



# Voting Policy 2024

Trust  
must be earned

**Amundi**

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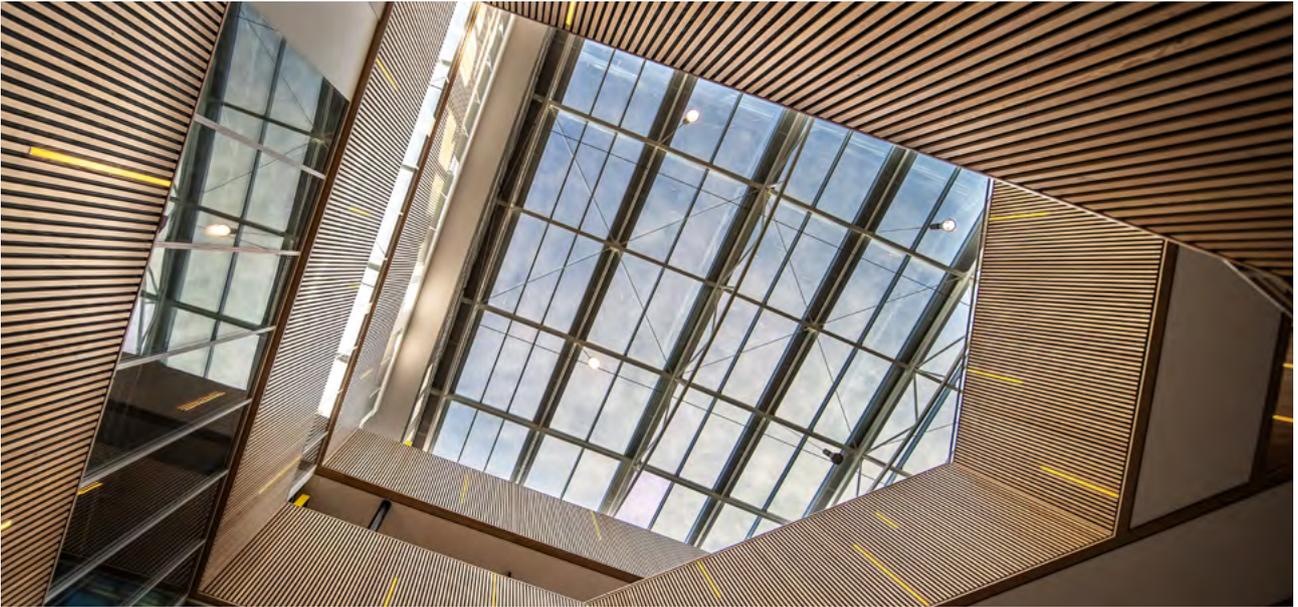
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# General principles

The Amundi Voting Policy reflects our vision of what it means to be a Responsible Investor<sup>1</sup>. From its creation in 2010, Amundi has made this dimension of one of its four founding pillars. Thus, our Voting Policy is an essential tool for implementing our Global Responsible Investment Policy.

Our Voting Policy is consistent with Amundi's active ownership approach and therefore rests on our diligent and multidimensional analysis of each company.

## 01 An integrated approach to companies

Assessment of a company necessarily calls for examining issues of social responsibility and sustainable development, such as matters of governance. Only an overall understanding of the company that goes beyond purely financial aspects to integrate all risks and opportunities, in particular those related to ESG criteria (Environmental, Social, Governance), allows an assessment of a firm's intrinsic value and long-term economic performance.

Social and environmental dimensions are not mutually contradictory but complement one another. Social perceptions of a company's practices contribute to its development and profitability for its shareholders. Furthermore, as a diversified investor, it behoves us to take into account factors affecting the environment, social and human rights, as well as elements related to governance or corruption, even when they have no direct, short or medium term impact on the valuation of a company, because of the possible impact on society and the global economy.

<sup>1</sup> Additional information on Amundi's stewardship activities can be found in our Global Responsible Investment Policy at <https://about.amundi.com/esg-documentation>

## 02 Regular dialogue in pursuit of progress

The situation and practices of a company must be assessed in time rather than statically, and effective voting starts with the exchange of reliable information. Amundi seeks to take into account the evolution of a company's practices and the commitments with a view to their improvement. Amundi bases its assessments on regular exchanges with the company, which contribute to a solid understanding of its momentum.

We exercise our responsibility as an investor via the following three mechanisms:

- Shareholder dialogue with companies, allowing ongoing exchange on key issues of financial performance and social responsibility as well as associated action plans.
- Consideration, in investment decisions, for ESG factors, based on a proprietary rating system, calibrated specifically for each business sector.
- Application of our Voting Policy, through which we influence corporate policies and seek to ensure consistency with priority areas for improvement.

Our voting choices are consistent with this commitment to dialogue to pursue regular progress.

When engagement fails or an issuer's remediation plan appears weak, we may enact an escalating action plan that goes as far as exclusion from the active investment universe, meaning all active investing strategies over which Amundi has full discretion. This escalation process may include (in no particular order) negative overrides on one or several criteria of our proprietary rating, questions at AGMs, votes against management, filing shareholder proposals, public statements, ESG score caps and, ultimately, exclusion.

The power to file a proposal at a general meeting is a key shareholder right essential to an effective governance system. In some cases, as part of our escalation process and in line with our engagement priorities, Amundi may decide to use this right, usually in collaboration with other shareholders. In our experience, it is an impactful engagement technique for creating positive change when dialogue has not been fruitful and/or when divesting is not an option.

## 03 A focus on transparency

The approach we pursue of dialogue and gradual improvement presupposes a relationship of trust with the companies we invest in.

Amundi would like to see companies communicate widely on their non-financial performance and on how their strategy and practices take into account ESG parameters. We consider involvement of the Board and governance bodies in these matters essential. We therefore strongly encourage the publication of an "Integrated Report" or, failing that, of a social and environmental report that make it possible to assess the company's weighting of societal issues and the objectives it sets itself in this area.

In turn, Amundi is committed to transparency and where possible, it informs issuers of planned negative votes.

