La confiance ça se mérite

Responsible Investment Charter

Amundi Private Debt

June 2020

The charter will be updated regularly whenever material changes are made to the Responsible Investment processes

Legal information - **Amundi**
French public limited company (*société anonyme*) with share capital of €12,394,096 - A portfolio management company approved by the AMF under no. GP 99.015:
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Siren: 422 333 575 Registered with the Paris Trade & Companies Register (RCS) - VAT identification no.: FR26422333575 - Siret: 422 333 575 00039 - APE (Main Activity) Code: 6630Z
Amundi is the brand that designates the Amundi group.

Contents

1. Amundi, a committed player

Amundi, a listed company, is a subsidiary of Crédit Agricole. Its success is based on the expertise of its 5,000 employees and market experts based in 37 countries. Created in 2010, Amundi is Europe's leading asset manager and ranks among the top ten worldwide[1] in terms of assets under management.

Amundi aims to establish itself as a global leader in the asset management industry. It relies on three development drivers to achieve this:

- The quality of the expertise and services offered to its clients;
- The growth and profitability dynamic;
- Its positioning as a committed financial player.

Amundi made social commitment one of its founding pillars when it was established in 2010. This policy is pursued along three main paths: integrating environmental, social and governance (ESG) criteria into all its investment policies; strengthening its solidarity-based investment policy[2] and pursuing its policy of engagement and initiatives related to climate change.

To ensure that all its stakeholders are taken into account, Amundi has made three commitments:

- commitment to its customers: to act as a responsible financial player;
- commitment to its employees: to place individual and collective development at the heart of its responsibility as an employer;
- commitment to society and the world around it: to act in accordance with good citizenship and solidarity and strive to limit its direct environmental footprint.

To give concrete expression to its commitments and its approach to responsible finance, Amundi has become a signatory to numerous national and international treaties:

THE GLOBAL COMPACT
NOUS SOUTENONS LE PACTE MONDIAL

The United Nations Global Compact in **2003**. This compact aims to introduce private players to non-financial reporting. Members must demonstrate every year that they have effectively implemented compliance with ten universal principles covering human rights, labour standards, the environment and the fight against 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 that encourages investors to take into account the following issues: Environmental, Social and Governance (ESG).

PRI Principles for Responsible Investment

The **Diversity Charter** in **2008** drawn up by a group of private players. It encourages companies to ensure the promotion and respect of diversity in their workforce. The signatory companies are therefore committed to combating all forms of discrimination.

CHARTE DE LA diversité SIGNATAIRE

[1] Source: "Top 400 Asset Managers" published by IPE on 5 June 2019 based on assets under management at the end of December 2018.

[2] Definition: Financial intermediary whose activity consists in investing in solidarity activities, i.e. activities that provide a benefit to society, or projects carried out by people excluded from the banking system (source: Finansol).

The Corporate Parenthood Charter in **2015**, drawn up by a group of private players. Its aim is to involve companies in the issue of parenthood. Companies commit to providing an environment that is better suited to family responsibilities, favourable to employees who are parents and in particular to pregnant women. They also undertake not to discriminate against employees who are parents in their professional development.

Amundi affirms its commitment to responsible finance and has for several years pursued a policy of responsible investment and engagement. Amundi aims to increase assets under management meeting these criteria significantly. In accordance with this approach, a team of ESG analysts within the responsible investment department develops proven methods for studying the integration of sustainable development issues in businesses, funds and processes.

Amundi has had its SRI approach certified by AFNOR, the French national standards organisation, since 2013. This certification, issued by a recognised independent body, guarantees the quality and transparency of SRI approaches through seven service commitments. Amundi also offers several Finansol-labelled solidarity funds and several funds with the State SRI label.

Amundi also considers that it has a duty to set an example and has therefore implemented an overall system for continuous improvement of the Group's actions in the area of Corporate Social Responsibility, deployed on its own initiative around three CSR guidelines that set out the paths for improvement in compliance, human resources and the environment. A self-assessment of the progress of the projects under way is carried out annually and a progress index is calculated at Group level.

This approach is called **FRED** within the Group. It is structured around the three CSR pillars as follows:

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

The economic pillar, **FIDES** incorporates six commitments aimed at building trust. These commitments are as follows:

- **protect** customers' interests (transparency of information; relationship with customers; data protection – compliance with the EU General Data Protection Regulation 2018);
- **develop** products and procedures that incorporate social and societal factors;
- **make** our products and services **accessible** to as many people as possible (accessible to economically vulnerable populations; accessible to people with disabilities);
- **establish responsible relationships** with suppliers and subcontractors (payment terms; mutual dependence);
- **build** a dialogue with stakeholders (customers; consumer associations; NGOs; local authorities and others);
- **ethical conduct** in business and operations: (fight against money laundering; transaction monitoring; employees' personal data; prevention of corruption, anti-competitive practices, fraud, conflicts of interest, market abuse).

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

- **recognition:** pride of place to the employee, enabling him or her to advance;
- **equality**: as regards origin, age, gender and integration of people with disabilities;
- **safety**: assurance that employees perform their duties in compliance with the laws and standards in force and in complete safety;
- **participation:** social dialogue and encouraging a participatory approach with its employees;
- **equity**: taking measures to ensure gender equality in the workplace, particularly in terms of pay;
- **coherence**: overall social policy ensuring that the actions undertaken are perfectly consistent with the Group's image;
- **territory**: Amundi promotes existing social sponsorship actions (Radio France, Bondy, Action Against Hunger) and supports actions and new partnerships developed by employees (Rainbow Bridge Foundation; "Water for the Sahel").

