starting Year:** 2023 	Company is highly exposed to plastic via packaging of its products, customer bags, and plastic based products sold in stores	– Disclose plastic related KPIs including plastic packaging wight, total volume used, % of post-consumer recycled content included, and % that is reusable, recyclable, or compostable) – Join Ellen MacArthur Plastic Pact – set targets on plastic ideally in line with Ellen MacArthur standards (ensuring 100% recyclable content, and targets to increase the use of recycled content in plastic packaging)	In 2024 the company informed us that they were doing an assessment to better understand the types of plastic they use and are exposed to but no specific evolution beyond some early efforts to understand the company's specific exposure	In 2025 the company informed us that they had compiled the necessary data to understand their packaging footprint (Volumes, Weights, types, etc...) in 2025, as required by some of the EPR (Extended Producer Responsibility) schemes in three regions of operations in North America. *Now they are working on developing a packaging strategy. Reporting on it is expected for sustainability report 2026 (reporting year 2025). We await next year's report and continue the engagement.*

Household & Personal Products

Historically, the Household Personal Products sector has been actively involved in reducing virgin plastic in their packaging, but a drastic decrease of virgin plastic is still lacking despite this sector being one of the first in our engagements in 2019. This sector does not have the same food safety concerns as the food or beverage sectors making it a sector where virgin plastic alternatives is more feasible adoptable. However, overall the industry continues to prioritize the Ellen MacArthur Foundation standards and is striving to report accordingly. This helps us to assess company progress and positive evolution towards the goals and targets outlined by Ellen MacArthur[124] but not limited to including:

- Reduced plastic volumes of virgin plastic
- Increased use of recycled plastic, and progress on the recyclability of packaging and products
- Disclose plastic exposure for at least key high-risk geographies
- Describe the implication of governance bodies in the company's plastic strategy and better consider plastic risk exposure

Since starting in 2019, we have worked to push these companies to go further for example to push companies to be more transparent and to disclose country by country data (which they easily have and would provide investors more granular data on plastic risk exposure for high risk regions). The adoption of this datapoint has not yet occurred. In addition, since starting these engagements in 2019 we continue to see very few examples of plastic pilot projects scaling up to realize concrete reductions in single use plastic exposure. Plastic, and in particular the recyclable plastic market, has been challenging for companies because notably of a cost increase. These key challenges imply a business shift in addition to a systems change so while it's still expected to take some time, the importance of consistent follow up remains essential, reaffirming our continued efforts.

124. https://www.ellenmacarthurfoundation.org/global-commitment-2023/overview

Company	Assessment at start of campaign	Recommendations	Evolution in Past Years	Status in 2025, Actions Taken, and Next Steps
Company C **Sector:** Household & Personal Products **Region:** Europe **Starting Year:** 2022 ↑	– The company's exposure to plastic-related risks mainly stems from product packaging and POS materials, in a sector where expectations on circularity and packaging transparency are increasing. – At the start of our engagement, disclosure on plastics was limited and did not provide a sufficiently granular view of the company's plastic footprint (e.g., volumes by polymer type, scope, methodology). – The company's approach appeared primarily driven by regulatory compliance, with no clearly articulated plastics roadmap aligned with peers' initiatives. – While the company indicated that plastics are not a major material for them, we considered that this statement needed to be supported by stronger public reporting and clearer KPIs.	– Encourage the company to move from a mainly compliance-driven approach (PPWR) to a more structured and peer-aligned plastics roadmap. ➜ Define clear plastics objectives with timeline, scope and measurement methodology, including reduction levers and design-for-recycling commitments. ➜ Strengthen the packaging strategy by addressing plastics at group level and considering an ambition to eliminate unnecessary plastic (including "zero plastic" where relevant), beyond substitution. ➜ Align practices and disclosures with the Ellen MacArthur Foundation's plastics initiative and enhance public reporting by publishing granular plastics data (e.g., volumes by polymer type) to strengthen transparency and accountability. ➜ Expand circularity levers (reuse and reverse logistics) and document outcomes and scalability.	**2023-2024** – The company frames its plastics approach mainly through existing public reporting and a PPWR-driven compliance logic, while prioritizing cardboard substitution whenever possible. – The plastics roadmap remains to be further structured, with EMF alignment and granular disclosure (e.g., plastics volumes by polymer type, clear scope/ methodology) still under review. – Packaging alternatives rely mainly on cardboard and PCR plastic, alongside early circularity levers such as perfume bottle reuse testing and the exploration of reverse logistics for POS materials with a retailer. – The company strengthens monitoring through a plastic intensity indicator (plastic consumed relative to revenue) and sets a trajectory to join EMF between 2025 and 2030.	**2025** – The company strengthens monitoring through a plastic intensity indicator (plastic consumed relative to revenue) and sets a trajectory to join EMF between 2025 and 2030. – Packaging actions focus on tubes, combining plastic reduction and design-for-recycling: component reduction, shift from virgin plastic to PCR PE (60% of tubes targeted as PCR PE by 2023, saving 16 tons of virgin PE), plus recyclability optimisation (>50% of tubes described as recyclable ; 2M+ units with little/no carbon black). **Next steps:** ➜ Translate EMF trajectory into concrete targets and delivery milestones (scope, timeline, KPIs) ➜ Publish more granular plastics data (incl. volumes by type of plastic, scope and methodology) ➜ Scale and evidence outcomes of circularity initiatives (bottle reuse, POS reverse logistics), including scalability and impact

Consumer Discretionary – Non-Food Retailers

The nature of our plastic engagements for non-food consumer companies such a retailer has taken a slightly different angle due to the unique nature of the sector. Unlike food sectors who have some genuine constraints to incorporate recycled content due food safety concerns, retailers are more easily able to adopt recycled plastic as the material is used primarily for protective packaging during delivery and transport. This means that many companies in certain geographies have already moved away from virgin plastic towards renewable alternatives such as paper bags, rPET, or compostable packaging. Although it must be said that many companies globally have still yet to achieve this benchmark.

For more advanced companies, the next hurdle is business to business packaging (B2B) or the plastic still used behind the scenes for shipment and storage that is not seen by customers. This packaging is often indirectly controlled by the companies making it also harder to eliminate. For more advanced companies, our engagement efforts have begun to focus on greater action around B2B including finding reusable solutions and engaging with suppliers to use virgin alternatives.

Company	Company assessment at start of engagement	Recommendations	Evolution in Past Years	Status in 2025, Actions Taken, and Next Steps
Company C **Sector:** Specialty Retail **Region:** Asia **Starting Year:** 2023 ➡	– The company did not disclose packaging for B2C (business to customer) or B2B (business to business) plastic packaging – Company had no hard plastic targets – plastic ambitions implied within an ambition to "achieve zero landfill disposal"	– We encouraged the company to disclose the volume of plastic used for B2B or B2C including total volume of plastic used, percentage of total that is from recyclable content and percentage that is recyclable – We encouraged the company to set targets on plastic such as: ➜ 100% packaging being from recyclable material ➜ Increase percentage of recycled content for both B2B and B2C	– For B2B packaging, some initiatives started to reduce volume of plastic and to encourage recycling but are still anecdotal in nature and there are no concrete targets/KPIs disclosed – For B2C packaging, all stores now use paper instead of plastic packaging for customer bags; however, no initiatives have been implemented to address plastic packaging for online sales, though they indicated an intention to do so	In 2025, the company implemented guidelines for the procurement of plastic materials – The company publishes waste data from part of their own operations and supply chain but does not report on overseas data. – The company still does not report packaging KPIs in a granular way (i.e. splitting the data by type of material) We will continue the engagement going forward in 2026.

Next Steps and Amundi Perspective of Engagement

In 2025, plastic will remain at the heart of our discussions with sectors and companies. Since there was no evolution at the company level, in 2026 we would still like to see more granularity on data, including reporting at a country or regional level, but we recognise this has remained a challenge for companies to achieve in the short-mid-term. We will keep encouraging companies to demonstrate stronger evidence of their mitigation strategies in areas of highest risks, such as where recycling infrastructure is limited or where regulatory / reputational risks are acute. We see this objective as paramount because the life cycle of plastic can look very different based on the region in which it is sold due to regulation, existing infrastructure, and consumer awareness, among other factors. To accelerate the transparency, as mentioned in our objectives, in 2026 we hope to leverage the CDP questionnaire on plastic introduced in 2024 to request for more disclosure on plastic. It is essential that companies start taking responsibility for the plastic their activities generate in certain regions and, as investors, we cannot fully assess a company's plastic risks without this data. To reduce plastic pollution, it is essential for plastic producers to identify opportunities and work on new technologies that can improve the recyclability of plastic. Finally, we understand the necessity of initially working locally, but we expect companies to be able to set precise deadlines regarding the scalability of plastic-related pilot projects. Going forward, we will continue to engage with the existing engagement pool and track their progress in line with their future commitments.

Case study 21: Engaging with an Emerging Markets Plastics Producer

Context: We began engaging with an emerging markets based plastic company in 2022 that operates at the core of the global plastics value chain, with a strong exposure to virgin PET production and recycling activities. This positioning creates both material risks linked to plastic pollution and regulatory pressure, as well as opportunities associated with the transition toward a circular economy for plastics. Given its scale and global footprint, the company's strategy on recycled content, circular feedstocks and recycling infrastructure is particularly relevant in the context of evolving regulations and investor expectations on plastic waste reduction.

Amundi Actions: Engagement began in 2022 to assess how the company identifies, governs, and integrates plastic-related risks—especially PET recyclability and circular business models—and to align practices with emerging standards. Continued engagement, and the company's flagging in our 2023 plastics policy (which triggered a biodiversity score cap), focused on transparency, targets, and the role of recycled/alternative feedstocks, prompting clearer disclosure of circular-economy ambitions and their integration into strategy and investments. By 2025 the dialogue further evolved assessing progress: scalability of recycling, contribution of circular business lines, and robustness of recycled-content and waste-reduction targets.

Objectives: To summarize, the key objectives over the past few years have been the following:

- Encourage a structured and strategic approach to plastic management, aligned with circular economy principles.
- Improve transparency on plastic-related risks, recycled content, and progress toward circularity targets.
- Support the development of measurable, time-bound objectives related to recycling and alternative feedstocks.

Momentum: Since 2022, the company has gradually strengthened the way it frames plastics circularity within its core business strategy, with progress becoming more tangible in 2025.

In the initial years of engagement, disclosures mainly highlighted recycling activities and circular economy principles, but with limited visibility on scale, metrics or long-term ambitions. While recycling was clearly positioned as part of the business model, public information remained largely descriptive, making it difficult to assess progress or trajectory.

This began to evolve in 2024 reporting, which provided clearer evidence of scale through absolute activity metrics, notably the disclosure that the company recycled approximately 26.4 billion PET bottles in 2024, bringing cumulative recycled volumes to around 135 billion bottles. These disclosures marked a shift from qualitative narratives toward operational indicators, even though they were not yet systematically linked to production shares or revenues. For this reason we made the decision to upgrade the company's internal risk rating in our plastic production policy and subsequently remove the negative override on biodiversity to reflect plastic risks.

The 2025 engagement represented a further step forward. In addition to confirming the scale of existing recycling operations, the company articulated explicit forward-looking ambitions, including recycling 50 billion bottles by 2025 and 100 billion bottles by 2030. The company also clarified the role of recycling as a growth driver within its plastics portfolio, something we see as key in a strong forward looking plastics strategy. The company also disclosed, for the first time, a baseline and target for bio-based feedstocks, indicating that bio-based inputs accounted for around 1.5% in 2024, with an ambition to reach 16% by 2030. These elements provided clearer reference points to assess future progress which we highly encourage.

Next Steps: The evolution observed over past years reflects a transition from broad circularity statements to measurable activity indicators and forward-looking ambitions, with 2025 marking the point at which disclosures became sufficiently quantified to track progress over time. Yet, important gaps remain particularly regarding the breakdown of virgin versus recycled polymer use.

Going forward, engagement will focus on:

- Further improving transparency on recycled versus virgin plastic use across the portfolio.
- Encouraging a pathway to progressively reduce the use of virgin fossil-based plastics, alongside the scale-up of recycled and alternative feedstocks.
- Monitoring progress toward stated recycling and circularity targets.
- Encouraging clearer disclosure on the environmental impacts of alternative and bio-based feedstocks, including lifecycle considerations and sourcing constraints.

We still see the company a key leader concerning its management and ambitions around plastic risks. However, there is a long way to go for the sector overall, and we will continue to encourage the company to make year on year advancements.

Case study 22: Engaging with a North American Petrochemical Company on Plastic Production

Context: Starting in 2023, we began engaging with a petrochemical company that was identified by leading environmental organizations as having high exposure to virgin plastic production with the company being one of the leading producers of single use virgin plastic in 2021. Due to high exposure and serious gaps in management, the company was subsequently flagged in our Natural Capital Policy on Plastics Production in 2023 leading it to have a score cap placed on the biodiversity criterion to reflect these risks.

Since then, the company became increasingly exposed to material risks around plastic production as the engagement continued, further justifying our efforts. The company has notably implicated in certain emerging lawsuits for misleading stakeholders on the impacts of plastic production on the environment, historically overstating the feasibility of recycling (historically in the US roughly 5% of plastic waste is recycled on average annually). In addition, the company was sued for improper promotion of the company's recycling solutions which reportedly do not in fact convert the material into recycled plastic products, but rather primary fuels.

In addition, over the past few years the company has been implicated in heavy lobbying (amongst other petrochemical companies and oil producing nations) to oppose the UN Plastics Treaty125 This has further emphasized the need for engagement.

Amundi Actions: While we understand the complexities of moving away from virgin plastic in the near term, risks around the issue will continue to augment. As investors it is essential we ensure petrochemical producers are sufficiently disclosing risks to shareholders, as well as around how they are capturing opportunities related to the circularity of plastics in the short, medium and long term.

Our engagement started in 2023 focusing on key material questions that take into account the context of what is tangible for plastic producers to do today based on current capacity and reporting.

Objectives

- Disclosure of revenue related to single- use virgin plastic production, versus secondary recycled plastic production, bioplastic, and overall revenues.
- Establish ambitions (ideally ambitious, quantitative targets) to increase the use of recycled content produced
- Disclosure of efforts to improve the recyclability of plastic (such as around chemical safety improvement efforts of the recycled content, and efforts to scale innovative solutions to feedstock recycling

125. https://www.ft.com/content/c109c199-c774-4157-9011-74f51b6ba61a

Momentum & Outcomes: In 2024, while dialogue occurred, the company provided very limited answers, primarily driven by existing disclosures. They reported that they have 80 million pounds of advanced recycling capacity as of 2023 with an aspiration to grow that to 1 billion by 2026 (pending supportive policy). As of 2023, they had recycled 40 million pounds of plastic waste and 100,000 pounds of plastic waste was collected in four months at a pilot collection site. They stated that their advanced recycling converts approximately 88-90% of processed plastic waste into raw materials, but details on what those specific products are remain vague. For example, if it is converted into synthetic crude oils to replace traditional fossil fuel based crude oil or other types of products. Information on the environmental inputs of the recycled products was also lacking such as water, chemicals, and energy inputs are required to make them. While we appreciate that they are working to scale recycling, more proof points and forward looking strategy to find alternative, environmentally friendly solutions to virgin plastic would still be appreciated. In addition, in terms of scale of ambition compared to overall exposure, the company's 40 million pounds of recycled content in 2023 translates to roughly 0.3% of their total production which has been estimated at 6 million metrics tons in 2021126. Due these concerns, we supported in 2024 a shareholder resolution filed by other investors asking that the company report how a significant reduction in virgin plastic demand would impact the company's financial position and the assumptions underlying its financial statements.

As of 2025, while we achieved continued dialogue with the company on the subject, the company did not progress in regards to our asks on plastic. They informed us that they did not have plans to increase disclosure on the specifics of the high value products from their advanced recycling systems or provide segmented data on virgin, recycled, or biobased in their plastic production. We also asked for a risk assessment on plastic to better provide stakeholders with transparent information on plastic related risks. They also pushed back on doing more than they already disclose on this as they consider demand for plastics to increase ($3 billion more in earnings growth by 2027 versus 2019) and so their business will remain resilient in the near term. They indicate this growth is due to lack of scalability of infrastructure to produce recycled products at scale to meet current plastic demand and the need for a global "systems intervention". While we do indeed note the challenges and needs for a systems change, we also note that the company participated in heavy lobbying against the Global Plastics Treaty which aimed to support the systems change required. During the negotiations, some reports cites fossil fuel industry lobbyists outnumbered the scientific coalition by nearly 4 to 1127. We also find that the company's position does not take into account growing risks around litigation, regulatory changes, and other transition risks beyond demand that could impact the business over the short to long term.

There was also some positive momentum noted however, the company did highlight that they started up a second advanced recycling unit in May 2025 and had to date processed 100 million tons of plastic waste (a 150% increase from their 2023 disclosures). They also highlighted to us that they supported a joint venture to better collect a wide variety of plastic waste and in a local region with aims to expand to residential plastic waste collection. We appreciate this evidence of growing their recycled plastic waste business and hope to see continued year on year efforts to better expand into the recycled plastics market.

Next Steps: While we appreciate the continued dialogue the company is willing to have with Amundi, we do remain concerned regarding the lagging strategy compared to their overall exposure and to many peers. While we fully understand the challenges to move away from single-use plastic today, our aim is to ensure companies are:

1. Providing investors and other stakeholders with sufficient granularity on the related risks and impacts concerning plastic production
2. Demonstrating strong evidence that they are working to help scale viable alternatives to fossil fuel based plastic production through robust capex, R&D, and other investments in addition to transparent lobbying efforts that help facilitate this scaling of alternatives.

126. Figures from an established third party organization but not disclosed to preserve the anonymity of the company
127. https://www.ciel.org/news/inc-5-2-lobbyist-analysis/

Ultimately as our engagement with the company evolves we will work to push for more transparency on capex and R&D spendings towards recycled solutions as well as for more transparency on its lobbying efforts with an overall aim to discourage lobbying against efforts to solve the very same recycled plastic hurdles it cites as a constraint. So far on this particular subject we have not escalated via vote (in favor of escalating other material subjects linked to climate as well as due some evidence of efforts to address the subject). However further escalatory actions beyond its internal override could be considered going forward.

Chemical Pollution – The Forever Chemical PFAS

Within the broader theme of chemical pollution, Amundi continues to focus on per- and polyfluoroalkyl substances (PFAS[128]), which represent one of the most prominent and rapidly escalating chemical risk areas. PFAS are a large class of synthetic chemicals that are highly resistant to degradation and are therefore commonly referred to as "forever chemicals." Their unique properties have enabled widespread use across numerous sectors, ranging from semiconductors and industrial applications to water- and sweat-resistant textiles, food packaging, and personal care products. As a result, PFAS exposure extends across most sectors of the economy, while substitution remains technically complex or commercially challenging in many use cases.

However, PFAS have been increasingly linked to serious adverse health outcomes. Long-chain PFAS have been recognized by the OECD as contaminants of high global concern since 2013[129], with scientific evidence linking exposure to cancer, reproductive and developmental harm, immune system damage, and other chronic health effects, even at low concentrations[130]. Their extensive use has also resulted in large-scale environmental contamination, particularly in drinking water and across food chains. In early 2023, a cross-border investigation conducted by eighteen European media outlets, including Le Monde, identified approximately 17,000 PFAS-contaminated sites across Europe and the United Kingdom, of which more than 2,100 clusters were found to pose risks to human health[131]. The persistence of PFAS in the environment remains a core concern, as releases and their associated impacts are difficult or impossible to fully control or reverse.

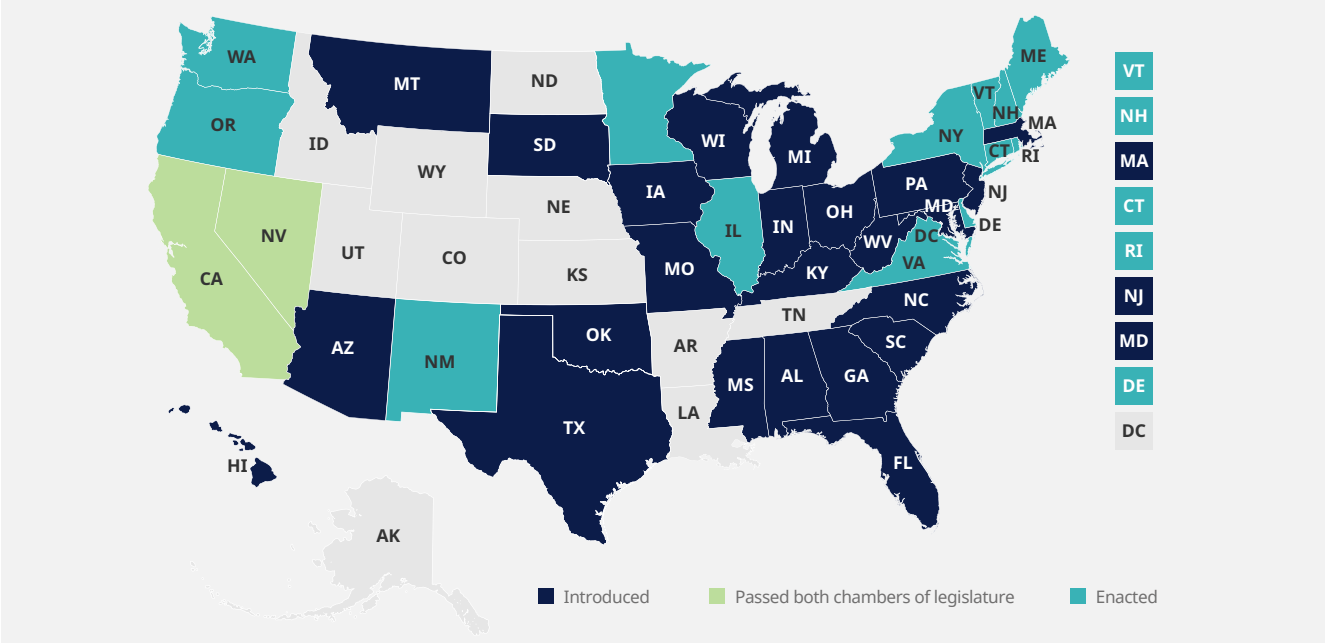
Public awareness of PFAS-related risks has increased markedly in recent years, driven by the scale of global exposure and the growing strength of scientific evidence. This has translated into a rapid acceleration of regulatory action, alongside a surge in litigation against PFAS producers and downstream users. PFAS-related litigation has reached a scale that can materially impair the long-term value of affected companies. While the full cost of remediation remains uncertain, available cost modelling suggests that PFAS cleanup could amount to hundreds of billions to several trillions euros over time[132]. Several PFAS producers have already reached settlements totaling up to USD 15 billion[133]. In 2025 alone, PFAS litigation expanded to over 15,000 cases within the AFFF (aqueous film-forming foam)[134] multidistrict litigation in the United States.

Importantly, PFAS-related risks are now no longer confined to primary producers. Litigation increasingly affects a broader range of actors, including downstream manufacturers, consumer-facing brands, and public entities. Legal actions now span multidistrict litigation, consumer class actions, medical monitoring mandates, and claims against public water systems, significantly widening the scope of financial, legal, and reputational exposure.

128. Per- and polyfluoroalkyl substances
129. OECD (2013), Synthesis paper on per and polyfluorinated chemicals, OECD Series on Risk Management of Chemicals, OECD Publishing, Paris, https://doi.org/10.1787/0bc75123-en.
130. Agency for Toxic Substances and Disease Registry (ATSDR). (2025). PFAS and your health. https://www.atsdr.cdc.gov/pfas/about/index.html
131. Horel, S. (2023, February 23). The massive contamination of Europe by PFAS 'forever chemicals'. Le Monde. https://www.lemonde.fr/en/les-decodeurs/article/2023/02/23/revealed-the-massive-contamination-of-europe-by-pfas-forever-chemicals_6016906_8.html
Elton, C. (2023, February 24). 17,000 European sites contaminated by 'forever chemicals' – where are the worst spots?. Euronews. https://www.euronews.com/green/2023/02/24/exposed-17000-european-sites-contaminated-by-forever-chemicals-where-are-the-worst-spots
132. ChemSec. (2023). The cost of cleaning up PFAS pollution. https://chemsec.org/publication/the-cost-of-cleaning-up-pfas-pollution/
133. U.S. Environmental Protection Agency (EPA). (2024). PFAS litigation and enforcement overview. https://www.epa.gov/pfas
134. X. Drugwatch. (2025). PFAS water contamination lawsuits: Number of cases and MDL overview. https://www.drugwatch.com/pfas-lawsuits/water-contamination/

Regulatory risk is closely intertwined with legal risk, and PFAS regulation continues to tighten globally. In the European Union, this includes the proposed PFAS restriction under the revised REACH framework, initially targeting consumer products with industrial uses phased in over time, as well as revisions to EU water legislation classifying PFAS as priority pollutants in surface and groundwater. In the United States, regulatory developments include stricter water quality standards, the classification of certain PFAS as hazardous substances, and, as of January 2024, the removal of authorization for PFAS in food packaging. Several U.S. states have also introduced bans on PFAS in specific product categories, forcing consumer-facing companies to navigate an increasingly complex and fragmented regulatory landscape. In fact, nearly 350 bills on PFAS related regulation has been introduced in the United States across 39 out of the 50 US states[135].

Highlight on US PFAS Litigation Risk: Introduced, Passed, and Enacted PFAS Regulation



Source: MultiState. Data as of September 30, 2025.

Beyond the three subgroups of PFAS[136] that are already widely banned or regulated, thousands of structurally similar chemicals continue to be produced in high volumes with limited oversight. This raises concerns that companies relying solely on current regulatory compliance may not be sufficiently prepared for future regulatory tightening, litigation, or market shifts.

Ultimately, PFAS manufacturers and PFAS-dependent industries face an elevated risk of obsolescence driven by regulatory pressure, litigation exposure, and reputational damage. Demand for PFAS-containing products may increasingly follow the trajectory of other substances of concern, such as asbestos. From an investor perspective, this reinforces the case for proactive engagement, encouraging companies to anticipate regulatory change, invest in safer alternatives, and develop credible transition and phase-out strategies.

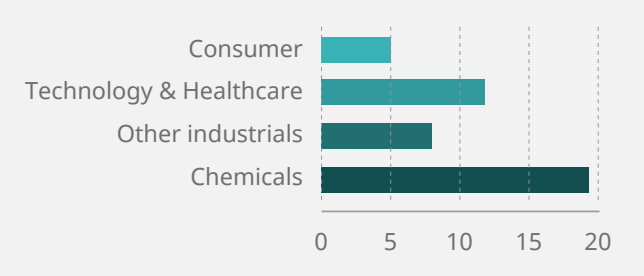
Amundi Actions

In 2025, Amundi has continued its work on the topic focusing on identified companies with significant, often direct exposure as well as those where PFAS exposure poses certain risks (e.g. in consumer-facing sectors), but the company's link to PFAS may not be direct but through products they source.

44 issuers engaged in 2025 for PFAS exposure

135. https://www.multistate.us/insider/2026/1/22/forever-chemicals-face-sweeping-bans-as-states-pass-pfas-laws-in-2025
136. PFHxS, PFOA and PFOS are the three subgroups of PFASs currently listed under the Stockholm Convention as industrial POPs.

Sector classification of companies engaged in 2025



In 2025, we engaged 44 companies on PFAS-related topics, of which 29 were flagged under Amundi's Natural Capital Policy as having high exposure to PFAS risks. Among the companies engaged, 19 are chemical companies, including 12 PFAS producers and 7 PFAS downstream users of substances listed under the EU REACH Regulation or identified as Substances of Very High Concern. The remaining companies engaged span different sectors, and while some are involved upstream in PFA-related production, most exposures occur downstream through PFAS use in products or materials such as food packaging, construction materials or consumer goods.

29
issuerd flagged under Natural Capital Policy for PFAS exposure

9
Companies have internal overrides on the biodiversity & pollution criterion to reflect PFAS risks

4
issuers had escalatory voting actions taken in 2025

4
Companies had one engagement objective closed positively in 2025

Engagement Objectives

In regard to engagement, the key objectives of PFAS engagements are the following:

- Increase Transparency: advocate for the publication of a PFAS use case that maps out potential alternatives that are under development or available today
- Commitment to invest in innovation and develop phase out plans for different current use cases, and robust monitoring and controlling of PFAS leaks into the environment (where applicable)

Momentum & Outcomes

Engagement discussions, mainly with chemical companies, highlighted significant disparities in how companies are approaching PFAS management. While some companies have articulated commitments to work on alternatives or to phase out specific PFAS substances or uses, others have not made comparable commitments.

The table below, highlights the range of maturity across the 29 companies flagged under the Natural Capital Policy for PFAS exposure, spanning early-stage work on alternatives to partial or more advanced phase-out commitments. Differences between producers and downstream industrial users further underline how starting points and transition challenges vary across the value chain.

Sample of Current Performance of Companies flagged in Natural Capital Policy for PFAS Exposure that are under engagement

	PFAS Producers	Downstram Industrial Users
No commitment	9	11
Commitment to work on alternatives	-	2
Partial Phase-out commitment	3	2
Full Phase-out commitment	2	-
Total Number Engaged	14	15

Source: Amundi Asset Management, Engagement & Research Data

Despite these developments, significant challenges remain. Many companies have yet to commit to a full phase-out strategy, citing the lack of viable alternatives, the complexity of product portfolios and continued customer demand for PFAS-containing products. Where action is underway, efforts remain primarily focused on consumer-facing applications, while industrial uses are more often presented as requiring longer transition pathways, reflecting the EU's prioritization of regulation in consumer goods[137]. In addition, limitations persist in the detection, monitoring and assurance of PFAS releases into the environment.

Beyond the chemical sector, companies using PFAS in specific products or applications, including retailers, are adapting to rapidly evolving regulatory requirements with varying levels of preparedness. Some companies in the US for example have noted to us the key operational challenges they are facing to dynamically adjust their supply chain operations and product sourcing to meet rapidly evolving US regulation at the state level. These developments have prompted several companies that previously lacked a formal PFAS strategy to elevate the topic to a strategic priority, though comprehensive strategies and specific phase out commitments overall are still lacking. The key priority remains on adjusting operations to meet regulation as opposed to proactively getting ahead of a dynamic regulatory landscape through comprehensive policies and phase out plans.

In addition to the chemical case shown later in this report, a sample of two other PFAS engagements from non-chemical companies can be seen in the table below.

Company	Company assessment at start of engagement	Recommendations	Evolution in Past Years	Status in 2025, Actions Taken, and Next Steps
Company A **Sector:** Specialty Retail **Region:** North America **Starting Year:** 2023 ↘	– Large retailer with stores globally. The company sells a mix of both brand name and private-labeled products across categories including apparel and kitchenware meaning the company has a broad range of PFAS risks across a variety of product categories. – At the start of engagement, the company had no public facing strategy around management of chemical safety including PFAS	– Encouraged the company to begin managing safety risks of own products and third-party products to address chemical safety concerns such as PFAS – Asked company to begin taking steps to phase out PFAS from products – 2024 addition – Increase efforts on quality and safety controls that includes working more closely with suppliers to disclose chemical risks and check conformance laws and standards – 2024 addition	– The company began managing PFAS risks more in 2024 compared to 2023 including the development of efforts to address high risk products and respond to regulation – They are not yet at the point of phasing out PFAS or other chemical risks beyond regulation. They noted that current customer demand for PFAS-free alternatives is limited, particularly in this price sensitive segment, where non-PFAS options may carry a price premium of approx. 30% – They have increased their efforts with suppliers by asking for a certificate of compliance regarding chemical safety risks attached to import records and having suppliers fill out a survey for regulatory questions in a newly developed vendor portal.	– The company informed us they are looking at chemical safety by focusing on operational policies, i.e. introducing PFAS-free compostable in home office cafeterias, as well as removing PFAS from chemicals used to clean their offices. – However, not much is being done at the product level regarding products sold in their stores. Their focus is currently on complying with chemical regulation in different geographies. They are working cross-functionally to adapt their business to jurisdictions with different PFAS laws. – We are downgrading this to a negative momentum due to the company's approach being mostly driven by regulatory risk, with no demonstration of a more comprehensive strategy despite the material risks. We will continue this engagement in 2026. Depending on the evolution, we could consider escalation at some point in the future,

137. https://natlawreview.com/article/latest-updates-and-polyfluorinated-substances-pfas

Company B **Sector:** Semiconductors **Region:** Europe **Starting Year:** 2023 	– Semiconductor company exposed to PFAS which are essential for semiconductor (chip) manufacturing – None or very limited alternatives exist – The company reported some efforts around responsible chemical management but details around risk management for PFAS remained vague	– Asked the company to increase strategy and awareness around rising risks of PFAS regulation for their business, most notably in the EU and US – Encouraged the company to enhance disclosures to investors regarding the opportunities and challenges associated with gradually shifting away from substances of very high concern, such as PFAS.	**2023** – Awareness of the risks and working to identify PFAS both in direct operations and the supply chain. – Establishment of a programme to phase out some PFAS in the near term and others in the longer term (15+ years) for those more challenging to replace **2024** – The company confirmed they completed mapping of usage to monitor and control PFAS risks but challenges remain with PFAS detection due to reliance on supplier disclosure – Internally working on developing substitutions. For certain applications, substitution remains challenging but are actively experimenting and piloting possible solutions – High involvement in numerous working groups globally to collaboratively address the risk of PFAS usage in semis.	In 2025, we discussed with the company on PFAS related disclosures and more specifically on precise controls and processes in place, as well as ongoing investment to reduce the company's exposure to PFAS. The company has strong internal processes in place and is able to localize PFAS risk exposure in its products. Risks are localised in the resin around the chip. Once the company has localised its risk exposure, they aim to set up targets by 2028 to replace chemicals or concerns. One element on which the company is not able to provide us with some updates on PFAS disclosures. They acknowledge the necessity for greater transparency and need to assess the feasibility for more disclosure on PFAS. *We will follow the company's progress and might consider closing the engagement next year since the company is reaching best practice for the sector.*

Next Steps

Considering the rapid evolution in the regulatory landscape around PFAS, 2026 engagement with chemical companies will focus on key PFAS regulatory and litigation developments, including:

- EU REACH regulatory opinions on evolving restrictions (early 2026)
- U.S. EPA TSCA PFAS reporting requirements (April–October 2026)
- Outcomes of the AFFF MDL bellwether trials

These developments are expected to drive improved transparency on PFAS uses, production volumes, disposal practices, and potential exposures, as well as associated health and environmental risks. Enhanced disclosures may lead us to revisit litigation risk assessments for certain companies.

In parallel, company preparedness for a potential universal PFAS ban in the EU remain a priority. Where companies have made partial phase-out commitments, we will follow up on progress and continue engaging on PFAS uses in portfolio segments that still lack a defined transition pathway, mainly for pesticides. Even where exemptions or derogations apply, we will continue encouraging credible plans and investment in safer alternatives. Beyond the transition planning, we will also continue assessing the robustness and effectiveness of monitoring of PFAS releases into the environment and broader environmental risk management systems.

PFAS discussions are likely also to extend beyond the chemical sector into downstream industries such as retail, semiconductors, and industrials. In line with this, we aim to broaden PFAS engagement across sectors to build a more comprehensive view of phase-out challenges across use cases and to encourage companies to treat PFAS as a strategic topic within sustainability management.

Chemsec

ChemSec – the International Chemical Secretariat – is an independent non-profit organization founded in 2002 that advocates for substitution of toxic chemicals with safer alternatives. Chemsec uses three levers to drive change in the chemical industry, aiming for transitioning away from hazardous chemicals.

The first lever is pushing regulators to increase and tighten regulations around the world, especially in the European Union, where they have contributed to REACH, the regulation that establishes procedures for collecting and assessing information on the properties and hazards of chemical substances.

The second lever aims to help businesses decrease their dependence on hazardous chemicals. One example is the ChemSec Business Group – a collaboration among companies striving to inspire concrete progress on toxic use reduction. To assist companies in this endeavour, ChemSec has created free online tools like the SIN List and Marketplace, which are designed for businesses to monitor the use of hazardous chemicals and discover safer alternatives. ChemScore, another tool primarily utilised by investors, seeks to evaluate chemical producers' efforts to minimise their chemical footprint.

Lastly, Chemsec coordinates the Investor Initiative on Hazardous Chemicals (IIHC), an investor-led engagement initiative in which more than 70 firms, including Amundi. Through this initiative, chemical companies are asked to increase transparency on hazardous chemicals production, establish a strategy to phase them out and develop safer alternatives. Amundi is lead for three companies.

Case study 23: Engaging on PFAS

Among Amundi's systemic chemicals (PFAS) engagements, Amundi continues to engage with a company involved in a lengthy, high-profile controversy surrounding PFAS contamination. This previously led to large-scale settlements related to PFAS water contamination and personal injury. The lack of transparency in the toxicity results of its PFAS and related pollution in the past have placed the company on our target list for engagement. Amundi, began engaging with the company on PFAS in 2022, joined the collective engagement on the company with Chemsec in 2023 (taking the role as lead investor). Although past litigation liabilities are largely capped by its spin-offs and the restructured company does not produce PFAS anymore, they still procure larger amounts of short-chain PFAS of which health effects are less known today. Given this background, the company plays a key role in the PFAS issue and lacked transparency around their use of hazardous chemicals in production. This was demonstrated by the company having one of the lowest ratings by Chemsec in 2023 due to its lack of transparency, leading to Amundi's decision to take on the lead role for the Chemsec engagement. The ongoing risks of this led us to put an override on the company's biodiversity & pollution criteria on its internal ESG score to reflect the risks.

Amundi Actions: We started the dialogue with the company in 2022 and intend to follow up on the discussion points and progress annually. Overall, our aim for the company is to use its past experience to develop best practices for handling and reducing chemicals of concern in production and encourage a shift in their portfolio to safer alternatives and eventually fully phase out PFAS.

Engagement objectives:

Specific asks for the company have been the following:

1. Transparency on production and revenue associated with substances of concern
2. Target setting for safer alternatives for their product portfolio
3. A public roadmap for phasing out the use of PFAS where possible and a clear justification for use where there are no alternatives for critical uses

Engagement Outcomes and Issuer Momentum: Momentum can be broken down as follows according to the above objectives:

Objective 1

While the company's chemical portfolio was previously confidential, the company resumed reporting substances of concern (SoC) to the U.S. Environmental Protection Agency in 2024 (discussed during our 2025 dialogue). In addition, we noted evolution in 2025 that the company increased transparency by reporting on the number of commercialized and newly launched products where the use of substances of concern was avoided or eliminated. The company further strengthened disclosure by publishing progress on SoC performance indicators, including the number of already commercialized and newly launched products where the use of substances of concern was avoided or eliminated, as well as reporting on the phase-out of SoC in certain product applications. The company also increased the level of detail in product-related disclosures, building on its SoC Chemical Management Policy used to assess and mitigate chemical risk. These reporting developments provide improved investor assurance that chemical risk management is becoming more visible at the product level.

However, despite this progress, there remain limited clarity on the overall composition of the portfolio, as the company does not disclose the proportion of products that have undergone detailed health, safety, and environmental (HSE) impact assessments, nor the share of the portfolio that still contains substances of concern.

Objective 2

The company has continued to strengthen its product development framework by prioritising "safer by design" principles and maintaining an internal list of substances of concern that new products are not permitted to contain. This approach builds on the Innovating Safe and Sustainable by Design (ISSD) framework launched in 2021 and supports the company's public commitment that all new products and processes will follow green chemistry principles by 2030. In 2025, the company reported tangible substitution outcomes, including 20 innovative products commercialised without substances of concern and the elimination of 14 substances of very high concern (SVHC) from its product portfolio. In parallel, 41 R&D projects were funded to phase out SoC in targeted products and applications, with 84 SoC assessments resulting in recommendations to eliminate, minimise, or replace substances of concern.

While these developments demonstrate progress in embedding safer alternatives into product design, the company has not yet quantified how much of the existing portfolio is expected to transition to safer alternatives versus areas where substitution is not currently feasible.

Objective 3

Over the past two years, the company has acknowledged the materiality of PFAS-related risks and confirmed the existence of an internal roadmap to replace or minimize the use and presence of PFAS where feasible. In 2025, the company publicly committed to this approach and demonstrated initial progress by completing PFAS (and Bisphenol A) phase-out plans for a specific product group in the EU, namely BETAMATE structural adhesives.

However, it remains unclear what proportion of the overall portfolio is associated with PFAS, including short-chain PFAS procured from suppliers, and which PFAS applications are expected to be phased out in the near term versus maintained due to the absence of viable alternatives.

While gaps remain, we have found the company to be on an overall positive trajectory which is further demonstrated by their positive momentum in the Chemsec benchmark who went from one of the lowest scores in 2023 to middle of the pack in the 2025 update. Due to this progress, while the company is still flagged in our Natural Capital Policy, we made the decision to upgrade the company's severity level in our policy including to remove the override on the pollution criteria as the company's progress has reduced its risk profile.

Next Steps: The company's commitment to our recommendations has brought some visible change, notably on the improved transparency regarding substances of concern, progress on phasing out some PFAS and SoC, and a public 2030 goal setting for a safe by design innovation portfolio. However, it has also became clear that transformation will happen gradually. As the company remains exposed to PFAS and other SoC in their products as they currently addressing the innovation portfolio mainly, we will continue recommending increased transparency on phase out efforts and if possible, a more ambitious timeline to do so. For 2026, US federal PFAS rules are forcing the company to generate much more granular data on PFAS uses, releases, and hazards, which in turn could put pressure on the company to be more transparent with investors on the exposure and phase out progress. Despite some recent withdrawals, TSCA and TRI obligations together with CERCLA liability and government bans, create a mandatory larger database that can serve as a factual basis for investors to demand product-level disclosures from which KPIs relevant to investors can be derived.

While we do note the progress the company has made which led to a positive change to our internal assessment of the risk, we will further encourage the company to move in the right direction towards our objectives, as risks and gaps in management remain.

6. Supporting Biodiversity Through Engagement on Pesticides

Agricultural Pests currently destroy up to 40% of global crop production[138], driving widespread reliance on pesticides to secure yields[139]. However, the extensive use of pesticides generates significant ecological and economic externalities that remain insufficiently quantified and pose long-term risks to agricultural productivity and food systems. This calls into question the sustainability of their use and leads Amundi, as an investor, to pay closer attention to the associated long-term economic, ecological and financial risks.

Chemical pollution, including pesticides, is recognized as a major driver of biodiversity loss[140], ranking second globally for insect population declines after land-use change.[141] Widely used herbicides such as glyphosate persist in soils and migrate into water systems, negatively affecting aquatic species and contaminating food chains and drinking water[142].

Overuse of pesticides contributes to the degradation of natural capital by accelerating pollinator decline, soil degradation and water contamination, ultimately reducing farm productivity and increasing costs. In the United States, the economic damage linked to pesticides was estimated at USD 10 billion annually as early as 2003[143], with costs likely significantly higher today due to increased use and unaccounted health impact. In Europe, hidden societal costs linked to pesticide use have been estimated at EUR 8 billion per year in France[144], while herbicide resistance in the UK alone is estimated to cause annual crop losses of around GBP 1 billion.

138. World Economic Forum. (2024). AI offers a new era in agricultural innovation: combating climate-driven crop pests. https://www.weforum.org/stories/2024/05/ai-offers-a-new-era-in-agricultural-innovation-combating-climate-driven-crop-pests/
139. Environmental and Economic Costs of the Application of Pesticides Primarily in the United States" by David Pimentel from Cornell University.
140. Making it a key driver of biosphere integrity declines within the planetary boundary in addition to it being a key chemical pollutant
141. Sánchez-Bayo, F. & Wyckhuys, K.A.G. (2019). Worldwide decline of the entomofauna. Biological Conservation.
142. PAN Europe (2023). Beneath orange fields: the impact of glyphosate on soil organisms. Beneath the orange fields: Impact of Glyphosate (herbicides) on soil organisms | PAN Europe
143. Pimentel, D. 'Environmental and Economic Costs of the Application of Pesticides Primarily in the United States'. Environ Dev Sustain 7, 229–252 (2005). https://doi.org/10.1007/s10668-005-7314-2
144. Frontier in Sustained Food Systems (2022). The social costs of pesticide use in France. https://doi.org/10.3389/fsufs.2022.1027583

Regulatory scrutiny of pesticides has intensified. Authorities such as the EU's EFSA and the US EPA have banned or restricted numerous substances on health and environmental grounds, with more than 700 active substances withdrawn in the EU since 2009. While the EU has signaled support for lower-impact products and biopesticides, harmful pesticides remain in use, particularly in regions with weaker regulatory frameworks, creating ongoing environmental, litigation and reputational risks for producers.

Biopesticides currently account for around 5% of the global pesticide market but are expected to grow significantly, with the broader biologicals market projected to expand from USD 9 billion in 2021 to approximately USD 30 billion by 2035 according to a major US agribusiness estimates.

However, legacy products, including high-impact herbicides such as glyphosate, remain controversial and continue to expose companies to legal liabilities, regulatory tightening and market transition risks, including increasing regulatory scrutiny related to PFAS degradation products such as TFA, which are increasingly detected in water systems and discussed by regulators in the EU in the context of PFAS regulation and water quality monitoring frameworks[145].

Overall, the use and production of pesticides, siting at the intersection of agricultural productivity, environmental degradation, and regulatory risk, remains a material topic as persistent overuse and hazardous chemicals create escalating hidden environmental and health costs, regulatory and litigation liabilities, and yield/input-cost risks. Thus, as investors, it is paramount to drive awareness on the topic to promote safer chemicals for the environment, society, and the bottom line.

Amundi Actions

In 2023 Amundi launched comprehensive engagements with companies identified with material involvement in pesticides production and with significant controversies upon the implementation of the natural capital policy. We push them to better integrate biodiversity considerations into their strategy or risk. If not, they face escalatory measures. Amundi has engaged with the largest listed companies involved in pesticide production to drive action on the subject including the assessment and reduction of hazard products, the phase out strategy of controversial products and the development of safer alternatives.

Engagement Objectives

- Raise awareness of the growing importance of natural capital preservation in the chemical sector with the aim to accelerate corporate action by way of improved policies, practices, and targets in line with industry best practices
- Encourage issuers to accelerate the transition to green chemistry and progressively stop Highly Hazardous Pesticide (HHPs)
- Increase transparency and advocate for an alignment of definitions of green and hazardous products
- Improve product oversight down the value chain

Engagement Momentum

Through our engagement with controversial pesticide producers, our main findings include:

- Pesticide producers considered "best practice" on natural capital now work across the full product life cycle, aligning with frameworks such TNFD sector guidance. Yet, TNFD reporting is nascent with scope 3 nature impacts often unqualified and under development
- A handful companies use TNFD's LEAP approach to identify material nature dependencies/ impacts (pollinators, soil biota, freshwater, habitats) and commit to becoming nature positive, with more granular targets expected to be set in 2026

145. Council of the European Union (2025) Proposal to update the list of priority pollutants under EU water legislation. https://www.consilium.europa.eu/en/press/press-releases/2025/09/23/water-pollution-council-and-parliament-reach-provisional-deal-to-update-priority-substances-in-surface-and-ground-waters/ Joerss, H., et al. (2024) Occurrence and environmental persistence of trifluoroacetic acid (TFA) as a degradation product of fluorinated substances. Environmental Research. https://www.sciencedirect.com/science/article/pii/S0160412024006470

- Most companies stick to isolated targets and metrics on biodiversity sensitive areas, soil, water and pollution, which are related to the overarching natural capital theme but are not directly linked to outcomes of a holistic impact and dependency assessment
- Public commitment to phase out HHPs (highly hazardous pesticides) at company level remain patchy and often limited to specific molecules or regions. Companies generally remain reticent to develop phase out plans for HHPs until regulation becomes clearer on the matter in the US and Europe
- The criteria defining safer alternatives or "green" products are company specific and not transparent, raising concerns that they are not science-based
- There is a tendency to focus on a product's positive impact on biodiversity, i.e. savings on land use change, rather than addressing downstream negative impacts from the use of pesticides products and the long term risks it could have to agricultural productivity
- Challenges in data collection and accounting, when seeking to determine the downstream risks to biodiversity from pesticide products, are cited as the main reasons for not setting targets on reducing negative impacts
- Most companies do not disclose even basic methodologies for assessing the risks to, and impacts of, products on biodiversity.

1 Company had escalatory voting actions taken in 2025 due to pesticide concerns

Next Steps

Going forward, Amundi will continue to address the points described above while monitoring each issuer's progress, as well as their respective response to new challenges posed by their exposure to hazardous pesticides.

One key challenge to the phase out of HHPs[146] is the different regulatory frameworks in the geographies where the companies in scope are based/operate. We will continue to stress and advocate for the safe use of pesticides and encourage collaboration between the producers and the downstream value chain to protect biodiversity and enhance the oversight of environmental and social impacts. Similarly to companies in the scope of our biodiversity policy, we will leverage this as a way to encourage stronger commitment in the crop protection business including leveraging our escalatory toolbox when applicable and necessary. Amundi will encourage a phase out of HHPs and more transparency on innovation commitments.

Case study 24: Engaging with a North American Pesticide Company

Context: One of the companies under our pesticides engagement is a large-cap chemical and agriscience company, with core business lines in crop protection (including herbicides, fungicides and insecticides) and seed products. The company has been involved in several controversies related to pesticides and their impacts on biodiversity and human health, leading to regulatory restrictions and bans on some products in certain jurisdictions.

Amundi Actions: Amundi has been engaging with the company on biodiversity since 2021, with a dedicated focus on pesticides introduced in 2023 with the launch of our Natural Policy which includes a section on pesticides. Due to the identified risks around pesticides, in addition to being flagged in our policy, the company had an override place on its biodiversity & pollution criteria.

Engagement has concentrated on improving transparency, strengthening impact assessment methodologies, and encouraging the company to address the negative biodiversity impacts of its pesticide portfolio, beyond innovation-stage products.

146. Highly Hazardous Pesticides

Engagement objectives:

- Raise awareness of the importance of natural capital preservation in the chemical sector
- Encourage biodiversity targets addressing the full product portfolio, aligned with Global Biodiversity Framework's Target 7
- Improve metrics and methodologies to assess and reduce negative biodiversity impacts of pesticides
- Increase transparency on impact assessment approaches and sustainability criteria
- Encourage comprehensive Life Cycle Assessments (LCAs)
- Accelerate the transition to safer chemistry and reduction of Highly Hazardous Pesticides (HHPs)
- Improve disclosure on sustainable innovation robustness and associated biodiversity-related financial risks

Engagement Outcomes and Issuer Momentum: Since the start of the engagement, the company has gradually strengthened its approach to biodiversity, notably through the establishment of a formal biodiversity strategy overseen at committee level and the integration of biodiversity considerations into its innovation pipeline. Early efforts focused on identifying biodiversity-related business risks, particularly linked to soil health and agricultural productivity, alongside increased R&D investment to develop products with reduced environmental impact. However, these initiatives initially remained limited in scope and largely qualitative.

To recap, between 2023 and 2024, the company made further progress by formalizing internal sustainability criteria for new crop protection products and expanding the use of Life Cycle Assessments (LCAs) within its innovation pipeline. By 2024, the biodiversity strategy was structured around four pillars, and the company communicated its ambition for 100% of newly launched products to meet its internally defined sustainability criteria by 2025. While these developments represented a step forward, they remained focused on new products and did not address the biodiversity impacts of the existing pesticide portfolio.

In 2025, the company confirmed that it had reached its objective for new products, with all newly launched crop protection products meeting its sustainability criteria. It also continued to invest in biologicals and innovative solutions, and further embedded LCAs at the innovation stage. However, the engagement highlighted that these advances have not yet translated into a more comprehensive approach to managing biodiversity risks associated with pesticides already on the market. The company has not extended biodiversity impact assessments or LCAs to its full pesticide portfolio, nor has it introduced quantitative targets to reduce the negative biodiversity impacts of existing products, citing regulatory uncertainty and litigation risks.

Overall, while issuer momentum has continued on sustainable innovation and forward-looking initiatives, progress remains insufficient to demonstrate a systematic reduction in biodiversity risks linked to pesticide use. The company's approach continues to prioritize innovation and restoration over prevention and impact avoidance, underscoring the need for continued engagement to ensure that biodiversity considerations are applied across the entire product portfolio.

	2021	2022/2023	2024	2025
Product Portfolio	(-) Produces HHPs	(-) Produces HHPs	(-) Produces HHPs	(-) Produces HHPs (+) Increased focus on biologicals in new product development, but limited impact on current portfolio
Impact Assessment	(-) No clearly defined impact assessment methodology used to assess the risks to and impacts on biodiversity from all of the company's products throughout its value chain	(+) LCAs conducted for products in the innovation pipeline (-) No risk assessment or LCA of current products (-) No peer review of assessment methodology by independent experts	(+) LCAs conducted for products in the innovation pipeline (-) No risk assessment or LCA of current products (-) No peer review of assessment methodology by independent experts	(+) LCAs conducted for products in the innovation pipeline (-) No risk assessment or LCA of current products (-) No peer review of assessment methodology by independent experts

Biodiversity Strategy	(-) No target that aligns with GBF Target 7	(-) No target that aligns with GBF Target 7 (-/+) Biodiversity strategy has targets that are relevant but do not consider the negative impact of current products	(-) No target that aligns with GBF Target 7 (-/+) Biodiversity strategy has targets that are relevant but do not consider the negative impact of current products	(+) Biodiversity strategy further articulated around innovation and regenerative agriculture (-) Strategy does not adequately address negative biodiversity impacts of current pesticide products (-) No quantitative target aligned with GBF Target 7
Disclosures	(-) No commitment to align with the TNFD	(+) Started two TNFD pilots (-) Lack of transparency on impact assessments and sustainability approach at innovation stage (-) No disclosure of sales volume of HHPs	(+) Continues involvement in two TNFD pilots (+) Provided more clarity on biodiversity criteria for the innovation pipeline (-) Does not share a science-based assessment of biodiversity criteria (-) No disclosure of sales volume of HHPs	(-) Limited transparency on biodiversity impacts, sales exposure, and risks linked to existing pesticide products. (-) No disclosure of sales volumes related to HHPs. (-) No clear disclosure on PFAS presence or persistent chemicals in pesticide formulations.
Product Innovation	(-) No assessment of inherent risks of new solutions (-/+) Some R&D dedication to reduce negative impact of pesticides products but no systematic approach to product innovation	(+) Target for expanding safer and sustainable alternatives (-) Innovation practices do not include replacing hazardous products with lower risk alternatives (-) Assessment of inherent risks of new solutions lacks assurance of being science-informed and an absolute threshold for negative impacts	(+) Target for expanding safer and sustainable alternatives already met (-/+) Some external assurance of sustainable criteria applied at the design stage of products is planned (-) No absolute threshold for negative impacts of new products communicated	(+) Continued investment in biologicals and safer alternatives. (+) LCAs integrated at the innovation stage for new products. (-) Innovation strategy does not include a clear substitution or phase-out pathway for high-risk existing pesticides. (-) No explicit criteria defining unacceptable levels of negative biodiversity impacts.

Next Steps: Going forward engagement will continue to focus on supporting the company in building on its progress in sustainable innovation by further strengthening the management of biodiversity risks associated with pesticides. Priority areas for future discussions include the extension of biodiversity impact assessments and Life Cycle Assessments to the existing pesticide portfolio, as well as improved transparency on how internal assessments inform product stewardship and portfolio decisions, including in relation to persistent and hazardous substances.

Beyond the internal override on the biodiversity & pollution criterion for ESG score which remains, escalatory voting actions were not taken in 2025, reflecting the positive engagement momentum observed. However, many serious gaps in their strategy remain, in addition to high exposure to pesticide risks and associated controversies. Thus, we could consider additional escalatory actions going forward if necessary.

Biogeochemical flows

Biogeochemical flows reflect anthropogenic adjustments to global biochemical cycles including those of carbon, phosphorus, nitrogen and sulfur. In other words, human activities have increased the biologically available nitrogen and phosphorous in the earth's natural system including through agricultural fertilizers as well as via livestock manure which leads to decreased plant diversity in natural systems as well as eutrophication and algae blooms. Currently, the planetary boundaries framework considers nitrogen and phosphorus. Global and regional boundaries for both nitrogen and phosphorous have been exceeded.

Case study 25: Engaging on Fertilisers

Context: Sustaining crop yields requires effective soil management and access to key nutrients, particularly nitrogen, phosphorus and potassium. Ensuring that these inputs remain viable over time has become more complex as global food demand continues to grow while land resources remain finite.

Over recent decades, population growth has increasingly outpaced the expansion of agricultural land, resulting in declining cropland availability per capita. FAO data show that, while total cropland area has remained broadly stable, cropland per person declined by around 20% between 2001 and 2023, reflecting rising pressure on agricultural systems to deliver higher productivity without further land conversion[147]. This dynamic reinforces the importance of maintaining soil fertility and improving nutrient-use efficiency to sustain yields over the long term.

Concerns around excessive and inappropriate fertiliser use therefore remain structurally relevant, particularly with respect to nitrogen pollution, soil degradation and broader ecosystem impacts. At EU level, the Farm to Fork strategy continues to provide the overarching policy direction, with the European Commission maintaining its objective to reduce nutrient losses by at least 50% by 2030, corresponding to at least 20% lower fertiliser use by 2030, while avoiding further deterioration in soil fertility[148].

However, the near-term regulatory outlook has become more uncertain in the last few years. In May 2024, the European Commission withdrew the proposed Sustainable Use Regulation (SUR) on pesticides following sustained political opposition and farmer protests, signalling a more cautious approach to imposing additional environmental constraints on agricultural inputs including fertilizers[149]. In parallel, targeted Common Agriculture Policy simplification measures proposed in March 2024 eased certain conditionality requirements in response to economic pressures faced by farmers[150]. Together, these developments suggest that implementation of sustainability-related requirements at farm level may be less front-loaded than initially envisaged under the Green Deal framework. While no major new EU-level measures were introduced in 2025, previously adopted policies continued to shape the regulatory and cost environment for fertilizer producers. Despite this moderation, policy-related risks and cost considerations for fertiliser producers persist through other regulatory channels. The EU Carbon Border Adjustment Mechanism (CBAM), which explicitly covers fertiliser products, is currently in its transitional phase (2023–2025), ahead of the application of full financial obligations from January 2026[151]. This is expected to increase the relevance of emissions intensity, production efficiency and low-carbon technologies for EU-based producers. In addition, the revised Industrial and Livestock

147. FAO – Land statistics 2001–2023: Global, regional and country trends https://www.fao.org/statistics/highlights-archive/highlights-detail/land-statistics-2001-2023.-global--regional-and-country-trends/en
148. European Commission – Nutrient management & Farm to Fork targets https://agriculture.ec.europa.eu/cap-my-country/sustainability/environmental-sustainability/low-input-farming/nutrients_en
149. European Parliament – Sustainable Use Regulation (SUR), legislative status and withdrawal (May 2024) https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal/file-sustainable-use-of-pesticides-%E2%80%93-revision-of-the-eu-rules
150. European Commission – CAP simplification measures (March 2024) https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1493
151. European Commission – Carbon Border Adjustment Mechanism (CBAM) https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

Rearing Emissions Directive, which entered into force in August 2024, reinforces expectations around pollution control and ammonia emissions across parts of the agricultural value chain[152].

At the same time, soil health remains economically material. The FAO estimates that 95% of global food production relies directly on soil, underlining the systemic risks associated with continued soil degradation[153]. Recent studies also point to potential economic upside from more nutrient-efficient and regenerative farming practices: analysis focused on Germany suggests that fully implemented regenerative approaches could deliver up to 60% higher profits on cereal and oilseed crops, while generating at least €8.5bn per year in socio-ecological benefits by 2035[154]. Taken together, these trends indicate that while the fertiliser business model remains resilient in the near term, longer-term risks and opportunities are increasingly linked to nutrient efficiency, soil outcomes and the ability to support more sustainable agricultural systems.

Amundi Actions: Over time, we aim to look at commercially strong fertiliser producers that can move towards more environmentally friendly and low carbon solutions. We want to encourage sharing of best practice and support the industry transition towards more sustainable solutions.

Engagement Objectives: The aim of engagements with fertiliser producers, long term, is to encourage these companies to better leverage their technological and commercial strengths. This would create economic value and align them with the regulatory direction in Europe (and elsewhere, potentially) through investments in circularity, optimising applications and organic materials. This can reduce upstream emissions from chemical fertilisers, lower the risk of pollution and improve soil health.

However, in the shorter term, our expectations are as follows:

1. Conduct meaningful biodiversity risk assessments around their traditional, organic and circular fertiliser application and
2. Put in place action plans to reduce their impact on biodiversity

Engagement Momentum and Outcomes: Discussions reconfirmed that circular and organic farming still play a minor role in sales growth. The crop yield gap between conventional and organic farming and the lack of a unique classification of organic farming seem to be major hurdles. Consequently, these solutions are not yet commercially viable enough to compete with conventional agriculture and are still being investigated. Instead, companies are mainly focusing on optimising the application of fertilisers with digital tools to minimise environmental impacts and increase yield. An important finding, however, has been that organic and circular alternatives alone will not minimise environmental impact along the life cycle of the fertiliser product. Instead, companies are investigating the right balance between efficient application of conventional fertilisers and applying organic and circular alternatives that are most beneficial for the environment. Companies' management of the downstream impact of their fertiliser products on biodiversity is still in its infancy, as compiling such detailed data and developing the tools to monitor at farm level are difficult and longer-term projects. We are monitoring the progress of the companies in compiling data and analyses to produce a solid assessment, as these initiatives will lay the foundation for establishing industry standards for assessing natural risks associated with fertiliser use.

Next Steps: As impact assessments that address the full life cycle and, in particular, downstream impact are still works in progress, we continue to focus our engagement efforts on gaining more transparency on the relevant assessments and outcomes. The awareness level of their impact on biodiversity will be one of the main criteria for companies. Yet, even if companies do not have clarity on the right product mix that will minimise risks to nature along the whole value chain, we will encourage them to invest in product solutions that address application efficiency, as well as circular and organic solutions.

Overall, we are aware that engagements on this subject are not likely to see fast progress, with only the best in class performers showing any kind of tangible momentum Regardless, the risks around fertilizers are well known and it remains essential for investors to continue dialogue to ensure these issues are getting proper focus and attention.

152. European Commission – Industrial and Livestock Rearing Emissions Directive (IED 2.0) https://environment.ec.europa.eu/topics/industrial-emissions-and-safety/industrial-and-livestock-rearing-emissions-directive-ied-20_en
153. FAO – Soil and food production dependency https://www.fao.org/countryprofiles/news-archive/detail-news/en/c/1729967/
154. BCG & NABU – The Case for Regenerative Agriculture in Germany and Beyond https://web-assets.bcg.com/76/27/7d265e864fa3b9b68bf4196497da/bcg-the-case-for-regenerative-agriculture-in-germany-and-beyond-jan-2023-rev.pdf

Case study 26: Engaging with a European Fertilizer Company

Context: We began engaging with the company in 2023, given its position as one of the few fertiliser producers actively developing solutions to reduce nutrient losses and improve nutrient use efficiency, including nutrient capture and redistribution approaches. At the time, the company already demonstrated relatively advanced ESG practices and had initiated a Climate and Nature roadmap aligned with its ambition to contribute to a nature-positive food future.

Between 2023 and 2024, the engagement focused on encouraging the company to better understand and disclose its downstream biodiversity impacts linked to fertiliser use. This included the launch of a baselining exercise following the TNFD LEAP approach, environmental foot printing pilots to assess impacts of different fertiliser types, and increased transparency on challenges related to fertiliser leakage, water quality and soil health. In parallel, the company expanded its exposure to organic and blended fertilisers and invested in digital and precision agriculture tools, while highlighting that further progress would depend on supportive regulation and farmer uptake.

Given the material downstream nature risks associated with fertiliser use, and the strategic relevance of Europe for the company's business, it was identified as a priority candidate for continued engagement.

Amundi Actions: Engagement with the company started in 2023 and continued through 2024, with a focus on nature risk assessment, transparency and strategy development. In 2025, Amundi followed up through two dedicated engagement interactions covering both nature and climate, aiming to assess progress against prior commitments and understand how identified risks and opportunities are being translated into operational and product-level actions. The climate dimension reflects the strong link between fertiliser production and use and greenhouse gas emissions, nutrient losses and downstream impacts on water, soil and biodiversity.

Engagement objectives:

- Encourage improved transparency on downstream biodiversity risks associated with fertiliser use
- Demonstrate evidence that nature and nutrient foot printing exercises are translated into concrete actions, targets and KPIs
- Report transparency on progress and remaining barriers in scaling low-carbon, high nutrient-use-efficiency and circular fertiliser solutions
- Monitor integration of nature considerations into governance, strategy and reporting frameworks

Engagement Outcomes and Issuer Momentum: To recap, since 2023, the company has strengthened its approach to nature by integrating nature-related considerations into its sustainability strategy and reporting, in line with the TNFD framework. The company conducted environmental foot printing pilots to assess water consumption, pollution and nutrient losses linked to different fertiliser products and expanded disclosure on environmental risks at production sites, including mining areas. It also continued to develop precision agriculture tools and agronomic services aimed at improving nutrient use efficiency and reducing on-field losses.

However, by 2024, much of this work remained at the assessment and pilot stage, with limited translation into measurable downstream targets, product redesign at scale or systematic farm-level impact measurement.

During the 2025 engagements, the company confirmed that its climate and nature ambitions remain unchanged (continuing to note the link between addressing and climate and nature risks holistically) and that it is on track to meet its intermediate Scope 1 and 2 emissions targets. The company reiterated that achieving its climate reductions, and scaling its low-carbon /nature-positive fertiliser solutions, remains highly dependent on external factors, notably policy support, regulation and farmer demand.

The company highlighted that, despite being considered a hard-to-abate sector, it has developed technical solutions across the value chain, including green and blue ammonia pathways, high nutrient-use-efficiency fertilisers, blended and organic products, and precision farming services. It noted that products achieving nutrient-use efficiency levels of up to around 90% are already available, compared to significantly lower system-wide averages. Nevertheless, uptake remains constrained by higher costs for farmers and limited incentives to adopt premium products.

On downstream impacts, the company acknowledged that translating foot printing exercises into product design changes, widespread precision application and measurable farm-level outcomes remains challenging. Limited access to primary farm-level data continues to restrict the company's ability to robustly quantify downstream biodiversity and water impacts. While partnerships with food sector companies were cited as a promising avenue to support implementation and cost-sharing, these initiatives remain at an early stage.

The engagement also highlighted remaining disclosure gaps, notably:

- Limited site-specific targets and plans related to water quality and nutrient pollution at own facilities
- Lack of quantitative indicators on the reach and effectiveness of agronomic services provided to farmers
- Absence of formal commitments or targets related to nutrient circularity, despite the company positioning itself as an enabler of circular nutrient systems.

From a governance and reporting perspective, the company has continued to improve transparency on nature-related risks and dependencies, and progress on integrating nature into strategy and reporting was assessed as positive. However, investors continue to expect clearer targets, metrics and timelines to demonstrate how assessments translate into measurable outcomes over time.

Next Steps: In 2026, we expect the company to further operationalize its nature strategy by:

- Enhancing quantitative reporting on downstream impacts linked to fertiliser use, including water quality and nutrient losses
- Clarifying how environmental foot printing results inform product design, portfolio allocation and farmer engagement strategies
- Improving disclosure on the scale and effectiveness of agronomic and digital services
- Outlining clearer commitments and milestones related to nutrient circularity and nature-positive outcomes.

While regulatory uncertainty and economic constraints remain key barriers, we consider the company's year-on-year progress on nature-related governance, assessment and transparency to be relatively positive compared to industry peers in the fertilizer sector. We will continue to monitor progress against measurable outcomes.

Atmospheric Aerosol Loading

Atmospheric aerosol loading refers to the suspension of solids or liquid particles in the air, such as smoke and dust. It can be anthropogenic or natural (i.e. desert dust and soot from wildfires). Their levels impact climate and precipitation cycles, such as monsoon systems. Quantifying this boundary is made difficult due to the multiple natural and manmade causes, as well as large differences in seasonality and geographic distribution of aerosol loading. A provisional global boundary has been set by scientists and has not yet been exceeded, but evidence suggests that certain parts of the world may be exceeding regional boundaries. There is a clear interconnection between environmental and social concerns, such as with the link between addressing air pollution and improved health outcomes.

7. Engaging on Air Pollution

Context

Air pollution is one of the greatest environmental risks to health and is still an issue that remains poorly addressed at both a societal and corporate level. According to the WHO[155], 99% of the global population breathes air that exceeds WHO limits and contains high levels of pollution. These key pollutants include particular matter[156] (NOx) and Sulfur dioxide (SOx). Outdoor air pollution is estimated to have caused 4.2 million premature deaths worldwide since 2019 and is the leading environmental cause of death, annually[157]. Thus, addressing air pollution is a key public health priority and a core target in the SDGs[158].

Air pollution also represents a business risk. Around 1.2 -1.8 billion workdays are lost globally due to air pollution, based on various estimates[159], and it is estimated to grow to 3.8 billion by 2060[160]. The World Bank estimates that ambient air pollution costs US$6 trillion a year, equivalent to 4.6% of the global GDP. cost of air pollution was calculated to be 0.3% of global GDP (equivalent to US$225 billion in 2015) and it is projected to reach 1% of global GDP by 2060[161]. In India alone, one 2019 study estimated that employee productivity decreased by 8-10% on high pollution days resulting in estimated losses of $24 billion, which was equivalent to the entire pharmaceutical industry's annual production in India. These impacts for corporates are not limited to productivity. They have also been shown to influence consumer behavior and spending due to a reluctance to venture outdoors. One study in Spain that examined credit card data found a 10% increase in particulate matter led consumers to spend between €20-30 million less per day[162] [163]. Furthermore, in India, a 2019 study found that air pollution caused a 1.3% reduction in consumer spending equaling a loss of US$22 billion[164] [165].

While these systemic risks are difficult to manage, corporates also face risks related to growing regulation on air pollution. While this is nothing new, many governments and countries are strengthening their regulations on the topic, responding to the

155. https://www.who.int/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health
156. Proxy indicator for air pollution that includes sulfates, nitrates, ammonia, sodium chloride, black carbon, mineral dust, and water
157. UN, "UN General Assembly declares access to clean and healthy environment a universal human right," United Nations, July 2022. [Online]. Available: https://news.un.org/en/story/2022/07/1123482. [Accessed 20 August 2023].
158. SDG 3.9.1, 7.1.2, and 11.6.2
159. https://shareaction.org/reports/clearing-the-air
160. https://www.cleanairfund.org/news-item/how-does-air-pollution-affect-businesses/#:~:text=Air%20pollution%20is%20bad%20for,and%20experience%20reduced%20cognitive%20performance.
161. OECD, "The economic consequences of outdoor air pollution," OECD, 2016.
162. https://cdn2.assets-servd.host/shareaction-api/production/resources/reports/Clearing-the-Air.pdf
163. L. Liu, J. Fang, M. Li, A. Hossin and Y. Shao, "The effect of air pollution on consumer decision making: A review," Cleaner Engineering & Technology, vol. 100514, 2022.
164. Dalberg, "Air Pollution and Its impact on business: The Silent Pandemic," Clean Air Fund, 2022.
165. F. Holub, L. Hospido and U. Wagner, "Air pollution and labor supply: Evidence from social security data," IZA, 2016.

risks through binding emissions ceilings, reduction targets, and sector specific controls[166]. Since 2016, 21 new countries have adopted policies for cleaner air, bringing the total to 108 as of 2021. The WHO also updated its air pollution guidelines in 2021, which are intended to provide science-based guidance for countries and municipalities to set sound air emissions standards to encourage tighter regulations, globally.

Additionally litigation and penalties remain key risk factors for companies. A 2025 report by the London School of Economics showed that there were over 80 'polluter pays' cases filed between 2015 and 2024 including 11 in 2024 alone[167]. Additionally, high profile cases such as 'Dieselgate'[168] which involved certain automakers manipulating air emissions data, lead to costs of upwards of $30 billion due to fines, recall cost, and compensation payments. This case remains today a classic demonstration the scale of financial, operational, and reputational consequences associated with serious gaps in emissions controls[169] reinforcing the material need for companies to take into account existing and emerging policies on air emissions standards or face fines and potentially shutdowns of operations.

Inversely, there are also major business opportunities for corporates when it comes to air pollution management. Technologies that reduce air emissions also support can have other business benefits including GHG emissions reductions, improved durability of products (for example low abrasion tires are longer lasting and reduce particulate matter emissions), making air emissions reductions also an opportunity for competitive advantage[170].

Amundi Actions

Air pollution is a key issue for a wide variety of sectors, corporates, and geographies including but not limited to energy, extractives, and industrials in direct operations as well as vehicles in terms of downstream impacts. One of the key ways to engage on this topic is via our quarterly controversy screening, which helps to highlight companies facing controversies related to air pollution. Amundi also selects candidates for engagement on an ex ante basis to encourage better management of air pollution risks in sectors where the subject is highly material to ensure it is well addressed before a controversy occurs. In 2025, Amundi engaged with a number of companies on the issue; primarily in utilities, chemicals, transport, O&G, and mining & metals among others.

Key asks for Amundi to Companies in the sector are as follows:

- Improve measurement of air emissions and reporting on key material emissions such as Sox, Nox, and particulate matter (among others)
- Encouraged improvements in processes to address and remediate air pollution footprint including air monitoring, establishment of thresholds for emissions, and encourage increased capex for pollution prevention
- Encourage companies to set quantitative and timebound targets linked to material air emissions
- Manage risks to local communities through the establishment of community grievance mechanisms to better address local air pollution concerns
- Encourage air pollution targets and permit compliance to be linked to executive remuneration

Momentum and Outcomes

In 2025, while some progress was noted across companies in our engagement pool, we saw limited development beyond ensuring compliance with laws and following mandated remediations, as opposed to proactive management of the issue. Companies, in general, remain hesitant to set targets on air pollution or sufficiently prioritise the topic.