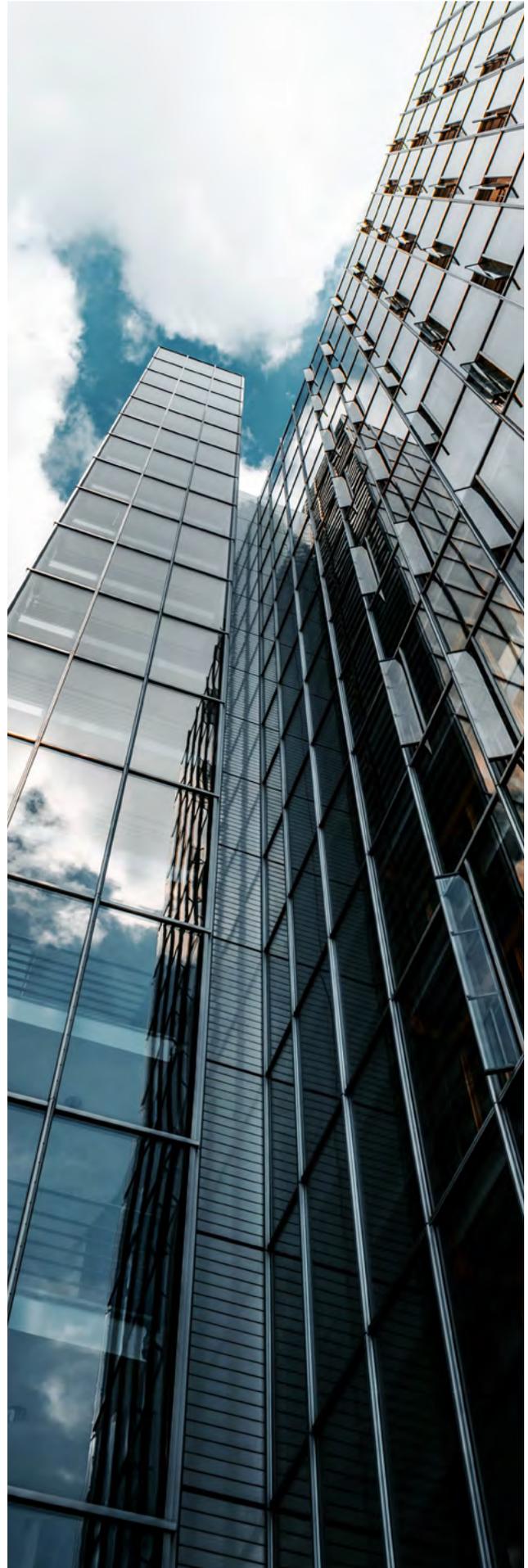
The positions we express in our votes are not designed take companies unawares. On the contrary, they ensue from our analysis and dialogue, the constituents of which we make known in our exchanges.

## **04 A pragmatic approach that acknowledges the context of each company**

The regulatory, cultural or economic environment in which a company operates can be decisive for some of its choices, notably as regards societal issues.

Amundi has defined a universal basis for its Voting Policy that rests on the fundamental governance principles and shareholder rights Amundi expects to see applied and respected globally. Amundi exercises its stewardship responsibility on behalf of its clients on all five continents.

That said, our application of this common policy is adapted to each local context. Our decisions are always made with a view to defending the interests of our clients by supporting the creation of sustainable long-term value. To do so, Amundi considers each company's context in a pragmatic manner to make sure its voting decisions are effective. Following that principle, Amundi's voting approach may differ for distressed companies that are going through a turnaround strategy.





# Shareholders' rights

A corporate governance regime must protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders.

## 01 General Meeting

The general meeting is where voting rights are exercised and, as such, is a keystone of corporate governance. Amundi is therefore opposed to anything that might limit or hinder the proceedings, reduce the scope of its jurisdiction, or obstruct shareholders' participation.

In this spirit, resolutions should not be bundled together, as shareholders should be able to express their views on each separate item.

Access to high-quality information in a timely manner prior to the meeting is an essential component of a well-considered exercise of voting rights by shareholders.

Amundi considers it necessary for companies to publish an explanatory document covering the proposed resolutions. Indeed, resolutions are only the legal expression of management's proposals to shareholders and do not always make it possible to understand the strategic context of the request, the conditions for its implementation or other elements necessary to inform the voting decision.

This document should not be limited to a mere paraphrase of the text of the resolutions but should allow the best possible understanding of the company's strategic position.

Companies should publish a version of all meeting documentation in an international language. Such literature should include the annual report and be available sufficiently in advance of the general meeting for shareholders to make informed decisions.

Regarding the format of the general meeting, Amundi does not favour virtual-only meetings, except in extraordinary circumstances when a physical meeting is impossible. In general, companies should offer shareholders an opportunity to be physically present, allowing them to meet the management and ask questions.

## 02 Voting rights and shareholder retention

Amundi supports the right of shareholders to fair exercise of self-expression through their voting rights.

Nevertheless, we are mindful of the importance for companies to retain and stabilise their shareholder base with a view to long-term development. Consequently, we are not opposed to the allocation of double votes to long-term shareholders as long as the privilege is accessible to all and does not create disproportionate control detrimental to minority shareholders.

Any change in voting rights must be the subject of a resolution submitted to a vote at the general meeting. The resolution must be accompanied by a detailed statement of reasons drawn up by the Board.

Amundi determines its vote based on the structure of the shareholder base, the level of control thus generated for long-term shareholders, and the reasons provided by the Board.

In keeping with the cultivation of a long-term shareholder base, we are a priori supportive of efforts to implement loyalty tools, such as the bonus dividend or loyalty shares, provided that these schemes are open to all shareholders and supervised in their application.

## 03 Anti-takeover measures

Any tender offer must be submitted to a vote by shareholders. In principle, we oppose a priori any permanent or preventive anti-takeover measures, which we often find to be contrary to the interests of shareholders.

If specific measures are proposed, we will analyse the situation of the company and its stakeholders. Only mechanisms that would make it possible to improve the value of the offer and/or ensure equal treatment of shareholders (notably in the event of a creeping takeover) may be accepted.

## 04 Overall balance and transparency

Fair, complete and transparent financial and non-financial information is essential to the exercise of shareholders' rights. The existence of a sufficiently independent audit committee is therefore required.

The quality of financial and non-financial information will be taken into account in our decision to vote on the financial statements. Insufficient information may lead to abstention or even a negative vote.

### Payment of a responsible dividend

The voting decision will depend on the company's financial situation over time, in particular the payout ratio and its impact on the financial structure.

We strongly believe that dividend policy should balance shareholders' need for remuneration in cash with the need to preserve the financial strength of the company, as well as the long-term interests of employees, paving the way for future earnings growth. We will be particularly attentive to ensuring that the dividend policy does not hamper the company's long-term investment capacity, weaken its financial solidity, or lead to a sharing of added value unfavourable to employees.

### Discharge of Directors

This may be denied in certain cases involving serious breaches of corporate governance standards or overall performance (economic, financial, social and environmental) deemed deficient and affecting the valuation of the company. Likewise, lack of an adequate climate strategy or reservations made by the auditors on the financial statements are also causes for refusal.

## Choice and remuneration of statutory auditors

In order to avoid conflicts of interest and to ensure the quality and independence of the audit, certain situations may lead to a negative vote or abstention by Amundi, including: advisory fees that are excessive compared to those of the audit, statutory auditors/auditors who have held management positions in the company, etc.