Finally, the environmental pillar embodied by the **DEMETER** approach which comprises six commitments to conserve the environment:

- **develop a "green" offer**, whether in terms of investment, financing, credit, insurance or savings;

- **promote "green" innovation** in our industrial production (integrating ecodesign in production processes);
- **limit** our direct environmental footprint and **preserve** nature (energy, paper, waste, transport, biodiversity and water);
- **build a dialogue** with stakeholders on environmental issues;
- **take into account** environmental factors in purchasing processes (selecting and supporting suppliers based on environmental issues);
- **formalise** policies/procedures that incorporate environmental factors (across businesses).

In addition, the desire to promote the companies in which our funds invest is also reflected in an active engagement policy at Amundi which is organised into three main areas:

- engagement for influence, on specific topics to help companies towards best practices. Since 2013, the "voting and engagement" team has been particularly active in seven areas: living wage in the textile and food industries; respect for human rights in the oil and mining sectors; combating food waste in the agri-food sector; responsible policy influencing practices in the pharmaceutical and automotive industries; conflict minerals; the environmental impact of coal in the electricity generation sector; and child labour in the cocoa and tobacco industries;

- ongoing engagement, through regular interviews with companies to improve their ESG rating;

- voting at general meetings and shareholder dialogue to promote our expectations as a responsible investor with the companies in which we invest.

This work is the subject of an engagement report published annually and available at www.amundi.com.

In keeping with its constant efforts to improve its practices, Amundi supports and is involved in a large number of international initiatives.

RI Initiatives

- PRI - Principles For Responsible Investment
- Finance for Tomorrow
- The Embankment Project for Inclusive Capitalism
- ICMA - International Capital Market Association
- Swiss Sustainable Finance Association
- OCDE - Trust in Business Network (TriBuNe)
- AFME - Association for Financial Markets in Europe
- Invest Europe
- Pensions For Purpose
- EFAMA - European Fund and Asset Management Association
- AMF - Financial Markets Authority
- AFG - French Asset Management Association
- FIR - French Sustainable Investment Forum
- ORSE - Corporate Social Responsibility Observatory
- Medici Committee
- Institut Montaigne
- St. Gallen Symposium
- Louis Bachelier Institute
- Positive Economy Institute
- Institut de l'Entreprise
- Institute for Responsible Capitalism
- Chair "Sustainable Finance and Responsible Investment"
- C3D - College of Sustainable Development Directors
- Les Rencontres Economiques d'Aix – Circle of Economists

Environmental Initiatives

- TCFD - Task Force on Climate-related Financial Disclosures
- IIGCC - Institutional Investors Group on Climate Change
- CDP - Carbon Disclosure Project
- PDC - Portfolio Decarbonization Coalition
- GBP - Green Bonds Principles
- Montreal Carbon Pledge
- One Planet Sovereign Wealth Fund Asset Manager
- Finance Lab of the French Ecological and Inclusive Ministry
- Climate Bonds Initiative
- Climate Action 100+
- The Japan TCFD Consortium
- FAIRR - Farm Animal Investment Risk & Return
- Act4nature
- EPE - Entreprises pour l'Environnement

Social Initiatives

- Finansol
- Platform Living Wage Financials
- SBP - Social Bond Principles
- PRI Human Rights Engagement
- Access to Medicine Index
- Access to Nutrition Index
- Clinical Trials Transparency
- RAFI - Human Rights Reporting and Assurance Frameworks Initiative

Governance Initiatives

- ICGN - International Corporate Governance network

Amundi also supports academic research on sustainable finance through two Chairs.

Chaire Finance Durable et Investissement Responsable

- The "***Sustainable Finance and Responsible Investment***" academic chair created in 2007, sponsored by the French Asset Management Association (AFG) and overseen by Ecole Polytechnique and the Toulouse Institute of Industrial Economics (IDEI).

Dauphine Chaire Economie du Climat

- The "***Climate Economy***" Chair, an initiative of CDC Climat and Paris-Dauphine University under the aegis of the Europlace Institute of Finance Foundation. Amundi supports its "Carbon Prices and Markets" research initiative.

As part of its **strategic ambitions for 2018-2020**, Amundi aims to pursue its social engagement policy, which represents one of its founding pillars. This will be pursued along three main paths: integrating ESG criteria into all its investment policies; strengthening its solidarity-based investment policy and pursuing its policy of engagement and initiatives related to climate change.

These ambitions were strengthened by Amundi's three-year action plan announced at the end of 2018 for the 2018-2021 period. The aim is to make it a 100% ESG player in rating, management and voting. This action plan substantially expands the scope of Amundi's commitments. This involves implementing various actions listed below:

- integrating ESG analysis into the management of all the Group's funds;
- in this context, all actively managed funds must present a better ESG performance than their benchmark indices or investment universe;
- developing specific advisory activities for institutional customers to support them in their ESG strategy;
- specific initiatives favouring investment in projects with an environmental or social impact will be doubled, from €10 billion to €20 billion;
- investments in the social and solidarity economy will be raised from €200 million to €500 million.

act4nature Les entreprises pour la biodiversité

In July 2018, Amundi also committed to the ***Act4nature*** initiative to mobilise economic players for the preservation of biodiversity. It brings together 65 companies that have made collective and individual commitments to integrate biodiversity into their global development strategies and help achieve the biodiversity objectives set by the international community.