166. https://shareaction-api.files.svdcdn.com/production/resources/reports/Breath-of-fresh-air_investor-briefing_2026.pdf?dm=1768399169
167. https://shareaction-api.files.svdcdn.com/production/resources/reports/Breath-of-fresh-air_investor-briefing_2026.pdf?dm=1768399169
168. https://theicct.org/dieselgate-emissions-scandal/#:~:text=The%20Volkswagen%20emissions%20scandal%2C%20more,to%20as%20%E2%80%9Cdefeat%20devices%E2%80%9D.
169. https://shareaction-api.files.svdcdn.com/production/resources/reports/Breath-of-fresh-air_investor-briefing_2026.pdf?dm=1768399169
170. https://shareaction-api.files.svdcdn.com/production/resources/reports/Breath-of-fresh-air_investor-briefing_2026.pdf?dm=1768399169

Company	Context	Recommendations	Evolution in past years	2025
Company A **Sector:** Steel **Region:** North America **Starting Year:** 2022	– North American utility company with coal assets exposing the company to air pollution risks as thermal coal generation produces, in addition to CO_2, air pollutants such as NOx, SOx, and particulate matter (among others) – In addition to engaging on thermal coal phase out, air pollution was highlighted as a material topic while they still have coal generating assets	– Encouraged the company to establish timebound targets on key air pollutants such as NOx and SOx and strategies to support the reduction in air emissions beyond CO_2	– Since starting the engagement in 2022, the company has indicated they have no intention to set targets – However, in 2023 they did agree there was value in tracking and disclosing air emissions as demonstrated by their reporting of SOx and NOx since 2019 – They demonstrated a general ambition to reduce, stating that they have lowered NOx and SOx by 61% and 81%, respectively, since 2010; with further reductions likely in the coming years **2024** The company still did not publish a clear reduction strategy for air pollution or concrete targets – They reported that SOx emissions dropped by 91% since 2010 and are seeing further reductions in line with their strategies for fossil fuel plant retirements and switching to lower sulfur coal at specific plants – In 2024 we voted against all board members with a tenure of two or more years as they are not aligned with Amundi's thermal coal phase out policy	– While some coal plants are expected to be converted or retired by 2027, other plants have no firm retirement dates. The company views them as critical dispatchable assets that, without proper replacement, would lead to risk stability risks – In 2025, the company emphasized cleaner operation via unit conversions and retirements, but no explicit short/medium-term air pollution targets or monitoring disclosures were presented *Given concerns regarding its thermal coal phase out (a key exacerbator of air emissions as well), Amund voted against all board members with a tenure of more than two years at the 2025 AGM.*
Company B **Sector:** Mining & Metals **Region:** Europe **Starting Year:** 2024	International mining company headquartered in Europe. Large producer of various metals and minerals, including metallurgical coal leading to high but uneven exposure to air pollution risks across assets and operations Evidence of monitoring and managing emissions (NOx, SOx, particulate matter) including real-time monitoring networks at highrisk sites (e.g., opencut mines, smelters) Public commitment to investigate all air quality complaints and Highrisk sites have roadmaps to reduce emissions (infrastructure upgrades and other abatement strategies) but no quantitative targets Reports total global emissions for SOx and NOx But does not report particulate matter at the global level	Report on particulate matter in addition to NOx and SOx Set targets for air pollution reduction, at minimum for high risk or key sites where the air pollution risks are most material	**2024** Company indicated that more disclosure was planned for 2025 in anticipation of CSRD. While they do not yet have to report for all sites, they aim to stay ahead of the reporting and indicated that we are likely to see more reporting on particulate matter in the next few years as a result Company noted complexities of setting effective targets on air pollution due to the high degree of variables that can impact air quality including precipitation levels and the presence of other industrial players in a local area Company noted that other environmental targets such as for climate have air emissions benefits (for example reducing CO_2 can reduce Nox and Sox) but it doesn't address all air pollutants including particulate matter from open cut mines and smelters, leaving gaps in management still that targets could help address.	Minimal momentum observed. 2024 Factbook left space for PM10 and PM2.5, suggesting future reporting but company declined to report PM in 2025, citing site-specific regulatory limits, permit requirements, and control differences. No new air pollution targets for 2025-2030 with the company preferring to prioritize operational control effectiveness instead and focusing on managing emissions controls at mining/smelting to avoid air quality exceedances over regulatory limits. Strategy continues to focus on trigger-action response plans and a risk based approach to ensure compliance compared to ambitious forward looking targets to stay on top of regulatory changes *However the company still remains relatively strong on this compared to peers with minimal controversies. We maintain a neutral momentum and will continue the engagements in 2026.*

Next Steps

Air pollution issues are often put on the back burner when it comes to ESG priorities in favour of other challenges. However, in many ways, the impacts of air pollution are more keenly felt on a day-to-day basis, making them a direct priority for many communities and governments. We see this globally, with worsening air pollution in various regions, such as India where it was 60x the recommended safe limit, according to the World Health Organization, leading to schools being shut and various economic activities, such as construction, being put on pause.

Legal developments will continue to be a major lever in the fight against air pollution with many countries such as India enhancing enforcement of controls to respond to the rising challenges in local regions. However, it is important to note that legal developments can go both ways. In 2025, the US saw further deregulation of emissions controls with 31 actions taken by the executive branch in favor of emissions deregulation[171]. This is a blow to strengthening air emissions regulation in the United States administration and the volatility of these laws emphasises the need for investors to continue their engagements to encourage and reinforce the need for stringent standards. Encouraging companies to be more proactive can help them become more resilient and better prepared in the context of ever changing laws, while also ensuring they are protected against the risk of community unrest, which can threaten a company's licence to operate.

Due to these clear and pressing needs, we will continue to engage on the subject to encourage companies to make air pollution a strategy priority with 2026 taking a particular focus on how companies are responding to evolving and devolving regulation.

Engaging with a North-American Healthcare Sterilization Company on Air Pollution

Context

The company targeted in this engagement is a life sciences tools & services company, whose business lines cover sterilization, lab testing, and lab advisory. The company is one of the largest players in the commercial sterilization industry operating in the region. Sterilization is the process to eliminate dangerous bacteria and other microorganisms to ensure the safety of products, which is necessary in the medical devices, pharmaceutical, and food sectors. While sterilization is essential, the process can be hazardous using hazardous chemicals released into the air such as Ethylene Oxide (EtO). While a common chemical for sterilization, exposure to the chemical has been linked to higher cancer risks by groups including the US Environmental Protection Agency (EPA)[172].

Throughout the past years, the company has been involved in a series of controversies related to EtO air pollution in the neighborhoods near its facilities, leading to site shut downs, filed lawsuits, paid lawsuits settlements, negative news headlines, and significant concerns within local communities. Compared to its peers, the company has faced significantly more EtO controversies. The company publicly disagrees with the EPA's conclusion on cancer risks and keeps defending against the liabilities of the controversies, but it has notable public communications on EtO through a website dedicated to the topic, highlighting its investment in emissions control across its facilities. In one of its facility, the company cooperates with the local regulatory agency who has conducted an evaluation of the facility, which serves as an example to address public concerns with external verification. However, despite these, controversies continue to occur and the company lacks external verification of most of its claims concerning improvement and compliance and has not yet succeeded in resolving concerns of local communities near their operations. Additionally, the company does not fully disclose the locations of its EtO facilities outside its domiciliation's country with disclosure pertaining to management of risk being mostly limited to facilities within this location.

The company's EtO air pollution controversies identified so far span from 2018 to 2023, and there were no new case since 2023. However, communities' concerns and personal injury lawsuits continue.

171. https://www.epa.gov/newsreleases/epa-launches-biggest-deregulatory-action-us-history
172. https://www.epa.gov/hazardous-air-pollutants-ethylene-oxide/ethylene-oxide-eto-risks-and-your-health

Amundi Actions

Amundi started the air pollution engagement with the company in 2024 as the company was flagged for air pollution related controversies, with the engagement continuing in 2025. Our engagement is focused on the improved and transparent management of emissions controls.

Engagement Objectives:

- Obtain verification from regulatory agency or independent verifier to improve the credibility of the claimed emission control improvement and standard compliance
- Disclose asset-level information of its investment in emission control
- Ensure that the highest possible standards for emissions controls are applied at all sites globally
- Increase the transparency by reporting on all EtO facilities globally.
- Ensure communities near EtO facilities are fully informed and made aware of the efforts taken to protect local health
- Increase transparency on its advocacy positions in EtO-related air pollution regulations.

In addition due to the risks the company was added to the Biodiversity & Ecosystem Policies in 2024 leading to an override on the pollution criteria to reflect the severity and repeated nature of the controversy.

Engagement Outcomes and Issuer Momentum

The company stressed that their emissions were within legal limits and they did not break any laws. However, community concerns (and later lawsuits) were raised after the company was already voluntarily disclosing emissions data for over a decade (they indicated that peers who did not disclose were not the subject of the same level of community scrutiny as the data was not made publicly available). Concerns were further exacerbated when the EPA disclosed its own heatmap of emissions and defined thresholds that were impossible to achieve (but as they were the only company disclosing, it was clear to communities they were above EPA limits).

Since then the company has spent over $150 million for emission upgrades which aim to be completed in 2026 for North American facilities and some upgrades will start at European facilities in the next year. In regards to our ask on third party standards they informed us they are aiming to meet third party standards which initially had an April 2026 deadline but it was extended for two years. They also have targets including a 50% reduction in EtO emissions but it is not timebound due to the challenges of reducing EtO global giving its prevalence and customer dependance for medical sterilization. Their R&D department has been actively working on replacing EtO by rolling out pilots for alternative technologies such as chlorine dioxide as an alternative to EtO. We were in support of this and further encouraged them to share roadmaps of these upgrades and pilot projects and ideally provide granularity of the breakdown of CAPEX, OPEX associated with EtO emissions reductions.

The company also maintained that there is zero scientific evidence for the level of the EtO the company produces to cause cancer but they have so far not provided evidence via sampling at its sites.

In regards to our point on full disclosure of sites, they are so far not willing to as they have become more cautious in what they disclose since the initial controversy. While we understand their concerns, we maintained the importance of providing stakeholders with informed consent to live near operations that could potentially pose risks to human health. The company says it continues to do sampling and testing and has participated in EPA meetings held around sites. However this seems mainly in response to lawsuits and not necessarily comprehensive globally. This will remain a key objective going forward.

Next Steps

We were very pleased with the company's transparency during our dialogue and note that the company is making some proactive efforts reduce its associated EtO risks. However, some proof points remain missing including third party backed evidence that their emissions levels are not causing harm to human health, transparency to local communities who are near their sites, and a clear strategy to address emissions overall including at sites in regions that have been historically less exposed to regulation and litigation.

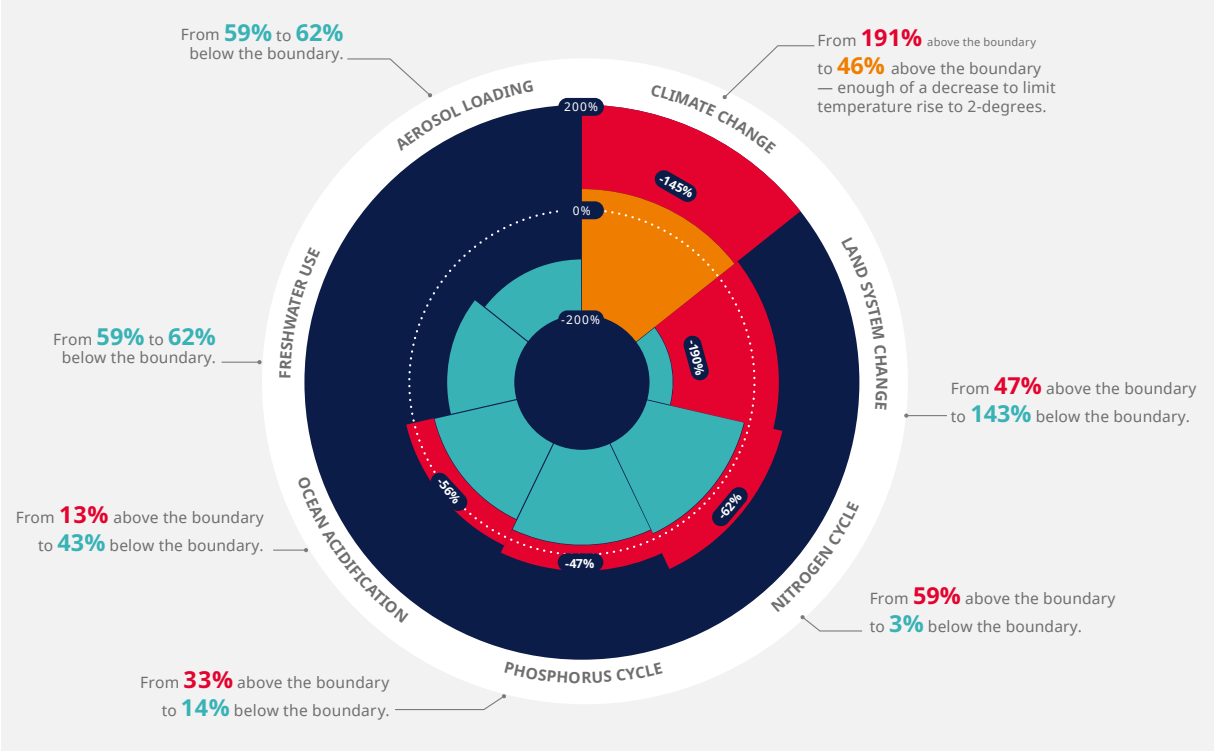
The company will remain flagged in our policy with a score cap on the pollution criterion on its internal ESG score. We will continue to monitor the evolving situation and the company's progress in relation to our objectives.

Other Initiatives that Support Natural Capital Preservation

Many human and corporate activities that drive impacts to natural capital and biodiversity loss may cross many impact drivers and planetary boundaries at once. As investors, what is often important is focusing engagement efforts on topics/actions that are most material and where engagement can present the highest opportunity for positive impact such as circularity, waste management, and water purification or nature based solutions.

Circularity can help fill gaps in addressing other key environmental issues such as climate change and pollution keeping the world within the safe limits of the planetary boundaries. The 2023 Circularity Gap Report[173], which measured and mapped material volume flows with the 6 of the 9 planetary boundaries[174] found that circularity could help address overshoot on 5 of the 9 planetary boundaries in addition to helping to reduce GHG emissions enough to limit global temperature rise to 2 degrees[175] including hard to abate emissions that the energy transition cannot address[176].

Circularity: A key lever to support safer operating limits within the Planetary Boundaries



Source: Circularity Gap Report, 2023

The opportunities of circularity are also highly linked to Novel Entities in the planetary boundaries (though not included in the study above due to the current challenges to measuring it). For example, Pew Research Centre identified that by scaling up collection and recycling of plastic can reduce the flow of plastic waste into the ocean by 80% in 20 years[177]. Beyond circularity, certain sectors are also highly well positioned to address key nature problems. For example, continuing with the ocean example water and waste management activities contribute to the preservation of oceans as 80% of marine little comes from land based activities[178].

In this section, we will explore this topic and how opportunities around circular and water purification can be key lever for addressing environmental impacts and seizing new business opportunities.

173. Methodology
174. Mapped by the Stockholm Resilience Institute
175. CGR 2023
176. https://www.ellenmacarthurfoundation.org/topics/climate/overview#:~:text=How%20a%20circular%20economy%20cuts,value)%2C%20and%20regenerate%20nature.
177. https://www.pewtrusts.org/-/media/assets/2020/10/breakingtheplasticwave_mainreport.pdf
178. https://www.suez.com/en/water/sustainable-practices/environment-protection/ocean-protection

Case study 27: Engaging with Solutions Providers: Utilities on Water and Waste

Water utilities find themselves at an interesting crossroad when it comes to pollution. On one hand, the sector represents key solutions providers, helping to address key environmental challenges in regards to water pollution. Public health concerns are raising on a global scale with regards to water treatments for PFAS, industrial waste byproducts, microplastics, pharmaceuticals, and heavy metals among others which can spread into water and soil, impacting communities and the environment. It protects water bodies and public health by removing contaminants, enables on-site water reuse and conservation to build resilience against scarcity, and reduces operational costs by cutting hauling, tipping, and sludge disposal. Additionally, advanced systems enable energy and resource recovery that can create revenue, community trust, permitting outcomes, and investor appeal. For these reasons it is no wonder that it is a growing market. In 2025, the wastewater treatment market was estimated to the size of USD 371 billion on a global basis and is expected to reach about USD 656.68 billion by 2034.

However, on the other hand, they also face significant flooding and pollution risks in particular during times of heavy rainfalls and flooding, leading the sector to also exacerbate the same issues they aim to solve. Modern infrastructure, adapted for adverse climate events and growing populations is key to a proper functioning of operations. This is particularly the case in some regions of Europe where, extreme rainfalls, coupled with decades, if not centuries, of old infrastructure and population growth overwhelm sewers, leading to surface water flooding and pollution incidents.

Following challenges in sewage discharge, we are engaging with companies on water treatment practices as well as discharges prevention, mitigation, and remediation systems.

Amundi Actions: We began engaging in 2024 with water and waste utility companies due to the dual nature of their role as solutions providers as well as their exposure to pollution risks, and in some cases controversies due to heightened rates of spills and overflows in recent years leading to legal liabilities for certain companies.

While Engagement objectives vary on a case by case basis our overall objectives for these companies are as follows:

Objectives

- Ensure robust prevention and monitoring: including evidence of robust monitoring systems in place and robust disclosures (with KPIs) as proof points to support their efforts
- Mitigation and Remediation: including transparent reporting of overflow impacts, associated targets, KPIs, and reported progress towards set targets. Ideally we also encourage evidence of stakeholder collaboration regarding overflow mitigation and remediation
- Enhanced Investment to encourage long term resilience: investments on advanced monitoring technologies and infrastructure improvements, to effectively detect, mitigate, and manage leakage with clear reporting on financial allocation to dedicated investments
- Governance: evidence that monitoring, mitigation and remediation is integrated in the governance of the company, the overall strategy and reporting framework integration of management overflow considerations into governance, strategy, and reporting framework (including incident reporting lines, and top down oversight of response systems)

Momentum & Outcomes: Across multiple major Europeans and US utilities there are severe, repeated sewage discharges and wastewater overflows that have led to significant regulatory fines, class actions, and sustained community and investor backlash.

Firms have announced capex, remediation plans and targets (spill reductions, treatment upgrades and contamination fixes), but clear, sustained environmental improvements and reliable verification of outcomes are not yet evident.

Engagements are therefore focused on enforcing compliance, independent monitoring of KPIs (spills, effluent quality, infrastructure delivery), transparency and legal/judicial developments to determine whether remediation translates into durable performance improvements.

Our engagements on wastewater overflows and discharge are still in their early days as it is only the second year of engagements for most companies. It is still too early to properly assess momentum but as climate events are increasingly responsible for overflows and spills, our engagements on the topic remain a priority.

Next Steps : We will expand our engagement prioritization to companies with comparable wastewater and overflow risks, especially when explicitly linked to critical physical risks events such as flooding. We seek to benchmark best-in-class peers to distil effective technical, operational, and governance practices, and develop sectorial best practices playbook to promote consistent adoption. Engagements will be broadened to include a wider pool of issuers and targeted dialogues with leading actors to ensure we understand practical solutions and accelerate uptake. Progress will be monitored against clear KPIs (spill counts, effluent quality, capex delivery), with independent verification and predefined escalation criteria to drive accountability and remediation.

Case study 28: Engaging with a European Water Utility Company on Water & Waste Management

Within our engagements with water & waste utility companies, we began engagement in 2024 with one company in particular. In recent years, the company has continued to face drastic increases in discharge in specific areas. The discharges were caused by overflows points acting as pressure relief valves activating when sewer networks are overloaded by heavy rainfall. In such cases, discharge water contains untreated waste released into lakes or rivers directly impacting water quality and pollution levels without the proper treatment systems in place. In that specific region, heavy rainfalls have been assessed as a direct consequence of climate change and flooding have been a direct cause of increased nutrient and sediment runoff into waterways, hence disrupting the local fauna and flora ecosystem's balance, as well as posing public health concerns. Following an increase in discharge frequency, the company has been accused of untreated sewage discharge, underreporting pollution levels, and disruption of service leading us to start engagements with the company to encourage full remediation and improved practices.

Amundi Actions: In 2024, we began engagement with the company with an overall aim to encourage improved transparency and performance on discharge practices. Our key objectives were as follows:

Objectives:

We asked the company to improve transparency on overflows and discharges practices which includes:

1. Prevention and monitoring
   a. Evidence of robust action plans for pollution control to prevent repeat incidents including planned enhancements to leakage detection systems
   b. Evidence that the collected monitoring data is translated into concrete actions, targets, and KPIs to prevent adverse impacts of heavy rainfalls
   c. Improved transparency to stakeholders on progress and remaining barriers in its prevention and mitigation efforts
2. Mitigation and remediation
   a. Transparent reporting of overflow impacts and associated targets, KPIs, and progress towards set targets
   b. Evidence of remediation regarding and past adverse impacts of the sewage discharges
   c. Transparency around investments into advanced monitoring and controls
3. Governance
   a. Evidence of training across company on legal compliance and environmental responsibilities for all employees across the organization to ensure a culture of environmental stewardship within the organization

Momentum & Outcomes: As of 2025, the company has shown concrete improvements in its monitoring systems and prevention targets in place.

On monitoring systems, in the recent years, the company has enhanced its systems and leveraged emerging technology solutions to do so. More specifically, the company leverages an interactive map of its activities where real time overflows and spills are visible and tracked. They are also actively working towards optimizing networks and leverage AI solutions for optimal monitoring such as machine learning solutions to direct more flowing into drier areas, etc. The company also closely tracks systems levels and closely assess current and historic levels of rainfall. Such practices has allowed the company to reach levels of blockages among the lower versus peers.

For prevention targets, the company has set specific spills and overflows KPIs and committed to a 60% reduction in spills by 2030. In our dialogue with the company in 2025, the company shared being on track to achieve that target 4 years ahead of schedule. Despite the overflows allegations it is facing, the company continues to view pollution control as a priority, showcasing the dual aspect over water utilities being a crucial actor in water pollution, while also, being exposed to water pollution risks.

While the company's disclosures on prevention and monitoring systems have shown great improvements, we haven't seen any evolution on the governance aspect and disclosures around remediation systems needs to be more precise. First we expect the company in the future to demonstrate how the monitoring data described above is integrated into the company's overflows mitigations and remediation strategy and operations. Second, we hope to see improved disclosures on how monitoring information feeds into achieving existing targets. Also, we still seek disclosures on incident response and remediation systems in place, including associated governance of the said systems. Finally, we aim to see more specific KPIs and targets on remediations systems and hopefully evidence of concrete engagements with the relevant stakeholders

Next steps: Given the material operational risks associated with overflows, and the strategic relevance of water pollution control for the company's business, it was identified as a priority candidate for continued engagement.

While some significant gaps remain, we find the company's management of the related risks to be overall moving in the right direction, meaning escalation is currently not warranted. In 2026, we will consider expanding the engagement to encourage increased disclosures around discharge, governance systems, and remediation.

8. Engaging on Circular Economy

Context

Many of the conversations around nature are focused on the mitigation of material risks and the costs of inaction however, the opportunity side is far less discussed. This is particularly the case around circularity or the notion of moving from a linear business model focused on unsustainable resource extraction and waste to one where the lifespan of materials is extended through the reuse of materials.

There is a business case to transition to a circular model. The circular economy has been estimated to offer a $4.5 trillion economic opportunity[179] through innovative business models, and efficient flows of reused and recycled materials across global value chains. These benefits also extend to social gains with a circular economy having the possibility to create 6 million jobs by 2030[180].

179. https://www.wri.org/insights/5-opportunities-circular-economy
180. https://www.wri.org/insights/5-opportunities-circular-economy

However, despite all the clear benefits to adopt circular strategies it unfortunately remains more of a theory than a reality. Today, the vast majority of materials entering the economy are virgin, with the share of secondary materials falling from 7.2% to 6.9% as of the latest analysis[181], demonstrating the major gaps realize the opportunities that circular strategies provide. This is for many reasons including regulatory challenges that hinder adoption, high costs[182]. Thus, circularity is likely to deliver on this predicted value in the longer term. However, to get there corporates need to start acting now to bring circularity into both their current and longer term business planning.

Investors have a key role to encourage companies to elevate their ambitions around circularity. To achieve meaningful progress, circularity must transition from small, isolated pilot projects to a fundamental component of a company's ESG strategy, supported by leadership at all levels. This shift is essential for ensuring that strategies lead to significant capital expenditures, research and development, and systemic changes throughout the value chain, thereby unlocking opportunities. Investors can drive this transformation by encouraging companies to quantify environmental risks and impacts and actually measure "savings" around reduced impacts and reduced costs if circular strategies are implemented. What gets measured, gets managed.

Amundi actions

There is no one clear definition of circularity and the opportunities differ drastically across sectors. While our engagements in 2025 continued on key sectors/subjects such as around addressing risks around fast fashion and e-waste, we also widened the scope of these engagements to focus on other business opportunities around circularity as a solution to help address some of the existing environmental challenges and a business opportunity.

Highlights of these can be seen below:

Sector	Key Opportunities
Sector Agnostic	**Climate** – Circularity offers a systematic approach to tacking 45% of emissions associated with making products that renewable and energy efficacy measures cannot address – Circularity can support climate targets across almost any sector but in particular, circularity from cement, steel, plastic, and aluminum can help reduce emissions by 40% or 3.7 billion tons by 2050 enabling these sectors to almost achieve half of their Net Zero Emissions target
Tech and Electric Hardware	**Rare Earth Elements** – Recover valuable materials from E-waste by leveraging innovation and eco-design to enhance recyclability of key components that companies increasingly compete for, which involve expensive, complex, and polluting processes (mining and chemistry). Extended Product Responsibility – Proactively address incoming regulations while capturing customers after the first product lifecycle.
Fashion & Retail	– Future proofing against regulatory changes and reduce costs associated with emerging laws around extended producer responsibility – Reduce dependency on raw materials that are subject to volatile market conditions – Increase revenue from resale and recycling models – Increase brand reputation to not only customers but also to investors
Industrials - Raw Materials (cement, mining, and chemicals)	– As a raw material supplier, there are significant opportunities to support R&D efforts by developing and supplying 'circular solutions' to other industries for example we are observing chemical companies partnering with fashion companies to address microplastics and develop innovative materials that come from post consumer fabric – Cement companies are also developing innovative ways to turn demolition waste into high value products that incorporate recycled materials – For mining, many companies are finding new revenue streams by using waste as a resource by increasing the use of by products or enhanced recovery & recycling of waste such as in metals and mining – Mining companies are also leveraging expertise, knowledge, and infrastructure to grow presence in secondary metals market to help support the circularity of metals and minerals

181. https://cdn.prod.website-files.com/5e185aa4d27bcf348400ed82/63ecb3ad94e12d3e5599cf54_CGR 2023 - Report.pdf https://pdf.circularity-gap.world/?report=CGR_Global_2025_Report_0c90048033&page=1 - https://cdn.prod.website-files.com/5e185aa4d27bcf348400ed82/63ecb3ad94e12d3e5599cf54_CGR 2023 -Report.pdf - https://pdf.circularity-gap.world/?report=CGR_Global_2025_Report_0c90048033&page=1
182. https://www.sciencedirect.com/science/article/pii/S221282711730149X

Engagement Objectives

There were a few broad aims for our engagement that apply to all sectors:

1. Increase company awareness of circularity including the identification and incorporation of circular opportunities within these existing environmental strategies and policies on material topics such as climate, pollution, raw material sourcing and water
2. Increase the reporting on circularity within their existing strategies such as through the calculation of potential 'savings' from circularity on material topics such as climate and pollution
3. Encourage the implementation of a companywide circularity strategy to support existing efforts to manage nature risks with supporting targets to drive momentum on the topic across the company
4. Encourage increased collaboration with stakeholders and third parties to encourage innovation and scaling of circular opportunities across not only the company but also the sector

Engagement Outcomes and Issuer Momentum

Our observations from the previous year remain relevant but with some key developments. There remains high awareness around the topic of circularity, but progress is still slow in changing it from theory to practice beyond isolated pilot schemes. One reason for this could be the lack of understanding of the circular benefits to justify further investment in these new opportunities. For example we continue to observe that many companies have not actually measured the carbon savings their circularity projects delivered, limiting the ability to quantify all possible benefits a circular project can offer, which, in turn, could better justify the expenditure to scale it up.

However, there are exceptions; for example, we observed some positive developments in the fashion sector with initiatives around raw materials and circular business models beginning to scale. It is hardly surprising to see the major wins coming from fashion, a sector where reputational and regulatory risks are very acute, and the business case for circularity has been well known for many years.

As a matter of fact, the regulatory landscape In Europe is evolving fast and thereby encouraging companies in the sector to improve their practices on circularity. The Ecodesign for Sustainable Products Regulation (ESPR), which entered into force in 2024, mandates a 'product passport" to be included in items to ensure customers are able to make informed decisions. The law also requires Life Cycle Assessments to be performed to identify alternative design options.
Additionally, as part of the EU's Waste Framework Directive, the concept of Extended Producer Responsibility (EPR) makes producers responsible for their products along the entire lifecycle, shifting the burden from municipalities and taxpayers to the producers placing these products on the market. Specific regulation for the fashion sector is also in place. For example, textile companies need to comply with specific EPR requirements – that can vary depending on the country – but generally include the following elements: reporting on the quantities or weight of clothes placed on the market, reporting on material type and end-of-life management data, participation in take-back schemes for waste collection, etc.

In contrast, the situation regarding e-waste presents different challenges. Our engagement efforts aimed to broaden the scope of circular strategies beyond companies' assets to include customer products at the end of their life cycle. While some distributors have made positive strides, they often rely on their own networks or partnerships for recycling, refurbishing, or repairing equipment - rather than collaborating directly with manufacturers. This approach diminishes overall circular performance and is further compounded by inadequate extended producer responsibility, which fails to promote collaboration within the value chain.

A sample of some of our engagements can be seen below

Tech & Electronic Hardware				
Company	**Assessment at start of campaign**	**Past Recommendations**	**Evolution in Past Years**	**Status in 2025 and Next Steps**
Company A **Sector:** Tech hardware **Region:** North America **Starting Year:** 2020 	– Advanced circular economy commitment, spearheaded by the CEO – First in sector to develop a closed-loop process for rare earth magnets in 2018 – Member of multiple industry initiatives on circular economy, including the Circular Electronics Partnership – 2030 targets for takebacks, recycled or renewable material packaging and product content	– Consider developing circular design KPIs to evidence that pilots are scaled – Expand tracking of takeback programs beyond the US – Evidence improvement in upgradeability and reparability of products, with more customer communication – Enhance visibility for the Product as a Service offer contribution to revenues – Publish reports on circular economy roadmaps and assessments of emissions trade-offs of new versus 'Product as a Service' products, as well as results of third-party product repairability assessments.	**2023** – Progress on end-of-life efforts, including extending product life/durability, as well as enhancing takeback availability and offering customer repairability training – Streamlined device lifecycle management – Submitted devices to third party for repairability assessment – Increased communication on as-a-service models – Delivered a fully modular pilot product with the lowest possible carbon impact **2024** – The company indicated that new priority would be given to regional closed-loop projects. It also identified and acknowledged genuine trade-offs between circularity and emissions reduction targets, driven by the logistics of circular projects – Therefore, the company shared plans to enhance takebacks locally with regional hubs to avoid increases in carbon footprint – We encouraged the company to disclose the assessment of trade-offs mentioned and reiterated our recommendation to publish learnings from pilot initiatives	**2025** Company confirmed that understanding trade-offs between progress on circular economy and climate was still an important objective, but did not have further updates at the time of our follow-up dialogue in early 2025. *While we consider the progress from the 2020 baseline quite progress but we have noted a stalled momentum. We do not anticipate this momentum to pick up again soon due to other pressing challenges so we will close the engagement.*

Fashion				
Company	**Assessment at start of campaign**	**Past Recommendations**	**Evolution in Past Years**	**Status in 2025 and Next Steps**
Company B **Sector:** Specialty Retail **Region:** Europe **Starting Year:** 2022 	– The company demonstrated limited efforts on circularity beyond some pilot projects and ambiguous KPIs to improve the sustainability profile of the products it sells – While the company had some language around circularity and mentioned working with key groups, such as Ellen MacArthur and the Textile Exchange, they had yet to publish a comprehensive strategy on circularity, from design, targets, and sourcing to consumer engagement and end of life.	– Develop a robust circularity strategy that includes all relevant elements as outlined by Ellen MacArthur (design, training, sourcing, end of life) – Develop more stringent targets on products, including efforts to increase recycled content in products – Improve circularity in the supply chain by engaging with suppliers and developing capacity programmes to help suppliers improve environmental performance – Increase customer engagement on circularity by developing strategies to increase the longevity of products, repair/ customisation programmes to encourage recycling and reuse on the second-hand market.	– In 2024, the company published more information on their circularity framework. – The framework reflects the vision of Ellen MacArthur outlined in its Textiles 2030 Circular Design Toolkit, which splits circularity into the categories of Raw Materials; Design & Production; and Use & Recovery. – Within these categories, the company has outlined several initiatives, such as training teams and suppliers on circular design, increasing the number of products meeting circularity design guidelines, increasing the use of preferred materials, introducing product take-back programs etc. – A development of note was their efforts to link their circularity strategy to the concept of just transition. – While these are major steps, their circularity targets remain quite weak compared to industry peers.	– While the company has managed to develop a comprehensive strategy on circularity, their targets are not ambitious or concrete enough for us to set a positive momentum. – They report to have exceeded their initial objective of 45% of their materials becoming sustainable, and currently claim to be at 50%. However, they do not provide information in their report on what this means, and the definitions/ methodologies used to determine the sustainability level of a material. – Additionally, their target for next year on the same KPI is still 50%. Given they have already reached this target, we do not believe this to be sufficiently ambitious and forward-looking. – This puts them very much behind peers and their targets are not ambitious or concrete. At this point we will close with a negative outcome and could consider escalation

Industrials				
Company	**Assessment at start of campaign**	**Past Recommendations**	**Evolution in Past Years**	**Status in 2025 and Next Steps**
Company C **Sector:** Electrical Equipment **Region:** North America **Starting Year:** 2024	– The company manufactures power generation and energy equipment and produces a broad range of electrical and electronic products that generate complex waste streams throughout their lifecycle, from manufacturing to end-of-life. – At the start of the engagement, circularity initiatives were primarily focused on packaging, with limited ambition disclosed for other key materials and product components. No quantitative KPIs were in place to monitor circularity-related performance, and the company had not yet published a comprehensive circular economy strategy covering its products, materials use, and operations	– Develop a broader circular economy strategy beyond packaging, covering key materials and resources across the value chain and helping to address downstream and Scope 3 impacts.	**2024** First year of engagement. Limited progress was observed. While the company began implementing elements of a circularity approach, actions remained largely focused on packaging, with no broader strategy disclosed for product components or material use.	– In 2025, the company's circularity strategy continues to focus mainly on packaging, with no meaningful evolution in public disclosure regarding broader material flows or product lifecycle management. Additionally, the company has initiated internal data-collection processes related to emerging regulatory requirements, including those linked to extended producer responsibility and certain chemical reporting obligations. These steps, together with efforts to optimize packaging use without compromising product integrity, suggest an initial willingness to strengthen its approach to circularity. We therefore reiterated our recommendation to expand the circular economy strategy to cover key materials and components beyond packaging. In 2026, we will continue our engagement with the company and encourage further progress in developing a more comprehensive and measurable circular economy strategy.

Company D **Sector:** Metals & Mining **Region:** North America **Starting Year:** 2024 	Circularity is one of 8 strategic themes for the company, and they have according to goals to support his including a goal to establish site based industrial waste inventories at sites and establish plans to turn waste into useful and appropriate products by 2025. They also have broader goals to be a leader in product stewardship and further develop strategies and programs to produce secondary metals at their Trail operations. Goal to have zero disposal of industrial waste by 2040.	While the company arguably remains a leader on circularity for the sector considering their comprehensive strategy, their targets and indicators remain primarily project based and examples more anecdotal. We have encouraged them to considering more quantitative targets to increase recycling or other relevant site targets in the mid term.	The company told us that they intend to set more aggressive targets in the future within their nature positive targets and predict circularity will mature over time. However, at the moment, they are still working on developing their inventories and better defining their waste categories to see where they can create additional value through circularity. They mentioned to us they have many different initiatives in works at different sites on both product and process circularity including increased involvement in metals recycling of old EV batteries with the government, scaling recycling at various sites, and looking at working with local communities for procurement opportunities help recycle certain materials.	As of 2025, the company has laid out a robust circularity strategy with an ambition to dispose of zero industrial waste by 2040 (a new leading practice for the sector). They also have 2025 targets to establish site level inventories and plans so that they can eventually set site level waste reduction targets. They also report in rather granular detail on circularity so far including collaboration, scrap metal recycling, the embellishment of recycling services as well as other projects and associated indicators. We now consider them best in class for this sector for this subject. While they mentioned early involvement EV battery recycling, we have not seen any evolution on this in 2025 but note it is not in their core business and risk profile. Public quantitative targets remain absent, but the company informed us that they are recycling as much as they can at sites and do have internal site level targets to increase recycling rates. They aim to reach these objectives in 2026 and the results could inform their next set of targets. *We will keep the engagement open to encourage a public recycling target but we consider a majority of the engagement to already be a positive outcome.*

Next Steps

Companies remain in the early stages of their respective journeys with regard to the circular economy, and it is a theme that will require a longer timeframe to see its full potential unlocked. However, for companies who we have engaged with since the beginning (~2020), we are witnessing year-on-year improvements. Some patience is required on the investor side to see these engagements fully realised, and for circularity to eventually scale, but it is crucial that it remains a key pillar of discussion with companies on a wide range of environmental topics to further encourage its adoption. In the short term, however, we continue to encourage companies to identify circularity opportunities, measure the benefits of their existing efforts, and encourage them to scale the programmes they have in place through increased innovation and collaboration across the industry.

Case study 29: Encouraging Circularity and Biodiversity-related Risks in the Fashion Sector with a North American Clothing Company

Context: We have also been engaging directly with a large North American clothing company on their circularity strategy since 2022. While the company has developed diverse programs to encourage circularity, there is a lack of holistic and forward-looking strategy, placing the company behind its peers on target-setting and reporting on the circular economy. The company does not have concrete targets for shifting to recycled or sustainably sourced materials in their products (such as targets to increase total % of recycled versus overall materials used), which is common practice for many sector peers. Additionally, the company demonstrated lagging practices in reporting with material volumes not being presented in absolute, comparable terms. Moreover, while the company has numerous pilot initiatives on circularity but they lacked coherence with their overall sustainability strategy. They also demonstrated gaps on disclosure for key output or impact metrics for various initiatives including recycling and donation activities, making it difficult to assess the real impact of these projects.

In addition, we became engagement lead in 2025 on the company for the Finance for Biodiversity's newly launched FABRIC collaborative engagement group, which aims to drive biodiversity positive practices across the textile and apparels sector. The fashion industry exerts significant pressure on nature and biodiversity through its resource-intensive practices, and it is a growing concern for investors that these impacts will continue to undermine the sector's long-term viability. This is a key subject that the investor group aims to address, however, the aim of this initiative is a bit broader than circularity. Regardless, it was assessed to be a good complement to our existing direct engagements with the company, as circularity remains a key lever for the sector to address its biodiversity impacts and to better seize nature-related business opportunities. In addition, due to the stalled evolution on the subject compared to sector peers, it was assessed that adding a collaborative angle to our existing engagements could be an additional instrument to encourage overall change at the company.

Amundi Actions: Amundi's engagements with the company for the two engagement streams are as follows:

Circular Economy Objectives (Direct Engagement)

- Set concrete targets around circular economy in line with peers, including quantitative targets on shifting to preferred materials
- Improve the granularity of their reporting on material use
- Increase data transparency on product end-of-life management, and in particular on their recycling and donation programs

Collaborative Engagement Objectives with FABRIC, Finance for Biodiversity:

The collaborative engagement focused primarily on the broad investor expectations on biodiversity outlined by the main industry frameworks such as TNFD and SBTN:

- Assess the company's impacts, risks, dependencies and opportunities according to the TNFD LEAP process
- Publicly commit to reduce negative impacts on nature through the lifecycle of products in line with the Global Biodiversity Framework's targets by 2030 such as through setting SBTN aligned targets
- Report on nature in line with the TNFD & LEAP process

Momentum and Outcomes: Regarding the first objective of Amundi's direct engagement, the company has not set concrete targets yet related to the circular economy. However, they have been successful in integrating recycled materials into their products. In particular, the company made substantial progress on recycled polyester: their share of recycled polyester now represents more than 60% of total polyester volume which was a KPI we did not previously have to assess performance. Regarding the second objective, we are also positive about the fact that the company has started reporting the share of recycled material in absolute terms, rather than in growth terms, making it easier to compare their performance and exposure versus peers.

The company is working internally, and with peers, to substitute other materials as well, although they highlight additional challenges for rubber and leather, related to the quality of recycled materials and the lack of availability at scale of alternative materials. The company also continues to develop different initiatives, including a program to help collect unused materials or end-of-life footwear to produce new materials. However, in terms of quantitative ambitions, they have not made substantial progress on their disclosure of recycling and donation program achievements or similar impact related metrics to assess impacts of their pilots.

On FABRIC related objectives, so far momentum has been minimal. The company informed FABRIC that they are adjusting their nature strategy and have noted the working group's engagement requests however little indication of what they plan to do and by when has been noted. Furthermore, while the company was happy to discuss circularity with Amundi, they were more hesitant to discuss nature overall including how their circularity strategy is fitting into the broader nature conversation at the company. We did emphasize that need for both areas to develop and hope that going forward we can better discuss circularity within the context of nature overall.

Next Steps: We will continue to follow up on the progress of the company when it comes to the circular economy and nature overall for both the direct and collaborative engagements with the overall aim to ensure these two engagement streams support and complement one another. Specifically, we will encourage them to set forward-looking targets to align with major peers, and to improve transparency in their reporting of both circular economy and nature overall. The company informed us that they will be publishing new sustainability targets next year, including on their nature strategy, which we hope will take our requests into consideration. We will be monitoring the publication of their new sustainability targets and will follow up in 2026 through both dedicated streams. As the company is also slightly more advanced on circularity than nature overall (and more willing to discuss the subject as they are quite proud of what they have accomplished so far), we will also endeavor to leverage both streams to encourage them to not see nature overall as something additional but as the overarching framework that supports their work so far.



Social Cohesion: Human Capital & Human Rights and Client Protection & Societal Safeguards

Social factors are becoming more financially material as companies navigate several transitions at once. The low-carbon transition, digitalisation and the deployment of artificial intelligence, demographic change, and tighter regulatory expectations are reshaping how companies manage workers, value chains, customers and affected communities. In this context, labour practices, human rights performance, product and service safeguards, and responsible business conduct can affect long-term corporate value through workforce productivity and retention, operational continuity, regulatory and litigation exposure, and licence to operate. For diversified investors, these issues also matter more broadly because they influence labour-market resilience, consumer trust and the stability of the operating environments on which long-term portfolio returns depend[183]. Workforce management is one of the most direct ways in which social factors affect business resilience. Employment conditions, pay, safety, inclusion and access to training shape productivity, turnover, absenteeism and the capacity to adapt to changing business models. As technology and business models evolve, the ability to attract, retain and reskill workers is becoming more important to long-term performance. The World Economic Forum estimates that job disruption will affect 22% of jobs by 2030 and that 59 in every 100 workers will require training by the same date[184]. Academic research continues to associate stronger employee satisfaction with stronger long-run returns, more efficient labour investment and lower borrowing costs[185]. Worker protection also remains a core operational issue: the ILO estimates that 2.93 million workers die each year as a result of work-related factors, 395 million workers sustain a non-fatal work injury, and 2.41 billion workers are exposed to excessive heat each year[186]. These issues extend beyond the direct workforce. Weak human rights due diligence, poor labour standards in supply chains, or ineffective grievance mechanisms can increase the risk of disruption, delay, legal challenge and loss of commercial trust. They also extend to companies' responsibilities towards clients, customers and wider society. In many sectors, digitalisation is changing both the nature of customer risk and the expectations placed on companies. Across OECD countries with available data, the share of firms using AI rose to 20.2% in 2025, from 14.2% in 2024 and 8.7% in 2023[187]. The OECD's Consumer Finance Risk Monitor 2026 also points to rising concern about scams, frauds and digital risks facing consumers[188]. Weak safeguards around data, digital services and artificial intelligence can therefore create direct financial costs through remediation, litigation, regulatory intervention or lost demand, while also weakening long-term business resilience.

These issues are becoming more material as regulation tightens across multiple jurisdictions. In the EU, Member States must transpose the Pay Transparency Directive by June 2026[189]. Under the AI Act, prohibited AI practices and AI literacy obligations have applied since 2 February 2025, obligations for general-purpose AI models since August 2025, and the broader framework will apply from August 2026[190]. The revised Product Liability Directive entered into force in December 2024 and will apply to products placed on the market from 9 December 2026.[191] Together, these developments are raising expectations of evidence, governance and accountability and increasing the cost of weak oversight. For investors, engagement therefore remains a tool to address material social risks at source and to encourage practices that support both company resilience and the wider economic system.

Amundi structures its social cohesion engagement around two complementary pillars. Human Capital & Human Rights focuses on workforce management and value chain conduct, including health and safety, living wage, diversity and inclusion, collective bargaining, and human rights due diligence. Client Protection & Social Safeguards focuses on companies' responsibilities towards clients, customers and society, including product and service safeguards, responsible technology deployment, privacy and data protection, tax conduct, and access to essential products and services. Together, these pillars reflect our view that

183. World Economic Forum (2025), Future of Jobs Report 2025. European Commission / Council of the European Union, pay transparency materials and implementation deadline. European Commission, AI Act: Regulatory framework and timeline.
184. World Economic Forum (2025), Future of Jobs Report 2025
185. Edmans, A. (2011), "Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices," Journal of Financial Economics. Adwan, S., Goncharenko, G. and Liu, X. (2024), "The impact of employee satisfaction on company labour investment efficiency," International Review of Financial Analysis. Chi, W. and Chen, Y. (2021), "Employee satisfaction and the cost of corporate borrowing," Finance Research Letters.
186. International Labour Organization, Safety and health at work. International Labour Organization (2024), Heat at work: Implications for safety and health.
187. OECD (2026), "AI use by individuals surges across the OECD as adoption by firms continues to expand."
188. OECD (2026), Consumer Finance Risk Monitor 2026.
189. European Commission / Council of the European Union, pay transparency materials and implementation deadline.
190. European Commission, AI Act: Regulatory framework and timeline.
191. European Commission, Liability for defective products.

social cohesion is shaped both by how companies manage people across their operations and value chains and by how they manage the wider effects of their products, services and conduct.

In 2025, we engaged 852 issuers on Human Capital and Human Rights and 468 issuers on Client Protection & Social Safeguards. Our key observations from these 2025 engagements are as follows:

- Companies are beginning to make more substantial progress on human rights beyond policies, driven at least in part by regulations, but also a growing recognition of the materiality and rapid evolution of risks, particularly in supply chains, and increasingly also downstream.
- There is still much progress to be made on human capital fundamentals, most notably health and safety, where progress is mixed.
- Digitalisation offers significant opportunities but is outpacing risk oversight. As corporate AI adoption accelerates, companies are yet to demonstrate strong evidence around responsible use and deployment of new technologies.
- Although progress is uneven, it is observable across all geographies. This year, we were able to identify some strong practices on across nearly all major regions, enabling better knowledge sharing with companies who increasingly look for peer examples.
- More broadly, however, we see that connections between climate and social risks are becoming ever more evident. These links include, among others, extreme temperatures undermining supply chain resilience through impact on workers, community concerns about access to water and land intersecting with corporate infrastructure investments, particularly data centers, and affordability concerns becoming a more prominent risk for corporate climate strategies. This drives the need for more holistic corporate sustainability and business strategies.

Human Capital & Human Rights



This section reports on our 2025 engagements on the topics of human rights and human capital. Throughout the year, we continued to advocate for corporate respect for human rights, which included adopting robust human rights policies and practices and addressing forced labour, child labour and community risks and risk related to conflict-affected and high-risk areas, as well as implementing 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 and gas to the gig economy, as well as continued to encourage companies to assess opportunities to pay workers a living wage and/or encourage their suppliers to do so. Our diversity and inclusion efforts, aimed at encouraging companies to leverage talent that represents a broader diversity of experience and thought, were reflected in our dedicated direct and collective engagements on gender diversity and the inclusion of people with disabilities in the workplace. We also continued our engagement on a just transition towards a low carbon and sustainable economy, reflected in formal strategies and underpinned by respect for a social dialogue.

1. Engaging to Promote Corporate Respect for Human Rights

Context

Human rights risks can have material financial consequences for companies through operational disruption, supply chain instability, project delays, legal exposure and loss of trust among workers, communities, customers and other stakeholders. For companies with complex global operations and business relationships, weak oversight of salient human rights risks can also undermine business resilience and licence to operate. These risks are increasingly relevant to investors where they affect execution, continuity, cost, and long-term franchise value.

Amundi's approach is guided by the UN Guiding Principles on Business and Human Rights, which establish the expectation that companies identify salient risks, take action to prevent and mitigate adverse impacts, track the effectiveness of their responses, and provide or enable remedy where they have caused or contributed to harm.

These expectations are increasingly reflected in due diligence, disclosure and supervisory frameworks across jurisdictions. In Europe, the Corporate Sustainability Due Diligence Directive entered into force in 2024, confirming the direction of travel towards more formalised human rights and environmental due diligence, even as the timetable and scope are being adjusted through the 2025–26 simplification process. More broadly, the first CSRD reports, covering the 2024 financial year, began to be published in 2025, reinforcing expectations around governance, evidence and transparency on social risks. Outside Europe, progress remains uneven but continues to broaden. In Japan, the government's Guidelines on Respecting Human Rights in Responsible Supply Chains have established an official reference point for corporate human rights due diligence, while Malaysia launched its first National Action Plan on Business and Human Rights for 2025–2030 in August 2025, signalling rising expectations of governance, evidence and disclosure around salient human rights risks. Together, these developments create, at a minimum regulatory compliance costs and legal risks for companies, but they also signal continued need for proactive human rights risk management, particularly for companies operating globally, as the operating and legal environments become more complex.

Against this backdrop, Amundi engages with companies to strengthen respect for human rights across direct operations, supply chains and other business relationships. In line with our Human Rights Policy and international standards, including the International Bill of Human Rights, the ILO's Fundamental Principles and Rights at Work, and the UN Global Compact, we expect companies to identify salient risks, embed appropriate due diligence and oversight, take preventive action where risks are highest, and provide or enable effective remediation where necessary. Our human rights engagements follow a two-pronged approach:

- Where a company is exposed to significant human rights risks that do not appear to be adequately managed, Amundi engages to encourage improvements in governance, due diligence, oversight and disclosure.

- Where issuers are linked to serious human rights controversies, show weak remediation, or fail to improve following engagement, Amundi may escalate through stewardship tools including voting, overrides of relevant responsible investment criteria or proprietary ESG assessments, and, where warranted, exclusion in cases of breach of the UN Global Compact.

Amundi Actions

In 2021, we began a dedicated engagement effort to encourage companies to adopt robust policies and processes aligned with global norms and best practices to foster better respect of human rights by our investee companies. In 2025, we engaged issuers on human rights policies, processes and strategies to mitigate against key material risks. In addition to this, we also engaged with issuers on a number of human rights issues material to the company and/or a subject of a controversy, including:

- Forced labour and child labour risks
- Freedom of association and collective bargaining
- Downstream human rights risks
- Human rights due diligence and stakeholder engagement in high-risk areas, including due diligence around conflict minerals
- Right to a safe and healthy working environment (see pp. 254 for further details)
- Digital rights (see pp. 254 for further details)

Engagement Objectives

Generally, in our engagements we expect companies to:

- Put in place formal Board-level and managerial oversight and policy on human rights
- Undertake risk assessments of human rights indicators in operations and value chains and disclose most salient risks identified
- Measure human rights performance through specific KPIs
- Carry out regular human rights due diligence and impact assessments to avoid or mitigate adverse human rights impacts
- Ensure there is a grievance mechanism to allow stakeholders to raise concerns without retaliation.

Our expectations also include a formal commitment to provide access to remedy.

Momentum & Outcomes

Our key observation from 2025 engagements is that there is overall progress across companies on human rights foundations, which for an increasing number of companies is evolving towards more sophisticated human rights programs as the risk and regulatory landscapes develop. One fundamental gap that remains is the still relatively limited internal human rights expertise, which we would like to see more strongly represented in-house.

Company	Assessment at start of campaign	Past Recommendations	Evolution in past years	Status in 2025 and Next Steps
Company A **Sector:** Aerospace and Defence **Region:** Europe **Engagement started in 2022** 	The company already recognised key international human rights principles and standards (e.g., principles enshrined in the UN Global Compact, the United Nations' Universal Declaration of Human Rights, and the International Labour Organisation's core labour standards). The company put supplier audits and supply chain human rights risk assessments in place. The company has expectations for contractors to respect the company's social standards. Direct suppliers are contractually obliged to ensure that their subcontractors also abide by their conduct standards.	We encouraged the company to: – Put a human rights policy in place, providing the basis for embedding the responsibility to respect human rights across all business functions – Explicate the role and responsibilities of the company's governance bodies in overseeing the implementation of the human rights policy – Conduct and disclose a country-by-country risk mapping, detailing human rights risks, among others. – Establish a timeline and measurable targets to extend traceability and engagement to Tier 2 and Tier 3 suppliers (e.g., % of spend or % of suppliers covered by ESG screening). – Provide details of the process in place to prevent human-rights violations arising from the use of the company's products and include this in the human-rights policy.	The company published a policy statement on the protection of human rights. Additionally, it implemented a new human rights organisation which includes a Human Rights Officer. Following 2023 engagement, we refined our expectations for the company: – Further improve transparency regarding suppliers' assessment by disclosing risk mapping, including region-specific human rights risks – Extend risk assessment to tier 2 & 3 supplier levels given the progressive risk exposure higher up the value chain	After developing a human rights policy statement and a dedicated organisation, the company appointed dedicated human rights coordinators for the Human Resources and Quality Departments. Their annual departmental risk analysis findings are reported to the Human Rights Officer. We still would like the company to be more transparent by disclosing its human rights risks assessment with more details, especially explaining how each location is designated as high- or low-risk. In 2025, the company began work on Tier 2 and 3 supply chain risks, but this work remains ongoing. The company is also making progress towards downstream due diligence for two business lines most at risk. *We note continued positive evolution by the company to address human rights risks and will continue our engagement and monitoring going forward.*

Company B **Sector:** Food Products **Region:** Europe **Engagement started in 2022** 	Significant exposure to human rights risks given supply chain footprint and commodity exposure. The Company has faced allegations of human rights abuses in the past. The Company has only recently introduced a human rights policy (2021) and is at the start of its journey on this issue.	We recommended the company to: – Establish KPIs demonstrating the use and efficacy of the grievance mechanism (number of cases raised each year, timeline for processing, percentage resolved and so on) – Establish KPIs related to HR auditing process for all tiers of suppliers (beyond current disclosures) – Disclose percentage of transparency mapping at each supplier tier level – Put in place timebound targets for achieving degrees of traceability	Introduced a grievance mechanism in the cocoa supply chain, as well as related KPIs to measure success and progress. **2024 :** The company has made progress in addressing the issue of child labour within its supply chain. It has joined a well-known NGO initiative, which will: – Provide expertise and best practices to address child labour issues within the cocoa supply chain – Review the company's Child Labour Monitoring and Remediation System, helping the company to identify gaps and align with industry best practices – The company reaffirmed its commitment to sourcing 100% of its main commodity through sustainable programmes by 2025 – The company also shared plans to launch a Living Income Project in 2025 for 5,000 farming families. Based on progress, we refined our asks for 2025, encouraging the company to improve the communication around its grievance mechanism to workers and evidence the effectiveness of the mechanism by providing a more detailed breakdown of categories of issues raised through it.	The company has continued to strengthen child labour monitoring across its cocoa supply chain and recorded a reduction in child labour cases. Its long-running cocoa farming support programme has been expanded to include farmer training, education and measures to increase household resilience, which helps to address more systemic human rights risks. The company also continues to be active in collaborative partnerships with suppliers and NGOs to raise household incomes which reduces child labour. We've been in capacity to close the relevant engagement objective as the company successfully provided an action plan addressing child labour issues. With regard to disclosing the breakdown of grievances and timelines for resolution, the company had partially complied. Its speak-up cases had been externally assured by an independent assurance provider, and it had provided greater clarity on how cases were handled, a detailed breakdown of issue categories raised, and KPIs on grievance handling. *We will assign a positive momentum to this objective and continue engagement into 2026 to secure disclosure of resolution timelines and further improvements to the grievance communication process.*

Company C **Sector:** Metals and Mining **Region:** North America **Engagement started in 2021**, expanding from indigenous rights to broader human rights engagement. 	The company has been involved in serious and longstanding controversies associated with human rights and community consent, including issues around remediation of grievances and free, prior and informed consent (FPIC) often stemming from social impacts and related environmental controversies including serious spills. It made progress to remediate environmental controversies but remediating human rights related aspects such as community trust and grievance monitoring remains an area of improvement. The company has made improvements over several years in human rights policies and processes but remains unclear how and to what extent these policies are successfully implemented at the site level, in a way that takes into account the unique contexts of sites located in various countries with unique challenges. For example, while the company has signed the Voluntary Principles on Security and Human Rights, it is unclear how those are implemented in areas that have faced conflicts with local security forces.	We encouraged the company to: – Provide evidence of controversy remediation, including third party evidence – Establish greater transparency on how HR policies and processes are implemented consistently across sites with KPIs, case studies, and implementation roadmaps – Establish more granular grievance mechanism reporting including asset-level data to monitor year-on-year trends, granular reporting on severity of issues, percentage resolved/unresolved cases by year end, as well as provide more clarity on how it works with local stakeholder groups such as NGOs to ensure full remediation	In 2023, the company provided evidence of past environmental remediation by way of unfunded third-party studies. However, they admitted that fostering community trust in the evidence of remediation remains an ongoing process. The company was working to strengthen its human rights approach in geographies of looser regulation. In 2024, the company remained very hesitant to have dialogue on the topic of human rights and community relations, but successful dialogue finally occurred in 2024. One of their major sites received Coppermark certification and the company was working on obtaining certification for other sites as well, which required improvements in human rights procedures. Additional development on social diagnostics was implemented to identify groups potentially impacted by each operation. We observed continued gaps in addressing community consent and improving relations with past impacted stakeholders. The company informed us that authorities cleared them of any wrongdoing, but direct community stakeholder dialogue continue to surface severe impacts from past spills that have gone un- remediated. This suggested continued disconnect between the company actions and community sentiments around the outcomes.	Dialogue occurred in 2025: the company did not evolve much per our asks but there is a potential that they will do so in the future. Company continued to evolve its grievance approach with a community participation plan that has six different mechanisms. However, specifics on how it was applied to serious, ongoing controversies remains absent. We did highlight that concrete proof points on how it was being rolled out at the site in question was needed and they were open to this suggestion. For many of the ongoing issues the company did maintain they were false allegations. We emphasized that news flow still implies community discontent (and potential gaps in ensuring community consent), encouraging them to become more transparent for those sites on how they are addressing issues. On grievance reporting, the required granularity remains absent (% resolved annually and number of issues per asset). They did confirm that this was their next step and they were working to become more transparent. *While we recognize the company's ongoing efforts to improve their management of human rights, regardless in 2025 we voted against the discharge of the board to express our ongoing concerns regarding serious human rights related controversies where we find there are still major gaps on remediation.*

Company D **Sector:** Aerospace & Defence **Region:** North America **Engagement started in 2021** 	The engagement was prompted by the company's exposure to upstream and downstream human rights risks, given its significant size and global presence, notably by supplying product in areas at risk. We wanted to ensure the company has developed dedicated governance bodies, policies and processes to manage risk exposure since human rights related disclosures are lacking.	– We encouraged the company to: – to better describe management bodies' involvement in the oversight of human rights matters – to develop a human rights policy that should be aligned with company's activities – to identify human rights norms and related regulations, as well as undertaking and summarizing the results of a risk assessment of human rights in their operations and for end-used products Encourage them to implement a grievance mechanism and share more details around it	We had to wait few years to receive a response from the company regarding its human rights practices. The company has been able to provided us with encouraging progress even though there are still progress to made. In particular and since the launch of the engagement, In 2025, we have understood the company has a Human Rights Statement disclosed available publicly on its website, which we identify as a positive progress. Nevertheless, we expect the company to go beyond and include a very material topic for the sector: describing the risk management of the end use of the company's products. No major improvement has been provided	The company developed a human rights statement, disclosing some information about its practices. Although we appreciated this development, we would expect the company to go further and to more demonstrably improve its systems by first establishing a direct oversight by the board for human rights topics, and to put in place the foundation of human rights best practices by developing an in-depth human rights risk analysis, both upstream and downstream at the end user level. *We will keep engaging with company in 2026 to encourage further progress.*

Next Steps

For 2026, our human rights engagement will focus increasingly on the maturity of company approaches rather than on the existence of high-level frameworks alone. We will continue to look for clearer prioritisation of salient risks, stronger integration of human rights into governance and operational decision-making, and more robust due diligence in higher-risk parts of the value chain. We also expect disclosure to improve over time, particularly on the risks companies identify as most material, the actions taken in response and the metrics used to monitor progress. In this context, our emphasis will remain on whether companies are developing human rights programmes that are more targeted, more embedded and better aligned with the nature of the risks they face.

Case study 30: Engaging with a Semiconductor Company on Downstream Human Rights Risks

Context: Human rights concerns in the semiconductor industry have risen in prominence with a growing focus on downstream due diligence and product misuse reflected in tightening export controls but also human rights norms, such as the OECD MNE Guidelines, which confirm due diligence application to downstream business relationships. Combined with chip shortages and security concerns, there is a business imperative for semiconductor companies, especially those whose products are categorised as dual-use, to tackle illicit product diversion to meet regulatory requirements, ensure value chain stability and avoid adverse human rights outcomes resulting from product misuse. With this in mind, we started our engagement with a major semiconductor manufacturer in 2022. The company was originally flagged through our research and analysis of the Corporate Human Rights Benchmark, which identified it as one of the lowest scorers in the information and technology sector due to lack of transparency and human rights commitments aligned with international standards. The company was also named in a research report by a major think tank among those whose chips have been diverted to high-risk countries and potentially misused in conflict settings.

Amundi Actions & Engagement Objectives:

Over the course of the engagement, our objectives included:

- Address minimum expectations to improve human rights risk management, specifically:
  - ➜ Develop a dedicated human rights policy aligned with the UN Guiding Principles on Business and Human Rights
  - ➜ Disclose approach to downstream human rights risk management in line with industry best practices
- Disclose specific efforts to prevent product misuse and enhancements to know-your-customer procedures to tackle downstream human rights risks

Additionally, in 2023 and 2024 our concerns about Board oversight of human rights issues contributed to a vote against the discharge of directors and the re-election of relevant directors.

Engagement Outcomes and Issuer Momentum: Over the course of the first two years of engagement we observed limited momentum. In 2024, on a group call with investors the company acknowledged that product diversion and potential sanctions circumvention by clients represented a significant reputational risk, which the company took seriously. It outlined a detailed approach to addressing diversion risks, involving significant stakeholder collaboration efforts, acknowledged that communication on diversion and wider human rights risks could be improved and indicated that it was considering publishing a formal human rights policy (or equivalent), having reviewed examples that investors, including Amundi, had previously shared.

On the call with Amundi in late 2025, the company shared that benchmarking of human rights policies and practices of peers had been carried out and that a policy would be published before year end, including a downstream risk section. Indeed, we saw a standalone human rights policy with the relevant section published in December 2025. Unfortunately, at the same time a lawsuit was launched alleging issuer's failure to prevent product misuse and diversion, alongside other semiconductor peers. This development further underscores the scope for future reporting improvements which could have mitigated some of the legal and reputational risks.

Next steps: We were pleased to see more substantial progress from the company in 2025. Areas of progress remain, including more effective disclosures around misuse prevention, especially in light of legal action, so we will look out for the company's reporting in 2026 to assess whether this engagement objective could be closed positively or needs to continue. We will continue engaging the company on other human rights issues, including grievance and remedy mechanisms, as part of overall efforts to strengthen its risk management approach.

Case study 31: Engaging with ESG Data Providers on Core Human Rights Data

To be able to more systematically assess human rights risks across their portfolios, investors would benefit from better data on companies' core human rights commitments. Recognising that human rights data often lacks standardisation and granularity required for better decision-making and regulatory compliance, the Church of Commissioners of England, Aviva Investors and Scottish Widows organised an engagement with ESG data providers and proxy advisors on the basis of the World Benchmarking Alliance's Collective Impact Coalition. The initiative was launched in 2023, and Amundi was amongst the 15 original participating investors.

Amundi Actions: Having engaged with 3 major data providers in 2023, with the new phase of the initiative starting in 2024, Amundi took the opportunity the lead on an engagement with a major ESG data provider , which was included among the 3 original engagements. This engagement continued in 2025.

Engagement Objectives: The aim of the engagement remains ensuring that data offered by providers includes human rights fundamentals to allow investors to carry out baseline due diligence on their investments.

Key engagement objectives can be summarised as follows:

- Encourage data providers to agree on the human rights fundamentals such as whether a company has made a commitment to respect human rights in line with international norms or conducted a human rights due diligence. Whereas the scoring of the quality of existing policies and processes may differ across, fundamental commitments should be benchmarked against global norms
- View the absence of data as data: where providers are unable to identify corporate human rights fundamentals, this should be a datapoint. Identifying gaps in core human rights policies and disclosures would help to inform investor research and engagement activities accordingly

Engagement outcomes and momentum: As an immediate next step following the 2023 engagement, the company offered to conduct a gap analysis of its offering against investor expectations. This was concluded in 2024, and the results of the analysis were made available to clients and engagement group members. The company also sought input from a wide range of human rights stakeholders to inform its next steps. In 2024, we met with the company again and our engagement consisted of following up on the gap analysis and offering feedback to the company to encourage further progress to address outstanding issues.

In 2025, we were in regular contact with the company and organised 3 progress meetings throughout the year. The main objective of the meetings was to monitor and continue to encourage progress, as well as to provide ongoing feedback to the company on the development of human rights data solutions. In November 2025, the data provider confirmed to Amundi that the first update to its data offering would be published in December of the same year, followed by an early 2026 update which would cover additional data. They shared, among other points, that the feedback from Amundi and the group led them to prioritise certain areas of improvement, such as grievance mechanisms and living wage topics. In December 2025, the data provider published an update, expanding its human rights dataset and offering investors additional functionality for human rights risk identification through its platform.

Next steps: We have been pleased with the progress and constructive nature of the engagement, although opportunities for further improvement remain, in Amundi and investor group's view. This includes, for instance, further strengthening alignment between the data available from the provider and the UN Guiding Principles on Business and Human Rights. Therefore, we will continue this engagement in 2026 whilst maintaining a positive outlook.

a. Engaging on Forced Labour Risks[192]

Context

Forced labour continues to be a major societal concern, which not only constitutes a breach of fundamental human rights but also has economic consequences. According to the ILO, most cases of forced labour (86%) are found in the private sector. Almost one in eight of all those in forced labour are children (3.3 million)[193]. Forced labour prevents economies from fully capturing value from the inputs of affected workers through losses in productivity and unpaid taxes and slows progress towards the achievement of Sustainable Development Goals[194]. At the same time, governments are increasingly using trade and supply-chain measures to curb forced labour in global value chains. For businesses and investing countries, this can translate into financial and operational risks, including delayed

192. We closed engagements on forced labour with a European Communications Company and a Japanese Household & Personal Products company.
193. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm
194. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_653986.pdf

or seized shipments, constrained access to critical inputs, and disruption to infrastructure and public procurement[195] [196]. Import bans and customs enforcement regimes are now in place in several jurisdictions, including the United States, Canada and Mexico. In parallel, regulatory expectations are rising through modern slavery reporting and human rights due diligence requirements (including in the UK and Australia), and through the EU's expanding framework: the Corporate Sustainability Due Diligence Directive and the Forced Labour Regulation, which will prohibit products made with forced labour from the Union market.

At issuer level, forced labour controls can translate into measurable compliance and disruption costs. The European Commission estimated one-off direct compliance costs of EUR 500–680 million and recurrent annual costs of EUR 1.72–2.37 billion across companies affected by mandatory due diligence[197], while U.S. UFLPA enforcement has reviewed more than 16,700 shipments valued at almost USD 3.7 billion since June 2022, illustrating the scale of potential detention-related working-capital and logistics impacts for exposed importers[198].

Over the recent years, Amundi has been involved in a project through a collaborative engagement with the French Sustainable Investment Forum (SIF) and a French non-governmental organisation Ressources Humaines Sans Frontières (RHSF – Human Resources Without Borders). Project participants developed a methodology assessing companies to reduce the vulnerability of populations to forced labour and child labour. Amundi led on two engagements with French companies, as part of a collaborative engagement drawing on the project's methodology. In March 2025, Amundi had the opportunity to present investor expectations and recommendations to companies who had been part of the initiative at an event in Berlin. The event offered an opportunity as well to gain the perspective of companies, as they candidly shared their concerns and limitations they face in tackling forced labour and child labour.

As of late 2025, the project with RHSF had achieved its methodological goals. Going forward, we will continue to learn from it and to refine our approach to addressing the risks of forced labour in our investment portfolios. While we continue to engage with one of the original companies, the collaborative engagement element of the initiative is currently evolving in scope, with further details expected in 2026.

Amundi Actions

Regardless of the sector, any company can be exposed to forced labour and child labour risks, directly in its own operations or indirectly via its supply chain – indeed, we increasingly observe that such risks materialise outside of sectors and countries previously regarded as those of high concern, increasing the need for company and investor vigilance. For these reasons, we regularly engage with companies on forced labour prevention. We also engage with companies facing forced labour controversies that are identified through our dedicated controversy review process. We expect such companies to first remediate any instances of forced and/or child labour in their operations and/or value chains and to then work on strengthening their policies and processes to prevent future instances of exploitation.

Engagement Objectives

The main objectives for the engagement are as follows:

1. Increase issuer awareness of forced labour risks and best practice strategies for their mitigation.
2. Encourage adoption of robust policies and strategies to prevent, combat and remediate instances of forced labour
3. Increase transparency on company- and population-specific risks and performance on forced labour risk mitigation

195. https://www.bsr.org/en/emerging-issues/costly-consequences-for-forced-labor
196. https://www.developingfreedom.org/wp-content/uploads/2021/01/DevelopingFreedom_Synopsis_WebFinal.pdf
197. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A52022SC0043
198. https://www.dhs.gov/2025-updates-strategy-prevent-importation-goods-mined-produced-or-manufactured-forced-labor-peoples

Engagement Outcomes & Issuer Momentum[199]

Macro Sector	Company baseline	Past Recommendations	Evolution in previous years	Status in 2025 and Next Steps
Company A **Sector:** Consumer Durables & Apparel **Region:** North America **Engagement started in 2023** ↑	We engaged with a consumer durables company who faced allegations of forced labour and child labour in various sourcing countries. While primarily an apparel company, the company produces a wide range of products exposing them to numerous forced labour risks in their supply chains due to the raw materials they use and the geographies from which they source. The company already has relatively strong due diligence with a public disclosure of Tier 1 supplier list that covers 98% of business. They also have KPIs on factory due diligence (audits and other assessments) for Tier 1 and some of Tier 2. The company has established strong due diligence for common forced labour issues that are present in the sector but its efforts are still limited on other forced labour challenges that the sector faces.	We encouraged the company to: – Extend coverage on Tier 2 due diligence – Create a roadmap for high-risk geographies/ commodities that the company did not yet robustly address – Establish a formal policy on purchasing practices (corporate activities that put undue burden on suppliers increasing the likelihood of adverse human rights impacts in the supply chain).	The company successfully adopted a formal purchasing practices policy and continued to leverage the Better Buying survey to identify key pressure points that could be exacerbating issues in the supply chain. The company reported that 79% of suppliers were assessed, which represented 88% of spend and 73% of legal subcontractors. The company had a transparency and traceability team that was working on diving into Tier 3 and Tier 4. It had a goal to achieve 75% transparency on Tier 2 by 2025. It was applying the same principles (transparency and traceability strategy) to other forced labour risks identified focusing on certain geographies, fibres or a combination of the two. It was working on the road map over the next 12-18 months. The company partnered with a third-party responsible business consultancy in 2024 to align with OECD due diligence guidance. It intends to use the findings to improve policies/processes on human rights including on key risks.	For FY25, the company reported to have assessed 87% of Tier 1 factories. As last year, the company indicates it is still working to assess Tier 2 facilities but no specific KPIs have been reported. While they mention to have partnered with external entities to launch a worker survey and claim to have reached 144,000 workers through several engagement programs, they do not mention their findings in relation to labor risks. *We maintain a positive momentum as the company is showing efforts towards enhancing traceability in their value chain and will continue to engage in 2026.*

199. In 2024, we closed an engagement on forced labour with an Asia company given continued positive momentum and achievement of all of Amundi's engagement expectations. We also positively closed an engagement with a North American retailer on forced labour.

Company B **Sector:** Textiles, Apparel & Luxury Goods **Region:** Asia 	A clothing company who already has a robust sustainability strategy but has areas to improve on supply chain due diligence to prevent forced labour risks across global supply chains. The company has some supplier due diligence in place, including human rights policies and processes, supplier code of conduct and a supplier auditing programme. However, the approach is not yet systematic to address forced labour risks more comprehensively (strategy is more focused on suppliers confirming they adhere to policies rather than the company confirming adherence in a systematic and comprehensive manner).	We encouraged the company to evaluate risks of forced labour involvement within its supply chain. We also recommended the company to enhance auditing and thus ensure suppliers' compliance with the company's Code of Conduct (including all of tier 1 and more robust strategy on tier 2 suppliers).	The company established an ESG team that reported to the CEO. It expressed commitment to increase coverage of tier 1 to 100%. However they still do not go beyond tier 1 in their supply chain audits. Furthermore, we are not clear whether the company is considering risks in their tier 1 around supply chain bifurcation (instances where companies create separate supply chains to serve different markets, with some production sites and/or suppliers bearing lower risks and others potentially being exposed to human rights issues).	The company did not make much progress on the disclosure of human rights risks management in their supply chain. In their 2024 CSR report, the company mentioned training in which 200 representatives of major suppliers and various departments of the Group participated. Topics included social responsibility management system, prohibition of child and forced labor; protection of workers' rights. However, not much is disclosed beyond this. We have not seen an updated version of their Supplier Code of Conduct since 2022. *We thus set a negative momentum for 2025. We will continue to follow up in 2026.*
Company C **Sector:** Automobiles **Region:** Asia **Engagement started in 2023** 	The company is potentially exposed to forced labourthrough its supply chain like a high number of automobile companies. Since 2017 more than 1 million Uyghurs, Kazakhs and other ethnic minorities have been displaced and detained in 're-education camps 'or 'vocational Education and Training Centres'. The company operates a multi-tier global supply chain which makes it exposed to raw materials (e.g. aluminium, steel) sources from regions where forced labour concerns have been reported.	In the course of this engagement, we have asked the company amongst other to clearly map out its supply chain risks and reinforce its due diligence procedures. We have also asked the company whether it had specifically audited the entities identified by NGOs.	The previously shared that it would review its human rights and sourcing practices to ensure that suppliers follow its standards. It publicly listed the policies it had in place to ensure that no forced labour was used in its supply chain. It was not clear whether it has specifically audited the entities named by NGO. Whilst it started to properly map out its supply chain, it still needed to expand the mapping relating to raw materials sources.	In 2025, the company joined other major automotive manufacturers in advancing industry-wide forced labour due diligence standards through the Automotive Industry Action Group (AIAG) that inter alia seeks industry cooperation on standardized supplier due diligence. *Although we would like to see more momentum from the issuer, we are pleased to see some progress and acknowledge that the risk at hand requires collective action. We will continue to engage in 2026.*

Next Steps and Amundi Perspective of Engagement

In 2026, we will place greater emphasis on whether companies can demonstrate that their forced labour risk management works in practice, rather than relying primarily on policies or compliance statements. Our focus will increasingly be on implementation: supply chain traceability, risk identification in higher-risk sourcing, recruitment and purchasing practices, broad organisational awareness of risks and responsibilities, and access to effective grievance and remediation mechanisms.

This reflects a tightening global backdrop, including the EU Forced Labour Regulation, for which implementation tools are due in June 2026 ahead of application in December 2027, the transposition deadline for the Corporate Sustainability Due Diligence Directive in July 2026, and continuing import-control enforcement in the United States under the Uyghur Forced Labor Prevention Act.

Case study 32: Engaging on Forced Labor Prevention with a European Company Offering Advanced Solutions for Technical Purposes

Context: In 2023, we started engaging with a medium-sized European industrial group as part of a collaborative initiative coordinated by the French Sustainable Investment Forum (FIR), co-leading on the engagement with another asset manager. The company was selected for engagement due to its involvement in four business segments, some of which have much higher levels of exposure to forced labour and child labour than others. One of these segments is textiles – a sector widely recognised as prone to forced labour. This exposure, primarily through the company's supply chain, represents a risk for the company. This risk is heightened due to the regulatory attention to social issues gaining steam, with recent and upcoming European and global supply chain regulations.

By engaging with this company, we intend to improve awareness of forced labour and child labour upstream risks among smaller-cap companies and encourage greater transparency on the matter in the face of upcoming regulatory requirements.

