



Amundi Real Estate

Responsible Investment Charter

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The glossary gives the meanings of acronyms, introduces the bodies and organisations mentioned and defines some of the terms used in this Charter. We encourage you to refer to it for maximum understanding.

This Charter applies to our day-to-day activities pertaining to the management of funds and buildings of different types within Amundi Real Estate. However, it excludes viticultural and forestry activities which require dedicated management.

Amundi Real Estate, an engaged actor following in the footsteps of Amundi

Amundi is Europe's largest asset manager by assets under management and ranks in the top 10 globally¹. The Group manages more than 1.47 billion² Euros and has six major management platforms³. Amundi offers its clients in Europe, Asia-Pacific, the Middle-East, and the Americas a wealth of market expertise and a full range of capabilities across the active, passive, real assets, and alternative investment universes. Headquartered in Paris, and listed on the stock exchange since November 2015, Amundi is the number-one asset manager in Europe by market capitalisation⁴.

Thanks to its unique research capabilities and the skills of close to 4,500 team members and market experts based in 37 countries, Amundi provides retail, institutional, and corporate clients with innovative investment strategies and solutions tailored to their needs, targeted outcomes, and risk profiles.

The 2018-2020 objectives laid out by Amundi aim to cement its status as an international leader in asset management. It will achieve this by leveraging three drivers of growth:

- the quality of the expertise and services provided to its customers;
- the growth and profitability dynamic of the Group;
- its commitment to being a responsible actor in the sector, thanks in particular to the development of Socially Responsible Investing (SRI), which is part of the Amundi DNA.

■ Responsible investing at Amundi

As a pioneer in Responsible Investing, Amundi has made social and environmental engagement one of its fundamental pillars since its inception. In October 2018, it announced an ambitious plan to expand its engagement to encompass responsible investing.

The objective of this plan is to make Amundi a 100% ESG participant in rating, management and voting by the end of 2021, through several strategies:

- Generalised use of ESG criteria in managing all the Group's funds. In this framework, all actively managed funds must deliver ESG performance levels which are higher than their indices or universe benchmark and ESG solutions under passive management will be developed.
- Systematic integration of ESG concerns in voting policies at shareholders' meetings.
- Development of consulting activities to support institutional clients with defining their ESG strategy and implementing innovative initiatives.
- Substantial increase in special initiatives to promote investments in projects with an environmental or social impact and investments in the solidarity economy.

¹ Source: IPE "Top 400 asset managers" published in June 2018 on the basis of assets under management as of December 2017

² Amundi data as of 30/9/2018

³ Management platforms: Boston, Dublin, London, Milan, Paris, and Tokyo

⁴ Stock market capitalisation on 30/09/2018

■ An active engagement policy

The desire to advance the companies in which our funds invest translates into an active engagement policy at Amundi which is structured around three main principles:

- **Engagement for influence** on specific subjects to support companies in their migration to best practices. Since 2013, the ESG Analysis team has been especially active on seven issues: a living wage in the textile, food and semi-conductor industries; respect for human rights in the oil and mining sectors; fighting food waste in the food processing sectors; responsible influence practices (pharmaceuticals, automobile); conflict minerals; the environmental impact of coal in the power generation sector; child labour in the cacao and tobacco industries;
- **Continuous engagement** through regular meetings between ESG analysts and companies to fine-tune their ESG score.
- **Voting at annual shareholders' meetings and shareholder dialogue** to promote our expectations as a responsible investor in the companies in which we invest.

This work is presented in an annual engagement report that is available at www.amundi.com.

Amundi is also a signatory or member of several initiatives working on sustainable development and responsible finance matters:



United Nations Global Compact in 2003. This pact seeks to introduce private actors to non-financial reporting. Each year, signatories must demonstrate their effective adherence to 10 universal principles which are tied to: human rights, labour standards, the environment and anti-corruption.

The **Principles for Responsible Investment (PRI)** in **2006** drawn up under the aegis of the United Nations. They take the form of a voluntary commitment which encourages investors to integrate environmental, social and governance (ESG) factors. Environmental, Social and Governance (ESG).



In July 2018, Amundi also made a commitment to the **Act4nature** initiative which seeks to mobilise economic actors to preserve biodiversity. It comprises 65 companies which have made collective and individual commitments to incorporate biodiversity in their global development strategies and to advance the biodiversity objectives set by the international community.

'Global Green Bond Partnership' (2018): Amundi is involved in an international partnership whose participants include the World Bank Group and the European Investment Bank to boost the financing of actions to benefit the climate using green bonds issued by sub-national entities and corporations.

Amundi has also been engaged in all the following initiatives for many years.

Projects	Themes	Supported by Amundi since
<i>Institutional Investors Group on Climate Change (IIGCC)</i>	<i>Climate Change</i>	2003
<i>Carbon Disclosure Project (CDP)</i>	<i>GHG emissions, ESG data transparency</i>	2004
<i>Forest Footprint Disclosure Project (FFD)</i>	<i>Deforestation</i>	2009
<i>Water Disclosure Project</i>	<i>Use of water resources</i>	2010
<i>Access to Medicine Index</i>	<i>Access to medicines</i>	2010
<i>Access to Nutrition Index</i>	<i>Access to nutrition</i>	2013
<i>UN Global Compact Engagement on Leaders & Laggards</i>	<i>ESG Reporting</i>	2008
<i>Extractive Industries Transparency Initiative (EITI)</i>	<i>Responsible natural resource management</i>	2006
<i>Clinical Trials Transparency</i>	<i>Clinical trials</i>	2014
<i>Human Rights Reporting and Assurance Frameworks Initiative (RAFI)</i>	<i>Human rights</i>	2014
<i>Portfolio Decarbonization Coalition</i>	<i>Climate Change</i>	2014 (co-founder)
<i>Asia Corporate Governance Association (ACGA)</i>	<i>Governance</i>	2014
<i>UNPRI Letter Calling Stock Exchanges to put in place voluntary guidance for issuers on reporting ESG information by the end of 2016</i>	<i>ESG reporting</i>	2015
<i>IGCC Letter to 77 EU companies on their positions and lobbying activities on EU Climate and Energy Policy</i>	<i>Climate Change</i>	2015
<i>PRI Human Rights Engagement</i>	<i>Human Rights – ESG reporting</i>	2015
<i>Paris Green Bonds Statement of the Climate Bond Initiative</i>	<i>Climate Change</i>	2015
<i>Montreal Carbon Pledge</i>	<i>Climate Change</i>	2015
<i>Green Bonds Principles</i>	<i>Climate Change</i>	2015
<i>Finance for tomorrow</i>	<i>Sustainable financing</i>	2017
<i>Workforce Disclosure Initiative Letter</i>	<i>Working conditions – corporate reporting</i>	2017
<i>Climate 100+</i>	<i>Climate Change</i>	2017

In addition, Amundi supports academic research on sustainable finance through a chair.



- The '**Sustainable Finance and Responsible Investment**' Chair created in 2007 is sponsored by the Association Française de la Gestion Financière (AFG) at the Ecole Polytechnique and the Institut d'Economie Industrielle (IDEI) in Toulouse.

■ Amundi's ESG analysis process

Amundi managers take environmental, social and governance factors into account in their analyses and decision making. Analysing these 'ESG' criteria enables us to score issuers on a scale of A to G (where A is the highest score) using a formalised, transparent and traceable process developed and managed by the Amundi ESG analysis team. To determine these scores, a 36-criteria standard was created: 21 generic criteria included in each score and 15 sector-specific criteria (selected in consideration of the laws and directives in force and universally applicable texts). These criteria are then weighted according to sector-specific issues.

More than 5,500 issuers and companies are rigorously scored on all the ESG criteria using internal software whose parameters were set after a qualitative analysis performed by the Amundi ESG analysts.

This approach complements financial analysis and makes it possible to assess risks (operational, regulatory, reputation, etc.) for the benefit of investors, in the broader context of our quest to optimise the Performance-Risk-Liquidity nexus.

Issuers which receive a score of G are excluded from the realm of Amundi investment funds (barring special constraints) according to 3 criteria:

- 1) companies involved in the manufacture, sale, storage and maintenance of controversial weapons prohibited by international conventions ratified by France (anti-personnel mines, cluster bombs, chemical and biological weapons);
- 2) those which seriously and repeatedly violate the principles of the Global Compact signed by good corporate citizens;
- 3) companies that deal with depleted uranium, those which earn 25% or more of their turnover from coal extraction or which extract 100 or more tonnes of coal per year and companies which earn more than 10% of their turnover from tobacco are given a score of E or below (and are therefore excluded from open-ended SRI funds).

To be considered as SRI, a fund managed by Amundi must fulfil the following four principles of management:

1. The portfolio's ESG score must reflect a demanding threshold in the issuers' consideration of the ESG criteria. It must be greater than or equal to, in absolute terms, a score of C.
2. Issuers with the lowest ratings in their sector, i.e. issuers whose scores are E, F and G, are excluded from SRI portfolios. This exclusion eliminates issuers with questionable ESG practices to avoid financial and reputation risks for the investor.
3. The average ESG rating of an SRI portfolio must be greater than or equal to the ESG rating of the investment universe or the benchmark index, calculated by the Amundi ESG analysis team in the interest of selecting the best issuers in an investment universe. Therefore, for example, if the investment universe receives an overall score of B, then the SRI portfolio itself must also have an average score of B or higher.
4. At a minimum, 90% of the securities in the portfolio must have an ESG rating.

To strengthen its initiatives linked to climate change, Amundi calculated the carbon impact of its funds thanks to the expertise of Trucost⁵, a worldwide leader in environmental research and supplier of carbon data. This makes it possible to meet the provisions of Article 173 of the Energy Transition Law of 17 August 2015⁶ which require that the CO2 emissions of assets under management being taken into account. It also enables the development of innovative strategies which help reduce the carbon footprint of investment portfolios.

In the ongoing interest of transparency, Amundi can thus give its clients carbon *reports* which include indicators the following:

- rate of coverage of scored data;
- carbon emissions per million Euros invested;
- carbon emissions per million Euros in turnover;

⁵Trucost website: <https://www.trucost.com/>

⁶ French law no. 2015-992 of 17 August 2015 on the Energy transition for green growth

- sector breakdown of carbon emissions (as %);
- geographic breakdown of carbon emissions (as %);
- fossil fuel reserves per million Euros invested.

A methodology to measure the carbon footprint of States was developed internally and deployed in 2018.

On the site: https://www.amundi.fr/fr_part/No.-Savoir-Faire/ISR-gestion-solidaire, you will find various documents containing information about SRI practices at Amundi. Information is also available in the CSR report⁷ published by Amundi each year.