Lastly, to strengthen its initiatives linked to climate change, Amundi calculates the carbon impact of its funds thanks to the expertise of Trucost[3], world leader in environmental research and the provision of carbon data. This makes it possible to meet the requirements of Article 173 of the Energy Transition Act of 17 August 2015[4] on taking account of CO_2 emissions linked to assets under management and to develop innovative strategies to reduce the investment portfolios' carbon footprint.

3 Trucost website: https://www.trucost.com/

4 Law no. 2015-992 of 17 August 2015 on the energy transition for green growth

As part of its constant endeavours in terms of transparency, Amundi can thus provide its clients with carbon reporting comprising the following indicators:

- the coverage rate of the rated data;
- carbon emissions per million euros invested;
- carbon emissions per million euros of turnover;
- breakdown of carbon emissions by sector (in %);
- geographical breakdown of carbon emissions (in %);
- carbon reserves per million euros invested.

A methodology for measuring the carbon footprint of States has been developed in-house and was deployed in 2018.

2. Amundi's ESG Analysis Process

Amundi's investment teams take account of environmental, social and governance issues in their analyses and decisions. The analysis of these ESG criteria enables us to rate issuers on a scale of A to G (A being the best rating) in accordance with a formalised, transparent and traceable process developed and managed by Amundi's analysis team. A reference base was created for these ratings, consisting of 36 criteria: 21 generic criteria applied to all ratings and 15 sector-specific criteria (adopted in light of the laws and directives in force and texts with a universal scope). These various criteria are then weighted in accordance with sector-related considerations.

More than 8,000 corporate issuers are rigorously rated on all ESG criteria using internal software parametrised on the basis of a qualitative analysis. To validate this assessment, ESG analysts systematically check the consistency of the information from the databases provided by the rating agencies by collecting information directly from companies and their stakeholders, with whom they meet regularly.

This approach, which complements financial analysis, makes it possible to assess risks (operational, regulatory, reputational, etc.) for the benefit of investors, in the more general context of our quest to optimise the Performance, Risk and Liquidity balance.

G-rated issuers are excluded from the entire Amundi investment fund universe (unless there are specific constraints), based on three 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 that seriously and repeatedly violate the Principles of the Global Compact signed by good corporate citizens; and 3) companies involved in depleted uranium, those that generate 25% or more of their revenues from coal mining or extract 100 million metric tons or more of coal per year and companies that generate more than 10% of their revenues from tobacco.

3. ESG policy of Private Debt funds

I. General principles common to all areas of private debt expertise

Taking ESG criteria into account has been an integral part of the private debt investment process since 2014, from the investment selection phase through to the maturity of the loans and bonds**.** This is a best efforts ESG policy. The general principles common to all the areas of expertise are presented below. Additional principles and processes may be specified by each expert area depending on their strategy. These additional principles are set out in a second section below.

A) Application of an investment exclusion policy

The specialist Private Debt teams apply an exclusion policy to their investments in line with that of Amundi.

As described in part 2, Amundi excludes the following activities:

- Any direct investment in companies involved in the manufacture, sale, storage or services of anti-personnel mines or cluster munitions, in accordance with the Ottawa and Oslo conventions;

- Companies producing, storing or marketing chemical weapons, biological weapons and depleted uranium weapons;

- Companies that seriously and repeatedly breach one or more of the 10 principles of the Global Compact.

Amundi also applies sector restrictions specific to controversial industries: coal and tobacco.

The exclusion policy thus applies in the following two cases:

a) For issuers with an existing Amundi ESG rating
G-rated issuers are excluded from investments

b) For issuers with no Amundi ESG rating:
The Private Debt management team completes a binary questionnaire which is systematically discussed in the next investment committee meeting.

Exclusion policy			
	Questions	Yes	No
1	Is the company directly or indirectly linked to any of these countries: North Korea, Iran, Somalia or Syria?		
2	Is the company involved in the manufacture, sale or storage of or services for anti-personnel mines or cluster munitions in accordance with the Ottawa and Oslo conventions?		
2bis	Is the company involved in the production, storage, or trading of chemical, biological or depleted uranium weapons?		
3	Does the company derive 25% or more of its revenues from coal mining? (or, following a qualitative and prospective analysis, does the company produce more than 100 million metric tons of coal per year?)		
3bis	The company derives less than 25% of its revenues from coal mining, but is the sum of its revenues from coal mining and coal-fired electricity generation - equal to or more than 50% of its total revenues? - or between 25% and 50% with no intention of reducing the percentage of revenue derived from these activities?		

4	Does the company derive 10 or more of its revenues from tobacco? (This concerns companies that are suppliers, producers and distributors of tobacco-related products)		
5	Is the company facing, or has it faced, major and/or repeated controversies? - Environmental: industrial accidents, conflicts with local residents, other - Social: employee disputes, restructuring, death, serious injuries, other - Governance: corruption, investigation or significant conviction of the company or any of its executives		

In the event of an affirmative response to any of questions 1 to 3a, the company must be excluded from the Private Debt investment scope. Points 4 and 5 are assessed by the management team and the ESG team and submitted to the investment committee for approval.