Amundi Actions: In 2023, we sought to gain a clearer view of the company's performance on the issues of forced labour and child labour to then be able to assess any potential improvement in relation to internal processes in place and in line with the methodology of Ressources Humaines Sans Frontières (RHSF). In 2024, we aimed to encourage the company to improve its internal processes and to enhance transparency, since we identified a downgrade in the company's public reporting with less detailed definition of forced and child labour. Since the company made progress in 2025, we encouraged the company to keep surfing on the wave and to go into more details in its approach at the supplier's level.

Key objectives for our engagement were as follows:

1. To develop the company's knowledge and awareness of the most vulnerable local populations and internal and external risk factors, through a dialogue with local stakeholders (NGOs, trade unions, local authorities, etc.)
2. Improve transparency on current internal practices regarding forced labour and notably to implement a human rights policy, detailing the approach to forced and child labour
3. This approach could be reiterated in the policy of responsible procurement to ensure a closer relationship with suppliers to improve their practices on the matter

Engagement Outcomes and Issuer Momentum: To recap previous engagement, in the years prior the company had progressed on supplier mapping and appointment of a human rights team. However, its progress in applying the steps advocated by the RHSF in particular was in embryonic stages.

Since the start of our engagement, 2025 was the year in which we observed the most significant progress. After the company scaled back public disclosures on forced and child labour in 2023, we identified positive developments in 2025: the company disclosed the countries most at risk of forced labour in its supply chain. It also published additional supplier data (about 1,300 suppliers) and appears to recognise the importance of risk mapping, which it continues to refine internally. This analysis is already well developed for carbon and for critical suppliers; we recommend applying a similar approach to human rights and strengthening both strategy and communications to better link audits with risk mapping. That linkage is important because the company presents this work as a customer value add. Another notable development in 2025 was the announcement of ongoing work to publish a human rights policy. Our continued dialogue with the company has been productive, and we expect the policy to be published in 2026.

Next Steps: Despite greater transparency from the company, especially around supplier location, we will keep encouraging the company to improve its supply chain risk management strategy and disclosures. The company appreciates the need to have a human rights policy in place, which would allow it to galvanise the entire organisation in addressing the respective risks, formalises the oversight and reflect the importance of this issue at the highest level of the organisation, as well as for the company's stakeholders. We expect to see the policy's publication in 2026 and expect that this will lead to the development of a more robust strategy to manage human rights risks, including risks associated with forced labour and child labour.

Case study 33: Addressing forced labour risks in the garment & footwear sector

Context: Since 2022, we have engaged with a major garment and footwear company concerning forced labour risks in its supply chain. This engagement initially followed the involvement of the company in a forced labour controversy through its cotton supply chain. A few years later, another investigation revealed migrant workers employed in their Asian supply chain had been exposed to forced labor conditions. These controversies must be viewed against sectorspecific realities: the footwear and garment sector are particularly exposed to risks of forced labour due to their large and complex supply chains. This context makes it difficult for companies to achieve full transparency into their supply chain partners, and this specific company's size and scale of its activities make it highly exposed to bifurcated supply chains and corresponding forced labour risks.

Through this engagement, our aim is to encourage the company to strengthen its policies on the management of forced labour risks in its supply chain, to improve its due diligence practices beyond its Tier 1 suppliers, and to enhance related disclosures in its public reporting.

Amundi Actions and Engagement Objectives: The company has had a standalone modern slavery policy for a long time, that has been regularly updated according to emerging risks. They have also adopted a geography- and commodity-specific approach, to take into account the particularities of different contexts. The company has also been partnering for several years with NGOs such as Know the Chain, and has been using traceability tools to enhance the transparency of their supply chain. As a result, the company was considered relatively strong in this area compared to its peers.

However, the company was still highly exposed to risks of forced labour due to its size, and gaps remained in public disclosure of due diligence practices and associated KPIs to monitor year-on-year evolution. The company was also lacking a comprehensive and forward-looking action plan to map their supply chain beyond Tier 1 partners. As a result, we have focused on the following objectives in our engagement:

- Expand supply chain due diligence to cover suppliers beyond direct Tier 1 partners
- Track measurable KPIs to monitor the risks of forced labour beyond Tier 1 suppliers
- Improve disclosure around the company's supply chain due diligence practices across production tiers

Engagement Outcomes and Issuer Momentum: Since the start of our engagement in 2022, the company has been receptive to our recommendations. Despite their practices already being quite strong relative to peers, they have demonstrated willingness to make progress on the management of forced labour risks in their supply chain and implement remediation plans for workers in affected areas.

The company set objectives to be completed by the end of 2025, including ensuring that due diligence was conducted across the entire value chain, to identify and mitigate risks of forced labour. They also set an objective to continuously monitor the high-risk segments of their raw materials supply chain (Tier 2 suppliers), so as to identify any significant changes in risk exposure for key raw materials, including cotton and leather.

In 2025, this encouraging momentum continued and we had a fruitful discussion with the company. They notably informed us to have met their 2025 target to have a system in place to identify and manage high-risk human rights issues in 100% of their upstream value chain and operations.

Additionally, the company has improved on disclosures relative to forced labour in their supply chain. Indeed, their 2025 CSRD reporting maps out identified risks, opportunities and impacts linked to forced labour, as well as targets and actions taken by the company in this area. They also provide detailed information on the management of their relationship with suppliers and on their engagement with supply chain workers, notably through the use of operational grievance mechanisms.

Lastly, the company informed us to be taking part in a collaborative project with NGO Transparentem, in light of another human rights controversy that emerged in their Indian cotton supply chain. Through this initiative, the company aims to improve working conditions for cotton farmers in two districts of the Madhya Pradesh region.

Next Steps: Overall, the company has a tailored risk-based due diligence approach, which includes regular monitoring, supplier engagement and targeted training programmes. Moreover, the company has made progress on strengthening its due diligence practices across tiers and has worked on extending the mapping of their supply chain to identify geography and commodity-specific risks.

However, we believe there are still areas of improvement to explore, in particular related to the tracking of KPIs on the implementation of their human rights due diligence policies. As a result, we will continue to encourage the company to disclose more proof points of their action, in particular for high-risk areas and materials. Additionally, while we understand the complexity of garment and footwear supply chains, we will reiterate the importance of adopting a proactive human rights due diligence approach with tailored objectives for different supply chain segments, rather than a reactive one as a result of a controversy emerging.

b. Engaging on Community Rights and Stakeholder Consent

Context

Projects and operations with significant land, water or livelihood footprints can create material risks for issuers if community impacts are not identified early and managed across the asset lifecycle. These risks are most salient in asset-heavy sectors such as extractives, energy, utilities, infrastructure, agribusiness and forestry, and can include physical or economic displacement, restrictions on land use, impacts on access to natural resources, safety and security concerns, and impacts on cultural heritage. Where impacts are contested, companies may face delays, disruptions and higher costs as issues translate into permitting challenges, legal disputes, or operational instability.

Peer-reviewed research provides evidence that these risks can translate into business costs[200]. In the extractive sector, conflict with local communities is documented as a channel through which social and environmental risk can be converted into material costs for companies, including through project delays and operational disruption[201]. Similar dynamics are visible in other capital-intensive sectors where delivery depends on local acceptance and permitting. An academic study of 53 delayed or blocked US utility-scale wind, solar and geothermal projects finds that nearly half were cancelled permanently, only around a quarter resumed after being stopped, and that delays and cancellations corresponded to almost 4,600 MW of potential lost generating capacity[202]. Complementing this, a recent survey of US utility-scale wind and solar developers by Lawrence Berkeley National Laboratory identifies community opposition among the leading drivers of project cancellations and significant delays, alongside local ordinances and grid interconnection[203]. On the other hand, companies using strong practices to govern relations with local communities, can reap financial benefits. For instance, a study of community benefits agreements demonstrated that companies using them were able to experience short-term cumulative abnormal returns following the announcement of such agreements[204].

For investors, engagement on community rights, land use and stakeholder consent processes is therefore a decision-useful way to assess whether issuers have the governance, resourcing and operating discipline to prevent harm and reduce the likelihood of delay, disruption and dispute.

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Amundi Actions

Amundi has been engaging on community rights matters with companies across a number of sectors and geographies. While this has historically included sectors where community rights have been traditionally seen as material (such as mining), in recent years we have seen increases in community rights concerns in other sectors, we have increasingly observed these issues extending to other sectors, including technology (most notably hyperscalers) and utilities deploying renewable energy which requires community consent.

Engagement Objectives

Although specific engagement objectives related to community rights may differ across sectors and locations, generally our objectives can be summarised as encouraging companies to:

- Respect and formalise the principles of Free, Prior and Informed Consent and integrate them in relevant publicly disclosed policies
- Map and assess community risks across own operations and where relevant, supply chains
- Evidence community dialogue in reporting through examples and where relevant, quantitative metrics
- Pursue adequate, stakeholder-informed remediation for companies involved in controversies.

Issuer Momentum & Outcomes

A sample of our engagements can be see in the table below. One key observations from engagements to date is the progress around community engagement which coincides, perhaps, with the rising materiality of community-related risks.

Company	Company baseline	Previous Recommendations	Progress in previous years	2025 Status and Next Steps
Company A **Sector:** Independent Power & Renewable Electricity Producers **Region:** Asia **Engagement started in 2023**	We had initiated engagement with the issuer around community relations, engagement and related aspects due to negative newsflow that highlighted different community concerns around company operations. At the time of initiating our engagement, the issuer was disclosing some basic information in its reporting some on community relations, grievance mechanisms and the number of complaints but these seemed primarily geared towards the CSR projects and initiatives run by the group foundation. There was also an employee grievance mechanism. It remained unclear as to reporting of community grievances outside of CSR initiatives. The company mentioned a number of policies including human rights, stakeholder engagement and a land policy (mentioning legal and social compliance) in its reporting, but we were unable to locate the details of these commitments.	We encouraged the company to: – Enhance disclosures around how the company was working and engaging with surrounding communities – Increase transparency on systems in place to ensure reporting of community grievances, as well as the process of remediation and resolution in of cases around/about the company's assets. – Put in place a policy on no forced evictions or commitment to ban forced evictions.	Prior to 2025, we had seen limited progress from the issuer.	In 2025, we strengthened and refined our asks, explicitly distinguishing between community initiatives and community impacts across the full asset lifecycle, while recognising the link between the two. We reiterated the request for a policy or formal commitment prohibiting forced evictions and expanded this to request a commitment to responsible resettlement aligned with IFC Performance Standard 5. Given ongoing legal challenges around land acquisition in-country, we intend to continue pressing for a forward-looking commitment to responsible resettlement. Although a Land Policy is referenced in issuer disclosure, it is not accessible for review, so the engagement remains open. We requested the issuer develop and publicly disclose a formal FPIC framework, including (i) mapping assets/ projects with potential impacts on Indigenous/ tribal lands and livelihoods, (ii) ensuring early, good-faith consultation with sufficient time and information, and (iii) disclosing consultation outcomes and how feedback influenced project design, resettlement, and benefit-sharing. As well, we asked for clearer disclosure of community engagement processes and outcomes across pre-operational, construction, and operational phases, including how community decision-makers are identified and quantitative indicators (e.g., number of communities and participants consulted over 3–5 years). Finally, we asked for stronger evidence and transparency on community grievance reporting, resolution, and remedy, including access for vulnerable groups, anti-retaliation protections, grievance volumes/types and resolution rates (12–24 months), remedies provided, effectiveness assessment, and grievance trend analysis, aligned with UNGP effectiveness criteria and stakeholder input into mechanism design and review. *The issuer acknowledged the recommendations and proposed a follow-up discussion, which will now take place in 2026.*

Company B **Sector:** Electric Utilities **Region:** Europe **Engagement started in 2023** 	Company faced community grievances around company assets and hence were keen to understand the grievance and remedy mechanisms the issuer had in place with regard to surrounding communities. The issuer had some relevant processes in place, including stakeholder dialogue and engagement process, community initiatives/ projects and reference, mention of community relations in policies and some international guidelines in its Code of Ethics. However, we were unable to establish the implementation of a formal and comprehensive system for management of community grievances or associated remedy provision.	We had asked the issuer – To disclose more information on the systems in place to ensure reporting of community grievances. – Increased transparency around the process of remediation and resolution in the case of communities grievances around/about the company's assets	In 2024, the issuer explained that specific departments are responsible for dialogue with local communities and with labour unions. Both dialogues are intertwined, Usually conducted by subsidiaries in their location of operation and significant investment. However, a formal grievance and remedy mechanism for communities was not demonstrated. Company also stated in its reports that there were no confirmed breaches of the UN Guiding Principles, the ILO Declaration, or the OECD Guidelines, and zero human rights violations. However, the issuer conducted no studies on affected communities' satisfaction with awareness-raising or reporting channels, nor on those measures' effectiveness, in the reported year.	With the release of the issuer's CSRD compliant disclosure in 2025, we saw progress on disclosure around community impact, grievance reporting channels and remedy provisions. In its report, the issuer recognising local communities as vital to its operations, mentioned that it would implement a centralized Local Community Relations Management policy in 2025–2026 to identify and analyse affected communities, involve their representatives in policy design and implementation, and monitor the effectiveness of measures. The Group also introduced a formal whistleblowing mechanism allowing affected communities to report their concerns. In our 2025 dialogue, the company said that they were reviewing whether the communication channels were effective and how best to inform local people to make better use of these. They had decided to make community engagement more structured and had an ongoing project in this regard. They had also onboarded an external advisor for the same. We shared with them some best practice guidance on grievance mechanisms and remedy provision, and asked them to also consider incorporating the relevant IFC performance standards. *We look forward to updated disclosure from the issuer in 2026 and continuing our engagement.*

Company C **Sector:** Electric Utilities **Region:** Europe **Engagement started in 2024** 	Company has faced community conflicts and controversies related to Indigenous rights, primarily centered around the development of renewable energy projects on traditional lands. The most significant conflicts are associated with wind energy projects in Mexico, where the company has operated alongside other international firms. Although company had some relevant policies in place, we identified a number of gaps and areas for improvement to address ongoing risks more proactively.	We recommend the company to: – Establish a structured consultation process and strategy to foster continuous dialogue with Indigenous communities through regular meetings and feedback sessions. – Implement a robust monitoring system to evaluate the social and environmental impacts of projects, ensuring regular reporting to stakeholders and adjustments based on community feedback. – Create a feedback mechanism that empowers local communities to voice their concerns, allowing for ongoing adaptation of project plans.	In 2025 meeting, the company acknowledged the importance of engaging Indigenous communities and shared that they are working toward formalizing a consultation process and feedback mechanism, while also mentioning efforts to improve their monitoring systems, though without specific timelines or implementation details. The company has not yet fully implemented the requested measures but is actively exploring ways to address these areas, with progress expected to be detailed in their upcoming sustainability report under CSRD guidelines. *We will continue to engage with the company in 2026 and view engagement as constructive.*
Company D **Sector:** Interactive Media & Services **Region:** North America **Engagement started in 2025**	Data centre expansion has become a central part of the company's growth and AI infrastructure strategy, with investment accelerating as capacity needs increase. Public scrutiny was starting to rise around the local cost and resource implications of hyperscale AI data centres, including those of the company. At this time, the company disclosed some community-related information around its data centres, but this remained more site-specific and narrative-led than a group-wide framework for community engagement and benefit-sharing. Reporting highlighted community grants, support for schools and nonprofits, local infrastructure contributions, and water or habitat measures, alongside broader statements about host-community wellbeing. The main gap was that disclosure appeared stronger on philanthropy and environmental stewardship than on consultation processes, community-impact metrics, or grievance channels.	As 2025 was the first year of engagement on community rights, we asked the company to develop and publish a data-centre-specific human rights and community-impact framework that would cover: – Basin-level resource assessments (water and grid capacity); – Consideration of impacts on local electricity affordability and infrastructure; – Meaningful community consultation processes; and – Clear criteria for pausing, redesigning or relocating projects where community or environmental concerns are elevated. – This would bring company closer in line with peer best practices which are beginning to emerge.	

Next steps

In 2026, we expect engagement on community rights and stakeholder consent to remain relevant across asset-heavy sectors, particularly where project pipelines depend on land access, water use, resettlement processes or other locally sensitive impacts. We also expect scrutiny to increase as companies face more demanding expectations around human rights due diligence, stakeholder engagement and the quality of consultation processes. For issuers, the challenge is no longer only to acknowledge community impacts at a high level, but to show that potentially affected stakeholders are identified early, engaged meaningfully and reflected in project planning, mitigation and remedy.

Against this backdrop, our engagement will continue to focus on whether companies can evidence more systematic practice. This includes clearer disclosure on how community risks are assessed across the asset lifecycle, how consultation is conducted in a timely and inclusive way, and how grievances, disputes and resettlement-related concerns are managed where relevant. We will also continue to encourage companies to distinguish more clearly between community investment or social programmes and the management of adverse community impacts, including through stronger policies, better reporting and, where appropriate, stakeholder-informed remediation.

Case study 34: Engaging on Grievance Mechanisms and Access to Remedy

Context: Access to remedy is a key component of the UN Guiding Principles on Business and Human Rights (the UNGPs). Under the UNGPs, businesses should provide for, or cooperate in, remediation where they identify that they have caused or contributed to adverse human rights impacts. Those whose rights have been harmed should, as far as possible, be restored to the position they would have been in had the harm not occurred.

Yet access to remedy is often seen as the most under-fulfilled UNGP pillar. This may be in part because there remains limited practical clarity on what constitutes effective remedy and how companies should demonstrate outcomes. Businesses are also often hesitant to report on remediation provided, given the potential to reveal significant controversies and attract reputational consequences. As a result, examples of good practice remain limited. Many companies therefore focus on operational-level grievance mechanisms, which enable stakeholders whose rights may have been affected to communicate concerns to the company. Effective grievance mechanisms are essential, but they are not in themselves remedy. They also need to be designed and operated in line with the UNGP effectiveness criteria, including legitimacy, accessibility, predictability, equitability, transparency and rights-compatibility.

Meanwhile, strengthening grievance channels can have clear business relevance. Effective mechanisms can help to identify human rights risks earlier, improve stakeholder trust, and support timely resolution before issues escalate into public controversies or legal disputes. Moreover, as supply-chain regulation increasingly draws on the UNGPs, companies face growing expectations to establish complaints procedures and to ensure that remediation can be delivered where harms occur. As such, companies need sufficient internal understanding, resourcing and effective governance of remedy, and grievance channels that are accessible, trusted and able to surface concerns in time, including through safeguards against retaliation.

Amundi Actions: Over the past years, Amundi has regularly engaged with issuers who faced significant controversies or were at risk of causing social and environmental harms to ensure that they undertook adequate remediation and/or put in place effectively functioning grievance channels. However, since 2023 we have also been engaging with companies on remedy preparedness, having observed the limitations of existing approaches to remedy described above.

Engagement Objectives: Our main objectives for this engagement stream have remained as follows:

- Encourage companies to assess the accessibility grievance mechanisms, to ensure that all stakeholders (potentially) affected by the company's behaviour are able to access the relevant channels, as well as to assess the effectiveness of such channels and make appropriate improvements.

- Disclose grievance statistics if those are not made public.
- Make a formal and public commitment to remedy provision in line with the UNGPs.
- Assess opportunities to increase stakeholder input into remedy mechanism development to ensure that it meets stakeholder expectations.

Engagement Outcomes & Issuer Momentum: Below we present a selection of our engagements. Overall, our observation is that although practical progress is mixed, there is growing awareness of the need for effective grievance mechanisms as an important risk management tool among companies with a more mature human rights program. As the sample of engagements below demonstrates, some of the companies are launching issue-specific pilots to strengthen existing processes or participating in industry collaboration to build awareness of best practices. Broadly, we were please to observe that the field is beginning to advance.

Company	Company baseline (2023)	Recommendations	Evolution in previous years	Status in 2025 and Next Steps
Company A **Sector:** Metals & Mining **Region:** Africa 	A mining company with relatively strong policies and processes on human rights but considering the exposure of certain assets to environmentally sensitive regions and indigenous/local communities, the risks remain relatively high. The company was updating its social performance standard to be a rights-based approach focusing on informed consultation and participation of affected stakeholders in the decision-making process. However, the company lacked granular reporting on grievances, which is essential to provide investors with a forward-looking indicator to assess company remediation related to controversies and its relative success in addressing other human rights and social risks to prevent any new controversies from occurring.	We encouraged the company to establish proof points to demonstrate that its re-vamped grievance strategy takes into account strategies to build trust in the grievance mechanism at the local level (such as through case studies on site specific strategies and local stakeholder mapping). We also recommended the company to initiate granular grievance reporting including number of grievances by asset, type of grievances, percentage successfully closed, severity, and other key metrics.	To recap the year before the company was actively working on improving their grievance collection mechanism but was having challenges around ensuring quality and consistency of their reporting across all sites, especially during a period of great change as the company's baseline of assets was in a high state of flux.	The company is now in the process of merging with another so we will close the engagement and could reopen once the new entity is finalized and reporting a bit more stable.

Company B **Sector:** Consumer Staples Distribution & Retail **Region:** Europe 	An online grocery retailer selling a mix of branded and own products (60% and 11% of sales, respectively, with remaining sales coming from a major partner), with own products exposed to risks of seasonal workers' exploitation and modern slavery. The company lacks ESG reporting to outline its grievance and remediation mechanisms, with exception of its UK Modern Slavery Act statement. However, it shared through engagement that it was a member of groups addressing the plight of seasonal workers and other human rights matters, including the Food Network for Ethical Trade and the Seasonal Worker Scheme Taskforce, and worked on whistleblowing and remediation mechanisms with suppliers. Unfortunately, those efforts are not recognised by stakeholders, including investors and NGOs, due to a lack of reporting, leading to reputational risks.	We recommended the company to develop disclosures to outline its grievance and remediation policies and processes, particularly for seasonal workers and vulnerable groups in its value chain not captured by the Modern Slavery Statement, including metrics to demonstrate effectiveness of these efforts.	Despite slow initial progress, in 2024, the company had launched a revised supplier Code of Conduct and policy on human rights. It acknowledged commitment to improving transparency around reporting on grievances and remediation and intends to show progress in this area through its next Modern Slavery disclosure and Annual Report.	In 2025, company had not shown considerable progress, but we acknowledged the now regular supply chain sustainability disclosures and added a new ask to encourage the company to test accessibility and awareness among supply-chain workers. *We will continue to engage with the company in 2026 to encourage further progress.*
Company C **Sector:** Textiles, Apparel & Luxury Goods **Region:** Europe 	A company that had a past controversy due to forced labour conditions in some of its supply chain but has been making steady improvements in past years to improve human rights due diligence. The company had a grievance mechanism in place and special programmes for regions of historic risk but it remained vague how much it worked to ensure the grievance mechanism was known and trusted in other sourcing regions.	We encouraged the company to: – Establish grievance mechanisms that clearly span all (or at least primary) sourcing regions – Provide evidence that the unique geographic context is taken into account to make sure that the grievance mechanisms are trusted, utilised and effective at identifying and addressing issues	**2024:** There were no major updates, except that the company reported 21 grievances in the UK. The company publishes some evidence of engagement with suppliers, such as the organisation of 5 supplier exhibitions in 2023-2024 to train them on the company's code of conduct. However, disclosure on this topic and on their grievance mechanism in particular is limited.	In 2025, we also saw limited progress from the company. We asked again for more granularity on whistleblowing for all of supply chain and not just UK, including total number of cases, severity of cases, percentage closed, and types of issues identified. *We will continue engagement efforts in 2026.*

Company D **Sector:** Interactive Media **Region:** Asia 	The company operates in a sector and location where controversies related to working conditions are common and has itself faced high-profile controversies related to workplace harassment and stressful working conditions. In recent years, the company has faced concerns about systemic bullying, harassment and employee mental health issues and cases. In response to investor and regulatory enquiries, it has made significant investments in employee well-being programs and related reporting. As part of this effort, it has also strengthened human rights disclosures, particularly with a focus on its own workforce. Despite these improvements, the company's latest employee survey shows that staff continue to call for stronger harassment-prevention measures and clearer protections for whistleblowers. The issue was identified as a key risk in 2022 and 2023, as employees reported a decline in trust and effectiveness of the grievance handling process and margination of minority employee groups. Employees want more preventive actions to build trust that incidents will be handled appropriately and fairly. While the company has made progress in prohibiting unfair treatment, satisfactions have somewhat improved modestly but remains relatively low.	We encouraged the company to: – Publish statistics on categories of grievances and whistleblower cases – Provide more information on how the company provides access to remedy affected stakeholders, with examples, in future reporting	In 2024, the company shared previously undisclosed details of its grievance channels in its latest Integrated Report, but this progress was still limited.	Since last engagement, the company has improved on the transparency and accountability around grievance handling and remediation. It had clarified and improved its process with clear signposts, enhanced employee access, channels and trainings, mechanisms for external stakeholders, and public statements from the president, CEO and senior management. In its latest integrated report, he company has shared greater details of its grievance channels and actions taken, and it now conducts regular reviews of menu visibility and accessibility when portals are updated. It also reviews and acts on report trends each year and use the data to shape employee training and materials, creating a positive feedback loop. These improvements in transparency and the clear explanation and feedback loops demonstrate positive momentum in our engagement, while noting that rebuilding employee trust and credibility will take time and require ongoing monitoring. *Going forward, in 2026, our engagement will focus on outstanding KPI (disclosure of grievance and whistleblower cases).*
Company E **Sector:** Communi-cations - Equipment **Region:** Europe 	As a large networking and telecommunications company that offers not only infrastructure but accompanying software and services for clients across the globe, the company faces a combination of upstream and downstream human rights risks. These include forced labour and working conditions in its supply chain, but also potential risks of product misuse in high-risk contexts. The company demonstrates strong human rights due diligence practices, but given its risk landscape, we recommended the company to match these with strong commitments to remedy and robust grievance mechanisms.	We recommended the company to assess its means of evaluating the effectiveness of its grievance and remedy mechanisms and the degree of stakeholder involvement in their design. Following on from our initial 2023 engagement, we revised our recommendations to include the following: – Evidence upstream and downstream stakeholder input into grievance and remedy mechanisms – Develop and disclose grievance and remedy processes for downstream human rights risks	The company was working with an external initiative to assess gaps in grievance and remedy mechanisms with the view to publish results in external reporting. It recognised that some work remained to be done to strengthen stakeholder awareness of the company and its role in the value chain given its B2B orientation.	In 2025, the company shared its progress: it had included capacity-building activities for employees working on complaints handling and an overall strengthening of internal controls and processes around grievance and remediation. It continues to participate in the external initiative. *The company did not mention any new disclosures in 2025. We will therefore reiterate our asks on the matter in 2026.*

Company F **Sector:** Semi-conduc-tors and semi-conductor equipment **Region:** Europe 	As a large semiconductor company, the company was exposed to human rights risks across multiple tiers of the supply chain, including migrant labour and risks related to conflict minerals. Having robust grievance mechanisms is therefore important to anticipate potential supply chain disruptions and reputational risks. However, very limited information was available on how company was addressing these topics.	We initially started our engagement with a request to disclose details of company's grievance and remedy processes and mechanisms. As company progressed in initial disclosures, we asked for: – Disclosure of aggregate data on grievances received and resolved, eventually with some examples of remedy actions; – Evidence effectiveness of grievance mechanisms; – Ensure grievance mechanism was operated by a third party and accessible to stakeholders as company only operated a whistleblowing channel.	In 2024, company published information on grievances and remedy in UK and Canadian authorities reports as a bridging report and committed to further disclosures.	In 2025, we noted the introduction of a UN Guiding Principles-aligned Human Rights Framework and clearer description of company's Integrity Line, now accessible to suppliers and third parties. Company shared specific enhancements made to human rights risk mapping and addressing identified risks, such as issues related to migrant workers in Asia and efforts to assess grievance channels and improve accessibility in terms of local languages, as well as to assess reporting thresholds. It also shared that it was working on our previous recommendations. *We were pleased to hear about the progress made and will follow up again in 2026.*

Next Steps and Amundi Perspective of Engagement: In 2026, our engagement on access to remedy will increasingly focus on whether companies can show that grievance and remediation systems are trusted, usable and capable of delivering timely outcomes in practice. We will continue to look beyond formal whistleblowing channels and policy commitments to assess issues such as awareness, accessibility for workers and affected stakeholders, protection against retaliation, escalation of serious cases and evidence that companies can provide or contribute to remedy where harms are identified. This reflects a maturing external framework in which access to remedy remains central to the UN Guiding Principles, remediation is embedded within OECD due diligence expectations, and EU due diligence rules continue to reinforce attention to complaints and grievance processes despite ongoing implementation changes. In this context, we will continue to encourage stronger disclosure not only on the design of mechanisms, but on their effectiveness, credibility and use.

Building investor capacity for engagement on access to remedy

As access to remedy remains a challenging engagement topic – both for companies and investors – in 2025, together with another Principles for Responsible Investment signatory, Amundi published and disseminated a piece titled "Investor expectations on grievance and remedy: Key insights and recommendations"[205]. The document aims to inform corporate practice and investor stewardship on remedy readiness, and in doing so, to advance a more proactive approach to tackling human rights risks across corporate operations and hence in investor portfolios. The paper was informed by investor engagement observations but also insights from human rights and legal experts. In addition to principles of better practices or baseline expectations on implementation and demonstration, it includes a brief engagement guide and key resources on access to remedy and grievance mechanisms.

To further advance investor and issuer capacity building, the paper was presented in workshops organised by Shift[206] and PRI's Human Rights and Social Issues Reference Group, and in a side event organised part of the 14th United Nations Forum on Business and Human Rights in Geneva with the PRI.

Going forward, we will continue to disseminate the knowledge on remedy through working groups and collaborative engagements.

c. Engaging with companies on human rights in conflict-affected and high-risk areas

Context

Conflict-affected and high-risk areas can create material risks for companies and investors well beyond immediate physical exposure. Conflict is associated with persistent macroeconomic damage, weaker investment conditions and disruption to trade and productive activity. The World Bank estimates that high-intensity conflicts are associated with a cumulative decline of around 20% in GDP per capita after five years, relative to pre-conflict projections, underlining the scale and persistence of the economic shock[207]. At the company level, academic research suggests that armed conflict can weaken firm performance by disrupting production, constraining access to inputs and increasing business exit risk[208]. For investors, exposure to such contexts is therefore relevant not only from a human rights perspective, but also through business continuity, asset impairment, financing conditions and longer-term cash flow resilience.

In practice, these risks often arise indirectly, through supply chains, transport corridors, contractors, customers, joint ventures or security arrangements in environments where governance is weak and oversight is harder to sustain. Recent academic work suggests that armed conflict can disrupt firms across borders by weakening supplier and customer linkages and isolating firms from global supply chains. This matters particularly where companies depend on concentrated inputs, fragile logistics routes or politically sensitive operating environments. Even where direct operations are limited, exposure linked to conflict can still affect production, delivery schedules, project execution, costs and market access[209].

205. https://www.unpri.org/deep-dive?id=investor-expectations-on-grievance-and-remedy-key-insights-and-recommendations
206. https://shiftproject.org/who-we-are/
207. World Bank (2025), Fragile and Conflict-Affected Situations: Intertwined Crises, Multiple Vulnerabilities. https://openknowledge.worldbank.org/entities/publication/da5ee28e-2082-4579-a5e2-21936dc4ec14
208. Del Prete, D., Di Maio, M. and Rahman, A. (2023), "Firms amid conflict: Performance, production inputs, and market competition", Journal of Development Economics, 164, 103136.https://ideas.repec.org/a/eee/deveco/v164y2023ics0304387823000986.html
209. Ding, H., Tang, J. and Zhang, M. (2025), "The bad neighborhood effect: Supply chain disruptions arising from neighboring wars", China Economic Review, 89, 102329. https://www.sciencedirect.com/science/article/abs/pii/S1043951X24002189

For long-term investors, conflict-affected and high-risk areas therefore warrant a stewardship approach centred on governance, due diligence and escalation capacity in higher-risk contexts. The relevant question is whether a company can identify heightened risks early, adapt commercial decision-making accordingly and demonstrate credible due diligence where the potential for severe harm is greatest. Recent legal and policy scholarship on heightened human rights due diligence in wartime and other conflict-affected settings suggests that standard processes may be insufficient where risks intensify rapidly and the consequences of failure are severe[210]. In our view, this makes conflict-affected and high-risk areas a material area of investor attention.

Amundi Actions

Over the recent years, Amundi has been progressively engaging issuers on issues related to conflict-affected and high-risk areas, including downstream risks, risks associated with operations in high-risk and conflict regions and upstream risks linked to sourcing from conflict-affected regions (e.g., conflict minerals) and regions with severe prevalence of human rights concerns. As risks in these areas have intensified, we have increased our engagement pool across sectors and geographies in 2022-5.

Engagement Objectives

Our objectives broadly include encouraging companies exposed to conflict-affected and high-risk areas to:

- Regularly conduct heightened human rights due diligence and report results in public disclosures.
  - ➜ Heightened human rights due diligence is an enhanced, proactive process for companies operating in conflict-affected and high-risk areas to identify and mitigate severe risks. It goes beyond standard due diligence by integrating conflict-sensitive analysis, focusing on preventing violations of international humanitarian law and human rights, such as forced labour, or complicity in abuses.
- Have in place grievance and remedy mechanisms for affected stakeholders.
- Have a responsible exit plan in place where relevant and/or frameworks to define risk thresholds for market entry, sales or other commercial projects.

Issuer Momentum & Outcomes

The table below summarises our progress to date. Overall, 2025 was the year when companies under engagement had shown more substantial year-over-year progress compared to our past dialogues. Although precise factors behind this shift are difficult to estimate, we attribute it to a mix of growing conflict risks, which are becoming financially material, with some high-profile legal cases demonstrating that companies can be held liable for adverse human rights impacts in high-risk settings, as well as, more positively, increasing resources and expertise becoming available to businesses on the matter. We see in particular that companies are progressing on due diligence across the value chain and internal awareness building around conflict.

210. Uvarova, O. (2025), "Heightened Human-Rights Due Diligence as Risk Governance: Food-Retail Supply Chains in Wartime Ukraine", European Journal of Risk Regulation. https://www.cambridge.org/core/journals/european-journal-of-risk-regulation/article/heightened-humanrights-due-diligence-as-risk-governance-foodretail-supply-chains-in-wartime-ukraine/48796EFB6D6B7A0C29AC307C60C2D9F4

Macro Sector	Assessment at start of campaign	Past Recommendations	Evolution in past years	Status in 2025 & Next Steps
Company A **Sector:** Communica-tions - Equipment **Region:** North America **Engagement started in 2023** 	Company had faced controversies related to conflict-affected and high-risk areas, including allegations of product misuse toward human rights abuses in these settings.	Over the past years, our recommendations included: – Develop and make publicly a human rights policy aligned with international norms. – Conduct and disclose results of human rights impact assessments demonstrating risk management by the company, particularly in the context of its conflict and high-risk area involvement, as well as heightened human rights due diligence in conflict affected areas. – Disclose details of stakeholder dialogue around allegations of involvement in conflict areas.	**2023** Company demonstrated very limited progress in dialogue and disclosures, rejecting allegations but not evidencing adequate risk management. **2024** Company added some details of their human rights program in reporting, although this disclosure was very limited in light of our asks. The company also shared some details of dialogue with relevant stakeholders, but again, this remain very limited and private. Throughout the engagement process, company was generally reluctant to accept the relevance of conflict risks to its business.	In our 2025 engagement, company shared substantial progress and showed a change in risk perception regarding conflict areas. The company said it had engaged leading external human rights experts and, as a result, made material updates to its human rights policy. Management also reported that it had provided the relevant external stakeholders with updates on progress in 2025 as well, which should go some way towards addressing external allegations. *We appreciated company's progress in 2025 and look forward to continuing the dialogue in 2026.*
Company B **Sector:** Electric Utilities **Region:** Europe **Engagement started in 2023** 	Company has been involved in two controversies attracting community opposition to its projects, which in one case led to a project suspension, and in another resulted in continued scrutiny of a controversial investment in a high-risk area. The second project allegedly went ahead without obtaining approval from one group of local stakeholders and was posing sustained reputational and potentially legal risks as scrutiny around it intensified.	Focusing on the project in a controversial area, we first asked the company to develop a stronger community consultation process that would include the previously excluded stakeholders in the high-risk area.	In 2023-4, the company was responsive and generally constructive, but failed to demonstrate adequate remediation and/or improvement in practices. It also acknowledged shortcomings in the original consultation process used in project due diligence and showed efforts to improve its processes going forward. It further noted that despite the shortcomings of the consultation, on balance, exiting the project would disadvantage other local stakeholder groups who had been consulted. We noted that progress was stalling as there were limitations to stakeholder dialogue that company could implement retrospectively. Therefore, we saw a need to reassess our engagement approach.	In our 2025 dialogue, we acknowledge improving awareness of risks and good practices by the company. Through this dialogue, we therefore identified areas of improvement in disclosures which could provide better evidence of the company's approach to stakeholder relations and demonstrate how it meets its responsibilities in a contested project. For instance, although company had reported on initial community benefits of the project, we assessed that some of the ongoing allegations could be addressed through more regular updates on how community benefits and local content continue to be delivered. The company had suggested that these points could be integrated into its planned inaugural human rights report. *We will await the publication of the company's human rights report and assess next steps for recommendations in 2026.*

Company C **Sector: Electrical Equipment** **Region: Europe** **Engagement started in 2024** 	Company had been exposed to a controversial project in a high-risk area through one of its acquisitions. The project attracted considerable scrutiny from stakeholders and was picked up in our controversy review process. Company had limited reporting on how it addressed risks around conflict-affected and high-risk areas despite operating in several high-risk geographies.	Initially, we recommended that company to increase transparency around project risk management and approvals particularly with regard to high-risk areas and how these risks are considered in acquisitions.	In 2024, company shared that all project discussions related to the high-risk regions go directly to Executive Board for approval. It confirmed that no new projects had been signed in the high-risk location in question since the acquisition. We viewed the company's response as a good starting point but insufficient to address our concerns.	In 2025, we sought to deepen the dialogue with the issuer to identify a constructive way forward seeing as it was unlikely to abandon the controversial project and was open to suggestions from Amundi. We proposed that company increase transparency around due diligence procedures and grievance mechanisms for high-risk projects. Company explained that, due to the sensitive political context in the country where the project was located and their role as a subcontractor rather than an operator, they had not publicly disclosed certain initiatives related to the region. In response, we recommended they improve disclosure by clearly outlining their existing risk identification and grievance processes for high-risk projects, more generally, as the processes shared with Amundi appeared more robust than company reporting would suggest. We also shared best practice examples from other companies. *Company appreciated our suggestions and confirmed they would share them with the relevant teams. We appreciated the dialogue with the issuer and will look to follow up in 2026.*

Next steps

While awareness of conflict risks and relevant responsibilities among companies is growing, the changing global environment also necessitates a much more proactive and rapid response from businesses. Therefore, whilst we have been encouraged by some progress observed this year, we will continue our engagement in 2026 with a wider pool of companies. One area where we see a particular gap is in-house expertise around conflict and high-risk areas, which is a point we will raise more widely in our engagements going forward. As well, as we see conflict risks evolving fast, we will continue to encourage companies to conduct continuous heightened human rights due diligence prioritising this over one-off efforts to ensure business resilience in uncertain contexts.

Case study 35: Engaging with a North American Company on Addressing Risks related to Conflict-Affected and High-Risk Areas

Context: Amundi began engaging with a multinational construction, mining, and other engineering equipment manufacturer on human rights matters in 2023. This engagement was initially prompted by controversies related to the company's sourcing practices, with reports of exposure to suppliers based in exceptionally high-risk area, as well as long-standing reports of alleged product misuse in conflict settings. In this respect, we saw company's policies and disclosures as limited in explaining how it addressed the relevant risks.

Amundi Actions and Engagement Objectives: Our initial ask was for the company to

- Enhance transparency around the management of upstream and downstream human rights risks, and to
- Develop (or make public, if available internally) a standalone human rights policy

Over time, this ask evolved to include

- Develop upstream and downstream due diligence processes sensitive to conflict settings, including due diligence for distributors and end users

Momentum & Outcomes: In 2024, the company shared a human rights programme focused on eliminating forced labour through training, risk mitigation, grievance mechanisms and strengthened supplier processes, supported by external experts and proactive policy reviews. It was updating its human rights impact assessments (HRIA) against the prior baseline to reflect business and regulatory developments while seeking to deepen its analysis, and pointed to a cross-functional corporate governance human rights team established in early 2024 to drive tactical execution and assessment of highrisk area impacts. It reiterated that it does not condone irresponsible enduse of its products and agreed to continue dialogue on downstream due diligence, while the investor offered to share examples of leading HRIA practice and recommendations. In 2024 we also saw the company publish a standalone human rights policy. While this represented progress against public disclosures, we wanted to see a stronger momentum from the company, especially around disclosures, as we did not see those developments reflected in company reports.

In 2025, we had two meetings with the company on the topic of human rights. In the first meeting, the company shared that it had strengthened its human rights governance by implementing clearer oversight structures, with hotline complaints escalated via the audit committee and broader supervision provided by the sustainability and public policy committee, alongside the launch in January 2024 of a cross-functional governance committee to drive tactical oversight and implementation. It had also initiated a project to review and improve human rights processes, holding six meetings since January 2025 and focusing on regulatory developments including CSRD, the UFLPA and the German Supply Chain Due Diligence Act. Human rights training had been rolled out globally to ~30,000 employees following an initial pilot for staff in roles most directly linked to human rights. On human rights due diligence, the company had introduced thirdparty supplier audits and expanded resourcing of human rights experts. The company had again welcomed investor feedback and aimed to enhance its human rights disclosures.

In the second 2025 meeting, the company provided more details on its process enhancements. It had rolled out targeted training on forced labour, modern slavery and conflict-affected and high-risk area indicators to a defined employee population, and expanded supplier due diligence, maintaining a programme covering circa 80% of top suppliers while adding third-party supplier audits, enhancing risk mapping and follow-up. Governance had been reinforced through a cross-functional human rights governance forum to operationalise board direction, and a UNGP-aligned concern reporting system available in 18 languages, with human-rights-related reports triaged to designated human rights and legal owners. The company shared examples where employee reporting and trade compliance escalation had led to supplier reassessment via an independent third party and, separately, investigation and cancellation of a proposed sale linked to a high-risk area. It had also increased monitoring of NGO reporting on sensitive geographies and used external subject matter experts to proactively review

policies and downstream risk considerations (including within government-to-government channels), while acknowledging disclosure gaps and planning an overhaul of its human rights webpage. It remained open to receiving external examples of best practices and recommendations.

Next Steps: We recognize the improved momentum of our engagement over the past two years in particular, and we also acknowledge company's internal efforts to strengthen its human rights practices, particularly with regard to high-risk areas. We are now keen to see this progress reflected adequately in company's reporting. To this end, our immediate next step will be to share examples of relevant peer reporting with the company. We will continue the dialogue in 2026.

2. Engaging to Promote Human Capital

a. Engaging to Promote Safe and Healthy Working Conditions[211]

Context

In 2022, the International Labour Organization (ILO) decided to include "a safe and healthy working environment" within its framework of fundamental principles and rights at work[212]. Promoting workplace safety is therefore not only a matter of respecting international labour norms, but also critical for businesses to deliver objectives in an efficient and resilient manner. Research links occupational health risks and weaker safety culture to lower job satisfaction and higher work stress, which can undermine productivity and retention over time[213].

Financial impacts can also be direct. A 2021 study finds a negative relationship between workplace health incidents and operating profits, suggesting that a 1% rise in the occupational accident rate can reduce the operating profit ratio by up to 1.21 percentage points. Moreover, the changing nature of work, including growth in non-standard forms of employment and the expansion of platform-based work, alongside new technologies and automation, psychological demands, and demographic change, is contributing to a rise in risk factors such as work-related stress, harassment and accidents. Evidence also links persistent employee-reported harassment concerns to weaker subsequent equity performance: one study reports a value-weighted risk-adjusted stock return of around 17% in the year following a significant increase in such reports.

Operational disruptions, delays and high turnover can also result from insufficient protection of frontline employees who are often tasked with assignments fundamental to the accomplishment of company goals. Research further highlights that precarious work and power imbalances can increase health and safety risks for those workers least able to refuse hazardous tasks and most exposed to unsafe conditions without adequate protections. Therefore, for investors it is paramount to engage with companies to promote respect for worker safety and health.

Amundi Actions

Companies face a wide variety of working conditions challenges. While Amundi's primary engagement approach on this issue has been driven by our quarterly controversy screening process, we have also been engaging preventatively on sector-specific risks as identified in our research. Additionally, companies' health and safety records, specifically fatalities, are considered in our voting process. Over the course of 2025 we have engaged companies on:

- Workplace incidents, including fatalities

211. In 2024, we positively closed a previously reported engagement with an Electronic Equipment, Instruments & Components company.
212. ILO, "A safe and healthy working environment is a fundamental principle and right at work." https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_dialogue/@lab_admin/documents/publication/wcms_850673.pdf
213. Shan, B., Liu, X., Gu, A., & Zhao, R. (2022). The effect of occupational health risk perception on job satisfaction. International journal of environmental research and public health, 19(4), 2111, https://www.mdpi.com/1660-4601/19/4/2111 Cunningham, T. R., Guerin, R. J., Ferguson, J., & Cavallari, J. (2022). Work-related fatigue: A hazard for workers experiencing disproportionate occupational risks. American journal of industrial medicine, 65(11), 913-925. https://pmc.ncbi.nlm.nih.gov/articles/PMC9325913/pdf/nihms-1805201.pdf

- Management of hazardous working conditions
- Employee mental health
- Harassment prevention

Engagement Objectives

Although specific objectives different across sectors and engagements to prevent risks or encourage controversy remediation, overall, our asks were as follows:

- Board and senior management oversight of workplace risks and accountability for workplace health and safety
- Disclosure of risk management practices and KPIs used to assess their effectiveness
- Employee consultation and integration of worker voice into risk prevention and remediation

Issuer Evolution

Examples of our ongoing engagements on working conditions can be seen in the table below. Despite some progress, we still see a need for companies to manage health and safety risks much more proactively. Therefore, as in previous years, we note the importance of employee empowerment and voice as an effective barrier to risk prevention in the workplace. We have observed some companies beginning to integrate this as a risk mitigation channel, for instance through feedback initiatives, as represented by one of the ride-hailing companies under engagement, but we would like to see this being adopted more systematically.

Macro Sector	Company baseline	Key objectives	Evolution in past years	Status in 2025 and Next Steps
Company A **Sector:** Food Products **Region:** North America **Engagement started in 2021** ⬇	Company assessed as Medium Risk for Working Conditions in FAIRR's Protein Producer Index 2021, signalling gaps in the group's management and enforcement of policies that support the ability of workers to communicate risk. The company faced significant controversies related to working conditions and occupational health and safety along the supply chain in the past.	We encouraged the company to increase disclosure on topics including: - Grievances reported, disaggregated by employee category - Company approach to worker representation at the Board level - The distribution of workers across employment contract types for all operating markets - Company's strategy to assess the impact of climate change and automation on the workforce to supporting a Just Transition in meat production	Overall, in past years we observed limited progress. **2024** We did not observe any progress from the company regarding the previous recommendations made by the FAIRR investor group. Furthermore, the company did not disclose whether it has direct or indirect worker representation at the board level. It had also not yet publicly stated whether it engages with workers on just transition in the food sector. The company was no longer holding direct dialogue with investors and instead has periodic investor calls, which has changed the format of engagement. It has asked the FAIRR group to reconnect after the next update.	Due to a lack of progress and engagement with FAIRR, we decided to close the engagement in 2025. However, in the months that followed, we saw some public evidence of progress: The company did report on their grievance mechanism cases but not the break down by employee category. The workforce distribution across employment contract types by business unit has been disclosed. The company has taken actions to strengthen risk-based due diligence including third-party audits, employee training, third-party contractor screening, remediation/ termination of non-compliant service providers. There was still no public disclosure of whether there was worker representation at the Board level. *However, overall we judged those developments to be promising. As such, we will look to reopen the engagement in 2026.*

Company B **Sector:** Utilities **Region:** Europe **Engagement started in 2021** 	A large multinational gas and electricity company with a number of strong health and safety practices, including ISO45001 for 100% of UK construction sites. Group target of lost time injury frequency rate is 0.10, while the actual rate is 0.13.	We encouraged the company to increase disclosure on the global number of sites covered by health and safety certifications.	The company showcased improvement towards target on lost time injury rate by prioritising safety and providing regular training for both own staff and contractors. It also began conducting regular safety meetings with unions, and increased focus on well-being and worker mental health. Despite this, the company saw one fatality in 2022 and two fatalities in 2023. **2024** Health and safety remained a critical area of concern, particularly in light of ongoing challenges, including three fatalities reported in 2024.	As of 2025, the company's LTIR increased 0.2 compared to 2023, and quantitative KPIs to measure progress are still missing. We encouraged the company to demonstrate its commitment to addressing these issues by providing evidence of regular updates to its internal policies and safety management systems, specifically percentage of operations certified under internationally recognised standards such as ISO 45001 and improved LTIR. *We will follow up on our engagement with the company in 2026.*
Company C **Sector:** Media **Region:** North America **Engagement started in 2022** 	The company faced legacy sexual harassment controversies associated with recently acquired units. The company lacked robust disclosures on harassment prevention reflective of industry conditions, specifically on its stance on non-disclosure agreements (NDAs), which often prevent effective harassment reporting and investigation of allegations.	We encouraged the company to include a statement on the treatment of NDAs in harassment claims resolution in reporting. We also recommended the company to report more granular data from employee surveys and ideally how these trends change over time to provide some backdrop to the assessments of harassment/ bullying.	**2023-2024** Over the two years of engagements, the company enhanced disclosure around harassment prevention policies, meeting the first engagement objective. It also shared with Amundi that it would start a pilot initiative to support the wellbeing of temporary workers.	In 2025, we noted that the company had taken steps in addressing harassment risks. It was engaging with a Commission on temporary workers and continued to test related due diligence processes. As such, we followed up to ask the company to map harassment risks and pain points to ensure adequate responses and to learn about the updates on harassment prevention initiatives and due diligence disclosures. *We noted that company was undergoing various strategic changes, and therefore we expect to follow up more substantively with the issuer in 2026.*

Company D **Sector:** Healthcare Providers & Services **Region:** Europe **Engagement started in 2023** 	A healthcare company operating globally through several entities and running a network of dialysis clinics as well as manufacturing products for patients with renal diseases. In 2023, we were alerted to instances of poor working conditions at the company through a worker outreach organised by global unions. Multiple reports and testimonies from workers alleged inadequate work equipment and unpaid overtime, combined with anti-union practices, and alleged retaliation against corporate whistleblowers. Additionally, some offices engaged in miscategorising the company's staff as indirect employees, which jeopardised their job security and labour rights.	We expected the company to address the controversies through proactive remediation and risk management. Specifically, we encouraged the company to undertake the following steps: – Commit to an investigation of the allegations in each at-risk location – Request local audits by independent third parties on workplace health & safety, working conditions and respect for freedom of association – Develop a broader policy elaborating the company's commitment to upholding labour rights standards for all workers cascaded to each subsidiary, with local officers in charge of the application of said policy	**2023** The company was reluctant to communicate on allegations. Robust remediation plans remained to be developed and implemented. **2024** The company underwent a significant portfolio revamp, strategically divesting several non-core assets to streamline operations and focus on its primary business areas. However, these changes have complicated our engagement efforts, as the company continues to grapple with persistent issues related to poor working conditions and management practices.	In 2025, we observed several developments at the company. Concern was raised by employees and unions in the company's US operations about anti-union conduct. The company confirmed it exercises its legal right to communicate with employees about the implications of collective bargaining and declined to adopt a neutral stance toward unions. The company sometimes engages external HR consultants to assist leaders in communicating about union representation. Given past controversies and the potential impacts of this approach on worker voice and trust, we regard this as a material ethical and reputational risk for the company. Hence, in response, we asked the company to strengthen its frameworks and report on changes. *Given our concerns, we will continue to engage with the company in 2026.*
Company E **Sector:** Ground transportation **Region:** North America **Engagement started in 2022** 	A ride-hailing and delivery company operating globally, which regularly faced concerns over the number of driver/courier and passenger incidents. The company only published health and safety data for selected markets despite international operations.	We recommended the company to ensure that it collects and reports data on health and safety incidents across all countries of operation and evidence that KPIs meaningfully inform internal decision making on developing risk mitigation strategies. We also encouraged the company to assess opportunities to reduce driver fatigue given lack of visibility on drivers working across multiple platforms. Finally, we encouraged the company to demonstrate the presence of two-way communication between gig workers (including drivers and couriers) and the company, to ensure that any risks or concerns are raised and addressed in a timely manner.	The company set up governance arrangements to address algorithmic biases and made application enhancements to strengthen safety risk mitigation informed by worker and investor discussions but acknowledged that it was still identifying meaningful health and safety metrics. The company signed a Global Charter on Courier Safety and Health with the International Transport Workers' Federation. In addition, the company introduced interventions to address driver fatigue through a mix of policy and application tools. There had been limited progress on global incident reporting but expanded health and safety reporting and introduced driver demographics data provided additional context to the health and safety statistics.	During the year under review, the company introduced new safety features. For instance, it expanded its Women Preferences feature which allows women customers and women drivers to arrange trips. The company also introduced a women-only driver request enabling riders to specifically request women-only driver However, the company has yet to publish a global public health and safety report covering every region and every type of safety data. It does have safety initiatives but consolidated data and KPIs are still not disclosed. The company told us that it was a work in progress but that they currently focus on US figures because of the availability and reliability of the data. *We appreciate the fact that collecting data globally is challenging given the company's business model but we will continue to encourage the company to expand its reporting to cover more high risk and/or large markets.*

Company F **Sector:** Ground transportation **Region:** North America **Engagement started in 2022**	A ride-hailing company, which regularly faced controversies related to driver and passenger incidents. The company published reports on health and safety incidents in the US only.	We encouraged the company to evidence that health and safety KPIs meaningfully inform internal decision making on developing risk mitigation strategies. We also recommended the company to demonstrate that it was able to collect feedback from drivers and communicate with them effectively on working conditions, to ensure that any risks were identified in a timely manner.	Over 2022-4, the company had enhanced worker communication and introduced a number of features to enhance driver feedback, including roundtables with management. The company acknowledged that it tracks the effectiveness of safety interventions and relevant metrics internally but does not share this information externally. Therefore, it remains challenging for investors to understand how health and safety data informs company decision-making.	The company published its last Safety Transparency report in 2025. It continues to highlight general safety features (emergency help tools, real-time ride monitoring and verified drivers) together with new safety initiatives but there is no comprehensive incident data reporting. The company also still reports on the role and duties of its Safety Council and it helps shape the company's strategy. The company has additionally released some quantitative safety data but that still falls short of our expectations (serious safety incidents per number of rides and percentage of rides without reports of serious safety incidents). Whilst we understand the potential difficulties in retrieving accurate safety data for this company's business model, we consider that more precise and granular information should be provided in the company's reporting. *In 2026, we will continue to encourage the company to provide absolute figures, but also track records to enable investors to assess the effectiveness of the company's safety strategy.*

Next Steps

For 2026, we will continue to build on the momentum observed this year by focusing our engagement on whether companies can translate strengthened governance and higher-quality disclosure into more consistent safety outcomes in practice. In particular, we will look for clearer evidence that companies are identifying high-risk operations and contractor exposures early, embedding lessons from serious incidents into site-level action plans, strengthening worker voice and escalation channels, and providing more decision-useful disclosure on the implementation of corrective measures where performance remains weak. We will also continue to encourage stronger accountability at both board and senior management level, while placing greater emphasis on whether remuneration structures, audit follow-up and operational KPIs are supporting sustained improvements rather than isolated policy or reporting changes.

Case study 36: Engaging on Health and Safety with a European Steel Company

Context: Health and safety is a core material topic for the metals and mining sector. Like many heavy industries, the nature of the work exposes employees to dangerous working conditions involving high heat, heavy equipment, and explosive gases among other risk factors. This can lead to injuries and loss of life. In addition to the clear harm that workers who are exposed to these occupational risks face, poor health and safety performance can also result in increased liabilities and regulatory fines for a company, and worker protests and strikes that can lead to halted operations and production delays.

One key company that has had extensive engagement on the topic of health and safety at Amundi is a steel company based in Europe with global operations. The company remains heavily exposed to health and safety risks and has had poor health and safety statistics historically, including high fatality rates. Amundi started engaging with the company as early as 2011 due to their poor performance and high fatality rates.

Amundi Actions and Engagement Objectives: Since the beginning of the engagement, Amundi recommended concrete proof points to evidence that the company's commitments to improving health and safety align with concrete actions and lead to positive outcomes. Consequently, our objectives were as follows:

- Health and safety linked to long-term and short-term incentive plans with clear transparency around the objectives linked to pay
- Penalties in remuneration for when fatalities occur (as the company has historically had very poor performance, it was questioned if health and safety incentives linked to positive performance would be felt in the near term and sufficiently incentivise change)
- -Clear evidence that the company is disseminating best practices across all operations with a particular focus on operations where performance is lagging

To emphasise the seriousness of the matter, Amundi made the decision to vote against the discharge of the board over the past three years due to the company's extreme fatality rates that lag well behind industry peers.

Outcomes and Issuer Momentum: The company has historically been very receptive to recommendations and has demonstrated strong willingness to have a dialogue with us on the issue. In 2025, we were pleased to see this positive evolution continue, beyond even the asks of certain objectives we had set.

Year	2021	2022	2023	2024	2025
Fatality Rate (from year previous but reported in the calendar year)	17	22	61 Of which 54 were from the Kazakhstan explosion	13	Not yet disclosed
Lost Time Injury Frequency Rate (LTIF)	0.79	0.70	0.92	0.70	Not yet disclosed

Amundi Engagement Objectives	Establishment of health and safety criteria in long term incentive plan Establishment of circuit breaker or remuneration penalty in health and safety linked remuneration in case of fatality	Reporting and transparency concerning the third-party safety review including publishing the audit's global and plant level recommendations Establishment of asset-specific KPIs for sites such as Kazakhstan where health and safety remains a key problem	Establishment of 0 fatality circuit breaker Timely updates on third-party health and safety audit including the recommendations that are made and the company's updates on changing practices to align with those updates Root cause analysis of explosion. Full remediation in Kazakhstan to support injured employees and the families of the victims. Responsible exit from Kazakhstan.	Establishment of granular KPIs and targets to track implementation of recommendations from the Health & Safety Audit including robust disclosure on their efforts at high risk sites where performance is lagging	Establishment of granular KPIs and targets to track implementation of recommendations from the Health & Safety Audit including robust disclosure on their efforts at high risk sites where performance is lagging
Company's evolution on health and safety	– 15% of short-term incentive plan linked to health and safety KPI (up from 10% in year previous) but no long-term incentive plan linked to ESG criteria including H&S – Establishment of a H&S council (launch decided in year prior)	Safety target introduced into long term incentive plan at 10% fatality circuit breaker applied to remuneration (set to a low fatality threshold but not zero) Efforts to help prioritise underperforming units in health and safety council that is composed of business COOs and segment CEOs Thorough review of safety standards with external safety consulting group Executives did not take short term incentive due to health and safety performance	2 explosions in Kazakhstan that led to 46 fatalities (see below) Fatality-free for own employees pre-Kazakhstan explosion (October 2023) and 40% reduction from last year's levels for contractor Launched new comprehensive and independent health and safety audit to review all practices across the company; committed to publishing recommendations once finalise No changes to circuit breaker threshold in remuneration but Board likely to re-review compensation scheme in light of the explosion	Company executives for health and safety linked remuneration which was 15% of total STI bonus The company moved the Fatality Frequency Circuit breaker from 0.019 in 2023 to 0 in 2024 which is 15% of total weight. The company released health and safety audit results in October 2024 which included key observations from the audit, recommendations, and some information on the efforts the company has taken or committed to taking to carry out all recommendations from the audit. Limited remediation on Kazakhstan due to the fact that the facility was taken over by the government and the company is no longer allowed to be involved in investigations.	Serious accident occurred on December 31st 2024 (but reported in 2025) leading to four workers dying. The company had a few other isolated fatalities later that year flagging remaining issues regarding implementation of H&S. Despite these setbacks company continued to evolve on H&S implementation. They integrated H&S performance into internal succession planning in 2025 which is best practice Pay remains linked to executive pay and the circuit breaker on pay for any fatalities is begin extended to the EVP level at the company by 2026 Audit implementation continues with heavy top down oversight and metrics on implementation integrated into performance. Implementation has focused on training, auditing of implementation, and contractor safety.

Amundi Actions	Vote against the discharge of the Board	Vote against the discharge of the board	Flagged for escalation in 2024.	Due to the explosion in Kazakhstan, Amundi voted against the discharge of the Board with a tenure of more than two years.	Due to continued concerns on fatality performance we voted against the discharge of the board and the election of one director at the 2025 AGM to emphasize our continued need for the company to successfully plug H&S performance gaps

Amundi spoke with the company several times in 2025 on the subject of health and safety, including one meeting with one of the non-executive directors to discuss the subject. As of 2025, the work to implement the audit recommendations on health & safety had continued. The company had continued to take strong efforts at the top to ensure H&S is sufficiently prioritized, making their practices now industry leading. For example while most companies engaged by Amundi do not yet have pay circuit breakers on H&S linked pay for when fatalities occur, company has not only continued the practice but is now aiming expanding it to the Executive Vice President level in addition to the highest executive level by 2026. In addition, they have now integrated H&S metrics into their succession planning strategy, a practice that we see as industry leading.

However, effective implementation of H&S remains an ongoing challenge. The company continued to have fatalities and some serious accidents at the end of 2024/2025. However the companies actively working on implementation of the DSS+ audit recommendations last year. The roll out at the corporate level was completed but the roll out at all sites continues (and takes time as each site as a specific roadmap and action plan). The company has notably stated that it has built up a series of educational training for the programs and established a 3 level auditing system based on types of risk assessed.

On education and training, human resources is taking efforts to map out the skills on safety for employees and cross check it with a matrix of skills needed at each level to build up a series of educational programs to fill gaps.

For the auditing, they have established auditing processes based on 3 levels with higher risk sites having more involved audits. These levels are as follows:

- ***Level 1*** – Localized, self-reporting.
- ***Level 2*** – Specific to the segments, with peer auditing across sites and oversight from corporate team.
- ***Level 3*** – Audits specifically conducted by corporate team or internal auditing team. These audits are conducted once the findings from 1 & 2 are finalized – these audits have specific board oversight.

However, specific KPIs for stakeholders regarding implementation of the third party DSS+ audit conducted last year are not disclosed making it hard to assess year on year progress of implementation. We re-encouraged the company to do this and to provide more clarity on the % of sites that have required each level of the auditing (as high risk sites are more likely to go for level 3 audits compared to low-risk sites). We would also like to see a few more proof points on how they are implementing this for contractors. The company did note that their contractor processes were being updated to ensure that the ability to get future contracts was linked to H&S performance and that their new contract safety management system was being rolled out in Q4 in 2025.

Next Steps: We will continue to follow up with the company in 2026. Going forward our engagements will focus on additional transparency and proof points to track the success of the implementation of the audit recommendations. We remain very impressed with their continued year on year progress on integrating H&S into management and management incentives. However, inputs on efforts so far are not equalling outputs in performance. We note the implementation of health & safety across global operations and cultures can take time but do think the company is on the right path. Regardless, poor performance remains a continued concern, and we will monitor the situation closely and continue to engage.

Case study 37: Engaging with a European Oil & Gas Company on Health and safety

Context: For the Oil & Gas industry, health and safety is a key priority for all companies, and we see it as a core measure of operational risk management in oil and gas, linked to process safety, asset integrity, workforce capability and investment in infrastructure. We therefore strongly encourage companies to have comprehensive and robust policies and provide a high level of disclosure to key metrics. This is particularly important for companies that have had a poor track record from single incidents or prolonged periods of poor performance.

Despite being one of the world's largest oil and gas companies, the company in question demonstrated limited health and safety narrative on their policies and performance, which is unusual for the industry and presents a risk to investors looking to accurately assess company practices. It has also historically faced scrutiny around its health and safety record, including 4 fatalities in 2022 and 3 in 2023.

Amundi actions: We commenced our health and safety engagement with the company in 2023. In 2025 we had 4 direct engagements where we specifically discussed health and safety. Additionally, at the April 2024 AGM we voted against the remuneration report due to concerns over how fatalities are accounted for.

Key Objectives

We encouraged the company to:

- Significantly increase transparency on health and safety metrics in company presentations and at quarterly results
- Make health and safety a prominent part of corporate narrative when communicating with financial markets
- Demonstrate more accountability for health and safety in management remuneration
- Strengthen accountability for health and safety in newly acquired companies

Engagement outcomes and issuer momentum: We began this engagement in 2023 with a straightforward request for better external visibility on health and safety (H&S). In particular, we asked the company to include a recurring slide in investor-facing communications, such as results presentations, strategy updates, capital markets events and conferences, setting out key people and process safety data with brief narrative. We made this request because we saw limited evidence of consistent, market-facing discussion of H&S risk and management focus, despite the topic being material for the sector and the company's track record.

In second half of 2024, the company began to include an H&S slide in some investor presentation materials. We welcomed this as a positive step, but it was not adopted consistently and therefore did not address our broader request for routine disclosure and discussion.

In our November 2024 meeting, we also discussed governance and oversight. We welcomed indications that the company was considering increasing Board-level H&S expertise, which we viewed as a potentially important enabler of stronger accountability and improved disclosure over time.

However, at the February 2025 strategy update there was no H&S discussion, despite the prominence of the event. When we raised this, we were told there was nothing to update because nothing had changed. This reinforced our concern that H&S is still not treated as a standing topic in external communications, including when performance is mixed and stakeholders would reasonably expect management commentary.

Alongside disclosure, we have maintained an active dialogue on remuneration and accountability. We continue to have deep concerns that the remuneration framework creates a two-tier approach by excluding injuries and fatalities linked to acquisitions from the scorecard for a three-year grace period, which we view as an outlier in the industry. We believe H&S due diligence should be central to M&A decision-making and that management should remain accountable for the risks taken on through acquisitions, rather than receiving credit for subsequent improvements. This is particularly relevant given the fatality data discussed in our engagement: eight fatalities since 2023, including six within

acquired companies. Under the current policy, these outcomes will not feed through to management remuneration. We raised these issues with senior leadership, including the CEO(s) and Chair (s), and we continue to view this as a material governance and risk issue.

Next steps: The company has offered us a meeting with their health and safety lead, which we plan to do in 2026. We also expect to provide additional feedback on the structure of health and safety's inclusion in the remuneration policy. We will also continue to push for better transparency and accountability on health and safety in communications with the financial community.

b. Engaging on Living Wages for Direct Employees and in Supply Chains[214]

Living wage remains a material issue for companies whose business models depend on large lower-paid workforces or labour-intensive sourcing. Where pay does not meet basic living costs, companies can face persistent turnover, weaker retention of experienced staff, recurring recruitment and training costs, and pressures on motivation, concentration and work quality[215]. Research led by the University of Cambridge Institute for Sustainability Leadership argues that these channels are central to the business case for living wages, with potential benefits across core operations, value chains and the wider operating environment. A study by Cardiff University demonstrates that accredited Living Wage Employers in the UK experienced a positive impact on the organisation through enhanced reputation leading to better access to talent and ability to win contracts or gain new clients[216]. Companies that have stronger policies around wages and benefits are also more likely to have strong results according to another study, as employees who have strong benefits and wages have been found to be more productive[217] and to stay in their job for longer[218]. For investors, this keeps living wage relevant not only as a social issue, but also as a question of workforce stability, operating resilience and the quality of execution in labour-intensive business models[219].

The materiality case is broader in supply chains. Living wage is not simply a question of pay levels in isolation. It sits alongside purchasing practices, bargaining power and cost allocation across the value chain. Recent academic work argues that living wages in global value chains can support both workers' livelihoods and organisational sustainability, while supply-chain research highlights that progress depends in part on how costs, coordination problems and market pressures are managed between buyers and suppliers[220]. This is important because persistently inadequate pay can also increase vulnerability to more severe labour-rights risks. Wages at or below the poverty line, especially when combined with practices such as wage theft or delayed payment, can leave workers more exposed to severe exploitation, including forced labour, which in turn increases regulatory risks for businesses[221]. Against this backdrop, living wage remains relevant to supply chain resilience, the credibility of human rights due diligence and the durability of sourcing models.

Pay-related pressure also remained commercially relevant in 2025. Cornell's Labor Action Tracker continued to identify increased pay as the most common demand in U.S. work stoppages[222].

214. Following a positive engagement outcome communicated in the 2024 Engagement Report, we closed the engagement with a Large Hardware Manufacturer headquartered in North America. We also closed 2 engagements with US Consumer Services companies in 2024 (one with a neutral and one with an overall positive outcome). These cases are therefore no longer reported.
215. https://www.cisl.cam.ac.uk/files/the_case_for_living_wages_report_2022.pdf
216. https://www.cardiff.ac.uk/__data/assets/pdf_file/0005/2779655/Twenty-Years-of-the-Living-Wage-Report.pdf
217. See review in https://www.tandfonline.com/doi/full/10.1080/1359432X.2020.1838604
218. https://www.forbes.com/sites/bhaktimirchandani/2023/11/20/why-good-wages-should-matter-to-all-investors/
219. Barford, A., Gilbert, R., Beales, A., Zorila, M. and Nelson, J. (2022), The Case for Living Wages: How Paying Living Wages Improves Business Performance and Tackles Poverty, University of Cambridge Institute for Sustainability Leadership, Business Fights Poverty and Shift.
220. Surmeier, A., Meyer, I. and Maleka, M. (2025), "Living wages in global value chains: Pitfalls and pathways to successful implementation", Organizational Dynamics. Shen, B., Cao, Y. and Minner, S. (2025), "Paying Living Wages in Supply Chains: The Effects of Uncertainties, Coordination, and Competition", Production and Operations Management.
221. LeBaron, G. (2021), "Wages: An Overlooked Dimension of Business and Human Rights in Global Supply Chains", Business and Human Rights Journal.
222. Cornell ILR School, Labor Action Tracker Annual Report 2025 (2026).

Internationally comparable data on wage-related strikes remain more fragmented, but the persistence of pay claims in labour disputes underlines that wage adequacy remains salient well beyond individual firms, particularly where affordability pressures and weak pay growth continue to shape labour relations[223]. Further, at a systemic level, research suggests closing the living wage gap worldwide could generate an additional USD 4.56 trillion in gross domestic product (GDP) every year, thus benefitting the global economy as a whole.

The external framework also became more developed in 2025. In April 2025, the ILO launched its first dedicated Programme on Living Wages and published a formal methodology for estimating the needs of workers and their families for wage-setting purposes, including living wages. These developments do not remove the practical challenges of implementation, but they do provide companies, social partners and investors with a firmer and more internationally recognised reference point than was previously available[224].

Against this backdrop, Amundi continues to engage companies where inadequate pay may create material workforce or supply chain risks, with particular attention to sectors where companies can influence wage outcomes through direct employment, sourcing practices or buyer leverage.

Amundi Actions

Amundi has been engaging on the topic of living wage in companies' direct operations and supply chains for a number of years. Since 2020, we have been engaging with North American companies who demonstrated a high ratio between the CEO pay and median worker pay. However, these issues and risks are not limited to North America alone. Globally, circa 630 million people are in working poverty, earning less than USD 3.20 per day in terms of Purchasing Power Parity[225]. For these reasons, we have been expanding our engagement across geographies to other developed and emerging markets where cost of living represents a material concern for workers and therefore employers. With regard to sectors, our focus has been on labour-intensive sectors with a high proportion of lower paid workers in own operations and/or supply chains, including consumer services and retail, apparel, hospitality and electronics.

In 2025, we continued our efforts and engaged companies across a variety of high-risk sectors on the topic of living wages directly as well as through our membership in the Platform Living Wage Financials[226].

Engagement Objectives

- For direct operations, the key aims of our engagement were as follows:
  - ➜Increase company awareness on the material importance of fair wages for lowest paid employees with the ultimate aim to ensure all workers earn a living wage
  - ➜Improve company best practices around worker pay and welfare including pay, non-wage benefits, training, job satisfaction, and promotion
  - ➜Increase corporate reporting on employee related indicators such as turnover rates, internal promotion rates, rates of collective bargaining, and wage rates
- With regard to supply chains, our overarching objective is to push companies to go beyond the minimum legal and social compliance towards sourcing strategies that consider the payment of living wages including through the following actions:
  - ➜Consider living wage risks alongside other human rights considerations
  - ➜Factor living wage into supply chain due diligence strategies, ensuring it is embedded into supplier codes of conduct and auditing criteria, as well as top-down human rights policies and processes
  - ➜Take actions to minimise undue impacts that corporate activities may play in exacerbating living wage risks such as with aggressive purchasing practices, short lead times, high supplier turnover, and cancelled orders

223. ILOSTAT, statistics and database on strikes and lockouts / industrial relations.
224. ILO (2025), "First ever ILO programme on living wages launched by heads of ILO, ITUC and IOE". ILO (2025), A methodology to estimate the needs of workers and their families for the purpose of wage setting, including living wages.
225. https://www.cisl.cam.ac.uk/files/the_case_for_living_wages_report_2022.pdf
226. https://livingwage.nl/

➜Promote and support global freedom of association and right to collective bargaining within supply chains

Issuer Momentum

Globally, we continue to observe mixed momentum around the topic of the living wage particularly in the context of the rising cost of living in tight labour markets, particularly in consumer-oriented sectors.

Company	Company baseline	Key objectives	Evolution in past years	Status in 2025 and Next Steps
Company A **Focus:** Direct Employees **Sector:** Health solutions **Region:** North America **Engagement started in 2022** 	CEO Pay Ratio as of 2024 was 299:1. The company had commitment to a USD 15 hourly minimum wage and offered training for pharmacists and retailers. The company modified benefits offered to employees by adding full coverage for Covid-related expenses and reported average wage rates by state and turnover.	We encouraged the company to: – Make a living wage assessment and build a strategy upon the risks – Formalise public strategy on how wage decisions take into account local cost of living – Improve reporting on key wage metrics including percentage of workers gaining above minimum wage, median wager per state, percentage of workers covered by benefits and promotion rates – Encourage a minimum above USD 15	The company verbally confirmed that it does take into account local cost of living when setting wage thresholds. No specific living wage strategy was set in place and minimum wage remained USD 15, but indication that a majority of colleagues are covered by a ratio of entry level wage to minimum wage of 2.1 (vs no reference in previous impact reports). =Robust benefits for full time colleagues but the company remained vague on the ability of employees to have work full time if they prefer.	The company has made continuous progress in enhancing its compensation structure by increasing the entry-level wage relative to the minimum wage and investing in the salaries of frontline workers. These efforts have contributed to improved pay benefits that better align with the rising cost of living. Additionally, the company collaborated with an expert third-party to audit its wage practices in the first quarter of the year to ensure that pay practices are aligned with local pay levels, particularly for frontline employees, in line with our prior requests. They anticipated that findings would be available by end 2025. *We will continue to engage in 2026 to encourage them to elaborate on the results of their third-party collaboration and evidence how this work could be incorporated into company practices. If progress remains positive, we may decide to close this engagement with a positive outcome.*
Company B **Focus:** Direct Employees **Sector:** Consumer Services (restaurants) **Region:** Europe **Engagement started in 2023** 	The company had little to no strategy around living wage or concrete evidence that it was addressing the associated labor risks. The company's social strategy focused on diversity & inclusion and not "decent work" and it presented limited evidence on strategy to attract, retain, and promote talent internally. Turnover rates and other indicators not disclosed (e.g., internal promotion rates, minimum wage).	We encouraged the company to: – Increase reporting around living wage and living wage risks with the ultimate goal to commit to a living wage in the long term – Establish formal efforts to address employee wage risks through minimum wage commitments, training programmes (upskilling), and clear strategies to collect employee feedback and address key concerns – Publish key indicators such as turnover rates, promotion rates, and training rates	**2023** While not publicly, the company mentioned pay increases for employees who stay with the company longer. No formal reporting on the cost of living risks. **2024** We re-emphasised our recommednation to the company but had no reply and saw no evolution in their public reporting.	In 2025, we closed the engagement with a neutral outcome. Although the company does demonstrate efforts to provide adequate pay (above National Living Wage) and benefits to employees, given the ongoing cost pressures we appreciate the challenges in going beyond current commitments for the company.

