

# Automobiles and Automobile Components Policy

# Scope

The following affiliates and associated entities of the Amundi Group do not apply, or not to its full extent, Amundi Automobiles and Automobile Components Policy (please refer to their respective policy documents for further details):

- ABC-CA Fund Management Company\*
- Amundi-ACBA Asset Management\*
- KBI Global Investors Ltd
- NH-Amundi Asset Management\*
- SBI Funds Management Limited\*
- Wafa Gestion\*

\*ABC-CA Fund Management Company, Amundi-ACBA Asset Management, NH-Amundi Asset Management, SBI Funds Management Limited and Wafa Gestion are joint ventures of Amundi.

# Contents

|  |          |
|--|----------|
| <b>Introduction</b> .....  | <b>3</b> |
| <b>1. Challenges and Objectives</b> .....                          | <b>4</b> |
| 1.1 Challenges   | 4        |
| 1.2 Objectives   | 4        |
| <b>2. Policy Scope</b> .....                                       | <b>4</b> |
| <b>3. Implementation</b> .....                                     | <b>4</b> |
| 3.1 Minimum Safeguards and Exclusion Rules                         | 5        |
| 3.2 ESG Assessment   | 5        |
| 3.3 ESG Controversy Monitoring                                     | 6        |
| 3.4 Engagement: Using our Role as Investor to Trigger Improvements | 6        |
| 3.5 Escalation   | 6        |
| <b>4. Monitoring</b> .....   | <b>7</b> |
| <b>Disclaimers</b> .....   | <b>8</b> |

## Introduction

As an asset manager, our fiduciary duty is to act in the best long-term interests of our clients. In this role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios to varying degrees across companies and sectors. Amundi Sector Policies belong to the Amundi Global Responsible Investment Policy aiming at gathering what Amundi has been doing on sustainable related topics and connect them to an overarching policy.

We embrace the concept of “double materiality” around which we build our proprietary ESG analysis and rating methodology, as we believe both sets of criteria are material when making investment decisions in the interests of our clients, with the aim to generate sustainable returns<sup>1</sup>. This means that our ESG analysis aims at not only assessing the way ESG factors can materially impact the value of companies, but also how companies can impact the environment and social matters or human rights<sup>2</sup>, thereby having a material impact on the drivers of the economy and affecting the portfolios we manage.

Amundi sector and thematic policies describe the actions carried out by Amundi in its area of control which are linked to its status as an asset manager and these policies do not claim to supplant state policies. Its effort is impacted by the consistency of actions between governments, customers and companies, with the support of financial markets in order to limit the negative impacts on employees, end savers, pensioners and territories across the globe. State policies are therefore at the forefront of the sustainability journey.

Amundi sector and thematic policies apply to the activity for third parties across all actively managed strategies, and passively managed ESG strategies over which Amundi has full discretion as defined by the Amundi Global Responsible Investment policy. They emphasize three pillars: minimum safeguards and exclusion rules, ESG assessment, and stewardship activity as set out in Amundi’s Global Responsible Investment policy<sup>3</sup>.

---

<sup>1</sup> Sustainable returns entail the objective of generating sustainable profits combined with high standards of risk management.

<sup>2</sup> For specific information on how these ratings and analysis are integrated in the investment decisions of specific investment strategies, please refer to the product specific disclosure.

<sup>3</sup> Available on Amundi Website <https://about.amundi.com/documentation-esg>

---

# 1. Challenges and Objectives

## 1.1 Challenges

Coal combustion is the single largest contributor to human-induced climate change<sup>4</sup>. 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.

## 1.2 Objectives

This policy describes how Amundi analyses the ESG credentials of issuers of this sector, assesses their potential controversies, or uses its ownership to influence the activities or behaviour of companies to improve ESG practices or their impact on key sustainability linked topics.

Other Amundi policies—such as those on deforestation and ecosystem conversion, biodiversity, human rights, and any additional policies listed in the Amundi Global Responsible Investment Policy—may also be relevant for some issuers in addition to the items presented below.

---

# 2. Policy Scope

The policy focuses on investee companies classified as Automobiles and Automobile Components under the GICS®<sup>5</sup> definition (or equivalent).

The scope of this policy extends to the aforementioned activities across all regions worldwide.

---

# 3. Implementation

Implementation modalities cover the integration into the ESG score, a specific engagement activity, and potential escalation through voting (where applicable) or exclusion, which follow the processes set out in the Amundi Global Responsible Investment Policy.