Also, in order to ensure effective independence of auditors, regular rotation of the statutory auditors is highly recommended. Auditors' tenure shall be disclosed and not exceed a maximum of 24 years.

## Regulated agreements

In order to ensure that the company is managed with due regard to the interests of all shareholders, the company must disclose transactions with related parties. In countries where these agreements are subject to shareholder approval, we will vote on the basis of their value for the company and respect for the rights of minority shareholders.

The lack of sufficient information to determine the advantages of an agreement may result in a negative vote. In cases where agreements are not subject to a vote, and in the event of a serious deficiency, our opposition may be expressed through the renewal of members of audit committees and/or statutory auditors. The latter principle also applies in the case of previous agreements executed during the financial year not resubmitted to the vote of the shareholders.

## 05 Relocations/change of listing

Amundi will examine on a case-by-case basis proposals regarding a change to a Company's place of incorporation or a transfer of listing to a different stock exchange.

To do so, the Voting & Corporate Governance team will take into account the robustness of the rationale provided by the company, as well as the impact on minority shareholder rights, including the regulatory environment applicable to invested clients.



# Boards<sup>2</sup>, committees and governing bodies

The Board is a strategic body whose decisions affect the future of the company and for which its members are accountable.

While the Board is accountable to the company and its shareholders, it must also take due account of other stakeholders and respect their interests, in particular those of employees, creditors, clients and suppliers. Compliance with social and environmental standards is also its responsibility.

Amundi is fully supporting the eight principles of the World Economic Forum's Climate Governance Initiative, including climate accountability.

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2. The terms "Board" and "Directors" used throughout the policy refers to both Boards of Directors and Supervisory Boards.

## 01 Quality of corporate governance information

The quality of information regarding a company's governance, changes thereto, its positioning in relation to good market practices and its relations with stakeholders is of the highest importance for shareholders and therefore plays a decisive role in our voting decisions. Insufficient quality of information may lead to abstention or even a negative vote on resolutions relating to re-appointments.

### Quality of *Comply or Explain* on governance

In many countries, the "comply or explain" principle is an essential component of corporate governance regulation. Companies that refer to a governance code but deviate from certain recommendations should explain the reasons for this choice.

In the event that one or more provisions of the governance code are not applied, companies must explicitly publish all recommendations not followed, explain in detail the specific reasons for this deviation and justify in detail the consistency of the alternative solutions adopted. These will be analysed in relation to the proper functioning of governance as a whole and the interests of shareholders, in particular minority shareholders.

### Board responsiveness

Anytime there has been a significant level of dissenting votes from shareholders on a material topic (including Board elections, executive remuneration or shareholder proposals), Amundi expects the Board to disclose an explanation for the dissent and demonstrate a reasonable level of responsiveness in addressing the concerns of these shareholders. A lack of responsiveness from the company could lead to an escalating voting action plan.

## 02 Composition and balance of the Board

Amundi considers that the Board must be composed in such a way as to bring together:

- A diversity of Directors with the skills, culture and experience necessary to develop the company's strategy and oversee its implementation,
- A sufficient number of independent Directors: at least 50% for non-controlled companies and at least one third in the case of controlled companies, in emerging markets and developed Asian countries, unless local regulations/market practices are more stringent.

### Board independence

A Director will be considered as non-independent if he/she meets one or more of the criteria below (non-exhaustive list):

- A Director considered non-independent by the company.
- An employee or executive of the company or their close relatives.
- A Director who receives variable remuneration linked to the performance of the group.
- A Director with a tenure exceeding twelve years (or less if mandated by the local governance code).
- A representative of a significant shareholder of the company (>10% of the share capital or voting rights).
- A Director who provides professional services to the company or to an affiliate of the company of which the transactional value is considered material.
- A customer, supplier, creditor, banker, or other entity with which the company maintains a material transactional/commercial relationship.
- A Director who has cross-directorships with Executive Directors or those in comparable roles;
- A founder/co-founder/member of founding family.
- A former executive (five-year cooling off period).

Amundi is also attentive to enhancing the gender diversity of Boards, including in countries not subject to any regulatory obligation. Unless local regulations/market practices are more stringent, Amundi expects companies to take steps to ensure that each gender represents a minimum of 33 percent of the Board for developed markets.

For Japan, Amundi expects the Board to include at least two directors of the underrepresented gender<sup>3</sup>. For other Asian markets as well as emerging markets, the Board should include at least one director of the underrepresented gender.

Amundi recommends that:

- Executive Directors hold no more than two other directorships outside their group,
- non-executive Directors hold a maximum of four directorships,
- employees be represented on the of Board of Directors.

We will be vigilant concerning the necessary availability of the Chairman of the Board and the Chairs of the various committees – especially audit committee - because of the growing importance of these functions and the workload they entail. Any Board or audit committee chairmanship as well as executive position<sup>4</sup> shall be counted as double.

With regard to the term of mandates, we consider it preferable to be able to vote annually on a significant proportion of Directors and to limit the term of office to four years.

With regard to Directors' profiles, we consider it essential to have detailed information on each nominee before the vote at the Meeting (curriculum vitae, skills brought to the Board of Directors that justify the choice of this candidate, current mandates).

In addition, it is important to be able to decide individually on each Director when electing the Board of Directors. In principle, we are against the election of multiple Directors through a bundled resolution<sup>5</sup>.

The Board must set up specialised committees to prepare its work, including but not limited to an Audit Committee, a Nomination Committee and a Remuneration Committee. Nomination and Remuneration Committees must be composed of at least 50% of independent Directors, while an increased independence level of two-thirds shall be respected for the Audit Committee. The membership of each of these committees shall be free of executives.

## Audit Committee

The task of this committee is to monitor:

- the process of preparing accounting and financial information,
- the effectiveness of internal control and risk management systems,
- the independence and objectivity of the statutory auditors.

## Nomination Committee

The main responsibility of the Nomination Committee is to seek and propose competent and available candidates for the Board and general management. It must ensure succession planning for corporate officers as part of normal operations or in the event of a sudden crisis or incapacity. Amundi may vote against the re-election of nomination committee members where there is evidence of weak succession planning. The Committee must define a "target Board", its optimal size, and standard profiles for Directors consistent with the size of the company, the diversity of skills, profiles, culture required in relation to its business sectors, its geographical areas of intervention and its strategic objectives.

The Board is ultimately accountable to shareholders for the long-term stewardship of the company. Accordingly, the Board should be accountable for the company's long-term resilience with respect to potential shifts in the business landscape that may result from climate change, and therefore should be accountable for the Company's climate strategy<sup>6</sup>. Amundi is particularly mindful of how the Board ensures it

3. For companies with a market capitalisation below USD 3 billion, Amundi expects the Board to include at least one woman.