Company C **Focus:** Direct Employees **Sector:** Consumer Services **Region:** North America **Engagement started in 2021** 	2023 CEO Pay Ratio of 1,028: 1 which was on a downward trajectory. Historically, the company had competitive wages and benefits programmes as one of the early adopters of the USD 15 dollar minimum back in 2021 with average wages raised to USD 17 in 2022. Despite some strong wage programmes, wage related controversies had plagued the company in recent years, notably around poor working conditions and violating workers' right to unionise.	We encouraged the company to: – Promote improved labour practices at both direct operations and franchises to ensure employees earn wages that can meet needs to ultimately encourage increased talent attraction and retention – Provide proof points regarding the relative efficacy for policies and management of employee risks through reporting around key employee related metrics (average hourly wage by state, turnover rates, internal promotions rates and others) – Formal freedom of association/collective bargaining policy including commitments to non-interference – Increased disclosure on how the company is working with unions to address worker pay concerns	**2023** The company confirmed average pay of USD 17 an hour but USD 27.50 with additional benefits, yet the company did not provide details on what percentage of employees are eligible for these wage benefits. The company engaged in union busting but conducted an independent assessment of its labour practices due to a shareholder resolution. The independent audit recommended key improvements to be made to strengthen labour relations practices to ensure a consistent approach such as more clearly defining commitments to freedom of association and collective bargaining and ensure uniform implementation internally through unified communication and training. **2024** No progress towards fundamental KPIs around wages and improving reporting around employee related KPIs but average pay did increase in 2024 to USD 18.50/hour. These topics of engagement were ultimately closed in 2024 to focus on controversies around freedom of association. The company did disclose that union elections have resulted in certified bargaining representatives at 350 locations but the company still does not disclose the percentage of employees unionised across the company (a KPI very often reported in this country). The company noted increased efforts to find a respectful path forward with collective bargaining groups and noted its intention to begin discussions with key unions in 2024 to establish a foundational framework for ratified bargaining agreements with represented partners, resolve litigation and ensure a fair process for organising going forward. We see this as a strong step forward but the company has refused to engage in dialogue on this specific subject in 2024 despite the material risks.	*Due to a lack of progress and a number of employee-related controversies, we chose to close the engagement with a negative outcome to focus on more immediate risk such as labour rights.*

Company D **Focus:** Supply Chain **Sector:** Broadline Retail **Region:** Europe **Engagement started in 2023** 	A retailer who has multiple issues in numerous regions of operation related to poor working conditions, unpaid wages, and wages vastly insufficient to meet basic needs. Suppliers in the company's supply chain have even been linked to local protests and violent clashes with local police in protest of the working conditions. Company had basic strategies in place such as a grievance mechanism and membership to certain multi stakeholder initiatives. But gaps remained in terms of how the company was genuinely pushing for improvements in living wages and how their memberships were translating into genuine improvements with their suppliers on the ground where risks were most acute.	We encouraged the company to: – Provide evidence of strategies to address living wages in supply chains such as through projects or initiatives with multi stakeholder coalitions to address these controversies – Establish a policy on living wage and evidence in public reporting that the company identifies living wage to be a material risk	In 2024, the company mentioned their work with ACT45 that has solid initiatives in some Asian countries. Yet, company was vague in terms of their direct participation in this work, how they were directly making efforts in their own supply chain to support living wages, and how they were leveraging these initiatives to address sites where wage-related issues have been flagged. The company did mention a few standalone initiatives around women's empowerment and upskilling workforce in supply chains. However, the projects were limited in scope and not focused on the areas of highest risk or living wage per se.	We met with the company in 2025 as part of the Platform Living Wage outreach. As an ACT Member, the company has made 5 purchasing practice commitments, including fair terms of payment and to include wages as itemized costs within a cost price. However, the company has not committed to a specific definition of living wage. Their approach rather focuses on supporting collective bargaining, by working with unions on the topic of fair wages. Additionally, the company is the only signatory of ACT on Living Wages that has not signed a binding agreement committing to better wages for Cambodian garment workers in its supply chain. *We will continue to engage in 2026 to better understand the company's work with unions in specific locations, in particular in Cambodia, to assess how they are building capacity on fair wages.*

Company E **Focus:** Supply Chain **Sector:** Consumer Staples Distribution & Retail **Region:** Europe **Engagement started in 2023** 	Our engagement with this online food retailer was prompted by long-term concerns about their pay practices identified in our research as well as by external stakeholders. The company employs a considerable number of hourly-paid employees in its warehouse and logistics teams, a category of employees often at risk of being paid below the living wage. On-site third-party contractors, such as warehouse staff and delivery drivers, can be particularly vulnerable due the potentially unpredictable nature of temporary employment contracts and low pay. All of those risks were compounded by the rise in the cost of living in the country, which puts a heightened pressure on lower-paid staff. Low pay is a systemic risk in the country affecting the economy as a whole, given the declining productivity rates and living standards.51 The company had also experienced driver shortages in previous years against the backdrop of growing demand and we wanted to ensure that the company remained an attractive employer to existing and prospective staff. We noted that the company was not an accredited Living Wage employer in the UK, and we wanted to better understand the barriers the company faced in making a living wage commitment. This was combined with a lack of ESG reporting which limited our ability to assess the extent to which the company supported employee welfare and consulted workers on compensation and other human capital matters.	Since the start of our engagement in 2023, our engagement objectives included: Assess company-specific barriers to making a living wage commitment for all staff and effectiveness of its policies and processes regarding employee voice in the absence of this commitment Raise awareness of living wage methodologies and encourage the company to develop a living wage roadmap commensurate with its size, geography and organisational structure Encourage the company to enhance transparency and begin reporting on core ESG metrics and policies, particularly on matters related to human capital and labour rights	**2023** We established that the issue was most material for warehouse and logistics employees. The company had previously carried out a living wage mapping and gap assessment and acknowledged practical barriers of bringing its employees to the Real Living Wage level, including both budgetary constraints and employee preferences for flexibility. The company had started to tackle those barriers, for instance by bringing forward some, and joining up other, pay reviews to enable employees to exercise their bargaining rights together and more effectively. Additionally, the company had used employee feedback extensively as an input into its benefits package. **2024** We followed up with the company to assess its progress. We assessed momentum as relatively slow but steady. The company shared that in 2024 it had run focus groups with its Delivery Driver Council representatives to understand their reward and benefit priorities. Although only 87% of employees are on the Real Living Wage as of 2024, it continued to negotiate pay packages for its hourly-paid employees with the Union of Shop, Distributive and Allied Workers and to conduct dialogue with the Employee Council around pay to ensure its local competitiveness. Additionally, with regard to our third engagement objective, the company published a human rights policy, which covers fair wages and freedom of association, and enhanced reporting on social matters more broadly, which was a welcome development.	In 2025, the company faced a number of strategic challenges. In following up, we asked whether the company would consider publishing pay coverage data and conducting a Living Wage gap analysis, to provide transparency on current progress and identify areas where further work is needed. We also suggested there were opportunities to share updates on the progress towards a higher living wage coverage and pay competitiveness benchmarking in future reports. *Given company's progress on other matters, we still see potential in continuing dialogue in 2026.*

Company F **Focus:** Supply Chain **Sector:** Textiles, Apparel & Luxury Goods **Region:** Europe **Engagement started in 2025** 	Company is a large apparel manufacturer whose supply chain is materially exposed to living wage and broader labour-rights risks because sourcing is concentrated in higher-risk apparel markets. At the same time, company has established a meaningful human-rights architecture, including a Human Rights Policy aligned with the UNGPs, supplier code requirements, and participation in multi-stakeholder initiatives in several Asian countries; it also conducts gender pay gap assessment for suppliers. However, its disclosures point more clearly to risk management and due diligence than to a firm supply-chain living wage commitment or outcome data. We engaged with the company through Platform Living Wage Financials.	We encouraged company to consider conducting a living wage risk assessment.	In our meeting, we acknowledged the company's strong general human rights due diligence practices but questioned the company's lack of efforts around the living wage. The company shared that regrettably, they have empirically observed rising cost of living as soon as minimum wage increases are announced by suppliers in major markets, with supplier workers reporting increases in e.g., rent, to company's auditors who are present on the ground. As such, company sees the need for more policymaker dialogue and systemic action to address the issue of living wages. This is the reason for the lack of the company's commitment to a living wage. While we understood the challenges the company was facing, we suggested that in the interim, a living wage risk analysis would support company's prioritization of any policy and/or risk management effort. *The company acknowledged our suggestion as something they have not previously considered and likely feasible, and therefore we will follow up on its status in 2026.*

Next steps

For 2026, we expect progress on living wage to remain uneven, particularly in sectors still under sustained cost pressure, where companies may be less willing to convert broad support into time-bound action. We may therefore broaden our focus towards sectors where commercial leverage, supply-chain influence or reputational expectations create better conditions for progress, including branded consumer sectors and selected service industries. At the same time, the external framework is becoming more developed: the ILO's recent work on principles and methodology for estimating living wages has strengthened the normative baseline, while the EU Corporate Sustainability Due Diligence Directive faces a July 2026 transposition deadline. Our 2026 engagement will therefore continue to emphasise implementation over endorsement, with greater attention to wage assessment methods, priority geographies and categories, and evidence that companies are beginning to translate commitments into measurable change.

Living Wage Engagement with Electronics and Technology Hardware Manufacturers

The electronics industry is one of the largest industries globally and continues to be among the largest employers in the world. Yet, working conditions in the electronics and hardware manufacturing sectors are known to be poor. Many of the manufacturing sector hotspots, such as China, India, Malaysia, Thailand, Vietnam and the US have not ratified the ILO Convention C087 on Freedom of Association and Protection of the Right to Organise, and others have in place certain limitations on workers' rights[227]. As the demand for electronic products continues to grow and cost competition continues to intensify, and in the absence of robust workers' rights, the industry continues to face low wages, which in turn lead to excessive overtime and a vicious cycle of human rights violations and the

227. https://www.somo.nl/state-of-play-and-roadmap-concepts-electronics-sector/

proliferation of health and safety hazards, gender-based violence and in extreme cases, child labour[228].

Paying the living wage in the electronics manufacturing sector is a matter of financial materiality. The business case for the living wage in this context includes employee retention, particularly as some countries where manufacturing is based, experience a brain drain of educated workers. In Malaysia, one of the key countries in the global chip manufacturing supply chain, for instance, brain drain presents a long-standing challenge for employers, with cost of living cited as one of the concerns causing skilled workers to leave the country[229] [230], whereas in the Philippines unions have been campaigning for wage increases over the recent years as salaries had remained stagnant since 2018 at the backdrop of increasing migration outflows[231] [232]. This issue is likely to intensify as some of the key manufacturing countries progress towards a middle-income country designation, and paying below minimum wage will no longer be sustainable given the increasing cost of living and resulting employee demands.

Amundi Actions

Although Amundi had previously engaged with companies who design and manufacture technology, electronic and hardware equipment on the topic of living wages, in 2023 we started a dedicated effort to engage with the sector launching a dialogue with large companies operating across the sector's value chain on this matter. The rationale for engaging with the value chain, including companies' own operations, is the complexity of the sector, which differs from sectors such as garment and food sectors in that there are large companies with significant bargaining power represented across both buyers and suppliers, representing the need for a more systemic approach to engagement.

Engagement Objectives

- Encourage living wage risk mapping in own operations and/or supply chain (based on each company's position in the value chain and existing commitments).
- Develop a roadmap towards a commitment to pay the living wage in direct operations and/or supply chain.

We also previously encouraged companies to join the UN Global Compact Forward Faster initiative on living wages.

Issuer Momentum

The following table summarises our engagement with the sector in 2025. The technology hardware and electronics value chain remains a complex environment for living wage implementation, given extensive outsourcing, multi-tier supply chains and the global dispersion of manufacturing. Even so, in 2025 we observed somewhat more constructive momentum in this sector than in some other industries where cost structures, pricing pressure and affordability concerns have tended to slow progress more materially. While companies are still often cautious about making formal wage commitments, there is growing willingness to undertake risk mapping, pilot assessments and internal analysis of wage gaps. This is a meaningful development in a sector where workforce stability, skills retention, operational continuity and responsible supply chain management are all financially relevant.

One factor supporting this momentum appears to be the increasing recognition that wage practices are not only a social issue but also relevant to supply chain resilience and execution risk in a highly specialised manufacturing ecosystem. For companies dependent on complex supplier networks, labour conditions can affect turnover, productivity, quality and disruption risk. As a result, living wage analysis is beginning to be treated by some issuers less as a purely aspirational topic and more as part of broader supply chain due diligence and human capital management.

228. https://www.fairphone.com/wp-content/uploads/2021/11/2.Living-Wage-White-Paper.pdf
229. https://www.emirresearch.com/malaysian-brain-drain-dont-go-chasing-waterfalls/
230. https://eastasiaforum.org/2023/12/22/malaysias-semiconductor-industry-demands-a-more-strategic-outlook/
231. https://www.industriall-union.org/philippine-unions-fight-for-living-wage
232. https://publications.iom.int/books/world-migration-report-2022

Industry collaboration has also played a useful role. A number of companies engaged by Amundi are members of the Responsible Business Alliance, and several have referred to the Alliance's work on living wages as an important source of awareness-building and practical discussion. While this has not yet translated into a sector-wide commitment or clear common guidance, it appears to be helping companies build familiarity with the issue and test early approaches. The progress remains at an early stage, but it provides a more credible basis for engagement on formal commitments over time.

Company	Company baseline	Previous Recommendations	Evolution in 2024	2025 Status and Next Steps
Company A **Sector:** Technology Hardware, Storage & Peripherals **Region:** Asia 	The company operates its own manufacturing sites and also works with outsourced suppliers. Since 2018, the company has worked with a third party (BSR) to conduct internal living wage mapping. In 2022, the company conducted a living wage gap analysis focused on production workers across its 20 global business sites. It subsequentially implemented improvements at certain sites to align them with the local living wage benchmarks, in accordance with the Anker methodology. While progress has been made, the company has not yet prepared to make a formal global living wage commitment for direct operations, nor does it have a plan to work towards a supply chain living wage commitment.	Encourage the development of a roadmap towards a formal living wage commitment across both direct operations and the supply chain. As a UNGC signatory, we encouraged the company to consider joining the UNGC Forward Faster Initiative.	In 2024, the company began piloting an ILO methodology focused on assessing the needs of workers and their families, alongside conducting an internal review in collaboration with the UNGC Forward Faster Initiative.	In a 2025 meeting the company shared that they had made progress on the living wage through completed pilots. However, it remains reluctant to make a formal overarching policy commitment to a living wage due to perceived cost concerns. *We will continue to engage with the company in 2026 given that it now has the foundation to progress, but seek to provide examples from peers and other companies to address cost concerns.*
Company B **Sector:** Technology Hardware, Storage & Peripherals **Region:** North America 	The company does not operate its own manufacturing sites but relies on outsourced suppliers. The company requires suppliers to pay at least the legal minimum wage. While it has not yet made a formal living wage commitment, it remains open to ongoing engagement on the topic.	Encourage the development of a roadmap toward a supply chain living wage commitment. As a UNGC signatory, the company may wish to consider joining the UNGC Forward Faster Initiative.	In our 2024 engagement, we acknowledged that, for the first time, the company underscored the importance of upholding the living wage commitment in its reporting. It also indicated that it was embarking on a multistakeholder project to collect and map wage data in key countries and regions across its supply chain. The company plans to use the data to support further engagement with suppliers on the matter. We encouraged the company to detail the timeline for the completion of the mapping project and to share any anticipated next steps in its living wage efforts. While further discussions on the company's commitment and next steps were planned for 2025, this was an encouraging development. Given the company's extensive supply chain, its actions could help advance the living wage conversation in this sector.	In our engagement meeting, company confirmed that the work on the living wage with partners continued, but it was too early to share updates. *We maintain a positive momentum assessment as we appreciate that the mapping exercise required to support a commitment would take time. We will continue to follow up with the company in 2026.*

Company C **Sector:** Semiconductors & Semiconductor Equipment **Region:** North America 	The company has its own manufacturing sites and uses outsourced suppliers. The company addresses wages and worker welfare in its social audits. However, it views living wage data limitations as a barrier for the development of a formal global commitment.	Encouraged the development of a roadmap toward a supply chain living wage commitment. As a UNGC signatory, the company may wish to consider joining the UNGC Forward Faster Initiative.	There was no progress to report in 2024, as the company faced financial turbulence. We reaffirmed our expectations to the company.	Company's 2025 updates evidenced strengthened general human rights commitments but do not introduce a living wage definition, methodology or roadmap, nor indicate engagement with external standard setting. *We encouraged company to pilot a practical assessment in one or two geographies using a recognised benchmark and to share early learnings in future reports. We will follow up again in 2026.*
Company D **Sector:** Semiconductors & Semiconductor Equipment **Region:** Asia 	The company has own manufacturing sites. Regulations in the company's home country now include expectations around paying a living wage. The company noted that salary levels in its two largest countries of operation exceed either the minimum wage or living wage thresholds.	We encouraged the company to clearly indicate in its disclosures that it pays a living wage across operations. In addition, request greater transparency on the methodology and benchmarking processes used to calculate and assess living wages.	In 2024, the company shared that its Labor & Human Rights Council is in the process of pursuing the calculation of living wages. It intends to disclose the results after the work is completed.	As of 2025 we observed no specific evolution in disclosures, so we re-encouraged the company emphasizing that we would like to see them disclose the methodology, geographic scope and baseline coverage for living-wage calculations, together with a timeline for implementation across own operations and suppliers. *We maintain the positive momentum assessment from last year at this time though as we wait to see more developments come out and follow up in 2026.*
Company E **Sector:** Semiconductors & Semiconductor Equipment **Region:** North America 	The company uses outsourced suppliers. The company's primary living wage risks are concentrated in its supply chain. It has researched various living wage methodologies and indicated openness to further engagement on the topic.	Encouraged the company to develop a roadmap for a supply chain living wage commitment.	While no progress was reported in 2024, we reaffirmed our expectations.	In 2025, the company informed us that work on the living wage was ongoing but that it was now mainly taking place through the Responsible Business Alliance. *We updated the engagement momentum assessment to neutral given slower than expected progress but as the company continues to be responsive, we will continue to follow up in 2026.*
Company F **Sector:** Semiconductors & Semiconductor Equipment **Region:** Asia 	The company operates its own manufacturing sites and is a major industry supplier. The company previously faced wage-related controversies. It has since updated its Code of Conduct to confirm its commitment to paying at least the minimum wage and overtime, and to prohibit wage deductions as a form of disciplinary actions.	Encouraged the company to consider making a living wage commitment for its employees.	As of 2024, the company had not indicated plans to commit to a living wage or conduct a formal living wage assessment.	At the time of our re-engagement in 2025, there was no progress reported on the living wage, but the company was yet to publish its annual sustainability update. Therefore, we re-iterated our ask. However, in the report published at the end of 2025, it included a living wage commitment, stating that it commits to paying wages above the local minimum standards to ensure that employees' basic living needs are met. *More granularity, especially around how this commitment, is achieved, is yet to be disclosed but we appreciate the progress and will follow up with the company again in 2026.*

Company G **Sector:** Semiconductors & Semiconductor Equipment **Region:** North America	The company has its own manufacturing sites and is a major industry supplier. The company has researched living wage commitments and was considering joining the UNGC Forward Faster initiative.	As a UNGC signatory, we encouraged the company to consider joining the UNGC Forward Faster Initiative and to make a living wage commitment, at minimum for its direct employees.	In 2024, the company revised its approach to compensation, shifting to competitor benchmarking and adherence to local regulations. Although it recognises risks to living income in some countries, it mentioned a lack of expectations from customers as a rationale for not considering a living wage commitment. We shared examples from peers and others within the company's value chain, along with living wage resources.	There was no progress from the company on the living wage in 2025, nor did the company join the UNGC Forward Faster Initiative. Therefore, we evolved our ask to focus on re-encouragement for the company to adopt a formal living wage commitment across its own operations and its supply chain. This is especially important as company had previously reported risks around overtime wages and other wage-related concerns identified through its supply chain due diligence. *We will continue to engage in 2026.*

Next Steps

In 2026, we will continue to follow up with the large buyers and suppliers in the sector who not only face the largest risks associated with the living wage but can share best practice examples and set expectations for their partners, as well as for competitors. In particular, we will further advocate for greater due diligence on the obstacles to the living wage in the electronics supply chain and any barriers to building the living wage more explicitly into supplier codes of conduct for companies who have not done so yet.

Case study 38: Engaging on the Living Wage with an Asian Electronic Equipment, Instruments & Components manufacturer

Context: In 2023, Amundi started engaging with an Asian Electronic Equipment, Instruments & Components manufacturing on the topic of the living wage. The company operates its own manufacturing sites across Asia and supplies a number of major hardware brands. At the start of the engagement, the company has a commitment to pay above the minimum wage and to uphold the freedom of association and collective bargaining, with strong union dialogue in high-risk countries, but it lacked a formal living wage commitment.

Amundi Actions: In our initial outreach in 2023 and over the course of this direct engagement dialogue with the company, we outlined our concerns around wages in high-risk countries and potential implications for company's human capital strategy.

Engagement Objectives: We encouraged company to make a living wage commitment, at least across own operations.

Engagement Outcomes and Issuer Momentum: At the outset of our engagement in 2023, the company viewed its commitment to pay above minimum wage as sufficient to meet workers' needs. Following engagement dialogue in 2024, the company reported conducting a living wage assessment and identified opportunities to increase wages for workers in Taiwan and China. It also communicated to Amundi that the topic had rarely been raised by investors, and that engagement dialogue prompted them to investigate the matter of adequate wages. Further, in its ESG report published in 2024, the company indicated salary increases above the cost of living as one of its impact pathways.

There was still progress to be made, however, so we followed up with the company again in 2025. The company shared it had modified its our Human Rights Policy to include provisions related to the living wage as part of an overarching living wage commitment. It also shared that it had launched a specific

project in to benchmark employees' regular wages against local cost-of-living data. This initiative involves establishing a living wage database and calculating the coverage rate of employees whose pay meets or exceeds the local living wage. They specifically commit to ensuring this coverage rate shall increase year by year, directly addressing the need for a timeline and commitment to close any potential pay gaps. Lastly, it pointed to its continued inclusion in its home country's High Compensation 100 Index which it seems as underscoring our leadership in pay competitiveness.

Next steps: This has been a constructive engagement to date, and we have been pleased with the company's overall progress and particularly the integration of a living wage commitment into their human rights policy, which is not yet a common practice. We still see opportunities to progress and improve, especially around supply chain risks, so will seek to continue the dialogue in 2026.

c. Engaging to Promote Gender Diversity

Gender diversity bears financial and operational materiality. Research suggests that female representation in top management improves firm performance[233], particularly in companies focused on innovation[234]. Studies have also shown that gender diversity relates to more productive companies, as measured by market value and revenue, albeit specifically in contexts where gender diversity is viewed as normatively accepted[235].

At macro level, the case is broader still. The IMF has argued that higher female labour force participation can raise growth, improve productivity and help offset some of the economic effects of population ageing, while the OECD has made a similar point in the context of labour shortages, care demand and demographic change[236]. Closing the gender gaps in labour force participation could raise global GDP by 10–20%. Gender equality also correlates strongly with institutional quality, innovation, and governance effectiveness[237]. For investors, gender diversity is therefore linked to how effectively companies develop talent, strengthen decision-making and adapt to changing labour-market conditions.

Progress, however, remains uneven. The ILO estimates that women's global labour force participation stood at 48.7% in 2023, compared with 73.0% for men, and that women held 30% of managerial positions globally[238]. World Bank analysis also points to sizeable economic gains from closing remaining gaps in women's economic participation, underlining that persistent underrepresentation is not only a social concern but an economic one[239]. For investors, engagement on gender diversity is therefore not limited to headline representation targets but also concerns the quality of talent pipelines, retention, promotion systems and the practical measures companies are taking to support women's progression over time.

Amundi Actions

Amundi engages with companies to encourage effective and locally relevant strategies to improve gender diversity across the organisation. Our objective is not only to see greater representation, but also stronger disclosure, clearer accountability and more credible action to address barriers to progression. In 2025, our engagements focused in particular on companies where gender diversity had been identified as a material concern, on issuers showing a significant gap between workforce and

233. https://journals.aom.org/doi/abs/10.5465/amj.2014.0716
234. https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.1955
235. https://hbr.org/2019/02/research-when-gender-diversity-makes-firms-more-productive
236. International Monetary Fund (2024), Promoting Gender Equality and Tackling Demographic Change: Macroeconomic Gains and Policy Priorities in Advanced and Emerging Economies; OECD (2025), Women, Work and the Population Puzzle; World Bank (2024), Women, Business and the Law 2024.
237. Sources: IMF (2023) Gender and Macroeconomic Outcomes; ILO (2024) Global Employment Trends for Women; OECD (2024) Gender and Inclusive Growth; World Bank Women, Business and the Law (2024).
238. International Labour Organization (2024), Statistical Brief: Trends and Gaps in the Global Gendered Employment Distribution / ILO gender and labour-market statistics.
239. International Monetary Fund (2024), Promoting Gender Equality and Tackling Demographic Change: Macroeconomic Gains and Policy Priorities in Advanced and Emerging Economies; OECD (2025), Women, Work and the Population Puzzle; World Bank (2026), Women, Business and the Law 2026.

leadership representation, on market-specific initiatives in Japan and Germany, and on sectors where gender imbalance remains especially pronounced or takes a distinctive form.

In 2025, we engaged with 238 companies on gender diversity. This included sectoral engagements (retail and technology) and regional engagements (through 30% Club Germany and a dedicated engagement in Japan), as well as engagement with sovereign issuers.

In 2025, we also launched an engagement with companies in Asia where we identified significant opportunities to improve women's representation and progression, and we expect to be able to report on the initial progress from this engagement in our next year's report.

Engagement Objectives

Although the details of our engagement objectives vary across sectors and geographies, we encourage companies to have in place:

- Public disclosure on gender representation across workforce and leadership
- Strategy to identify and address barriers
- Board and senior leadership oversight of and accountability for strategies aimed at creating opportunities for more robust inclusion of women
- Action plans on progression, succession, pay equity and family-related support where relevant

These expectations are aligned with best practice frameworks, such as UN Women's Empowerment Principles.

Sectoral Engagements

Amundi's sector engagements reflected different patterns of gender imbalance. In some sectors, such as technology, women remain underrepresented across the workforce and leadership pipeline. In others, including retail, women may be strongly represented in the workforce while remaining underrepresented in management and governance roles. These different starting points shape engagement priorities, but both raise questions about recruitment, progression, retention and leadership development.

Case study 39: Consumer Staples Distribution & Retail

Consumer staples and especially, food retail, sector workforce is a predominantly female one. Yet, despite the significant representation of women in company workforces, on average, women tend to be underrepresented in the senior leadership. For instance, a study published in 2019 by MBS Intelligence, based on the UK market data, showed the low proportion of women in management bodies: an average of only 26.7% of Board roles were occupied by women while the percentage dropped to 22.6% at Executive Committee level[240]. However, it is important for the sector to attract and retain talents by demonstrating the presence of role models and by having senior leadership who can understand employee expectations and build rapport with staff, which could enable employee productivity through greater engagement and satisfaction[241]. Therefore, in addition to the expectations outlined earlier and in our Voting Policy, our engagement with retailers aims to encourage proportionate representation of women across the workforce, and more specifically in the management and governance bodies

Engagement Outcomes and Issuer Momentum: From our engagement, we noted that one of the issues in retaining and especially promoting women in the sector, is that women in retail are more likely to work in roles offering flexible working hours (part-time work) due to family commitments, and are especially prevalent among the less senior positions in stores. Companies are making some progress, with the introduction of gender equality training, alert systems to report discrimination and training on unconscious bias, as well as greater transparency on gender indicators. At the same time, progress at the top level remains moderate to slow. The table below provides a sample of our engagements.

240. Sample of 200 UK companies
241. https://www.sciencedirect.com/science/article/abs/pii/S0969698905000627

Consumer Staples Distribution & Retail	Baseline assessment	Past Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Region:** Europe **Engagement started in 2023** 	This meal-kit company was globally well-balanced with nearly 46% women in its workforce, which did not yet fully translate to executive level, with no women on the Management Board yet 50% women on the Supervisory Board.	We asked the company to develop a more robust gender diversity strategy across all levels of the company, including executive level and in the global workforce, including seeking out opportunities to increase women's Management Board representation. We also encouraged company to strengthen reporting of gender data.	In our initial meeting in 2023, the company shared that women accounted for 50% of internal promotions and acknowledged the need for better data. At the same time, it shared challenges in diversifying the Management Board, acknowledging that the only possibility at the time would be expanding its size to look for new profiles. In 2024, The company again acknowledged our recommendations and areas for improvement, although it was too early to see progress as actions were only being put in place.	The company shared with us in 2025 that since the last engagement it had launched "Women in leadership Framework" with the aim to maintain a scalable, dynamic framework across 3 pillars: attract, retain and promote. The framework identifies key drivers for and barriers to achieving gender diversity. Its goal is to increase gender diversity at leadership levels and a bi-annual revision will be conducted to promote and improve the framework. The company also developed an e-learning DE&I module for managers, which was launched in September 2024. At the same time, the company had lost 2 female members of the Supervisory Board, and despite the Board's expansion, this led to the female representation falling below 33%. *We will continue to engage the company in 2026 on gender diversity data and women's representation in leadership to sustain engagement momentum.*
Company B **Region:** Asia **Engagement started in 2023** 	Company had 15% women in the Executive Committee and set up targets to achieve 30% of female executive officers and 30% female managers by 2026. Across all levels, women's representation had gradually increased since 2018.	We viewed company's targets as ambitious but given representation challenges for the sector and in the company's home country, we wanted to ensure that they were supported by strong practices and that progress towards them was realistic.	In 2024, the company was improving its ratio of women for both team leaders and section managers (36.8% and 24.1%, respectively).	In our 2025 meeting we reiterated our request to keep identifying opportunities to increase the number of women at management levels. With the company having in place targets for 2026, we asked for a progress update and the company's confidence in meeting them. Company shared that it was confident about targets being met on time and outlined points of internal progress. *We will continue to follow up on this engagement in 2026.*

Company C **Region:** North America **Engagement started in 2023** 	Company was already well balanced in terms of gender diversity at the global workforce level. Percentages of women in the top management (both Senior Management and Board levels) showed a strong starting point, notably with a 55% female Board. Diversity was in the top priorities of the company according to the CSR materiality matrix (tier 1) and falls within Board responsibility, more specifically under the Compensation & Talent Development Committee. The company also had in place a policy and action plan, including trainings in order to identify unconscious bias and stereotypes. Exco was fully male, however.	We communicated to the company the following recommendations: – Increase percentage of women at the highest levels of representation Senior Management and Board levels, to reflect the percentage of women in the workforce (50%). – Disclose information on gender pay gaps, given that women are often overrepresented in the lowest wage group in the sector.	In our 2024 engagement, we stressed the need to increase women's representation within ExCo. In the meantime, however, the company had disclosed its adjusted gender pay gap, which suggested, broadly, pay parity, but we also asked the company to consider disclosing the unadjusted pay gap as well, supporting our overall	In 2025, company appointed a woman to its ExCo. *Although greater representation could be encouraged, we viewed this development as sufficiently indicative of progress and closed the engagement with a positive outcome.*

Case study 40: Engaging on gender diversity with a European retailer

Context: In 2024, we started engaging with a European retailer with one of the highest female representations in the workforce within the sector. As of 2024, it stood at over 75%, a level of representation that compared unfavourably against their participation in company leadership as evidenced in the table below:

	Women	Men
Workforce	76%	24%
Top and middle management	52%	48%
ExCo	28%	72%
Board	36%	64%

While there was gender parity in the top and middle management, women's presence decreases by 25 percentage points versus the global workforce. The percentage of women at the ExCo level was below 30%, two times lower than global workforce representation. The number of women at Board level was appropriate (36%) but still relatively low for a company with such strong female participation. In sum, despite a female talent pipeline, company appeared to face challenges in promoting women from the workforce, as is common for the industry but perhaps especially pronounced for this issuer.

Amundi actions and key expectations: Based on the above analysis, we identified specific opportunities for improvement, and asked the company to:

- Set targets on gender diversity or increase the number of women in top and middle management to reflect their share of the global workforce
- Establish time-bound targets for the ExCo level to increase female representation above 30%
- Set targets for women at Board level to work towards full parity

Engagement outcomes and issuer momentum: The company conducted a global internal diagnosis across all people management practices from the gender equality perspective, to identify potential imbalances and address them. It had reduced wage inequality between men and women, as measured by the gender pay ratio, from 97.6% to 98.5% by the end of 2023, using 2021 as a baseline. This was reported across the Group's most relevant companies in terms of employee headcount. It shared that for 2023-6 it had developed several commitments for which we expressed support, namely:

- Deploying a global diagnosis of HR practices to identify any gender inequalities that may exist and work on the identified improvement opportunities.
- Ensuring a gender pay ratio variation of +/- 3% compared to the parity ratio (100%), globally and by country
- Ensuring a global training programme on unconscious bias available to 100% of managers

In 2025, we noted continued progress on the implementation of its commitments to enable progression opportunities for women. We noted and welcomed some of the steps already taken within said plan, such as the elimination of the absenteeism criterion for bonuses, training modules on unconscious bias, and improvements in the gender pay ratio and its improvements lately. We also re-emphasized our expectation that the company's policy delivers outcomes in terms of rebalancing women's representation across organisational levels rather than becomes an end in itself.

Next steps: As a next step, given that the group's plan is running its course in 2026, we will look to assess the results and quantitative progress on women's representation and determine whether the engagement can evolve further.

Encouraging Women's Representation and Progression in the Technology Sector

Over the course of 2025, we continued our engagement with technology companies on gender diversity. Competition for scarce talent remains one of the key human capital challenges for the sector, and increasing women's representation is a matter of not only social equity but also access to skills. Along with other categories of representation, gender diversity can contribute to a better understanding of design, use and access needs of customers and clients through better products. However, according to one recent analysis, women represent just under a half (49.3%) of total employment across occupations other than science, technology, engineering and math (STEM), but just under 30% of STEM workers around the world, with under a fifth of senior leadership roles in the STEM sectors taken up by women[242].

Our main asks were as follows:

- Time-bound, public diversity targets, ideally including multiple levels of the organisation; we also specifically encouraged setting targets for women's representation in technology and/or revenue-generating roles to address continued over-representation of female talent in operational roles
  - ➜ Where target setting was affected by regulatory headwinds, in 2025 we encouraged companies to prioritise outcomes by strengthening reporting on progress in representation as feasible
- Gender pay gap assessments and action plans to address discrepancies, where relevant
- Adopt or strengthen practices supporting women's retention and advancement, including parental leave, leadership programmes and mentoring schemes

Our key observation from engaging with the sector is that progress on securing female talent and enabling women's progression in the organisational workforce continues to be mixed, with pipeline remaining the biggest obstacles for companies. One of the most common strategies to promote workforce gender diversity in the sector, shared by nearly all companies in our engagement pool regardless of where they were based, continues to be engaging

242. https://www.weforum.org/publications/global-gender-gap-report-2023/in-full/gender-gaps-in-the-workforce/

with universities and schools to increase women's representation in technical degrees. Indeed, one of the sector's greater challenges in securing diverse candidates appears to be their limited graduate pipeline, which leads to increasingly fewer senior female specialists[243]. However, we would like to see companies move beyond relying primarily on this approach. First, female STEM graduates often fail to transition smoothly into their first technology roles and often leave in the first few years in the industry – before they start advancing in their career[244]. This points to the need for further efforts by employers to not only support women's representation in STEM education, but also intervene at the point of entry into the workforce and focusing on retention and progression. Second, although we appreciate that technical roles require highly specialised skills and knowledge, with technology itself increasingly democratising access to training opportunities, we believe that companies could do more to promote women from within and to consider more varied strategies to attract candidates across all levels of experience. Lastly, we hope to see more efforts directed at retention of female talent to complement the considerable efforts that go towards recruitment of women in technology and make them more sustainable.

	Baseline assessment	Past Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Semiconductors & Semiconductor Equipments **Region:** Europe **Engagement started in 2023** 	As of 2023, 19% of employees were women. The company had determined there was no pay gap between men and women in the organisation. The company is seeking to increase the proportion of women in leadership roles to 12% by 2024, up from 10% in 2022. This target is tied to executive remuneration.	We encouraged the company to identify and disclose details of areas of opportunity that could be leveraged to improve female advancement in the company. We also recommended it considers international recruitment to broaden its talent pool.	**2023** The company reported that it was making progress on building a female talent pipeline. This involved focusing on providing women with the skills and training needed to meet job requirements. Engagement surveys, however, were unable to identify a specific area of improvement. The company is now working with universities around the world to increase female representation in STEM. **2024** The company increased disclosures around its gender diversity efforts in its integrated report, which we acknowledged. However, we communicated that we would like to see a clearer link between the actions the company had prioritised and the specific barriers to progression and representation of women that had been identified.	In our 2025 meeting, company highlighted some increased disclosures in its Annual Report, although we would still like to see a clearer acknowledgement of specific barriers and how the strategy to address them ties into this. Women's actual representation, however, remains a challenge, with bottlenecks in specific regions, e.g., Asia. The company follows the general industry approach of starting with pipeline building with schools and early career professionals, while building a leadership pipeline is more a long-term plan. We suggested that it would be helpful to assess opportunities to engage with policymakers and industry to also look at typical local job requirements that constrain access to the sector for women (e.g., in certain countries in Asia where PhD is a minimum requirement to hiring in the sector). The company acknowledged this suggestion. *We will continue to follow up with the company in 2026, focusing more on enabling factors to support attraction and retention of women.*

243. https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/women%20in%20the%20workplace%202022/women-in-the-workplace-2022.pdf
244. https://www.weforum.org/publications/global-gender-gap-report-2023/in-full/gender-gaps-in-the-workforce/

Company B **Sector:** Software **Region:** Europe **Engagement started in 2023** 	Just over a third (35%) of employees at the company are women. It achieved 29.4% of women in management roles by 2023, against a target of 30%. The company launched a new Diversity & Inclusion Strategy and its inaugural Annual Diversity and Inclusion report in 2023. Its stated goal is to reach gender parity across all levels, with targets to increase the number of women in management and three levels below Board level forming part of ESG KPIs in executive remuneration. We engaged with the company directly and through 30% Club Germany.	We recommended the company to set clear, time-bound and public targets to improve the representation of women across its workforce.	**2023** Gender diversity reporting was deprioritised by the company, which focused its efforts on regulatory disclosures (CSRD). It conducted a pay gap analysis and made adjustments where necessary. For example, it was discovered that men in one region were paid less. The company was reluctant to set more ambitious targets – instead opting to work towards parity over the long term and make sure that all employees have equal opportunities. **2024** In 2024, we engaged with the company directly and also through the 30% Club Germany. At supervisory and executive Board level, as part of 30% Club meeting, the company's Lead Independent Director shared that it was focusing on pipeline and visibility enhancement for female talent. The company also aims to move from one to two female executive Board members. With regard to its workforce, no new targets were announced, but the company is expected to share updates in 2025.	In 2025, company faced some regulatory headwinds due to its exposure to markets where the regulatory environment was becoming increasingly constraining for diversity and inclusion and target setting. It limited diversity disclosures and also removed its diversity KPI from executive remuneration, which led to concerns from investors, including Amundi. In later 2025 engagement meetings, company shared with Amundi that it acknowledged some communications missteps and was pivoting to opportunity-focused KPIs while continuing to publish inclusion indicators and global recruitment splits and continuing to track women's representation and equal pay. Women-focused programs in countries affected by changing regulations are being expanded, with further initiatives planned, and employee support mechanisms remain in place. *Overall, we were glad that diversity efforts continue with greater emphasis on culture and pipeline. We will monitor rollout of the talent engines and the promised transparency enhancements and continue to engage in 2026.*

Company C **Sector:** Electronic Equipment, Instruments & Components **Region:** North America **Engagement started in 2023** 	In our 2023 outreach, we identified the company as lacking a balance between female representation in senior leadership and across its workforce. Despite over 50% of the workforce being female, only 13% of executive directors were women. At the time, the company lacked a gender diversity strategy and ESG disclosures, more broadly.	We recommended the company develop a gender diversity strategy, which included specific, time-bound and public gender diversity targets. We also encouraged the company to work towards achieving proportional gender representation in its senior leadership team, as well as its workforce. Additionally, we recommended it publicly disclose the data, develop a dedicated strategy to assess barriers to the representation of women in workforce and in leadership positions and work to actively address them.	**2023** We were not aware of any progress as the company did not respond to our engagement outreach **2024** In 2024, the company was much more open to dialogue with Amundi. While its work on ESG needed to be formalised, the company had just issued its first ESG report. The Board now has oversight of sustainability and human capital issues. In addition, the company's diversity strategy is focused on being distinct and "doing things differently". It is developing a more formal gender diversity strategy. Some diversity initiatives were already in place; for example, training for managers and pipeline building with universities, but it is also looking at workplace flexibility and piloting a tool to ensure pay equity. Gender pay gap work is underway as part of the CSRD. We encouraged the company to look at the progression of women post maternity leave and enhance family leave disclosures. Given their reluctance to set targets, we suggested sharing KPIs with investors to demonstrate the effectiveness of its gender diversity interventions..	The company shared several actions that indicate incremental progress on elements of a gender diversity strategy, particularly around talent processes and transparency, but limited movement on public, time-bound targets and barrier analysis. It continues to prioritise development of high-potential talent through internal programs, including cross-functional and cross-regional exposure, and described succession planning as a structured annual process supported by annual global site visits by the CEO and engagement with high-potential employees. It also referenced strong female representation at manager/director levels and highlighted examples of women in senior roles, with an intention to feature these in reporting. On disclosure, the company has expanded some workforce gender data, but confirmed it does not currently track post-maternity return-to-work progression outcomes. On pay equity and transparency, it has advanced meaningfully in the U.S. (fully transparent) and is rolling out next in EMEA, supported by a third-party pay equity platform and a global job catalogue refresh to improve role consistency across regions. It evaluates DEI partnerships via source-of-hire and ROI metrics. In this engagement, we introduced new questions focused on how the company supports and advances women in manufacturing roles. The company pointed to efforts to improve inclusion and retention via a more consistent global job catalogue, shifting talent reviews to mid-year, and prioritising internal development rather than forcing external hires into roles. It highlighted flexible scheduling, "day-in-the-life" tasters for new joiners, and practical access measures in some regions (transport from central pick-up points and, in some cases, housing). It also cited RBA membership/audits, stronger EHS incident follow-up and monitoring, and increased automation to improve job quality, technical skill development, and reduce turnover. *Overall, progress is strongest on internal processes and pay transparency; gaps remain on publicly stated targets, proportional representation ambition at senior levels, and systematic public assessment of barriers to women's progression. These will be the points we will continue to follow up on in 2026. We will also consider whether regulatory headwinds pose challenges to the diversity targets and consider whether the asks need to be adapted.*

Company D **Sector:** Interactive Media & Services **Region:** Asia **Engagement started in 2023**	Women represented 33.4% of the workforce, compared with 20.7% of leadership roles.	We recommended the company enhance its diversity management practices to prioritise female participation and promotion in the workforce. In 2024, after the company reported an increase in female workforce participation, we asked it to disclose the gender breakdown of senior and middle managers and share data on promotions by gender to help investors better understand how effective the measures were.	**2023** Efforts to increase the recruitment of female employees and efforts to establish a diverse workforce resulted in the number of female employees at the end of 2023 increasing to 35%. It had expanded and strengthened its work-life balance support system by broadening the eligibility for infertility treatment leave and by providing additional paid leave and support. **2024** As of 1 January 2024, the company guaranteed that parental leave for spouses can be used flexibly and shared within one year from the date of birth. Genuine progress has been made, with women representing 35% of the workforce and 22% of leadership roles as at the time of engagement. The company acknowledged our disclosure recommendations on gender diversity.	In 2025, we opted to close this engagement with a neutral outcome. We recognize positive trends in women's employment and policy enhancements at the company (e.g., a 64% increase in female employees since 2018, flexible spousal parental leave, expanded work–life supports, and four year averages of 39% women among new hires and 20% in leadership). *Yet, while we encouraged disclosure of promotion rates, representation across management levels and gender pay gap metrics to evidence equitable progression, the current prospects for doing so could be challenging in the near term given the company's operating circumstances. We will consider reengaging when the company is in a position to publish progression and pay metrics*.

Next Steps for Sectoral Engagements

In 2026, we will continue our sector-specific engagements on gender diversity whilst remaining pragmatic and sensitive to the global and local context.

Regional engagements

Germany: 30% Club

In Germany, the lack of diversity in the boardrooms of German listed companies is still very pronounced compared to their Western European peers. We noticed structural obstacles and a lack of prioritisation from German businesses that have been slowing progress. In view of the growing evidence of the importance of a better gender-balance at management level for business performance, Amundi co-launched the 30% Club Germany Investor Group with other asset managers in late 2023. Our active engagement focused on DAX 40 and MDAX companies to address laggards but also identify best practices and facilitate peer learning.

Engagement Objectives

The main objective of the engagement was DAX 40 and MDAX companies to promote gender equality at the upper decision-making levels of – specifically, the management and supervisory boards – as well as across the workforce. Specifically, the group expects the DAX 40 companies to fill at least 30% of management board positions with women by 2030.

Engagement Outcomes and Issuer Momentum

Every year, the group takes stock of engagements and company progress, identifying challenges and best practices, which are then shared with companies. In 2025, we observed that while board-level gender representation has improved at a number of companies, female representation below board level remains uneven and in some cases structurally weak. Companies are encouraged to strengthen internal pipelines beneath the executive layer, increase visibility of female talent at first- and second-management levels to support sustainable board succession, and reduce reliance on external hires. Target-setting should be accompanied by clear explanation of methodology, assumptions and interim milestones, drawing on pipeline data, external benchmarking and progression modelling to enhance credibility and accountability.

Best practices observed across engagements include reviewing recruitment language to broaden candidate pools for management roles, benchmarking parental leave policies for greater global consistency, and initiating decomposed gender pay gap analysis to identify drivers. Companies that systematically audit attraction, development and pipeline activities and take a lifecycle approach to women's careers are better positioned to deliver sustained progress and provide investors with transparent, verifiable evidence of change.

The table below provides a sample of our engagements in 2025.

Company	Assessment at the start of the campaign	Past Recommendations	Progress in 2025 and next steps
Company A **Sector:** Semiconductors & Semiconductor Equipments **Engagement started in 2023** 	The company has had a designated diversity and inclusion team in place for over 10 years, covering all dimensions of DE&I, but with a specific focus on gender balance and work-life balance. Female representation includes: – 17% managerial roles – 12% in executive positions – 10% in technical roles The company has committed to consider at least one female candidate in recruitment processes and offers mentoring programmes to its female employees. Maternity leave policies are aligned with local laws.	We encouraged the company to track the number of women participating in its coaching and mentoring programmes. We also encouraged the company to consider more ambitious parental leave policies, as opposed to only meeting local regulations. Additionally, we expressed interest in better understanding the company's strategic priorities for gender diversity, and how these align with its broader business objectives, which could be explained in relevant public disclosures.	Since last meeting, share of women in middle and senior management roles increased to 17.9 % in FY 2024 (from 17.1 % the previous year) and gender-diversity objectives had been linked to Management Board remuneration (suggesting a stronger link to strategy). These are positive developments. Nonetheless, we reiterated the majority of our expectations to see progress on these specifically. *Company acknowledged these points, but substantive dialogue was postponed until Q1 2026, and therefore this engagement will continue at this stage.*

Company B **Sector:** Software **Engagement started in 2023** 	The company's Code of Conduct and corporate governance policies address gender. It has clear diversity targets set through 2027, with executive remuneration linked to progress on these goals. The company noticed that women were not volunteering for leadership roles due to family (work-life balance) concerns. Pipeline building was also identified as a challenge for improving women's representation and progression.	We suggested that the company considers benchmarking parental leave policies against those of relevant global peers, and assesses how to align the diversity of new hires with its gender diversity targets to avoid diluting progress on representation.	The company reiterated its commitment to gender diversity and inclusion, supported by strong internal momentum and established programmes, including a nearly 100-participant female leadership/ mentoring initiative and an internal newsletter. The recent acquisition of a circa 300-person business across the UK, US and India has temporarily diluted certain diversity metrics and triggered a focused integration effort. As part of this, the company has benchmarked parental leave practices in the affected regions and is prioritising both culture and employee perceptions around leave uptake. Inclusive hiring practices have been strengthened through dedicated talent acquisition oversight and ongoing monitoring. Flexible working and international mobility are being used as retention levers, and senior leadership forums are being leveraged to increase visibility and sponsorship opportunities for female talent. Gender pay-gap analysis is in progress (with ESRS-related disclosure initiated last year), and preparations are underway for enhanced reporting from 2027. Suppliers are required to commit to a Supplier Code of Conduct that includes diversity expectations. The company plans to publish an update/report in mid-March 2026 and welcomed examples of external best practice. *We will therefore continue to engage going forward.*
Company C **Sector:** Construction Materials **Engagement started in 2025**	Women represented 11.1% of the Managing (Executive) Board and 41.7% of the Supervisory Board. Below board level, progress was modest: women accounted for 23% of top management in Germany (up from 21% in 2023) and 18% globally, unchanged year on year. The company's targets were as follows: 25% women in leadership globally by 2030 and 27% at both the first and second management levels in Germany by 2027.	2025 was our first year of active engagement with the company, and we made the following recommendations following our dialogue, which the company acknowledged: - Disclose global gender pay gap data. - Set explicit targets for the Executive Board and align them with the 1st/2nd management level goals. Disclose target methodology and assign a named senior sponsor responsible for delivery. - Provide evidence of a structured internal pipeline program with measurable conversion goals being developed.	

Next Steps and Amundi Perspective of Engagement

In 2026, drawing on 2025 engagement experience, the investor group will encourage companies to align Executive Board gender targets with first- and second-management level goals and to appoint a named senior sponsor accountable for delivery. Companies should implement systematic evaluation of internal practices, publish target methodologies and interim milestones informed by pipeline data, external benchmarking and progression modelling, and measure initiatives with robust KPIs tied to promotion rates, retention of female talent and leadership representation. They should scale and monitor flexible working and job-sharing—particularly in management roles—to support retention and progression, and publish adjusted gender pay gap metrics controlling for role, hours and seniority alongside transparent documentation of methods. These expectations aim to strengthen internal pipelines, increase accountability and provide investors with clearer, comparable evidence of progress.

Engaging on Gender Diversity with Japanese Companies

Context

For a number of years, Amundi has been engaging with Japanese companies on gender diversity, focusing especially on women's representation at board and leadership levels. The World Economic Forum[245] estimates that in Japan, just 54.2% of women are in the labour force, with only nearly 13% female senior officers[246]. Yet, women's educational attainment is at parity with their male counterparts. This suggests that there are significant opportunities to increase women's participation, particularly in the context of a tight labour market.

Unsurprisingly, then, Japanese boards of directors have customarily been male-dominated. For instance, research from Egon Zehnder suggests that while in 2022 over 92% of Japanese firms had a least one female board director, less than half of the board (40.2%) had two women directors[247]. In that regard, we welcome the proposal from the Japanese government that companies listed on the Prime Market should have to appoint 19% of female directors by 2025 and reach at least 30% by 2030. However, we believe companies could benefit from reaching the latter threshold sooner. Considering these regulatory expectations, there is an urgent need for Japanese companies to increase the number of female managers who can serve as potential board candidates - in other words, to expand the pipeline.

We observed a strong engagement effort over the recent years from major investors including Amundi, and it is notable that the share of female officers in the JPX Prime Market rose to 18.4% in 2025. However, that increase has been driven mainly by external directors (approximately 33.5%), while the share of women among internal (executive) directors remains low (around 4.1%). This highlights that efforts to expand internal pipelines have not yet progressed sufficiently.

Amundi Actions & Objectives

- We have sought to intensify dialogues with companies , prioritising those where the leadership pipeline is weak. In these dialogues we request the development and disclosure of concrete strategies to ensure a steady internal supply of future candidates (for example, improvement plans, KPIs and target timelines).
- In the context of Japan, Amundi's voting policy generally required voting against representative directors if the board does not include at least two women[248]. As we continue to refine it, we also keep engaging with companies, in Japan and elsewhere, for boards to be at least a third female[249].
- Additionally, in partnership with 30% Club Japan, we developed a practical strategy guidance for Japanese companies. It provides common elements from successful large-cap examples and suggests actionable practices and metrics that can be applied regardless of company size or industry. The guidance also organises perspectives that directly support expanding internal pipelines: for example, transparency in promotion processes, visibility of candidate pools, and the design of development and evaluation metrics.

Engagement selection

We selected companies listed on Japan's prime market that had less than 30% women on their boards and in senior management positions. Priority was given to companies with the largest market capitalisation and those that could maximise collaboration with active portfolio managers based in Tokyo.

245. https://www3.weforum.org/docs/WEF_GGGR_2023.pdf
246. https://www3.weforum.org/docs/WEF_GGGR_2023.pdf
247. Latest figures available. https://www.egonzehnder.com/global-board-diversity-tracker/regional-spotlight/japan; latest figures available
248. For other developed market, Amundi required 33% of women at board level
249. For Japanese companies with a market capitalization of USD 3 billion or more

Engagement Outcomes and Issuer Momentum

Awareness that women should be appointed not only to boards but also to senior operational roles has increased among many Japanese companies, and a growing number have begun to set targets. This momentum continued into 2025, with several companies marking steady increases in the share of senior female managers in line with their strategies.

	2021	2022	2023	2024	2025
Company A (Commercial & Professional Services) 	Engagement baseline – 1 female Board director (=17%) – Committed to gender parity on board and in leadership by 2030	– 2 female Board directors (=29%) – Announced interim targets toward the 2030 gender parity	– 3 female Board directors (=38%) – Began reporting actions and progress by business segment	– 3 female Board directors (=38%) – Female senior management increased close to the interim target (27% vs. 28% FY2025 target)	Female senior management reached the interim target . Given progress toward the FY2030 objective (50%), we closed engagement on a positive milestone.
Company B (Health Care Equipment & Supplies) 	Engagement baseline – 1 female Board director (=11%) – Responded positively to our diversity outreach	– 1 female Board director (=13%) – Committed to 30% women and 20% foreign nationals on board by 2030	– Still 1 female Board director (=13%)	– Still 1 female Board director (=13%) – Failed to meet an interim target for female directors (20% in FY2024).	Increased to 2 female board directors, meeting our voting policy. The company also set a clear target to appoint one female top executive by 2027, we therefore closed engagement on a positive milestone.
Company C (IT Consulting & Other Services) 	Engagement baseline – 1 female Board member (11%) – Ratio of female managers: 7.6%	– 1 female Board director – 1 female auditor appointed to the Statutory Auditors' Board – Ratio of female managers: 8.3%.	– Still 1 female Board director – Ratio of female managers: 9.2% – Appointed female CEO to start in April 2024 – Set target for female managers (13% by 2025)	– 2 female Board directors(=22%) – Ratio of female managers: 9.8% – The female CEO communicated the benefits of their DEI strategy to investors in a dedicated meeting.	Despite steady intake of female new graduates (around 30%), management-level ratios remain in the single digits and the conservative FY2025 target (13%) was not achieved; engagement is therefore ongoing.

Next Steps

In 2026, we will accelerate our dialogue with companies that have lower female representation in leadership, focusing on the formulation and disclosure of concrete strategies to ensure a sustained internal supply of candidates. We will also continue to focus on progression and retention of women enabled by strong workplace policies aimed at supporting parents and overall employee work-life balance and professional development.

Case study 41: Engaging on Gender Diversity 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 continued the dialogue in 2024-5.

Engagement Objectives: Our original 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
- Establish executive and board-level accountability for progress.

In 2024, we added the following asks, encouraging the company to enhance reporting on diversity metrics tracked and evidence efforts to increase the overall number of women in leadership and specifically the number of female leaders in Japan. In 2025, upon analysing company progress compared to peers, we also asked the company to revisit the company's overall ambition level, aligning its trajectory with Japan's national benchmark of 30% women in management by 2030.

Engagement Outcomes & Issuer Momentum: To recap our previous engagement, we initially 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 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. Later, 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 subsequently offered additional metrics for disclosure and re-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.

In 2025, company increased the share of female managers in Japan to 5.3% (up from 4.8%), and strengthened global DEI objectives, including a 23% global female manager ratio and a 30% KPI for female participation in the Global Management Development Program. However, the Japan target remained 15% by 2035, which was modest relative to peers and national expectations. We followed up asking the company to revisit ambition levels for Japan and provide a clear roadmap for improving gender representation, including in technical and managerial roles. Company responded that whilst there were no plans to publish a detailed roadmap, they were indeed developing internal plans to support the targets set. Specific departments with space for improvement are being targeted, although strategy is still in progress. Company would also consider executive accountability for progress.

Next Steps: We were pleased to see the company starting to make progress on the matter of gender diversity. In 2026, we will continue to engage with the company to sustain the positive momentum, and we will continue to share best practices from peers to evidence opportunities for progress, particularly in a somewhat challenging sector.

Engaging with Sovereign issuers

Engaging with Sovereign issuers on gender equality

Context

The UN's 2025 SDG report highlights that "significant progress in advancing women's rights has been recorded globally, with 99 positive legal reforms implemented between 2019 and 2024 to remove discriminatory laws and establish gender equality frameworks. Most reforms targeted employment and economic benefits, including lifting work restrictions, guaranteeing equal pay and providing maternity leave, as well as strengthening protections against domestic violence. Despite this progress, data from 131 countries in 2024 reveal substantial challenges remain. No country achieves a perfect score across all four areas measured: legal frameworks and public life, violence against women, employment and economic benefit, and marriage and family. Over half of the countries have gaps in each area.

At sovereign level, a strong argument to move the topic on the priority list is the positive economic and financial impact of a higher (or better) female inclusion, especially for least-advanced countries. According to IMF estimates, EM economies could boost GDP by about 8% over the next few years by raising the rate of female labour force participation by 5.9 percentage points—the average amount by which the top 5% of countries reduced the participation gap during 2014-19. Another strong argument is the demographic trend, as more female participation will be needed to avoid workforce shortages.

We expect countries to have a national strategy on gender equality and empowerment of all women and girls, in line with the 2030 UN Sustainable Development Goals.

Amundi Actions

We decided to engage EM sovereign issuers in different regions on their progress towards SDG 5, as better inclusion of women would have a significant positive impact on their economic development on top of improving girls' and women's situations.

Engagement Objectives

Our intentions are to:

- Make sure that countries have ratified international conventions and protocols on women's rights and converted them into domestic law
- Assess whether countries have laws, policies, action plans and monitoring tools aimed at progressing towards SDG 5's objectives, notably in the areas of education, work, as well as politics and public affairs
- Encourage countries to better report and monitor on the topic of gender equality to allow better assessment of policy outcomes
- Encourage countries to include gender-related projects in their social or sustainable bond frameworks

Engagement Outcomes & Issuer Momentum

In 2025, seven of the 11 countries contacted (two more than in 2024) acknowledged our request for engagement and provided answers, which is quite encouraging. One key conclusion of this engagement is that having a legal framework supporting women's rights is not enough. Even when countries have ratified the main international treaties and conventions related to women's rights and have domestic laws in line with these, implementation processes and frameworks are often lagging, leading to weak outcomes. In 2025, we have seen positive momentum regarding the tracking of gender policy-related expenditures and the execution of budgets dedicated to such policies. For instance, Brazil is working towards gender-responsive budgeting, while Colombia is implementing gender mainstreaming in public investment.

SDG 5-related KPIs and targets

Sovereign issuer	Ratio of female-to-mal mean years of education received (SDG target = 100%)	Ratio of female-to-male labor force participation rate (SDG target = 100%)	Seats held by women in parliament (SDG target = 50%)	Response to request for engagement
Brazil	105%	73%	15%	Interactions in 2024 & 2025
Colombia	104%	67%	19%	Interactions in 2024 & 2025
Costa Rica	102%	69%	46%	No answer
Ecuador	100%	70%	39%	No answer
Hungary	97%	78%	15%	Interactions in 2024 & 2025
Malaysia	99%	67%	15%	Interactions in 2024 & 2025
Mexico	97%	59%	50%	Interactions in 2024 & 2025
Peru	89%	84%	40%	No answer
Philippines	106%	65%	28%	Interactions in 2024 & 2025
Qatar	120%	62%	4%	No answer
Uzbekistan	97%	NA	32%	Interactions in 2024 & 2025

Case study 42: Engaging with Mexico on gender equality

Context: As reported by the UN, around 90% of legal frameworks that promote, enforce and monitor gender equality under SDG 5 are in place in Mexico. However, work still needs to be done to achieve gender equality and to prevent violence against women. The lack of data on some gender-related topics is also an issue.

Amundi Actions: In 2025, we followed up with the Ministry of Finance's ESG-dedicated team on Mexico's strategy to progress towards SDG 5's objectives.

Engagement Outcomes and Issuer Momentum: There have been constitutional and legislative changes over the past year to strengthen the regulatory framework, increase responsibility of the States regarding outcomes of gender policies, set the scope and capacity of the newly created federal Ministry of Women.

There have been also new initiatives to fight violence against women and girls, notably aimed at improving coordination and information between the Federation, subnational governments and the municipalities.

Regarding the sharing of parental burden – which could support women's labour force participation and share of management positions - there is an ongoing legislative process to increase in the number of paternity leave days and to establish shared parental leave.

Next Steps: We will continue to engage with Mexico on the implementation of policies aimed at progressing towards SDG 5, as well as on the development of a more formally documented policy-assessment framework and on improved gender-related data disclosure.

Case study 43: Contributing to the field of gender-lens investing through research and capacity building

Over the course of 2025, Amundi contributed to the development of knowledge and capacity building in the field of gender-lens investing.

On 11 June 2025 Amundi hosted a workshop on gender lens investing in emerging markets that brought together public and private capital market actors to examine how gender lens investing could be embedded in fixed income products. Speakers represented organisations such as ICMA, IFC, UN Women, Equileap, IIX, Luxembourg Stock Exchange, World Bank, FinDev Canada, White & Case, and the UK FCDO. Participants shared practical experience, identified issuance and scaling barriers, and discussed innovations shaping gender lens investing.

The workshop found that

- Gender focused bonds had introduced gender into the language of capital markets, but market development requires moving from isolated instruments to integrated strategies that treat gender as a core driver of value, risk and resilience. Participants emphasised centering the issuer rather than only the instrument. Gender impact does not need to be limited to use of proceeds bonds, and issuers should select social bonds, sustainability linked bonds or blended finance structures that match their capacity and strategy with the support of technical partners.
- Data limitations continue to constrain growth. The group recommended rewarding transparent commitment and direction of travel rather than excluding early movers. Practical steps included using credible proxies, providing disaggregated reporting where feasible, making time limited commitments aligned with frameworks such as 2X, and partnering with DFIs and third party verifiers.
- Capacity gaps can be seen as institutional rather than only technical. This calls for technical assistance coupled with strategic engagement to build internal ownership and accountability. Participants urged clearer, convergent guidance that allows national flexibility and called for ecosystem coordination among stock exchanges, regulators, development banks and advocacy groups to de risk issuance, incentivise innovation and scale regional capacity building.

The workshop made clear that gender-lens investing in fixed income is transitioning from pilot phase to pre-scale. Gender-lens strategies are essential to resilient, inclusive capital markets. These were the key messages captured in our December 2025 publications which drew on the insights from the workshop and Amundi research:

- Closing the gender gap in credit investing250, and
- Catalyzing capital for gender equality: A guide to scaling gender-inclusive investing251

Together, these reports outline the way forward for the gender lens investing field, making a case for moving beyond data limitation and towards a more holistic assessment of issuers and as ecosystem-wide collaboration.

In addition to the publication of our reports, we shared the initial insights from our work during a side event at the International Business Forum at the Fourth International Conference on Financing for Development, titled "Driving Impact Through Gender-Lens and Child-Lens Investing", co-organised by UNICEF and the Ministry for Foreign Affairs of Finland. As part of the event, we also reflected on learnings from our engagement and research on gender diversity and inclusion and their materiality to investors.

Engaging on Gender Diversity: Next Steps for 2026

In 2026, we expect our gender diversity engagement to remain focused on measurable outcomes, particularly women's representation across the workforce, in management pipelines and at senior leadership level. We will continue to encourage companies to improve the quality of disclosure on key indicators such as representation, promotion and, where relevant, pay gaps, so that investors can better assess whether progress is being made over time. We will also place continued emphasis on the practical measures that support women's progression and retention, including succession planning, promotion processes, parental benefits and other workplace arrangements that can help address persistent drop-off points in the pipeline. Against this backdrop, our focus will remain on whether companies are translating ambition into sustained progress across the organisation, rather than improving representation only at the most visible levels.

d. Engaging to Promote Disability Inclusion[252]

Context

Although approximately 15% of the global population suffers from some form of disability[253], the topic of disability inclusion has received less attention than other issues within the diversity, equity and inclusion (DE&I) umbrella.

Several studies have demonstrated that promoting the inclusion of people with disabilities in the workforce contributes to sustainable growth and development[254]. The 2023 update to a study by Accenture and Disability:IN on the relationship between corporate disability inclusion and financial

250. https://research-center.amundi.com/article/esg-thema-22-closing-gender-gap-credit-investing
251. https://research-center.amundi.com/article/catalyzing-capital-gender-equality-guide-scaling-gender-inclusive-investing
252. Earlier in 2024, we closed several engagements on disability inclusion, including one with an Asian telecommunications company, a UK household durables company, a North American Financial Services Company and a Commercial & Professional Services company, also from North America. These engagements were closed with a mix of positive and neutral outcomes but were important in developing issuer awareness and our view of best practices.
253. https://www.who.int/fr/news-room/fact-sheets/detail/disability-and-health#:~:text=On%20estime%20que%20plus%20d,15%20%25%20de%20la%20population%20mondiale
254. "The disability inclusion imperative" by Accenture (2023), "Unlock the competitive advantage of a disability-inclusive workforce" by Heidrick & Struggles (2022), "Getting to equal: The disability inclusion advantage" by Accenture (2018)

performance revealed that "companies that lead their peers in disability inclusion realise considerable financial gains: they earn 1.6x more revenue, 2.6x more net income, and 2x more economic profit than other index companies."[255]

Amundi launched a dedicated disability inclusion engagement stream in 2022.

Amundi Actions

Inclusion of persons with disabilities is a topic that concerns all sectors. Still, the challenges and practicalities certainly differ between service and manufacturing companies, and nuances exist within individual sectors. To have a wider reach and deeper understanding of the challenges at hand, we deliberately chose for this engagement stream to include a range of sectors: TMT, healthcare, consumer, industrials and financials. In 2025, we engaged with 64 issuers on this topic.

Engagement Objectives

There were two broad aims for our engagement that apply to all sectors:

1. Increase company awareness on the topic of disability inclusion.
2. Encourage the adoption of disability inclusion best practices.

For companies that are at an initial stage of including people with disabilities, we often start by suggesting to seek collaborative partnerships with external stakeholders, such as Disability: IN and The Valuable 500[256] [257] (both US initiatives), Business Disability Forum (UK) or non-disability specific human capital associations like the Indonesian Human Capital Forum. These partnerships can provide useful guidance, support and best practice to help the company move forward. For more advanced companies, we typically recommend increasing granularity in reporting to evidence a more mature approach to disability inclusion.

Engagement Outcomes & Issuer Momentum

We continue to observe that, while most companies do have an overall DE&I strategy in place, a dedicated strategy for disability inclusion is often missing. Such a strategy would include a relevant standalone policy, which is distinct from other DE&I policies, as well as active direction from senior leadership on the topic and a regular policy review. Some companies have pointed to their anti-discrimination policies; however, these are distinct from a disability inclusion strategy.

It is also apparent that national regulation plays a crucial role in the content and strength of disability policies. Companies operating in countries that have human capital reporting requirements or impose a minimum quota or aspirational goal (e.g. France, Japan) are generally seeing a higher level of disabled people integrated in the workplace.

Overall, we are seeing an increasing number of companies focusing on the attraction, hiring and retention of talent with disabilities, with neurodivergence increasingly in focus. Generally, public reporting on disability inclusion is increasing, as a direct result of both market pressure and legislative developments. Since November 2020, the US SEC requires publicly traded companies to provide a human capital overview in their filings. Under the EU CSRD directive, in-scope entities are required to report on their practices for the inclusion of persons with disabilities or outline a plan to put in place such practices.

In terms of monitoring and communicating on the representation of employees with disabilities, only a minority of companies discloses this information. Accenture research shows that 76% of employees with disabilities do not fully disclose their status[258]. Given these challenges, the figure is likely underestimated when companies publish the rate of people with disabilities. As such, we are seeing companies working to encourage people to speak up about their disabilities and create disability-inclusive cultures. This is typically done through

255. "The Disability Inclusion Imperative Report Executive Summary" by Disability:IN & Accenture (November 2023)
256. Disability:IN is a nonprofit organisation that intends to expand opportunities for people with disabilities across enterprises. It has a network of over 400 corporations with a strong US bias.
257. The Valuable 500 is a global business collective that gathers 500 CEOs and their companies. Its mission is "to use the power of business to drive lasting change for the 1.3bn people around the world, living with a disability".
258. The disability inclusion imperative, Accenture, 2023.

awareness raising programmes, unconscious bias training for employees, employee resource groups, and the deployment of DE&I champions, among other strategies.

Where the number of (self-)reported people with disabilities remains low and when there is no obligation for companies to externally communicate on the subject, these figures are often not made public. For European countries especially, we continue to observe that self-identification and reporting on minority group representation is rendered difficult due to regulation, including data privacy laws. It also appears that employees find it difficult to self-report. Many issuers said they are continuing to work on creating an environment in which people with disabilities feel comfortable self-identifying.

Sector	Assessment at the start of the campaign	Past Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Food products **Region:** Europe **Engagement started in 2022** 	The company is an equal opportunity employer but has no specific disability policy. It has a DE&I strategy in place, which is in the process of being updated.	We recommended that the company develop a specific disability policy. We further encouraged it to: – monitor and publish the rate of employees with a disability – allocate a specific disability inclusion budget – develop a retention programme for people with disabilities – encourage managers with a disability to openly identify as such – start collaborating with disability-specific stakeholders, such as NGOs or research organisations.	Over 2022-24, company continued to work on its DE&I strategy but it had not developed a specific disability policy yet. It was not yet reporting on the employment rate of disabled people and there is no indication that it is collaborating with disability-specific stakeholders.	Evidence from latest public disclosure shows the company has established partnerships with disability specific third-party stakeholders as we requested - a meaningful step forward. The company engaged constructively with us and has refreshed their DE&I policy to include specific mention of disabilities and measures to prevent discrimination. *As we were engaged in an active dialogue with the company on another material topic, we chose to close this engagement with a mixed neutral to positive outcome.*
Company B **Sector:** Capital markets **Region:** North America **Engagement started in 2022** 	The company scored 100 on the 2022 Disability Equality Index. Its founder openly identified as neurodivergent. The company monitors the rate of employees with a disability. Several best practices are in place, including: – a specific budget – dedicated specialists – a self-identification process – strong communication – adapted infrastructure – working with external stakeholders	We recommended that the company publish the rate of disabled employees in its workforce.	The company retained its 100 score on the 2023 & 2024 Disability Equality Index (no publicity was given on the 2025 scoring). The company continues to collect information through self-id, which it uses in furtherance of its inclusion and belonging objectives. Nonetheless, it still does not publicly disclose employee disability data.	The company continues to be an example of best practice on disability inclusion. However, one missing element remains the publication of the employment rate for people with disabilities. *We intend to follow up with the issuer during 2026.*

Company C **Sector:** Technology **Region:** North America **Engagement started in 2022** 	The company has a published commitment to Disability Inclusion. It plans to increase the percentage of employees who self-identify as having a disability to 10% by 2030 in the US (from 3.8% in 2021).	We recommended the company demonstrate the improvements it has made to self-identification and encouraged it to develop a formal retention programme for employees with disabilities. Senior leaders with a disability should also be encouraged to openly identify as such.	The targeted disability employment rate of 10% has been extended to the global workforce. By this metric, the rate of employees with a disability reached 2.4% in 2023 (versus 2.2% in 2022). The company was named one of the best places to work for disability inclusion by Disability:In. In 2024, the company made significant progress but two areas of improvement remained: – No formal retention programme for employees with disabilities. – No indication that senior leaders have openly identified as having a disability; this is a significant opportunity given both company's overall strong commitment to disability inclusion and its prominence in the sector.	Company's 2025 reporting showed continued progress on employee self-identification rates and a broader Accessibility Champions Network, with modest improvements in inclusive recruitment. However, no formal retention program or leadership visibility had been introduced. *We therefore re-encouraged the company to consider developing dedicated initiatives and reflecting senior leader participation in future disclosures and will follow up again in 2026.*
Company D **Sector:** Semiconductors **Region:** Japan **Engagement started in 2022** 	Company disclosed its overall disability inclusion strategy which it views as an important component of human capital planning. However, information disclosed was mainly qualitative and lacked concrete metrics.	We encouraged the company to develop more systematic communication on disability inclusion in their reporting, including metrics on support groups, their number, retention effectiveness for employees with disabilities and any other metrics tracked.	Since 2022, the company had disclosed metrics around the representation of employees with disabilities, but no progress had been made on communicating the strategy in full publicly. Despite this, company shared details of the strategy directly with Amundi, so our focus shifted towards encouraging public disclosures.	In 2025, we asked the company whether it would consider committing to a timeline for documenting a strategy (covering recruitment, retention, accessibility, career development, and measurable targets) and publishing it in a future sustainability report. *We will continue our engagement in 2026.*

Company E **Sector:** Software **Region:** North America **Engagement started in 2024** 	Company offers human capital software for human resources management and recruitment. Disability inclusion in our assessment is therefore material to the company from the perspective of bringing in a diversity of perspectives to candidate and user experience. Company was starting to develop a disability inclusion strategy when engagement began, and it was an opportune moment to share our expectations.	Originally, as company was focusing on self-identification, we asked for disclosures on self-identification levers company was using to encourage employee reporting of disability status. Self-reporting of disability status often presents a challenge in company reporting and strategy development around disability inclusion, and this disclosure provided company's approach was effective, would therefore be useful for both investors and peers.	Since 2024, the company had made significant progress in evolving its disability inclusion strategy, which is now more clearly communicated. It introduced a Disability Inclusion Council and launched and expanded global self-identification programs, some details of which were shared in reporting. It also included disability in its inclusion and belonging strategy. Owing to these developments, we evolved our asks: First, we encouraged company to track KPIs related to the accommodations process for employees with disabilities, such as decision and fulfilment timelines, approval rates, or post-accommodation satisfaction. Second, we asked if disability inclusion is also reflected in candidate experience and encouraged the company to consider granular KPIs related to user accessibility. *The company offered us a more in-depth discussion on disability inclusion in 2026, so we will follow up accordingly.*

Next Steps and Amundi Perspective of Engagement

We continue to observe large differences in progress across the companies in our engagement pool. These differences are not necessarily linked to specific sectors but are more pronounced across geographies. The progress on disability inclusion is often correlated to national regulation, which does motivate companies to work on the inclusion of employees with disabilities. Inversely – in some countries – national regulation can prevent companies from reporting relevant data, for example due to privacy-related laws. Overall, companies are increasingly aware of the importance of the topic, with many working on building a 'disability-inclusive' culture with varying degrees of strategy and policy development and implementation. Based on our engagement dialogues to date, we see room for progress for all companies, regardless of their industry or country of incorporation. Therefore, we will continue to integrate disability inclusion into our human capital engagement efforts. Specifically, we will continue to advocate for companies to adopt the best practices we have identified over the course of our engagements, namely:

- Where possible, participate in local or global initiatives, such as Disability: IN or the Valuable 500 group
- Develop a stand-alone strategy on disability inclusion, separate from the DE&I strategy
- Ensure active direction from top management
- Appoint a disability sponsor at senior management level and disability champions across the organisation
- Improve monitoring of the number of people with disabilities, through voluntary self-disclosure. Potentially disclose this number and set a target for it
- Create a disability-inclusive culture
- Roll out recruitment and retention programmes tailored for people with disabilities
- Where relevant and appropriate, encourage top managers to openly identify (internally and/or externally) as having a disability.

e. Engaging to Promote a Just Transition

Context

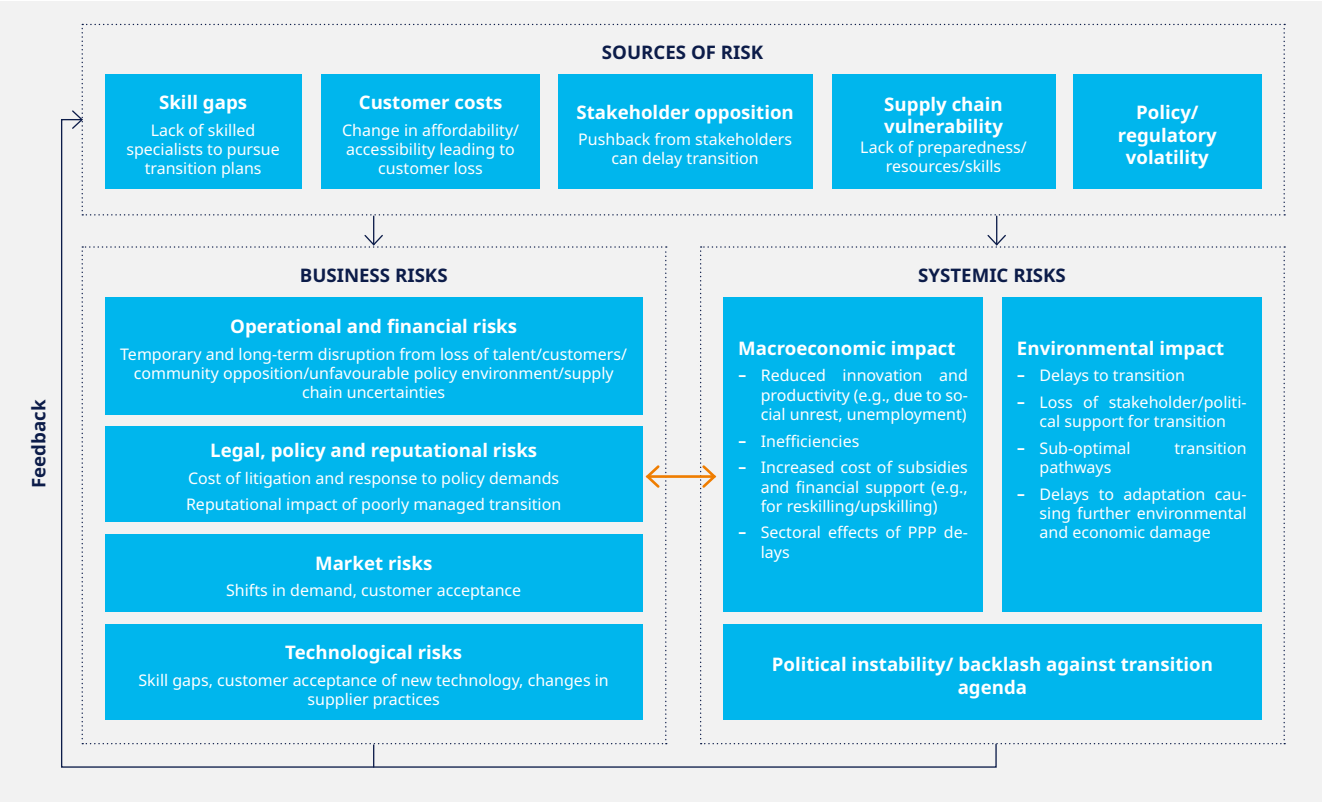
The concept of a just transition has been integral to the climate transition agenda since the 2015 Paris Agreement, which recognises the importance of "a just transition of the workforce and the creation of decent work and quality jobs"[259]. In practical terms, a just transition is concerned with how decarbonisation is managed so that impacts and benefits are shared fairly across affected stakeholders. For companies, this typically centres on workforce impacts (jobs, skills and occupational transitions), supply chain effects (commercial pressures and labour outcomes), and customer impacts where affordability and access are material.