To assess and monitor issuer conduct, Amundi relies on internal research and data from ESG providers. Our assessment process combines a quantitative approach based on data from third-party providers complemented by an in-depth qualitative analysis conducted by ESG analysts. ESG analysts also monitor controversies, by using a wide variety of sources.

---

<sup>4</sup> IPCC, 2022: Summary for Policymakers. In: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.001.

<sup>5</sup> The Global Industry Classification Standard (GICS®)

### 3.1 Minimum Safeguards and Exclusion Rules

As part of its fiduciary responsibility, Amundi has set minimum standards and exclusion policies on critical sustainability topics, triggering specific monitoring, and escalation procedures when breaches are identified, that can lead to engagement, specific voting actions (when applicable) or exclusion, which follow the processes described in the Amundi Global Responsible Investment Policy.

Amundi excludes issuers that violate, repeatedly and seriously, one or more of the ten principles of the UN Global Compact, without credible corrective action.

This policy is applicable across all actively managed strategies and passively managed ESG strategies over which Amundi has full discretion, as detailed in Amundi Global Responsible Investment Policy.

### 3.2 ESG Assessment

Amundi applies a proprietary ESG assessment methodology, set out in the Amundi Global Responsible Investment Policy. The process combines quantitative data from third-party providers with in-depth qualitative analysis performed by our ESG analysts.

This ESG analysis & scoring methodology is fundamentally best-in-class by design, enabling comparison between economic actors regarding their ESG practices within a given sector, distinguishing best and worst ESG practices at sector level, and utilizing third party and in-house research to promote what we believe are best practices across the entire economy.

The ESG analysis framework is based on a defined set of criteria, designed to assess both (1) how sustainability issues might affect the issuer and (2) how effectively the issuer managed those issues. To be effective, ESG analysis must focus on the most material criteria depending on the business and sector activity. Weightings of ESG criteria are therefore a critical component of our ESG analytical framework. For each sector, ESG analysts select the key performance indicators (KPIs) and weight the criteria deemed the most important, resulting in a distinct ESG profile per sector.

The table below lists the ESG criteria applied to the Automobiles and Automobile Components sector, selected from Amundi’s 38-criteria ESG framework, together with the weighting ranges for each criterion. Actual weights assigned by analysts (within these ranges) sum to 100% and reflect sector specific materiality.

|  |               |
|--|---------------|
| <b>ENVIRONMENT</b>                                 | <b>35-40%</b> |
| Emissions & Energy                                 | 0-5%          |
| Green Car  | 20-25%        |
| Water Management                                   | 0-5%          |
| Biodiversity & Pollution                           | 5-10%         |
| Supply chain - Environment                         | 0-5%          |
| <b>SOCIAL</b>                                      | <b>30-40%</b> |
| Health & Safety                                    | 0-5%          |
| Working Conditions                                 | 5-15%         |
| Labour Relations                                   | 0-5%          |
| Supply chain - Social                              | 0-5%          |
| Product & Customer Responsibility (Vehicle Safety) | 10-15%        |
| Community involvement & Human Rights               | 0-5%          |
| <b>GOVERNANCE</b>                                  | <b>25-30%</b> |
| Board Structure                                    | 5-10%         |
| Audit & Control                                    | 5-10%         |
| Remuneration                                       | 0-5%          |
| Shareholders' Rights                               | 0-5%          |
| Ethics   | 5-10%         |
| ESG Strategy                                       | 0-5%          |

ESG ratings are then calculated by combining our sector-specific criteria and expert weightings together with ESG scores from external data providers. At the end of the process, each issuer is

assigned a quantitative score relative to the average of the issuers in its sector, helping to distinguish what we believe are leading ESG practices from lagging ones.

### 3.3 ESG Controversy Monitoring

The objective of Amundi's controversy monitoring process<sup>6</sup> is to track the ESG risks and adverse impacts and ensure that our proprietary ESG ratings reflect current reality. The process first relies on external controversy datasets from three data providers from which Amundi extracts controversy signals across the entire investment universe.

This quantitative approach allows us to establish a list of issuers presenting significant or severe

controversies. It is then enriched with an in-depth qualitative assessment conducted by ESG analysts. This process leads to a final score that determines "significantly material" controversy.

The monitoring process can give rise to several actions from engagement to escalation measures depending on the progress. This may ultimately lead to override any company's ESG rating, potentially leading to exclusion.