4. Amundi considers Executive Committee members or Management Board members as executive positions.

5. Except for the list proposed by Assogestioni and for countries where a list election system is compulsory.

6. Principle 1 World Economic Forum's Climate Governance Initiative [https://www3.weforum.org/docs/WEF\\_Creating\\_effective\\_climate\\_governance\\_on\\_corporate\\_boards.pdf](https://www3.weforum.org/docs/WEF_Creating_effective_climate_governance_on_corporate_boards.pdf)

collectively possess the necessary skills to fulfil this duty. The Nomination Committee should explain the criteria it used to recommend this “target” structure and to highlight talent gaps so as to improve the functioning of the Board.

### Remuneration Committee

The Remuneration Committee approves the remuneration policy and seeks to align the remuneration of key executives and Directors with the long-term interests of the company and those of its shareholders and other stakeholders.

## 03 A clear distribution of powers to forestall conflicts of interest

Amundi prefers the functions of Chair and Chief Executive Officer to be separate. In cases where this separation of powers does not exist, Amundi considers it necessary to have explanations covering the reasons for this dual function for the same officer. In this case, the creation of a position of Lead independent Director, with specific and distinct functions, is highly recommended.

If the chair and CEO positions are combined without sufficient counterbalancing features, Amundi may express an adverse vote on nomination committee members’ re-election.

## 04 Functioning of the Board

We consider it necessary to have access to complete information on the proper functioning of the Board: attendance of Directors, report on Board assessment and on the general functioning of the Board. Amundi may vote against a Director who has a high absenteeism rate without appropriate explanation.

## 05 Attendance fees/Remuneration of non-executive Directors

We believe it is necessary to have precise information on the terms and conditions and criteria used in distributing the envelope of Directors’ fees among the Directors. In general, we are in favour of a significant portion of Directors’ fees being proportionate to the actual presence of each Director.

When assessing a proposed increase of Board fees, Amundi will consider the rationale provided as well as local market practices.

In order to avoid possible conflicts of interest with management, Amundi does not favour variable compensation for non-executive Directors, including the Chair of the Board.

Amundi also considers that Directors should own shares in the Company. However, independent Directors’ ownership should not be so high as to compromise their independence.

# Financial structure

With regard to shareholders' rights, Amundi considers that, absent a well-reasoned and solid project, cumulative capital increases should not represent more than 60% of share capital.

## 01 Share issues without preferential subscription rights

Amundi considers that authorisations for routine capital increases without preferential subscription rights (PSR) should not represent more than 10% of share capital, except in special situations where local practices recommend a higher threshold<sup>7</sup>. If local best practices recommend a threshold below 10%, we will align ourselves with this limit. Issuance of convertible bonds or any instrument giving access to the capital are treated in the same way.

## 02 Share issuance with preferential subscription rights

In principle, authorisations for capital increases with preferential subscription rights may not represent more than 50% of the share capital.

Beyond this limit, Amundi will conduct a case-by-case analysis, assessing the strategic rationale of the increase, in particular where related to a change in the company's strategy and/or corporate purpose.

## 03 Mergers, acquisitions, demergers and other restructuring projects

Each project will be studied on a case-by-case basis, with close attention to the medium and long-term strategy, the potential creation of shareholder value and the social and/or environmental impacts.

## 04 Repurchase of own shares

Amundi is not in favour of buying back shares as a matter of principle, but tolerates share buybacks, up to a maximum of 10% of share capital, when this does not penalise the company's investments over the long term. However, when the company specifies its intention to use the authorisation during a takeover bid, we consider the share buyback to be an anti-takeover measure and the vote will be negative.

## 05 Employee share ownership

Amundi is in favour of the development of employee share ownership because it aligns the interests of shareholders and employees in the long term. The proposed discounts, which are generally governed by national legislation, must make it possible for the programs to have an incentive quality and reflect the length of time during which shares are frozen for beneficiaries.

<sup>7</sup> For capital increases without preferential subscription rights but with mandatory priority rights applicable to the integrity of the authorization, a higher threshold of 20% can be acceptable.



# Remuneration policy

## **01** General principles on executive remuneration

Amundi analyses executive remuneration in its entirety and expresses its vote based on two main criteria: the chief executive's remuneration must be "reasonable" and economically justified.

A "reasonable" remuneration must:

- Be attractive and enable the company to attract the talent necessary for its management and development. This attractiveness is analysed mainly by comparison with companies in the same sector and/or in the same environment.
  - Ensure an alignment of management's interests with those of the shareholders and those of the company's other stakeholders (notably its employees), within the scope of social and environmental responsibility.
- Changes in remuneration over time must therefore be consistent with the trends observed in the company's financial and non-financial performance.
- Be "acceptable" from a societal point of view. The level and evolution of an executive's remuneration should not risk forming the basis for hostile reactions harmful to the company, its image and therefore its development.
  - Include the assumption that outstanding deferred remuneration will not be paid if serious events should occur involving questionable or illegal practices, especially in terms of risk-taking.

## ESG criteria

Amundi expects performance criteria related to ESG, CSR or Sustainability to be linked to the company's strategy and the material risks it faces. These KPIs should be internal and quantifiable, rather than based on the assessment of external providers (rating agencies or index creators). The weight of these performance criteria should also be significant enough, preferably more than 20% as a best practice. Amundi may oppose executive pay when ESG KPIs represent less than 10% of the variable incentive.

For companies from sectors highly exposed to climate change (oil & gas, utilities, mining companies, transportation, cement, steel & aluminium, construction, industrials, infrastructure and chemicals) a climate-related criterion must be included amongst the variable remuneration metrics. One of these metrics should relate to the reduction of the overall carbon footprint in line with the Company's strategic targets, and consistent with the sector. Amundi strongly encourages issuers to also include a criterion related to investments (Capex or R&D) related to low carbon solutions.

## 02 Balance of remuneration and value sharing

Amundi is mindful to ensure that the Remuneration Policy, and more broadly the company's value-sharing policy, do not generate unacceptable situations of social inequality.

Similarly, Amundi is attentive to remuneration policy and practices to ensure the absence of discrimination, notably the absence of an unjustified gap between men and women in equivalent positions.

Amundi considers that companies must ensure that all employees, directly or indirectly employed in the supply chain, receive a minimum "living wage", consistent with living conditions in the regions where they are employed.

Generally speaking, Amundi is in favour of measures that seek to involve a large number of employees in the company's growth, through profit-sharing agreements or performance-based bonus schemes.