There are material business and systemic risks at stake if these social dimensions are not addressed. At company level, transition plans that do not anticipate workforce and skills impacts can create execution risk, including higher turnover, difficulty recruiting scarce skills and reduced organisational capacity during periods of operational change[260]. Decarbonisation plans are also increasingly constrained by workforce capacity. Recent peer-reviewed research on electricity-sector workforce requirements notes that labour shortages are already recognised as a risk to the pace of energy sector transformation, and stresses the importance of planning not only for the overall scale of labour required but also the timing, location and occupational mix (for example electricians, installers and grid/network roles) to avoid delivery bottlenecks[261].

Beyond workforce scale, evidence from just transition implementation underlines the importance of perceived fairness, voice and credible pathways for affected workers and regions in shaping whether transition programmes deliver durable outcomes[262]. For investors, engagement on just transition therefore focuses on whether issuers integrate workforce, supply chain and customer considerations into transition planning in ways that support delivery and resilience. This includes clear governance and accountability, credible workforce planning and skills strategies, responsible purchasing practices where value chains carry labour risks, and attention to affordability and access where business models interact with essential services or household budgets[263].

259. ILO Working Paper 76: Molina Romo, O. (2022). The role of tripartite social dialogue in facilitating a just transition: Experiences from selected countries. https://www.ilo.org/publications/role-tripartite-social-dialogue-facilitating-just-transition-experiences-1
260. Karaosman, H., Marshall, D., & Ward, I. (2025). For the many, not the few: introducing just transition for supply chain management. International Journal of Operations & Production Management, 45(3), 700–732. https://www.sciencedirect.com/science/article/pii/S0144357725000283
261. Rutovitz, J., Dominish, E., & Downes, J. (2025). Updated employment factors and occupational shares for the electricity workforce. Renewable and Sustainable Energy Reviews. https://www.sciencedirect.com/science/article/pii/S1364032125000127
262. Weishaupt, T. (2025). Workforce development in low-carbon energy transitions: The case of horizontal governance in Schleswig-Holstein (Germany). Environmental Innovation and Societal Transitions, 57, 101040. https://www.sciencedirect.com/science/article/pii/S2210422425000796
263. Karaosman, H., Marshall, D., & Ward, I. (2025). For the many, not the few: introducing just transition for supply chain management. International Journal of Operations & Production Management, 45(3), 700–732. https://www.sciencedirect.com/science/article/pii/S0144357725000283

Figure 8: Material risks associated with failure to pursue a just transition.



Source: Amundi.

Advancing decent work and respect for stakeholder rights as part of the transition towards a more sustainable economy requires that businesses

- 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[264]

Amundi Actions

Amundi began engaging with companies on just transition in 2020. Having originally engaged with transport companies, particularly the automotive sector given the ongoing business model transition to respond to consumer demand for EVs, we have since expanded our engagement to include companies in the extractive sector and utilities, as well as developed market banks, whom we encouraged to embed just transition considerations into their activities and operations.

In 2025, we also launched a new engagement with apparel companies on the incorporation of supply chain labour concerns into corporate climate transition plans, starting with pilot engagements with 4 issuers from the sector. This engagement was motivated by the now robustly established research connecting supply chain social and environmental risks and highlighting the need to integrate supply chain workers' voice into climate transition planning as companies in the sector seek to balance rapid decarbonisation with financial performance[265].

Overall, in 2026 we engaged 90 issuers on the topic of a just transition[266].

264. United Nations Global Compact (2022). Introduction to just transition: A business brief. Available at: https://ungc-communications-assets.s3.amazonaws.com/docs/publications/Just%20Transition%20-%20LK.pdf
265. J. Judd, A. Bauer, S. Kuruvilla and W. Stephanie, Higher Ground? Report 1: Fashion's Climate Breakdown and Its Effect for Workers, 2023, https://ecommons.cornell.edu/ items/6f1e503a-2f9b-4f71-96b2-580c9ed6c1d0.
266. This total includes 3 sovereign issuers.

Engagement Objectives

Broadly, our objectives across this engagement area included:

- Developing and publicly disclosing an explicit just transition strategy to align with climate policies and strategies, informed by a socio-economic analysis of transition risks and opportunities, overseen by the Board and senior management
- Developing, disclosing and monitoring relevant just transition KPIs and regularly reporting on progress
- Developing and demonstrating appropriate risk mitigation plans, such as allocation of budget for workforce reskilling and redeployment
- Implementing and demonstrating evidence of adequate social due diligence, dialogue and stakeholder engagement mechanisms

Issuer Momentum & Outcomes

The table below summarises our progress to date. In 2025, we have noticed further increase in awareness around just transition risks and opportunities among issuers under engagement and emergence of more concrete just transition strategies among issuers who maintained their climate commitment. One concerning development relates to some companies reducing their climate ambitions amid market and policy complexities. This in some cases led to engagements stalling.

Macro Sector	Assessment at start of campaign	Past Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Mining **Region:** North America **Engagement started in 2022** 	The company had pledged to become carbon-neutral by 2050 but still generates some revenue from thermal coal. Notably, the company has one ageing smelter, which is 50-60 years old, that is still reliant on thermal coal power. As the smelter's closure is an eventuality, the company is unable to commit to phase out thermal coal power generation without causing severe impact to local communities and employees reliant on the smelter. Despite the social implications, there was no formal just transition policy or strategy.	We recommended the company develop a just transition strategy for assets that will have to close as part of its climate strategy. This included publicly reporting on: - evidence of community dialogue through engagement mechanisms and associated metrics for open and closed issues - transition risks for workforce (such as metrics on the number of jobs affected) - evidence of appropriate risk mitigation plans, including allocated budget for reskilling and redeploying workforce	**2022-2023** The company reported no change over the past year but our engagement with them confirmed that Board awareness of the issue has increased. It has been holding quarterly meetings and undertaken work around employee re-training that was being coordinated with state and federal entities. In addition, community involvement has been identified as a priority. The company also requested details of Amundi's expectations on just transition. **2024** No specific evolution on the issue, but the company reported that they did progress on their evaluation of climate risks in 2023, which included transition risks and opportunities at both a portfolio level and an asset level. They indicated that this work would continue.	In our 2025 engagement, we re-emphasized our ask and offered to provide the company with examples of reporting. They seemed more open to the topic this time and we emphasized that this will be a key risk for them to report for CSRD (an emerging area of priority in reporting for the company). The company's acknowledgement of our recommendation enables us to upgrade to a neutral momentum as we think there is a possibility of improvement in the future. However, the company has still not progressed. *We will re-encourage the company once more in 2026 with a follow up including some examples from peers.*

Company B **Sector:** Automobile **Region:** North America **Engagement started in 2021** 	The company had a just transition commitment and local initiatives to support personnel reskilling and redeployment, but no specific strategy.	We previously asked the company to provide information on: – its governance and board oversight of just transition matters – the role of social dialogue in the transition planning and implementation – the impact of a just transition on its workforce, such as the share of employees whose roles would be affected – its engagement with customers – how the affordability of electric vehicles (EVs) might be impacted	The company has pledged that 100% of its European passenger vehicles will be fully electric by 2030. It also announced job cuts in early 2023, which affected 11% of its European workforce. Despite mentions of the Just Transition in reporting, the company still lacks a clear just transition strategy. The company reaffirmed its commitment to providing employees with the opportunity to upskill and reskill. To better serve EV customers in the US, the company is investing in training future auto technicians. For communities, the company confirmed that it is seeking to encourage and foster access to cleaner mobility. We have asked the company to provide more specific KPIs to demonstrate progress, such as the number/ proportion of workers that have been trained on electrification and the percentage of workers that the company intends to upskill/reskill.	The company continues to display elements of a just transition strategy with notably the preparation and support for employees in evolving manufacturing and EV shift but quantitative data is still lacking, making it difficult to assess the company's strategy and progress. *Going forward, we will encourage the company to keep developing its formal Just Transition strategy in consultation with workers, communities and other key stakeholders affected by its decarbonization efforts. We will also continue to ask the company to disclose the quantified key performance indicators it uses to track its progress towards the objectives of its Just Transition Plan.*

Company C **Sector:** Automobile **Region:** Europe **Engagement started in 2022** 	The company acknowledged that the phaseout of internal combustion engines would impact its workforce, but highlighted challenges in predicting to what extent. In 2021, the company set up a comprehensive internal training programme and collaborated with an external partner, to target employees in one country to support their upskilling. No plans are yet in place to offer affordable products due to battery costs.	We recommended the company develop a just transition strategy and disclose information on: – its approach to worker re-skilling and upskilling – the proportion of workers likely to be affected by the transition	The company had not pledged to avoid transition-related redundancies, but put initiatives in place to redeploy employees to two new gigafactories and circular economy plants. It also introduced a Strategic Skills Management initiative to identify trends in the demand for certain skills. The company had made progress on its just transition strategy and governance. They e published examples of specific actions taken to implement their previously published just transition principle. This includes having identified the number of "high-carbon" employees who might be affected, providing relevant training to said employees, and reporting on the percentage of the workforce covered by collective agreement. The company has also appointed a non-executive director for Employee Engagement who holds meetings with trade unions on issues affecting the workforce at least twice a year.	The company continues to progress on just transition strategies both relating to its employees and customers. On the employee side, the company reports on the number of employees and partners trained on electrification (together with training in circular economy and data & software) and measures to enhance the employability of its employees. On the customer side, the company has been working on the affordability of its electric products and has launched affordable vehicles. *Going forward, we intend to continue to ask the company a formal Just Transition strategy to assess the social impact of the electrification and take measures to address the identified risks and regularly report on progress with quantifiable data.*

Company D **Sector:** Utilities **Region:** North America **Engagement started in 2023** 	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. The company plans to publish its first just transition report in 2024. 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.	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.	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. 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.	In the 2025 reporting cycle the company described its economic development activities, site repurposing initiatives and long-term infrastructure plans but did not provide quantitative transition data or governance clarity in response to our asks. As company advances its innovation and grid expansion programmes, we continue to encourage the company to develop a structured just transition disclosure framework and a forward-looking workforce development strategy aligned with its investment plans. Company appears to now have a sensible just transition strategy, matching human capital with climate transition needs, but their response did not fully address our questions and was primarily qualitative. *We will follow up with the company in 2026 to encourage more granularity in reporting.*
Company E **Sector:** Automobile **Region:** Asia **Engagement started in 2021** 	The company had a plan for the decarbonation of its products with electrification as a central pillar with a roadmap that emphasized battery electric vehicles and plug-in hybrid vehicles as core part of its product portfolio. It had also set targets for electrified model launches. The main lever for the decarbonation of the automobile sector indeed lies in electrification. The latter will lead to job losses in the industry as battery electric vehicle manufacturing is less labour intensive.	We asked the company to publish a Just Transition strategy as it is particularly relevant for companies in the sector.	Over the years, progress had been incremental. The company increasingly started to mention and acknowledge the need for a Just Transition, which led.	In 2025, the company published a Just Transition strategy that strives to minimize the impact on its stakeholders (employees, customers, suppliers and society at large). The company identifies the risks, the potential financial impacts and the countermeasures it is taking. We note that the company is one of the few in the sector to provide quantitative data, for instance on specific training on electrification and digitization. We note that the strategy tends to focus on employees. *We will continue to engage in 2026 to encourage the company to develop the other aspects of the JT with quantifiable KPIs to assess progress.*

Next Steps

Amid a shifting environment, we nonetheless see opportunities to continue to expand and deepen our engagement on just transition in 2026. Shifts in corporate climate strategies in some regions and sectors mean that there may be a need to adapt our engagement asks to ensure they reflect corporate priorities, prioritising for instance certain stakeholder groups where the risks are becoming increasingly material (as is the case for instance, for affordability in certain markets driving corporate focus towards sustaining customer demand). With this in mind, in 2026 we are particularly looking forward to launching and progressing on engagements in emerging markets as part of the Asia Investor Group on Climate Change (AIGCC) Just Transition Working Group.

Case study 44: Engaging on Just Transition with a European Oil and Gas Company

Context: 2025 was our third year of engaging with a large European Oil & Gas company on just transition. The company had set a target to achieve net zero emissions by 2050, and it's energy transition plan released in 2022 included ambitions of 50% capex to renewables and low carbon solutions by 2030. We wanted to ensure that the company had 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, and their energy transition plan saw some scaling back in 2025.

Amundi Actions: We engaged with the company as a co-lead on a collaborative initiative, the Just Transition Collective Action Coalition convened by the World Benchmarking Alliance. We commenced our just transition engagement in 2023. In 2025 we had a direct engagement where we discussed just transition. We also had further direct engagements during the year covering other topics.

Key Objectives for our engagement were as follows:

- Assess material socio-economic risks for the company associated with climate transition
- 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
- Adopt quantitative KPIs and metrics to enable investors to assess company's progress on their just transition strategy implementation

Engagement outcomes and issuer momentum: In prior dialogue there had been limited progress. While the company has a good understanding of just transition and its importance, there continues to be a lack of improve on the strategy. We have now become more precise in our request, focused on the skills development and reporting human capital data. We will look to follow up next year. In terms of the company actions, the published just transition strategy is largely unchanged. They continue to emphasise respect for human rights, training and upskilling, and community engagement. There has been no change of new, measurable just-transition social commitments during 2025.

Next steps: We believe 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 engagement objectives will therefore remain the same in 2026.

Case study 45: Engaging with a European Banking Group on Just Transition

Context: 2025 was our third year of engagement with the company on the topic of just transition. As large financial services providers in the UK, we were interested in engaging with the bank to further understand how it was integrating just transition into its net zero strategy. Amundi believes that transitioning to a low-carbon economy is unlikely to succeed if the social risks associated with the changes are not properly managed. Therefore, Amundi would like to see banks, in general, take into account the social impact of the transition in their own transition plans.

Amundi Actions: In 2025, we continued our engagement with the bank on its climate strategy, including its financed emissions and related decarbonisation targets. This included a discussion focused on how the bank is incorporating just transition into its overall climate transition strategy. The engagement on the topic of just transition was conducted together with other investor members of a collective engagement, originally convened by the Grantham Institute's Financing a Just Transition Alliance, and also individually with the bank[267].

Engagement Objectives:

- To further develop its strategy in relation to just transition and integrate it throughout its climate transition plan
- To demonstrate evidence of just transition across 3 dimensions of the bank's activities (product, sector/client, and regional)
- To disclose the regional resources available for local just transition work in the UK

Engagement Outcomes and Issuer Momentum: The bank has continued to advance in terms of incorporating just transition into its climate transition strategy, with continued progress across the 3 dimensions (product, sector/client, regional).

During our first year of engagement, in 2023, the bank demonstrated good awareness of the role financial institutions are expected to play in achieving a fair transition to a more sustainable economy. The bank showed that it was already embedding just transition into its environmental sustainability strategy in practice, albeit with some opportunities for improvement in terms of transparency and disclosures on the specifics of how just transition is integrated into the bank's climate transition plan.

During our second year of engagement, in 2024, in our feedback, we suggested disclosing what regional resources are made available at the local level for the implementation of its just transition efforts that could support its relevant climate transition priorities. The bank had expanded its client transition plan assessment to include guidance on just transition, which we believe showed that the bank was operationalising just transition into its lending practices.

In our third year of engagement, in 2025, one area of focus was to encourage transparency on how just transition factors into the assessment of its clients' transition plans. We understand the bank conducted a pilot on this topic in 2025 and look for further details in future reporting. We also asked for further transparency on resourcing of regional just transition work, for instance training to ensure local teams can fully assess regional just transition risks and opportunities.

Next Steps: Going forward, given it is an important topic for the bank, we plan to continue the engagement in 2026 as it strengthens its just transition strategy and disclosures. We will also monitor for any further integration of just transition in the bank's climate transition plan.

267. As of 2025, the work of the Alliance was housed within the Just Transition Financed Lab, still based within the London School of Economics.

Case study 46: Engaging on the Just Transition with a North American Electric Utility Company

Context: The company, with circa 46GW of rate-regulated generating capacity (nuclear, coal, natural gas and renewable energy), recently underwent a notable transformation in its electric generation mix. In 2007, the energy mix comprised 69% coal and 16% natural gas, shifting dramatically to 17% coal and 52% natural gas by 2024, the remaining being a mix of nuclear and renewables. Over this period, 53 out of the 66 coal generating units had been retired or converted. The company also seeks an 87% reduction in coal capacity by mid 2030s and estimate to have a remaining capacity 2670MW by then.

Such a change can both trigger significant risks and create opportunities for a wide range of the company's stakeholders, including employees, customers, suppliers and local communities. As such, it was important for Amundi to engage with the company on its adherence to the just transition principles.

We started our engagement in 2023.

Amundi Actions: Given the company's substantial exposure to thermal coal operations, Amundi's initial engagement focus with the company was to ensure adherence to Amundi's thermal coal exit policy which requires coal phase-out at the latest by 2030 in OECD countries and by 2040 in non-OECD countries. While our ongoing and active engagement efforts continue to advocate for a review of the current strategy and a timely thermal coal exit, our attention expanded since 2023 to encompass the crucial matter of a just transition. This extension in focus aims to ensure a systematic and orderly management of the social dimension of the thermal coal exit, integral of the broader energy transition strategy so as to mitigate systemic risks and social tensions associated with the transition that could delay the implementation of the same. We met the company in 2023 and 2024, and followed up again with the company in 2025.

Engagement Objectives:

Our original engagement objectives were as follows:

- Evaluate the internal structure and the Board's role and competencies in overseeing the implementation of the just transition strategy, aligning closely with our ongoing dialogue on the extensive coal phase-out plan
- Encourage clear and quantifiable metrics to monitor the advancement of the just transition strategy implementation
- Integrate social metrics into the executive remuneration scheme

Following our 2024 engagement, in 2025, we set out to:

- Encourage company to analyze and disclose its party dependencies (such as policy and technology) and to offer information on how it coordinates central and local just transition budgets and timelines.
- Continue to ask for quantitative just transition metrics such as the number of meetings held with workers or local stakeholders, the share of workers whose jobs will change and others.

Engagement Outcomes and Momentum: Our 2023 engagement established that the company was well-versed in just transition matters. At the same time, while the company expressed openness to integrating social metrics within executive remuneration, there were no immediate plans in place to incorporate those. As local managers played a major role in driving the implementation of just transition commitments, we wanted to see evidence of processes in place to coordinate the alignment of local and central just transition budgets and timelines.

In 2024, the company shared that amid the changing policy and macroeconomic context, as well as business and industry expansion, it experienced a surge in demand that led to a change in business strategy and hence revisions to climate plans. As a result, a shift in stakeholder priorities also took place. Employees would face fewer risks or redeployment with coal plants not being closed. However, the company was involved in seeking community feedback around land use for solar energy and assessing state regulation for energy affordability and accessibility implications. The company was therefore reluctant to report on just transition KPIs, to which we suggested potential alternative KPIs such as process metrics (e.g., number of meetings held with workers or local stakeholders), or percentage of workers whose jobs will change.

In 2025, we were pleased to see that the company published its Just Transition principles. Quantitative metrics, such as ones tied to worker outcomes or community funding are still missing. The 2025 report focuses on the qualitative aspects of governance, stakeholder engagement, employee and union support, community and environmental commitments, and affordability elements of the just transition rather than providing a quantitative, timeline-specific, approach. Similarly, third party dependencies are mentioned and illustrated but lack specificities on coordination, budget, and timeline.

Overall, we continued to recommend more concrete disclosure of third-party dependencies in reports to understand where the company may be facing challenges or opportunities for mitigating effects of transition on stakeholders, as is the case with energy affordability and local regulation. We also maintained our recommendations for disclosures on the alignment of central and local just transition budgets and timelines as this issue of coordination remains relevant in light of the company's changing strategy. However, the qualitative narrative of the report contains many of the building blocks for the improvements we would like to see.

Next Steps: The just transition landscape has become more complex. Cost of living pressures, political contestation around climate policy, and widening regional and distributional tensions are making it harder to sustain support for decarbonisation unless social impacts are managed credibly. At the same time, the transition continues to reshape labour demand and skills needs. The IEA reports that global energy employment reached 76 million in 2024 and that employment growth is expected to continue in 2025, though at a slower pace, reflecting tighter labour markets and growing uncertainty. OECD analysis similarly points to the importance of employment, skills and place-based policies in helping regions and workers adapt to the green transition. In 2026, we will therefore continue to engage companies on the quality of their just transition planning, with particular attention to workforce reskilling, social dialogue, regional employment impacts and affordability. Our focus will remain on whether companies can show that transition plans are not only technically credible, but also socially durable.



Client Protection & Social Safeguards

In 2025, our engagements under this chapter were shaped, above all, by the accelerating pace of digital transformation and its consequences for the relationship between companies and the clients, customers and communities they serve. The widespread adoption of artificial intelligence across sectors is generating new governance imperatives around rights, safety, accountability and access that did not exist in their current form even a few years ago, and that are now central to how we assess corporate responsibility across a growing range of industries.

This is most visible in our Digital Responsibility engagements, which this year saw meaningful progress on digital rights, AI ethics and cybersecurity, and which we are able to expand with reporting on our engagement with on children's digital rights. Yet, we are also beginning to observe how the digital transition also shapes the broader environment in which all of our engagement themes sit in the competitive and regulatory pressures facing media companies, technologies reshaping financial and healthcare service delivery, and in the consumer behaviour shifts affecting food and retail sectors.

Beyond digital, this chapter covers our continuing work on access to medicines and financial inclusion, where we refocused our efforts following the successful closure of a number of engagements, and expanded our healthcare engagement to include medical technology companies. We also continued our engagements on antimicrobial resistance, healthy food and nutrition, and tax responsibility: areas where the systemic importance of the issues is not in question, but where progress from companies has been more uneven and continues to require sustained engagement efforts.

1. Digital Rights and AI Ethics

Context

Digital technologies continue to drive innovation, development and inclusion across economic and social spheres. Yet the rapid expansion of digital business models and the accelerated deployment of artificial intelligence bring material risks for companies, their investors and the wider economy.

The regulatory environment has tightened significantly since 2024. The EU AI Act, the first comprehensive AI regulation globally, began phased enforcement in February 2025 with a prohibition on AI practices deemed to present unacceptable risk, including manipulative and exploitative applications and real-time remote biometric identification in public spaces[268]. Penalties for prohibited practices can reach EUR 35 million or 7% of global annual turnover. General-purpose AI model obligations, including transparency and documentation requirements, became enforceable from August 2025, alongside the Act's broader penalty regime[269]. Full application of the remaining high-risk AI system provisions follows in August 2026.[4] In parallel, the Digital Operational Resilience Act (DORA) became enforceable for the EU financial sector on 17 January 2025, mandating harmonised ICT risk management, incident reporting and third-party oversight across a wide range of financial entities. [5] DORA is directly relevant to the investment management sector and underlines the systemic importance regulators attach to digital operational risk. The revised Network and Information Security Directive (NIS2), which had a transposition deadline of October 2024, is progressively being enacted into national law by EU member states, extending cybersecurity obligations to operators of critical infrastructure and essential services, although transposition remains incomplete as of early 2026. Regulatory momentum on AI governance is not confined to Europe. South Korea's AI Framework Act, enacted in January 2025 and effective from January 2026, makes it the second jurisdiction globally to adopt comprehensive AI legislation, with enhanced obligations for high-impact AI systems in critical sectors. In Brazil, the Senate approved a risk-based AI regulatory bill in December 2024, which remains under review by the Chamber of Deputies. In the United States, where comprehensive federal AI legislation has not advanced, state-level action is also emerging.

The risks associated with digital business models are compounded by AI. The World Economic Forum's Global Risks Report 2026 ranks misinformation and disinformation as the second most severe short-

268. Regulation (EU) 2022/2554 (DORA); EIOPA, "Digital Operational Resilience Act" overview. DORA applies to 20 categories of financial entity including banks, insurance companies, investment firms and crypto-asset service providers.
269. EU AI Act implementation timeline; European Commission, "Regulatory framework for AI" (2025).

term global risk, behind geoeconomic confrontation, marking the third consecutive year it has featured in the top tier The same report identifies "adverse outcomes of AI technologies" as the risk with the sharpest increase in ranking of any item surveyed, rising from 30th on the two-year outlook to 5th on the ten-year outlook[270]. This reflects growing concern about AI's capacity to generate synthetic content at scale, distort business-relevant information flows and amplify societal fragmentation. Research in accounting and finance has documented how social media can impede price discovery in the presence of speculative information, with implications for market efficiency[271]. Algorithmic discrimination remains a further material concern in service delivery, recruitment, credit allocation and targeted advertising. Research modelling the competitive dynamics of biased and unbiased algorithms finds that while algorithmic discrimination can increase profitability in the short run, consumer word-of-mouth effects cause it to become detrimental to firm performance over time[272].

Labour market effects represent a further channel of systemic risk. The IMF estimates that approximately 40% of global employment is exposed to AI, rising to 60% in advanced economies[273]. A January 2026 IMF staff discussion note finds that about one in ten job postings in advanced economies now requires at least one new skill, often AI-related, and that the diffusion of AI skills is associated with lower employment in occupations with high AI exposure and low complementarity[274]. The same research documents labour market polarisation, with gains concentrated among high-skilled workers and, indirectly through higher consumption of services, low-skilled workers, while middle-skill roles face contraction. These dynamics create both company-level risks, in terms of workforce transition costs and talent competition, and systemic risks related to unemployment, retraining burdens and widening inequality.

Privacy and personal data protection continue to present material risks, particularly in the context of targeted advertising and extensive data sharing. The General Data Protection Regulation provides that a business can be fined up to EUR 20 million or 4% of total annual worldwide turnover for violations of data protection and electronic privacy principles. The EU Digital Services Act, in force since 2023, imposes reporting obligations on large online platforms with potential fines of up to 6% of global turnover.

For these reasons, Amundi seeks to engage with companies on respect for digital rights, generally defined as including freedom of expression, information and privacy, as well as on mitigating risks related to the increasingly widespread application of AI.

270. World Economic Forum, Global Risks Report 2026, Chapter 1 (January 2026). Misinformation and disinformation ranked first in the 2024 and 2025 editions of the report.
271. Jia, W., Redigolo, G., Shu, S., and Zhao, J. (2020), "Can Social Media Distort Price Discovery? Evidence from Merger Rumors," Journal of Accounting & Economics, 70(1).
272. Ukanwa, K. and Rust, R.T. (2022), "Algorithmic Bias in Service," USC Marshall School of Business Research Paper, available at SSRN (ssrn.com/abstract=3654943).
273. Cazzaniga, M. et al., "AI Will Transform the Global Economy. Let's Make Sure It Benefits Humanity," IMF Blog (January 2024); IMF Staff Discussion Note SDN/2024/001.
274. Jaumotte, F. et al., "Bridging Skill Gaps for the Future: New Jobs Creation in the AI Age," IMF Staff Discussion Note SDN/2026/001 (January 2026).

Amundi Actions

We engage with companies on digital rights and AI ethics directly and through collective groups, including the Ranking Digital Rights engagement convened by the Investor Alliance on Human Rights and the World Benchmarking Alliance's Ethical AI engagement. In 2023, we also joined a collective Big Tech engagement convened by the Council on Ethics of the Swedish AP Funds, which aims to encourage big tech companies to address the human rights risks and impacts associated with their business model, including the impact of these companies' platforms on vulnerable groups, such as children[275].

Recognising the impact of technology and the growing importance of AI in all sectors, we also directly engage corporates where AI ethics issues have been identified as material, including companies involved in the development and deployment of AI (e.g., software and interactive media companies), as well as companies located further up in the AI value chain (e.g., semiconductors) who nonetheless need to meet their downstream human rights and ethics due diligence obligations in response regulatory and reputational risks associated most prominently with product misuse. We pay particular attention in our selection to companies lacking in formal, publicly disclosed AI ethics policies and oversight of AI risks.

In 2025, we also continued our engagement with medical technology medical device manufacturers[276], who are increasingly embracing AI solutions. Although companies in the sector are increasingly relying on AI to improve efficiency and healthcare outcomes, these opportunities come with risks pertaining to patient safety and potential errors, data security and privacy, as well as biases stemming from AI training dataset quality[277]. This has led to regulatory scrutiny, particularly in the US where AI-enabled medical devices need to be approved by the Food and Drug Administration (FDA). To expand our sector selection beyond technology, therefore, we started engaging with companies who were listed by the FDA as integrating AI technology but lacked ethical AI policies, disclosures and/or evidence of adequate risk oversight.

Lastly, in 2025 we began engaging with companies outside of technology sector, such as consumer goods, pharmaceutical and consumer services companies with increasing exposure to AI who lacked formal AI oversight and governance. With our engagement still in early stages, we expect to report on progress in our 2026 report.

Engagement Objectives

Our overarching objectives were as follows:

- Encourage companies to formalise governance and oversight of digital rights and AI ethics and adopt and disclose formal policies reflecting their management of material digital rights issues.
- Implement technology risk and human rights impact assessments and demonstrate how identified risks are addressed.
- Adopt metrics and KPIs to evidence that relevant policies are effectively implemented.
- Evidence effective content moderation processes.

Some collective engagements also included expectations to introduce or strengthen safeguards on user privacy and harm prevention for minors and other vulnerable groups, ideally with KPIs to reflect performance. We include them here where this ask is part of a wider engagement, but otherwise report on children's rights and safety in the digital space in a dedicated section.

Issuer Momentum

The table below provides a sample of our engagements on digital rights and AI ethics. We provide additional examples in the dedicated sections further below. Our key observation in 2025 was continued progress, with multiple companies moving past policy development and governance set-up towards looking to evidence effective oversight of digital right and technology. Even where progress was incremental, it was nonetheless present. Where companies are still lagging, however, is identifying meaningful quantitative KPIs to evidence that their policies are working as intended, which might in part be explained by the relative newness and evolving nature of relevant governance arrangements.

275. https://etikradet.se/en/press-releasemarch-23-2023/
276. Includes companies classified as Healthcare Equipment and Supplies.
277. https://pmc.ncbi.nlm.nih.gov/articles/PMC11043174/

Macro Sector	Baseline assessment	Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Interactive Media **Region:** Asia **Engaged directly and through the Big Tech and Human Rights initiative. Engagement started in 2023.** 	The company operates interactive media platforms. It faced content-related controversies prompting engagement. It has systems for users to report any harmful content and children's online safety programmes. The company set up a Committee on Data Privacy and Protection and opt-out options for targeted advertising although not all metrics are disclosed.	We encouraged the company to develop more robust oversight of product and content strategy with relevant metrics, including for the protection of minors. We recommended the company to develop KPIs and metrics to evidence effectiveness and coverage of children's online safety programmes. We also encouraged the development of more robust disclosures on the effectiveness of user opt-out channels.	In 2023, the company joined the UN Global Compact and was working on external communication of its content risk mitigation policies. By 2024, the company established AI and Tech Committees overseeing relevant risks. In engagement, it evidenced efforts to address risks related to harmful content and parental control and age verification developments. Further, in its ESG report, the company provided some transparency by reporting on third-party requests, publishing qualitative information on user privacy (including complaints handling) and disclosing its privacy impact assessment implementation guidelines and third-party data processing controls.	In 2025, company remained responsive but quantitative KPIs across most engagement themes were still missing. Company has improved user controls for privacy including opting-out from data being used. However, we noted that overall clarity level remains low. Company advised that this is an area in which they are making continued progress. The company said it is considering increasing productlevel transparency on how its recommendation and contentmoderation systems operate across its consumer platforms and cloud services. It has already published an EU transparency report on harmful content moderation and penalty actions (Feb 2025) and is considering whether to repeat or annualise similar disclosures. For users, the company maintains official content principles, grievance channels to dispute or report decisions, and is centralising privacy and user agreements on its website for easier reference. It intends to publish more granular takedown data for major platforms on a quarterly basis (by takedown reason categories such as inappropriate information, rumours, IP infringement). Operationally, moderation relies on a hybrid approach of manual review plus AI/ML tools (including LLMs) to speed detection of graphic or harmful content. The company says it may have submitted detailed information to regulators but has not committed yet to publish trainingdata or featurelevel disclosures for users; this remains an area under consideration. Company also confirmed that it did not use user data to train its AI models (those are trained on public data). *Though we were pleased with company's progress, we shared that some its peers are more ambitious in both policies and disclosures and offered several good practice examples. We expect to follow up again in 2026.*

Company B **Sector:** Software **Region:** North America **Engaged directly. Engagement started in 2022.** 	The company uses AI extensively in products aimed at businesses and private clients. The company does not have an AI ethics policy in place, but internal discussions are ongoing with a focus on external communication around AI explainability (for instance, how the company's software generates tax advice). The board has visibility and oversight of AI ethics discussions.	We engaged with the company to develop and publish a formal AI ethics policy and to evidence its implementation through risk assessment and due diligence for both internal and external AI applications. We emphasised the need for clear evidence of internal AI deployment risk management, with particular attention to human capital impacts.	The company has published its Responsible AI Principles and in 2024, established internal governance arrangements for overseeing responsible AI deployment. It began collaborating with relevant external stakeholders to implement the AI governance programme and confirmed that AI systems undergo reviews and testing to evaluate performance, safety and security. Nevertheless, we continue to regard more granular risk assessment and planning on AI's impact on the workforce as necessary.	In 2025, the company's reporting showed more developed public disclosure on artificial intelligence governance, including details of its AI Governance Committee, board-level reporting through the Audit and Risk Committee, explicit reference to the European Union's Artificial Intelligence Act. We subsequently continued to encourage the company to expand AI ethics disclosures and for evidence demonstrating effective operationalisation of the company's AI principles. In our meeting the company reiterated its readiness to consult best-practice examples of AI principles operationalisation. *We provided several examples of good practices, and will continue to follow up to secure concrete, timebound evidence of implementation such as risk registers, pilot results, testing protocols and workforce impact assessments in 2026.*
Company C **Sector:** Broadline Retail **Region:** Asia **Engaged directly and through Big Tech and Human Rights initiative. Engagement started in 2023.** 	The company operates e-commerce and technology platforms. It is well aware of the digital rights concerns associated with its platforms (privacy and content moderation expectations). The company set up governance bodies to oversee these risks and potential risks associated with new products and technologies. The company has had data protection and privacy initiatives in place since 2015. This includes efforts to educate users on privacy and data rights.	We encouraged the company to: – Demonstrate evidence of digital rights risks oversight being applied systematically through reporting and metrics – Provide evidence of risk assessments focusing on vulnerable groups of users (e.g. children) and evidence of processes to review and moderate content and targeted advertising aimed at minors – Provide further evidence of effectiveness of current user opt-out mechanisms – In response to a controversy, evidence that an ethics committee is able to review and veto high-risk projects	In 2024, the company evidenced risk management processes around certain specific AI and digital rights risks, but lacked transparency on key material risks, such as protection of minors or video content. However, no updates were made available on the company's user privacy (opt-out) options and ethical AI policies. As well, we wanted to see more specific, ideally quantitative, details on the management of risks identified in the prior engagement going forward.	As of 2025, the company made positive changes to their privacy policy for Cloud which specifies their role of acting on behalf of customers when processing end-user data and placing compliance onus on the client. However, the company has not provided examples of implementation, such as cases that required further review. We also encouraged progress on their assessment of digital rights risks, including for vulnerable groups. We have provided them with examples from peers who report on human rights due diligence key KPIs, including quantitative KPI for minors' protection. *We are re-encouraging the company and maintain a neutral momentum assessment, but acknowledge company's openness to feedback and look forward to re-engaging in 2026.*

Company D **Sector:** Interactive Home Entertainment **Region:** Asia **Engaged directly** **Engagement started in 2023.** 	The company provides online content and gaming , community platforms, e-commerce and advertising, and other digital services. As AI becomes more adopted and integrated across operations, products and services, the company faces growing opportunities and risks. This makes AI governance, ethics and transparency increasingly important. At the start of our engagement, the company lacked evidence of robust AI governance.	We encouraged the company to develop and demonstrate robust oversight of AI risks and ethics by developing a publicly available responsible AI policy and governance framework.	At the start of our engagement in 2023, the company disclosed no information on responsible AI. We encouraged it to develop an AI ethics policy and a governance framework for responsible AI. Our 2023 engagement suggested that the company had some preliminary AI risk management measures, but no public disclosures were available. In 2024, the company remained reluctant to publish much about its AI ethics, citing the different use cases across business lines. However, it began looking into setting up governance arrangements for AI risk oversight and developing related internal policies. We suggested that the company could consider publishing the principles and general framework it applies to assess AI risks across business lines in the absence of a single overarching policy.	In 2025, the company materially improved transparency, confirmed the development of internal AI policies that define ethical standards and assessment protocols, and published AI ethics and compliance materials. It also updated public guidance on content security and AIGC across multiple dimensions including training data, safety testing, generated content transparency and user oversight. In response to our recommendation to establish Board escalation mechanisms and clear accountability for AI risks, the company has initiated a review to set up a governance structure, with the arrangement remains flexible for now, to oversee AI ethics. Overall, the company has significantly strengthened AI-related guidelines, internal policies and governance, beginning to move from policy development to execution *We will continue to encourage meaningful disclosures in 2026 as some of the information remains fragmented.*
Company E **Sector:** Ground Transportation **Region:** North America **Engaged directly** **Engagement started in 2022** 	As a ride-hailing business, the company's operations rely heavily on the effective functioning of its proprietary algorithms. At the start of our engagement, the company lacked formal oversight of algorithmic impact despite allegations of risks of algorithmic bias and potential implications for health and safety of its users.	We began with recommendations to introduce and evidence algorithmic impact assessment to evaluate risks associated with algorithmic deployment, progressively focusing engagement on AI risk governance as it became more central to the company's strategy.	Since the start of the engagement, the company has introduced internal risk management structures around algorithmic fairness, including setting up a dedicated Council and processes to address algorithmic bias across its services. In our 2024 engagement, the company indicated plans to publish an AI ethics strategy and sought our input, which we appreciated.	In 2025, the company published a clear AI strategy and principles. It deals with transparency, responsible stewardship and trust; fairness and non-discrimination; privacy and data protection, amongst others. The company has also set AI governance processes and structures that is led by the company's Chief Privacy Officer, whereas the AI Ethics work is overseen by an Ethics Council and the Office of Responsible AI. *We will continue the dialogue in 2026 but will review our focus to potentially move towards reporting on KPIs and implementation of AI governance commitments.*

Next Steps and Amundi Perspective of Engagement

As our engagements show, responsible governance of technology development and deployment is a fast-moving area with rapidly changing regulatory and normative expectations and with risks continuously evolving. In 2026, we will continue to engage with companies on progressing towards robust oversight and ethical implementation of technology, especially AI, widening our scope of engagement to include more companies outside of the technology sector, where issuers have generally received less scrutiny from investors and regulators and risks continue to accelerate. We will also continue to pay attention to downstream risks for AI developers and workforce and value chain risks of AI deployers.

Case study 47: Social Media Company

Context: In 2020, we started an engagement with a social media company on content moderation and digital rights. The engagement was prompted by multiple controversies associated with the company's management of human rights risks associated with its platforms.

Concerns about the adequacy of the company's content moderation oversight and resources in non-US markets had been raised since 2017 events in Myanmar, where the lack of rigorous content moderation sensitive to the local context at the time had been linked to atrocities perpetrated against the Rohingya people. This had led to a number of lawsuits, and on a number of occasions the company had admitted to failing to act upon concerns about its content moderation resources. Further, the company's use of sub-contractors to moderate content has led to queries about the moderators' working conditions.

Separately, the company also previously faced a controversy related to personal data use and allegations of causing harm to vulnerable groups, including affecting teenagers' mental health. The risks for the company were material given the fines and other regulatory responses it had experienced. (including limitations on young users' data monetisation, for instance). Given the company's reach and role as a media platform, its ability to adequately review content has a broader impact on market stability too. For these reasons, it is important for us to continue our engagement with the company and ensure that it has adequate risk mitigation processes in place.

Amundi Actions: Given the company's global reach and capacity to amplify harmful content, we were particularly interested in ensuring that product impact on human rights issues was appreciated and overseen by the Board. In 2023, we became co-leads on a collaborative engagement with the company as part of an initiative convened by the Council on Ethics of the Swedish AP Funds. We saw the objectives of the initiative as complementary to our engagement goals and therefore decided to continue our engagement on content moderation directly, while the engaging on human rights risks together with the collective group as a co-lead for the company.

Engagement Objectives:

Our original engagement objectives included the following:

- Evidence effective enforcement and adequate resourcing of content moderation policies
- Develop holistic Board oversight of human rights and human rights impact management
- Evidence how the company is addressing human rights risks linked to its business model
- Demonstrate adequate resourcing of risk management associated with underage users

In 2024, as the engagement evolved, we also encouraged the company to demonstrate:

- Adequate resourcing of content moderation, including both human resources and AI applications
- Quantitative metrics to assess the effectiveness of the company's interventions to address risks for underage users, including exposure to harmful content and mental health

Engagement Outcomes and Issuer Momentum: The company published its first human rights report in 2022 and carried out a multistakeholder salience assessment in early 2023 aligned with the UN Guiding Principles. Investors welcomed the policy progress but identified limited transparency on contentmoderation resourcing as a material risk. As a result, investors cofiled a shareholder resolution requesting evidence of the effectiveness of measures to prevent and mitigate contentrelated humanrights harms in the company's five largest nonUS markets. Engagement continued through 2024, including a upcoming dialogue on the shareholder proposal and ongoing collaboration as coleads of a Big Tech initiative on human rights, AI ethics and children's online safety. The company reported work with teenagers, parents and guardians and noted ageverification challenges linked to privacy. It described additional moderation resources deployed around the 2024 global election cycle and a hybrid humanplusAI moderation model. Investors welcomed these steps but repeated calls for measurable, quantitative metrics on resourcing, clearer integration of humanrights due diligence into AI deployment, and concrete actions to protect vulnerable users' mental health. We also provided detailed feedback on the Human Rights Report, praising progress while urging greater transparency and systematic disclosure of quantitative indicators.

Despite advances, Amundi judged momentum insufficient given the company's scale and regulatory scrutiny and concluded that board oversight of ESG and humanrights risks should be strengthened, a factor that informed voting at the 2024 AGM.

In January 2025, the company implemented a moderation reset, ending third-party fact-checking in some location, moving toward Community Notes, narrowing proactive enforcement to the most severe violations, and loosening some restrictions on several topics related to vulnerable users. Given this recent step-back, especially in light of prior progress, and the systemic risks it posed from an information and user safety perspective, Amundi chose to escalate our engagement and voted against the re-election of the company's directors. Over the course of the year, company's progress remained uneven. The company expanded Teen Accounts format across its main platforms and said it would use AI to help place suspected teens into these settings. It also added further teen and child safety protections, including stronger messaging safeguards and introduced a school partnership programme for serious youth-safety concerns. Yet, it also widened the scope of its LLM use by making it available to national-security institutions, raising questions about military use.

Throughout 2025, engagement was also challenging due to internal changes within the company. However, as the company welcomed feedback on its human rights disclosures earlier, we used the opportunity to communicate our expectations for its next report. We asked the company in 2025 for a focused set of outcome-oriented including youth safety outcomes, contractor transparency, AI governance, impact assessment cadence and remedy, as well as language equity in content moderation. Subsequent reporting published in late 2025 expanded process and governance disclosure in several of these areas, including language-specific moderation improvements, youth safety features, crisis response, partner escalation channels, AI safeguards and external oversight follow-through, but it did not provide most of the comparable outcome metrics requested, particularly on language-level effectiveness, youth exposure rates, multilingual AI safety and enforcement, high-risk public-sector use, or clearer disclosure on impact assessment cadence and remedy.

Next Steps: Despite the 2025 developments, we find it important to continue our engagement given the systemic importance of the issuer and the risks it faces as digital rights regulation becomes more fragmented. We will continue to follow up on key topics from our engagement objectives, but also integrate expectations around product use, especially in high-risk settings.

Collaborative engagement: Ranking Digital Rights[278]

Context

One of the growing challenges for technology companies remains balancing the rights of their users, particularly to privacy and freedom of expression, with their commercial strategies, which include benefitting from user information through data monetisation, particularly via targeted advertising. Data monetisation has multiple pitfalls, most notably potential for leakages, misuse and breaches of user rights.

To enable more systematic assessment of technology companies' management of those issues for investors and other stakeholders, the Ranking Digital Rights (RDR) Corporate Accountability Index assesses 26 major global digital platforms and telecommunications companies on the quality of their policies and disclosures related to freedom of expression, privacy and security online. The RDR's framework consists of three key pillars, governance, freedom of association and privacy, with the methodology is publicly disclosed on the RDR website[279]. In 2018, the RDR and the Investor Alliance on Human Rights launched a collaborative investor engagement, informed by the RDR findings and recommendations for improvement, underpinned by a widely supported investor statement[280].

The 2025 RDR Index, published in April 2025, evaluated 14 global digital platform companies across 43 services on more than 300 indicators covering governance, freedom of expression and privacy. For the third consecutive assessment, no company scored above 50%, confirming that even among the most well-resourced technology companies, transparency and accountability on digital rights remain substantially below expectations. While a majority of companies showed some improvement, the overall picture was one of stagnation, with incremental progress insufficient in the context of the rapid expansion of generative AI, global conflict and democratic decline. Across the assessed companies, algorithmic transparency and targeted advertising practices remained largely opaque, and the Index found that companies are training AI models on users' data with no meaningful mechanism for users to opt out[281].

Amundi Actions

Amundi joined the engagement in 2021 as a leading on the engagement with telecommunications companies, one in Europe and one in emerging market, as well as collaborating with a group of investors on an engagement with a European telecommunications corporation and subsequently also becoming a lead for an Asian digital platform and a co-lead for an emerging market interactive media company. In 2025, we continued to follow up with the engagement pool along our key expectations.

Our key RDR engagement objectives were as follows:
In line with RDR recommendations, all RDR-ranked companies are encouraged to:

- Implement robust human rights governance
- Be transparent on the implementation of key policies relevant to digital rights
- Give users meaningful control over their data and data inferred about them
- Account for harms linked to algorithms and targeted advertising

Additionally, Amundi expects companies to put in place systematic digital rights assessments across their activities and relations with partners in their value chains. These can take the form of, for instance, human rights impact assessments and third-party due diligence.

278. In 2024, we closed our engagement with a UK telecommunications company with a positive outcome. This case is no longer reported.
279. https://rankingdigitalrights.org/methods-and-standards/
280. https://investorsforhumanrights.org/investor-statement-corporate-accountability-digital-rights-0
281. Ranking Digital Rights, "2025 RDR Index: Big Tech Edition" (28 April 2025), now part of the World Benchmarking Alliance.

Issuer Momentum

In 2025, progress remained uneven, but stronger performers, as illustrated in particular by company D, made significant strides. For those strong companies, we observe maturing digital rights governance with engagement moving towards the details of implementation.

Macro Sector	Baseline assessment	Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Telecommunication **Region:** Asia **Engagement started in 2021** 	The company has demonstrated limited overall awareness of digital rights issues and lack of a human rights team.	We encouraged the company to Publish an explicit commitment to human rights Increase transparency on how the company responds to government orders to shut down networks and commit to push back against these demands Publish information about censorship and user information demands by authorities	The company included third-party vendors in privacy-related impact assessments. The company joined the UN Global Compact and started internal work on human rights, including establishing governance for human rights matters and roll-out of training for employees and suppliers. In our 2024 outreach to the company, we noted a lack of progress since 2023. The company still needs to build foundational human rights policies, processes and resources to begin to address more specific digital rights issues.	In 2025, the company strengthened public disclosure on digital-integrity governance through chief executive performance metrics tied to digital integrity, board-level oversight of data privacy and customer data protection, and an updated privacy notice setting out user rights. Alongside this, updated sustainability and supplier policies added clearer reference to human rights and international labour-rights standards. *However, the company is yet to specifically address our engagement objectives. We will use these recent developments to progress on the dialogue on transparency reporting in 2026.*
Company B **Sector:** Telecommunication **Region:** Europe 	The engagement started in 2021. The company's policies related to freedom of expression and information are not on par with peers across the industry. The company showcases limited transparency on digital rights policies and governance and limited scope of human rights impact assessment.	We encourage the company to - Disclose policies and practices affecting freedom of expression and privacy - Clarify approach to handling government demands for user data and censorship - Expand the scope of human rights assessments - Commit to net neutrality - Disclose information on user privacy protection	Our engagement with the company focussed on strengthening its ethical and human-rights governance in relation to data and artificial intelligence. The company published an ethical charter on data and AI that included commitments to data protection and privacy, and began work on an ethical framework for AI. It evidenced human-rights risk-mapping processes and started to bolster human-rights governance, including work on an integrative human-rights policy and a transparency policy on data security and personal data protection. In a 2024 meeting the company reported progress on improving its group human-rights policy and highlighted new processes, internal communication and training initiatives designed to improve country-level risk management for civil and digital rights. We welcomed these developments but made clear we would follow up on implementation and on further disclosure of an AI ethics policy.	In our 2025 meeting, we re-encouraged company to disclose its ethical AI policy We also noted that its latest transparency report remains limited to generic disclosure and lacks references to human rights conventions. Hence, we reiterated our expectation for more robust disclosures through annual reporting and additional details on government requests, which company only quantifies without additional details at the moment. *Engagement will continue in 2026.*

Company C **Sector:** Interactive Media **Region:** Asia **Engagement started in 2022** 	The company showed strong practices among non-US peers, with disclosures around freedom of expression and government requests for information. It was less clear on the governance of risks around algorithmic deployment, policy enforcement and management of certain privacy risks. It could also improve transparency around the scope and findings of its human rights due diligence and impact assessments.	We encouraged the company to: – Strengthen its human rights due diligence – Enhance reporting on content policy enforcement – Provide more transparency on targeted advertising and content moderation – Report on results of human rights due diligence and human rights impact assessments – Provide disclosures on content policy enforcement and removal of harmful content – Disclose how targeted advertising rules are enforced in practice for users aged over 14	The company set up an internal human rights organisation and a tech ethics team. The company set up an Advertising Ethics Organisation, opened a help centre to protect stakeholders of targeted ads and improved disclosures on advertising to minors. The company started work on AI ethics implementation. In 2024, the company shared with Amundi plans for its human rights assessment, which will include internal stakeholders and vulnerable groups, although this still represents a relatively limited assessment scope. It also reported details of grievances received, but still currently lacks a formal commitment to remedy them. Although the company's reporting includes enhanced information on how users can access and request to remove their data, there is scope to include statistics on these requests and removals in the company's disclosures to demonstrate that the process is effective.	The company has taken steps on human rights impact assessment (HRIA) and product monitoring but progress is partial against the engagement objective of robust HRIA and product-level oversight. It conducts biannual assessments that resemble awareness assessments rather than full HRIAs, uses indirect product monitoring (keyword flags, user-monitoring systems, customer-centre responses) and introduced a children & adolescent protection checklist with affiliate Tech & Ethics Committee review. We view these as useful building blocks and recommend the company adopt a clearer, productlevel HRIA methodology, publish how it prioritises highrisk services, and report summary findings and prioritisation rationale in disclosures. The company shows mature governance foundations around AI and algorithmic ethics, which ties into content and other user-relevant policies. However, it has not yet committed to algorithmic transparency pledges or regular user impact assessments. We recommend the company commit to publishing algorithmic transparency commitments, a timetable for regular user impact assessments, and a public review policy for content, and to expand English-language disclosures. On data rights, breaches and transparency reporting, the company provides user download/export capabilities for some services, applies privacybydesign, privacy impact assessments and annual compliance reviews, and began biannual safety reports for usergenerated content in 2024 (which it will share with Amundi). It recognises gaps in clarity around data export reporting and thirdparty access/consent mechanisms and is open to enhancing disclosures for the next ESG report. We recommend it clarify and standardise data export reporting across services, strengthen consent and thirdparty access disclosures, publish metrics on the effectiveness of usereducation and protection measures (including children), and include timelines for planned improvements. *We see engagement as constructive and will continue in 2026.*

Company D **Sector:** Interactive Media **Region:** Asia Engagement started in 2023 	The company's disclosures focused on privacy although they also included some data on tackling content policy violations. The company showcases limited evidence around platform risk assessment and its oversight.	We encouraged the company to: – Evidence risk management and oversight of risks related to the use of its platforms – Disclose KPIs to assess performance on key digital rights policies and management of AI-related risks – Enhance transparency around user data processing	The company set up a number of interventions to improve users' access to their own information, especially in the context of targeted advertising. It also developed an AI ethics policy and began setting up a Tech Ethics Committee. In its 2023 ESG report, the company increased disclosures around its digital rights practices, including collaborating with third-party human rights experts to regularly conduct a company-wide human rights impact due diligence, then identify potential impacts and risks in order to avoid or mitigate potential human rights risks in the company and its value chains. The company also published its human rights risk indicator list and remediation actions in its human rights policy document, which include user privacy metrics. However, no reporting was provided yet on these metrics, and given the company operates a number of different services, more clarity can be provided on how the specific metrics apply across those. Hence, we consider that the company has achieved approximately 75% of this target but further work is needed to make the metrics meaningful to investors. We wanted to see more robust risk management around AI, including more transparency on KPIs linked to algorithm training, as well as more clarity on the use of user data for targeted advertising and algorithm training.	Company shard with us several notable points of progress on our asks. The company has worked with third party human rights experts to conduct company wide HRIAs and publishes risk indicators and remediation actions. Key risks identified include privacy/informational self determination, freedom of expression, equality/non discrimination, freedom from harassment/violence, anti corruption, right to life and health, social security and fair working conditions. It reports some tracking KPIs in its 2024 ESG report and says relative KPIs are tracked internally; it intends to continue developing HRIA triggers, follow up documentation and public reporting. The company confirmed user data is used to generate tag information for profiling, automated decisions and personalised recommendations where permitted, subject to consent and internal controls. Advertising moderation combines AI (including LLMs), human review and audits; LLMs are used for real time ad monitoring. Users have account controls, rights to access/correct/delete data, opt outs for recommendations and a feedback channel with 30 day response timelines. A Technology Ethics Committee (senior chaired, external members) reports to the board quarterly. The company conducts internal/external security and compliance audits, trains staff and suppliers on AI ethics, requires third party security certifications and applies SDK lifecycle controls. It conducts algorithmic/user impact audits and claims broad embedding of AI principles in algorithms. Regarding KPIs, it shared that it had a KPI on leveraging LLMs for content governance, reducing harmful content by 74% during a pilot project targeting minors. This is the first example of a quantitative KPI developed by a technology company on the matter to the best of our knowledge. *We still see some minor areas of progress but we will consider evolving the asks in 2026 and positively closing our current objectives.*

Next Steps and Amundi Perspective of Engagement

With policies and governance around digital rights now becoming firmly well-established, we will continue to move towards the assessment of implementation and performance. An area we will keep our attention on in 2026 is user rights and privacy, which occasionally tends to become deprioritised as companies focus on AI governance.

Collaborative Engagement on AI Ethics with the World Benchmarking Alliance

The World Benchmarking Alliance's (WBA) Ethical AI engagement was launched in 2022 as a result of the WBA identifying in its 2021 Digital Inclusion Benchmark that many of 150 major companies involved in the digital economy had limited awareness of ethical approaches to AI. The WBA launched an Investor Statement supporting responsible algorithmic development amongst technology companies and providing the foundational expectations for the engagement[282]. The key message of the statement is that failing to operationalise AI ethics and guard against potential pitfalls of AI application is a material reputational and financial risk for companies. Therefore, in its first two years, the engagement focused on encouraging target companies to operationalise and formalise their approach to AI ethics, subsequently progressing towards their implementation.

The WBA's Digital Inclusion Benchmark, updated in 2025, assessed 200 of the world's most influential technology companies and found that while adoption of AI principles has continued to grow, with 71 companies now disclosing a publicly available set of ethical AI principles (up from 33 in 2021 and 52 in 2023), governance and implementation remain weak. Only 24 of the 200 companies assessed (12%) meet the WBA's expectations on AI governance, with few able to demonstrate who oversees AI risks, how principles are operationalised across the AI lifecycle, or how external stakeholders are engaged. Notably, the proportion of companies whose AI principles explicitly reference human rights considerations has declined, from 60% to 53%, even as overall adoption has increased. The AI Collective Impact Coalition's 2025 Progress Report, published in December 2025, documented three years of collective action and found that while engagement has driven measurable progress in the adoption of AI principles, the gap between policy commitments and demonstrated implementation remains substantial, with few companies conducting human rights impact assessments or disclosing operational detail on how their AI governance frameworks function in practice[283].

Amundi Actions

Amundi joined the collective engagement in July 2022 and led on engagements with five companies (including co-leading on one). In 2024, we added four more companies to the engagement, leveraging the WBA's expanded list of companies assessed as part of the benchmark, and leading on all of those. In 2025, we joined the Coalition's Steering Committee (see Systems Engagement section for details of our work with the Coalition).

Engagement Objectives

The primary goal of the Ethical AI engagement is to encourage companies to commit to ethical AI principles and publish a relevant formal policy. Original engagements included expectations on the governance and Board oversight of AI ethics, improving integration of ethical considerations into AI development and deployment, and deployment of AI and algorithmic impact assessments to mitigate against technology risks, including risks of discrimination and unintended consequences of algorithmic application. We sought to assess the extent to which companies were aware of the risks associated with AI and algorithm deployment and the categories of risks considered. Our engagement discussions were frequently coupled with questions about broader ESG and human rights oversight.

282. The Investor Statement on Ethical AI along with a list of its signatories is available at: https://www.worldbenchmarkingalliance.org/ impact/investor-statement-on-ethical-ai/
283. WBA, Digital Inclusion Benchmark (2025 iteration). WBA, "Plugging the AI Transparency Gap: Collective Impact Coalition for Ethical AI 2025 Progress Report" (December 2025).

2025 continued the next phase of the collaborative engagement launched in 2024, as some companies made progress towards formalising their AI ethics policies. In addition to publishing these high-level commitments, the engagement priorities were expanded to include a new focus on the implementation of these policies and the demonstration of how companies seek to mitigate against any potential risks emerging from the accelerated deployment of AI. Specifically, the engagement recommendations included implementing, demonstrating, and publicly disclosing:

- A set of ethical principles that guide the company's development, deployment, and/or procurement of AI tools
- Strong AI governance and oversight across the value chain of AI development and use
- How these principles are implemented via specific tools and programmes of action relevant to the company's business model, including on the product and service level
- Impact assessment processes applied to AI, emphasising human rights impact assessments, especially in high-risk use cases

Issuer Momentum[284]

The table below provides a sample of our collective engagements as members of the Ethical AI CIC in 2025. The progress broadly mirrors the findings of the WBA Digital Inclusion ranking, with some companies still at the stages of developing their ethical AI policies and other progressing much further beyond towards their operationalisation and integration. What we do observe, however, is that even though uneven in scale and scope, progress was observed across all companies under engagement.

284. In 2024, we closed the engagement with a European Media company on ethical AI due to limited direct relevance of the issue to the company's business model, as company operates satellites and has a relatively small, largely technical team. This engagement is therefore no longer reported, though we may reopen it in the future.

Macro Sector	Baseline assessment	Key Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Semiconductors & Semiconductor Equipment **Region:** North America **Engagement started in 2022** 	The company had ethical AI principles developed internally, supported by processes and a governance structure, but not publicly disclosed. The company is active in various ethical AI forums and has developed good understanding of key stakeholder concerns on the matter.	We encouraged the company to publish ethical AI principles and ensure they are easily accessible to all stakeholders. Once the above are published, we encouraged the company to demonstrate the effectiveness of their implementation through relevant tools, action plans and monitoring. We recommended the company to consider conducting impact assessment for AI and assess product use risks.	The company published its Ethical AI principles in late 2023. AI principles have also been integrated into the company's human rights policy. In 2024, we followed up with the company requesting evidence of effective implementation of its AI ethics principles. We noted the company's strong practice of integrating AI and human rights issues in particular, but asked for more transparency around the oversight of AI-related risks in its value chain. The company shared high-level principles for AI risk assessments, but we will look to follow up on questions related to product use in 2025.	Company made very strong progress in 2025, demonstrating practices that were not only industry-leading, but also strong for the wider technology sector. The company integrates human rights into its Responsible AI (RAI) work: assessments apply EU AI Act highrisk thresholds and escalate elevated cases to the Human Rights Office. It plans to formalise HRIA review triggers, document followup actions, and reflect findings in public reporting. Operationally, it updated its OneTrust system to include EU AI Act sections, socialised RAI with leaders and appointed RAI champions, and completed 105 OneAI assessments since 1 Jan 2025. Assessments covered generative AI, computer vision/sensing and model optimisation. Common mitigations include updated developer guidance, access constraints, use of approved models, data minimisation and comparative safety/ safety testing. Processes now link to Security/ Corporate Product Regulation Standards, use notouch and hightouch interventions, and have halted projects where RAI advised against proceeding. RAI principles are being revised to inform the broader AI strategy. Environmental and valuechain risks are being incorporated: reviewers now weigh environmental costs against project benefits, with a 2026 roadmap for enhanced environmental assessment methods. Valuechain labour and supplier risks are assessed through existing frameworks and will be more explicitly integrated into AI strategy. External and impacteduser perspectives are coordinated via the RAI Council and multistakeholder engagement. *Overall, we may want to see some concrete examples of this work in reporting but we are pleased with progress and may consider closing the engagement in 2026.*

Company B **Sector:** Semiconductors & Semiconductor Equipment **Region:** North America **Engagement started in 2022** 	The company has a cross-functional ethical AI workstream in place. In the exploratory phase of ethical AI work, the company acknowledged that the issue is important to investors and other stakeholders but is not at a stage of publishing documents. AI is core to the company's commercial strategy and it acknowledged that not having formal policies in place to oversee its responsible deployment is a risk.	We encouraged the company to: - Formalise the ethical AI workstream - Publish ethical AI principles and ensure they are easily accessible to all stakeholders - Once published, demonstrate the effectiveness of their implementation through relevant tools, action plans and monitoring - Consider conducting impact assessment for AI and assess product use risks	In late 2023, the company advised Amundi that it was preparing to publish its ethical AI principles. The principles had been formalised and would first be rolled out to internal audiences. The working group on AI was meeting at least weekly, signalling the importance of this work. The company hoped to formalise the group further. The company was also looking at the AI value chain and impacts on data enrichment workers as part of its double materiality exercise. In 2024, the company informed us that it was working on the operationalisation and practical implications of its AI principles, which it was looking to make public in 2025.	In a meeting with Amundi, company shared that there was no substantive progress to report yet: work on the operationalisation of AI governance principles was ongoing, with regular meetings of internal governance bodies, but company was cautious about making new disclosures at the time. *Our experience is that company does tend to only disclose information where it has confidence around the robustness of such disclosures, and therefore, while there may be no formal progress to report, we do view our dialogue as positive and constructive. We will continue our dialogue with the company in 2026.*
Company C **Sector:** Media **Region:** North America **Engagement started in 2022** 	The company did not see AI ethics as a material issue. However, the company has applied machine learning and AI teams and uses AI in its advertising business.	We encouraged the company to: - Assess material risks associated with AI deployment - Develop an appropriate level of ethical oversight of AI and algorithmic development - Develop formal ethical AI principles	Despite no updates on AI ethics, the company had made significant investments in AI. In our 2024 meeting the company demonstrated reluctance to enhance disclosures around its AI use cases and risks, and therefore discussion remained high-level.	In its 2025 disclosures, company did provide some information on AI governance, use cases and risk management. Whilst we would have liked to see more transparency around those, the investor group agreed to close the engagement to prioritise higher-risk companies.
Company D **Sector:** Interactive Media **Region:** Europe **Engagement started in 2022** 	As a media platform, the company faces AI risks related to content moderation and user recommendations. It has an emerging appreciation of AI ethics and risks associated with algorithm deployment, spearheaded by its engineering team. It has also instituted a multidisciplinary safety advisory council consisting of external experts to discuss arising ethical issues. However, none of its relevant policies are publicly available, and the role of the safety advisory council is non-binding.	We encouraged the company to publish internal policies related to ethics in AI and algorithmic development. Additionally, we recommended the company to formalise governance processes related to AI ethics and disclose the role of relevant teams and advisory bodies.	The company published its 2022 Equity & Impact report which included a section on algorithmic impact, with a reference to the 2021 Algorithmic Policy, Guidelines, and Best Practices document. Unfortunately, the policy itself was not published. In 2023, we reiterated our recommendations to the company once more. In 2024, the company remained unresponsive to our engagement requests but we will attempt another outreach in 2025 given the company's growing exposure to AI risks related to intellectual property.	In 2025, the company moved beyond general AI risk disclosure and feature rollouts to publish clearer guardrails for artificial-intelligence use in music, including impersonation rules, spam controls, support for disclosure standards, and artist-centred principles developed with music-rights partners. *We acknowledged some of this progress in our outreach but once again reiterated our expectations around formal policy, governance and oversight. We will continue our engagement efforts in 2026 given the company's increased importance in the media ecosystem.*

Company E **Sector:** Semiconductors & Semiconductor Equipment **Region:** Europe **Engagement started in 2024** 	As a semiconductor equipment firm, the company is primarily exposed to AI risks through its value chain. However, it was open to engagement with the WBA Ethical AI investor group given its work on product responsibility.	Our initial ask for the company to develop and disclose an ethical AI policy appropriate for company's nature and scope of AI deployment.	In our meeting, which took the format of an interactive workshop between the company and investors, we shared examples of strong practices from peers and other industries with the company to inform its responsible product policy, where AI risks would likely feature. Internal use cases and risk management practices for AI were also covered in the meeting. As a next step, we agreed to follow up with the company in early 2025 when it might be ready to share its product responsibility policy, and we also encouraged the company to look into developing a process for AI risk reporting for its internal teams.	Our 2025 meeting provided additional detail on the company's AI governance and training, outlining several strong internal practices. We recommended the company publish an overview of this governance and training architecture in its disclosures to enhance transparency. The company has developed an internal ethical AI policy and is considering publishing parts or the full document; its current focus is internal while it seeks input on enforcing expectations across the ecosystem given its indirect position in the value chain. We recommended the company disclose its policy and engage with the World Benchmarking Alliance to develop expectations it can share with peers and the sector. The company has implemented a process for flagging and reviewing AI use cases and supplied governance and risk-management details, citing Microsoft's disclosures as an illustrative example. We recommended the company summarise this AI usecase review process in public reporting to demonstrate how risks are identified and managed. *Engagement is to continue in 2026.*

Company F **Sector:** IT Consulting & Outsourcing **Region:** Asia **Engagement started in 2024** 	An IT consultancy, this company actively leverages AI internally and offers services to clients involving AI opportunity identification, strategy development and implementation. However, it did not disclose any policies to indicate ethical AI oversight.	We encouraged company to develop and/or disclose its policies regarding ethical AI oversight.	In our engagement meeting in 2024, the company outlined its AI use cases and principles, and arrangements to govern and manage AI-related risks. It demonstrated several strong risk management practices, including efforts to mitigate risks of displacement to own employees through upskilling and reskilling programmes covering the entire workforce. It also has a Centre of Excellence for AI which involves stakeholders from across the organisation and communicates updates directly to the Board. We asked the company to consider developing and publishing an AI ethics policy leveraging the solid foundations it already has. The company acknowledged that this may require time, but was open to best practice examples and further engagement.	In 2025, the company did publish a high-level summary of its AI policy, although we would still like to see the full policy disclosed. Company had also signed the European Commission's AI Pact and started collaboration with the MIT and a North American peer on AI governance. As company was in scope of the EU AI Act, we evolved our asks beyond our original requests to reflect emerging risks and company's maturing AI framework. We asked the company to disclose examples of AI risk assessments such as red-teaming and bias evaluations in future reports. We also urged transparency on AI system inventories and risk classifications aligned with the EU AI Act. We also asked to clarify how company addresses shadow AI. Lastly, we encouraged company to collect and disclose quantitative KPIs measuring Responsible AI operational impact, including percentage of AI projects reviewed, bias/privacy assessment outcomes, and remediation closure rates. *Company was responsive to our recommendations, and we will continue the dialogue on AI in 2026 to assess progress.*

Next Steps and Amundi Perspective of Engagement

In 2026, we will continue our engagements focusing AI ethics implementation and focusing on collecting and sharing good practices among companies. We will also focus more strongly on pushing companies to evidence strong risk management practices and encourage quantitative KPI disclosures, and for AI developers, stress the need to demonstrate adequate oversight of downstream use risks and links between human rights and policy and product development teams.

Building capacity and sharing knowledge on ethical AI and responsible technology

In 2025 Amundi advanced its work on ethical AI by contributing to a series of best-practice and capacity-building initiatives that translated investor dialogue into clearer engagement priorities and practical tools.

In early 2025 Amundi joined the Steering Committee of the World Benchmarking Alliance's Collective Impact Coalition on Ethical AI, where it helped shape the coalition's strategy, identify engagement priorities and design capacity-building activities. Amundi led the CIC working group on semiconductors, bringing together investors engaging with the sector to align expectations on supply-chain and transparency risks, and contributed to the drafting of the CIC annual progress report "Plugging the AI Transparency Gap"[285], which set clearer benchmarks for investor stewardship. The CIC's receipt of the 2025 PRI Award, Recognition for Action, Human Rights category, and the 2025 ICGN Excellence in Stewardship Award signalled that these collective efforts are influencing practice across the investor community.

In June 2025 Amundi hosted the first in-person workshop of the Big Tech and Human Rights investor group, enabling members to review progress and set a more focused agenda for future engagement. Also in June, on the margins of the Internet Governance Forum in Oslo, Amundi contributed to the event on the Role of Investors in Tech Governance co-hosted by the Global Network Initiative and the Council on Ethics for the Swedish National Pension Funds, sharing engagement experience and learning directly about the implementation challenges companies face. These interactions helped refine Amundi's engagement tactics and shape priorities where investor pressure can be most effective.

In September 2025 Amundi took part in a seminar on ethical AI hosted by Sarasin & Partner in London, which convened companies, investors and researchers to begin building the evidence base for AI governance materiality. In November 2025 Amundi hosted a panel titled "Will AI help or hinder sustainability efforts?" at the NextGen Treasury conference in London with speakers from the Omidyar Network and the Oxford Martin School, introducing investor perspectives to corporate treasurers and highlighting operational levers within companies that affect AI's sustainability outcomes. On 24 November 2025 Amundi participated in the Forum on Business and Human Rights session "Safeguarding Human Rights in the Age of Artificial Intelligence" at the United Nations Office in Geneva. The UN session provided a global policy platform to discuss the need to embed human rights due diligence into AI development and deployment and the role of investors in driving corporate accountability[286].

Taken together, these activities strengthened investor coordination, sharpened the evidence and tools needed for targeted engagement, elevated AI governance on corporate and international policy agendas, and improved Amundi's ability to hold companies to account for governance and sustainability risks associated with AI.

285. https://www.worldbenchmarkingalliance.org/sites/default/files/2026-01/2025_AI_CIC_Progress_Report_v2%20%281%29.pdf
286. Full session available at : https://webtv.un.org/en/asset/k14/k14apkyzr1

Engaging on Child Rights and Children's Safety in the Digital Environment

Children represent approximately one third of all internet users globally, and many routinely access digital platforms and emerging technologies from increasingly young ages[287]. The UN Convention on the Rights of the Child (UNCRC) and the Committee on the Rights of the Child's General Comment No. 25, adopted in 2021, establish that children's rights apply in the digital environment just as they do offline, including their rights to privacy, safety, participation, non-discrimination and protection from exploitation[288]. UNICEF's February 2025 working paper on the best interests of the child in the digital environment found that while the principle is increasingly referenced in regulation, there is little practical guidance on how companies should implement it[289]. The gap between commitment and practice is one of the reasons Amundi began engaging on this topic.