If the committee is in favour of continuing the investment study, ESG due diligence will be launched (either internally or externally).

B) *Systematic validation of the ESG issues involved in the investment*

In addition to the exclusion policy applied as a first filter to any opportunity received, each opportunity presented to the investment committee is subject to due diligence on the risks identified at ESG level. This due diligence is an integral part of the analysis criteria and helps to clarify the credit analysis, which is carried out in parallel. It is a way for investors to protect themselves against long-term risks, whether financial, regulatory, operational or reputational, and to fully exercise their responsibility.

ESG due diligence is carried out by each expert area, in collaboration with Amundi's ESG teams, and may include, depending on the issuer: sending of questionnaires, discussions with the company's management or reviews of sector studies by non-financial rating agencies

The analysis document presented for approval to the investment committee highlights the ESG points for attention if necessary.

C) *Monitoring of ESG-related divergences and post-investment corrective measures*

As part of the portfolio monitoring, the recent performance of each issuer in which the private debt funds have invested is reviewed at least once a year. In the event of any improvement or deterioration in ESG performance, the investment team brings this to the attention of the investment committee in order to inform the assessment of overall performance. In the event of a deterioration of an ESG aspect (e.g. emergence of a controversy), that is contrary to Amundi's exclusion policy or that is likely to have an adverse impact on credit, the committee may validate, at its discretion, corrective measures aimed at protecting investors' capital and their reputation.

Corrective measures may take the form of a demand for repayment (in accordance with documentation clauses relating to controversies in particular), a disposal on the secondary market where a liquid asset is involved, or stricter monitoring of the borrower. The regular dialogue established with borrowers can generally allow teams to anticipate issues and react quickly.

Lastly, the Private Debt experts undertake to report to customers on recent ESG performance, which is sent to investors annually. This report can be commented on upon request.

II. Corporate Private Debt

The ESG analysis process takes place in three stages incorporating the common principles and specific features described below:

Summary of ESG methodology in Corporate Private Debt:

	The issuer has an ESG rating	The issuer has no ESG rating
Upon investment **Objective:** to establish an ESG GO/NO GO by assessing the issuer's ESG risk profile and its management of specific ESG issues	• <u>Automatic</u> eligibility of issuers rated A, B, C or D • Go/No-Go required for ESG analysis of issuers rated E or F • Exclusion of Gs	• Exclusion policy applied • Due Diligence: Files classified by colour code ✔ "green": the issuer has a mature CSR policy ✔ "orange": the issuer has a weak CSR policy but without controversies, or is starting/consolidating its CSR policy ✔ "red": major risk, ESG veto • Presentation of conclusions to investment committee meetings.
Annual monitoring / engagement **Objective:** To help companies in their efforts to improve their ESG performance	• Monitoring trends in the ESG rating • Principles of dialogue with issuers • Classification of trend: negative, neutral, positive	• Commitment to provide information on ESG aspects in legal documentation • Annual ESG performance review (included in the financial review or independent) • Classification of trend: negative, neutral, positive, <u>no information</u>
	• Annual ESG reporting to customers	

A) *ESG due diligence before the investment decision*

ESG due diligence is carried out by the ESG team in close collaboration with the private debt team: After the first exclusion filter, two cases arise:

<u>a) With regard to issuers that already have an Amundi ESG rating</u>
- Eligibility is automatic for issuers rated A, B, C or D
- a Go/No Go is required for ESG analysis of issuers rated E or F

<u>b) For issuers with no Amundi ESG rating:</u>
ESG due diligence is carried out on the basis of the following considerations

Stakes	Examples of policies or indicators taken into account
CSR management	Formal aspects of the approach, ISO 26000 certification, adherence to initiatives (sectoral or global, Global Compact), resources, HR organisation, reporting, CSR assessment by an independent third party, concrete measures, etc.
Governance	Diversity of governance bodies, independence of the board, employee shareholding, ethical and anti-corruption system, concrete measures, etc.
Employees	Health and safety, human capital, social relations, gender pay equality, value sharing (incentive schemes), certifications, concrete measures, etc.
Customers	Quality certification, indicators, measurement of customer satisfaction, personal data, product traceability, concrete measures, etc.
Suppliers and subcontractors	Identification of risks (raw materials, countries), formalisation of a responsible purchasing policy, CSR clauses in supplier contracts, etc.
Protection of natural resources	Water, waste, pollution, certifications, circular economy, recycling, quantitative objectives, measure indicators, concrete measures, etc.
Climate - energy transition	Energy consumption, greenhouse gas emissions, carbon audit, energy audit, concrete measures, etc.

ESG due diligence is carried out from various sources:
-elements of the analysis of the private debt team
-public information
-possibly ESG due diligence audits carried out by a third party

-an ESG questionnaire drawn up by Amundi's ESG team. The current template for this questionnaire is detailed in the appendix.
- exchanges with the company's management (or the person in charge of CSR policy if there is one)

The conclusions of the due diligence are summarised in a sheet according to a colour code (green-orange-red) in order to:
-Identify exposure to risks
-assess the issuer's management of these risks
-identify the issuer's potential room for improvement, which may therefore be monitored annually through engagement
An example summary sheet is presented in the appendix.