Amundi's entire SRI approach has been certified by AFNOR⁸ since 2013; this certification is renewed each year.

■ Amundi's CSR policy

Amundi believes it has a duty to set an example and has, therefore, implemented a global initiative to continuously improve the Group's Corporate Social Responsibility actions deployed on its own behalf around three CSR standards which identify paths for improvement in the areas of compliance, human resources and the environment. A self-assessment of the progress of the projects undertaken is performed annually and a progress indicator is calculated at the Group level.

This initiative is known as **FRED** within the Group. It is organised around the three CSR pillars as follows:

- **FIDES**: incorporates the various economic aspects;
- **RESPECT**: incorporates the various social and societal aspects;
- **DEMETER**: incorporates the various environmental aspects.

The **FIDES** economic pillar includes the following six commitments which aim to bolster confidence:

- **protect** the interests of clients (transparency of information; client relations; data protection – compliance with the 2018 General Data Protection Regulation (GDPR));
- **develop** offers and procedures that incorporate the social and societal elements;
- **make** our products and services **accessible** to as many people as possible (ease of access for economically vulnerable population groups; ease of access for persons with disabilities);
- **establish responsible relationships** with suppliers and subcontractors (payment deadlines; mutual dependency);
- **nurture** a dialogue with stakeholders (clients; consumer associations; NGOs; local and other authorities);
- **behave ethically** in deals and in operations: anti-money laundering; monitoring of transactions; employee personal data; prevention: of corruption, anti-competition practices, fraud, conflicts of interest, market abuse.

⁷ Internet link: <http://about.amundi.com/Un-acteur-engage/Affirming-our-role-as-a-corporate-citizen>

⁸ Association Française de Normalisation (French Standardisation Association)

The social pillar put in place by Amundi to assist its employees is called **RESPECT**. It is deployed at all levels of the Group and is organised around the following criteria:

- **recognition:** major emphasis placed on employees to allow them to evolve;
- **equality:** regardless of origin, age, gender and priority given to including persons with disabilities;
- **safety:** assurance that employees perform their duties in compliance with laws and standards in force and in total safety;
- **participation:** employee dialogue and a participatory approach favoured with employees;
- **equity:** measures taken to ensure professional equality between men and women, including equal pay;
- **consistency:** an overall corporate policy which reflects complete consistency between the company's actions and the Group's image;
- **territory** Amundi encourages socially oriented charitable actions that already exist (Maîtrise de Radio France in Bondy, Action Contre la Faim) and supports initiatives and new partnerships developed by its employees (Rainbow Bridge Foundation; 'De l'Eau pour le Sahel').

To reinforce its efforts relating to this pillar, Amundi is signatory of two charters that guide its policy on the following topics:

The **Diversity Charter in 2008** drawn up by a group of private actors. It encourages companies to ensure their workforce promotes and respects diversity. Thus, companies which are signatories pledge to fight against all forms of discrimination.



The Charter on Working and Parenting in 2015 drawn up by a group of private actors. Its aim is to engage companies on the issue of parenthood. Companies undertake to create a climate which is better suited to family responsibilities by creating a favourable environment for parents who are employees, especially pregnant women. They also undertake not to discriminate in career advancement against employees who are parents.

Finally, the environmental pillar embodied in the **DEMETER** initiative which incorporates six commitments for environmental protection:

- **develop a 'green' offer**, whether for investments, financing, loans, insurance or savings;
- **promote 'green' innovation** in our industrial production (integrate eco-design in production processes);
- **manage** our direct environmental footprint and **preserve** nature (energy, paper, waste, transport, biodiversity and water);
- **nurture a dialogue** with stakeholders about environmental questions;
- **consider** environmental factors in buying processes (selection and support for suppliers based on environmental questions);
- **formalise** policies/procedures that integrate environmental factors (in all activities).

Amundi Real Estate sought to maintain absolute consistency with the standards set forth by Amundi in this document when it developed its own Responsible Investment Charter, which is presented hereinafter, to take into account its specific roles and the specificities of the real estate market.

Amundi Real Estate's commitment

Amundi Real Estate, a wholly owned subsidiary of Amundi Group, has implemented a Responsible Investment policy which addresses each of the three major pillars: Environment, Social and Governance.

The Environmental dimension is the cornerstone of Sustainable Development in the field of real estate investment and real estate asset management. Of course it incorporates the environmental effects of the operation of existing assets and of their mode of occupation, but it also takes into account the consequences of construction or renovation work and the impacts of our choice of real estate manager in terms of materials, technical operating systems, projects deployed and the processing of all types of waste.

The Social dimension is also very central to our responsible management: this applies internally at Amundi Real Estate, as well as to the ways in which our real estate assets are used by their tenants, to the study of supply chains for our assets and to the level of commitment we require from the various service providers commissioned by our funds.

Finally, an important **Governance dimension** is applied; it integrates the rules imposed on Amundi Real Estate by the highly regulated status of 'portfolio management company' and all the best practices put in place by Amundi to frame Governance in all its funds.

Since 2010, Amundi Real Estate has been an engaged manager in its business sector for the development of the ESG approach. It stands out as a driving force in the profession for the integration and application of ESG criteria in the management of its funds and all of its practices. Our active presence since 2010 in the various market working groups addressing Socially Responsible Investing (SRI) attests to it: working groups at the Observatoire de l'Immobilier Durable (OID), of which Amundi Real Estate is a founding member, including the one which resulted in the publication of a guide to taking into account the requirements of Article 173-VI of the Energy Transition Law⁹ in the real estate sector, the OPCI committee at the AFG, the ASPIM working group and, more especially, the one addressing the 'label ISR' for real estate fund application, the Grenelle 2 working group under Mr Philippe Pelletier and Mr Maurice Gauchot, followed by analysis relating to INREV, participation in strategic thinking about the real estate of the future through the REBUILD cycle, etc.

Amundi Real Estate adapted the Amundi Responsible Investment policy to make it compatible with the management of real assets (buildings). Amundi Real Estate carries out an environmental and social analysis of all its real estate assets under management. ESG ratings will also be assigned to all actors involved in its business by 2021, whether they are Real Estate Developers, Property Managers or Facility Managers:

- I) For the ESG analysis of the Stakeholders mentioned above, Amundi Real Estate intends to develop a methodology in partnership with the Amundi ESG Analysis team that is adapted to its business sector and to the specific characteristics of the actors evaluated. Parallel to the development of this methodology, Amundi Real Estate plans to determine initial ESG ratings through its new Supplier Charter until 2021, thus enabling it to have an initial level of analysis of their performance and to support them with improvement efforts (see section B.4 – Commitments from our Suppliers).
- II) For the real estate analysis of its assets under management, Amundi Real Estate focuses its Responsible Investment policy on 3 dimensions:
 1. Due diligence carried out for the technical or environmental study of the assets.
 2. Systematic integration of the principles of this Charter for our SRI funds and their integration as soon as possible in the other funds.

⁹ French law no. 2015-992 of 17 August 2015 on the Energy transition for green growth

3. The creation and revision of a Real Estate Audit Tool, described hereinafter, that enables us to score environmental and social performance, to establish a baseline carbon performance level and to assess the exposure to climate risks of each of our real estate assets under management.

To engage all its employees, this Charter is presented to each new team member at Amundi Real Estate by the manager. It is also distributed each time it is updated to all employees of Amundi Real Estate.

In addition, an internal training called 'SRI Essentials' is made available to all employees. The goal is to help them better understand these subjects and deepen their knowledge.

■ The regulatory framework as regards the Environment

Our Responsible Investment actions as a management company align with current and future regulations. Our actions also aim to address the challenges relating to major regulations/evolutions in our sector, such as:

- **The Grenelle Environment building plan arising from the first and second Grenelle laws on the environment¹⁰:**

With these plans, the State is setting a significant goal in the construction sector. They require that the energy and environmental performance of the existing real estate stock be improved with extremely ambitious objectives:

- reduce the energy consumption of existing assets by at least 38% on average by 2020;
- since 2012, all new buildings must be built to the BBC ('low-consumption building') standards;
- in 2020, all new buildings will be built to be 'energy positive' (BEPOS): an asset will produce more energy than it consumes.

- **The Paris Agreement (COP 21):**

The Paris Agreement was signed on 12 December 2015 at the COP 21 in France and entered into force in November 2016. Its objective is to strengthen the global response to the threat of climate change in a context of sustainable development and poverty reduction.

To do this, several working axes were suggested, including:

- limiting the average increase in the planet's temperature to less than 2°C compared to pre-industrial levels, knowing that this would significantly reduce the risks and effects of climate change;
- reinforcing capacity for adaptation to the harmful effects of climate change and promoting resilience to these changes;
- channelling money to development which generates low greenhouse gas emissions and is resilient to climate change.

- **Energy Transition Law (French law no. 2015-992 of 17 August 2015 on the Energy transition for green growth):**

The Energy Transition Law lays out ambitious goals to reduce greenhouse gas emissions and the consumption of carbon-based energy. It also attributes great importance to waste reduction. It is structured around the following targets:

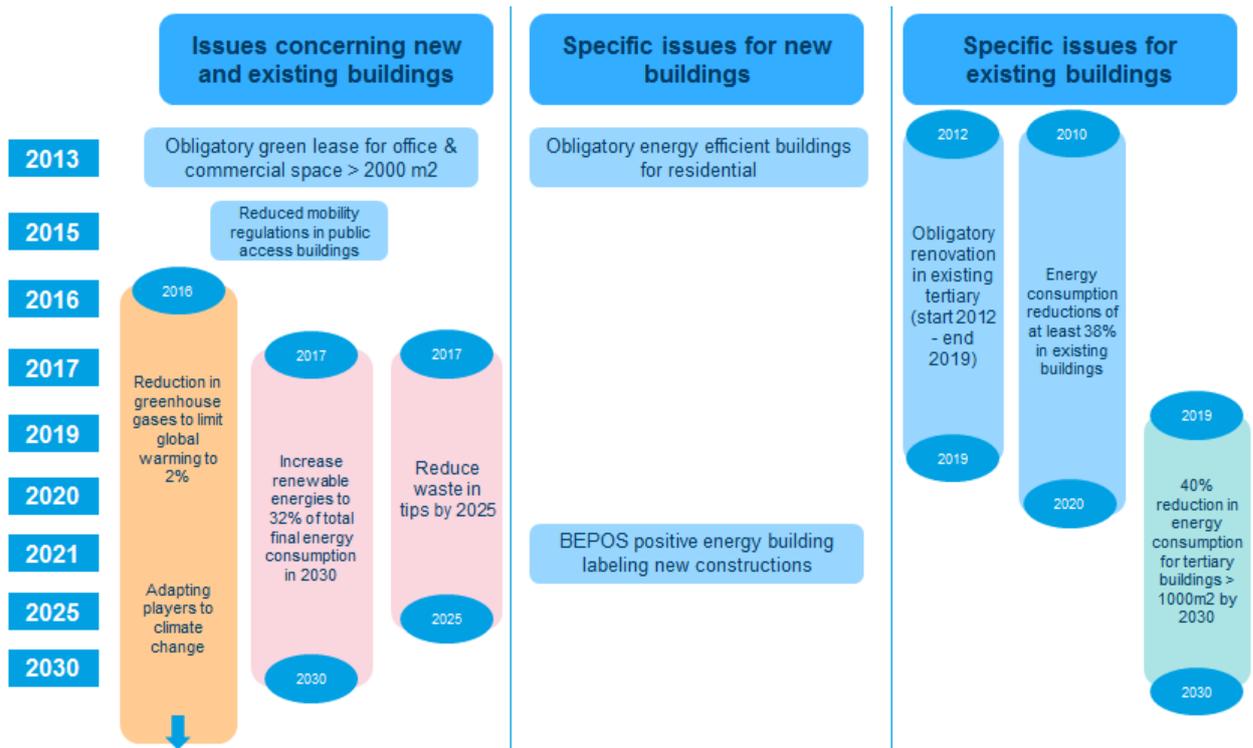
- reduce greenhouse gas emissions by 40% from their 1990 levels by 2030;
- raise the share of renewable energies to 32% of total energy consumption by 2030;
- reduce landfill waste by 50% by 2025.

¹⁰ Planning Law no. 2009-967 of 3 August 2009 on the implementation of the Grenelle Environment round tables and Law no. 2010-788 of 12 July 2010 on the national commitment for the environment

- The commercial decree integrated in the ELAN Law (Evolution of Housing and Digital Planning):

The commercial decree, which is still take ratified by the various different instances at the time of writing this Charter, calls for imposing an obligation to lower energy consumption on the owners and tenants of tertiary buildings larger than 1,000 m². This reduction will reach 40% by 2030 compared to a freely chosen baseline year later than 2010.

The environmental objectives driven by legislation which pertain to the construction sector can be summarised as follows (non-exhaustive). This chart presents the primary challenges associated with the laws covered previously:



- Objectives of Grenelle de l'Environnement
- Objectives of the Paris Agreement
- Objective of the future commercial decree
- Objectives of the Energy Transition Law

For informational purposes: **PRM** = Persons with Reduced Mobility; **PBs** = Public Buildings; **GHG** = GreenHouse Gas; **RE** = Renewable Energy; **LCB** = Low Carbon Building; **BEPOS** = Energy POSitive Building; **Green lease** = An addendum to leases imposed by the 'Grenelle II' law, or Law no. 2010-788 of 12 July 2010 on the national commitment for the environment. This addendum establishes the obligation for the leaser and the tenant to make an agreement vis-à-vis the building's energy performance.

In order to integrate current and future environmental regulations, in 2012 Amundi Real Estate wrote a Charter which enables it to formalise its Responsible Investment initiative. This Charter, which was updated in 2018 to take into account new challenges in the real estate asset management sector, is presented to you hereinafter.

The Amundi Real Estate Responsible Investment Charter below sets forth the applicable rules and the principles we defined for ourselves with regard to respecting the Environment, incorporating the Social dimension and applying our Governance rules, according to the following plan:

A. Environment

- 1) Presentation of our Audit Tool
- 2) Presentation of a deliverable produced by our Audit Tool
- 3) Applying our tools to Asset Management
- 4) Applying our tools to Fund Management
- 5) Applying our tools to investment/disposal

B. Social

- 1) Commitment to Responsible Real Estate Investment
- 2) Socially Responsible Asset Management
- 3) Socially Responsible Fund Management
- 4) Commitments from our Suppliers

C. Governance

- 1) The Amundi ethical framework
- 2) Managing conflicts of interest
- 3) Internal oversight and risk management
- 4) Combating money laundering and terrorism
- 5) Reporting and transparency
- 6) Engaged governance at the property management level
- 7) Ethics at the Group
- 8) Data protection

D. A comprehensive, consistent and binding Responsible Investment process

- 1) A comprehensive process
- 2) A dynamic approach
- 3) SRI vision at the fund level
- 4) Commitment of our service providers to our process
- 5) A Responsible Investment Charter that is continuously improving

A. Environment

The building industry is the most energy-intensive sector in our country with nearly 45% of total final energy consumption. It is also one of the sectors that is most responsible for greenhouse gas emissions because it is responsible for 25% of them at the national level¹¹.



Cognizant of its role and of the environmental impact of its activities, Amundi Real Estate implemented early on a policy aimed at improving its environmental performance. It began in the form of an Audit Tool developed in 2011. The tool made it possible to evaluate, in particular, the environmental and social performance of real estate assets in 6 categories: energy; waste; pollution; health and well-being; water; and transport. This preliminary assessment of 100% of real estate assets held in non-dedicated real estate funds under the management of Amundi Real Estate, was and continues to be the foundation of our environmental policy. This made it possible to obtain the data needed to establish the rules to follow in order for a fund to be considered 'SRI'.

Since its inception in 2011, our environmental policy has been further developed to address challenges in the sector. Therefore, Amundi Real Estate sought to provide a response to new issues, such as:

- restoration of urban biodiversity;
- changes in energy consumption.

To tackle these challenges, Amundi Real Estate is pursuing various actions. For example, to promote the restoration of urban biodiversity, hives have been installed on the roofs of some of its buildings under management. A 'green roof' project is also in the launch phase. This follows on Amundi's commitment to biodiversity as manifested in **act4nature**.

At the same time, to address the question of energy consumption, measures to reduce energy use have been put in place on the assets. Finally, Amundi Real Estate has also begun opting for green electricity when it negotiates its energy contracts.

■ A.1. Presentation of our Audit Tool

With the goal of integrating the new environmental challenges in its sector and to provide potential solutions, Amundi Real Estate, in conjunction with its long-standing partner, the consulting firm Sinteo¹², updated its environmental and social evaluation tools in 2018. It is still just as comprehensive, easy to use and universal (i.e. applicable to assets of all sizes, types, and locations, both new and existing).

Indeed, while the selection of new assets requires a specific environmental audit, we believe that the major challenge arising from the Grenelle Plan, the Paris Agreement, the Energy Transition Law and the future commercial decree for the real estate sector lies in our ability to manage the historic stock of existing assets, which we can facilitate by developing analytical tools that can advance this stock in terms of carbon and energy performance and, more broadly, environmental and social performance.

¹¹ Sustainable Building Plan: 2017 Annual Report - Page 8.

¹² SINTEO website: <https://www.sinteo.fr/>

We updated our tool in 2018; it now contains powerful innovations, such as the exposure of real estate assets to climate risk and measuring their carbon impact. Moreover, each asset has a target trajectory in terms of greenhouse gas emissions and energy consumption for 2030.

Deploying our Tool required that a full audit is performed on each asset, which entailed:

- rating the asset's environmental performance;
- measuring all water and electricity consumption and greenhouse gas emissions;
- checking regulatory compliance (pollution, persons with reduced mobility, asbestos, etc.);
- establishing a full status report for technical facilities;
- accurately locating the asset to be able to evaluate the climate risks to which it is exposed;
- responding to a 75-question survey covering 8 topics: energy, water, transportation, sustainability of equipment, waste, land use and ecology, pollution, health and well-being. The results are then rated and weighted to obtain a single score out of 100;
- determining the carbon footprint.

These analyses are synthesised and summarised in an asset performance evaluation (*see section A.2 - Presentation of a deliverable produced by our Audit Tool*). The evaluation is accompanied by a user note which enables employees to easily understand it.

The evaluation of all Amundi Real Estate assets will be repeated with the new methodology between now and 2021.

For dedicated funds, the audit is performed at the discretion of the investors.

This tool will enable two things:

1. identification of assets with certification or labelling potential;
2. identification of the asset's strengths and weaknesses to promote dynamic asset management.

■ A.2. Presentation of a deliverable produced by our Audit Tool

The content of this tool will be presented in the following order:

- the environmental and social performance of the asset (with respect to the 8 pillars selected for our analysis);
- the resilience of the asset to climate change;
- the objectives the asset must meet to fulfil the objectives of the Paris Agreement and those of the commercial decree;
- the additional information that can be found in our deliverable.

Environmental and social mapping: this mapping is designed to provide the level of detail necessary to identify the key factors which affect the situation of each asset. It is carried out via a 56-question survey based on the **BREEAM In-Use Part 1 standard** (evaluation of the intrinsic performance of the building and installed equipment), except for the energy part for which we preferred to apply more stringent requirements by opting for a tailor-made criterion. Thus, each country is evaluated differently depending on its energy regulations and, more specifically, the regulations which apply to the building as determined by its year of construction.

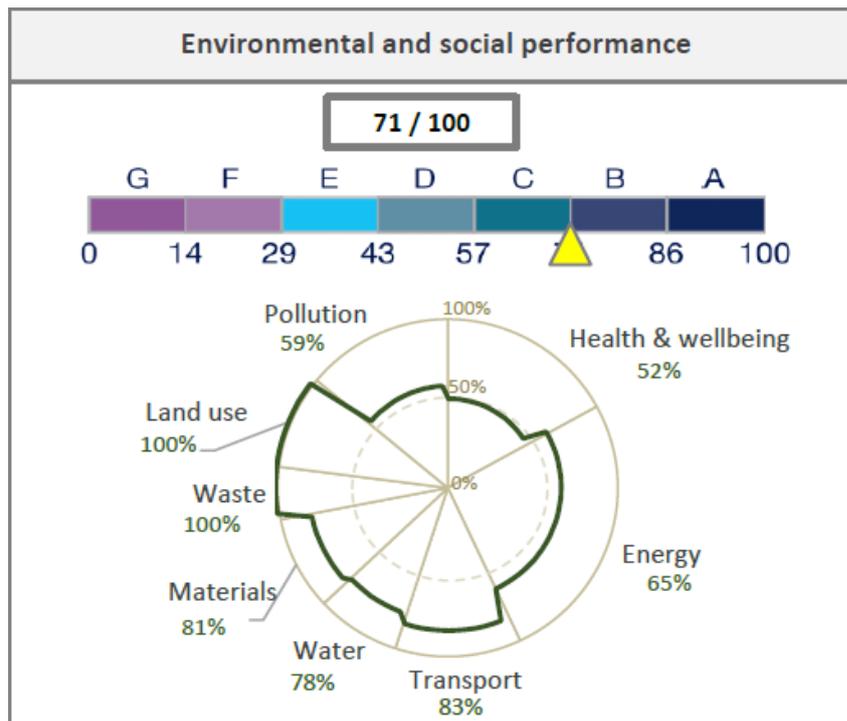
Assessing the responses makes it possible to score the assets on a scale of 100 for their environmental and social performance.