## 03 Transparency and Remuneration report

Amundi considers it necessary to be highly transparent regarding remuneration policies and their implementation.

The philosophy and principles for implementing these policies must be explicit, inter alia regarding the links between remuneration, performance and performance objectives. Amundi is thus in favour of the publication of remuneration reports, to include a description of all the elements paid or granted to executives, which should be submitted to shareholders' vote. In countries where this vote is merely optional, we will be highly attentive to companies' decision whether or not to put it to a vote.

Amundi is in favour of the existence of variable (at risk) remuneration, exclusively rewarding success, including a zero-payment assumption in the event of significant underperformance. These mechanisms must include minimum and maximum limits for variable remuneration levels and be based on clearly defined performance criteria (including ESG KPIs). Amundi prefers for variable compensation to be linked to quantitative KPIs. When qualitative KPIs are included, they should represent a limited part of the overall variable remuneration (preferably less than 30%), and the company should provide extensive details as to the performance achievement.

Similarly, Amundi is in favour of a deferred payment of part of executives' remuneration. The payment of this deferred portion should be conditional on maintaining a minimum level of company performance in subsequent years, in accordance with the priority given to medium- to long-term performance.

All these elements will be taken into account in our analysis of the company, considering both the current situation and the momentum. As part of the dialogue established with companies, these elements may have an influence on our voting decisions, in particular resolutions relating to executive remuneration and the mandates of Directors in charge of these matters.

## 04 Stock option and performance share plans

Amundi believes that long-term incentive plans in the form of stock options or performance shares can be an effective tool to align the interests of managers and shareholders.

However, these plans must comply with certain principles to achieve this objective, in particular in the terms of allocation (for stock options, the subscription price must be in line with market conditions at the time of allocation) and the conditions of final acquisition and/or minimum holding period.

Our vote will therefore depend, in particular, on the following elements:

- Quality of information about the scope of distribution and the split among groups of beneficiaries, with a clear distinction of corporate officers.
- Subscription price, absence of discount for stock option plans and no repricing mechanism.
- Duration of the scheme as well as deferred and conditional nature (performance conditions) for the beneficiaries.
- Nature (quantifiable objectives consistent with the company's strategy) and stringency of the performance criteria that determine the final allocation, inclusion of ESG KPIs.
- Total value of the plans awarded (this must remain below 10% of the share capital, except for exceptional and duly justified situations).

## 05 Severance pay

In addition to the conditions required by law, Amundi requests that the amount of any severance payments of any kind made to executive corporate officers be in line with such officer's length of service, their remuneration and changes in the company's intrinsic value during their term of office. Except in exceptional circumstances, and depending on local best practice, severance pay should not exceed two years of total remuneration (annual fixed and variable).

As for employees, it is desirable that the departure of an executive corporate officer on his/her own initiative should not result in the payment of remuneration.

In case of voluntary departure of an executive or in case of a constraint removal due to performance concerns, any unvested LTIP award should normally lapse. In case of a "good leaver", the best practice is for unvested LTIP awards to be pro-rated to the length of service and to remain subject to the achievement of the performance criteria attached. Retiring executives can usually retain unvested awards.

The Board's decision will be reviewed on a case-by-case basis, taking into account the regulatory context, the departure package, as well as the rationale provided by the Company.

## 06 Pension plans

Amundi considers it desirable that supplementary pension plans, if they exist, be considered a constituent of remuneration.

Amundi will pay attention to the terms of these plans and, in particular, to the following aspects:

- Disclosure of the scope of beneficiaries.
- Minimum tenure criteria at the company (Recommendation: 5 years minimum).
- Basis for calculating rights.

## 07 Exceptional remunerations

Amundi expects companies to provide a robust explanation for any exceptional payment. Such disbursements must also comply with the company's overall remuneration policy.

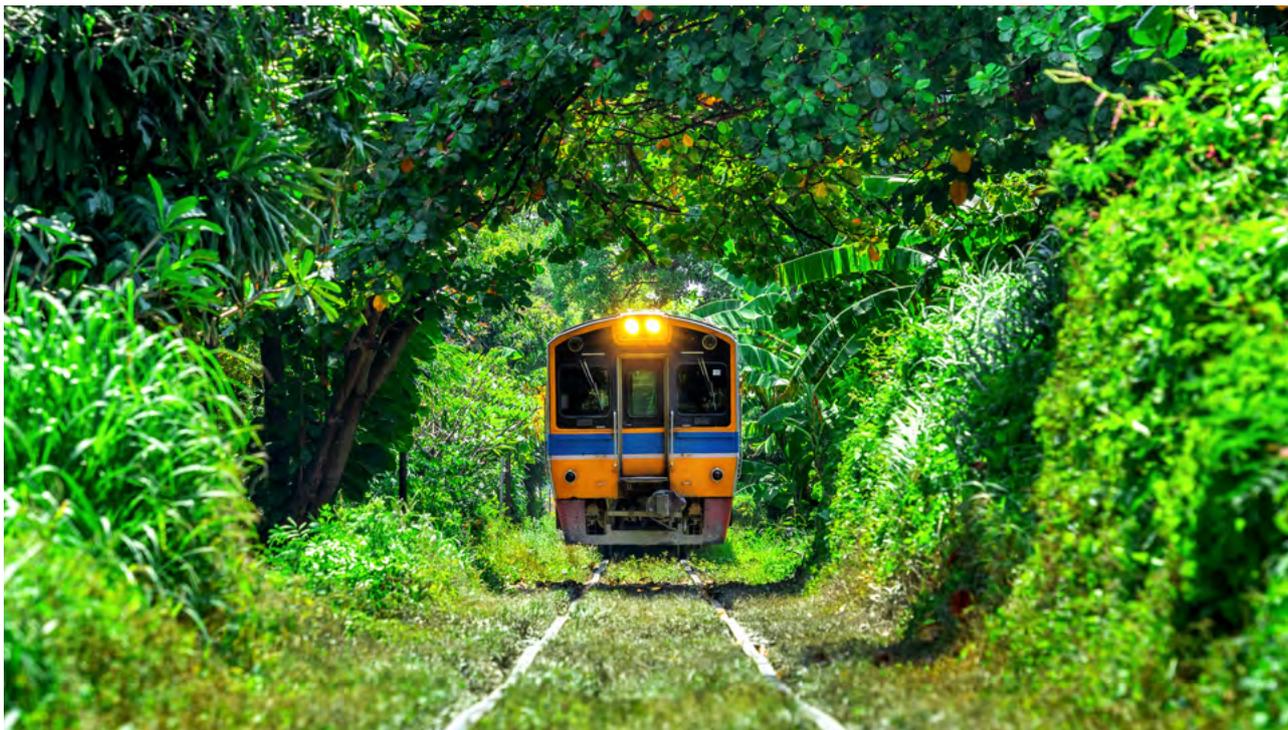
Recruitment packages should compensate only for the forfeiture of remuneration from a previous employer, on a like-for-like basis.