Regulatory attention to children's online safety has accelerated significantly since 2023, with a convergence of legislative and supervisory action across jurisdictions. In the EU, the Digital Services Act requires online platforms to put in place appropriate and proportionate measures to ensure a high level of privacy, safety and security for minors, with potential fines for non-compliance of up to 6% of global turnover[290]. In July 2025, the European Commission published detailed guidelines under Article 28 of the DSA, setting out expectations on risk assessment, age assurance, default privacy settings, restrictions on persuasive design features, and limitations on the use of minors' data in recommender systems and targeted advertising[291]. Although not legally binding, the Commission has indicated it will use these guidelines as a benchmark for assessing compliance. In the United States, the Kids Online Safety Act (KOSA) passed the Senate by a 91-3 vote in July 2024 and was reintroduced in the 119th Congress in May 2025, with the House subcommittee advancing it alongside 17 other child safety bills in December 2025[292]. In January 2025, the Federal Trade Commission finalised a significant update to the COPPA rule, strengthening restrictions on the monetisation of children's data, including a requirement for separate parental consent before children's information can be shared with third parties for targeted advertising[293]. In Australia, legislation enacted in 2024 prohibits children under 16 from using social media without verified parental consent[294]. In September 2024, UN Member States unanimously adopted the Global Digital Compact, committing to strengthen legal frameworks to protect children's rights in the digital space and to prioritise the development of national online child safety policies and standards by 2030.

The risks to children from digital products and services are varied and evolving. They span exposure to harmful content, manipulative design features that encourage compulsive use, targeted advertising based on behavioural profiling, collection and monetisation of children's personal data, and the use of algorithmic recommendation systems that may surface age-inappropriate material. The growing deployment of AI compounds several of these risks: generative AI tools can produce synthetic content that is difficult to distinguish from authentic material, while AI-driven recommendation and personalisation systems may amplify harmful content exposure for younger users if not designed with appropriate safeguards[295].

287. UNICEF; OHCHR, "Children's rights in the digital environment" (2025). The figure originates from UNICEF's *State of the World's Children 2017* report and has been widely cited since, including in General Comment No. 25.
288. UN Committee on the Rights of the Child, General Comment No. 25 (2021) on children's rights in relation to the digital environment, CRC/C/GC/25 (2 March 2021).
289. UNICEF Office of Research (Innocenti), "Best Interests of the Child in Relation to the Digital Environment," Working Paper (February 2025).
290. EU Digital Services Act, Article 28(1) and Article 52
291. European Commission, "Guidelines on measures to ensure a high level of privacy, safety and security for minors online" (14 July 2025), published under Article 28(4) DSA.
292. US Senate, S.1409 (118th Congress), passed 30 July 2024 by 91-3. Reintroduced as S.1748 (119th Congress) on 20 May 2025. House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade advanced the bill alongside 17 other child safety measures on 11 December 2025.
293. US Federal Trade Commission, final rule amending the Children's Online Privacy Protection Rule (16 January 2025). The updated rule strengthens protections for children under 13, including requiring separate parental consent for the sharing of children's data with third parties for targeted advertising and expanding the definition of personal information to include biometric and government-issued identifiers. COPPA continues to apply to children under 13. A separate legislative proposal, the Children and Teens' Online Privacy Protection Act (COPPA 2.0), which would extend similar protections to teens up to 16, has been advanced alongside KOSA in the House subcommittee but has not been enacted.
294. Australian Online Safety Act amendments (2024). See eSafety Commissioner, "Social media age restrictions."
295. UNICEF, "Keeping children safe online" (2025); see also UNICEF updated Guidance on AI and Children, referenced in UNICEF Office of Research (Innocenti), "The evolving digital landscape and best interests of the child" (2025).

These risks affect companies across the digital value chain, from interactive media and gaming platforms to social media, online marketplaces and device manufacturers whose products and operating systems mediate children's access to digital services.

For companies, inadequate management of children's online safety creates financial exposure through multiple channels: regulatory penalties under the DSA and equivalent national legislation, litigation risk as class actions and enforcement proceedings related to children's data and safety continue to grow, and reputational damage that can affect user trust and advertiser confidence. For investors, these risks are compounded by the difficulty of assessing them from outside the company, given the limited and inconsistent disclosure most companies provide on child safety governance, age verification effectiveness and the outcomes of content moderation processes for younger users.

Amundi Actions

Amundi began engaging with companies on children's online safety in 2022, initially as part of our broader digital rights engagement. Given the acceleration of regulatory developments and the depth of engagement dialogue we have built, we now treat this as a standalone engagement theme. Our engagement spans interactive media, gaming, online platform and device companies, with a focus on encouraging robust governance frameworks, effective implementation of age verification and parental controls, transparent reporting on the outcomes of child safety measures, and the integration of children's rights considerations into product design and algorithmic systems.

Key Objectives

Our expectations differ somewhat across business models, but generally include the expectation to:

- Evidence awareness and senior leadership oversight of risks related to children's rights and safety
- Demonstrate relevant risks management practice, including where relevant integrating children's rights into human rights due diligence processes
- Evidence efforts to address content risks
- Disclose quantitative KPIs to evidence child rights and safety policy and governance effectiveness

Issuer Momentum

In 2025, we saw increased openness from issuers to discuss child rights and online safety, which likely coincided with greater regulatory and consumer scrutiny around this issue globally. One area that remains a major concern, however, is the limited availability of internal expertise on children's rights and safety, which few companies have been able to evidence, with child rights still often being covered by trust and safety teams. Given the increased saliency of child safety risks, this is an area we will consider focusing on further in our engagements. Another challenge we observe companies facing is balancing children's rights and safety (e.g., safeguarding rights to access information versus limiting access to harmful content) on which debate is still very much ongoing. Finally, a concerning trend is some companies continuing to place expectations for child safety on parents or guardians, which shifts the risks but does not fully remove potential liabilities.

Macro Sector	Baseline assessment	Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Interactive Home Entertainment **Region:** Asia **Engagement started in 2023** 	The company provides online content and gaming , community platforms, e-commerce and advertising, and other digital services. Child safety is therefore highly material as a risk and opportunity for the company.	We recommended the company to demonstrate more oversight of risks related to children and minor's online safety and well-being. After a recent engagement, we also asked to demonstrate proactive management of risks through robust risk management practices and KPIs demonstrating their effectiveness.	In 2024, the company designated protection of minors as a material ESG issue and operates a Minors Protection Center focused on policy research and antiaddiction measures. It offers parental tools (screentime and spending limits, weekly play summaries) and an AI Patroller that detects underage behaviour and intervenes, including blocking unreasonable spending. Age verification relies on national ID where required; adults face no time/spend limits. The company does not report board oversight of the issue, citing regulatory coverage and low revenue exposure from minors. It uses AI in detection across search/video features and addresses abuse via platformspecific and parentcare channels.	Company continues to develop initiatives to protect minors, including age verification, parental controls, child-safe platforms and related research. It has expanded AI-driven solutions and responsible gaming practices to protect minors. However, there is a lack of quantitative metrics to assess the overall effectiveness of these measures, and the transparency and accountability around minor protection efforts need improvement. We shared with them some of the industry developments, including new features and practices that could further enhance their initiatives, such as customizable privacy settings, voice safety classifiers, interaction restrictions for users under 13. We encouraged company to take a more proactive measures in safeguarding young users and to further strengthen its initiatives and improve their accountability as well as transparency. *We will continue to advocate for the adoption of clear quantitative metrics and for more proactive steps to strengthen accountability and transparency around children's safety.*
Company B **Sector:** Interactive Home Entertainment **Region:** North America **Engagement started in 2023** 	Company publishes popular games and has been under scrutiny for a number of child safety issues, including most notably mental health impact due to the violent nature of its games. Online safety is also an important consideration for the issuer.	We asked the company to adopt a formal childsafety and control policy with measurable KPIs: strengthen parental controls and age verification, prohibit monetisation features (e.g., loot boxes) targeted at minors or introduce hard daily purchase limits, enable player/ parent spending controls and nontransferability of ingame currency, integrate mentalhealth and addiction risk mitigation into product design, publish transparency on controls and incident remediation, and share best practices with peers.	In 2024 company reported basic controls and customer outreach, purchase limit features, non transferable in game value, toggleable parental controls, proxy age checks via payment methods and a tiered approach (data lite for over 13s; child mode for under 13s with purchases disabled).	After a request for a comprehensive framework, the company reiterated controls, noted a Children's Privacy Policy update (late 2024) and ongoing Age ID improvements. We encouraged company adopt peer-adopted features (e.g., customisable privacy, enhanced monitoring, voice safety). Later in the year, we spoke to the company again. Company reported a dedicated Trust & Safety team now overseeing relevant risks, with annual/major update risk assessments in place. Content moderation is hybrid (human and automated). Age ID supports tiered access and spending limits, and the company is exploring responsible AI for moderation and further enhancements. *There remains significant room for improvement, but we very much appreciated the company's progress and will continue dialogue in 2026.*

Company C **Sector:** Interactive Home Entertainment **Region:** North America **Engagement started in 2025** 	This hardware manufacturer positions itself as a leader in privacy and user safety who owns its own applications ecosystem. Over the recent years, it has faced scrutiny around children's safety and child sexual abuse materials when using applications available through its ecosystems.	We asked company to: strengthen its governance and due-diligence approach to children's rights in the digital environment, encouraging company to integrate children's rights explicitly into its human-rights impact assessments and internal decision-making processes. Include a statement on managing risks of child sexual abuse materials on its platform in reporting. Both these measures align with normative best practice guidance and address emerging regulatory expectations.	Although we have previously discussed user safety with the issuer, we began engaging on children's safety only in 2025. Company shared that it uses child rights impact assessments, but some assessments are currently internal only and this is not an issue overseen by the board as a standalone topic. Risk communications looks at risks that include child safety, and there is a child safety council. *Overall, governance and due diligence quality are mixed - we still recommended enhancing child rights expertise and more direct board oversight and will continue this dialogue next year.*

Next Steps

In 2026, we will continue to develop our engagement on digital child rights, an area where the regulatory environment is evolving rapidly and company practices remain at an early stage of maturity. The European Commission's July 2025 guidelines on the protection of minors under the DSA provide a more concrete framework against which we can assess company practices going forward, and we expect these to inform our engagement asks.

Based on our 2025 engagements, several areas stand out as priorities. We would like to see companies invest in dedicated internal expertise on children's rights and safety, which we found to be limited across much of our engagement pool. We will also continue to advocate for the adoption of quantitative metrics that can evidence the effectiveness of child safety measures, an area where disclosure remains largely qualitative and difficult for investors to assess. We intend to explore further how companies are navigating the balance between protecting children and respecting their broader rights, including to access information and participate online, an area where regulatory and societal expectations are still developing. Finally, we will look to extend our engagement across the digital value chain, including to device manufacturers and operating system providers whose products mediate children's access to digital services.

2. Engaging on Cybersecurity

Cybersecurity is a critical, yet often underappreciated, component of companies' ESG strategy and societal responsibility, and a highly financially material matter for companies and investors. Between 2019 and 2023, approximately USD 5.2 trillion in global value was estimated to have been at risk from cyberattacks, with 10.5 million records lost or stolen every month[296]. Cyberattacks can be highly disruptive to business operations, and even when repelled, their impact can undermine societal, and hence market, trust in a business, with class action settlements often stretching out over many years.

A study published in the Journal of Financial Economics found that for a sample of 75 firms experiencing first-time cyberattacks, total shareholder wealth losses reached as much as USD 104 billion, approximately 100 times higher than the direct out-of-pocket costs researchers could identify, which amounted to USD 1.2 billion[297]. Research also suggests that the effects of cybersecurity breaches can have long-standing effects on the share price, with one study finding negative share price impacts of data breaches extending to as far as three years after the event[298].

296. World Bank, Cybersecurity Trust Fund overview. The underlying estimate of USD 5.2 trillion originates from Accenture and Ponemon Institute (2019).
297. Kamiya, S. et al. (2021), "Risk management, firm reputation, and the impact of successful cyberattacks on target firms," *Journal of Financial Economics*, 139(3), pp. 719-749.
298. Chang, K.C., Gao, Y.K. and Lee, S.C. (2020), "The effect of data theft on a firm's short-term and long-term market value," *Mathematics*, 8(5), 808.

Moreover, cybercrime has considerable negative macroeconomic consequences, with disruptive attacks on critical infrastructure potentially having a debilitating effect on governments and national security, in addition to stock market disruptions.[299]

Beyond deliberate attacks, the July 2024 CrowdStrike incident demonstrated the systemic risks arising from concentration in the cyber supply chain. A faulty software update from a single cybersecurity vendor caused approximately 8.5 million Windows devices to crash globally, disrupting airlines, banks, hospitals and emergency services across multiple countries[300]. The incident was not a cyberattack, yet estimated financial losses to Fortune 500 companies alone exceeded USD 5 billion, with global damages estimated at approximately USD 10 billion[301]. For investors, this highlights a form of correlated operational risk that cuts across sectors and geographies: at the time of the incident, CrowdStrike's security software was used by nearly 60% of Fortune 500 companies[302]. The EU's response has been to formalise oversight of such dependencies. In November 2025, the European Supervisory Authorities designated 19 ICT service providers as critical under the Digital Operational Resilience Act (DORA), subjecting them to direct regulatory oversight for the first time[303].

The World Economic Forum's Global Risks Report 2026 ranks cyber insecurity sixth among the most severe short-term global risks, reflecting the increasing frequency and sophistication of cyberattacks targeting critical infrastructure, businesses and government[304]. AI is compounding this risk on both sides: while it supports faster detection and response, it also enables more sophisticated attacks, including scaled social engineering and automated reconnaissance. The WEF's Global Cybersecurity Outlook 2026 found that 87% of organisations identified AI-related vulnerabilities as the fastest-growing cyber risk in 2025, and 94% of respondents view AI as the most significant driver of change in cybersecurity in the year ahead. The same report found that cyber-enabled fraud has overtaken ransomware as the top cyber concern among CEOs, with 73% of respondents reporting that they or someone in their professional network had been personally affected by fraud in the past year.[305]

Regulators continue to mandate more robust cybersecurity practices. The EU's regulatory framework has tightened materially since 2024, with DORA now enforceable for the financial sector and the NIS2 Directive progressively being transposed by EU member states. Beyond Europe, the progressive implementation of the US National Cybersecurity Strategy aims to shift responsibility for cyber resilience toward the entities best positioned to manage it, and Singapore's Operational Technology Cybersecurity Masterplan 2024 addresses risks in industrial control systems and the entities that operate them.

In this context, Amundi views it as important to engage with companies on cybersecurity, understand how this highly material risk is managed by businesses globally and encourage best practice adoption.

Amundi Actions

Amundi began engaging with companies on cybersecurity strategy in 2022. Although it is now well established as a matter of priority for companies across all sectors, our engagement pool selection continues to be driven by a combination of risk exposure at sectoral and company levels and bottom-up research on company practices. We also conduct more targeted engagement with companies identified through our controversy monitoring process as experiencing severe and/or cybersecurity incidents.

299. World Bank (2024), "A Review of the Economic Costs of Cyber Incidents," Policy Research Working Paper.
300. World Bank (2024), "A Review of the Economic Costs of Cyber Incidents," Policy Research Working Paper.
301. Parametrix (2024), analysis of Fortune 500 losses from the CrowdStrike outage. The USD 5 billion figure covers Fortune 500 direct losses only; broader estimates place global financial damage at approximately USD 10 billion.
302. CrowdStrike disclosed at the time of the incident that its customers included nearly 60% of Fortune 500 companies and more than half of the Fortune 1000.
303. European Supervisory Authorities (EBA, EIOPA, ESMA), designation of critical ICT third-party providers under DORA (18 November 2025).
304. World Economic Forum, Global Risks Report 2026, Chapter 1 (January 2026).
305. World Economic Forum, Global Cybersecurity Outlook 2026 (January 2026, in collaboration with Accenture).

Engagement Objectives

Originally, our engagement had three key goals: ❶ benchmark best practices, particularly in the area of disclosures and risk mitigation within own operations and corporate value chains, and set objectives for individual companies; ❷ raise awareness of cybersecurity as an ESG concern and subsequently incentivise increased action on the topic in line with identified best practices; and ❸ identify potential areas of risk to be addressed through more in-depth engagement. In 2023, we drew on our learnings from past engagements, conducted research by engaging with business and technical experts, and reviewed the evolving technical and regulatory landscape to refine our expectations. Since then, we continued to refine our objectives to move beyond awareness-raising and instead focused on encouraging good practices, governance and disclosure. Overall, our objectives included:

- Encourage adoption of robust governance practices to support cybersecurity strategy implementation across an organisation, with effective Board and senior management expertise and oversight, reporting lines and accountability.
- Strengthen internal and external communication on cybersecurity, including reporting on meaningful KPIs, clear incident response protocols and relevant staff training; communicate on cybersecurity strategy evolution rather than offer a snapshot of cybersecurity policies.
- Incite companies to map, audit and manage risks in their data value chain, beyond Tier 1 suppliers.
- Assess emerging cybersecurity risks and opportunities associated with AI.

Engagement Momentum & Outcomes

In 2025, we continued our engagement, observing progress on reporting but also acknowledging the new challenges emerging in response to more and more sophisticated cyberattacks and data breaches which are increasingly affecting companies. The table below offers a summary of engagement momentum across several sectors. Our general observations from the engagement are as follows:

- Cybersecurity strategy disclosures, on balance, are improving across sectors, with best performers continuing to report on their annual progress
- Best performers continue to scrutinise third-party due diligence relationships for risks on an ongoing basis.
- KPI reporting is also evolving, especially with regulations, but this is one area where investors struggle to achieve progress, as many companies outside of strongest performers remain reluctant to share information they deem to be sensitive. As a result, many disclosures fail to meet the threshold of decision-usefulness: typical disclosures include employee training statistics, which are usually at or near 100%, or certifications obtained, which too, offer little insight into actual risk management dynamics.

Macro Sector	Baseline assessment	Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **Sector:** Software **Region:** North America **Engagement started in 2022**	The company has a mature framework with security built into software development and cyber insurance. The company provides limited external communication on how it would mitigate a cybersecurity breach impact on clients; this is important due to the company's client base of individuals, small and large businesses. The company does not disclose cybersecurity KPIs.	We encouraged the company to consider identifying KPIs that can be disclosed for investors and clients to track company's cybersecurity performance. Additionally, we recommended the company to publish information on how it would mitigate against a cybersecurity incident impacting clients.	In its 2022–2023 reporting cycle it updated its annual report to include an enhanced assessment of cybersecurity risks and explicitly incorporated AI into that risk inventory. The company also published Responsible AI principles that include commitments on privacy and security, in line with past recommendations. However, independent assessment is constrained by the limited granularity of public disclosures.	In 2025 our engagement continued to focus on converting commitments into verifiable practice, with a particular emphasis on response planning for major, customer-affecting incidents. In the meeting the company outlined its incident-response approach and demonstrated awareness of the controls and governance needed to manage such events. We asked the company to include a concise summary of this response process in future reporting; publication of that summary would allow us to consider the related engagement objective closed, while we continue to encourage the addition of measurable KPIs and any further operational detail that supports independent assessment. *We will continue our engagement in 2026.*
Company B **Sector:** IT Consulting & Other Services **Region:** Europe **Engagement started in 2022**	The company acknowledged cybersecurity risks to software and technological infrastructure. It had disclosed a public data security and privacy policy. Cybersecurity insurance was in place and a cybersecurity strategy in development, led by a new CISO (appointed in 2022). Board oversight of cybersecurity was in place via CIO to whom CISO reports.	We recommended the company to: – Develop cybersecurity strategy and outline how it mitigates the risks identified in prior reporting – Report on key cybersecurity strategy elements – Consider obtaining a cybersecurity certification	**2023** The company increased cybersecurity disclosures in its annual report, specifying actions taken to ensure data security. It updated its information security policy. We therefore closed the engagement KPI for disclosures around cybersecurity strategy. **2024** Although the company reported coverage of certain entities by an Information Security Management System, some remained uncertified (albeit operating in line with the relevant ISO standard).	*In 2025, having observed progress in ISO coverage, we closed the engagement positively.*

Company C **Sector:** Financial Services **Region:** North America **Engagement started in 2022** 	The company had a highly advanced cybersecurity programme with strong evidence of tools, controls, processes and user education in place. It was participating in high-level collaborations with industry and government actors on cybersecurity. However, there was a lack of meaningful publicly disclosed KPIs for investors and other stakeholders to be able to assess the company's cybersecurity performance. The company cited concerns about data sensitivity.	We encouraged the company to design KPIs allowing investors to monitor company's performance and progress on the matter. Additionally, we recommended that the company develops a composite cybersecurity score in lieu of individual KPIs which might be sensitive to disclose.	To help the company move from a descriptive reporting to the disclosure of quantitative KPIs, we shared two best practice examples of industry peers. The company has been telling us over the last few years that it was considering reporting on several KPIs. However, it has not publicly disclosed such KPIs yet.	During 2025, the developed internal methodologies to track quantitative KPIs. Those align with CSRD and include such things as % of employees trained or certified around information security & data privacy, etc. The issuer shared that, with the upcoming CSRD obligation in 2027, it was likely to start reporting on such KPIs in 2027 (concerning 2026 figures). *The company apparently has no intention to publicly disclose KPIs if it is not obliged to do so, notwithstanding its suggestions otherwise over the last few years. It appears that we will have to wait until the CSRD implementation for the company to publicly disclose KPIs. In the meantime, we will continue to engage with the issuer on this topic.*

Company D **Sector:** Media **Region:** Europe **Engagement started in 2022** 	The company was a relatively average performer, with limited formal cybersecurity initiatives across key areas – for instance, it was still in the process of implementing Zero Trust, planned executive cybersecurity exercises, static risk assessment for suppliers, and limited reporting. There was no action/disciplinary process for poor cyber hygiene. No cybersecurity specialist at Board level and lack of evidence of Board cybersecurity competencies.	We encouraged the company to: – Strengthen cybersecurity oversight at Board level – Implement Zero Trust – Identify opportunities to enhance management of risks related to employees and supply chain – Consider publishing communication on annual cybersecurity progress and KPIs	– In 2023-4, the company showed mixed progress and responsiveness.	In 2025, the company was responsive and reported significant progress in its response to our follow up outreach. Key areas of progress included: – Implementation of mandatory cyber training delivered via an external cyber academy (including phishing simulations) for all staff and the Board. – Strengthening of cyber incident response and threat-intelligence arrangements with the completion of a new business impact assessment in 2025 which has been integrated into incident response and disaster recovery planning. – Successful roll out of Zero Trust Strategy for all end points over the course of 2025. – Cyber & IT captured in the Group's principal risk register with regular Board and Audit & Risk Committee oversight; CTO and VP of IT provide routine board briefings. – Third-party risk tool deployed to assess critical vendors and suppliers, and such assessments are used in tendering process to make informed decisions. The one limitation is the company's decision not to publicly disclose cybersecurity KPIs or progress metrics, citing the risk that such details could be exploited by threat actors. The company has made improvements and carries positive momentum through our engagement, strengthening controls, governance and incident-response capabilities. *We will assess progress in 2026 to determine whether overall we can close the engagement positively, even if public KPIs are missing given considerable progress.*

Company E **Sector:** IT Consulting **Region:** Asia **Engagement started in 2022** 	The company had an ISO 27001(ISMS) certified information management system. The company also undergoes an assurance report SOC1 report regarding its cloud service for outsourcing (SSAE18) which is base line practice in the sector. It has been running a certification programme for authorisation management of employees who can potentially access their customer data. The ultimate responsibility for data security rests with the CEO. Cybersecurity disclosures were limited.	We encouraged the company to further strengthen oversight and training, but crucially over the course of 2021-2024 we encouraged it to enhance cybersecurity disclosures and continuously provided examples of best practices.	The company implemented key cybersecurity commitments, including strengthened governance and oversight, third-party certification and staff training. It published data-privacy disclosures, although these were available only in Japanese. The company acknowledged that its cybersecurity disclosure remained insufficient and expressed openness to external feedback. We advised the company to disclose counter-incident planning and the details of its cybersecurity governance structure, and said we would follow up on those items.	Although the company has previously recognised the need to expand disclosure around its cybersecurity management, progress has been limited. *We asked the company whether it has plans to publish counter-incident planning and the management governance structure for cybersecurity, and we will monitor for a clear timeline and corresponding reporting in 2026.*

Next Steps and Amundi Perspective of Engagement

In 2026, we will continue to engage selected companies on cybersecurity governance, transparency and third-party risk management, with a growing focus on implementation and demonstrable progress. We will also monitor how companies are adapting their governance and control frameworks to the cybersecurity implications of AI adoption. Against a more demanding threat and regulatory backdrop, we will continue to prioritise weaker performers in higher-risk sectors and assess whether disclosure, board oversight and resilience measures are evolving accordingly.

Case study 48: North-American Telecommunications Company

Context: Cyberattacks in the telecommunications industry are not only common but also constantly on the rise: as part of the critical infrastructure and by virtue of acting as a gateway to access millions of personal data points for attackers, telecommunication networks frequently experience cyber incidents. Globally, telecommunication firms came in fourth in the number of weekly cyberattacks per organisation after public services and healthcare, with a 40% annual increase[306].

Among the organisations affected is a large telecommunications company, which faced significant cybersecurity issues between 2021 and 2024, including several data breaches that have impacted customer privacy. A significant data breach it experienced in early 2024 affected over 100 million individuals. Other incidents, including a 2022 customer data leak on the dark web and a 2024 breach affecting over 70 million customers, raised investor and customer concerns about the company's ability to safeguard sensitive data.

We noted that the company had started to implement a series of initiatives aimed at enhancing its cybersecurity and found it important to engage with the company to communicate our expectations.

Amundi Actions & Key Engagement Objectives: Amundi started engaging with the company on cybersecurity in 2023 having identified potential risks based on the events of 2021-2023. In April 2024, following another cyberattack, the company's Data Security & Privacy Score was reviewed and adjusted to reflect the heightened risk profile.

We also followed up with the company again, encouraging the need for a dialogue considering its history of data leaks and breaches. This led to a meeting with the company's Vice President of ESG and Vice President of Enterprise and Customer Identity and Access Management team who were able to advise on the company's response to the controversies and approach to data protection and cybersecurity.

306. https://www.checkpoint.com/security-report/

In our interactions, we observed limited disclosure in some key areas of the company's reporting, despite a number of initial improvements. As a result, our primary objective for the engagement was to encourage the company to improve their transparency around cybersecurity strategy and risk management, but most notably to disclose:

- Data retention policies
- Approach to managing third-party vendor risks related to cybersecurity posture

In addition, we sought to understand how cybersecurity was governed within the company and what responsibility over these matters sat with the senior management and the Board.

Momentum and Outcomes: Following a lack of response and limited disclosures in 2022-2023, our meeting in August 2024 offered more robust insight into the company's cybersecurity strategy, allowing us to better assess the company's progress. Specifically, the company shared that it was building a new cybersecurity programme and enhancing ongoing initiatives, recognising the need to move from a reactive to a proactive cybersecurity stance. This included enhanced cybersecurity governance throughout the organisation and regular reporting to the audit committee, which had taken on more responsibility for the issue. Reporting to the Board would also include poor cybersecurity performance assessed at officer level.

Additionally, the company started to map and partner with third-party vendors to better understand the cyber threat landscape and had implemented increased cybersecurity standards, such as mandatory multi-factor authentication for all employees and key third parties and was also reviewing all key accesses to address any existing vulnerabilities.

With regard to reporting, the company had also begun to quantify its cyber resilience through the development of key performance indicators (KPIs) and shared that it was anticipating reporting enhancements. As the company was open to feedback, we recommend that the company could also share anonymised examples of suppliers flagged for high-risk cybersecurity practices and provide high-level summaries of its data retention policy. By doing so, it could build greater trust with its customers and stakeholders through proactively addressing areas of highest concern. The company responded that the data retention policy was under review at the time and offered to share details with Amundi as a first step. Following on from our meeting, we shared recommendations and best practices that we encouraged the company to implement in its reporting.

A year on, as of 2025, company had introduced dedicated cyber reporting and year-on-year progress updates, which is a positive development, but these disclosures remain largely qualitative; we have therefore asked the company to provide quantitative metrics to support its narrative before we consider the milestone positively closed. At the same time, public reporting has not meaningfully evolved on two priority items (a clearly defined data-retention period and transparent supplier-assessment processes), so we reiterated our recommendations.

Next Steps: Looking ahead, we will continue to encourage the company to publish a clear data-retention policy and to provide high-level, anonymised summaries of supplier cybersecurity assessments, and we will seek specific, timebound cyber KPIs and a concise summary of incident-response/counter-incident planning.

3. Engaging on Financial Inclusion

Context

Engaging with financial companies on access to finance and financial health is important given the significant opportunities financial inclusion presents as well as the risks that must be managed to ensure inclusion delivers positive outcomes and avoids adverse impacts.

Financial inclusion enables companies to generate new revenue streams while at the same time diversifying their asset and liability bases. Use of digital platforms lowers marginal costs, boosting participants' efficiency metrics (such as the cost-to-income and opex-to-income ratios). Research has shown the positive impact of financial

inclusion strategies on the performance of banking institutions[307]. For sovereigns, financial inclusion can serve as a lever to increase business productivity, human capital quality and employment, resulting in general economic resilience and growth[308]. Moreover, financial inclusion that employs digital channels tends to restrain government revenue leakages, thus supporting tax collections for sovereigns, especially in developing countries[309].

Financial inclusion has advanced significantly in the past decade, although a large number of people remain unbanked or underbanked. According to Global Findex Database 2025, about 1.3 billion adults worldwide did not have an account with a financial institution as of 2024. This means many adults remain financially excluded from the formal financial system, with a predominance of women, low-income individuals and rural households. Financial inclusion is largely inadequate in developing countries. Account ownership in low- and middle-income countries is 75% compared to 95% in high-income countries[310]. In high-income countries, financial inclusion is high, as indicated by high account penetration, which means financial institutions must focus on customers' financial health in their inclusion strategies. Financial health would require providers to create financial health charters or policies and guidelines on how to engage with their financially fragile consumer customers. Financial education is also an important pillar of financial inclusion as it helps consumer customers deal with inclusion products while avoiding excessive debt. These aspects of financial inclusion are covered in our engagement.

Amundi Actions

In 2025, we engaged 44 financial institutions on financial inclusion and health, up from 12 in 2024. The institutions operate in various countries, with a predominance of emerging markets. Given the breadth of the topic, we assessed each institution in the context of its local market, identifying specific strength and weaknesses. While these companies already made progress in expanding access for previously excluded and underserved customers, our engagements centered on safeguards in place to prevent financially-fragile customers being trapped in cycles of debt - an especially important concern as inclusion relies on small-value lending to low-income households which can amplify risks of over-indebtedness, excessive spending or gambling.

Engagement Objectives

The main objectives of the engagement are to encourage companies to:

- Expand their financial inclusion products to cover the under-served and the financially excluded customers
- Enhance their customers' financial health, including provision of financial education/literacy programmes
- Publish financial inclusion/health charters or policies, including creating quantitative KPIs to assess their progress on financial inclusion/ health and to link some of the KPIs to executive remuneration

Issuer Momentum

The table below provides a sample of our engagements. Overall, the companies we engaged were motivated to expand financial inclusion and to support their customer's financial health. However, we observed that most companies in the sector do not have a public financial inclusion or financial health policy or charter, despite increasing the proportion of vulnerable and/or lower-income groups among their customers. Such a policy can play an important role in guiding financial institutions in dealing with the vulnerable and financially fragile customers and managing social risks that can arise from certain inclusion products[311]. We, therefore identify this as a priority area for improvements for banks, and will make it a focus of both our follow-up and future engagement across the companies in our engagement pool.

307. https://onlinelibrary.wiley.com/doi/abs/10.1111/apel.12330
308. https://journals.sagepub.com/doi/10.1177/21582440241271285?icid=int.sj-full-text.similar-articles.1
309. IMF Working paper: Is digital financial inclusion unlocking growth.
310. Global Findex Database 2025
311. Financial inclusion tends to deal in small-size loans and focus on low-income households, which may fuel social dangers over-indebtedness, excessive spending and gambling addiction.

Company	Company Baseline	Recommendations and next steps	Status in 2025 and next steps
Company A **Sector:** Banks **Region:** South America 	The bank leverages its digital platform across several Latin American countries, now serving about 110 million customers and ranking among the largest platforms globally. The company offers credit cards, personal loans and deposit accounts for small amounts, thus expanding access to finance. Its micro-loan starts at just USD 10, catering to typically the excluded segments. The company also partners with various local retailers in the countries it operates, enabling its customers to make cash deposits and withdrawals through convenient retail touchpoints. We expect the bank to continue expanding its financial inclusion product suite, particularly in countries where account penetration remains low and opportunities for broader inclusion are greatest.	We encouraged the bank to demonstrate how its engages and protects its financially vulnerable customers from risk of over-indebtness (relative to their income), and to show how it prevents misuse of small-ticket loans (for example to fund gambling). In response the bank explained that it monitors borrowers' spending patterns and applies a progressive exposure model: initial limit start at USD10 and is increased over time for customers who do not exhibit risky behaviours.	In 2025 reporting company provided more specific inclusion data, stating that nearly 4 in 10 accounts had previously been faced rejection by other financial service providers, mainly due to low income or limited credit history. In our meeting, we reiterated our ask for the company to create a public financial inclusion/health policy which would guide it on dealing with the financially fragile customers. This is an emerging best practice to evidence stronger risk management and limit ethical controversies. Responding to our ask, management indicated that the bank has a procedure book that addresses customers' financial health, but it is not public. *We will continue to engage the company, asking it to develop a public policy around inclusion.*
Company B **Sector:** Banks **Region:** Africa 	The bank uses its technology to offer simple products to the previously underbanked and unbanked populations in Africa and has become a leading digital bank in its local market. On the asset side, the bank has focused on unsecured small-value short-term loans to low-income households and small- to mid-sized enterprises, playing a crucial role in expanding financial access. As of August 2025, the bank reported a total active client base of 25 million We expect the bank to remain a dominant provider for low-income households and small- and mid-size companies in its local market, even as its exposure to higher income customers is rising.	We encouraged the bank to adopt risk mitigation measures to ensure that its lending practices do not drive customers into e excessive debt and to prevent misuse of credit to harmful activities such as gambling. . In response, the bank outlined its financial education initiatives, which are delivered to its customers through different channels, including WhatsApp and its banking app. The banks also run targeted financial literacy programmes designed to help customers and manager risks such as over-indebtedness.	In 2025 the company provided a more detailed update on financial inclusion, highlighting new point-of-sale services for small and medium enterprises, remote onboarding, and expansion of credit access to clients without credit scores, mainly younger and lower-income clients. This nonetheless underscores the need for a formal policy to mitigate risks for vulnerable customers. We therefore followed up on our ask for a public financial inclusion and financial health charter. We will continue to ask for the policy, which we believe will strengthen risk management practices around financial health of low-income and financially fragile customers and which is also an emerging best practice. A public financial inclusion and financial health policy that would formalise protections for vulnerable customers and demonstrate a clear, accountable approach to customer well-being, reducing risks to controversies. *We will continue the dialogue in 2026.*

Company C **Sector:** Banks **Region:** Europe	We initiated the engagement on financial inclusion with one of the largest banks of a European country in 2025. The bank has a good base for financial inclusion and has taken various initiatives to keep improving financial access. As examples, the bank uses technology to improve access to financial services, even for customers with visual, hearing and mobility impairment. This is in addition to the bank's widespread branch network and its strong financial inclusion product suite, especially to the agriculture sector, the young and women. Nevertheless, as is the case with most of the bank we engaged on the topic, the bank does not have a public financial inclusion/health policy.	We asked the bank to develop a public financial inclusion/health policy because this is the merging best practice, and a policy would enhance accountability and limit incidences of ethical or responsible marketing related controversies. *Since our engagement on this topic only began in 2025, there has not been material changes to date. We will continue to press the bank to develop and publicly disclose a financial inclusion/health policy.*

Next steps

Financial inclusion is a key strategic issue for most financial institutions, but financial health often remains secondary. While the companies we engaged with are leading on financial inclusion in their respective systems, overall, there is still substantial scope for the companies to strengthen customer financial health outcomes, including the stronger performers. We will broaden our engagement to include financial companies that explicitly lag on financial inclusion, encouraging them to develop products and services that promote both financial inclusion and health. In addition, we will ask companies to create clear and traceable financial inclusion metrics, and link some of the metrics to executive remuneration. Furthermore, we will continue to ask financial companies to create public financial inclusion and health policies or charters.

4. Engaging to Promote Access to Medicines and Healthcare

Engaging with companies on improving access to medicine and healthcare in general is one of Amundi's core objectives for engagement within the healthcare industry. The right to health is indivisible from other fundamental human rights[312]. Yet, currently, nearly 74% of the world's population lives in low- or middle-income countries[313] - of those, 2 billion are estimated to lack access to essential medicines[314]. Access to affordable care can also be a serious issue in developed countries where public healthcare coverage can be limited (e.g., US), or constrained by the capacity of the public health system. By addressing the issue of access, pharmaceutical and healthcare companies are not only implementing their human rights commitments but can also reach more patients in the medium to long term.

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. Since, 2019, Amundi has participated in the ATMF-coordinated investor-led engagement to help steer the direction of pharmaceutical companies towards better serving access to medicine and SDG3 in LMICs, which offered opportunities for both company dialogue and learning.

312. https://www.ohchr.org/sites/default/files/Documents/Publications/Factsheet31.pdf
313. https://data.worldbank.org/indicator/SP.POP.TOTL?locations=XM-XP-XD
314. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10257564/

Over the years, we have noticed significant progress achieved by pharmaceutical companies, with many of them having developed dedicated and well-articulated strategies towards low-income countries. Given this recent progress, we closed some of our ongoing engagements with pharmaceutical companies in 2024, and while we kept engaging with some of them, we decided to shift our engagement focus to the MedTech sector, which is proving much less mature on access to health than pharmaceutical companies, notably with regards to access in LMICs. Indeed, many MedTech companies rely primarily on donations and other philanthropic initiatives, without having a structured strategy of access. With adequate pricing or collaboration with local partners, product marketing can be an option – and donations alone are not enough and potentially ineffective without making sure that:

- Donated products respond to local medical needs;
- Healthcare systems are able to effectively use these donations (i.e., ensuring that hospitals have the capacity to use the products and monitor patients, healthcare professionals are trained to use the donated devices and so on).

Meanwhile, in 2023, a global collaborative initiative aiming at improving access to health for underserved population, called the Zero Health Gaps Pledge (ZHGP)[315] was launched during the World Economic Forum. This pledge comes with strong commitments, which typically represent what Amundi expects from companies in terms of access strategy and reporting, such as:

- Create a concrete, measurable roadmap with achievable global milestones towards health equity;
- Establish accountability systems within the organisation and Board oversight on access strategies;
- Collaborate with communities and other companies to implement access and share knowledge and best-practices; and
- Share progress externally, including as part of ESG or sustainability reporting.

With the creation of the ZHGP and the number of MedTech signatories slowly but steadily increasing, we expand the focus of our access to health engagement to health to the MedTech sector.

Amundi Actions

Our engagement on the topic of access to medicines and healthcare consists of direct engagement informed by the ATMF framework, the ZHGP commitments, and our proprietary research. In 2025, our primary focus was to further encourage MedTech companies with limited maturity on the subject to develop articulated strategies and quantitative reporting. Therefore, we chose not to expand our engagement scope at this stage. Engagement objectives, outcomes and issuer momentum are summarised below.

Pharmaceutical companies

In engaging with pharmaceutical companies, we have sought to:

- Encourage companies to improve access to medicine practices by developing initiatives specifically addressing the needs of populations in LMICs
- Set quantitative KPIs to assess companies' progress on access to medicines strategies

Owing to the maturity of the access programs across large pharmaceutical companies and the fact that we successfully closed some of the previous engagements, we maintain dialogue with two companies where progress had not matched that of peers. We summarise the status of these engagements in the table below. Of note is the contrast in progress between two issuers, with one making considerable strides towards strong practices and another remaining at the stage of qualitative reporting on access.

315. https://initiatives.weforum.org/global-health-equity-network/pledge

Company	Company Baseline (2023)	Past Recommendations	Status in 2024 and next steps	Status in 2025 and next steps
Company A **Sector:** Pharmaceuticals **Region:** North America 	In 2022, the company announced three targets regarding access to health, including the aim to double lower- and middle-income countries' (LMICs) access to innovative medicines by 2026. However, the targets are based on vaguely defined metrics and lacking quantitative values, making them difficult to assess. The company also does not disclose a holistic access to health strategy for LMICs beyond access to innovative products.	We encouraged the company to provide both qualitative and quantitative details on access to health metrics and to report on them regularly. We also encouraged the company to develop (or report on) a more holistic strategy of access to health for LMICs focusing on essential medicines and diagnostics (on top of existing strategy regarding access to innovative products).	The company did not make progress in 2024. They noted that they were unable to establish a single KPI to assess the success of their access strategies, as they are implementing various innovative approaches tailored to specific local needs. We reiterated to the company that we do not expect a single KPI, but encourage the development of multiple KPIs and reporting of progress on a consistent basis.	The company made significant progress in 2025, as they have better formalized their access to medicine strategy, notably by sharing concrete initiatives to provide access in LMICs, and by disclosing KPIs targets. As a result, we closed our original engagement positively. Yet, we believe the company could go further in terms of reporting and setting targets. Indeed, in its narrative, the group focus on its health equity strategy and its commitment to more inclusive research without providing concrete details. We have therefore launched a new engagement, notably requesting further disclosure around health equity including quantitative targets. *We continue our dialogue with the issuer in 2026.*
Company B **Sector:** Pharmaceuticals **Region:** Europe 	The company identifies patients as one of its CSR pillars and has several access initiatives, most notably: - Collaborating with an NGO that works in communities lacking access to healthcare for non-communicable diseases - Operating a Foundation focusing on rare diseases - Investing in relevant R&D efforts The company lacked specific KPIs to measureme the effectiveness of their access strategy.	We encouraged the company to consider introducing access and/or patient-related KPIs into executive remuneration to reinforce their CSR strategy. We also encouraged them to develop a set of KPIs and targets related to access to medicine, and/or KPIs related to patients in general.	The company fulfilled one of our previous recommendations in 2024 by including a quantitative target related to improving access to medicine in the CEO's remuneration See the 2023 annual report for details. We therefore closed this engagement positively. However, regarding access, the company still has significant room for improvement, as we encourage them to report consistent KPIs along with time-bound quantitative targets. We will continue to encourage more transparency and commitment going forward.	In 2025, the company did not demonstrate measurable progress, as its access-to-medicine disclosures continued to rely on qualitative objectives. Consequently, we have reiterated our request for the company to develop and publish quantitative KPIs and time-bound targets to support its access-to-medicine strategy. *We will continue to engage with the company in 2026.*

MedTech companies

Most of our engagements in the MedTech sector were initiated in 2024. Our objectives in these initial stages of engaging with the sector were to strengthen MedTech companies' accountability towards improved access to health by setting targets and by joining the Zero Health Gaps Pledge. We also encouraged companies, notably those relying mainly on philanthropic initiatives, to set better articulated strategies. The table below summarises three representative examples of these engagements. Issuer momentum, which, too, is mixed. This is not entirely unexpected, as the sector is relatively new to the topic of access compared to pharma companies, so the level of awareness of opportunities is still uneven.

Company	Company Baseline (2024)	Recommendations	Status in 2025 and next steps
Company A **Sector:** Health Care Equipment & Supplies **Region:** Asia 	Access to healthcare is identified as a highly material issue in the company's materiality matrix, with a dedicated section in its 2023 sustainability report.. However, the narrative around access is predominantly qualitative, and largely focused on China, although the company has a global presence with a reach across several LMICs.	– We encouraged the company to develop and report on a strategy of access to the company's solutions and equipment (such as ultrasound and other monitoring devices) in LMICs or key emerging markets, covering key aspects of access, such as healthcare professional education, capacity building, local partnerships, responsible pricing and marketing, etc – We also encouraged the company to report KPIs on access to health solutions and to establish quantitative medium- and long-term targets associated with its access strategy, notably in LMICs – Lastly, we encouraged the company to join the Zero Health Gaps Pledge, an initiative aimed at promoting equitable access to health solutions through strong commitments. We will continue to engage with the company in 2025.	In 2025, the company was receptive to initiating dialogue with Amundi and appeared open to developing additional access initiatives and enhancing its reporting. They also indicated that they would take our recommendation to join the Zero Health Gaps Pledge. *However, at this stage, we are still awaiting tangible progress and will continue to follow up in 2026.*
Company B **Sector:** Health Care Equipment & Supplies **Region:** Europe 	In its sustainability reporting, the company affirms its commitment to providing affordable, accessible healthcare as a key part of its sustainable business operations, with a dedicated section in its ESG report addressing this issue. However, while the topic is addressed, the narrative is limited when it comes to details, including regarding mechanisms for external stakeholders to track progress. Lastly, the company relies mainly on philanthropic initiatives and donations, while other actions can be implemented to secure access to health.	– We encouraged the company to provide more transparent outline of their health strategy in LMICs, including a roadmap on how to deploy this strategy for key products and across specific countries and regions. That is, we expect more granularity on important aspects of access, such as healthcare professional education, capacity building, local partnerships, responsible pricing and marketing, etc. – We recommended the company to report metrics on access to health and to set quantitative medium- to long-term targets, notably with regards to access in LMICs – We also suggested the company consider joining the Zero Health Gaps Pledge	During our engagement with the company in 2025, it became apparent that they did not fully grasp the concept of a dedicated access strategy for LMICs, as their focus remained on donations and employee volunteering initiatives. We had to provide examples of best practices implemented by their peers to illustrate our expectations. With regard to joining the Zero Health Gaps Pledge, the company indicated that they would present the idea to the ESG Steering Committee, which is responsible for oversight and governance. However, this has not yet resulted in any concrete action. Overall, we reiterated the need for a clearly defined strategy for LMICs, as well as the development of quantitative KPIs and targets. *We will continue our engagement with the company in 2026.*

Next Steps

In 2026, we will continue to engage companies on access to health, while further refining our expectations for medical technology and healthcare supplies issuers. In these segments, access may depend not only on product availability and affordability, but also on whether companies are adapting products to lower-resource settings, supporting earlier and more decentralised care, and strengthening the service, training and distribution models that enable effective use in practice. We will therefore look, where relevant, for clearer evidence that access considerations are being reflected in strategy, product design and market approach, while remaining mindful that practices and maturity still vary significantly across subsectors and geographies.

5. Engaging on Healthy Food

Global obesity rates amongst adults have more than doubled since 1990, whereas adolescent obesity has nearly quadrupled[316]. The economic cost of obesity and overweight currently ranges from 0.05% to 2.42% of the country's gross domestic product (GDP) and is expected to reach nearly 3% of global gross domestic product, or USD 4.32tn, by 2035 given the associated medical costs and loss of productivity associated with obesity and its adverse health outcomes[317]. Although multiple factors can contribute to the proliferation of overweight, nutrition plays a key role in weight management and supporting population health more generally. In recent years, the understanding of healthy nutrition has evolved to focus on the risks associated with ultra-processed food. A review of cross-sectional and longitudinal studies published in 2023 showed a consistent relationship between ultra-processed food and obesity[318]. Meanwhile, a 2024 review of previous scientific meta analyses identified a consistent relationship between ultra-processed and a higher risk of adverse health outcomes, especially cardiometabolic, mental disorders, and mortality[319].

Policymakers are yet to comprehensively tackle the issue of ultra-processed food, but actions are being discussed in a number of markets. However, a report by the World Health Organisation (WHO), also published in 2024, draws on the links between ultra-processed food and mortality, calls for stricter regulation of food producers in Europe[320]. Seven countries' (Belgium, Brazil, Ecuador, Israel, Maldives, Peru, and Uruguay) explicitly mention ultra-processed foods) national dietary guidelines explicitly mention ultra-processed food, whereas the UK regulators are actively assessing the risks associated with ultra-processed food to inform next policy steps[321].

Concerns about unhealthy food and the consequences of obesity are also spurring changes in consumer lifestyles and hence demand. A further reason the issue of healthy food has become more material is the rise of GLP-1 medicines for obesity and weight management. While adoption remains uneven across markets, emerging evidence suggests that GLP-1 use may already be associated with lower-calorie, less energy-dense and less ultra-processed food purchases[322]. This does not displace the broader case for healthier nutrition, but it may reinforce existing pressure on food companies to improve portfolio quality, strengthen reformulation efforts and adapt to changing patterns of demand, as indicated by recent clinical and nutrition literature on GLP-1 therapy and dietary change, including nutritional-priority discussions accompanying obesity treatment expansion. For investors, the issue is therefore not only whether companies acknowledge nutrition-related risks, but whether they can demonstrate credible portfolio adaptation through healthier product development, improved nutritional disclosure and a clearer strategy for changing consumer preferences.

For investors, therefore, it is important to understand how food companies tackle the risks and opportunities related to ultra-processed food and trends towards healthier nutrition, particularly in anticipation of further changes in consumer behaviour and regulatory scrutiny.

Amundi Actions

We engaged with both food producers and quick-service restaurant, owing to the fact that lifestyle changes increasingly drive consumption of food out of home. For instance, one third of Americans now eat in a fast food restaurant daily[323]. Although quick-service restaurants have historically adapted well to changing consumer preferences, for instance by reducing the number of calories per menu, given the typically low margins in the industry, it is important that adaption is handled in a sufficiently cautious manner so as not to disrupt the companies' supply chains and assembly processes.

316. https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight ; https://www.who.int/news/item/01-03-2024-one-in-eight-people-are-now-living-with-obesity
317. https://www.bmj.com/content/380/bmj.p523.full ; https://www.nature.com/articles/s41366-023-01398-y ; https://pmc.ncbi.nlm.nih.gov/articles/PMC5640019/
318. https://www.nature.com/articles/s41430-022-01225-z
319. https://www.bmj.com/content/384/bmj-2023-077310
320. https://www.who.int/europe/news/item/12-06-2024-just-four-industries-cause-2.7-million-deaths-in-the-european-region-every-year
321. https://www.food.gov.uk/safety-hygiene/ultra-processed-foods#advice-for-consumers
322. Sørensen, K. K. et al. (2026), "Consumer Food Purchases After Glucagon-Like Peptide-1 Receptor Agonist Initiation," JAMA Network Open.
323. Fryar, C. D., Hughes, J. P., Herrick, K. A., & Ahluwalia, N. (2018). Fast food consumption among adults in the United States, 2013–2016.

Engagement Objectives

The overall aim of our engagement is to encourage and demonstrate to investors a proactive stance towards the material risks associated with unhealthy food. Our more specific engagement objectives for food producers and restaurant businesses were broadly similar:

- Demonstrate Board awareness and oversight of the company's nutrition strategy
- Increase transparency regarding the company's exposure to highly-processed food (through product portfolios and/or menus) and demonstrate plans to phase out high-risk ingredients
- Report on the advertising budget for healthier products
- For food manufacturers, assess reformulation risks and set reformulation targets
- For restaurants, engage with suppliers of processed food/ingredients on product reformulation

Issuer Momentum

The table below provides a sample of our engagements. Our initial analysis suggesting uneven maturity across food and restaurant companies when it comes to addressing nutrition in a systematic manner remains valid. There remains a lack of consistency on the definition of healthy food and levels of processing. Together, these factors serve as limitations to investors' ability to assess the nutrition-linked risks for companies in the relevant sectors as regulation and consumer preferences evolve.

Company	Company Baseline (2024)	Recommendations and past evolution	Status in 2025 and next steps
Company A **Sector:** Consumer Services **Region:** Asia **Engagement started in 2024** 	The company operates a chain of global fast-food restaurants, a mix of company-owned and franchise-owned locations. It recognises nutrition as a material issue and has several commitments, including improving the nutritional profile of its products, offering lower-calorie menu combinations, and, as part of its Responsible Marketing efforts, committing to limit its marketing efforts towards adolescent audiences. At the same time, there is an opportunity to openly address the risks specifically associated with ultra-processed food, disclose how it works with suppliers to address these risks, and be more transparent about the promotion of healthier menu options.	We recognised the company's efforts on nutrition as a solid foundation for engagement and encouraged the company to: - Disclose the details and Board oversight of its nutrition strategy - Increase transparency around its exposure to highly processed food - Assess the healthiness of its menu combinations and opportunities to engage with suppliers on the sourcing of healthier ingredients and reformulation opportunities - Disclose the advertising budget for healthier menu options and the means of incentivising customers to choose healthier meals In the initial response, whe company confirmed that its nutrition commitments are overseen by its ESG Council which reports to the company's CEO. It also summarised plans to reduce the use of certain artificial ingredients. These objectives are associated with quantitative targets.	Progress appears limited but tangible. The company moved from setting healthier-food goals in earlier reporting to disclosing an initial implementation step in its 2025 reporting cycle: it said that in 2024 it introduced five meal options under a "Meals under 750 calories" category in the Philippines through its website, app and self-order kiosks, while maintaining its broader nutrition framework around calorie thresholds and sodium, sugar and fat reduction. It also said this effort is being expanded to other markets. *Still, the progress was incremental, and we would like to see a stronger focus on addressing risks from highly processed food, so we will continue to follow up in 2026.*

Company B **Sector:** Consumer Services **Region:** North America **Engagement started in 2024** 	The company operates a chain of fast-food restaurant franchises in North America, Middle East and Africa. The company has a strategy around nutrition and recipe development, which includes: – Commitment to making nutritional information of its menus fully available to guests by the end of 2024 – Have at least one kids' menu option per restaurant brand aligned with the company's own nutrition guidelines	Although the company's initial commitments offered a useful starting point for understanding its nutrition strategy, our suggestions for the company paralleled those for Company B. Specifically, we encouraged the company to: – Disclose the details and Board oversight of its nutrition strategy – Increase transparency around its exposure to highly processed food – Assess the healthiness of its menu combinations and opportunities to engage with suppliers on the sourcing of healthier ingredients and reformulation opportunities – Disclose the advertising budget for healthier menu options and efforts to encourage customers to pursue them	The company's healthier-food reporting remains focused on menu transparency and customer choice, which is typical for a restaurant group. Compared with 2024, the 2025 reporting cycle shows continuity in its emphasis on accessible nutritional, ingredient and allergen information across brands, while adding somewhat more specific references to healthier children's options and menu design. Broader quantified disclosure on healthier menu mix or nutrition outcomes was not evident in the reporting reviewed. *This represents very incremental progress, so we will continue to engage the company in 2026.*
Company C **Sector:** Food products **Region:** North America **Engagement started in 2024** 	The company manufactures specialty food products for both retail and foodservice markets. It has started reporting on nutrition and health. It has a dedicated category of healthier food, which includes lower-calorie snacks and dressing using "cleaner" ingredients. However, limited information was available on the category beyond its description and the risks associated with processed food.	We encouraged the company to: – Disclose the details and Board oversight of its nutrition strategy – Increase transparency around its exposure to highly processed food – Consider disclosing the details of the risk assessment for food reformulation, as well as setting reformulation targets – Disclose the proportion of their advertising budget dedicated to promoting healthier food options Regarding the Better-for-You products, we encouraged the company disclose the definition of healthy products in its portfolio using an independent nutrient profiling model and to consider assessing their affordability.	*The company did not make considerable progress in 2025 so we will continue engagement in 2026.*

Company D **Sector:** Food Products **Region:** North America **Engagement started in 2023** 	Company is a major producer of baked goods. The company did not disclose nutritional content as % of total portfolio, but highly processed sweet snacks were evidently a large proportion of its products.	We asked the company in to consider Pproviding a breakdown of the nutrition profile of their portfolio for investors to be able to better assess the risks associated with certain ingredients - Setting target to/reducing their use of artificial sweeteners associated with high level of processing - Company originally showed limited awareness of risks related to food nutritional profile, considering baked goods healthy as long as they were plant-based or used "simple" recipes. It was also exposed to risks related to certain ingredients, such as artificial sweeteners. - In 2024, company made some progress by disclosing portfolio breakdown by product, but only by daily versus occasional type. It also introduced 2025 and 2030 target to progressively reduce the use of artificial products.	In 2025, we saw increased positive momentum. The company was able to confirm that their products will be free or artificial colours by the end of 2027, and by artificial sweeteners, emulsifiers and of preservatives in the near term too, with an action plan of how this will be reached. Thus we closed the engagement with a positive outcome. *It also shared in the sustainability report of the share of the portfolio that has an Health Star rating of over 3.5, alongside other key metrics related to artificial colours and sweeteners, as well as data on the ambition of the company in relation to the HSR rating for both their daily and their occasional products. Although HSR has some acknowledged limitations, we can close this engagement on disclosures as current reporting now provides investors with sufficient information to assess relevant risks.*

Next Steps

In 2026, we will continue to engage companies on healthier food portfolios, nutritional quality and the governance of diet-related risks, while also broadening the pool of issuers covered by our engagement work. This reflects our view that the materiality of healthy food is becoming more relevant across a wider range of business models, as public-health pressures, portfolio scrutiny and changing consumer preferences continue to evolve.

Alongside this broader coverage, we will place greater emphasis on evidence of progress in practice. This includes clearer disclosure on nutritional quality, more credible reformulation efforts, healthier product development and a stronger explanation of how companies are adapting portfolios to changing demand and regulatory expectations. Our focus will remain on whether companies can demonstrate that healthier nutrition is being treated not only as a reputational issue, but as a strategic and commercially relevant area of business adaptation.

6. Product and Service Safety and Quality[324]

Ensuring product and service quality and safety is central to companies' ability to maintain public trust and generate value by maintaining their client base and attracting new customers.

Research demonstrates robust links between customer opinions about company products and firm turnover, which in turn influences the company's earnings potential, investor sentiment and thus shareholder value. Indeed, a meta-analysis of 96 studies published between 1991 and 2017 demonstrated a positive and significant relationships between customer satisfaction and company performance across the reported findings[325]. It is therefore important for companies to manage product quality risks, such as fallouts from product issues or service-related controversies, as product recalls have been shown to reduce customer demand and lead to shareholder value losses[326]. A recent study of the financial impact of 296 product recalls found that those could reach -1.87% in negative abnormal returns. Perhaps unsurprisingly, this effect was more dramatic for recalls in more stringently regulated industries such as pharmaceuticals and automobiles, where product quality failures can have long-term detrimental effects on companies' balance sheets through fines[327].

In addition to direct costs of recall and remediation, product safety risks have a number of important indirect impacts. Recent studies show that product safety failures incentivise affected companies' competitors to innovate and capture the vulnerable market share, as well boost competitors' short-term stock returns[328]. Moreover, beyond individual firms, the cost of unsafe products to the broader economy is also significant. In the US alone, the US Consumer Product Safety Commission previously reported product incident-related annual costs as amounting to USD 1 billion due to deaths, injuries, and property damage[329].

Additionally, these risks are becoming even more material as regulatory and enforcement expectations evolve across major markets. In the EU, the General Product Safety Regulation has applied since December 2024, updating rules for traceability, recalls and online marketplaces. In Asia, Japan's recent reforms have sought to address risks linked to products sold from overseas and through digital platforms, while in the United States the Consumer Product Safety Commission has stepped up action on unsafe products sold online, including a record number of takedown notices in 2025.
For these reasons, Amundi engages with companies on the quality and safety of their products and services. These engagements are predominantly driven by our controversy analysis process and are aimed at remediation quality improvement, accountability and transparency around product issues. Our asks typically include the following:

- Investigate root causes and develop action plans to address underlying quality issues driving the incident(s)
- Enhance quality control practices, such as third-party audits of operations and/or suppliers
- Introduce or strengthen accountability around product or service quality issues within own operations or supply chain
- Remediate the impact on customers and other affected stakeholders
- Introduce or revise quality and safety indicators and enhance transparency on quality and safety measures and controls

The table below presents examples of our engagement across a range of sectors. In 2025, we observed some, though mostly mixed, progress, with companies yet to demonstrate effectiveness of product safety and quality improvements. This is not to say, however, that progress was disappointing, but rather than reporting will likely take time to catch up with changes in practices.

324. In 2024, we closed our engagement with a European Health Care Provider positively, and therefore the case is no longer reported.
325. Otto, A. S., Szymanski, D. M., & Varadarajan, R. (2020). Customer satisfaction and firm performance: insights from over a quarter century of empirical research. Journal of the Academy of Marketing science, 48(3), 543-564.
326. Marsh, T. L., Schroeder, T. C., & Mintert, J. (2004). Impacts of meat product recalls on consumer demand in the USA. Applied Economics, 36(9), 897-909.
327. Thomsen, M. R., & McKenzie, A. M. (2001). Market incentives for safe foods: an examination of shareholder losses from meat and poultry recalls. American Journal of Agricultural Economics, 83(3), 526-538.
328. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3251630 ; https://www.sciencedirect.com/science/article/abs/pii/S0148296324000900
329. https://www.cpsc.gov/node/12696

Company	Company Baseline	Past Recommendations	Evolution in Past Years	Status in 2025 and next steps
Company A **Sector:** Healthcare **Region:** Europe **Engagement started in 2022 and was reopened in 2023**	For a number of years, the company has been facing ongoing systemic product quality issues with some of its medical devices, which put patients at risk of serious health issues. These issues have led to product recalls, and regulatory warnings, raising concern over oversight and contributing to financial and reputational damages. Although in 2022 we considered the controversy to have been closed due to the company's initial remediation actions, the situation evolved in 2023, with the emergence of additional product issues and new investigations, suggesting the persistence of serious quality issues.	Following the controversy evolution in 2023, we suggested that the company provide greater transparency on recall numbers, customer communication related to recalls, and planned improvements in quality control and enforcement processes.	The primary evolution was the re-ignition of the controversy in 2023, which led to the need to re-engage with the company and re-assess its quality control and product safety practices and oversight. In the meantime, the company launched a remediation plan to address its recurring product quality issues.	In 2025, the company provided visibility into its recently launched remediation plan, which appeared to be very comprehensive, including: – The creation of a dedicated top-executive role to manage quality directly reporting to the CEO and the Board – A new operating model focused on patient safety and product quality and meant to improve accountability on the topic Despite this encouraging remediation plan, the company was still facing setbacks (additional quality issues, temporary products' ban on some markets). In light of the ongoing concerns, we did not support the discharge of the Supervisory Board or the re-appointment of the Chairman, reflecting our desire to see stronger accountability and oversight improvements. *Going forward, we will continue to engage the company on improved reporting and measurable progress in quality and safety given the serious and systemic nature of the controversy.*

Company B **Sector:** Broadline Retail **Region:** North America **Engagement started in 2023** 	Over recent years, the company has faced multiple issues related to the safety and quality of products sold by third-party sellers in its online marketplace. These concerns included chemical safety issues as well as risks associated with products aimed at children. The company has implemented algorithmic solutions to review third-party listings, although these appear to be primarily aimed at identifying fraud.	We encouraged the company to proactively address the product safety reports, demonstrate the effectiveness of its efforts to identify third-party seller product risks and enforce its restricted items policy. We also encouraged the company to consider disclosing the accuracy rates of the algorithms they use to review products placed on its marketplace.	In its initial response, the company referred to its Supply Chain Standards, which apply to third-party sellers, and its policies on prohibited products. It also highlighted its Brand Protection Report, which outlined its efforts to combat the sale of counterfeit products, particularly through the application of its proprietary algorithms. In 2024, the company published a new blueprint for safety, appearing to have acknowledged issues with customer safety, especially for products for children.	Although we were pleased with the company's progress in 2024, we continued in 2025 to encourage the company to disclose quantitative KPIs to demonstrate the effectiveness of the interventions it has in place to ensure marketplace product safety and quality. In its 2025 risk assessment under the European Union's Digital Services Act, company says it checks the European Union Safety Gate twice daily, monitors 50 recall websites across the European Union, directly notifies customers who bought recalled products, and in the first half of 2025 removed 613,295 unsafe product listings linked to public recalls and more than 10,455 listings identified through its own safety investigations. The company also published a November 2025 update on work with European safety organisations to provide product-safety information to customers. However, we are yet to see KPIs specifically reflecting the progress on its blueprint implementation. *We will continue dialogue with the company in 2026 on this topic.*

Company C **Sector:** Broadline Retail **Region:** North America **Engagement started in 2024** 	The company has faced significant challenges related to product safety and quality in recent years, including various product recalls due to safety hazards on kitchen appliances. In addition, the company had chemical safety issues for certain products. BPA, an unsafe chemical and endocrine disruptor, was identified in products sold in its stores. The company also faced lawsuits around PFAS. In terms of risk management, transparency is limited on the efforts they undertake. For their own products, they report that they conduct testing using independent third-party laboratories, and for third party products, safety requirements are embedded into vendor contracts. The company's approach for third-party products appears primarily focused on ensuring legal liability is on the vendor side for possible recalls. Furthermore, the efforts they do explain, imply a more reactive than proactive stance. While there is a portal to show latest product recalls for customers, there is no indication of whether they are proactively identifying risks around product that are of higher likelihood of having product safety issues.	The repeated nature of controversies across a wide variety of product categories triggered a need for engagement due to possible gaps in the company's ability to manage the risk. Our asks focused on: – Encouraging the company to provide evidence that it is working to improve its product safety/ compliance processes, with the goal of proactively achieving higher standards and more robust controls, particularly in light of past controversies around customer safety issues – Increasing transparency on their efforts including the addition of KPIs for compliance such as on chemical safety and phase out plans	The company did not provide much information regarding its intentions to go beyond existing efforts – for example, by providing KPIs for branded products around chemical safety compliance, or by establishing phase out plans for chemicals of concern going forward. It primarily noted that it will incorporate restricted substances lists via their supplier contracts. However, these efforts do not appear to reflect a proactive strategy for identifying and mitigating chemical or product safety risks. This outcome is not entirely unexpected, given the company's positioning in the low price/off-price retail market. Amundi's broader engagement experience suggests that many companies in this sub-sector see these risks as less material, due to price sensitivity of their customers whose purchasing decisions are primarily motivated by price and not by safety or product hazard concerns.	The company has not disclosed much more information on product safety in their 2025-published 2024 annual report compared to the previous year. The company has, however, transitioned from being a participating Friend of the Zero Discharge of Hazardous Chemicals (ZDHC) to being a Signatory Brand with the initiative. This will give them the opportunity for deeper engagement in the ZDHC Roadmap to Zero program, access to a broader network of experts, and the ability to gain more visibility over their supply chain. They now also require some of their branded product suppliers to engage in the ZDHC Gateway tool to ensure they too can have access to material on safer chemical options. On product safety more generally, the company has not disclosed more KPIs in their most recent report. *We maintain a neutral momentum assessment and will seek to achieve dialogue with the company in 2026 to encourage them to be more proactive in their approach.*

Company D **Sector:** Financial services **Region:** North America **Engagement started in 2025**	At the beginning of 2025, press reports signalled the company's alleged involvement in payment processing of illicit transactions, including the transfer of child sexual abuse material and sex trafficking.	We reached out to the company in 2025 to get a better understanding of the risk management and governance of these events, the procedures and policies put in place, and ensure that remedial actions had been taken and any potential lessons learned.	The company denied its involvement in the matter, at the same time stressing that it takes these topics very seriously. The issuer said that protecting the payment network from illegal transactions is a major preoccupation for them. In addition, they shared to have recently updated their compliance programs in order to protect their network from a legal perspective. They explained that, as the intermediary between financial institutions, they have specific rules in place for adult content (legal age, consent) to which financial institutions, as well as their merchants, need to adhere. Financial institutions need to register themselves, are required to quarterly sign attestations that their merchants (which also need to register) are compliant and need to be able to produce relevant evidence on demand. Additionally, the issuer said that it had mandated 3rd party vendors to regularly monitor these web platforms to ensure compliance. *Considering the potential severity of the issue and the only recent strengthening of compliance procedures, we will closely monitor this issue and any company disclosures or developments in allegations, and follow up with the company again in 2026.*

Next Steps

In 2026, we will continue to engage companies on product and service safety and quality, with a stronger focus on evidence of implementation and improvement. Policies and commitments remain important, but our priority will be to assess whether companies can demonstrate that safety and quality controls are operating effectively in practice, including through stronger governance, clearer accountability, better incident monitoring and more responsive remediation where problems arise.

We will look in particular for more robust disclosure on how companies identify, prevent and address safety and quality risks across products and services, and on whether internal systems are delivering measurable improvements over time. This includes evidence such as reductions in repeat incidents, stronger quality assurance processes, clearer escalation procedures, and more transparent reporting on corrective actions. Our engagement focus will remain on whether companies can show credible progress in managing risks before they result in harm to consumers, clients or long-term enterprise value.

7. Responsible Marketing & Media Content

Responsible marketing and media represent an important aspect of consumer safety and wider societal safeguards. Amundi began actively engaging with companies on the topic of responsible marketing and content in 2020. Since we began working on this issue, it has increasingly gained in prominence, both for advertising and traditional media.

Audience trust has a material effect on the profitability of commercial media. Previous studies have shown that lack of media credibility reduces the value it receives for advertising, increasingly a major source of income for media companies[330]. However, over the recent years audience trust has been falling as a result of growing media fragmentation, increasing content and societal polarisation[331]. A recent report suggests that in 2024 only 40% of global population trust news most of the time, a decreasing of four points since the height of the Covid-19 pandemic[332]. This is particularly important given the increasing push for paid content, especially in light of falling advertising spending by major brands since the COVID-19 pandemic, and the growth in user-generated content, with a growing shift away from traditional media towards social media news sources[333]. Responsible content is also financially material issue for advertising business and companies across all sectors, given the increasingly stringent advertising regulation. Indeed, regulators are paying increased attention to inaccurate claims, including, for instance, greenwashing, as evidenced by the recently approved EU ban on greenwashing. Under this regulation, companies making untruthful environmental marketing claims can see fines of at least 4% of their annual turnover[334]. At the same time, we observe that responsible content can be a source of opportunities and competitive advantage. There is mounting evidence that media and advertising firms can benefit from integration of diverse perspectives and representation, both in their products and in the creative and decision-making teams. Inclusion and representation can attract wider audiences[335].

Amundi Actions & Engagement Objectives

We continued to engage on responsible media content with media and advertising companies in 2025, as well as where relevant, with companies in other sectors commissioning advertising and media campaigns. As in the previous years, the main objective of our engagement efforts was to encourage companies for whom this issue bears material risks to define a clear governance approach and strategy to produce content that is accurate and audience-appropriate, particularly:

- Formulate and disclose to stakeholders a clear position on the categories of content that would not be tolerated or broadcast, such as content, editorial or marketing policies.
- Provide evidence as to how content policy enforcement, such as a clearly defined review process and Board and management oversight of content policies.
- Assess opportunities to increase online and offline representation.

330. https://journals.sagepub.com/doi/abs/10.1177/0093650213485972
331. https://www3.weforum.org/docs/WEF_Principles_for_the_Future_of_Responsible_Media_in_the_Era_of_AI_2024.pdf
332. https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2024-06/RISJ_DNR_2024_Digital_v10%20lr.pdf
333. https://www3.weforum.org/docs/WEF_Understanding_Value_in_Media_Perspectives_from_Consumers_and_Industry_2020.pdf
334. https://www.europarl.europa.eu/news/en/press-room/20240212IPR17624/greenwashing-how-eu-firms-can-validate-their-green-claims
335. https://annenberg.usc.edu/sites/default/files/2017/04/07/MDSCI_CARD_Report_FINAL_Full_Report.pdf

Issuer Momentum

The table below presents a sample of our engagements on this topic, which this year showed slower progress.

Company	Company Baseline	Past Recommendations	Evolution in Past Years	Status in 2025 and next steps
Company A **Sector:** Media **Region:** North America **Starting year: 2022**	The company has a number of responsible content pilots in place, including on- and off-screen content representation strategy. Building infrastructure to formally track representation.	We encouraged the company to explain the progress on its representation strategy. Once this was achieved, recommendations focused on the implementation of its anti-bias policy for on-screen content and on opportunities for parental controls enforcement for teenagers for the company's streaming platform.	**2022-2023** In its 2023 ESG report, the company disclosed individual on-screen representation goals and progress on each goal (including external studies/ research where relevant). This addressed our request in detail and offered an example of good practice. **2024** The company was collecting investor input into ESG metrics for the next report and was open to including KPIs related to the implementation of the anti-bias policy for on-screen content. It also shared that it was reviewing the technology, resourcing and processes behind the policy. On content controls, the company shared that despite lack of progress, it opened up discussions on mental health with parents, and that it would continue to follow up.	*In 2025, the company was experiencing delays in publishing updated disclosures, which may be related to recent merger activity. Engagement activity in 2025 was therefore rather limited, but company indicated that engagement would resume in 2026.*
Company B **Sector:** Media (Outdoor Advertising) **Region:** Europe **Engagement started in 2023**	The company has a Code of Conduct for responsible advertising, committing to respect the local regulations and values. Every location has an advertising campaign review committee and internally tracks the number of rejected projects. Despite committing to respect local regulations, the company would not create its own content rules.	We encouraged the company to disclose information on the process of campaign reviews with examples of how the process works in various countries of operation.	**2024** The company published new information on the ethical review processes for the outdoor advertising campaigns.	In 2025, at the time of our dialogue we did not observe any changes in company policies and reporting. We appreciated the 2024 progress and sought clearer detail on how advertising content reviews and local billboard committees operate and are resourced across markets outside company's home country, including training rollout for local teams. We also recommended more transparent, regular reporting on compliance outcomes across all markets and anonymised case studies to demonstrate best practice. Later in the year, we did observe updated reporting on campaign review numbers, suggesting this reporting will become regular going forward. *We will follow up with the company again on these outstanding points in 2026.*

Company C **Sector:** Media **Region:** North America **Engagement started in 2023**	– The company's daily news programming reached an average of over 1.2 million US viewers in 2023, making it one of the leading mainstream news programmes. However, transparency on editorial policies and review processes has been relatively limited versus peers, creating reputational and advertising-revenue risk, particularly as the company has faced multiple lawsuits since 2021 related to its reporting on the 2020 US political events. While one case has been settled, another defamation claim by election-technology suppliers remained pending at end-2024. The company has also faced recurring allegations of bias and of broadcasting inaccurate or misleading information across its shows.	Key objectives for our engagement were as follows: – Increase transparency to clearly outline how the company conducts editorial reviews and oversees compliance with its own editorial/ content policies – Evidence risk management processes in place to address the ability to detect and mitigate against risks associated with inaccurate information and their repercussions, and demonstrate that these processes are adequately resourced. Specific recommendations included assessing the adequacy of human resources available to support editorial reviews and formalising process and timelines to respond to audience and/or stakeholder concerns around content – Evidence management and Board accountability for addressing such risks and their mitigation As company continued to face external scrutiny around the accuracy of its reporting and defamation cases, we also over time started to encourage it to disclose and facilities audience feedback.	**2022** Company was responsive but the dialogue did not lead to significant convergence on our concerns. **2023** Re-raised prior transparency requests, prompting deeper engagement focused on editorial review and content-risk management in light of ongoing litigation. The company acknowledged disclosure/ process gaps and outlined improvements (training, heightened scrutiny of live programming, and potential tech enhancements). **2024** Disclosures and CSR reporting showed limited progress, leading to renewed outreach in September with an unconvincing response. Content-risk management concerns also informed AGM voting, while the company expressed openness to developing KPIs. The company did, however, increase transparency around audience feedback.	In 2025, although company remained responsive, it had failed to make material changes in reporting, with public disclosures on editorial review and content standards broadly unchanged in 2025, nor had it updated any of its relevant policies. *The company remained exposed to ongoing defamation and content-related litigation, and therefore, having been unsuccessful in attempting to dismiss some of them. With these litigation risks in mind, we will continue to engage and will consider appropriate next steps in 2026.*

Next Steps

In 2026, we will continue to regularly engage with companies in the media and advertising sectors on transparency and the enforcement of policies related to content production and reviews, further encouraging robust resourcing and reporting on relevant KPIs. We will also continue to highlight the need for more traditional media companies to be proactive in managing the implications of AI for their business models. Additionally, with growing scrutiny around digital marketing to children, we will consider engagement with companies outside of the media sector on their due diligence around advertising channels with the focus on children as audiences.