The presentation of these results is organised into 8 areas and each question falls under one of these categories:

- Health/Well-being
- Energy
- Transport
- Water
- Waste
- Pollution
- Sustainability of equipment
- Land use and ecology

Below is an excerpt of a Mapping:

- 1) the score given to the asset for each criterion appears in green in the diagram;
- 2) the weighted average reflecting the asset's overall score is given in the box. It is also possible to put the asset in context compared against the internal score (ranging from A to G, where A is the best score) found below.

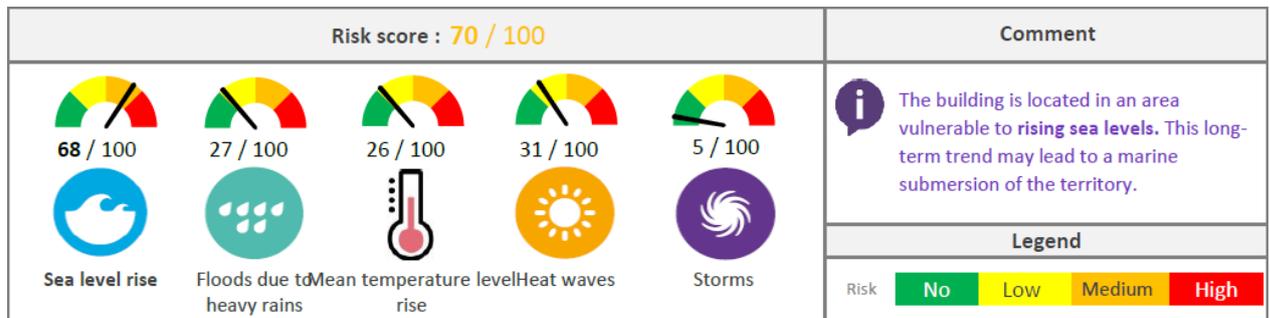


This Mapping makes it possible to quickly identify the criteria for which the building has the lowest score so that improvement measures can be taken.

Resilience to climate change: a decision-making matrix is designed which makes it possible to create a visual synthesis for the two fundamentals criteria which are 'risks related to climate change' and 'transition risks'. This matrix makes it possible to identify the risks or opportunities of each asset vis-à-vis the two criteria named below. This makes it an important tool for responding to the challenges of the Paris Agreement.

- A) Risks linked to climate change:** these physical risks are the result of the relationship between three themes:
- a. the precise geolocation of the asset which makes it possible to determine its exposure to climate change;
 - b. the asset's ability to resist this exposure thanks to its equipment and facilities;
 - c. any aggravating factors that may be located in its adjacent environment.

The climate risks evaluated are the following (sample report):



To determine their exposure to these risks, we work from an analysis of prospective climate change scenarios. For France, we use a database designed under the aegis of the Ministry of the Energy and Solidarity Transition which consolidates the climate projections prepared in French climate modelling laboratories. For our international investments, we use the prospective scenarios of the European Union.

The risks considered here are only the identified risks which can be attributed to climate change. Therefore, seismic risks, which are not attributable to climate change, are not assessed in our methodology.

- B) Transition risk:** this expresses the financial risks linked to the asset's exposure to future carbon taxes based on their current carbon footprint.

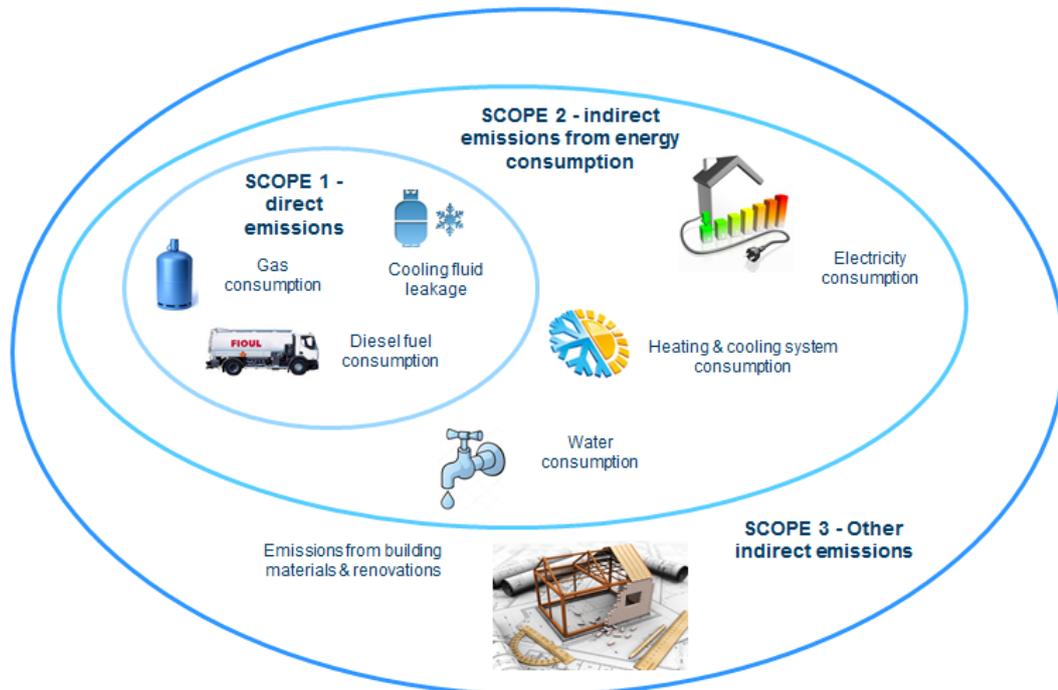
The carbon footprint and greenhouse gas emissions of each of the assets are evaluated for their scopes 1.2 and 3.

This separation is necessary because construction (scope 3) is the main factor in a building's carbon emissions. Without this distinction, comparisons between a new asset and an old asset would not be possible.

- a. **Scope 1 - direct emissions:** emissions linked to gas, fuel oil and refrigerant leaks;

- b. **Scope 2 - indirect emissions linked to energy consumption:** emissions stemming from electricity, water and heating and cooling networks;

- c. **Scope 3 - other indirect emissions:** emissions linked to construction/renovation materials.



Composition of scopes in the building sector

clearly defined objectives per asset: one of the strengths of the new Amundi Real Estate Audit Tool is its ability to identify the objectives for each asset in terms of the energy performance levels to meet and carbon emissions reductions to achieve. These objectives designed around the future commercial decree for energy performance goals and the Paris Agreement goal to limit global warming to below 2°C..This makes it possible to measure the gap compared to the target and to implement any action plans needed to meet these objectives.

The scores are determined upon acquisition and renewed at least every 3 years or whenever there are significant changes to the building (construction, new tenants, certifications, etc.); asset performance monitoring also takes place at this time.

Other points appear in the final report for the audits performed on each asset, including:

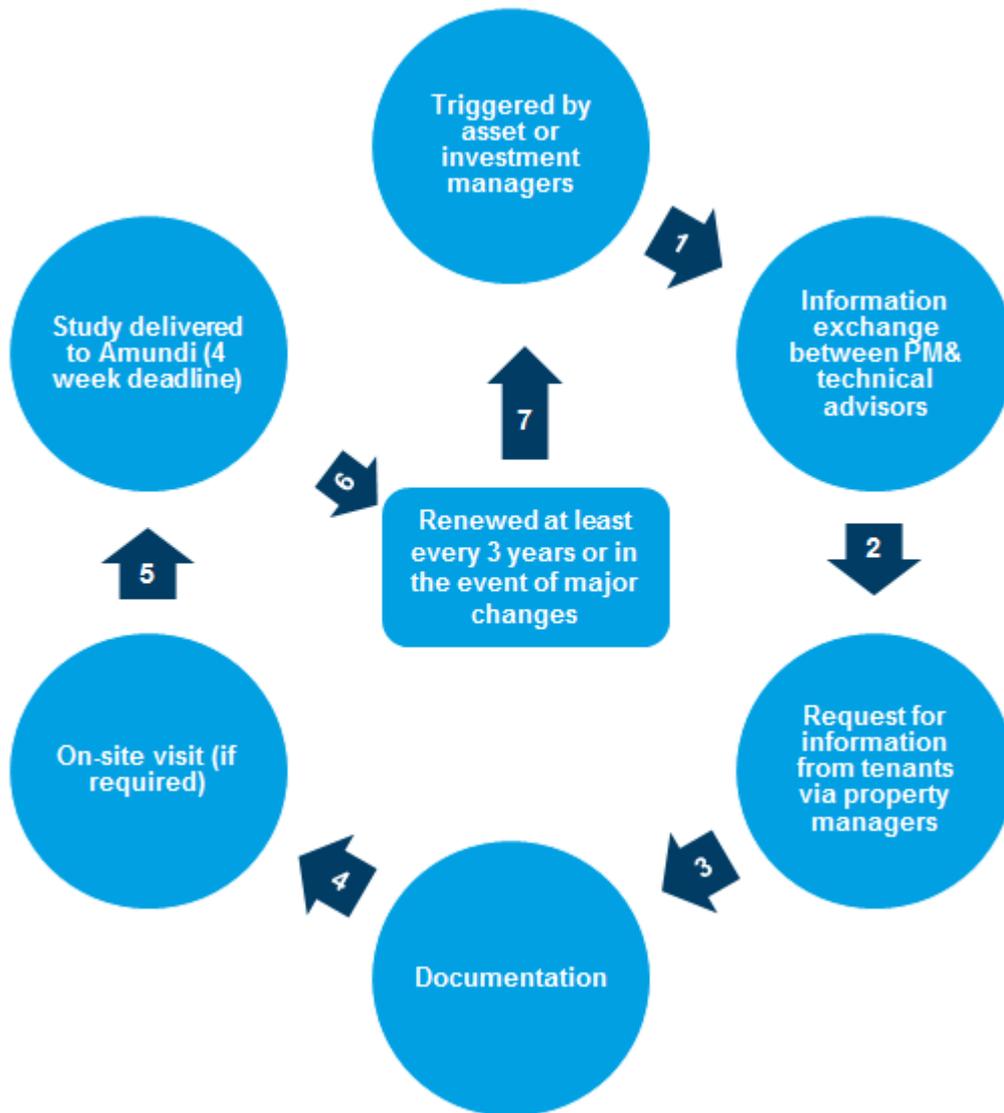
- **an asset fact sheet** which contains all relevant information pertaining to its identification;

- **most recent known environmental performance levels:** energy performance, carbon performance and water performance. These performance levels are decided based on consumption measured at the building;

- **status of the building's carbon footprint** which represents the weight of each scope within its overall footprint;
- a **regulatory risk assessment** which expresses the asset's compliance with regulations applicable to it.