The ESG analysis team reserves the right to block a deal (red colour code) if the company shows inappropriate ESG practices, even if the financial analysis deems the level of risk acceptable
The ESG analysis sheet is included in the document presented to the investment committee by the Private Debt management team for final validation.
The ESG team also has a permanent seat on the Corporate Private Debt investment committee.

The results of the analysis may also contribute to the identification, in cooperation with the managers of the company, of key performance indicators for calibrating the progress to be made by the company over the life of the investment.

B) Implementing the ESG dialogue framework

If there is no existing ESG rating in the Amundi database, during the negotiation phase of the legal credit documentation the Private Debt team will ask for an ESG information commitment clause to be added to the credit document (for example meetings at least once a year, CSR reporting, and monitoring and improvement of ESG criteria). The purpose of this clause is to ensure regular (at least annual) discussions between the Amundi teams and the company in order to improve its ESG performance and annual monitoring.

To facilitate dialogue during the life of the loan, the ESG analyst and the investment team identify several key monitoring indicators among those in the investment questionnaire and communicate them to the borrower after the investment. These criteria can be discussed during an exchange with the person responsible for sustainable development and/or the persons best placed to answer ESG questions (operational, HR, etc.). These indicators will be reviewed each year in addition to more qualitative elements.

The Corporate Private Debt also engages actively with regard to ESG: the team develops and promotes sustainability-linked mechanisms in which the remuneration of investments may vary depending on the extent to which ESG indicators are achieved. These mechanisms, while limiting the change in compensation (+/- 5-20 bps generally) for investors, encourage the issuer to improve and communicate on its ESG performance during the life of the loan.

C) Post-investment monitoring

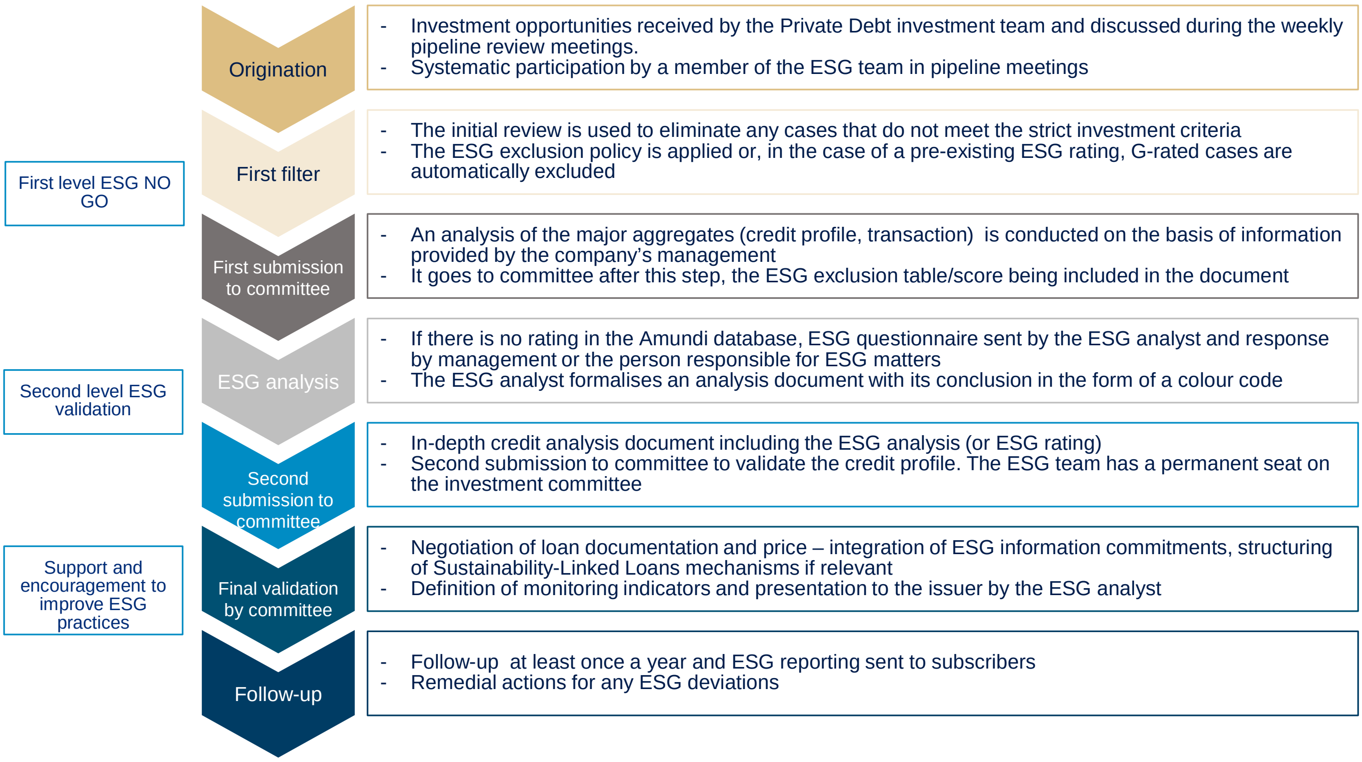
Post-investment monitoring differs depending on whether or not there is an existing Amundi ESG rating
If already rated:
- the principles of dialogue with issuers are applied
    - engagement for influence
    - engagement for rating
    - engagement by voting
- progress is monitored through changes in the ESG rating

If there is no rating:
- the ESG team carries out an annual review of ESG performance, in accordance with indicators established beforehand with the issuer, and in connection with the ESG disclosure obligations defined in the loan documentation
- Dialogue with the issuer is included in the annual financial review and is based on the performance indicators identified during ESG due diligence
- Progress is monitored through
    - dialogue with issuers; or
    - public information.