8. Engaging on Antimicrobial Resistance

Context

Antimicrobial resistance (AMR) is an evolutionary process of pathogens (e.g., bacteria, viruses, fungi or parasites) ceasing to respond to antimicrobial agents that have been developed to eliminate them. This means that antibiotics designed to treat an infection can no longer do so. A major consequence of AMR is that simple infections become difficult to treat, which in turn leads to increased risks of severe illness and death, as well as the faster and wider spread of disease. Although antimicrobial resistance has been a challenge since the discovery of penicillin, continued exposure to antibiotics by humans and animals has contributed to the increase in anti-microbial resistance issues, globally. As a result, the World Health Organization (WHO) has named AMR one of the top 10 global public threats facing humanity. The WHO also estimates that AMR contributes to 4.95 million deaths annually, with 1.3 million directly linked to AMR[336]. This makes AMR the leading direct or underlying cause of death, worldwide. AMR drivers are complex, but a key contributor is the misuse and overuse of antimicrobials (such as antibiotics), including those used in animal agriculture and intensive farming. The misuse and overuse of antibiotics in livestock (where an estimated 70-80%[337] of antibiotic use occurs) can lead to antibiotic resistance at the human and more global level via resistant strains that can spread through food products, waste, and pollutants[338].

For investors, AMR represents a systemic portfolio risk. According to the World Bank, through its threat to public health, AMR will lead to a loss of up to 3.8% in Gross Domestic Product by 2050, thus causing more damage to the global economy than the 2007-08 financial crisis[339]. However, because drivers of AMR and their linkages to the economy are highly complex and dynamic, existing estimates are likely to be conservative. In order to understand the key contributors to the economic burden associated with AMR, data points include a combination of productivity lost due to illness and death, economic pressure on healthcare systems[340], as well as sector-specific challenges, such as decreased livestock productivity. The World Bank estimates that output and trade in livestock could decline as much as 11% by 2050 in a high AMR impact scenario[341]. In addition to economic effects, AMR is likely to have consequences for the climate and biodiversity crisis[342, 343] and undermine the progress towards Sustainable Development Goals, including hunger and poverty eradication and better global health[344].

The drivers of AMR are complex, but the misuse and overuse of antimicrobials in human health, animal agriculture and the environment remain central - this keeps livestock production, aquaculture, restaurants, pharmaceutical manufacturing and water-related pathways all relevant from a stewardship perspective. The policy backdrop has also become more concrete over the past two years. In September 2024, UN member states adopted a new political declaration on AMR, including a commitment to work towards a 10% reduction in bacterial AMR-associated human deaths by 2030[345]. In May 2025, the World Health Assembly agreed to update the global action plan on AMR for discussion in 2026, reinforcing the direction of travel[346]. At the same time, the environmental dimension of AMR has received greater attention. WHO published its first guidance on antibiotic pollution from manufacturing in 2024, highlighting wastewater and solid waste management as an important and previously neglected part of the response[347]. Taken together, these developments support a continued engagement approach across several parts of the value chain rather than a narrow focus on one industry alone.

336. https://www.who.int/news-room/fact-sheets/detail/antimicrobial-resistance
337. https://www.weforum.org/agenda/2017/11/three-quarters-of-antibiotics-are-used-on-animals-heres-why-thats-a-major-problem/
338. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10537193/
339. https://documents1.worldbank.org/curated/en/323311493396993758/pdf/final-report.pdf
340. https://www.oecd-ilibrary.org/sites/f7c3c566-en/index.html?itemId=/content/component/f7c3c566-en#:~:text=Resistant%20infections%20are%20associated%20with,countries%20included%20in%20the%20analysis
341. https://documents1.worldbank.org/curated/en/455311493396671601/pdf/executive-summary.pdf
342. Higher temperatures, storms and floods and help spread antimicrobial resistant waterborne diseases infecting communities and negatively impacting global health outcomes
343. https://www.unep.org/resources/superbugs/environmental-action
344. https://sdg.iisd.org/news/antimicrobial-resistance-threatens-development-sdgs-tripartite-report/
345. United Nations / UN General Assembly high-level meeting political declaration on AMR, including target to reduce deaths associated with bacterial AMR by 10% by 2030: link
346. World Health Organization, Seventy-eighth World Health Assembly – Daily update: 27 May 2025; decision to update the Global Action Plan on AMR for discussion in 2026: link
347. World Health Organization, New global guidance aims to curb antibiotic pollution from manufacturing (3 September 2024): link

Amundi Actions

Amundi has been engaging on AMR through various channels; including direct engagement with companies, collaborative investor engagement organised by the FAIRR Initiative and also by co-filing shareholder proposals with other investors to increase awareness and incentivise action on this important issue. Prior to 2024, the primary focus of our engagement was on food companies and restaurants who have exposure to AMR via their protein supply chains. Since 2024, recognising that the systemic nature of AMR's impact also necessitates broadening the scope to sectors that have a significant impact on AMR proliferation we have been engaging with pharmaceutical and water companies. Water is recognised to be a primary vector of AMR transmission[348], and both sectors have pivotal roles to play in addressing the high economic and social costs of waterborne AMR. These costs place a significant burden on the global economy, through USD 1 to USD 5 billion per year in additional healthcare costs and productivity losses are estimated to stand at USD 300 million, or 3.5 million additional sick days per year[349].

Food and Consumer Services Companies

While specific engagement objectives can vary per company, our overall objectives for these sectors are as follows:

- Ensure restaurants and food producers set AMR policies in line with WHO guidelines which notably includes restricting the use of medically important antibiotics for both growth promotion and disease prevention
- Ensure policies cover all proteins within the company's scope
- Provide evidence of policy implementation and compliance through target setting and auditing of the supply chain

AMR has a strong impact on not only human health but also biodiversity and the environment. For example, antibiotic resistant bacteria and their by-products can accumulate and contaminate soil, which creates significant challenges for soil remediation and conservation, given the limitations of current techniques[350]. AMR also presents high risks for ocean health if medically important antibiotics are released in fisheries and leak more broadly into marine ecosystems[351]. Therefore, some of the companies were in fact engaged on AMR within the context of our oceans and aquaculture engagement.

A sample of more specific company recommendations can be seen in the following table. We continue to observe that although research suggests the impact of antibiotics on the price of meat is estimated to be small[352], in practice companies continue to view the costs associated with antibiotic-free commodities as an economic barrier. At the same time, we do see some increased efforts on data tracking, pilot projects and collaborations, so we certainly see value in continuing dialogue with companies to share emerging good (if not best) practices and continue to communicate the investor case for addressing AMR-related risks.

348. https://www.who.int/teams/environment-climate-change-and-health/water-sanitation-and-health/burden-of-disease/wash-and-antimicrobial-resistance
349. https://www3.weforum.org/docs/WEF_Antimicrobial_Resistance_and_Water_2021.pdf
350. https://pubmed.ncbi.nlm.nih.gov/36563979/
351. https://link.springer.com/article/10.2478/s11756-020-00456-4
352. Kaniyamattam, K., Tauer, L. W., & Gröhn, Y. T. (2021). System economic costs of antibiotic use elimination in the US beef supply chain. Frontiers in Veterinary Science, 8, 606810.

Company	Assessment at start of campaign	Key Recommendations	Company Progress in previous years	Status in 2025 and next steps
Company A **Sector:** Consumer Services **Region:** North America (Collaborative engagement with FAIRR) **Engagement started in 2023**	The company has strong oversight of its chicken supply chain, which is vertically integrated, making it easier to track antibiotic use. However, it has less visibility on its pork and beef supply chains. It has a target to expand the scope of its AMR commitment to 100% of US and Canadian chicken, beef, and pork from suppliers that prohibit the use of medically important antibiotics by 2030. The company has also committed to mapping and reporting on the use of MIAs (Medically Important Antimicrobials) by 2024.	We encouraged the company to: – Provide updates on progress toward its 2030 targets – Disclose antibiotic usage data, proof of third-party auditing, and details of how it deals with noncompliance across the supply chain – Implement time-bound targets to reduce antibiotic use for eggs and dairy and for its international supply chain – Publicly disclose a granular breakdown of the company's key purchased proteins for the next phase of the reporting cycle for all its restaurants	2023 The company believes it is unlikely to reach its 2024 commitment due to the lack of urgency in the supply chain to end the use of MIAs. At present, most efforts are limited to pilots and case studies with little substantial industry action to push suppliers to move away from MIAs. The company said it currently has no plans to expand commitment from broiler hens to laying hens. Nor plans to increase scope of its commitments to other geographies. No audits were carried out beyond chicken supply chain. **2024** The company acknowledged that AMR is a challenging area for them, especially for difficult commodities such as beef. The price of commodities without antibiotics is high, and the company does not have leverage with indirect suppliers. We asked the company to share more evidence on how they are working with their stakeholder ecosystem to advance action on antimicrobial resistance.	In 2025, reporting of progress towards 2030 target on beef and pork is still limited to one or two sentences without any quantification. Specifically, the company explained that the implementation of its Animal Care Standards Program (ACSP) has helped increase its supply chain visibility and opened the door to building new relationships with upstream suppliers but that progress remains challenging on beef and pork. Trials are underway through the International Consortium for Antimicrobial Stewardship in Agriculture (ICASA). We consider there has been no or very limited progress overall on all our key recommendations related to antibiotics since 2023. *We will continue to engage going forward with no further escalation considered at this stage since despite our reservations, the company remains advanced on its commitments as compared to peers.*

Company B **Sector:** Consumer Services **Region:** North America **Engagement started in 2023** 	The company has published a detailed beef and dairy antibiotic use policy since 2018, with last update in December 2022, when it introduced thresholds on the maximum use of MIAs (in mg/kg) in beef supply chains for 10 important markets, representing 80% of global beef and dairy products purchased. It has also a chicken antibiotics use policy (not on laying hens) since 2017 covering most of its markets (Brazil, Canada, Japan, South Korea, the U.S., Australia, China and Europe). This policy prohibits the use of MIAs for the purpose of growth promotion or the habitual use of antibiotics for disease prevention. This policy also includes a target to eliminate the use of antibiotics defined by the WHO as Highest-Priority Critically Important Antibiotics (HPCIAs) to human medicine from all chicken served in above mentioned markets by the end of 2027. Since February 2019, the company tracks the use of MIAs for chicken in above mentioned markets via a third-party provider, the Food Animal Initiative (FAI), which collects producers data. The company has also been working on the development of a policy for pork since 2021, with a draft introduced to suppliers the same year and evaluation of their feedbacks in 2022.	We encouraged the company: – to report more on their exposure (e.g volume of proteins purchased, extent of antibiotic use) – to report more on how it ensures supplier compliance with antibiotics policy, including explanations on the auditing process and a clear definition or list of antibiotics covered by the policy – to design a more quantified roadmap on the reduction of antibiotic use in the beef supply chain	No progress was observed in 2024 reports. While the complexities of the subject are acknowledged, the company showed limited willingness to discuss the subject with broader stakeholders. Considering the size of the company and associated magnitude of the AMR risk, we find the lack of transparency on how they are addressing AMR challenges to be a concern, as is their past backtracking on previous public commitments.	In 2025, company reported that they improved antibiotic use data collection for beef and pork supply chain. They launched One Health Beef, a closed loop, real-time system collecting data on antibiotic use alongside other health data. Regarding pork, the company began tracking antibiotic use in China. In the US, it is collaborating with the pork industry to potentially develop a database model for reporting antibiotic use data. The company has a timebound target for antibiotic use in chicken but still not for beef (which is arguably harder). *We will therefore continue the engagement in 2026.*

Company C **Sector:** Food products **Region:** North America **Engagement started in 2023** 	In 2022, the company published an "Antibiotics Stewardship Position Statement" detailing its responsibility in practicing and promoting antibiotic stewardship. The statement recognises the importance of the WHO's list of Critically Important Antimicrobials for Human Medicine and includes reducing the need to use antibiotics within its supply chain. For pork and beef, the company does not have a policy in place to restrict antibiotic use in supply chains beyond compliance with local regulations. It is unclear if the company restricts the use of MIAs for growth promotion in its foreign production operations. Despite its 2022 position statement, and the company recognising the importance of these goals, it has not yet publicly reported any goals or targets to reduce its antibiotic use.	We encouraged the company to implement a policy to restrict the use of antibiotics in its beef and pork supply chain that exceeds local regulation. This could include, for example: - Banning the use of Highest Priority Critically Important Antimicrobials - Introducing timebound targets when this is done - Implementing science-based goals to decrease the incidence of disease and find alternatives in the supply chain, as promised by the position statement in 2022	The company declined to engage with investors via FAIRR, and failed to respond to Amundi's individual request for a discussion. **2024** In 2024, the company did engage with FAIRR, and we participated in a FAIRR-convened investor group meeting with the company, although AMR was not the subject of the meeting. The company did not respond to our direct outreach on AMR.	We did not see evolution from the company in public reporting on an antibiotics-restriction policy for beef, pork and turkey beyond regulatory requirements. The company publishes no reduction targets, usage data or monitoring details. *For 3 years, the company has shown limited progress despite our engagement efforts, and therefore we will assess opportunities to evolve the engagement in 2026.*
Company D **Sector:** Food products **Region:** North America **Engagement started in 2023** 	One of company's key sustainability goals is to advance its antibiotic stewardship efforts and pilot an antibiotic use measurement and reporting system; a somewhat more advanced target than that of peer companies. It has published Antibiotics Stewardship reports since 2011. These reports state that it is complaint with FDA guidelines to never use MIAs for growth promotion in its supply chain. The company produces some "raised without antibiotic products" but beyond this there are no further policies prohibiting the use of MIAs in the supply chain. It has a target in its 2022 Antibiotic Stewardship Report, to achieve a 10% year-over-year reduction in the use of MIAs at company-owned turkey and sow farms.	We have encouraged the company to implement a policy banning the use of antibiotics in the supply chain that goes beyond local regulations. In addition, we have encouraged the company to develop a protein-specific antibiotic policies for the beef and chicken supply chain and develop an antibiotic use policy for its international division/ operations	Despite no significant evolution, the company showed openness to engagement and willingness to continue addressing the issue. **2024** No updates reported as the company asked for time to hold the engagement meeting on the matter of AMR in the following year. In our 2024 engagement, the company also discussed the challenge of engaging its pork supply chain to improve antibiotic-use transparency.	The company has dropped its prior target to reduce MIA use by 10% year over year. Further,in 2025 the company shared that it would discontinue public reporting for pork because it does not own or operate any hog farms, unfortunately representing a rollback in transparency. While the company had not implemented a supply-chain-wide ban on the routine use of medically important antibiotics beyond local regulations, it did form a working group to assess the WHO Guidelines. Additionally, this year we also noted that the company lacks protein-specific antibiotic policies, and a policy for international operations, which we will incorporate as asks into further dialogue. *Despite our concerns about the changes in company policies, we will continue to engage in 2026.*

Company E **Sector:** Consumer Services **Region:** North America **Engagement started in 2023** 	– The company has policies regarding antibiotic use for restaurant brands but they vary and are not uniform across the entire company. – The company has established targets on antibiotic use but they are not comprehensive and are focused on specific geographies, brands, and animal products. – It has made some efforts to collaborate with its supply chain but there is limited transparency as to how their involvement supports increased action.	– We encouraged the company to establish an explicit policy to not use MIAs as outlined by WHO. – We recommended it increases transparency around how the company works with suppliers to help eliminate the use of medically important antibiotics in its supply chain. – We also encourage the company to increase collaboration with its peers to help collectively apply pressure on supply chain choke points and incentivise change and decrease antibiotic use.	– In our 2024 engagement meeting, the company demonstrated that it is involved in numerous initiatives to address AMR in its poultry, beef, and non- European/US supply chains. – With reference to the WHO standards, which it described as high and challenging to meet – the company expressed concern that endorsing them in a policy could put it at risk of greenwashing. – We suggested more collaborative work on supplier choke points where key issues reside, such as in feedlots. – We wated to see more reporting on the matter, but were happy with the company's progress and commitment to addressing the issue of AMR.	– In its report published in 2025, the company states that all of the poultry sourced by its US brands is now certified under the United States Department of Agriculture's Process Verified Program as meeting the No Antibiotics Used Important to Human Medicine as defined by the WHO. This is important progress, emphasized by the previous doubts expressed by the company on directly referring to WHO standards. – However, we did not observe progress on beef (with still a previous 25% reduction target of MIA use by 2025 for one of its major US brand) nor pork (no policy) and the company did not respond to our outreach this year. – *As such, we will continue to engage with the company in 2026.*
Company F **Sector:** Fishing & Aquaculture **Region:** Europe **Engagement started in 2021** 	The company has stronger targets and strategies on AMR in its home country where domestic policies are more stringent compared to its operations in other regions.	We recommended the introduction of company-wide targets to limit antibiotic use. We also encouraged the company to establish a formal commitment to not use critically important antibiotics, as outlined by WHO.	The company has a policy to avoid the highest priority antibiotics, but it is not explicit and is not a formal commitment. **2024** The company explained that antibiotics are used in the absence of alternatives and are never used as a preventive measure. They are no longer used in the company's home country but are used in one location (Chile) for a bacterial disease found in salmon and other fish (SRS), as the company has indicated that there were no alternatives. We asked the company to be more transparent about the volume and types of antibiotics used. We are also asking for greater transparency on the actions taken to reduce the use of antibiotics in Chile where vaccines are not as allowed.	In 2025, the company introduced a 2030 target to reduce antibiotic use by 25% per ton of production, using 2024 as a reference year. The company also established a formal commitment to use zero Highest Priority Critically Important Antimicrobials in their operations, every year. Lastly, company has taken actions to reduce antibiotics use in Chile, namely vaccine development and improvement project, genetic selection, enhanced health feeds and gentle sea lice treatment methods. *In our meeting, we re-encouraged company to deploy the SRS vaccine at their Chilean salmon farms. Although this KPI is not yet achieved, we do appreciate the company's overall progress and will continue our dialogue in 2026.*

Pharmaceutical Companies

Recognising the contribution of pharmaceutical sector to combatting AMR, in 2024 we engaged with pharmaceutical companies on responsible manufacturing of antimicrobials. 2024 was also the year when the WHO published its guidance on wastewater and solid waste management for manufacturing of antibiotics aimed at controlling pollution from antibiotic manufacturing that can contribute significantly to the spread of AMR. To address the risks associated with antibiotic waste, pharmaceutical companies are urged to introduce responsible manufacturing practices that limit the discharge of waste into the environment, especially

into rivers as their water may be used for agriculture and public consumption[353]. For instance, the Access to Medicine Foundation (ATMF) recommends that in order to reduce AMR risks, pharmaceutical companies should establish, quantify and monitor discharge limits for ensuring their wastewater safety and promote compliance with discharge limits as well as transparency and accountability on these practices across their supply chains[354].

The majority of antimicrobials are now produced by generic medicine manufacturers, increasingly in emerging markets[355]. Generic manufacturers therefore play an important role in global health equity by enabling affordable access to antibiotics, yet their manufacturing practices remain under scrutiny. In our engagement selection, we focussed on large generics manufacturers located in emerging markets, and sought to focus on encouraging better disclosures around AMR risks and waste management.

Generally, we asked the companies to:

- Develop and/or enhance reporting around the management of wastewater and solid waste resulting from the production of anti-infectives.
- Have anti-infective manufacturing sites certified by a third party to evidence that the company is effectively managing risks related to antibiotic waste.
- Join relevant industry initiatives relevant to the management of anti-microbial resistance, such as the AMR Industry Alliance (AMRIA), a private sector coalition set up to develop solutions to curb anti-microbial resistance risks[356].

The table below summarises the progress of our engagement, which, though uneven, demonstrates significant potential for dialogue with emerging market pharmaceutical companies on AMR, and considering the general challenges of AMR engagement, we are encouraged by these initial advances.

Company and Sector	Company Baseline (2024)	Recommendations	Status in 2025 and next steps
Company A **Sector:** Pharmaceuticals **Region:** Asia ↗	The company has some reporting on its efforts around preventing the contamination of streams through the use of the zero-liquid discharge water treatment systems across its manufacturing facilities.	We encouraged the company to: - Enhance reporting around the management of wastewater and solid waste resulting from the production of anti-infectives - Have anti-infective manufacturing sites certified by a third party to minimise the risk of antimicrobial resistance - Join AMRIA	The company was receptive to our engagement, demonstrating solid management of drug manufacturing (including anti-infective) with processes implemented according to the WHO guidelines to prevent water and soil pollution. Regarding independent certification of anti-infective manufacturing sites and joining the AMRIA, the company stated it would evaluate and work on this in the future. *We will pursue this engagement further in 2026.*
Company B **Sector:** Pharmaceuticals **Region:** Asia →	The company has some reporting around AMR, which discussES the risks & opportunities, as well as its manufacturing risk management approach.	We encouraged the company to: - Disclose details of how it manages wastewater and solid waste that results from its production of anti-infectives - Have its anti-infective manufacturing sites certified by a third party to minimise the risk of antimicrobial resistance - Follow the WHO guideline on the control of environmental pollutions in the production of antibiotics	*In 2025, we saw limited progress from the company, but we will continue our engagement efforts in 2026.*

353. https://www.who.int/news/item/03-09-2024-new-global-guidance-aims-to-curb-antibiotic-pollution-from-manufacturing
354. https://accesstomedicinefoundation.org/medialibrary/atmf_responsible-manufacturing_amr-report.pdf
355. https://iris.who.int/bitstream/handle/10665/311288/WHO-MVP-EMP-IAU-2019.02-eng.pdf
356. https://www.amrindustryalliance.org/

Company C **Sector:** Pharmaceuticals **Region:** Asia 	The company produces anti-infective drugs but, unlike other producers of antibiotics, is not covering AMR in its sustainability reporting.	We encouraged the company to: – Include in its disclosures (either in its annual report or on its website) a section dedicated to AMR. This should discuss risks and product stewardship, but also cover the manufacturing of anti-infectives and, crucially, the management of the wastewater and solid waste produced – Follow the guideline, recently published by WHO, on the control of environmental pollution in the production of antibiotics – Have anti-infective manufacturing sites certified by a third party to minimise the risk of antimicrobial resistance – Join AMRIA	The company was receptive to dialogue. While minimizing its exposure to antimicrobial resistance (AMR), it has developed initiatives to prevent AMR, including the implementation of zero-liquid-discharge manufacturing, and appears willing to take further action. The company informed us that it is in discussions with the AMRIA to explore best practices and is hoping to join this industry alliance in the near future. We have encouraged the company to enhance its reporting on AMR and to have its manufacturing sites certified by an independent organization such as BSI. *We will continue to pursue this engagement in 2026.*

Water Utilities Companies

In 2024, we began an engagement with 4 water utilities companies on AMR. Of those, one company had already mentioned working on the topic of antimicrobial resistance, but none of the companies disclosed specific evidence of addressing AMR risks systematically. Therefore, across all four engagements, we asked for

- Evidence of monitoring system to detect agents such as antibiotic-resistant bacteria and antibiotic-resistant genes, and
- To provide details on how they monitor AMR including the key actions they are undertaking to reduce the risks identified.

In 2024, one of the companies had reported back that it had interest in the developments related to antibiotic-resistance gene detection but that monitoring related to antibiotic resistance was carried out on an as-needed basis rather than regularly. Further, following initial engagement, we decided to close the AMR engagement with one company as it was already conducting antibiotic-resistance monitoring on an ad-hoc or request basis: the company mentioned its interest in introducing routine AMR detection systems and that routine monitoring and risk assessments are regularly updated to remain compliant with regulations.

Below we summarise the progress on engagement with the remaining 3 companies. We note that corporate progress was relatively slow in 2025, but we will continue our efforts going forward as we see potential in further dialogue based on our assessment of the field.

Company	Assessment at start of campaign	Key Recommendations	Status in 2025 and next steps
Company A **Sector:** Water Utilities **Region:** Europe 	The company showed no evidence of working on the topic of AMR, a key risk in the sector.	Starting 2024, we asked the company to: – Disclose evidence of monitoring system to detect agents such as antibiotic-resistant bacteria and antibiotic-resistant genes – And provide details on how they monitor AMR including the key actions they are undertaking to reduce the risks identified.	The company acknowledged our request but had not yet disclosed any new information on its AMR monitoring or related risk-management systems. *In 2026, we will continue to ask the company for increased transparency on AMR monitoring practices, relative disclosures, and key actions undertaken to mitigate risks.*
Company B **Sector:** Water Utilities **Region:** Europe 	The company showed no evidence of working on the topic of AMR, a key risk in the sector.	Starting 2024, we asked the company to: – Disclose evidence of monitoring system to detect agents such as antibiotic-resistant bacteria and antibiotic-resistant genes. – And provide details on how they monitor AMR including the key actions they are undertaking to reduce the risks identified.	As of 2025, we had not seen evolution on corporate reporting on this subject. *We reiterated our expectations and will continue the engagement in 2026.*

Company C **Sector:** Water Utilities **Region:** North America ➡	The company showed some disclosures on risks related to AMR. However, proper risk assessment and action points were missing from the company's initial assessment. We originally asked the company to: – Monitor the occurrence of antibiotic-resistant bacteria and antibiotic-resistant genes in drinking water and wastewater – Disclose key actions undertaken to reduce the risks identified – Introduce monitoring systems to detect agents such as antibiotic-resistant bacteria and antibiotic-resistant genes	Starting 2025, we asked the company to disclose outcomes of the AMR studies previously conducted which should include any risks identified and action points in order to be considered complete.	The company was not able to share evolution on this subject. *We will continue our engagement efforts in 2026.*

Next steps

In 2026, we will continue to engage selected companies exposed to AMR-related risks across food and pharmaceutical value chains, with particular attention to antimicrobial stewardship, implementation and the quality of public disclosure. We also see scope to broaden our work gradually where AMR risk is increasingly shaped by environmental and healthcare-system pathways. This may include closer attention to wastewater and pollution-related controls, as well as a more exploratory assessment of whether parts of the healthcare ecosystem, including providers and other health-related services, warrant greater engagement on stewardship, infection prevention and related safeguards. As the policy and evidence base continues to develop, we will seek to refine our approach in ways that reflect the systemic nature of AMR risk while remaining focused on areas where investor engagement can be most relevant.

9. Engaging on Tax Responsibility[357]

Context

Aggressive tax strategies represent a material risk for companies and their investors, particularly when coupled with a lack transparency in disclosure. As the Financial Accountability and Corporate Transparency Coalition suggests, lack of insight into corporate tax practices can result in inefficient capital allocation decisions "making guess work where information is available"[358], which in turn can increase market volatility. Risks hidden behind opaque corporate tax reporting can vary, for instance, from geopolitical impacts to undisclosed restructuring effects – all information that would be useful for investors' decision-making. With growing scrutiny from regulators, companies might also find themselves in conflict with local authorities[359]. More generally, research does not provide evidence of a positive effect of tax avoidance strategies on firm value[360], and studies have demonstrated that company stock tends to decline when information about corporate use of tax shelters becomes

357. In 2024, we positively closed an engagement with a North American Oil & Gas company. Owing to this, the engagement is no longer reported.
358. https://thefactcoalition.org/wp-content/uploads/2022/07/FACT-Report-Final-Final-_-Reduced.pdf
359. https://thefactcoalition.org/wp-content/uploads/2022/07/FACT-Report-Final-Final-_-Reduced.pdf
360. Desai, M. A., & Dharmapala, D. (2009). Corporate tax avoidance and firm value. The review of Economics and Statistics, 91(3), 537-546. https://direct.mit.edu/rest/article-abstract/91/3/537/57787/Corporate-Tax-Avoidance-and-Firm-Value

public[361]. Conversely, the impact of aggressive corporate strategies on economies has also long been argued and documented[362]. By paying a fair share of taxes in their countries of operation, companies play an important role in the local economic development and support public finances, infrastructure development and services provision. In doing so, they can contribute to a well-funded and economically resilient society. This, then, benefits the companies themselves, our portfolios and our clients. Moreover, the UN highlights the importance of taxation to the achievement of Sustainable Development Goals[363].

Yet, a 2022 United Nations University analysis suggests that between 1975 and 2019, the share of multinational companies' profits booked in tax havens had remain a constant 37%, and the proportion of global tax revenue lost through profit shifting increased from 9 to 10%[364]. As well, in 2024, the Tax Justice Network estimated that USD 492 billion was lost annually to tax evasion and corporate tax abuse, of which USD 348 billion was lost to cross-border corporate tax abuse by multinational corporations[365, 366].

Regulators and civil society are increasing their focus on tax justice. Since 2023, more than 140 members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting have continued work to tackle tax avoidance, improve the coherence of international tax rules and support a more transparent tax environment. That agenda has become more concrete as implementation of the 15% global minimum tax moves forward and the OECD has continued to issue technical guidance intended to enhance tax certainty and reduce complexity. At the same time, public country-by-country reporting in the European Union is moving closer to practical application, with the European Commission developing supporting taxonomy and report-generation tools ahead of the 2026 reporting cycle. In parallel, negotiations on the new UN Framework Convention on International Tax Cooperation are now under way and are likely to attract significant policy engagement from multinational companies between 2025 and 2027.

Amundi Actions

Amundi has been engaging on the topic of tax responsibility since 2017, when we published a dedicated report on tax in the context of corporate ESG strategy. Over this time, we have continuously supported the integration of tax matters into corporate social responsibility (CSR) strategies. As tax matters are relevant across industries and geographies, we continued to engage with a diverse group of multinational companies with a significant global footprint and thus potentially strong likelihood to realise positive economic impacts through responsible tax commitments. This includes companies in the information technology, healthcare, energy, industrials, materials, communication services, financial and consumer sectors, among others.

We also continued dialogue with some companies with potentially aggressive tax strategies – those demonstrating a low effective tax rate (below 15%) and a high estimated tax gap (the difference between estimated effective tax rate and estimated statutory tax rate), reflecting concerns captured in the OECD Global Anti-Base Erosion Model Rules[367].

Finally, we have continued engaging on responsible tax in the technology sector. Companies in the technology sector are often cited for their lack of tax transparency, questionable tax practices and low effective tax rates. One study demonstrates that G20 countries could be losing up to USD32 billion annually in tax from only five of the biggest technology companies[368]. This poses a risk to the resilience of the global economy and the increasing concerns about the sector's aggressive tax practices have led to a growing scrutiny from regulators, as evidenced, for instance, by a case where in 2023, one of the largest US technology companies was notified by the Internal Revenue Services of potentially owing nearly USD30 billion in back taxes. Therefore, since 2021 Amundi has been engaging with the technology sector to encourage companies to adopt more responsible and transparent tax strategies.

361. https://webuser.bus.umich.edu/jslemrod/pdf/tax_aggressiveness.pdf
362. See, for instance, the 2024 Inequality, Inc. report by Oxfam: https://www.oxfam.org/en/research/inequality-inc
363. https://www.un.org/en/desa/international-tax-cooperation-advancing-equality-and-sustainable-development
364. https://www.wider.unu.edu/publication/global-profit-shifting-1975%E2%80%932019
365. https://taxjustice.net/wp-content/uploads/2024/11/State-of-Tax-Justice-2024-English-Tax-Justice-Network.pdfhttps://taxjustice.net/reports/the-state-of-tax-justice-2023/
366. https://taxjustice.net/press/governments-can-recover-billions-from-tax-havens-by-publishing-withheld-transparency-data/
367. https://www.oecd.org/en/topics/sub-issues/global-minimum-tax/global-anti-base-erosion-model-rules-pillar-two.html
368. https://actionaid.org/sites/default/files/publications/Mission%20Recovery_ActionAid%20Tax%20Report%202021.pdf

Engagement Objectives

In 2025, we continued to encourage companies to provide stakeholders with better disclosure and transparency. We continued to ask companies to:

- Incorporate tax issues into their CSR strategy and ensure tax matters are discussed at Board level
- Publish a tax responsibility charter describing the guiding principles of tax responsibility
- Publish an annual tax responsibility report providing detailed country by country reporting information
- Explain the main drivers behind metrics we considered as potential signal of aggressive tax practices

Engagement Outcomes & Issuer Momentum

The cases in the table below are representative of the field overall. Progress in 2025 remained very much mixed, representing a full spectrum of responses. Regulatory developments appear to have made some impact on corporate reporting, but more investor engagement work remains to be done for companies to truly go beyond compliance.

Company and Sector	Assessment at start of campaign	Key Recommendations	Company Evolution	Status in 2025 and next steps
Company A **Sector:** Industrial Conglomeratess **Region:** North America **Engagement started in 2021** 	Despite a large global footprint, the company lacked transparency around its tax practices. It has also faced controversies related to transfer pricing.	We encouraged the company to: - Publish a dedicated tax responsibility charter. - Place responsibility for the tax strategy with the Board. - Proactively communicate on tax policy with stakeholders beyond tax authorities. - Publish a yearly tax responsibility report providing further detailed country-by-country information.	We saw no progress from the company between 2021 and 2023. However, between 2024 and 2025, the company expanded its tax-related disclosures by addressing its approach to taxation in its impact report and annual report.	The company's approach to taxation presents its tax philosophy and expanded tax-related disclosures. These disclosures represent a meaningful response to publish tax policy and to increase transparency around tax matters. *While we welcome the company's constructive disclosure improvements, we see limited prospects for further material progress on our outstanding requests. Accordingly, recognizing the positive steps to date, we will close this engagement.*

Company B **Sector:** Communications Equipment **Region:** North America **Engagement started in 2022** 	Our engagement was prompted by allegations of aggressive tax strategies and lack of transparency on tax from the company.	We focused our recommendations on tax transparency (country-by-country reporting) and integration of tax into company's ESG strategy.	2023-4 saw company being open to dialogue with Amundi but largely declining engagement asks. We regularly continued, however, to stress the case for evidence of responsible tax strategies for investors.	In 2025, we were pleased to hear from the company that – It had begun publicly disclosing certain country by country reporting in the EU for FY24 in FY25, with first country reports available and additional country by country to begin in other EU jurisdictions for FY25 in FY26. Amundi noted that reporting would be available in the Purpose Report, suggesting tax is viewed as ESG matter. – They would be disclosing some additional information in their FY26 Form 10K pursuant to Accounting Standards Update (ASU) 2023-09, issued by the Financial Accounting Standards Board in December 2023. *We were pleased with these developments and while we plan to follow up again in 2026 we will consider closing the engagement positively.*
Company C **Sector:** Broadline retail **Region:** North America **Engagement started in 2023** 	– Our engagement was initially prompted by a number of concerns, including the heightened attention towards the company's tax practices by NGOs and authorities alike. In particular, several studies underscored the discrepancy between the company's reported tax jurisdictions and locations of its activities, as well as its low effective tax rate estimated on the basis of the information provided in its financial accounts.	We focused our recommendations on tax transparency, as we wanted the company to mitigate risks – financial, regulatory, and reputational – that it was likely to face as a result of its tax practices. We particularly focused on the following recommendations: – Issue a tax transparency report to shareholders, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard – Integrate tax issues into the company's social responsibility strategy – Ensure that tax is discussed at Board level – Publish a tax responsibility charter (or equivalent) and an annual tax responsibility report	**2022** Limited progress was observed. Following a lack of momentum and given significant risks identified related to the company's tax strategy, in 2022, we decided to co-file a tax transparency shareholder resolution to be considered at the company's 2023 AGM. We continued to convey our expectations on tax responsibility to the company in 2024. **2023** While our tax transparency resolution failed to pass, with a 17.7% support from shareholders at the company's 2023 AGM, we were encouraged by the fact that in 2023 the company published its tax principles and enhanced disclosures in its annual tax contribution report. **2024** We continued to encourage the company to consider a stronger country-by-country tax report to address investor and stakeholder concerns and demonstrate that the company's tax policy is a responsible one. Later in 2024, the company published its second and improved economic impact and tax contribution report, which included details of economic contribution in major markets and explicit expression of support for OECD minimum tax rules (the so-called Pillar Two).	As of 2025, we closed the engagement with a neutral momentum assessment. To close as a success, we were missing the effective tax rate published and assessed, but we acknowledge the company's progress compared to where it started, and see disclosures as offering more useful information to investors now compared to 2021 even if evolution was not enough to close the engagement positively.

Company D **Sector:** Software **Region:** North America **Engagement started in 2021** 	We began engaging the company following its inclusion in a broader report by a non-profit tax policy organisation highlighting concerns about legal tax avoidance practices among several multinational companies operating in the US. The report alleged that the company had avoided paying all federal taxes in the US while achieving considerably over USD 2 billion in income in the country. Given the company's strong positioning on ESG performance, we were concerned by its tax strategy.	Key objectives for our engagement were as follows: – Ensure that tax is discussed at Board level – Integrate tax matters into the company's sustainability strategy – Publish a tax responsibility charter (or equivalent) and an annual tax responsibility report	**2021** Company was not responsive to engagement. **2022** We reached out again with a letter highlighting our concerns and requesting a meeting with the Global Head of Tax. **2023** The company had already started viewing tax through an ESG lens. However, the company also acknowledged a number of challenges to increasing disclosures.. At the same time, the company underscored its aspiration to approach tax in a responsible manner and a commitment to not using aggressive tax practices, including an internal policy of avoiding tax havens. It also changed its tax structure several years previously, leading to greater public scrutiny and, as a result, was hesitant to be a frontrunner in tax reporting. We encouraged the company to include a discussion of its Global Tax Policy in its next sustainability/impact report. **2024** The company stated that it was planning to disclose its Global Tax Policy in the next Impact Report and that it was also preparing for the country-by-country reporting requirements in the European Union, which would come into force in 2026.	In 2025 we saw no significant progress in reporting, but the company included a statement signalling forthcoming tax disclosures in its Impact report. *We re-expressed our support for such disclosures in our dialogue with the company and look forward to seeing the reporting improve in 2026.*
Company E **Sector:** Interactive Media & Services **Region:** North America **Engagement started in 2024** 	We identified that the company has a low effective tax rate (below 15 percent) and a high estimated tax gap without any tax strategy or country-by-country disclosures.	We encouraged the company to – Consider enhancing tax transparency by reporting tax contributions by country in line with GRI 207, and – To evidence responsible tax strategy by outlining the drivers of any identified high-risk tax practices	*Between 2024 and 2025 we saw limited progress from the company. We will therefore assess our next steps in 2026, pending changes to the company's effective tax rate.*	

Next Steps

In 2026, we will continue to engage companies where tax transparency and tax governance remain an area of concern, with particular attention to the quality of public disclosure, board oversight and the explanation of tax practices that may create heightened investor concern. As the international tax environment becomes more demanding, we will monitor whether companies are adapting their reporting and governance accordingly, including through clearer disclosure on tax principles, oversight and jurisdictional tax profiles. We will also continue to build our understanding of emerging tax-related expectations and assess whether available company and third-party information is sufficient to support informed stewardship.

Governance



Governance is at the core of a company's ability to create sustainable, long-term value. It provides the framework that directs and controls its actions. Governance encompasses board composition, executive decision-making, shareholder rights, transparency and accountability. Robust governance not only supports effective risk management, it also ensures companies are able to respond to evolving environmental, social and economic challenges.

For Amundi, governance has always been an area of focus as it underpins the resilience and integrity of our investee companies. Robust practices are critical for aligning corporate strategies with stakeholder interests, maintaining trust and promoting sustainable business practices. Without proper oversight companies may fail to address risks, including those related to climate change, human rights, corruption, or cybersecurity – issues that may result in reputational damage, financial losses, or regulatory penalties. When controversies arise, they are an important area of focus for Amundi.

The 2021 ICGN Corporate Governance Principles[369] emphasise that effective governance is grounded in fairness, accountability, responsibility and transparency, fostering sustainable value creation and protecting stakeholders' interests. Similarly, the UK Corporate Governance Code 2024[370] highlights the board's responsibility to maintain successful stakeholder relationships and to embed integrity, openness, and trust in a company's culture, ensuring its long-term resilience. Both the Principles and the Code align with our belief that strong governance supports long-term corporate success while ensuring critical social and environmental considerations are addressed. MSCI research shows that governance leaders in the U.S. outperformed laggards by a cumulative 26.3% between 2015 and 2023[371]. An academic study in 2003 constructed a "governance index" to proxy shareholder rights across 1,500 US firms and found an investment strategy that brought firms with strongest rights and selling the weakest earned abnormal returns of 8.5% per year over the study period[372].

Amundi believes that constructive dialogue with companies on governance practices leads to improved decision-making processes and better alignment with long-term objectives. Our efforts focus on enhancing board diversity, independence and effectiveness; strengthening shareholder rights; and ensuring transparency in areas such as executive remuneration, risk oversight, responsiveness to stakeholder concerns and ethical business conduct.

With our engagement, we aim to influence corporate behaviour, foster accountability, and drive positive change, ensuring governance remains the foundation of sustainable development. In 2025, under Amundi's engagement theme Strong Governance for Sustainable Development, we engaged on a range of governance topics with 1,558 companies. Amundi holds dialogues with companies and Board members throughout the year to strengthen governance practices.

In the sections that follow we highlight key components of our 2025 engagement activities on various governance-related topics.

1. Board quality and oversight

The composition and diversity of a company's board are part of the bedrock to effective corporate governance. These are components that ensure the "quality" of the board, which influences how effectively the board carries out its responsibilities in setting strategic direction, risk appetite and culture.

For instance, skills diversity ensures boards are prepared to face evolving complex issues such as digital transformation and climate change. While gender diversity has been proven to "enhance the growth, productivity, competitiveness and sustainability of economies"[373]. Independent directors and a separation of power between Chair and CEO enhance a board's ability to provide sufficient oversight, remain objective and focused on long-term value creation while representing shareholder interests effectively.

Our engagement on board quality focuses on ensuring Boards have a diverse set of members

369. ICGN Global Governance Principles 2021
370. UK Corporate Governance Code, January 2024 (effective accounting periods beginning on or after 1 January 2026)
371. MSCI Corporate Governance: Market Matters (July 2024)
372. Corporate Governance and Equity Prices, The Quarterly Journal of Economics, Volume 118 (February 2023)
373. Executive summary | READ online (oecd-ilibrary.org)

with an adequate number of independent directors, bringing together a mix of skills, experiences, and expertise. This diversity enhances decision-making by introducing a broader range of perspectives to the boardroom, reducing the risk of "group think" and ensuring well-informed debates. Engaging with issuers on board quality is essential because it strengthens resilience, innovation and responsiveness to stakeholder needs. The examples that follow highlight some of our engagement on board quality.

Board Independence

Board independence is key to effective corporate governance. Therefore, we expect boards to maintain an adequate number of independent members as they are vital in challenging management decisions and safeguarding shareholder interest. The ICGN sees independent members as "essential if boards are to provide objective oversight, challenge management where necessary and act in the long-term interests of the company and its shareholders"[374]. Research shows that independence materially improves the quality of board decision making. For instance, research found that there is a positive and significant relationship between acquirer board independence and acquisition performance[375]. A relationship has also been found between board independence and lower occurrence of corporate misconduct particularly in countries where corruption is less common[376]. Lastly, studies have shown that the effectiveness of a board to remove underperforming CEO is strengthened by the presence of independent directors, who demonstrate stronger monitoring of management[377]; their absence by contrast, raises legitimate concerns about the transparency of the decision making process and potential managerial opportunism.

Engaging on board independence is important to address potential risks of entrenched interests and ensuring boards are able to make unbiased decisions, particularly on material topics (e.g. executive compensation, strategic direction).

Case study 49: Engaging on board independence

Region: Latin America
Sector: Banks

Context: In 2023, Amundi expressed reservations about several Board elections at the Company's AGM due to concerns related to the board composition in particular in terms of independence and composition of the committees. In accordance with our voting policy, the nomination committee should be composed of a majority of independent members and be free of executives. At that time, the Company's nomination committee was 43% independent and included the CEO. Consequently, Amundi chose not to support the re-election of non-independent nominees of the committee including the CEO, despite the Company's defence of the directors' skillset and experience.

Amundi Actions: Following the 2023 AGM, Amundi continued the discussions with the Company which affirmed its attentiveness to independence concerns. At the 2024 AGM, the nomination committee's independence increased to 50%, but because the CEO remained a committee member, we again refrained from supporting his re-election. We engaged with the Company in 2025 due to concerns regarding overboarding and the directors' capacity to dedicate sufficient time to their responsibilities

Engagement Outcome & Issuer Momentum: By the 2025 AGM, the Company had removed the CEO from the nomination committee and ensured that no committees included executives. Given these changes and the absence of other concerns, Amundi supported the CEO's reelection.

Next Steps: Amundi will continue to closely monitor the composition of the board and its committees, as well as directors' external commitments, at the upcoming AGM.

374. Director independence: a critical driver of long-term value creation, ICGN (February 2026)
375. Acquirer board independence and acquisition performance: a meta-analysis, International Review of Financial Analysis (June 2025)
376. Board independence and corporate misconduct: a cross national meta-analysis, Journal of Management (July 2019)
377. The effects of family entrenchment and board independence on CEO turnover, Journal of Management (October 2025)

Case study 50: Engaging with private companies on board independence

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 22 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.

Engaging on Gender Diversity at board level

Context

Amundi remains attentive to gender diversity, including in countries not subject to any regulatory obligation. We expect companies to set clear targets for balanced representation, foster inclusive cultures, and disclose progress transparently. Effective practices should ensure equal opportunities in recruitment, leadership development, and board composition.

In particular, we have been focusing on board composition in order to encourage the appointment of more diverse members. Gender diversity within companies is not just a matter of intrinsic value or a moral imperative; numerous studies have suggested the benefits of having women board directors, notably establishing a link with enhanced financial performance. For instance, one study in 2015 concluded that the number of women on boards "is positively related to accounting returns" (ROE, ROA)[378]. While another 2015 study of banks

378. "Women on Boards and Firm Financial Performance: A Meta-Analysis" Academy of Management Journal, 58(5), October 2015 (here)

across various countries found empirical evidence to suggest that board gender diversity increases bank performance[379]. Given the global scope of our engagement strategy, discussions with companies on this topic can be complex in some markets where the focus has shifted from gender to ethnic diversity in recent years. While we recognise the importance of looking at different facets of diversity, we believe companies should not stop their efforts to improve gender diversity. In Asian markets, the need to articulate the material significance of diversity for investors to companies remains prevalent. However, we observe that an increasing number of investors are pushing a similar message, contributing to meaningful progress on the matter.

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, Japan and Germany, Amundi also aims to increase the representation of women in executive management teams, with the goal of reaching a minimum of 30%. Since 2025 and acknowledging that gender diversity remains at an earlier stage in many Asian and emerging markets, we require large companies above a defined threshold[380] to have at least 10% female representation on their boards. For Japanese companies of equivalent size, we expect a minimum of 20% female board members. Smaller companies in these regions, fall below the defined market capitalization threshold, should still have at least one woman director.

Engagement Selection

Amundi systematically engages with companies regarding gender diversity whenever a concern is identified. Given the lack of progress by certain companies, Amundi previously decided to escalate the matter and to initiate a dedicated engagement on the topic starting in late 2022.

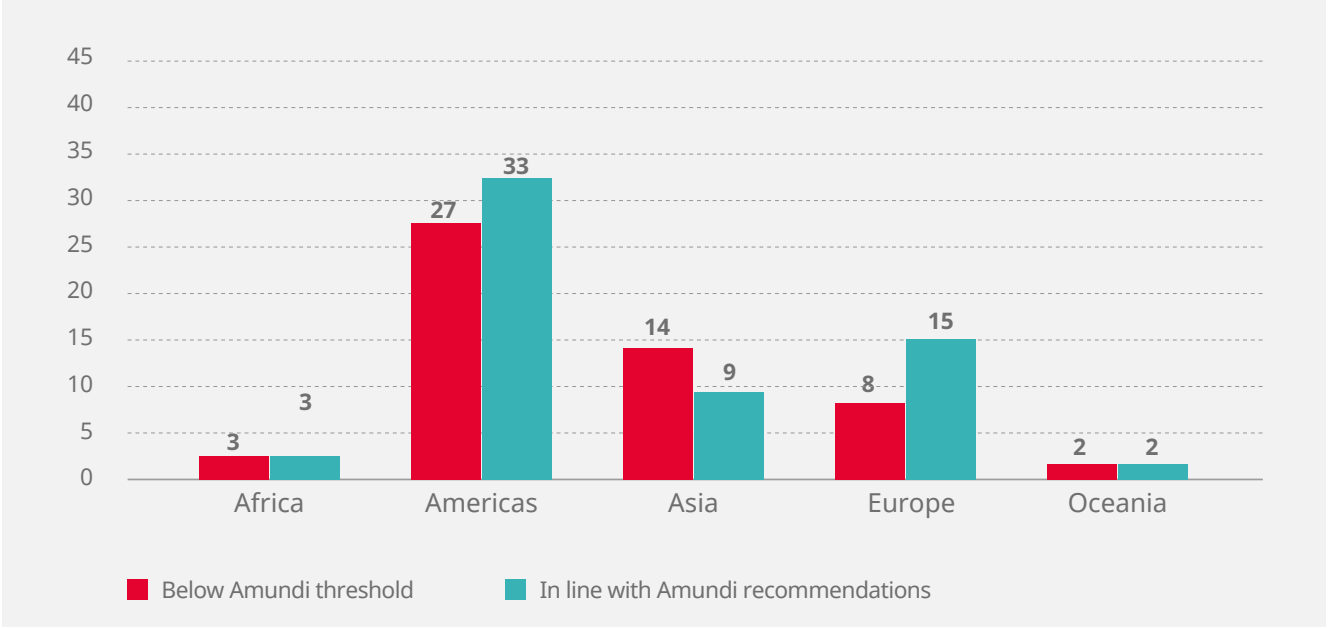
The initial sample of companies comprised of 128 identified issuers on which we exercised our voting rights during the first half of 2022. We voted against certain directors' re-election because board gender diversity did not meet the thresholds then in place: below 33% of women for developed markets and fewer than one woman for Asian and emerging markets. As of December 2025, the sample was narrowed down to 116 companies on which we exercised voting rights in 2025, after excluding those that left our investable universe or were no longer admitted to trading on the regulated market.

Issuer Momentum

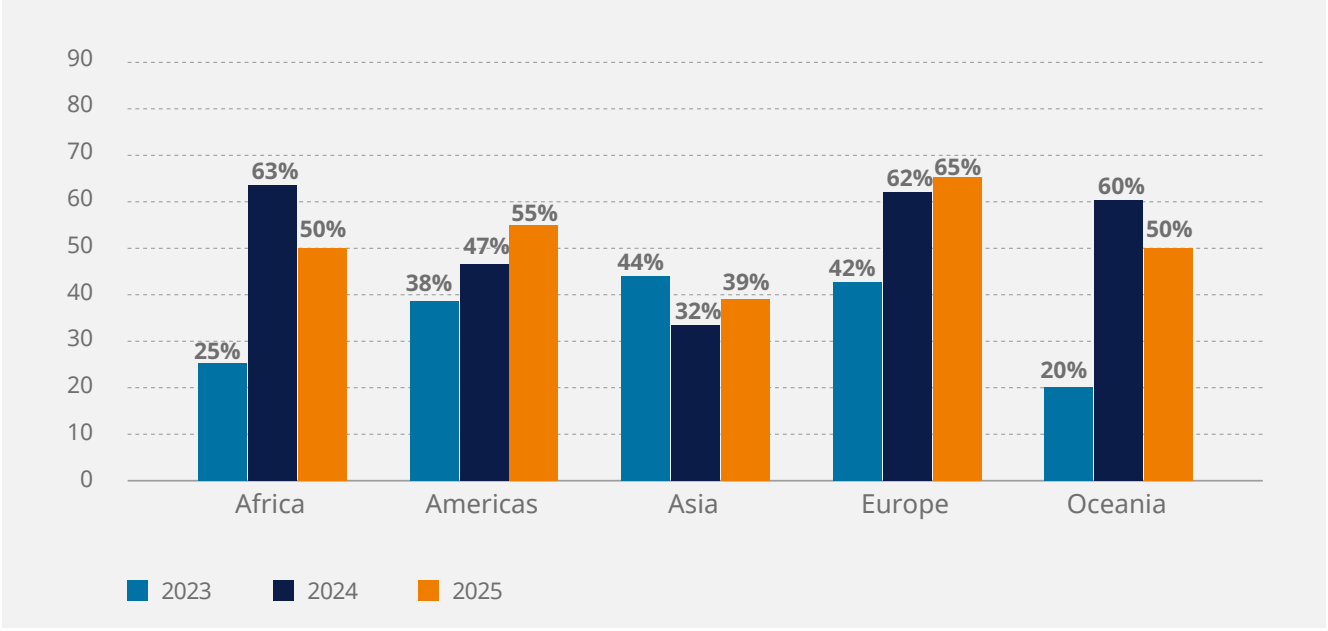
Amundi is pleased to see continuous improvement. By the end of 2025, of the 116 remaining from the initial 2022 campaign, 53% have increased the number of women at board level to ultimately align with Amundi's recommendations (vs 50% last year). Europe continues to show significant improvement, with 65% of the targeted companies meeting our gender diversity recommendation (vs 62% in 2024 and 42% in 2023). Substantial progress has been observed in the Americas where 55% of companies now meet the recommendation (vs 47% last year). However, we noted a decline in Africa markets to 50%, from 63% a year ago. This decline appears unrelated to the tightening of our voting policy for large emerging-market companies (which moved from a minimum of one woman to a 10% female board threshold) and is likely due to other factors : of the eight companies in the initial sample, two have exited our investable universe and only one has experienced a decline in board gender diversity.

379. "Board diversity and its effects on bank performance: An international analysis" Journal of Banking & Finance, Volume 53, April 2015 (here)
380. Companies with market caps over USD 3 billion.

Results as of December 2025 by Geographical Breakdown of Targeted Companies



Percentage of companies in line with Amundi policy per geographical breakdown

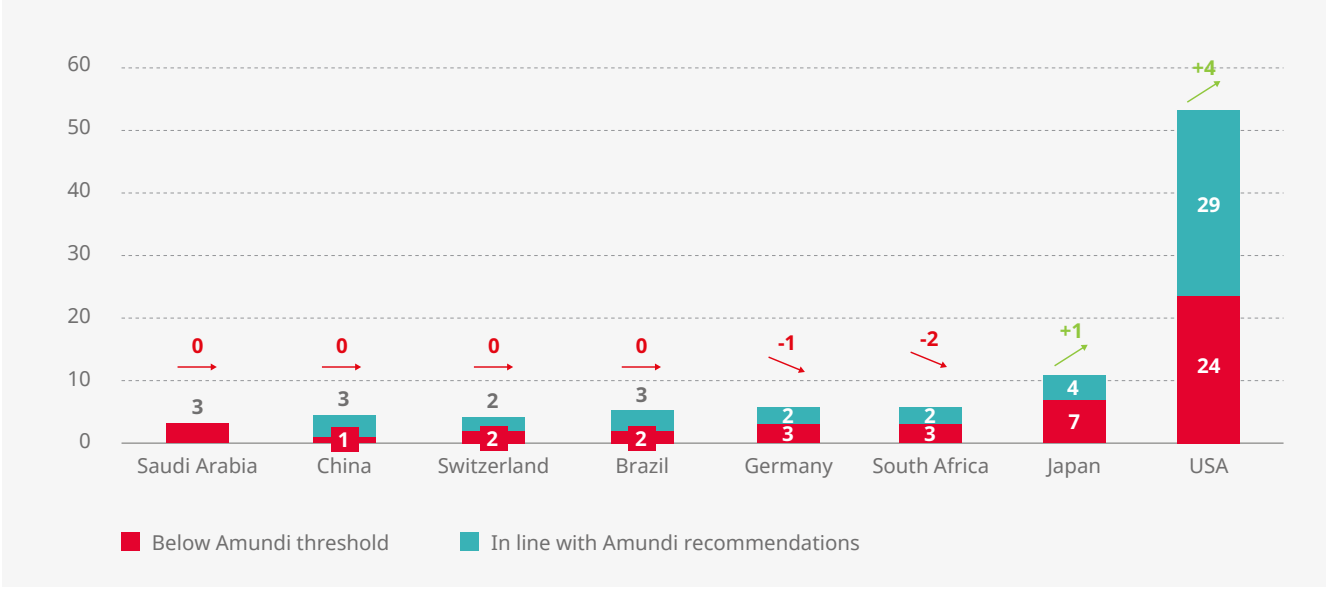


Source: Amundi Asset Management

Next steps

Amundi will continue to monitor the practices of the 53 companies that have not yet aligned with our gender-diversity recommendation. We are nevertheless pleased to note measurable progress in the US (+4) and Japan (+1) between December 2024 and 2025, Japan having shown only limited gains the previous year. By contrast, progress in Saudi Arabia remains disappointing, with no improvement to date. As mentioned previously, the year-on-year decrease in the number of companies meeting our threshold is largely explained by firms that exited our investable universe or were delisted from regulated markets, notably in Germany and South Africa.

Top 8 of countries targeted (number of engaged companies) in 2025



Source: Amundi Asset Management

Macro sector	Assessment at start (2022)	Past recommendations (2022)	Status in 2024 and 2025
Company A **Sector:** Technology Hardware & Equipment **Region:** Asia ⬇	– No female representation at board level at the 2022 AGM.	– We encouraged the Company to appoint at least one female director.	– In late 2023, the Company announced it would appoint a woman as an outside director at the 2024 meeting. While this was considered a meaningful improvement, the board unfortunately did not meet our 2024 revised requirement of at least two women directors at the AGM. – At the 2025 AGM, women held only 10% of board seats, below the revised 20% minimum, which Amundi considered insufficient for a company of this size.
Company B **Sector:** Health Care Equipment & Services **Region:** North America ➡	– Low rate of female representation at board level (25%).	– We encouraged the Company to increase female representation at the board level to 33%.	– Board diversity fell to 18% in 2025, after rising to 30% in 2024. – Although the most recently elected directors are male, the Company informed Amundi in 2025 that increasing female representation remains a clear priority when appointing new directors; searches are ongoing to fill vacancies after two directors left to take full-time executive roles. – The Company has not provided a detailed timeline for improving board-level gender diversity.
Company C **Sector:** Telecom **Region:** North America ⬆	– Low rate of female representation at board level (20%).	– We encouraged the Company to increase female representation at the board level to 33%.	– The Company informed Amundi that it considers diversity not only from a gender perspective, but also across all kinds of diversity (profiles, skills, ethnicity). – In 2024, the Company appointed a new female director, increasing female representation to 27% (from 20% in 2023) and explained that they are still seeking an additional female director. – After the 2025 AGM, following a director's retirement, the Company appointed another female director, bringing female representation to 40% and making the board compliant with our expectations.
Company D **Sector:** Real estate **Region:** Europe ⬇	– Low rate of female representation at the board level (20%).	– We encouraged the Company to increase female representation at the board level to 33%.	– Following our initial engagement, the Company committed to increasing female representation to one third at the next AGM, which was achieved in 2023. At that time, the Company was compliant with our expectations. – However, at the 2025 AGM, the Company reduced the size of its board and replaced the two female directors appointed in 2023 with one male director. As a result, female representation on the board fell to 0%. – Consequently, we have renewed our engagement with the Company regarding board gender diversity and voted against a board member at the 2025 AGM.

Case study 51: Engaging on gender diversity with a North American food retailer

Context: For several years now, Amundi has been sharing with companies our expectation that each gender represents a minimum of 33 % of the Board for developed markets.

Amundi Actions: For the last four years, we have been engaging with a major North American global food retailer company in order to encourage them to increase female representation at Board level. Indeed, the company reached 27% of women at Board level in 2023 and 2024, and decreased to 25% in 2025 vs 33% as expected by Amundi.

We have shared with the company that increasing diversity helps to avoid 'groupthink' in the Board and can lead to better financial results and that governance bodies must aspire to be more representative of the workforce, which was made of 53% of women globally in 2023, 52% in 2024, and 51% in 2025.

Outcomes & Issuer Momentum: However, while the company is open to discussion, the percentage of women at Board level decreased in 2025 and they did not set up time-bound gender diversity targets at Board level.

The company did note that gender diversity was a top priority, notably evidenced through its dedicated reporting twice-a-year and adoption of a policy requiring that search firms include women (and people of colour) among the pool for candidates at Board level.

While we welcome these kinds of actions, results show that the number of women at Board level has not increased for several years.

Next Steps: We will keep engaging the company on this topic to discuss our point of view.

Board competencies

We consider board quality and competency are essential components of the efficient governance of companies and contribute to the long-term performance of companies in which we invest on behalf of our clients. Board members should also have the capacity to understand how material sustainability topics might impact the company and its business model. We place a high value on diverse skillsets within the boardroom, this ensures boards possess the necessary mix of skills, experience and knowledge to effectively oversee the company's strategy, risk management and governance. It is critical that board competencies align with a company's long-term strategic goals, in areas such as digital transformation, sustainability, risk management and industry specific challenges.

In our engagement with companies, Amundi sought to emphasise the importance of a well-structured skills matrix that identifies the competencies of each board member and highlights areas needing enhancement or skill gaps. Such matrices ensure that boards possess the right expertise for effective decision-making aligned with long-term strategy. Regular updates to the matrix are crucial to adapt to changing business landscapes. Best practices identified include separating ESG skills into distinct environmental and social pillars and developing robust methodologies for creating the skills matrix, such as limiting the number of skills a board member can select and defining clear skill requirements. Regarding directors' profiles, we deem it essential to have detailed information on each nominee before the vote at the AGM (curriculum vitae, skills brought that justify the choice of this candidate, current mandates). We encourage companies to develop and disclose skills matrix. Furthermore, ongoing training for board members is vital for keeping them informed about industry trends and regulatory developments, ultimately fostering a responsive board capable of driving strategic initiatives and enhancing long-term shareholder value.

Case study 52: Engagement on Board Competency: focus on the airline industry

Context: We view Board quality and competency as essential components of the efficient governance of companies, contributing to the long-term performance of the companies in which we invest on behalf of our clients. Board members should also have the capacity to understand how climate change might impact the company and its business model.

Rationale for Engagement: Airlines can take significant strides to decarbonise their activities. The airline industry accounts for 2.5% of global carbon emissions, and the IATA projects air passenger volume to double vs 2019 reaching around 7.8 billion passengers annually in 2040[381]. CO_2 emissions are set to triple by 2050 in a business-as-usual scenario. To face these headwinds, companies need strong and quality leadership, as well as the right expertise. We consider these to be essential components of the efficient governance of companies.

The quality of the Board cannot be gauged solely by its proportion of independent directors. We also believe the quality of the Boards of airline companies is often overlooked and that, due to the specificities of the industry (international nature, changes in marketing and in customer behaviour, highly emitting sector), these Boards can benefit from specific expertise.

Experience/skills/ characteristics	Rationale
Finance	➜ Capital intensive industry
Knowledge of environmental issues	➜ Aviation accounts for 2.8% of GHG emissions globally, and the industry has significant opportunities to decarbonise ➜ Expertise in environmental issues is clearly an asset
Labour relations	➜ Different labour laws can make labour relations complex ➜ Industry marked by strikes (and flight compensation)
Marketing/consumer	➜ B2C industry; marketing expertise is a plus ➜ Data management and digital marketing are prevalent concerns, with changing distribution channels
Government relations	➜ The industry is still politically sensitive and efficient government relations can help
Geographical diversity	➜ The airline business is an international business and directors with non-domestic experience and international experience are a valuable asset to airline Boards

Engagement selection: We selected companies from the global airline industry. The pool included 49 airline companies since we began these engagements.

Engagement objectives: We want to better understand the way companies envision the issues of Board quality and establish best practices. There were three broad aims for our engagement:

- Improve overall Board composition
- Encourage companies to better report on the quality of their Boards by disclosing a "policy" or a "matrix" on Board quality
- Improve disclosure on training and training needs

381. Source: IATA Global Outlook for Air Transport, December 2023

Company	Assessment at start of campaign	Past Recommendations	Evolution in past years	Status in 2025 and next steps
Company A **sector:** Airlines **Region:** Europe 	The company has Board members with relevant industry experience, however we observe a lack of digital marketing and ESG experience on the Board level.	We encouraged the company to appoint a Board member with digital marketing experience and one with environmental and social expertise. We encouraged the company to publish a board competency matrix.	The company appointed two new Board members with digital marketing experience as part of refreshments and said it will look into improving its ESG board expertise in the future. The company's status remained unchanged in 2024.	The company published a board competence matrix which monitors the skills and experiences board members in areas it deems material (including digitalization & technology and Sustainability). We close this engagement with a successful outcome.
Company B **sector:** Airlines **Region:** Asia 	– The company disclosed a detailed Board skills matrix – The company was one of the few to provide information on Board competencies "shortcomings" – The Board included limited geographical and gender diversity	We encouraged the company to increase the geographical diversity of the Board.	The company previously told us that directors' nationality diversity is an issue to be considered in the future.	There has been no change in geographical diversity despite the appointment of two new board members during the year under review. *We will keep encouraging the company to seek more diversity in terms of geographical background as it brings valuable market insight.*
Company C **sector:** Airlines **Region:** Europe 	– Board members had relevant industry experience and were trained on ESG issues – A lack of Board members with labour relations experience and insufficient Board gender diversity – No skills matrix disclosed	We encouraged the company to appoint Board member(s) with labour relations experience. We also recommended the company to publish a Board skills matrix.	The company has published a skills matrix. However it showed no progress on labour relations expertise.	The company told us that it believes its ESG related skills are well represented on the board and that the latter regularly reviews its composition to ensure alignment with strategic priorities. *We have reiterated our recommendations for the company to appoint a Board member with labour relations experience.*

Next Steps and Amundi Perspective of Engagement: We have seen some improvements both in terms of disclosures (for example, with the disclosure of a board competencies matrix which enables investors to gauge the quality of the board) and actual board composition (following the appointment of directors with strong digital and media experience).

Going forward, we will continue to encourage companies to improve the competency mix of their boards, while appreciating that progress can be slowed by the pace of scheduled board refreshments. We will reiterate our recommendations to companies that have not yet responded.

Breadth of Oversight

Context

Effective oversight of material environmental, social and governance topics by the board is important to a company's long-term resilience. Boards play a crucial role in setting the tone at the top. They are responsible for providing oversight of management actions, and ensuring that material risks and opportunities are identified, managed and disclosed effectively. These risks and opportunities also involve consideration of environmental and social topics, including, for example, climate change, human rights and ethical business practices.

By engaging on this topic, we aim to promote board's accountability for ESG performance / strategy.

Amundi Actions

As part of our ongoing engagement with companies on material ESG topics, we seek to strengthen board oversight of these topics and better understand the governance structures in place. By engaging, we aim to foster robust oversight of material ESG topics.

Outcomes & Issuer Momentum

Macro Sector	Assessment at start of campaign (year 1)	Past Recommendations	Status as of Dec 2025
Company A **Sector:** Household & Personal Products **Region:** North America **Engagement started in 2023** ➡	– Focus area: **Plastic management** – The company produces a wide range of consumer-packaged goods and is a designer and purchaser of plastic packaging across its products. As such, it is exposed to plastics throughout its value chain. However, it was not clear from its disclosures how the Board oversees the company's plastic strategy. We saw it as a key matter to address given the company's business model, consumer expectations and regulatory requirements.	– We recommended to the company to disclose more detail on the processes by which their Board oversees the specific topic of plastic management. – The company told us in 2024 that the Board has oversight on the company's overall sustainability strategy, but did not provide us with specific information on their plastic strategy oversight, which is very material for a company in this sector and of their size.	– In 2025, the company shared that its sustainability team regularly engages with the Corporate Responsibility Committee, which itself talks to the Board. They gave more detail on how sustainability topics are addressed at the Board level, saying there is a rotation of key topics being discussed, such as plastic, climate, nature (waste, biodiversity), health and safety. As a result, we viewed this as progress towards the engagement objective. – However, the company did not provide specific evidence on consultation of the Board for plastic-related matters. – *As a result, we will follow up with the company next year to get more concrete examples of board-level oversight of plastic-related topics.*
Company B **Sector:** Semiconductors & Semiconductor Equipment **Region:** Asia **Engagement started in 2024** ➡	Focus area: **AI ethics** The company designs and manufactures cloud products, such as servers and networking equipment, including AI servers. As such, it increasingly plays a key role in the AI value chain. However, it did not have the appropriate disclosures regarding Board skills in this area. We saw it as a key matter to address given the company's strategy.	We recommended the company disclose details of Board training on AI technologies, opportunities and risks, and suggested disclosing relevant information in its annual report. Upon our outreach, the company shared with us that the Board does receive AI risk training, with 70% of directors having been trained on the legal risks associated with AI through a dedicated course, and further actions are planned for 2025. The company suggested that English-language disclosures would likely come in the next sustainability report in 2025.	In 2025, company shared with Amundi that work was still in progress, with plans to set up formal Board oversight of AI ethics, although regular discussions at Board level were in place, led by the Information Security Committee. As regards capacity development, the board also received relevant training on AI issues relevant to the sector. For new board members, an expectation is in place to have expertise linked to growth potential of the company, which includes AI. Lastly, company pointed out that its annual report contains notes on classes taken by the Board. *We appreciated the continued progress made and reiterated recommendation for formal board oversight and disclosures around this.*

Company C **Sector:** Interactive Media & Services **Region:** Asia **Engagement started in 2024** 	Focus area: **online child safety** The company operates online platforms and digital services that are assessed by a wide range of individuals, including children. As such, it plays a key role in content moderation, recommendation systems and data practices that may impact the safety of children online. This is an area of material risks for the company given increasing regulatory and user scrutiny. However, it did not have the appropriate disclosures regarding the board oversight of the company's online child safety efforts. We saw it as a key matter to address given the company's business model.	We recommended to the company to disclose the measure in place for the board oversight of the company's online child safety efforts.	*In 2025, company shared that its board of directors are responsible for ESG governance objectives and strategies, guiding and approving the ESG implementation plan, and oversight of ESG risk assessments and mitigation measures. Also, it shared that user safety and privacy is a key topic focus on. However, children's safety does not appear to have an explicit mandate. We will follow-up with the company next year to continue our engagement on this topic.*

Next Steps

Amundi regularly engages with companies to understand board oversight of material ESG topics and will continue to do so in 2026.

Sharing best practices on the use of Artificial Intelligence

On 13 February 2025, Amundi and the International Corporate Governance Network (ICGN) hosted a roundtable in Paris entitled "Corporate Governance and AI: Managing Digital Transformation Ethically." The discussion examined the opportunities offered by artificial intelligence alongside the strategic and resilience risks it poses to companies, and focused on concrete measures for responsible AI development and use as well as the implications for boards and executive teams. The panel, held at Amundi's headquarters, included Caroline Le Meaux (Head of ESG Research, Engagement & Voting, Amundi), Séverine Neervoort (Global Policy Director, ICGN), Xavier Niffle (Member of the Audit Executive Committee and Head of Digital Audit, KPMG France), Sarah Bérubé (OECD, AI and Emerging Digital Technologies Division) and Dominique Turcq (Co-Chair, Prospective and Research Commission, IFA). The event followed by discussions with local asset owners and asset managers allowed the exchange of ideas and foster collaboration between market players.

Alignment of interests with shareholders

In this section we discuss our engagement in two other important areas: ❶ executive compensation and ESG alignment; and ❷ the responsiveness of the board to the views of those it represents. Boards can demonstrate that they are defending the interest of shareholders by aligning executive compensation with long-term sustainable value creation and also by taking shareholder feedback onboard and acting upon it. In the sections that follow we provide more details on our engagement in these areas.

Executive Compensation and ESG Alignment

Amundi believes that well-structured compensation packages incentivise strong financial performance and bring accountability for achieving ESG objectives. Transparent and fair compensation policies build trust and mitigate risks associated with excessive or misaligned pay structures. Executive pay remained a contentious issue during the 2025 proxy season, driven by increases in compensation levels across Europe and North America[382]. Beyond pay magnitude, Amundi has also expressed concerns regarding the fairness and transparency of compensation practices, leading to significant scrutiny of executive remuneration proposals submitted to a vote at AGMs.

In our engagement, Amundi advocates for compensation packages that are performance-based, transparent and linked to long-term shareholder value. Specifically, we encourage companies to incorporate ESG metrics into remuneration frameworks to ensure that executives are held accountable for managing material ESG risks and opportunities.

In the section that follows we discuss an engagement campaign with Japanese issuers to enhance overall transparency around executive remuneration. Additionally, we discuss our ongoing engagement with companies around ESG alignment in executive compensation.

2. Engaging on executive compensation

Engaging on Executive Compensation in Japan

Context

To address the low capital efficiency and prolonged weak stock performance, the Japanese Corporate Governance Code asks companies to design executive compensation that combines cash and share-based incentives to support medium- to long-term growth. As a result, the introduction of share-based remuneration has spread to over 60% of listed companies (as of the end of October 2023)[383]. Nevertheless, WTW survey data show that the overall share of incentive compensation in Japan remains low versus the US, UK, Germany and France[384]. Disclosure of pay-for-performance is also less developed in Japan than in Europe and the US, limiting investors' ability to assess whether remuneration supports sustainable value creation.

Key areas for improvement include:

- Clear disclosure of the performance indicators that drive pay (e.g., TSR, ROE, ROIC, ESG) and how those indicators tie to corporate strategy;
- Consideration of share ownership for outside directors to better align their incentives with those of shareholders; and
- Greater transparency on individual remuneration (individual amounts are not routinely disclosed unless they exceed JPY 100 million, and many companies only disclose the total amount for the entire board).

382. CEO pay in the FTSE 100 reaches record high for the third year in a row, High Pay Centre (2025). CEO and Executive Compensation Practices in the Russell 3000 and S&P 500: 2025 ,The Conference Board (2025).
383. Proposal on Expanding the Use of Incentive Compensation Systems for Executives and Employees, Keidanren (2024). Japanese only.
384. Executive pay in Japan seeks to improve corporate value, WTW (2024)

Amundi Actions

In the 2025 campaign, we re-engaged with 15 Japanese companies on four core remuneration topics: ❶ design of performance-linked pay, ❷ share-based pay for outside directors, ❸ individual pay disclosure, and ❹ take-back mechanisms (clawback/malus).

Engagement Objectives

1. Design of performance-linked remuneration: adopt return-based metrics, ESG metrics
2. Share-based remuneration for outside directors
3. Disclosure of individual remuneration
4. Return of performance-linked remuneration: clawback and/or malus

Outcomes & Issuer Momentum

Compared with 2024, companies showed greater awareness and more internal discussion, but engagement outcomes were mainly cautious considerations rather than widespread, auditable policy change.

Design of performance-linked remuneration:

- Most companies now accept that variable pay should reflect both financial returns and ESG outcomes. Two-thirds reported using return-based metrics (e.g., ROE/ROIC) and about half reference ESG metrics.
- Many companies are doing internal KPI work, yet few publish specific, auditable ESG KPIs, explicit weightings, measurement methodologies or worked examples that translate KPI outcomes into pay. In practice, intent and preliminary KPI selection are evident, but fully transparent and operationalised pay frameworks remain uncommon.
- Compared with 2024 – when roughly half of the sample reports return-based and/or ESG measures – the clearest progress is the stronger adoption of return metrics (≈+16.7 percentage points).

Share-based remuneration for outside directors:

- Use of equity for outside directors remains rare. Only one company reported formal equity grants for outside directors, although two-third of those asked are at least discussing share ownership options. Cultural norms, independence concerns and tax/administration hurdles are commonly cited as barriers.
- The outcome largely reflects the 2024 position: equity for outside directors was no widely adopted then and remains rare today.

Disclosure of individual remuneration:

- There was limited movement on individual pay transparency. Companies continue to publish remuneration policies and aggregated totals, and routine disclosure of individual compensation below legal thresholds remains uncommon.
- About 20% of companies showed signs of moving toward more details disclosure or are assessing the feasibility of publishing individual pay, but most remain cautious, citing privacy and internal pay relativities. This represents a modest step from 2024 (when no firms in the sample disclosed individual executive amounts), but this is still distant from the board individual-level transparency.