Our new Audit Tool enables us to update all these evaluations and incorporate the criteria specific to each country, especially with respect to the energy mix.

The process put in place to complete a Mapping consists in the 6 stages presented in the diagram below. An average estimated timeline of 4 weeks is needed to finalise a Mapping for an asset given the mass of information that needs to be gathered and processed.



For informational purposes, **PM** = Property Manager

This evaluation of the various performance levels is now a fully day to day Asset Management tool which makes it possible to estimate and predict the works to be planned to significantly improve the building's environmental performance and to identify buildings eligible for a certification and/or label (HQE, BREEAM, LEED, etc.).

■ A.3. Applying our tools to Asset Management

This real estate Audit Tool is used by Asset Managers as a reliable, essential tool to analyse the environmental and social factors which affect asset values, especially when searching for sources of value creation which may involve one or several of the topics discussed above. This search for value creation should, in time, make possible to improve the building's impact on its environment and/or how occupants use it.

Employees receive regular training on this Mapping tool and on the sustainability regulatory developments applicable to buildings. These trainings can also be used to educate and inform employees about changes on the market, such as the development of co-working space, the emergence and use of Building Information Modelling (BIM) and the real estate of the future.

The tool is built to evolve over time and can be used to track the performance of an asset over time, quantify its changes and identify sources of variances.

Thus, multi-year works plans are drawn up as strategies to achieve qualitative and environmental progress which takes into account expected and predictable changes such as the commercial decree.

In addition, each time an important work phase occurs in a building, the works programme will include in its technical specifications the search for a label for the building, whenever applicable.

This tool, in addition to the 'environmental addenda or green lease'¹³ put in place for buildings over 2,000 m², enables closer contacts with building occupants and facilitates dialogue with them to determine together pathways to improve the building's intrinsic performance and uses.

Therefore, the Asset Manager is the person who, through careful management and an accurate understanding of the characteristics of each building, knows and identifies avenues for improving these buildings. His or her role is thus crucial in improving the body of real estate portfolio.

■ A.4. Applying our tools to Fund Management

The Mapping makes it possible to consolidate the data from individual assets at a fund scale, which makes it an oversight and decision making tool when it comes to wealth management and asset allocation strategies or the Fund Manager.

This tool makes it possible to apply the fund strategies when new products are launched, especially with regard to defining the qualities and performance of assets to be acquired by these funds.

By making it possible to identify ways to improve buildings, our tool enables a financial quantification of avenues of progress through the multi-year works plan. This also encourages their incorporation in the fund's business plan for better management of fund performance.

Finally, this makes it possible to measure the 'greening' and virtuous behaviour of the funds rated. This is a major strength for investors who can thus assess their ESG qualities.

■ A.5. Applying our tools to investment/disposal

All investment opportunities include a preliminary audit performed by our acquisition teams in the framework of acquisition due diligence procedures. This due diligence pertains to the asset itself, as well as to the main counterparties involved in the operation. When studying the environmental and social performance of assets, we work from the report generated by our Audit Tool and the acquisition due diligence data which supplements this evaluation, especially vis-à-vis regulatory criteria. The control criteria take into account the entire life cycle of the asset, whether it is under construction, waiting to be built or already built and sold at the time of acquisition.

¹³ Addenda which establish the obligation for the leaser and the tenant to make an agreement vis-à-vis the building's energy performance

- **In the context of erecting a building and other major works projects:** the real estate developer's CSR policy and approach are analysed using the Amundi Real Estate Supplier Charter and, in the future, will be assessed via the methodology that will be developed with Amundi ESG Analysis.
- **Acquisition of an existing building:** the technical and environmental due diligence should make it possible to identify and manage the existing pollution risks or to quantify and assess the feasibility of the work required to rid the asset of any pollution identified. To do this, and whenever there is any suspicion, 'Phase 1' audits (document analysis, site history, etc.) are carried out as part of our acquisition process and, potentially, 'Phase 2' studies (field investigations, including sampling and soil analyses).

These audits highlight the energy situation and the current pollution risks, as well as the work to be done to achieve optimised performance and to eliminate existing pollution. They also include a building evaluation using our specific Audit Tool which highlights the building's carbon performance, exposure to climate risk, etc.

These studies are not intended solely to promote the acquisition of assets which are already performing to our environmental standards, but also to eliminate any asset whose characteristics will not enable us to bring it up to the performance level targeted by the fund through construction work that would be economically feasible given the planned investment. Existing and/or potential certifications are identified from this stage of the acquisition analysis process and integrated in the investment opportunities.

Therefore, our tool is used both to select assets to acquire and to identify those on which construction work should be done. It can also be used during the divestment process to identify the assets in our funds with the poorest performance or those which no longer align with the strategy of the fund which owns them.

B. Social

■ B.1. Commitment to Responsible Real Estate Investment

In the framework of our real estate investments, the due diligences tasks performed include special attention both to the societal characteristics of the building under consideration and to the principle stakeholders involved:

- **Acquisition of a building to be built or under construction:** as indicated above, we evaluate the real estate developer using our Supplier Charter and, in the future, we will use the methodology that will be developed in partnership with Amundi ESG Analysis.
- **Acquisition of an existing building:** an audit is carried out in the acquisition process to check essential aspects relating to fulfilment of the Social criterion in our global policy:
 - building accessibility and, in particular, the proximity of the building to public transports and services;
 - the building's ability to accommodate the public and its accessibility for persons with reduced mobility;
 - the degree of comfort offered to building occupants (air conditioning, indoor air quality, ergonomics, restrooms, quality of services, safety and security, visual comfort, etc.);
 - the building's integration into its environment.

■ B.2. Socially Responsible Asset Management

The works plans established each year provide for construction that will enable ongoing improvements to building quality in order to address not only technical requirements, but also to improve the level of users satisfaction with the building.

To do this, Asset Managers and Property Managers hold regular discussions with tenants to better understand what they expect from the building. To this end, they can decide to implement 'Green Management' tools at the building, such as: guides containing best practices in building use (see image at right), carpooling incentives, waste sorting incentives, etc.

The Property Managers of the assets are also evaluated with our Supplier Charter. Under their management, the Facility Managers which manage technically our assets also undergo the same evaluation.



■ B.3. Socially Responsible Fund Management

When any new fund is launched, Fund Managers have the option, thanks in particular to the evaluation carried out via our Audit Tool, to promote environmental and/or social criteria in the strategy for building and managing their funds: fund which invests in assets that abide by some social principle, fund focused on assets which have already achieved exemplary environmental performance or thematic funds which emphasise a specific environmental or social topic.

Thus, our Fund Managers can cross-reference ESG (Environmental, Social and Governance) criteria with financial criteria in their management guidelines. We try to present to our investor-clients investment solutions that adhere to our commitment to promoting Responsible investment.

■ B.4. Commitments from our Suppliers

In the framework of our contractual relationships, our primary suppliers, i.e. Property Managers, Facility Managers and Real Estate Developers, will be evaluated by 2021 through our Supplier Charter. As explained earlier, an even more advanced and ambitious methodology for assessing our service providers is in development with Amundi ESG Analysis. It will be deployed as soon as it is finalised.

As it is deployed, this Supplier Charter will make it possible to assist any scored actors with improving their practices. The purpose of this Charter is to educate and encourage Stakeholders to take into account the various ESG topics expressed in the form of 9 major principles to apply to their daily activities.

This initiative aims to use Amundi Real Estate's power of influence to help market actors move toward best practices. Thus, each of us is asked each year to complete a 19-questions survey which prompts them to report on their progress in implementing and adhering to the 9 principles of the Supplier Charter. More than a control function, Amundi Real Estate seeks, through the score assigned by the questionnaire, to support the companies with which it works in improving their practices. For example, here are four of the principles found in the Charter:

Principle no. 2:

For all works, replacements and servicing involving in the assets: promote construction measures, systems and equipment which respects the environment.

Principle no. 3:

Deploy a responsible purchasing policy which includes traceability for the procurement of raw materials and equipment to confirm the origins of goods and how they were extracted, manufactured and transported. This furthers the goal of integrating ESG (environmental, social and governance) criteria at all levels of the supply chain.

Principle no. 4:

Create a mapping of the governance, social and environmental risks inherent to the company's area(s) of operation. This risk mapping must be accompanied by measures taken to reduce the likelihood of occurrence of the risks identified.

Principle no. 6:

Promote the hiring of persons who are marginalised or distanced from employment, especially through 'employment integration contracts'.

➤ EXCERPT OF THE AMUNDI Real Estate ESG SURVEY

Principle no. 4:

8. Have you created a mapping of the risks inherent to your business with regard to:

- | | | |
|------------------|------------------------------|-----------------------------|
| - Governance: | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| - Social: | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| - Environmental: | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

9. Do you have indicators tracking the impact of these mappings (e.g. at the social level, in terms of risks incurred by workers, the rate of accidents or lost-time accidents can be a helpful indicator on the impact of these mappings and the measures adopted)?

- YES NO

Please submit any documents which substantiate your answers and specify whether they are available to the general public. Please tell us precisely where the information can be found in the document and give us a brief summary of it.

Principle no. 6:

12. Does your recruitment policy or do your chosen service providers promote the hiring of persons who are marginalised or distanced from employment?

- YES NO

13. Do you have indicators which track this practice (e.g. number of subcontracted companies which use 'employment integration programmes' ÷ total number of subcontracted companies)?

- YES NO

Please submit any documents which substantiate your answers and specify whether they are available to the general public. Please tell us precisely where the information can be found in the document and give us a brief summary of it.

If the score is deemed too low relative to the Amundi Real Estate policy, the respondent can be asked to reach a given performance level within a jointly defined time frame.

In all other cases, the entities will be asked to implement a continuous improvement process and to achieve better incorporation and application of these principles.