The corrective measures in the event of deviation from an ESG issue that is concerned by the exclusion policy or that has an adverse impact on credit are described in 3.1.C.

In both cases, annual ESG reporting is carried out in order to report on the concrete progress made by each portfolio company on ESG issues identified during the investment or on new issues that subsequently emerged.

The process for integrating ESG into the investment process is detailed below:



III. Real Estate Private Debt

A) ESG due diligence before the investment decision

The ESG due diligence carried out on any investment opportunity is three-dimensional, incorporating: (i) an analysis of the underlying property (individual property or portfolio of properties), (ii) an analysis of the tenant(s) (when relevant, depending on the granularity of the rental exposure) and (iii) an analysis of the equity sponsor. These three additional analyses enable us to obtain a 360° view of the main factors (environmental, social and governance) for measuring the sustainability and ethical impact of a real estate debt.
In accordance with the Ottawa and Oslo conventions and its ESG policy, Amundi Real Estate Private Debt applies a policy of excluding certain investments based on this analysis.

a. Due diligence on the underlying property

Due diligence on underlying properties benefits from in-house know-how based on the integration of **environmental and social (E&S) criteria** in accordance with Amundi Real Estate's ESG charter, through a "proprietary" model developed in partnership with Sinteo**.**

To carry out these due diligence audits, the analyses are based on:

- Analysis by the ESG teams based on technical expertise (real estate audit carried out by the notary, statement of energy consumption, technical reports) provided as part of the acquisition data rooms and/or;
- Based on a questionnaire of around fifty items, prepared by Amundi Real Estate and Sinteo. The questionnaire, which covers both quantitative and qualitative aspects, is used to define KPIs and thus establish a rating; and/or
- An exchange with the sponsor concerning its best practices regarding the use of the underlying property

The conclusions of these due diligence audits are summarised in an Energy Map (EM) covering environmental (E) and social (S) aspects (see template in the appendix). This is divided into three categories:

1. **Environmental and Social performance of the underlying property:**

Measurement of this performance relies largely on the BREEAM In-Use part 1 international benchmark, which is based on eight criteria and 70 questions to determine an energy rating on a scale ranging from A to G.
Pursuant to the Amundi exclusion policy, underlying properties rated F or G are excluded from investments.
The eight criteria used to determine the intrinsic quality of the underlying property are the following:

1. Health/Well-being
2. Energy.
3. Transport
4. Water
5. Sustainability of equipment
6. Waste
7. Land use and ecology
8. Pollution

2. **Carbon performance:**

This analysis measures two impacts: (i) occupant's use of the underlying property and (ii) the improvement trajectory of the carbon footprint. It is based on a methodology adopted worldwide, the "Science Based Target", which incorporates the directives implemented in the Paris Agreement by the EU's Energy Performance of Buildings Directive (Tertiary Decree and 2°C Trajectory).

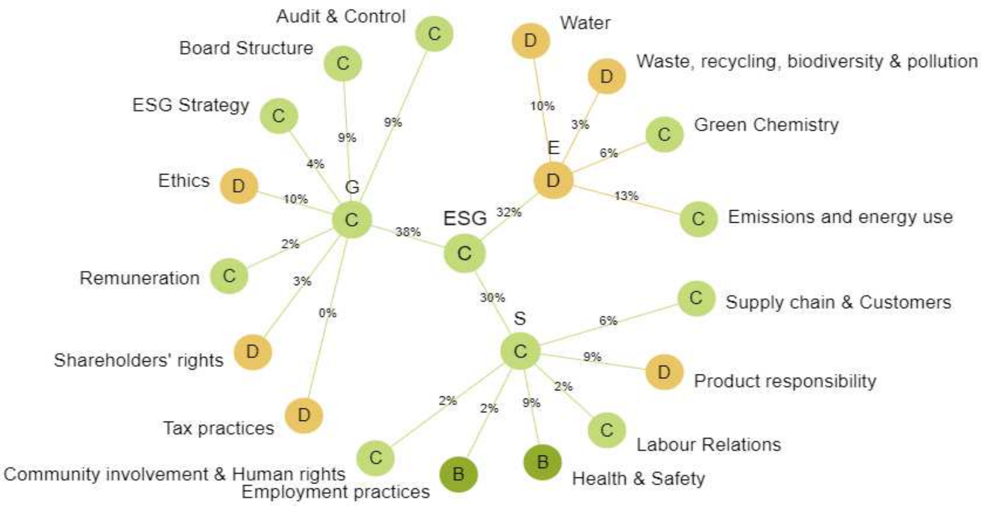
3. **Physical risks linked to climate change:**

The assessment of physical risks linked to climate change requires knowledge of the asset's geographical area and its exposure to potential climate hazards (floods, earthquakes, etc.). This category classifies the asset according to its degree of exposure and its ability to deal with these climatic hazards.

b. Due diligence on the equity sponsor & the tenant(s)