Take-back mechanisms of performance-linked remuneration (clawback/malus):

- Clawback coverage had not materially increased and remains around 40% of companies we asked having clauses in place.
- Several companies confirmed reacquisition or forfeiture clauses in equity instruments, and more companies acknowledged the need for formal recoupment rules. However, comprehensive, published clawback policies – particularly those covering cash awards with clear triggers, look-back periods and recovery mechanics – remain uncommon.

	Assessment at start of engagement	Recommendations	Status in 2025
Company A **Sector:** Transportation	– The company used ESG metrics but weighting was unclear – No equity provided to outside directors – No individual disclosure of executive pay – Performance share scheme includes malus clause	We encouraged the company to: – Establish ESG metrics with appropriate weightings – Establish equity-based compensation for outside directors – Provide more details on individual executive performance	– The company now uses ESG metrics (CDP and employee engagement), but has not fixed explicit ESG weightings – It is actively contemplating stock grants to outsider directors – There are concerns about privacy of individual pay disclosures
Company B **Sector:** Technology Hardware & Equipment	– The company did not use both return-based and ESG metrics – No equity provided to outside directors – No individual disclosure of executive pay – No clawback or malus clauses in place	We encouraged the company to establish: – Return-based metrics (e.g. ROE, ROIC) – ESG metrics with appropriate weightings – Equity-based compensation for outside directors – More details on individual executive performance – Clawback or malus policy for remuneration at risk	– The company is discussing the introduction of return-based and/or ESG metrics – There are concerns about the independence of outsiders when providing equity – There is limited intention and/or obligation to disclose individual pay – The company is aware of investors' feedback on clawback
Company C **Sector:** Materials	– The company did not use both return-based and ESG metrics – Outside directors had access to a stock ownership scheme – No individual disclosure of executive pay – No clawback or malus clauses in place	We encouraged the company to establish: – Return-based metrics (e.g. ROE, ROIC) – ESG metrics with appropriate weightings – More details on individual executive performance – Clawback or malus policy for remuneration at risk	– The company is considering ESG-linked executive compensation; not implemented yet. – It is to keep outside directors in the executive shareholding association; stock grants are concerned they would compromise independence. – The company finds it unnecessary to disclose this information individually due to the low level of compensation. – The company is to consider clawbacks for performance-linked cash; rely on restricted-stock transfer restrictions as a de facto clawback for now.
Company D **Sector:** Capital Goods	– No equity provided to outside directors – No individual disclosure of executive pay	– We encouraged the company to establish equity-based compensation for outside directors – We also recommended the company to provide more details on individual executive performance	– The company maintains the policy of no disclosure of individual pay under ¥100M; total remuneration are disclosed – It is using equity as a mid-to-long-term incentive for internal directors/executives tied to role, performance and ESG (Phase I: ROE, operating margin, ESG); officers' shareholding association further aligns executives (outside directors may join).
Company E **Sector:** Banks	– No equity provided to outside directors – No individual disclosure of executive pay – No clawback or malus clauses in place	We encouraged the company to establish: – Equity-based compensation for outside directors – More details on individual executive performance – Clawback or malus policy for remuneration at risk	– Concerns about the independence of outsiders when providing equity – It finds it difficult to disclose pay unless required by law but may disclose individual performance evaluation results and is seeking best practices. – Clawback/malus provisions are "under discussion" with no concrete adoption timeline
Company F **Sector:** Capital Goods	– Did not have return-based metrics – No equity provided to outside directors – No individual disclosure of executive pay – No performance share scheme includes malus clause	We encouraged the company to establish: – Return-based metrics, such as ROE/ROIC or explain any decision otherwise. – Equity-based compensation for outside directors – More detail on individual executive performance – Add clawback terms in compensation scheme	– The company adopted ROIC in pay policy – They acknowledged the rationale of providing equity to outside directors – The company discussed strengthening disclosures, adding segment-level ROIC KPIs, then using qualitative ratings (e.g., "exceeded / met / fell short") for individual assessments. – They have taken the clawback demand into account and put on internal discussion agenda

Company G **Sector:** Healthcare Equipment	– Used to have ROE in pay scheme determination – Did not use both return-based and ESG metrics – No equity provided to outside directors – No individual disclosure of executive pay	We encouraged the company to establish: – Return-based metrics (e.g. ROE, ROIC); – ESG metrics with appropriate weightings – Equity-based compensation for outside directors – More detail on individual executive performance	– ROE was removed from pay criteria without any clear indication which return-based KPIs to be used; – The company acknowledged accountability of ESG factor in pay system and also acknowledged the rationale to proceeded with internal deliberation – They provide aggregate compensation, benchmark externally, and review annually without individual disclosure.
Company H **Sector:** Auto Components	– No return-based KPI in pay scheme	– Consider using ROE or ROIC depending on context; prefer ROE if it's already used in company materials.	– The company announced medium-term plan with KPIs (ROE, CO_2, eNPS); working to link them to director pay, debating ROE vs ROIC, and planning new KPIs/evaluations by next season or the shareholders' meeting.

Next Steps

In 2026, we will continue to follow-up with the companies. Our near term priorities continue to be concrete, asking companies to align themselves with best practices identified and set auditable commitments such as ESG KPIs with weightings and measurement methods; outside-director equity design or a clear documents rationale for exclusion; role-level or anonymised disclosure where individual pay amounts are impractical; and clawback/malus policies covering cash and equity with defined triggers, look-back periods and recovery mechanics.

Sharing Our Views on Executive Pay Framework in Japan

Amundi engaged with IR Japan, a leading independent consulting firm specializing in investor relations, shareholder activism defense, and proxy advisory services for publicly listed companies, where we recommended that Japanese companies strengthen alignment between pay and performance by adopting performance based equity plans with clear, quantitative KPIs such as ROE (Return on Equity) or ROIC (Return on Invested Capital), supplemented by relative TSR (Total Shareholder Return) and appropriate ESG metrics, and by avoiding long vesting as the sole alignment tool while ensuring variable pay lapses to zero if targets are missed. We advised addressing trust bank dividend retention either by returning dividend equivalents or by moving to RS/RSU (Restricted Shares/Restricted Stock Units) style direct awards that carry dividend rights and mandatory holding, with dividends paid only on vested awards. We recommended targeted voting against problematic compensation resolutions and, where oversight failures persist, against compensation committee chairs, supported the introduction of Say on Pay (an advisory shareholder vote on executive compensation) to boost accountability, and urged faster convergence with global practice through higher LTI (long term incentive) weighting, improved disclosure and benchmarking, clawback provisions, and integration of ESG into incentive design. Together these measures will improve transparency, enhance alignment with shareholders, and raise the global competitiveness of Japanese executive pay.

Engaging on ESG-aligned Executive Compensation

Context

Amundi believes that integrating ESG metrics into executive remuneration frameworks is important for companies across all geographies. Well-structured compensation packages that tie incentives to ESG performance encourage executives to manage ESG related risk and opportunities, enhancing resilience and creating long-term value.

Such practice is more widespread in Europe than in the rest of the world. In Europe, this trend has been largely driven by pressure from investors and by regulators advocating for more responsible pay practices, prompting companies to adopt comprehensive ESG strategies and integrate robust sustainability frameworks. This promotes a more mature integration of ESG considerations into the business and enhance reporting processes.

Amundi Actions

Amundi expects the remuneration report and / or the remuneration policy of a company to include within the variable remuneration (bonus or LTI) a clearly defined performance criteria including ESG and climate KPIs for relevant sectors. Our key recommendations in that regard are as follows:

- Relevance: ESG KPIs should be aligned with the company's strategy. These should be internal and ideally quantifiable; however, qualitative KPIs, that are inherently subjective in nature, are tolerated provided that the level of disclosure on performance assessment is sufficient. For companies in sectors highly exposed to climate change[385], a climate-related criterion must be included amongst the variable remuneration metrics.
- Disclosure: The company should provide extensive details on specific, measurable targets as well as on the performance outcome for each KPI in order for shareholders to be able to assess the links between remuneration, performance and objectives. The nature and the exact weight attached to these KPIs should also be clearly defined. We too often observe cases where companies included vague references to a pool of potential criteria or a sustainability road map without a clear link to executive remuneration.
- Weight: we expect an ESG criteria to account for a minimum of 10% of variable remuneration, preferably 20%, within the bonus or long-term incentives.

Outcomes & Issuer Momentum

Macro Sector	Assessment at start of campaign (year 1)	Past Recommendations (Year of current engagement -1)	Status in 2025
Company A **Sector:** Pharmaceuticals **Region:** Europe **Engagement started in 2025**	Although the Company has incorporated an ESG metric - specifically a safety performance metric we regard as material - into its variable remuneration framework as required by our voting policy, the metric's weighting is below 10% of total variable pay and therefore fails to satisfy our expectations.	In our first engagement on this issue and in the context of the Company's 2025 AGM, we explained that, in line with Amundi's voting policy, top management's variable remuneration should be tied to clearly defined performance criteria (including ESG KPIs) aligned with the company's strategy. These metrics should constitute at least 10% of shor-or long-term incentives and be challenging, quantitative, and internally derived rather than based on external assessments.	- Following our outreach in 2025, the company responded stating that they will increase the ESG weight to 10% in the next remuneration policy. - While we are encouraged by the company's response, we will continue to monitor its disclosure to follow its actions and continue our engagement as necessary.

385. Oil & gas, utilities, mining companies, transportation, cement, steel & aluminium, construction, industrials, infrastructure and chemicals).

Company B **Sector:** Energy **Region:** North America **Engagement started in 2024**	The Company lacked internal and quantifiable climate-related criteria in its remuneration structure linked to reducing its GHG footprint or investing in low-carbon solutions. The Company acknowledged our recommendations during a call in 2023 but was unresponsive to our outreach in 2024.	– The Company has not disclosed clear target weightings within its annual bonus structure. Moreover, the only ESG metric the Company employs is Environmental, Health and Safety (EHS), for which it reports only opaque safety-incident-rate targets. We believe a climate-related metric should be included for companies in sectors highly exposed to climate risk.	No progress noted in 2025: the FY 2024 EHS metric did not include a relevant climate KPI and the disclosure on the STI targets and weightings remain unsatisfactory.
Company C **Sector:** Insurance **Region:** Europe **Engagement started in 2023**	Upon our assessment, we established that ESG indicators are part of the company's short-term incentive plan, but currently function only as a premium/deduction factor Additionally, transparency on the ESG KPIs remained limited.	Since 2023, we have recommended the following in our annual engagements: – ESG KPIs should become an integral part of executive variable performance instead of being a (de) multiplying factor – Increased transparency on the ESG KPIs, including type of targets and their weighting (percentage contribution to performance) – Inclusion of at least one climate-related KPI within the ESG metrics	None of our recommendations were taken into account in the new remuneration system that was introduced and presented at the 2025 AGM. The issuer informed us in 2025 that it is working to develop an ESG KPI for the STI and that it will hopefully include this in the 2026 remuneration report. If implemented correctly, this could fully meet our three recommendations at once.

Next Steps

Amundi will continue to engage on this topic with issuers that we identify as not incorporating ESG KPIs into executive remuneration or not to the recommended level. In addition, we will follow up with those we have already engaged with to monitor their progress.

Sharing thought leadership through the ICGN

In 2025 Amundi was represented on the newly established ICGN Future Leaders Committee, created to integrate early-career governance perspectives into ICGN's policy work. Appointed in January 2025, the Committee met virtually on multiple occasions and agreed to focus on three priority themes:

- Capital markets competitiveness
- Executive remuneration
- Board effectiveness

Committee members produced videos and articles to share insights and stimulate debate on key corporate governance issues. Representative contributed material emphasising the integration of Environmental and Social (E&S) metrics into remuneration frameworks as a mechanism to align corporate strategy with long-term value creation. The full article and video are available via the ICGN Future Leaders Committee blog on the ICGN website.

The Committee also met in person in London and in Milan (during the ICGN 30th Anniversary Conference) to discuss contemporary global governance and stewardship topics.

These activities form part of Amundi's broader engagement with industry organisations to provide team learning and development, exchange best practices, and contribute to thought leadership in corporate governance.

3. Engaging with Companies on High Dissent

Context

As a long-term investor, Amundi expects boards to be proactive and responsive to shareholders' expectations and voting outcomes. Significant opposition to management proposals or notable support for shareholder proposals should be treated as governance feedback requiring a timely and transparent response. We consider a 20% vote against management proposals (for example, on remuneration policies or report director elections) or a 20% support for shareholders proposals should prompt a response from the Company. We expect that, when opposition goes beyond this threshold companies should engage with their shareholders to identify the underlying concerns and disclose an appropriate response.

Engagement Objectives

When we engage with companies that have shown poor responsiveness to shareholder concern, our key objective of this engagement is to improve transparency and accountability. Amundi expects the companies to proactively engage with shareholders before the next AGM and disclose the specific concerns voiced by dissenting shareholders and the actions taken (or planned) by the board to address these, if any.

Engagement Selection

As part of our routine stewardship activities, Amundi systematically monitors boards' responsiveness through ongoing dialogue with investee companies and reviews of voting outcomes. Where boards fail to respond appropriately to substantial dissent at the AGM, Amundi pursues direct engagement and encourages better disclosure and appropriate corrective measures.

Engagement Outcomes & Issuer Momentum

Macro Sector	Assessment at start (2024)	Past recommendations	Status in 2025 and next steps
Company A **Sector:** Health Care Equipment and Services **Region:** North America	A shareholder proposal opposed by management on the adoption of simple majority requirements, received majority support (86.7%) at the 2024 AGM.	We supported the shareholder proposal as supermajority requirements can favour management entrenchment. The change to simple majority strengthens governance, accountability, and meaningful shareholder oversight power. Following the 2024 AGM vote, we engaged with the Company to encourage it to heed shareholders' voices and adopt simple majority requirements for article amendments.	– The Company presents an example of good responsiveness to dissent. In 2025, the Company acknowledged the dissent expressed by shareholders that voted for the shareholder proposal and presented an article amendment proposal to remove supermajority voting requirements at its 2025 AGM. – The proposal passed with 80.5% of support.
Company B **Sector:** Capital Goods **Region:** North America	Dissent on the remuneration report (32.4%) at the 2024 AGM.	– We encouraged the Company to tie top management's variable remuneration to relevant and quantifiable Climate criteria aligned with the Company's strategy. – The weight of the ESG criteria shall represent at least 10% of the variable incentive. – Clear and comprehensive compensation disclosures should be provided. – Executive remuneration shall be linked to the long-term performance of the Company. At least half of the LTI should explicitly be linked to performance conditions.	– Following our engagement, the Company informed us that the board expanded its 2024 governance outreach to engage the largest shareholders and investigate the decline in support, and will disclose details of the outreach (scope, participating directors, meetings held and feedback) in the 2025 definitive proxy statement. – As of 2025, the dissent level has gone down to 12.9 %. – Although disclosure has improved, our concerns persist regarding the ESG weighting, the lack of a climate-related criterion, and the requirement that long-term incentives be at least 50% performance-based.
Company C **Sector:** Telecommunication Services **Region:** Europe **Engagement started in 2023**	Dissent on the election of a director (29.3%) at the 2024 AGM.	We encouraged the Company to strengthen board accountability and oversight by ensuring that directors are held responsible when material governance failures occur, including taking timely and appropriate action where a director's performance raises serious governance concerns.	– Following our outreach, the Company initiated a dialogue with Amundi to explain its position. The Company stated it did not consider the matter problematic. – Although we regard this response as inadequate, by 2025 the director was no longer on the board and the nominees submitted for election received strong shareholder support (96.7% and 99.5%).

Next steps

Amundi will continue to monitor these companies' progress regarding board responsiveness, any actions taken and communication with shareholders.

Advocacy in defence of shareholders' rights

Through our memberships with the Association Française de Gestion Financière (AFG), European Fund and Asset Management Association (EFAMA) as well as the International Corporate Governance Network (ICGN), Amundi regularly participates to policy discussions and consultation responses in order to defend robust corporate governance regimes and strong shareholder protection.

2025 TUF reform: Advocacy for a robust corporate governance regime in Italy

In 2025, the Italian government revised its finance law (the TUF) to make listing in Italy more attractive by lowering costs, simplifying procedures and increasing flexibility for issuers. This reform responds to a backdrop of market erosion: recent years have seen a notable number of delistings and relocations, which have reduced the universe of large, investible Italian companies and diverted institutional savings to other markets. While the reform focuses on the supply side to encourage new listings, it raises governance questions about the balance of power between controlling shareholders and minority investors.

Amundi contributed to policy discussions on these issues through the annual workshop of the Observatory on Corporate Governance, set up by The European House-Ambrosetti, and through our memberships in the International Corporate Governance Network (ICGN) and Assogestioni. Amundi supports efforts to revive the Italian equity market and recognises that reducing listing burdens can improve Italian companies' access to capital and their long-term growth potential. At the same time, we believe there may be important trade-offs and risks. Control-enhancing mechanisms — such as multiple or enhanced voting rights — and provisions allowing newly listed firms to opt out of key shareholder safeguards can shift governance outcomes in favour of controlling shareholders and may weaken minority protections.

A healthy capital market also requires clear rules, robust disclosure, minority safeguards, and predictable governance standards to sustain investor confidence.

Engaging on the facilitation of the voting process in Europe

At the end of 2025 EFAMA sent a letter to the European Commission, ahead of the review of the Shareholders' Rights Directive (SRD). We joined discussions with EFAMA on the issuance of recommendations to:

- Remove obstacles to shareholder voting (including power of attorney requirements and share blocking)
- Harmonise AGM practices in the Single Market, notably the voting deadlines
  - ➜ Ensure greater transparency of voting outcomes (in particular the transmission of voting confirmations and the provision of detailed voting results)
  - ➜ Create sufficient safeguards in case of virtual general meetings
- Clarify that collaborative engagements should not be considered as "acting in concert".

The facilitation of the voting process is a key topic to ensure that Amundi can vote everywhere in order to defend the interests of our clients.

4. Engaging on ethics controversies

Amundi views ethics as a key pillar of governance, influencing corporate integrity, transparency and accountability. Ethical lapses can lead to financial, legal and reputational risks, undermining trust and stakeholder confidence. In situations where the lapse leads to regulatory intervention, for instance results in a Deferred Prosecution Agreement (DPA), it could lead to shifting senior management time away from day to day running of the business to manage the remediation. Given the above, a large portion of our engagement on ethics is driven by involvement in current or legacy controversies. Controversies are an important topic for Amundi, as their reputational and financial impact could have a detrimental effect on an issuer's valuation as well as on society.

Engaging with Financials on ethics controversies

Context

The financial sector specifically is exposed to a high level of controversies, notably compared to other sectors. The most often recurring controversies in the sector concern business ethics and anti-competitive practices. The root cause for most of these issues turns out to be a shortfall in internal controls, and thus governance related. Amundi closely monitors the financial sector for its involvement in these controversies, among others through its engagement activity.

Amundi Actions

During 2025, we continued our engagement with the financial sector on ethics-related controversies. Issuers were selected based on their ongoing or legacy involvement in severe ethics-related issues. While some of the issuers we had also engaged in 2023 and 2024, several new issuers were added due to their involvement with recent controversies.

Engagement Objectives

There continues to be two broad aims for our engagement:

- Increase awareness of importance of (absence of) controversies for Amundi
- Encourage companies to improve practices (i.e. root cause analysis, corrective actions / remediation, etc) and provide transparency in terms of reporting on the issues.

Engagement Outcome & Issuer Momentum

Controversies can be a difficult and sensitive topic to engage on, particularly when they are still active, as most companies are reluctant to discuss in detail ongoing regulatory or legal matters. Hence, our engagement on ethics-related controversies focuses on encouraging the issuer to provide transparency in the following areas:

- Factors that led to the issue occurring (i.e. root cause analysis)
- Remediation action taken (i.e. new procedures and processes, client compensation, etc.)
- Outcome of the action (i.e. what worked / what did not work)

Amundi believes that transparency in the areas above is important, as it allows investors to understand what corrective actions have been taken by the company to ensure that similar issues will not occur in the future.

Our engagement produced the following high-level observations:

- Most financials would not comment on specific controversies.
- Several institutions did provide good disclosures on remediation plans for specific controversies and discussed how these plans are proceeding.
- Positively, several financials acknowledged, and said they would take into consideration, our feedback around the need for balanced reporting on controversies.

Company	Assessment at start of engagement	Recommendations	Company Actions
Company A **Region:** North America **Engagement started in 2024**	The company was involved in a recent 'high-profile' ethics controversy.	We encouraged the company to provide transparency on factors that led to the issue, as well as any remediation actions.	It has invested in its risk & control infrastructure, onboarded new leadership with relevant experience handling similar issues, and hired hundreds of staff to address any skills gaps. Stated there are many metrics tracked internally through a dedicated remediation committee. We continue to engage as we would like transparency on how assessing effectiveness of new measures / procedures put in place.
Company B **Region:** Europe **Engagement started in 2023**	The company has historical involvement in a wide range of controversies, including issues related to responsible marketing.	Emphasis on the importance of having strong checks and balances in place to prevent recurrence. Provide a swift response and implement the appropriate remediation actions.	On the topic of one specific resurfacing controversy, the bank said that internal analysis concluded that there was no need to change its process, but that there was a need to clarify this process, which it did.
Company C **Region:** North America **Engagement started in 2023**	The company was involved in a recent ethics controversy and a wide range of other controversies.	We recommended the company to provide transparency on remediation actions.	In relation to a recent controversy, the company plans to work through the issues identified, but has yet to set a timeframe for this. In relation to other controversies, it has centralised certain processes that were identified as key contributors to the issues. This has enabled more streamlined monitoring through a single database. During 2025, the regulator removed some restrictions that had been in place on the bank due to remediation progress. As a result we closed this engagement but will continue to monitor if the company is involved in any new controversies.
Company D **Region:** North America **Engagement started in 2024**	The company was involved in several controversies, including a 'high-profile' one.	We recommended the company to implement measures to prevent controversies from happening again.	The bank stressed that it has not had any new controversies as of late, that it has robust processes in place and that it is closely monitoring developments through board and management oversight.
Company E **Region:** Europe **Engagement started in 2024**	Involved in a recent 'high-profile' customer controversy.	Provide transparency on factors that led to the issue, as well as any remediation actions.	As a result of past mis-selling issues, the company has changed its sales culture by removing commission-based incentives. It has also revised its governance processes for product development reviews and marketing materials. We continue to monitor the remediation of the issue.
Company F **Region:** Asia **Engagement started in 2024**	The company was involved in a relatively recent issue concerning responsible marketing and ethics.	We encouraged the company to address the potential root cause of these problems, which is its collusive business structure.	The company explained that its first business improvement plan was well received by the regulator, who noted good signals of improvement. During 2025, it submitted another business improvement plan, concerning another controversy.
Company G **Region:** Asia **Engagement started in 2025**	The company was involved in two meaningful issues: asset price manipulation and employee misconduct	We asked the company about remediation measures taken and their effectiveness.	The issuer reassured us on remediation measures taken. Regarding the asset price manipulation, the regulator issued a monetary penalty order, but not a business improvement order, which demonstrates that measures taken have been effective. Regarding the employee misconduct, the company acted with a solid response, even though it believes these to be personal crimes.

Next Steps and Amundi Perspective of Engagement

In general, the financial institutions engaged were receptive to discussing the topic. All were open to our feedback on the need for better transparency on disclosures around controversies. Amundi believes that improving transparency on the reporting around controversies is important, as it enables stakeholders to form their own views of the issues. However, generally speaking, the financial sector as a whole does have room for improvement in terms of transparency around ethics-related controversies.

During 2026, we will continue to engage with the issuers that have ongoing controversies under active remediation to understand the outcome of the actions.

Case study 53: Engaging with an Asian company on Ethics-related Topics

Context: In 2024, Amundi started engaging with an Asian interactive media company, which operates communications, services, and financial platforms. The company was facing several ethical and governance challenges following a series of controversies in 2022-2023, which called into question its monopolistic position in its domestic market. The initial questioning was sparked by a major service outage that significantly impacted its customer base and attracted regulatory scrutiny. The controversy evolved when the company acquired an entertainment business, sparking questions of stock price manipulation and leading to risks of fines.

Amundi Actions: In 2024, we engaged with the company to understand the efforts it was taking to remediate its governance issues. We appreciated that the company had experienced unprecedented growth since it was formed through the merger of two major industry players and had rapidly diversified into new business segments over the past decade, while oversight has not always kept pace. The primary aim of our engagement was to encourage the strengthening of internal controls, the introduction of executive accountability metrics and greater transparency in reporting the changes being introduced. We followed up with the issuer in 2025 in a meeting to assess progress on our asks and any relevant evolution of governance practices.

Engagement Outcome & Issuer Momentum: During our 2024 engagement, the company acknowledged that governance development was not proportionate to the company's growth. As a result, it launched an internal effort to develop new procedures for reviewing future investments and appointed external experts to build out audit controls.

Key internal changes in 2024 included systematising the process for appointing and dismissing executives, including a process for detecting external risks during appointment or dismissal; establishing a performance management system for executives that includes governance and risk management; and introducing a self-regulation framework (Fair Trade Compliance program) aligned with the Korea Fair Trade Commission's fair trade law.

In 2025, company shared that work on governance continued. Earlier, a Compliance Officer had been hired to support the Fair Trade Compliance program implementation and 18 fair competition training sessions had been run for executives since the last engagement meeting. Administrative litigations related to the issues raised were resolved favourably. At the same time, no accountability metrics had been published to date.

Next Steps: We were pleased to observe company's continued progress to strengthen governance and ethics. At the same time, we maintain a cautious outlook while governance changes are still in progress. Therefore, we will continue our engagement in 2026.

Instrument level engagement



1. Private Equity

Context

Amundi PEF MidCap is a 100% subsidiary of Amundi Asset Management. Amundi PEF MidCap manages over €1 billion in direct private equity investments in French and European Small and Midcap companies. Since the launch of our Megatrends II program, we have strengthened our ESG commitment by structuring our approach to engagement with investees through the implementation of ESG roadmaps detailing between 20 to 40 actions per investee.

As the number of investors is smaller than for listed companies, private equity enables a closer relationship between the investee and its investors, as well as more personalized and regular support. Our ESG-related discussions with investees generally take place on a quarterly basis.

Amundi Actions

In 2025, we engaged on their ESG roadmap with 100% of our portfolio investees on the 5 macro-themes identified by Amundi AM2. Following Amundi AM policy, Amundi Private Equity Funds MidCap promotes two main ESG issues:

- The energy transition, especially by promoting the calculation of a carbon footprint and the implementation of a decarbonization strategy,
- The social cohesion, especially through employee's welfare and the implementation of profit-sharing systems with employees.

Engagement Outcomes and Issuer Momentum

2025 confirmed the growing importance of CSR within small and medium sized companies. So far, there is no step back from companies.

Over the past five years, investee companies have been structured and made aware of ESG issues and the need to address them, particularly in governance bodies. Investees are now well-versed in ESG annual reporting and all have an ESG roadmap approved by the Board of Directors.

Indeed, we worked hard to structure governance bodies on CSR and to raise awareness. This was translated operationally with the appointment of CSR managers (part-time or
full-time), the inclusion of CSR issues on Supervisory Boards and the development of CSR reporting.

Our figures FY24 show this improvement:

- 81% of investees have appointed a CSR Management
- 90% of investees review the CSR topic either at the Board of Directors or at the Executive Committee level
- 62% of investees have adopted a formalized CSR strategy
- 15% of investees have a CSR reporting, which makes sense given that 85% of our portfolio is not yet concerned by any CSR mandatory reporting
- 30% of investees have ESG linked criteria in the variable remuneration of the CEO.

With regard to the CSRD, the Omnibus Directive, known as "Stop the Clock," which has been definitively adopted by the European Parliament, proposes new eligibility criteria for European companies under the CSRD Directive. These criteria are as follows:

1. 1,000 employees;
2. €50 million in revenue or >€25 million in total assets.

Within the portfolio, only six holdings (in wave 2, i.e., unlisted companies meeting the criteria) would now be eligible for the CSRD directive, taking into account these potential new criteria. For information, the Omnibus project also provides for a two-year deferral for companies in wave 2, meaning that the first reporting is now scheduled for 2028 for the FY27 financial year.

Amundi's commitment to ESG remains fully intact, with a clear course maintained despite the current turbulence and this sharp decline in the number of companies invested in that are subject to the CSRD.

The companies in our portfolio are continuing their CSR efforts, adapting their roadmaps and priorities in response to the changing regulatory environment. Those that have begun work on CSRD compliance plan to capitalize on this to review their business model and build a solid CSR strategy and trajectory, without the constraints of extensive reporting.

Regarding the ESG linked criteria in the variable remuneration of the CEO, we are happy to see that our work was fruitful as 30% of investees have now this kind of mechanism versus 21% the year before. While this practice seems quite common for listed companies, we still need to convince small and midcap companies to adopt it. At Amundi, we are convinced that ESG criteria are key in structuring the ESG strategy because the CEO is held responsible for its success and it is a strong message sent to all employees as well. We will keep advocating for it when drafting our ESG Roadmap with investees.

Other areas in which we are stepping up our commitment are taking longer to integrate. For example, there is still considerable room for improvement in terms of gender diversity in governance bodies. Although the proportion of women on the boards of directors/supervisory boards of portfolio companies has increased significantly compared to the previous year (+118%: 13% FY24 vs. 6% FY23), only 55% of portfolio companies have at least one woman on their supervisory/board of directors. We note that this problem is less visible at the executive committee level thanks to the application of the Rixain law (minimum 30% of each gender on the executive committee by 2026 for companies with more than 1,000 employees).

As far as environmental issues are concerned, our commitment is still focused on the need to carry out a carbon footprint – 67% of our investees had done so by the end of 2024 versus 58% the year before - and then on defining a plan to reduce greenhouse gas (GHG) emissions that is aligned with the Paris Agreement. We will keep doing awareness-raising on how to reconcile business growth and GHG reduction and will focus as well on how to implement a transition plan concretely.

In terms of social issues, our commitment is focused on gender equality and a better profit-sharing system. Indeed, the workforce of our investees is very male-dominated, partly due to the large number of companies in the industrial sector. Despite this situation, we are happy to see that our engagements and our attention to the French State Equality Index has borne fruit as the 75% minimum level required is reached by all investees.

Companies are facing a tight labor market, with recruitment difficulties and a sharp decline in employee loyalty. As a result, Amundi PEF was one of the first signatories of France Invest's Value Sharing Charter, and promotes all initiatives in this direction among its holdings. Indeed, we consider value sharing to be a priority because ❶ it is a means of attracting and retaining talent in a tight labor market, ❷ it represents an additional income and the recognition of employees' contribution to their company's success, and ❸ it contributes to a better alignment of interests between employees, management and company shareholders. We are therefore delighted to announce that 80% of the investees have implemented a profit-sharing scheme, compared with 74% last year.

Today, it is necessary to go further in order to link ESG issues more closely to the development and evolution of companies' business models, particularly with regard to reducing GHG emissions. Amundi benefits from a close relationship with its investees on ESG issues and is seen as a partner. Amundi will therefore be able to capitalize on this relationship to continue deepening the integration of ESG issues.

Next Steps

In 2026, our commitment priorities will be as follows:

- Firstly, we will continue to follow our current dialogue with investees, especially on carbon transition.
- Extend the appointment of a CSR officer and ESG review by the Supervisory Board to 100% of shareholdings.
- Extend the conditioning of executive compensation to the achievement of sustainability performance targets. With six investees now having implemented such a mechanism, the ESG team can strengthen its advocacy for this measure, which is essential for involving governance in the CSR commitment of investees.
- Work with investees so that each one can formalize a corporate sustainability policy. In 2024, although 86% of participants have a CSR manager, only 62% have formalized ESG policies that outline their objectives, strategies, and visions for managing their sustainability issues. This step is particularly important for companies subject to CSRD (FY27).
- Finally, we will extend our engagement and the ESG roadmaps to the other investees in our portfolio.

Case study 54:

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 members
- 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 woman 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

By the end of 2023 – after 1 year -, 45% of the 5-year ESG Roadmap was already achieved by the company, including over this year:

- A carbon footprint assessment for scopes 1, 2 and 3
- The formalization of a DE&I policy
- An Equality Index above 85/100
- The implementation of a whistleblowing mechanism
- A completed shared-value mechanism for all employees and the opening to the capital to an additional 28 new employees.

During fiscal years 2024 and 2025, the company continued to make progress toward the objectives set out in its roadmap, bringing completion of the roadmap to 68%. This was made possible in particular by the following measures:

- The integration of a female new Executive Committee member
- Monitoring and maintaining the absenteeism rate below the industry average (4.44% in 2024 vs. 5.5% industry average).
- Retaining talent and keeping turnover below the industry average. We note that this objective was met in fiscal year 2024 and that the turnover rate decreased compared to fiscal year 2023. (18.99% in 2024, 23.58% in 2023, industry average 20%)
- Implementation of a responsible procurement charter, an anti-corruption policy, a human rights policy, a code of conduct and code of ethics. This active formalization of the CSR approach through new policies and charters is to be commended and is in line with the ESG roadmap.
- Definition of GHG emission reduction targets for scopes 1 and 2 ;
- Regarding value sharing, in 2025, around ten technical managers received a bonus indexed to the company's results.

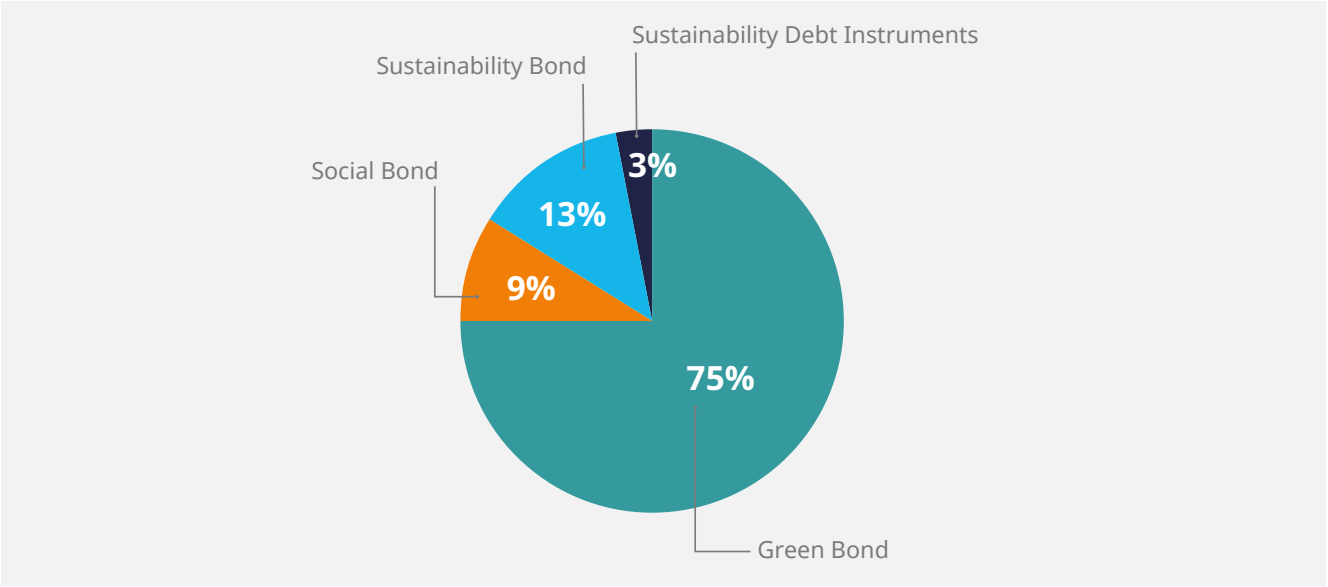
Next steps: We will continue to closely follow the engagement and follow up with the company on specific ESG matters and targets that are yet to be set or achieved, to help the company meet its ESG targets over time. We will focus specifically on the following three objectives:

- Annual monitoring of the accident frequency rate and maintaining it at a level lower than that of the sector
- Inclusion of Scope 3 in GHG emission reduction targets in order to monitor all scopes
- Indexing a portion of the variable compensation of COMEX members to the achievement of CSR performance targets and formalizing the scope definition document

2. Green, Social and Sustainability (GSS) Bonds Engagement[386]

In 2025, we had engagement interactions with 186 GSS bonds issuers as part of our ongoing monitoring process for these instruments. These engagements were mainly focused on green bonds rather than social and sustainability bonds – see graph below -, which reflects the state of the GSS bonds market and Amundi's exposure to the various types of ESG-labelled fixed income instruments. Engagements related to "sustainable debt instruments" correspond to companies also issuing other types of sustainable bonds – e.g. sustainability-linked or transition bonds.

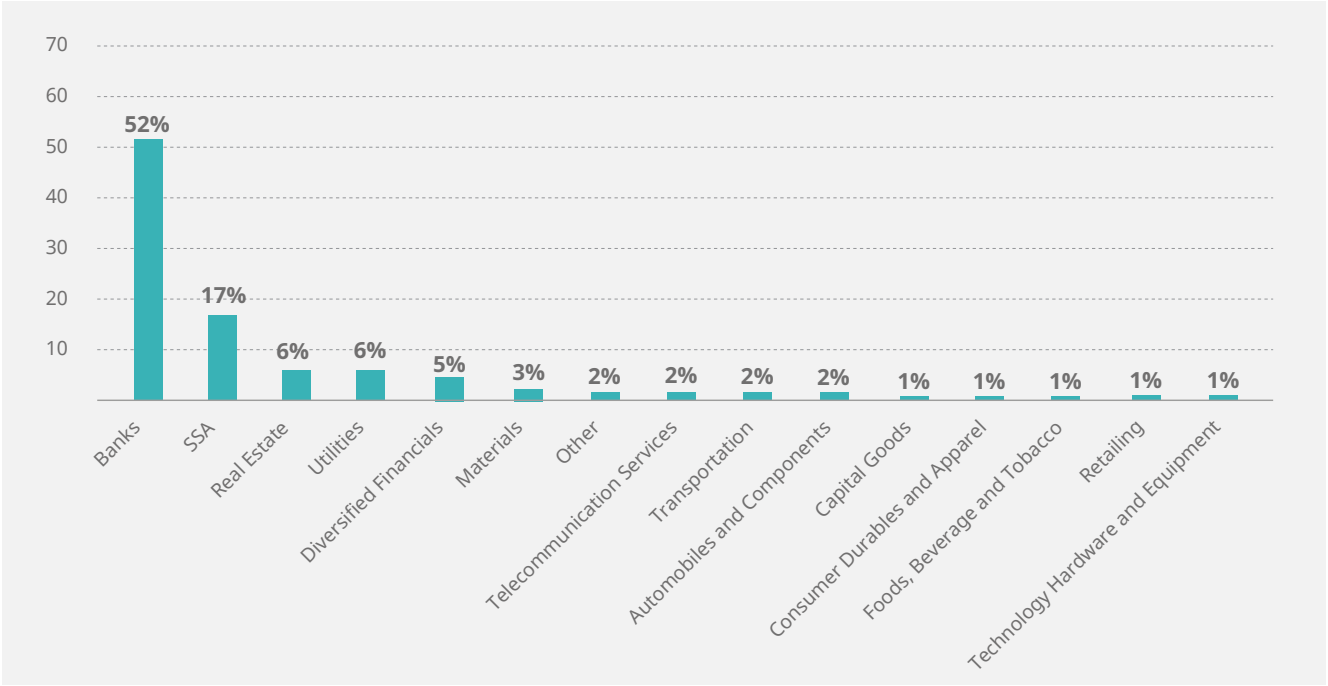
GSS Bonds Types



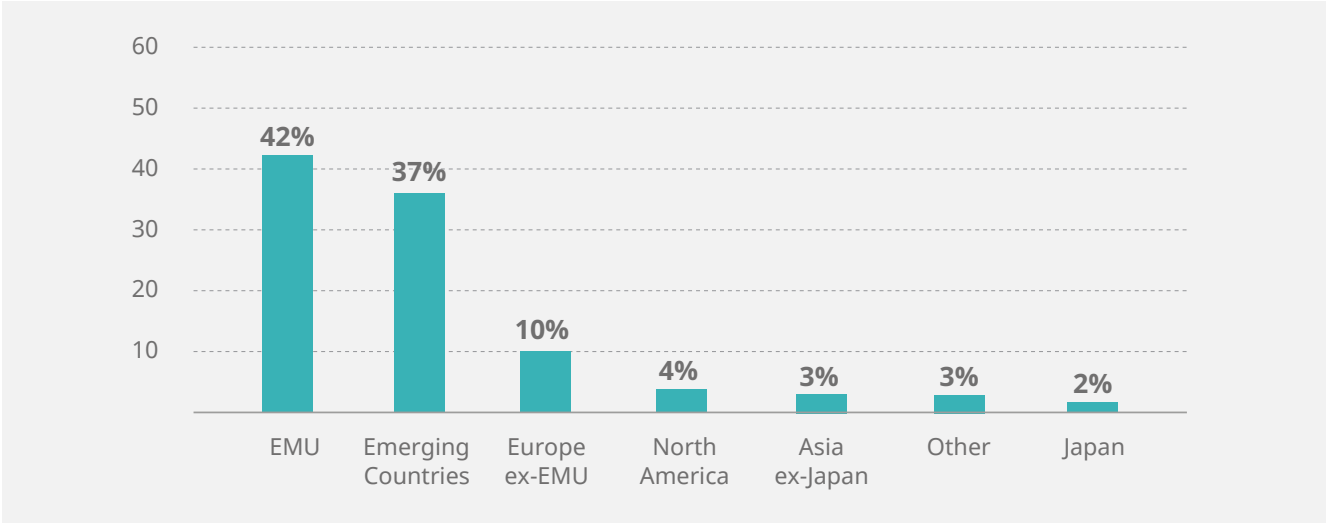
Regarding GSS bonds issuers' sectors, our 2025 engagements mainly targeted banks, SSAs, real estate and utility companies, which is also aligned with the overall sectoral split of GSS bonds issuers. Geography-wise, the picture is a bit different with a significant share of emerging markets GSSB issuers among the ones we engaged with, reflecting Amundi's focus on pushing developing countries issuers to enhance their ESG profile and GSS bonds frameworks and reports.

386. In our 2024 Engagement Report, the GSS Bonds engagement section contained an issuer case study on an European insurance company, as well as thematic case studies on Multilateral Development Banks (MDBs) and Social bond issuances, and EM Banks on the Consistency of their ESG practices with their Green Bond Issuances. These engagements were closed and not followed-up on in 2025, therefore there is no update on these within this report. We added new issuer case studies and a new thematic case study in this report as a replacement.

GSSB Issuers' Sectors



GSSB Issuers' Geographies

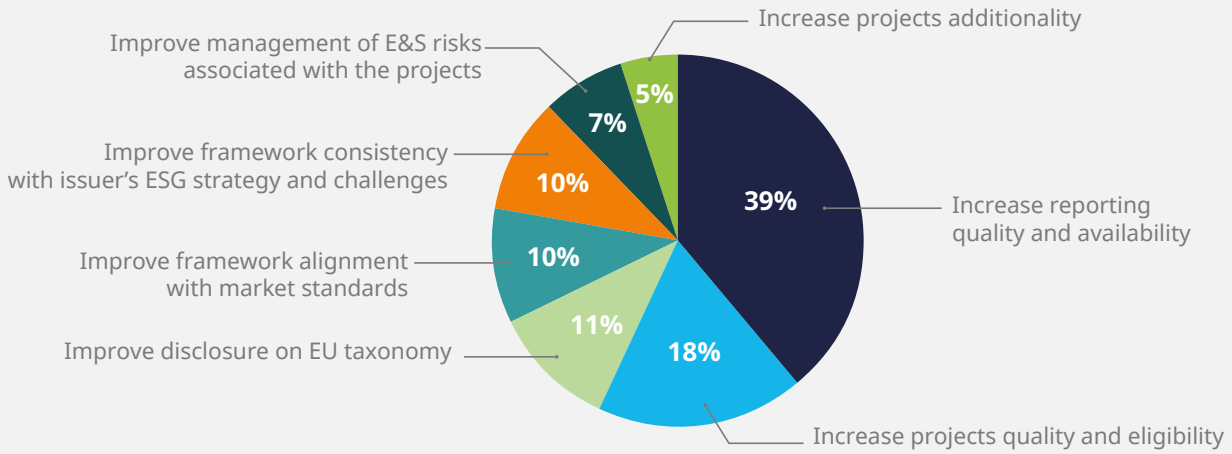


In terms of the themes we discussed with GSS bonds issuers and the associated engagement objectives, we adopted a more granular approach in 2025. This allowed us to finetune the requests we made to issuers and the monitoring of our progress. These are as follows – by order of importance within our 2025 GSS bonds-related engagements:

- Increasing the availability and quality of GSS bonds reporting: screening ex-post reports is a key component of our assessment methodology and GSSB monitoring process. We engaged quite significantly to push for the publication of such reports when missing, for more details on calculation methodology used for impact metrics, and to recommend the use of ICMA harmonized framework for impact reporting
- Increasing the quality and eligibility of GSS bonds' underlying projects to ensure these meet demanding thresholds and criteria – e.g. electricity generation projects with a GHG intensity below 100gCO_2/kWh, or vehicles with zero tailpipe GHG emissions
- Improving disclosure on EU Taxonomy: encourage issuers to enhance transparency on green projects' eligibility and/or alignment to the taxonomy, within their frameworks and/or post-issuance reports
- Improving frameworks alignment with market standards, especially when frameworks are outdated and/or not completely aligned with basic guidelines like ICMA's Green and Social Bond Principles

- Improving frameworks consistency with issuer's ESG strategy and challenges, to ensure GSS bonds align with issuer's most important sustainability factors and actually participate in achieving their sustainability ambitions
- Improving the management of E&S risks associated with green and social projects: this topic has become more and more important for our clients, therefore we try and push issuers to implement adequate policies and safeguards to mitigate such risks
- Increasing projects additionality to ensure such projects are delivering genuine environmental or social positive impact

Objectives Breakdown



Case study 55: Update on European Telecommunications Company

Context: The engagement with this issuer remains highly relevant as the telecommunications sector is pivotal in supporting the transition to a low-carbon economy and achieving Paris Agreement objectives. The company was selected for engagement due to its leadership in sustainable finance, ongoing alignment with EU Taxonomy, and its role in enabling digital inclusion. Key triggers included the need for enhanced transparency in Sustainable Bond reporting, management of social controversies in its supply chain (notably in Brazil and Venezuela), and the environmental additionality of its "Data-driven solutions" projects. In 2025, the focus sharpened on third-party verification of impact reporting, robust management of social risks, and demonstrating the tangible environmental benefits of financed projects.

Amundi Actions: Throughout 2025, Amundi maintained an active dialogue with the company, leveraging both direct meetings and written exchanges. Engagement actions included advocating for third-party verification of Sustainable Bond allocation and impact reports, requesting enhanced disclosure and evidence of environmental additionality (notably for ICT and "Data-driven solutions"), challenging the company on social controversies and urging stronger compliance and anti-corruption measures, and monitoring progress on EU Taxonomy alignment and the quality of eligible projects, in green and social categories.

Key Objectives for Engagement

1. Improve allocation and impact reporting and taxonomy alignment
2. Strengthen controversy management and third-party verification
3. Enhance social bond eligibility and controversy oversight
4. Demonstrate additionality and environmental impact of green projects

Engagement Outcomes and Issuer Momentum

In 2025, the issuer demonstrated progress on several engagement objectives:

- Reporting process has been standardized, with an external auditor now providing third-party verification for all Sustainable Financing reports. This addresses a key transparency concern and marks a significant improvement in the company's sustainable finance practices.
- On social controversies, the company implemented a compliance function and strengthened anti-corruption practices, particularly in response to issues raised in Brazil and Venezuela. While these steps are positive, ongoing monitoring is required to ensure full resolution and lasting change.
- Regarding the environmental additionality of green projects, the issuer reported significant energy efficiency gains, with network traffic increased by 8.6 times while energy consumption decreased by 8.6%. However, Amundi continues to request further evidence and third-party assurance to fully demonstrate the additionality and positive impact of "Data-driven solutions".

	2024	2025
Annual Open Engagement Objectives	1. Improve transparency and accountability of allocation and impact report 2. Increase project quality and eligibility in social aspects 3. Increase project quality and eligibility in green aspects	1. Third-party verification of allocation and impact reports 2. Strengthen management of social controversies and improve metrics 3. Demonstrate additionality and positive environmental impact of green projects
Company Performance during year	1. Allocation and impact reporting improved with bond-by-bond reporting, year-on-year impact evolution, and external verification. 2. Addressed social and governance controversies in Brazil and Venezuela, reinforced due diligence. 3. Some clarifications on "Data-driven solutions" provided, but additionality still to be demonstrated.	1. Reporting process standardized, with an external auditor providing third-party verification for all Sustainable Financing reports. 2. The company implemented a compliance function and strengthened anti-corruption practices in response to social controversies; ongoing monitoring required. 3. Reported significant energy efficiency gains (network traffic up 8.6x, energy use down 8.6%), but further evidence of additionality for "Data-driven solutions" is still requested by Amundi.
Change	**(=)**	**(+)**

The issuer has made tangible progress in sustainable finance reporting, controversy management, and supply chain engagement. The company now provides externally verified allocation and impact reports, has reinforced its compliance and controversy monitoring, and continues to refine its approach to social and green project eligibility. However, further evidence is needed to fully demonstrate the additionality and environmental impact of certain ICT solutions.

Next Steps

- Continue to monitor the implementation of third-party verification and the evolution of reporting practices.
- Follow up on outstanding questions regarding the additionality and impact of "Data-driven solutions."
- Maintain engagement on social controversies, particularly in Brazil, and track the effectiveness of new compliance measures.
- Assess the impact of Social Bond projects as new issuances and metrics are developed.

The company's engagement trajectory is positive, with clear improvements in transparency, governance, and impact measurement. Amundi will maintain active dialogue to ensure continued progress and close remaining gaps, particularly around project additionality and social risk management.

Engaging with GSS bonds issuers on Paris-Aligned Benchmark exclusions

Context

Back in August 2024, the ESMA published guidelines related to "funds names using ESG or sustainability-related terms". These state that funds using environmental- or impact-related terms in their names – such as "green", "impact" or "climate", which is the case for most of Amundi's dedicated GSS bonds strategies – should avoid investments in companies excluded from Paris-Aligned Benchmarks (PAB). As a reminder, PAB exclusions at company level are as follows:

a. companies involved in any activities related to controversial weapons;

b. companies involved in the cultivation and production of tobacco;

c. companies that benchmark administrators find in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises;

d. companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;

e. companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;

f. companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;

g. companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2 e/kWh.

What about GSS bonds?

With the above wording at company level, there was no specific treatment for use of proceeds instruments, and the rules would have led to preventing investments in some GSS bonds issuers – notably many utility companies that are in breach of points (d) to (g) regarding their revenues. This has been perceived as an unfair treatment of green bonds issuers by GSSB market players, as many of these have clear transition strategies and use green bonds as a mean to finance their transition plan.

Therefore, market stakeholders advocated for a specific treatment of GSS bonds with regards to PAB exclusions. In December 2024, the ESMA published a Q&A to answer the following question: "can fund managers consider the underlying project for use of proceeds instruments or should they always consider the whole issuer?"

The ESMA states in its answer that for use of proceeds instruments – i.e. not only green bonds but also social and sustainability bonds -, the PAB exclusions "should apply on a look-through basis to the economic activities financed by such instruments." In other words, you have to translate the revenue-based thresholds from the original text into the percentage of proceeds allocated to excluded activities for a given GSS bond – except for green bonds that align with the EU Green Bond Standard, that are exempted.

Basically, if some of the proceeds of a green bond are directed to a PAB-excluded activity, and if the share of such proceeds is superior to the above thresholds, this green bond is deemed not compliant with PAB exclusions and should be divested from funds subject to ESMA's fund naming rules.

As a result, and starting early 2025, GSS bonds analyst had to look into new GSS bonds to check if any PAB-excluded activities were eligible under issuer's frameworks, but also to screen the already analyzed GSS bonds did allocate some of the proceeds to such activities. As most GSSB frameworks were published and used before ESMA's Q&A, this screening led to unclear results sometimes. In some cases, we were not able to come up with a clear conclusion around compliance of GSSB with PAB exclusions, and the theme has become a frequent engagement topic over the course of 2025.

Engagement Objectives

This thematic engagement had two main objectives:

1. Ensure that no PAB-excluded activities were funded through GSS bonds and if yes, that the share of proceeds allocated to such activities was below the above thresholds
2. Push GSSB issuers to better disclose PAB-related data in their green bond documentation – frameworks, Second-Party Opinions (SPO) and/or GSS bonds post-issuance reports

Amundi actions

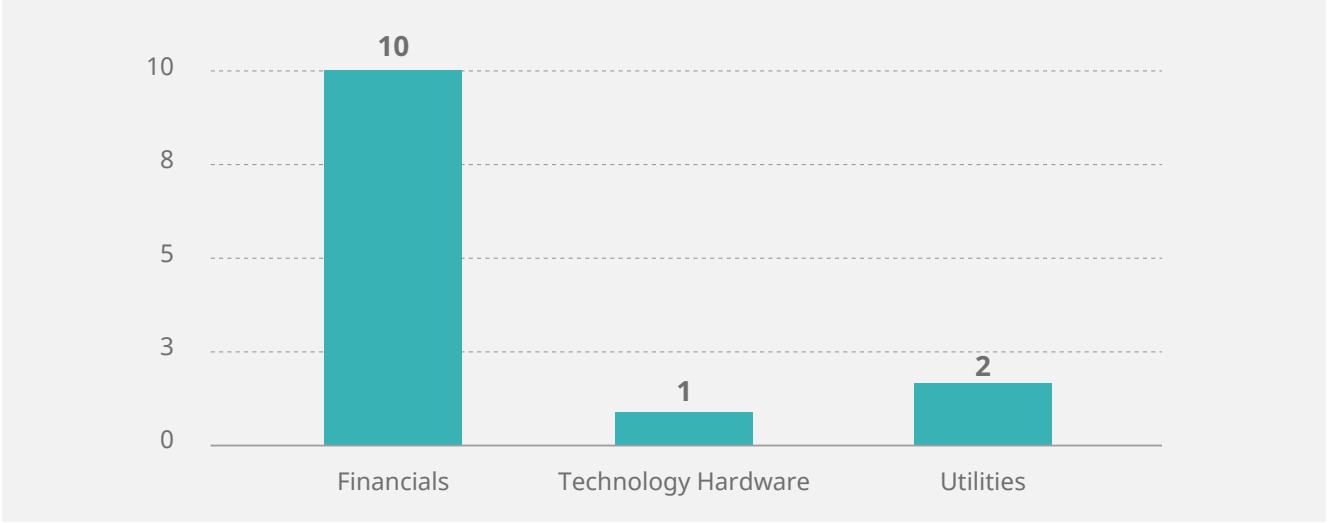
Besides individual engagements with issuers, the first action we took was to share our views and expectations around GSS bonds and PAB exclusions with market players. We reached out to the most influential underwriting banks and SPO providers on the topic, and asked them to advise their issuing clients to clearly disclose in green bond documentation whether the instrument is PAB-aligned or not.

We used this route to share our requests as banks can relay these to a broad range of issuers, and SPOs have an important role to play in reviewing compliance with PAB exclusions. Our message was well received and spread to issuers – see the "Systems stewardship" section for more details.

We also relied on primary market activity to ask PAB exclusions-related questions and get clarification from issuers on compliance – this is classified as corporate access rather than engagement, and therefore not accounted for in this report. In many instances during 2025 we asked issuers to confirm whether or not PAB-excluded activities would be funded through their GSS bonds issuances before books closed, to make sure we had all the necessary information in hand before providing our GSSB assessment to portfolio managers.

Lastly, we also launched proper engagement discussions with some issuers to make our requests and recommendations on the aforementioned objectives – 15 issuers from various sectors were engaged on the topic in 2025, see graph below.

Issuers' Sectors



Engagement Outcomes

The first outcome of our PAB-related engagements with GSSB issuers is that there was a clear need to raise awareness on the topic amongst issuers. The ESMA rule – and the Q&A for GSS bonds - and associated PAB exclusions was a very new challenge for all market players, with a lack of preparedness. Right after the Q&A was published, our first discussions with issuers started by making sure that:

- We shared our understanding of these rules
- Issuers were on the same page in the way to include PAB considerations into theirs GSSB disclosure

Related to that, we also pushed issuers to focus on the type of projects/activities that pose the most significant risks regarding PAB exclusions:

- Those related to hard coal and lignite, as well as oil fuels were not that much of an issue in our assessment, as these are very unlikely to be eligible in GSS bonds frameworks – and such bonds would have been excluded in any case
- The threshold related to gaseous fuels can raise doubts – especially as some green bond issuers use the proceeds to finance the refurbishment of natural gas pipelines to make these hydrogen-ready. But in the meantime, such pipelines will still be used to transport and distribute natural gas and are therefore problematic regarding PAB exclusions
- Most issues we saw were actually linked to the electricity generation with a GHG intensity of more than 100 gCO_2/kWh - most of GSS bonds issuers use this threshold to define eligibility for their energy-related projects, but we found out that this is not always the case for bioenergy/ biomass and geothermal projects notably

Our requests for GSSB issuers to improve disclosure on PAB exclusions in their related documentation was overall well received and understood by issuers, and some of these actually acted on the topic in the course of 2025:

1. By updating their existing GSSB frameworks and including a clear mention of eligible projects' compliance with PAB exclusions – with an external review of compliance from SPO providers
2. By including such a statement into their new issuances announcements and communications during primary market activities, and/or into their GSSB reports

Next Steps

Overall the momentum is pretty positive, but engagement efforts are still needed to ensure PAB exclusions are properly integrated into issuers' GSSB documentation and that we can better identify GSS bonds that do not comply with such exclusions. Therefore, we will keep engaging with issuers that are not fully aligned with our expectations so far, and start engaging with additional issuers on the topic in 2026.

Case study 56: European Bank

Context: Engaging with banks is an important part of our GSS-related engagements, as these players represent a significant part of GSSB issuances. The financial sector also has a key role to play in financing the transition towards a low-carbon economy, notably through the issuance of GSSB. The bank here is a frequent issuer of green and social bonds under its GSS framework, and Amundi is invested in some of these bonds within its GSS-dedicated portfolios. We however noticed areas for improvement regarding the bank's GSSB framework and related issuances:

- On the social side, Sustainability-Linked Loans (SLL) were included in the eligible social categories – we believe SLL should not be refinanced using social bonds proceeds but rather through a separated SLL bond framework
- On the green side, we noticed that bioenergy projects do not come with GHG emissions thresholds and could pose risk of PAB exclusion

Amundi maintains a constructive relationship with the bank since its first GSSB issuances, therefore we have regular engagement discussions with it to ensure its framework and issued bonds align with market good practices.

Amundi Actions: Since 2024, Amundi engages with the bank and has regular dialog with it on the following key objectives:

5. Increase projects quality and eligibility : ensure that bioenergy projects eligible under the bank's framework – and funded by its green bonds - comply with the thresholds of PAB exclusions
6. Improve framework alignment with market standards: ensure no SLLs were included in the assets funded by its social bonds, and remove such loans from the eligible categories

Engagement Outcomes and Issuer Momentum: On both objectives, the bank was receptive to our requests and implemented concrete actions to address our concerns:

- On SLL, it confirmed that such loans have not been funded by its outstanding social bonds, and it committed to remove these from its framework – as well as to put together a separated SLL bond framework

- On PAB exclusions and bioenergy projects, the bank shared that it was working on the issue to confirm – or not – compliance of such projects PAB rules, and duly noted our recommendation to have a clear mention of PAB compliance in green bond documentation going forward

We believe these are positive steps taken by the bank to address our engagement objectives, and overall the momentum is positive. On both aspects, we will monitor the actual implementation and keep the dialog open with the issuer.

Next Steps: We will follow-up with the bank on the two above objectives and verify if our requests have been effectively implemented. Given the positive momentum, we are quite confident that we will be able to close both objectives in 2026.

Case study 57: European Utility Company

Context: Utilities are key actors in the transition to low-carbon energy and in the green bond market. Indeed, green-labelled issuances represent around 70% of global utilities' issuances. This issuer is among the most important; it has been issuing green bonds since 2014 and is one of the largest corporates to issue green bonds. However, some of the projects financed could be contentious with respect to the Paris-Aligned Benchmark (PAB) requirements introduced by ESMA's new fund-naming rules. Clear reporting and a high-quality projects are therefore essential to determine alignment with the eligibility criteria of our dedicated green bond funds.

Currently, the issuer's level of reporting is unsatisfactory. Allocation and impact information for a single green bond is disseminated across multiple Universal Registration Documents over several years. There have been reallocations of older green bonds following buybacks, and the issuer's dedicated green bond webpage contains misleading information. Crucially, we do not receive project-level details despite the proceeds purportedly being earmarked to specific assets. Traceability of proceeds is a fundamental element of the ICMA Green Bond Principles; in the issuer's case we cannot perform our standard allocation and impact verifications.

The issuer's green bond framework sets out technical thresholds that are inconsistently specified - sometimes aligned with EU Taxonomy criteria, other times expressed in broader terms. Our assessment of project quality relies on the disclosures in the green bond framework. The EU Taxonomy is a useful benchmark: alignment with its technical screening criteria demonstrates a credible level of contribution to the targeted environmental objective, while the Do No Significant Harm (DNSH) criteria and Minimum Social Safeguards (MSS) help ensure that other environmental and social objectives are respected. Market alignment with these standards is increasing, in particular following the introduction of the EU Green Bond Standard in 2025.

Amundi Actions: Accordingly, during 2025 we engaged the company on multiple occasions to obtain clearer allocation and impact reporting and to ensure that financed projects better align with the EU Taxonomy.

Key Objectives for our engagement were as follows:

1. Improve transparency and accountability : provide a clear and accurate allocation and impact report at the activity level, including the proportion of financing versus refinancing for each allocation and more granular geographic breakdowns.
2. Improve project quality, eligibility and additionality : ensure financed projects demonstrate alignment with the EU Taxonomy or aligned with our internal referential.

Engagement Outcomes and Issuer Momentum: The issuer acknowledged the need to have a clear and accurate allocation and impact report and, following extensive discussions and work, has made substantial progress. It produced a draft Excel file setting out allocation and impact data for each green bond issued in 2023 and 2024. The document contains most of the elements we requested and provides the information required to assess eligibility against our fund criteria, with a satisfactory level of granularity. On the other hand, the issuer confirmed the alignment of its financing with the PAB requirements.

Regarding EU Taxonomy alignment, the issuer explained that comprehensive reporting is currently challenging. We recommended a phased approach: begin by assessing assets that are easier to align, then progressively broaden the coverage. This pragmatic path does not seek immediate 100% Taxonomy alignment, but is intended to steadily improve the quality of their CapEx financing.

Next Steps: While we welcome the improvements in the issuer's draft green bond reporting, we will continue our engagement to ensure all bonds are brought to that same level of disclosure and that the information is published publicly.

With respect to EU Taxonomy alignment, we will persist in encouraging the issuer to adopt market best practices including progressive alignment with the EU Taxonomy as our funds increasingly prioritize issuers demonstrating such alignment.

Case study 58: Multilateral Development Bank

Context: This issuer is one of the largest Multilateral Development Banks active in the sustainable bond market since 2018 and a leading participant in that market. Its institutional mandate is explicitly environmental and social, which provides an inherent baseline for sustainable objectives. Nevertheless, despite promoting market best practices, the issuer has not produced any allocation or impact reporting. We generally expect annual allocation and impact reporting to be published within 12–18 months after issuance.

By failing to provide basic reporting, the issuer is not meeting the foundational standards of the sustainable bond market and this omission has material consequences for our investment processes. The issuer's sustainable bonds combine both green and social use of proceeds, yet our firm manages dedicated green- and social-only funds that require minimum thresholds of respective allocation to qualify. Without an allocation breakdown, we cannot determine whether a majority of proceeds have been directed to green or to social projects, and therefore cannot assess eligibility for our dedicated funds.

Amundi Actions: Accordingly, in 2024 and after repeated discussions over prior years, we initiated a formal engagement to encourage the issuer to publish allocation and impact reporting. We have also placed the issuer and the relevant bond on our dedicated GSSB Watchlist to notify them that they may become ineligible for our dedicated funds if reporting is not provided.

Key Objectives for our engagement were as follows:

Improve transparency and accountability : Provide an allocation and impact report that includes the standard details (allocated projects mapped with ICMA green and social categories, as well as relevant impact metrics) we require, with sufficient project-level granularity.

Engagement Outcomes and Issuer Momentum: After several years of discussions and engagement, we gained strong momentum this year. The issuer published its first allocation and impact report, providing a high level of project-level granularity. They released a summary document with aggregate figures and an accompanying Excel file containing full project details. This is a very positive development: although the report has some weaknesses, it now provides the basic information required for us to confirm that the bonds meet our funds' eligibility criteria.

Next Steps: We closed the engagement positively, having achieved our primary objective of securing an allocation and impact report. However, we will continue to engage the issuer to improve the quality and usability of the impact data, which remain difficult to interpret.

Case study 59: Engaging with European Bank on the Consistency of its ESG practices with its Green Bond Issuances

Context: Since 2022, we have been engaging with banks in the emerging markets index which are issuing green bonds.

Amundi Actions: The engagement campaign centred on the banks' ESG strategy and green bond allocation and/or impact reporting practices. As of end of 2024, we have engaged with 27 banks and received 23 responses. Following three years of engagement, the campaign has been concluded and the following case study highlights an example of the engagement progress with a bank.

Engagement Objectives: The main objectives of our engagement is to foster better ESG practices were:

- Make recommendations to the banks related to their physical climate risk strategy that should be part of the assessment of assets financed by GSS bonds
- Encourage banks to develop a sustainable business that gives a rationale for the GSS bonds issuance
- Ensure that the banks have an environmental and social risk management in place for the projects funded by the GSS bonds

In 2024, we provided the following recommendations to the bank specifically in relation to their green bond issuance and management of associated project risks financed by the bond:

- Physical climate risk: Implement physical risk assessments on loan portfolios and investments with disclosures made on public platforms regarding physical risks identified (acute/chronic), assessed impact of climate hazards, methodology of assessment (e.g. scenario analysis, stress testing, external references such as IPCC climate scenarios, tools employed), governance of risks (including audit processes), and monitoring procedures of such risks (particularly for high-risk assets). Assessments should be done at the asset-level and location-specific and could be further enhanced to identify the financial impact and value-chain impact of physical risk, with an engagement in place to engage loan portfolio companies to assess their physical risk exposures.
- Sustainable lending: Setting targets around the % or amount of new business dedicated to sustainable lending and having sustainable product offering (such as discount rate for green loans; better affordability for asset renovation / debt staggering for low-income borrowers). This provides evidence linking the rationale of green bond issuances to the bank's ESG strategy in terms of the sustainable assets being financed through the green bonds, and disclosure on sustainable CapEx would be a core quantitative metric here.
- Externalities of projects: E&S risks management processes in place for financing of projects, disclosure of risk mitigation steps for risky lending and use of external certifications to ensure that project financed do not have negative externalities. We recommend alignment of such policies with international standards (such as IFC, EBRD, EIB, Equator Principles). We also look out for governance structure in place to oversee E&S management, particularly on human rights due diligence, and relevant escalation & engagement processes in place in response to project controversies (e.g. grievance mechanisms, stakeholder engagements, appropriate remediation plans).

Engagement Outcomes: The bank has made notable progress in 2025 following our engagement recommendations. The bank improved the quality of disclosure around physical risk assessment within their loan portfolio. For instance, the bank disclosed specific climate hazards that emerged as material risks to their collateral portfolio, such as river flood, drought and heat stress. The bank also improved disclosure on the use of Munich Re's Location Risk Intelligence tool to conduct the assessment and the referenced IPCC climate scenarios. These physical risk assessments are incorporated into the bank's credit risk assessment, reflecting positive practice of considering relevant climate risks during the financing process.

In addition, the bank increased transparency around their sustainable lending targets in 2025 which provides greater clarity on their GSS bond financing strategy and rationale. The bank targets to expand sustainable finance to encompass 25% of their corporate portfolio by 2026, with a focus on climate change adaptation and mitigation, such as investments in renewable energy projects. This is complemented by a target to expand sustainable finance to cover 15% of their retail mortgage portfolio by 2027. The bank assesses sustainable finance activities based on the EU Taxonomy technical screening criteria, along with DNSH and MSS screening, which ensures robust alignment of their sustainable lending portfolio with credible, science-based criteria.

Despite the notable level of improvement over the year, there are remaining areas of improvement to be addressed. For instance, increasing disclosure around the quantified financial impact of physical risk due to operational disruption of assets and additional costs required for reconstruction and rehabilitation, and implementing engagements with loan portfolio companies to incorporate physical risk assessment for their own assets and quantify potential investments needed for resilience solutions. From an E&S risk management perspective, the bank has yet to publish a binding Human Rights Policy and primarily relies on the group level Code of Conduct which does not currently make explicit alignment with international standards such as the ILO conventions. Details around the efficacy of grievance mechanisms and engagement with clients on project-related controversies remain limited and reflect areas of weakness.

Next Steps: Over the engagement campaign, we observed improved disclosure quality around the bank's physical risk assessment methodology and sustainable lending target. Areas of continued work include expanding physical risk assessment to quantify potential financial impact, formalising a Human Rights Policy and increasing disclosures around grievance mechanisms and client engagements on project controversies. We continue to monitor the bank's progress around these topics and may initiate engagements with the bank as needed.

Case study 60: Latin America Bank update

Context: This case study is related to a Latin America-based bank, which set a target of allocating approximately USD 190 billion by 2030 to promote sustainable and inclusive economic growth. To reach this goal, the bank has established a framework for issuing green bonds, aligned with international standards, to finance projects that contribute to environmental sustainability, further supporting its goal of a greener economy. As investors in the green bond issued by the bank in 2022, we reviewed the allocation and impact reporting provided by the bank one year after the issuance as part of our ongoing monitoring and have engaged the bank over the past few years to adopt best reporting practices. The bank has been receptive to dialogue and have made positive progress following our recommendations.

The reporting was quite comprehensive and detailed, including a brief summary of the bank's ESG strategy, a recap of outstanding issuances, and a thorough description of eligible projects. This helped us understand more clearly where the cash had been allocated. The bank also provided case studies to illustrate the investments made. The allocation portion of the reporting was verified by PwC. In addition, the bank provided impact metrics for each project within the eligible portfolio. However, there were areas we identified for improvement, such as calculating impact data on a pro-rated basis, including details of impact metric calculation methodology and disclosing share of financing and refinancing share.

Amundi Actions: Following the engagement efforts in 2024, we monitored the bank's progress in 2025 on the adoption of our recommendations to improve transparency over their bond impact metric calculation methodology. As impact data from green bonds are a critical measure to assess the additionality of projects financed by the bond, demonstrating clear impact methodology ensures that impact data are robust and avoids greenwashing risks from overstated data. Engagements with the bank were around the following key objectives to promote best reporting practice:

1. Improved transparency and accountability:
   a. Share details of the impact data calculation to ensure data robustness
   b. Disclose the split between financing and refinancing share of allocated funds to better assess additionality
   c. Calculate impact data on a pro-rata basis to avoid overstated metrics
2. Improved ESG practices: Use ICMA Handbook – Harmonised Framework for Impact Reporting

Engagement Outcomes: The bank has been receptive to our engagement efforts and feedback. In 2024, the bank adopted our recommendations to include in their allocation and impact report, a dedicated section describing the bank's financed share of the impact data, with reference to the ICMA Handbook for impact reporting. The bank also communicated with us information relating to the financing/refinancing status of funded projects.

In 2025, we observe continued positive progress on our recommendations. In the published allocation and impact report, the bank now includes more details around their impact data methodology and definitions. For instance, the bank describes the value of % system efficiency used to compute renewable generation capacity as a proportion of peak power, which provides more clarity on the assumptions and calculation steps used by the bank to derive their impact data.

The reporting also includes the definition of MSMEs in the bank's financed social projects aligned with the IFC definition based on an annual revenue threshold. This demonstrates alignment with international standards and ensures that eligibility thresholds are respected in the bond allocation. In the two examples, the improvement in reporting quality enables more clarity on how the impact data was derived and ensures that projects adhere to eligible target populations in the case of social activities. Following the update in 2025, the bank has fulfilled all the objectives set out in our initial engagement.

Next Steps: We welcome the bank's positive evolution in their impact reporting practices over the past years of engagement. The bank has well adopted our recommendations to report on a pro-rated basis and other best practices including aligning with ICMA Handbook for Impact Reporting, providing details on financing/refinancing share and incorporating details on impact calculation methodology and definition. There are no longer any outstanding objectives and the engagement will be concluded.

Conclusion

Geopolitical tensions, regulatory uncertainties and economic turmoil tend to switch the attention of executives and boards to short term adaptation. In 2026, 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. As more economic actors recognize that building resilience is essential in today's environment, we firmly believe that effectively managing sustainable risks, opportunities, impacts, and dependencies contributes significantly to the resilience of both businesses and economies.

Stability of institutions and governance are a key driver of economic stability. Economic activities are based on the use of natural resources, including energy, human capital (both labor and creative forces), and financial capital, those economic activities creating subsequently cash flows. Since the value of our investments is determined by the present value of future cash flows, any factor that affects these cash flows, and thus economic activity, also impacts investors. Investors are diversified by nature and most of them have mid to long term liabilities to cover. Therefore their portfolios are primary exposed to the economy and any system-wide threat that creates non-diversifiable risks by affecting factors of production such as land or labor, could impact the risk return profile of their portfolios. As a result, ensuring that the economy can benefit on the long run from robust human capital, environmental resources and financial assets is crucial for maintaining the sustainable value of our investment portfolios.

Assessing the potential negative impacts on those economic drivers, the different dependencies, but also the opportunities can enable investors to identify issuers that will outperform and distinguish them from their riskier counterparts.

Our stewardship strategy is designed to enhance overtime the risk return profile of our portfolios to the benefit to our clients, by addressing system issues. Our approach is consistent across time as we recognize that coping with those system issues takes time, addresses the root causes across value chains and takes into account the interconnections between climate, biodiversity, social and governance issues. Our approach is consistent across various dimensions, including engagement with regulators, public authorities, and standard setters; participation in industry associations and working groups; and collaboration with academics, stakeholders, clients, and through the publication of research. Our board has endorsed our conviction that sustainability is fundamental to long-term, sound economic growth. We believe that a balanced approach, both ambitious and pragmatic, is the best way to address uncertainty and foster adaptation.

Ten years after the speech on the tragedy of the horizon, where Mark Carney was discussing the need to act today for a benefit that will be collected way after any decision makers could possibly be in office, we are still facing the same dilemma. Tension between short term and mid to very long term decision are real. Investment cycles for corporates are usually longer than financial results cycles, but nevertheless shorter than horizons considered in climate science for instance. Key investments, such as in R&D, need to be done in the short term however to benefit for the technologies needed in the mid to long term. Mid or long term plans could not be a succession of short term plans. Adding to the complexity of the so-called "tragedy of the horizon" is the divergence of possible pathways to achieve any long-term objective. This underscores the need for economic actors to incorporate multiple scenarios into their strategies to ensure resilience.

Managing short term performance while preparing for mid to long term performance is nonetheless a must to protect the interest of end savers and pensioners. Ambition and pragmatism are necessary to navigate a time where economy, science and public policies are diverging sometime. Engagement and voting are therefore key to our ESG activities as we believe that actively dialoguing with our investees could drive positive outcomes, while mindful of this divergencies. The major transformation of our economies that is needed could nevertheless only occurred if this transformation is performed in an organized manner between governments, customers, companies and financial markets to limit the negative impacts on employees, end savers, pensioners and territories across the globe and even benefit from the opportunities that it may create.

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