One-off awards linked to transactions should generally be avoided. If one is granted, usually in case of a key transaction, Amundi will look closely at the rationale provided, the performance criteria attached, and the length of the performance period, to ensure alignment with the long-term value creation for shareholders.

In case of an executive departure (retirement or resignation), Amundi will be vigilant regarding the distribution of any exceptional payment that could be construed as a "disguised" severance.

### Discretionary Power

Amundi believes the level of variable remuneration paid to executives should always remain in the scope of the Board's discretionary power, within the boundaries of the remuneration policy. In case of exceptional under- or over-performance of the Company, the Board should consider using its discretionary power to ensure that remuneration outcomes are commensurate with management's performance and the experience of its shareholders and stakeholders.



# Environmental and Social issues

Amundi has made responsible investment a cornerstone of its corporate strategy when it placed environmental and social responsibility as one of its four founding pillars. Our approach to responsible investment reflects this commitment, through our stewardship policy, our broad range of investment solutions and through the services that enable our clients to integrate environmental, social, and governance (ESG) considerations at their own pace. This commitment underlies our Voting Policy, which also serves these aims.

## 01 Natural capital preservation and the energy transition

Science-based research has demonstrated the need for a sustainable approach to the use of resources and to the impact of human activities on the environment to avoid long-term risks and to ensure stability of our economy. Corporates should therefore consider environmental and climate issues in their strategy. Amundi considers support on a case-by-case basis shareholder

resolutions on these issues, notably the ones that strive to implement better reporting and transparency on companies' environmental and climate-related strategy. We also believe that the adoption of climate strategies by companies is a critical factor for investment of which shareholders should be fully informed.

## Say on Climate

Amundi encourages issuers to hold an advisory vote at the AGM on the company's climate strategy (ex-ante vote) at the minimum every three years, or sooner in case of significant change, as well as an annual vote on the ex-post implementation of this strategy. As climate issues potentially have a very material impact on the company's business model, Amundi considers it essential that shareholders be able to comment on the company's decarbonisation strategy (covering all scopes) with a clear understanding of all the assumptions made, including with regard to use of compensatory carbon offsetting, on the scenarios retained, and the objectives in terms of investment and research.

When a "Say on Climate" is on the agenda of the general meeting, Amundi will expect companies to have disclosed comprehensive targets in terms of figures, scope and baseline scenarios (targets should cover all the scopes), a precise agenda (short, medium and long term objectives) as well as clear resources to achieve their climate goals (including a three- to five-year investment plan). Each strategy is then analysed in its entirety, including its recourse to offsets, to assess its soundness and alignment with the Paris Agreement.

Amundi wants to understand how the Board of Directors addresses this key subject, how it receives practical training, how it analyses the impact of climate issues on the business model by studying stress tests (for example, using carbon prices consistent with a net zero or even more degraded scenario).

Amundi also expects the top management remuneration to be linked to the company's alignment strategy with the Paris Agreement, in particular in climate high impact sectors<sup>8</sup>.

## 02 Social cohesion

The long-term success of this environmental and energy transition depends on our collective ability to preserve social cohesion and impacts, achieved in particular through controls of the wage balance within the framework of remuneration policies, employee involvement in companies' governance and employee share ownership.

In terms of transparency, Amundi believes that, as a best practice, all companies should communicate their consolidated "pay equity ratio" (average pay to CEO pay ratio) at the group level.

In presenting their remuneration policies, we invite companies to disclose how they are taking into account value-sharing parameters (e.g., the evolution of their "pay equity ratio", workforce pay increases, their policy on living wages, or the gender pay gap). The right balance in terms of sharing added value also concerns support for employees to maintain employability throughout their careers, and access to social protection.

Amundi is also in favour of employee involvement in corporate governance and employee share ownership, as these practices help align the interests of shareholders and employees over the long term. Amundi thus promotes the appointment of employee Directors to the Board as a principle of good governance.

Social cohesion also relies on the protection of human rights by companies inside their operations and through their supply chain.

8. Oil & gas, utilities, mining companies, transportation, cement, steel & aluminium, construction, industrials, infrastructure.

### 03 Board responsibility on environmental and social issues

In terms of voting, our policy will be to vote against the discharge of the Board or Management, and/or the sustainability report, and/or against the re-election of the Chairman, the Audit Committee members and certain Directors:

- At a selection of companies that exhibit an insufficient climate strategy (taking into account sector-relevant indicators, such as the disclosure of greenhouse gas reduction targets, lack of net zero GHG emission ambition (short, medium and/or long-term), lack of disclosure/report based on a comprehensive framework such as CDP or TCFD, etc.) while operating in sectors in which the transition is paramount for alignment with the Paris Agreement.
- At a selection of companies with lagging practices regarding how they manage their impact on natural capital and their ecosystem (taking into account biodiversity loss, natural capital degradation, deforestation, water loss, etc.).
- At a selection of companies with lagging social practices (taking into account human rights violations, just transition management, employee related controversies, corruption etc.).
- At companies excluded from our active investment universe in accordance with Amundi's "Global Responsible Investment Policy".

### 04 Shareholder proposals

The exercise of voting rights on shareholder proposals is decided on a case-by-case basis, supported by a robust internal analysis. The voting decisions are based on the merit of each proposal and include an assessment of the following points:

- The potential impact on the company and its shareholders;
- The potential impact on sustainability factors;
- Sector's best practices or transition scenario;
- The objectives of the proponent;
- Whether the shareholder proposal is not construed as overly prescriptive or not based on recognised scientific research.

More generally, Amundi usually votes in favour of shareholder proposals that ask companies to enhance their transparency or to adhere to recognised international standards.

The Voting & Corporate Governance team of Amundi works collaboratively with the Amundi ESG Research analysts in order to benefit from their specific expertise to review each shareholder proposal on environmental and social topics.



# Annex: Implementation of the Voting Policy

Amundi adheres to the EFAMA code and participates in various governance bodies such as AFG or ICGN.

## 01 Centralisation of the function

Amundi has centralised the exercise of voting rights within the Voting & Corporate Governance team composed of experts in charge of coordinating all voting-related tasks, specifically:

- Monitoring general meetings within the voting scope.
- Managing relations with custodians and proxy voting companies.
- Analysing the resolutions proposed by issuers.
- Sharing information and soliciting the opinions of fund managers, financial and extra-financial analysts.
- Calling and leading voting committees.
- Undertaking pre- and post- AGM shareholder dialogue.
- Contributing to working groups on governance.