Due diligence on the equity sponsor and possible due diligence on the tenants are handled by Amundi's central ESG team, in close collaboration with the investment team. These due diligence checks include an analysis of the **Governance criteria (G)**, linked to the classification of the equity sponsor and carried out directly with it (and/or the partner bank), relating in particular to shareholder agreements, avoidance of conflicts of interest, etc.
With regard to the tenant(s), a discretionary assessment is made of the need for an ESG classification of one or more tenants based on their relative weight in the total rental income generated by the underlying property.
At both levels, a go/no-go study is carried out, in two stages:

1. First filter: compliance with the exclusion policy in line with that of Amundi concerning (i) the business sector and (ii) the list of companies to be excluded
2. Second filter: depending on whether or not the issuer already has an Amundi ESG rating
    a. **If the equity sponsor or the targeted tenant has an Amundi ESG rating:** automatic eligibility for ratings A, B, C and D (example below)



b. **If the equity sponsor or the targeted tenant does not have an Amundi ESG rating:** due diligence is carried out using the methodology applied in conjunction with the Corporate Private Debt team

B) Post-investment monitoring

At the investment negotiation stage, the investment team makes every effort to obtain from the counterparty (equity sponsor) a commitment to hold at least annual meetings in order to follow up proactively over time.
ESG ratings are reviewed at least once a year to report on the progress made by the equity sponsor and/or the tenants of the underlying property. This progress can be achieved in several ways, in particular:

1- Direct/physical improvement of the underlying property: work carried out (improvement of ventilation systems, improvement of depollution systems, creation of a green space, etc.). The results of this work are entered directly into the annual questionnaire used to measure **Environmental and Social Performance (see I.1)**
2- Better management of the use of the underlying property, reflected by compliance with the 2°C trajectory, efforts on the **carbon footprint (see I.2)**

The Energy Map, updated at least annually, is shared with investors who have entrusted the management of their investment in real estate debt to Amundi (open-ended funds or dedicated mandates).
The due diligence carried out on the equity sponsor and/or the tenants is also reviewed (i) following an update of the Amundi rating by the ESG teams or (ii) in the case of an equity sponsor and/or a tenant with no Amundi ESG rating, by an update of the analysis carried out in accordance with the methodology applied in conjunction with the Corporate Private Debt team.

IV. Leveraged loans

A) ESG due diligence before the investment decision

Leveraged loans portfolios consist of loans acquired at the time of new issues and also through purchases on the secondary market.

When looking for opportunities or in response to invitations to participate in new transactions, the team integrates ESG criteria into the due diligence phase and, from this phase on, uses its best efforts to apply Amundi's ESG exclusion policy.

B) Post-investment monitoring

If regular portfolio monitoring reveals that one or more ESG criteria have evolved negatively so as no longer to comply with Amundi's exclusion policy or to have an adverse impact on credit, the investment team will make its best efforts to sell this loan on the secondary market.

V. Summary table

	Upon investment	Follow-up	Commitment to provide information to subscribers
Common principles	- Exclusion policy in line with Amundi policy - Incorporation of ESG criteria in any due diligence	- Systematic, at least annually - Material deviation at ESG level leading to corrective action at investment committee's discretion	
Corporate private debt	If already holding an Amundi ESG rating: - ESG rating is taken into account In the absence of an Amundi ESG rating: - ESG due diligence formalised in investment committee - Colour code expressing the opinion of the ESG team - Active approach to promoting sustainability-linked loans/impact debt	If already ESG rated by Amundi: - regular monitoring and good access to information In the absence of an Amundi ESG rating: - Information commitment in credit documentation for monitoring - Identification of KPIS to be monitored at the same time as the investment and discussion with the borrower - Discussion at least once a year	- Annual ESG reporting
Real estate private debt	- ESG DD on the underlying property through Amundi real estate's "owner" model (in partnership with sinteo) - ESG DD on borrower and tenant(s)	- Commitment to meet at least once a year	- Updated energy map
Leveraged loans		- Corrective action sought in the event of ESG deviation: best efforts to sell the relevant debt on the secondary market	- Clarification in the management comments in the quarterly reports in the event of a significant negative change