C. Governance

Amundi firmly believes that dedicated, engaged governance that includes robust internal controls (Risk and Compliance) will, in the long term, enable improvements in the performance of its funds under management to better serve the interests of its clients. Amundi Real Estate fully shares this belief and has implemented its own autonomous systems and resources to achieve that goal:

- a strong ethical framework;
- a policy for managing conflicts of interest;
- an internal risk management system;
- an active anti-money laundering and anti-terrorism programme;
- transparent governance and monitored.

To provide every necessary guarantee when it comes to the optimal management of our governance mechanisms and to demonstrate fulfilment of the most stringent standards on the market in this field, Amundi Real Estate has a dedicated Compliance team in charge of, among other things, ethics enforcement; a team dedicated to risk management and permanent controls; a 'client support' department; and, lastly, a procedures code which applies internally and externally.

■ C.1. The Amundi ethical framework

A code of ethics applicable to all of Amundi (all entities, subsidiaries, branches in France and around the world) is updated regularly; the most recent version entered into force on 25 January 2018. Each employee of Amundi Real Estate receives this code when they join the company and HRD gives a presentation on its contents on orientation day. Employees are bound to regularly report any gifts and benefits received, any potential conflicts of interest arising from external remunerated activities and outside corporate mandates, the various bank accounts used if they are related to an operation which must be disclosed, any subscriptions taken out (or redemptions or sales) on products managed by Amundi Real Estate, rental investments, sale or purchase of real estate assets, etc.

In addition to the Group code of ethics, Amundi Real Estate has put in place a tool to oversee the ethical disclosures applicable to employees. This tool is managed by the RCCI and enables reminders to be sent to employees with regard to the annual statements that apply to their status (normal, sensitive, occasional insider).

Furthermore, each year employees participate in trainings on this topic so that their knowledge can be updated on a regular basis.

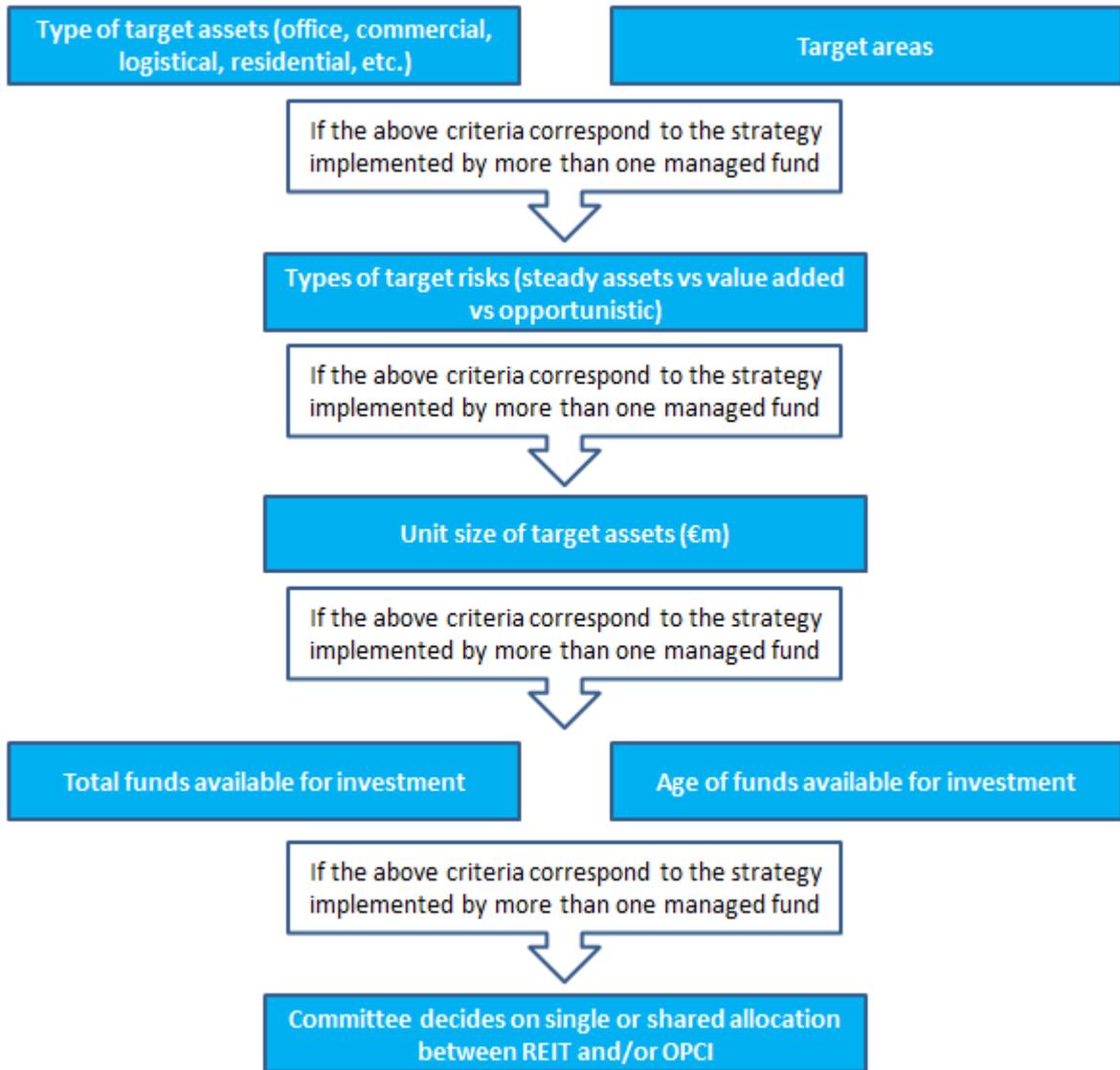
■ C.2. Managing conflicts of interest

Amundi Real Estate carefully monitors the prevention and management of conflicts of interest, whether they are:

- conflicts involving Amundi Real Estate and its clients (rules restricting any gifts or benefits given by clients to employees, rules governing the disclosure of personal interest in a client or other interests which may create a conflict in the fulfilment of the employee's duties, etc.);
- conflicts involving the employees of Amundi Real Estate (restrictions imposed on any employee regarding the use of inside or confidential information, etc.);
- conflicts involving multiple clients: for example, Amundi Real Estate, offering its services to two clients, could favour one of them by prioritising the processing of that client's transactions;

- conflicts involving multiple funds under management: conflicts which may emerge between the various funds managed by Amundi Real Estate when assigning a real estate investment opportunity to one of them. To prevent this risk, a procedure has been put in place which is summarised in the diagram below.

PROCEDURE FOR ALLOCATING AN ASSET TO A FUND



The full detailed procedure of Amundi Real Estate, 'Conflicts of interest: policy and management', is available at the following address:

http://www.amundi-immobilier.com/home_corp_aboutim

All the acquisition documentation submitted to Amundi Real Estate is filed in a monitoring tool called 'Pipeline' which records the entry date, source and specific details of each investment proposal.

An Investment Committee meets weekly to discuss and decide how to respond to these opportunities. The procedure presented above for allocating assets to a fund is used to steer investment opportunities in strict compliance with these rules and may be subject to verifications if there is a conflict of Interest.

■ C.3. Internal oversight and risk management

1 - Reference documents

- The decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector that are subject to the control of the ACPR (French prudential control and resolution authority),
- General Regulation of the French Financial Markets Authority (AMF),
- French Monetary and Financial Code,
- French Commercial Code,
- Professional ethical standards of AFG-ASFFI and ASPIM,
- The internal standards and procedures defined by the Management Company for its activity, as part of the general framework of procedures of the Amundi Group and the Crédit Agricole Group.

2 - Principles of organisation of internal control

A) Fundamental principles

Internal control constitutes the global system allowing the company to ensure control of its activities and risks. The Chairman of the company is responsible for the drafting and content of an annual report of the internal controls put in place in the company.

The deployment of the internal control system meets the following main objectives:

- compliance with legislative and regulatory provisions, professional and ethical standards, and internal standards;
- prevention and detection of fraud and errors;
- accuracy, completeness of accounting records, and timely preparation of reliable accounting and financial information;
- comprehensive, accurate and regular knowledge of the data necessary for decision-making and risk management;
- financial performance, through the effective and appropriate use of assets and resources as well as protection against risks of losses.

The principles of organisation and the components of Amundi's internal control systems are:

- comprehensive coverage of activities and risks summarised in a mapping;
- accountability of all the players;
- precise definition of duties and tasks;
- separation of commitment and control duties;
- monitoring and control of delegations;
- development and application of standards and procedures;
- existence of control systems, including level 1 and level 2 permanent controls and level 3 periodic controls, performed by the internal audit team of the Amundi Group.

B) Control system

The internal control system is managed by:

- the Head of Risk and Permanent Control, reporting functionally to the Chief Executive Officer of Amundi Real Estate and hierarchically to the Risk Department of the Amundi Group;
- the Head of Compliance, reporting hierarchically to the Chief Executive Officer of Amundi Real Estate and functionally to the Director of Compliance of the Amundi Group;
- a Risk Committee and a Compliance Committee, which have the objective of monitoring all the risks and controls performed and taking any necessary related decision.

C) Description of the system

The internal control system is based on a repository of procedures, accountability of the departments in charge of the activities, collegiality in the decision-making process, and separation of execution and control duties. In addition, the management company has computerised tools with integrated control features

permitting automation of some of these controls. The control procedures involve preventive or corrective actions.

Level 1 permanent control, or the first line of defence, is performed by the operational teams, where each manager organises and manages the level 1 controls within his or her scope of delegations. Controls can be performed at all the hierarchical and functional levels of the entity concerned. They include the implementation of standards and procedures, the implementation of delegations of authority, the establishment of control and self-control systems, the assessment of operational performance, the security of assets and the separation of duties.

Level 2 permanent control, or the second line of defence, is performed by specialised control teams who continuously verify that the company and its clients are not exposed to financial, operational and regulatory risks beyond their threshold of tolerance.

In this regard, the Head of Compliance ensures compliance with laws, regulations, codes of conduct and internal rules specific to the management company's activity (respect for the client's interests, ethical rules, management of conflicts of interest, monitoring of customer complaints, Financial Security system).

The Head of Risk and Permanent Controls ensures the consistency and effectiveness of the internal control system of Amundi Real Estate (excluding Compliance). Special internal control systems cover enhanced monitoring of essential services outsourced to third parties (PSEE), the security of information systems and the business continuity plan (BCP). Both carry out the updating of the risk mapping.

Periodic control, referred to as level 3 control, or the third line of defence, is ensured independently by the Internal Audit Department of the Amundi Group.