Such centralisation aims at harmonising the implementation of Amundi's Voting Policy.

**This Voting Policy covers the following entities<sup>9</sup>:**

Amundi Aalam Sdb BhD	Amundi Luxembourg*
Amundi Asset Management	Amundi Malaysia Sdn Bhd
Amundi Asset Management SAI SA	Amundi Private Equity Funds (only for listed companies)*
Amundi Austria*	Amundi Sgr*
Amundi Canada*	Amundi Singapore*
Amundi Deutschland*	Amundi Taiwan*
Amundi Hong Kong*	Amundi UK Ltd.*
Amundi Iberia*	BFT IM*
Amundi Immobilier*	CPR AM*
Amundi Ireland*	Sabadell Asset Management*
Amundi Japan*	Société Générale Gestion*

\*These entities have delegated voting to the Voting & Corporate Governance team of Amundi Asset Management (except in specific cases due to the local regulation).

The team uses the ISS Proxyexchange platform to monitor its voting positions and to send its voting instructions. Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions, while retaining complete autonomy from their recommendations. ISS also provides customised voting recommendations based on Amundi's Voting Policy.

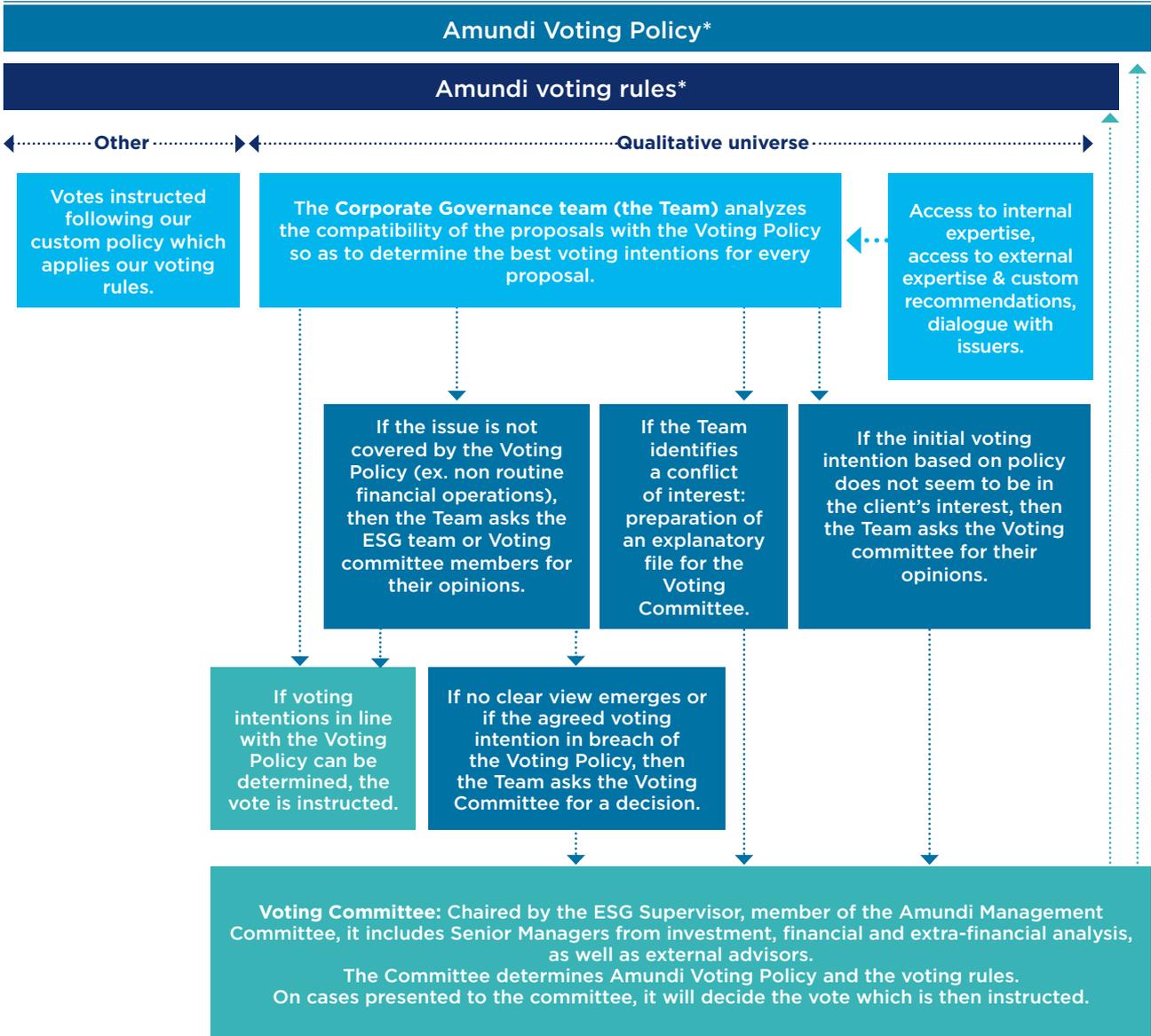
9. Other entities may decide to apply this voting policy. Please refer to the website of the asset manager.

## 02 Voting Committee

The Committee is chaired by the ESG Supervisor, a member of Amundi’s General Management Committee. It includes Senior Managers from Investment, financial and extra-financial analysis, as well as external advisors. The committee is responsible for examining

and approving the Voting Policy. It reviews the files presented by the Corporate governance analysts and determines the direction of the vote. This committee meets on a monthly basis but can be convened as need be.