VI. Appendices

a) Example of ESG due diligence summary sheet - Corporate Private Debt

ESG due diligence on the company 11/02/2020

	Exposure	Management	Room for improvement
Management CSR	Distribution of medical equipment and products X employees TURNOVER 2020 €Xm 100% of revenues in country 1 and country 2	▶ The CSR charter is minimalist, but was signed by the CEO in 2017 ▲ ISO 14001 certification ▶ No dedicated sharing, but CSR is driven by HR (and compliance for the ethical part) ▲ CSR topics are addressed at least once a year in BoD/SB	
Corporate governance	Acquisitions of small distributors in different product ranges: 2/3 of growth over the past three years comes from M&A: between 2016 and 2019 the company acquired X companies	▲ x% of independent board members (2/6) ▶ x% female (1 woman) ▶ x% women on the Executive Committee ▶ Ethical code implemented in 2019 ▲ Annual ethics training programme ▶ Shareholder X (72% of the capital) has been a signatory to the PRI since 2016 ▶ Management owns 12% of the company and will reinvest in the transaction	KPIs on the ethics code training follow-up
Employees	X employees In country 1 and country 2 Mainly sales and marketing **Business ethics**	▲ Annual employee interviews ▶ Existence of a public HR policy ▲ permanent contracts 96.77% ▲ Accident frequency rate <2% ▶ Absenteeism rate < 5%	Questions to ask: are salespeople's bonuses individual and volume-based? Or collective? And based on other criteria?
Customers	90% of revenues in country 1, 8% in country 2 and 2% via an online platform. BU: cardiovascular surgery, orthopaedic surgery, in vitro & oncology, operations, laboratories, nephrology, diagnostics & treatments, Abex (JV with company J)	▲ ISO 9001 certification ▲ Completion of customer satisfaction survey ▲ The customer portfolio is well diversified with 10% of customers generating 20% of revenues, none representing more than 2.2% of the group's total revenues. The top 10 customers are public hospitals ▲ Very extensive distribution network, covering the entire market (70% public and 30% private) ▲ The company is a leading player in country 1, with excellent service performance, fast response times and product availability.	
Suppliers Subcontractors	Over 500 OEMs, with products such as heart valves (biological and mechanical), prostheses (hip, shoulder and knee joints), stents, etc. **From May 2020, all medical devices marketed in Europe must comply with the Medical Device Regulation (MDR).**	▲ The company declares that it includes environmental and social clauses in its supplier contracts ▲ The company has long-standing relationships with its main OEMs (and end customers.) (Firm Z has a 20-year business relationship with firm) ▶ the top 10 suppliers = 42% of sales in 2018 vs 47% in 2016 ▲ supplier diversity is an advantage in terms of independence ▼ but also a risk in terms of monitoring compliance with the EU MDR	Does the company monitor compliance by its suppliers with the new EU Medical Devices Regulation?
Resources	Low sector exposure	▼ Simple monitoring of water consumption	Are KPIs available? (The company is ISO 14001 certified)
Climate & ET		▼ The company states that it simply periodically reviews the energy consumption of warehouses and offices	
	CHALLENGES: Two sector-specific issues and one company-specific issue: 1) business ethics and 2) regulatory risk related to suppliers' compliance with the new European regulation on medical devices. 3) CSR management due to numerous acquisitions (eight since 2016 and two still to come). **MANAGEMENT**: The company has many strong points: ISO 9001 and ISO 14001 certification, a minimalist CSR card but supported by the CEO, an ethics code that is the subject of an annual training programme, solid HR management, conducting customer satisfaction surveys, and the inclusion of E&S clauses in supplier contracts. **PROPOSED ANNUAL MONITORING**: monitoring indicators for 1) training on the code of ethics, 2) supplier compliance with the new EU Medical Devices Regulation + Two questions to ask 1) on the remuneration method for sales staff (individual bonuses based on volume? Or collective bonuses? With consideration of other criteria? 2) on environmental KPIs, even if the issue is not very material. The company says it is ISO 14001 certified, but there is no information on environmental issues.		

b) Example of Energy Map – Real Estate Private Debt

ENERGYMAP

Assessment of resilience to climate change and environmental and social performance

Year 2020

Amundi

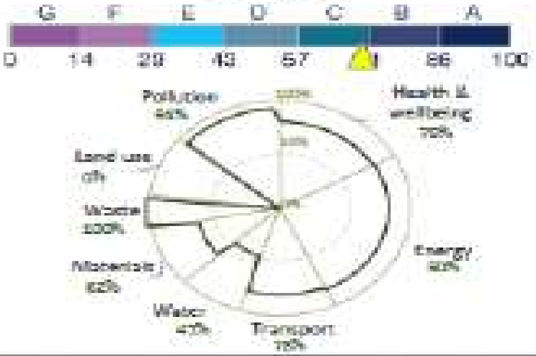
Sinteo

Characteristics of the site	
Funds	
Mode of detention	Debt
Adress	
Construction	1988
Last refurbishment	2016
Certification	HQE Exploitation and BREEAM In Use (Part 1 : Good & Part 2 : V-G)
Gross leasing area	67 874 m²
Main activity	Office

Situation of the site

Environmental and social performance

70 / 100



The environmental and social performance is mainly based on the BREEAM In-Use Part 1 international referential. It values **the intrinsic performance of the building and installed equipment**, independently of the local energy mix (eg a Polish asset, where the energy mix is 30 times more carbon-intensive than in France, will not be discounted).

Resilience to climate change

	Energy ($kWh_{ef}/m^2.yr$)	Carbon ($kgCO_2eq/m^2.yr$)
Reference (2019)	179	8.1
Current performance (2019)	179	6.8
2050 objective	131	3.1
Progress (%)	[illegible]	[illegible]

The analysed performances take into account:
- uses of the building (common and/or private areas)
- the energy mix of each country of implantation (for energy-carbon conversion)

The energy and carbon performances are based on the 2019 Observatoire de l'Immobilier Durable (OID) sectorial ratios.

Physical risks related to climate change

The physical risks related to climate change result in chronic events (sea level rise and temperature) and exceptional events (heat waves, floods, storms) that can damage the building or its equipment.

Sea level rise	Floods due to heavy rains	Mean temperature level rise	Heatwave	Storm
Low	No	Low	Low	No

Due to its location, the asset does not face any significant risk.

Environmental and social indicators

Plenty of services are offered to the occupants inside and nearby the building (e.g. bars, restaurants, recreational center)

The asset has two certifications : HQE Exploitation and BREEAM In Use

Public transportation is located within walking distance (500m)

LEGAL NOTICES