### 3.4 Engagement: Using our Role as Investor to Trigger Improvements

Where appropriate, ESG analysts identify areas for improvement. In line with our Stewardship policy, engagement topics include the Transition towards a low carbon economy, Natural Capital preservation, Human Rights and Human Capital, Client Protection and Social Safeguards, Governance. Issuers engaged with are primarily chosen according to their level of exposure to the relevant issues<sup>7</sup>.

Progress towards our engagement requests are monitored on an annual basis. Depending on risk exposure and engagement outcomes, Amundi applies different escalation measures<sup>8</sup>.

Stewardship activities are applicable across active and passive strategies over which Amundi has full discretion.

### 3.5 Escalation

Amundi escalation measures are designed to be applied progressively, depending on the progress of each issuer, and the considered difficulty or time necessary to achieve our requests.

These measures may consist of (in no particular order) negative overrides of one or several criteria of the ESG score, questions at AGMs<sup>9</sup>, voting actions, ESG score caps and ultimately exclusion if the matter is critical.

---

<sup>6</sup> For more detailed information, please refer to the appendix of the Global Responsible Investment Policy

<sup>7</sup> For more information, please refer to Amundi Global Responsible Investment Policy and the Engagement Report

<sup>8</sup> See Amundi Global Responsible Investment policy on Amundi Website [Sustainable Finance Insights and Asset Management Strategies | About Amundi](#)

<sup>9</sup> Annual General Meeting

---

## 4. Monitoring

The application of this Policy is impacted by the availability, quality and relevance of the information collected. It will also evolve over time depending on the availability of data on all the raw materials identified in this Policy as well as regulatory developments.

Implementation into the ESG scoring, engagement, potential escalation through voting or exclusion follow the processes described in the Amundi Global Responsible Investment Policy.

Progress towards our engagement requests are monitored on an annual basis.

Escalation to exclusion, from all actively managed strategies and passively managed ESG strategies over which Amundi has full discretion (as defined in the Amundi global Responsible Investment policy),

occurs on an ad hoc basis if the due diligence performed concludes that the issuer violates, repeatedly and seriously the UN Global Compact without credible corrective action in accordance with Amundi Global Responsible Investment Policy.

Amundi respects the principles and objectives of the policy defined by the Crédit Agricole group to which it belongs. Modalities of application are adapted according to the particularities and specificities of asset management activity, and to related operational processes. This approach allows for a consistent application of the group's requirements, while taking into account the particularities of the regulatory environment and the rules of good conduct specific to management companies in order to best serve the interests of our clients.

The document is made publicly available on Amundi's website and is based primarily on the Global Responsible Investment Policy. The latter discloses, among others, the list of third-party data providers we use and sets out our approach to handling raw ESG data, third-party ESG scores and related ESG data products.

In the event of any inconsistency between this document and the Global Responsible Investment Policy, the Global Responsible Investment Policy prevails.

The document is published in English and in French, the English version alone having legal value.

## Disclaimers

This material is communicated solely for information purposes and neither constitutes an offer to buy, an investment advice nor a solicitation to sell a product. This material is neither a contract nor a commitment of any sort.

The information contained in this material is communicated without taking into account the specific investment objectives, financial situation or particular need of any particular investor.

The provided information is not guaranteed to be accurate, exhaustive or relevant: although it has been prepared based on sources that Amundi considers to be reliable it may be changed without notice. Information remains inevitably incomplete, based on data established at a specific time and may change.

All trademarks and logos used for illustrative purposes in this document are the property of their respective owners.

Amundi accepts no liability whatsoever, whether direct or indirect, that may arise from the use of information contained on this material. Amundi can in no way be held responsible for any decision or investment made on the basis of this information.

The information contained in this material shall not be copied, reproduced, modified, translated or distributed without the prior written approval of Amundi, to any third person or entity in any country or jurisdiction which would subject Amundi or any of its products, to any registration requirements within these jurisdictions or where it might be considered as unlawful.

This document is not intended for citizens or residents of the United States of America or to any "U.S. Person", as this term is defined in SEC Regulation S under the U.S. Securities Act of 1933.

Get access all RI documentation on Amundi Website <https://about.amundi.com/documentation-esg>

### Amundi Asset Management

French "Société par Actions Simplifiée" - SAS registered under no. 437 574 452 RCS Paris 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.

Head office: 91-93 boulevard Pasteur, 75015 Paris - France.

**Amundi**  
Investment Solutions

**Trust must be earned**