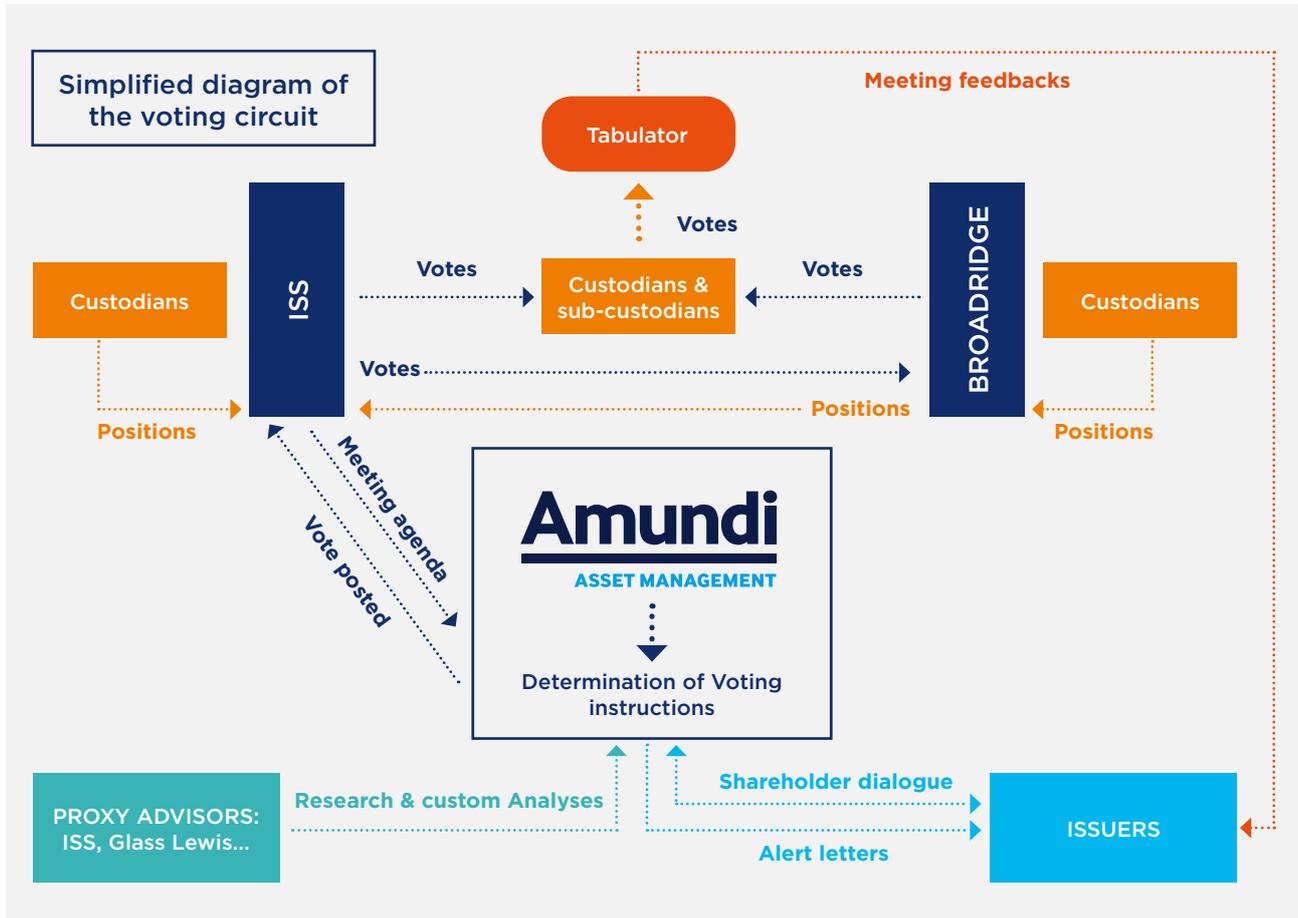
### Proxy-voting flowchart



\* Reviewed on a yearly basis

### 03 Current method for exercising voting rights

In most cases, voting rights are exercised by correspondence/proxy. Attending a general meeting to directly exercise voting rights may be useful or necessary in certain cases.



### 04 Voting scope for 2024

To best fulfil its responsibility as an investment management company in the exclusive interest of its clients, Amundi has decided to exercise the voting rights of a large majority of its managed UCIs<sup>10</sup>, regardless of their management strategy.

#### Criteria for selecting funds

Amundi seeks to vote all the equity positions for which it controls the voting rights. When voting is not operationally feasible, or if costs are considered disproportionate, Amundi may decide not to vote to avoid any adverse impact on clients.

Voting rights are exercised for the totality of shares held, unless the required blocking period threatens to have an adverse impact on the bearer by interfering with the leeway a portfolio manager needs. Exceptionally, we may not be able to ensure effective voting for some or all of the shares held.

10. Undertakings for Collective Investment

## Criteria for selecting meetings

Funds exercise their voting rights at the meetings of the companies in which they have an equity investment whenever possible.

However, again in the interests of cost control and increased efficiency, Amundi reserves the right not to exercise its voting rights when it considers the economic cost prohibitive in relation to ownership.

## Delegated management

When the management of an equity portfolio is trusted to an outside manager, that manager may have the voting rights, as provided in the delegation contract.

## Segregated accounts

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

## International sanctions

In compliance with international sanctions programs, Amundi may decide to not exercise its voting rights at the general meetings of sanctioned entities.

## Non-public equity asset classes

### a. Fixed Income

In case of an event at the bond level triggering a vote, the fund manager can decide to vote on a case-by-case basis. The fund manager will consider the value creation as well as level of risk induced in their voting decision.

### b. Private Equity

Amundi Private Equity Funds follow the Amundi Asset Management Voting Policy in their company interactions, with a focus on two societal issues:

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

Once the Funds invest in a Private Company, they have a seat at the Supervisory Board and, as such, have certain voting rights at this level. Amundi is committed to accompanying the company on its sustainability journey and to this end an ESG roadmap is defined with each of our investee companies.

## 05 Voting records and reporting

Amundi's voting records are available on its website (<https://about.amundi.com/proxy-voting-records>), with each vote disclosed 30 days after the general meeting.

Amundi also publishes an annual dedicated report on its voting and engagement activities.

## 06 Policy on securities lending

Voting rights are exercised for securities held in the portfolio at the time of the general meeting. To fully exercise these rights, when Amundi is in charge of securities lending, the lent securities can be recalled in accordance with local laws, technical constraints, and the interest of the meeting. The decision to recall the shares will be based on a qualitative appraisal, taking into account the nature of the proposal, the size of Amundi's voting power, and/or the potential consequences of the vote. For the SRI labelled funds, shares are systematically recalled for all issuers several days before the general meeting record date in order to maintain the right to vote at the meeting.

## 07 Conflicts of interest

In the exercise of voting rights held by its UCIs, Amundi may confront situations that raise potential conflicts of interest.

Measures to prevent and managed this risk have therefore been put in place. The first preventive measure is the establishment and publication of the Voting Policy, approved by the management bodies of the group's asset management companies.

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

These sensitive listed companies for which a potential "conflict of interest" has been pre-identified, are defined as follows:

- Issuers controlling Amundi or owned by Amundi,
- Issuers that are Amundi Partners,
- Issuers with which Amundi shares an Executive Officer/Director.
- Issuers that are among the most significant clients of Amundi.

In addition to these previously identified issuers, the Voting & Corporate Governance team also submits to the Voting Committee any meeting for which a potential conflict of interest has been identified during the analysis of resolutions.

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

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## LEGALS

Amundi Asset Management

French “*Société par Actions Simplifiée*” - SAS with a capital stock of 1 143 615 555 euros - Portfolio management company approved by the French Financial Markets Authority (Autorité des Marchés Financiers) - under no. GP 04000036.

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