3 - Compliance

Compliance involves respect for the laws, regulations, codes of conduct and internal rules specific to the activity of Amundi Real Estate. The Compliance system is managed by the Head of Compliance, reporting hierarchically to the Managing Director of Amundi Real Estate and functionally to the Compliance Director of the Amundi Group.

This system makes it possible to verify that the legislative and regulatory provisions, the rules specific to the product's prospectus, the professional and ethical standards enacted by the AFG-ASFFI and the ASPIM, and the internal standards of the Amundi Group and the Crédit Agricole Group, particularly the 'Fides' programme, are respected. The objective of the "Fides" programme is to ensure proper application of the regulatory obligations by adapting them to the specific characteristics of the Group.

Special compliance control systems particularly cover:

- Prevention of money laundering and the fight against terrorist financing, in accordance with the procedures and recommendations issued by Crédit Agricole SA. For this purpose, procedures specific to Amundi Real Estate and specific resources are implemented;
- monitoring of the implications of the MiFID, particularly in terms of client/product classification;
- monitoring of client complaints;
- management of conflicts of interest.

An ethics manual is provided to all staff of the company in addition to the internal rules. The Compliance Manager ensures that each employee complies with this manual by using a special computerised tool.

Mandatory training sessions for the employees concerned are organised regularly on the various themes of Compliance.

4 - Risks and Permanent Control

The risk management system aims to:

- ensure that the Management Company complies with all the commitments made in the framework of its activities;
- ensure that it has reliable, independent data on key aspects in the conduct of its activities, particularly in terms of valuation;
- inform the management and governance bodies of the Management Company about the level of risks of the activity.

The risk management system is managed by the Head of Risk Management and Permanent Control. To ensure the independence of the permanent risk management function in relation to the management and operational teams, the Head of Risk Management and Permanent Control has a double hierarchy:

- direct reporting to the General Management of Amundi Real Estate;
- reporting to division manager of the Risk Business Line of the Amundi Group.

The permanent risk management function of Amundi Real Estate thus applies the fundamental principles established by the Risk Business Line of the Amundi Group with the adjustments necessary for the management of real estate funds and receives support from the Business Line's teams.

The permanent risk management function is responsible for providing an independent assessment of the risks generated at the portfolio level and the management company level, and ensuring that the risks taken on behalf of clients are consistent with their expectations and reasonable compared with their profile (or what is known about it).

The management company has established a risk policy and an operational monitoring and supervision system to ensure that the AIF's risk profile is consistent with the profile described to investors. In particular, its permanent risk management function aims to respect the limits surrounding market, credit, liquidity and operational risks.

■ C.4. Fight against money laundering and terrorism

The procedures relating to fight against money laundering and the financing of terrorism were updated in 2017 to incorporate regulatory changes.

Amundi Real Estate abides by the general framework of the procedure applicable to Amundi which comes under the Crédit Agricole SA corporate system for preventing and fighting money laundering. Nevertheless, to the extent that Amundi Real Estate carries out, within Amundi, management activities on behalf of third parties in the real estate sector, Amundi Real Estate has defined its own operational procedure.

This procedure describes the applicable system in terms of customer knowledge (gathering of information and documents) and monitoring of financial flows in the context of subscription/redemption, payment of dividends and the purchase/sale/rental of real estate assets.

This system distinguishes preliminary controls carried out on 2 levels: first, by operational staff, Asset Managers, Fund Managers, Investment and Shareholder Management and, second, by Compliance. There are also controls after the fact by Compliance.

■ C.5. Reporting and transparency

- **Quarterly operational reports** which include an itemised statement of assets and the composition of the fund are made available in electronic form and may be presented in a meeting at the request of clients to enable regular dialogue with investors.
- **Half-yearly financial reports for funds managed on behalf of institutional clients and quarterly financial reports for funds managed on behalf of private clients.** These indicate the status of the fund and also contain a forecast and analyses of certain sensitivities which inform a review of the investment and fund management strategy. These reports are sent as electronic documents and may be addressed in a formal meeting to present and discuss the fund strategy at the request of institutional clients or at a meeting of the Supervisory Board for funds involving private clients.
- **Annual report:** It gives a comprehensive view of finances, changes during the year, expected outlook and short-term (one-year) and medium-term (five-year) action plans, covering, in particular, the overall fund

strategy, the investment programme including construction work to be performed, the fund distribution policy, changes in assets under management, etc. It is sent 30 days after the end of the fund's fiscal year as an electronic document. It is discussed in a formal meeting of the Board of Directors whose purpose is to present the annual financial statements, enabling a broad discussion about the workings of the fund and changes to the management mandate. This report also includes a non-financial portion which revisits Amundi Real Estate's commitment to responsible finance, as well as the environmental and socially engaged actions taken by the fund.

- **Fair selection of service providers via requests for proposals:** as required by the AMF, the various service providers commissioned by the funds are chosen through a tendering procedure formalised by Amundi Real Estate.
- **Availability of data relating to Article 173-VI¹⁴:** this article encourages portfolio management companies and certain institutional investors to disclose information about how they integrate environmental, social and quality of governance (ESG) criteria in their investment and risk management policies. To this end, Amundi Real Estate undertakes to provide the information needed to properly fulfil this duty of transparency to its investors.

■ C.6. Committed governance at the property management level

- An improvement initiative to enhance asset performance with the implementation of a multi-year works plan that takes into account the environmental performance of our assets to increase the current score given by our Audit Tool and to bring about progress to reach the thresholds defined.
- Regular interaction with stakeholders: tenants, service providers, bankers, etc.
- Implementation of green addenda to our tenants' leases for all the assets for which these riders are required (assets of all types whose surface area is greater than 2,000 m²).
- Assistance for all our stakeholders to help them improve their practices and encourage the incorporation of environmental and social challenges in their operation(s).

■ C.7. Ethics at the Group

An Ethics Charter was created at the Crédit Agricole Group which applies to all its subsidiaries, including Amundi. This charter expresses the group's commitment to bettering its relationships with the various stakeholders to establish itself as a responsible actor in society. The charter promotes the values of proximity, accountability and solidarity within its entities.

■ C.8. Data protection

France's National Commission on Information Technology and Civil Liberties (CNIL) issued a new General Data Protection Regulation (GDPR) with a European scope that entered into force on 25 May 2018. This new regulation comprises a set of rules which aim to protect the personal data of internet users and how these data are used. These rules have changed the relationship between professional actors with regard to the processing of personal data and have changed the work habits of employees who are now subject to much stricter processes.

¹⁴ Article 173 (paragraph VI) of the Law on the Energy transition for green growth, no. 2015-992 of 17 August 2015 (LTECV)

In the interest of ongoing compliance, Amundi has taken the necessary measures to strengthen and adapt its information system to this new regulation. Amundi accompanied these measures with trainings for its employees to educate them on the right actions to take when it comes to handling personal data.

D. A comprehensive, consistent and binding Responsible Investment process

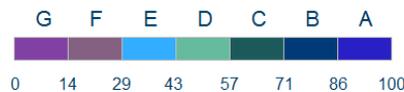
■ D.1. A Global process

The Amundi Real Estate Responsible Investment process is transposed for each asset under its management. It is employed for work performed by us or entrusted to third parties for the entire life span of our funds. Above all, our process strives to be coherent and consistent with the definition of an Amundi SRI fund.

Consequently, each asset under the management of Amundi Real Estate is audited and each of our SRI funds undergoes ESG analysis and its results in these categories are tracked over time. Thus, this tool becomes a resource for supervising and steering the management of our funds.

The tools described previously provide several criteria which make it possible to ascertain the environmental and social performance of a building and thus place its overall performance in context to understand which avenues of improvement are available for any given asset.

The score out of 100 given to each asset within our environmental and social evaluation laid out above is converted to a rating ranging from A to G, where A is the best score. The range [0; 100] is divided into seven equal intervals (see cursor below). Each of these intervals corresponds to a letter from A to G. A score below 14 results in a G rating and a score higher than 86 corresponds to an A rating. This rating is important because it gives a quick, initial glimpse of the building's intrinsic performance against the BREEAM In-Use Part 1 (Asset level) v.2015 standard.



■ D.2. A dynamic approach

Our Responsible Investment process is applied throughout the life cycle of the building:

- **upon acquisition:** our Audit Tool measures the environmental and social performance of assets so that any asset whose score is less than 'D' is excluded from all SRI funds. For all other types of funds, assets with a G rating will be excluded automatically. This procedure is controlled regularly.
- **during everyday operation:** ratings are reviewed every 3 years or whenever significant changes are made to the building (construction, new tenants, certifications, development of CSR initiatives, etc.). For all SRI funds, if an asset's rating falls to a score less than or equal to E, it will be referred for prompt arbitration or work will be undertaken to improve the score. For all other fund types, the acceptable threshold is F. This procedure is controlled regularly.

In the interest of continuous improvement, Amundi Real Estate identifies the assets with the lowest scores to prioritise them for improvement measures.

■ D.3. SRI vision at the fund level

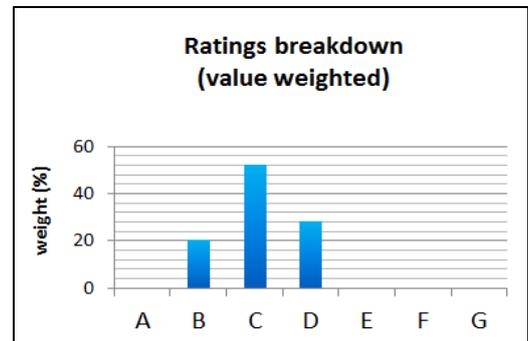
At Amundi Real Estate, to be considered an SRI fund, a real estate fund must meet the three following conditions:

1. The fund's average score must be greater than or equal to C. The fund's score is calculated as the average of the ratings of each asset which makes up the fund, weighted by their most recent appraisal value available.



2. Assets rated E, F or G are automatically excluded from the investment scope.

Ratings breakdown (value weighted)	Portfolio
A	0%
B	20%
C	52%
D	28%
E	0%
F	0%
G	0%



3. At least 90% of the fund's real estate assets must be rated. If there is a financial segment, it must receive an ESG score.

■ D.4. Commitment of our service providers to our process

Amundi Real Estate's updated procedure stipulates that all the primary service providers (real estate developers, Property Managers and Facility Managers) will be rated by Amundi Real Estate via its Supplier Charter applicable to the real estate sector. These ratings will serve as a first pass at comparing the ESG performances of the actors to one another. Moreover, it will also be used as a support tool because the various actors may, if they so request, receive assistance from Amundi Real Estate with developing and implementing their CSR policy.

Amundi Real Estate also practices the systematic integration of 'sustainable development' questionnaires in its tendering process for selecting service providers.

■ D.5. A Responsible Investment Charter in continuous improvement

This Amundi Real Estate Responsible Investment Charter is updated regularly, but retains the same spirit and the same level of rigour in its approach to socially responsible management.

Updating our charter is crucial:

- because environmental regulations are always evolving;
- because the requirement levels in the industry are not definitively established;
- because Amundi Real Estate aims to be a reference in real estate socially responsible management;

- because at Amundi Real Estate, we firmly believe that as a very long-term actor committed to serving our clients, responsible management creates value for all parties involved;
- because our customers are demanding and we want to be able to offer them the most advanced solutions when it comes to managing SRI real estate funds.

Amundi Real Estate had this charter certified by the EY firm at the end of 2012 and in the beginning of 2013, through a standard review against the requirements of the ISAE 3000 verification standard and the ISO 14020 and ISO 14021 standards.

■ A few words about our partner Sinteo

Sinteo is an independent consulting and engineering firm specialised in energy efficiency and environmental building management created in 2007 and employing a staff of 65. The firm advises more than 200 clients in improving the energy efficiency of their real estate assets and reducing their carbon footprint.

Amundi Real Estate and Sinteo formed a partnership in 2010 that enables them to develop innovative, effective environmental tools which make Amundi Real Estate a proactive and committed participant in the responsible management real estate funds.



GLOSSARY

- **AFG:** The French Asset Management Association is a professional organisation dedicated to the management of portfolios on behalf of third parties.



- **Non-financial rating agency:** Non-financial rating agencies analyse and rate companies, governments and supranational organisations in terms of their sustainable development behaviours, i.e. according to Environmental, Social and Governance criteria.

- **AMF:** The French Financial Markets Authority is an independent public body vested with corporate status which is financially autonomous and whose mission is to ensure that savings invested in financial instruments are protected, that investors are informed and that the financial instrument markets run smoothly. It approves management companies when they are created.



- **ASPIM:** The purpose of the French Association of Real Estate Investment Companies is to represent and promote the interests of the various companies that work in the 'real estate paper' business (REIT, OPCI, real estate companies, etc. which may or may not be publicly traded).



- **Asset manager:** His or her aim is to optimise the valuation and yield of real estate investments held by investors. He or she is responsible for defining and implementing wealth strategies which increase the value of an asset and improve its profitability.

- **BBC - Effinergie** (for low consumption buildings): This is a French certification that can be awarded to new or renovated buildings whose objective is to reduce conventional consumption of primary energy to 50KWH/m²/year for heating, cooling, ventilation, domestic hot water, auxiliary heating devices and lighting.



- **Building Information Modelling (BIM):** Building Information Modelling is a method which entails collaboration by the various participants in a project (project owner, architect, project manager, inspection office, etc.) on a three-dimensional digital working model. It may also be feasible to use this model as a database during the different life phases of the building.

- **BREEAM:** The Building Research Establishment Environmental Assessment Method is a method for evaluating the environmental performance of buildings (new and existing) developed by the BRE, a British organisation known throughout the world.



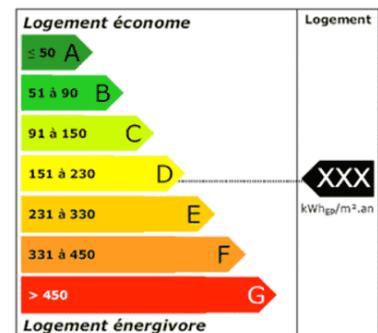
- **ESG criteria (Environmental, Social/Societal, Governance):**

- **Environmental aspect:** refers to the direct or indirect activity of a real estate asset/issuer on the environment;
- **Social/Societal aspect:** relates to the direct or indirect impact of the business of a real estate asset/issuer on stakeholders, with regard to universal values (including human rights, international labour standards, anti-corruption, user comfort and safety, etc.);
- **Governance aspect:** all the processes, regulations, laws and institutions which influence the way the company is managed, administered and controlled. It also includes relations between the many stakeholders and the objectives which guide the company. These stakeholders include, in particular, shareholders, senior management and the board of directors for companies; users, architects, real estate appraisers and technical maintenance personnel for real estate assets.

- **Counterparty:** This is, by opposition, the party on the other side of a transaction.

- **COP:** A COP, or Conference of the Parties, is a periodic meeting organised under the auspices of the United Nations. It brings together 195 states to discuss environmental topics, such as controlling the rise in greenhouse gas emissions caused by humans.

- **EPD:** The Energy Performance Diagnosis provides information about the energy performance of a residence or building by evaluating its energy consumption and its impact in terms of greenhouse gas emissions within the framework of the energy policy defined at the European level.



- **Sustainable development:** The notion of sustainable development was formalised in 1987 in work completed by the World Commission on Environment and Development. It is defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainable development aims for balance between three complementary dimensions: the economy, society and the environment.

- **Due diligence:** This consists in the qualitative and quantitative analyses carried out by an investor prior to acquiring an asset.
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- **Engagement:** Actions by investors (pension fund, insurance companies, management companies, etc.) aiming to influence a company's behaviour in the medium term by emphasising the importance of a better consideration of environmental, societal and governance factors. These actions include dialogue with companies (individually or collectively), as well as the voting practices of managers and the submission of resolutions proposed during annual shareholders meetings. More specifically, in the case of a real estate fund, engagement translates to the commitment to making a real estate asset more effective in terms of environmental, social and governance factors.
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- **Facility Manager:** This function includes the oversight of activities relating to services, maintenance and technical management (energy and fluids management, installations maintenance) as well as management of multi-services (occupant services safety, environment) for real estate complexes.
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- **Fund manager:** He or she manages real estate investment funds. He or she raises capital among investors and is in charge of allocating it according to market opportunities and the investment strategy defined for the fund. He or she is responsible for managing the performance and financial risk of a real estate fund. He is accountable for the fund before its investors and communicates with them about the fund.
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- **Greenhouse gas emissions:** Greenhouse gasses are gasses which absorb some of the sun's rays and redistribute them in the form of radiation within Earth's atmosphere, a phenomenon called the greenhouse effect. Their increasing concentration in the Earth's atmosphere is one of the factors which causes global warming.
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- **GRESB:** This international non-financial rating organisation has quickly become the leader in the field. It evaluates the processes and initiatives of various actors based on very specific criteria, which enables investors to compare them to one another.



- **HQE:** This certification is especially well developed and is regularly cited in the French real estate industry. Its use is limited because it is not an internationally known standard and it is difficult to use for small- and medium-sized assets.



- **IPD:** This is an independent body created in 1985 dedicated to providing access to information and databases about investment real estate. This institute recognised by major international (especially European) real estate investors has drawn up an 'Environment Code' that incorporates a large portion of the criteria established by BREEAM.



- **INREV:** European association comprising investors in unlisted real estate investment vehicles and their asset managers.



- **SRI (socially responsible investment):** Application of the principles of sustainable development to investing. This approach consists in systematically taking into account the three dimensions of Environment, Social/Societal and Governance (ESG) in addition to the usual financial or real estate considerations. The implementation of this approach can take many forms based on positive selection, exclusion or both approaches; where applicable, all of them incorporate criteria relating to the dialogue with real estate asset issuers or stakeholders.

- **LEED (Leadership in Energy and Environmental Design):** This is a North American system standardising high environmental quality buildings created by the U.S. Green Building Council in 1998. The method is founded on an integrated approach (design, construction, operation) that addresses all environmental aspects (relationship with the outside environment, water, energy, materials, quality of interior spaces).



A building may qualify for one of four levels (Certified, Silver, Gold or Platinum).

- **Energy Transition Law (LTE):** French law no. 2015-992 of 17 August 2015 on the Energy transition for green growth. It lays out ambitious goals to reduce greenhouse gas emissions and the consumption of carbon-based energy. It also attributes great importance to waste reduction. The law applies in many sectors, including real estate.

- **Observatoire de l'Immobilier Durable (OID):** The OID (or 'Observatory for Sustainable Real Estate') is an independent, transparent forum which promotes sustainable development and innovation in the French real estate sector. It unites private and public actors behind a shared vision derived from its reason for existence: 'Think responsible real estate'. Amundi Real Estate is one of its founding members.



- **ORIE (Observatoire Régional de l'Immobilier d'Entreprise):** The ORIE (or 'Regional Observatory for Corporate Real Estate') is an association of professional and public partners in the Ile-de-France real estate market who want a better understanding of the qualitative changes in supply.



- **Stakeholders:** The notion of stakeholders is a foundational principle of sustainable development and is defined as an individual or group of individuals who may be affected by a company's attainment of its objectives. It encompasses suppliers, investors, employees, customers and civil society (local communities, local occupants, NGOs, media). The environment is indirectly considered to be a stakeholder through environmental protection organisations. In the context of a real estate fund, the main stakeholders are the tenant and the main service providers of the fund (Property Manager, etc.).

- **Principles for Responsible Investment (PRI):** Launched by investors in partnership with the Financial Initiative of the United Nations Program for the Environment and with the U.N. Global Pact, the PRI initiative cooperates with an international network of over 1,800 signatories with the goal of applying the Six Principles for Responsible Investment. Annual assessment and reporting on the PRI highlight the progress made by the signatories and enables each signatory to compare itself to its peers.



Once again in 2018, Amundi was awarded the highest score on the annual evaluation report established by the Principles for Responsible Investment (PRI). Thus, Amundi earned a score of A+ in all the categories presented:

Category presented	Score obtained
Responsible Investment Strategy and Governance	A+
Engagement and Voting Actions	A+
ESG Incorporation in Management: Listed shares, sovereign bonds, financial company bonds, non-financial company bonds	A+

- **Property Manager:** The Property Manager handles the everyday legal and administrative management of real estate assets on behalf of the owner and the collection of rent payments. He is the interface between the owner-leaser, the tenants and the Facility Managers.

- **REBUILD:** REBUILD is a collective, participatory initiative led by LBMG and the OID which comes under a broader 3-cycle approach (REBUILD, REWORK, REBOOT) to working methods and the real estate of the future.

- **CSR (Corporate Social Responsibility):** CSR entails the application of sustainable development principles to the company and the voluntary incorporation by companies of environmental, social/societal and governance (ESG) concerns, in addition to the usual economic criteria in their business and in their relationships with stakeholders.

- **Management company:** This is an institution tasked with the administrative and financial management of products managed on behalf of third parties. It holds an authorisation issued by the AMF.

Greening: This is an investor's willingness to make a real estate more effective with regard to environmental factors.



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