

Confidence
must be earned

Amundi

Responsible Investment Charter

Amundi Private Equity Funds

09/09/2019

Private
Equity
Funds

Amundi

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Legal notices – Amundi Private Equity Funds

A limited company with a share capital of 12,394,096 euros – Portfolio management company approved by the AMF under number GP 99.015.

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Amundi is the identifying trademark of the Amundi group.

1. Amundi PEF, an engaged actor following in the footsteps of Amundi

Amundi, a publicly traded company, is a wholly owned subsidiary of Crédit Agricole. Its success depends on the competence of its 5,000 employees and market experts based in 37 countries. Created in 2010, Amundi is positioned as the largest European asset manager¹ and ranks in the top 10 worldwide² in terms of its assets under management.

Amundi aims to cement its status as an international leader in asset management by 2020. It will achieve this by leveraging three drivers of growth:

- The quality of the expertise and services offered to its customers;
- Its development and profitability dynamics;
- Its position as an engaged financial player.

Amundi has made societal engagement one of its fundamental pillars. This policy has three main focuses: universally integrating Environmental, Social, and Governance (ESG) criteria into its investment policies; reinforcing its solidarity investor policy³, and pursuing its engagement policy and its climate change initiatives.

To ensure that its stakeholders are taken into account, Amundi wanted to formulate three commitments:

- commitment to its customers: acting as a responsible financial player;
- commitment to its employees: placing individual and collective development at the heart of its responsibility as an employer;
- commitment to society and the world around it: acting as a citizen contributing to society, concerned about limiting its direct environmental footprint.

To implement its commitments and its approach to responsible finance, Amundi became a signatory to numerous national and international treaties:



United Nations Global Compact in 2003. This compact aims to introduce private players to non-financial reporting. Each year, adherents must demonstrate the effective implementation of 10 universal principles relating to human rights, labour standards, the environment, and the fight against corruption.

The **Principles for Responsible Investment (PRI)** in 2006 developed under the leadership of the United Nations. They take the form of a voluntary commitment that encourages investors to incorporate Environmental, Social, and Governance (ESG) issues.



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



¹ Market capitalisation as of 30/09/2018

² Source: IPE "Top 400 asset managers" published in June 2018 on the basis of assets under management as of December 2017

³ Definition: A financial intermediary whose activity consists in investing in solidarity activities, i.e. either activities of social utility or projects led by individuals excluded from the banking system (source: Finansol).



The Charter for Parenthood in the Workplace in 2015 developed by a group of private players. Its aim is to involve companies in the issue of parenthood. These companies make a commitment to provide an environment better suited to family responsibilities and favourable to their employees who are parents, especially pregnant women. They also pledge not to discriminate against these employees in their professional development.

Amundi affirms its commitment to responsible finance and has been developing a policy of responsible investment and engaged management for several years. Amundi aims for a significant increase in its assets meeting these criteria. In keeping with this approach, a team of ESG analysts, who are all members of a dedicated responsible investment department, develops proven methods in assessing the consideration of sustainable development issues in companies, funds, and processes.

Amundi obtained AFNOR certification of its SRI approach in 2013. This certification, issued by a recognised independent body, guarantees the quality and transparency of SRI approaches through seven service commitments. In addition, Amundi offers several Finansol-certified solidarity funds and several funds certified “Label ISR” by the French government.

Amundi also feels that it has a duty to set an example and has therefore implemented a global approach to continuous improvement of the Group’s Corporate Social Responsibility actions deployed for its own account around three CSR standards that identify areas for improvement in terms of compliance, human resources, and the environment. A self-assessment of the progress of the projects undertaken is carried out each year, and a progress indicator is calculated at the Group level.

This approach is called **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 incorporates six commitments intended to bolster confidence:

- **protect** the interests of customers (transparency of information; customer relations; data protection – compliance with the 2018 European General Data Protection Regulation);
- **develop** offers and procedures that incorporate social and societal elements;
- **make** our products and services **accessible** to as many people as possible (accessibility for economically vulnerable populations; accessibility for people with disabilities);
- **establish responsible relationships** with suppliers and subcontractors (payment deadlines; mutual dependence);
- **foster** a dialogue with stakeholders (customers; consumer associations; NGOs; local and other authorities);
- **behave ethically** in business deals and operations: (anti-money laundering; monitoring of transactions; personal data of employees; prevention of corruption, anti-competitive practices, fraud, conflicts of interest, market abuse).

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 inclusion of persons with disabilities;
- **safety**: assurance that employees perform their duties in compliance with laws and standards in force and in complete safety;
- **participation**: employee dialogue and a participatory approach favoured with employees;
- **equality**: measures taken to ensure gender equality in the workplace, including equal pay;
- **consistency**: an overall social policy that 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”).

Lastly, 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 into production processes);
- **manage** our direct environmental footprint and **preserve** nature (energy, paper, waste, transport, biodiversity, and water);
- **foster a dialogue** with stakeholders about environmental issues;
- **consider** environmental factors in purchasing processes (selecting and supporting suppliers based on environmental issues);
- **formalise** policies/procedures that incorporate environmental factors (in all activities).

In addition, the desire to promote the growth of the companies in which our funds invest is also reflected in a policy of active engagement at Amundi based on three main focuses:

- engagement for influence on specific topics to support companies as they move towards best practices. Since 2013, the “voting and engagement” team has been especially active on seven topics: a living wage in the textile and food industries; respect for human rights in the oil and mining sectors; fighting food waste in the food processing sectors; responsible use of influence (pharmaceuticals, automobile); conflict minerals; the environmental impact of coal in the power generation sector; and child labour in the cacao and tobacco industries;

- ongoing engagement through regular meetings with companies to refine their ESG score;

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

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

In keeping with its desire for continuous improvement of its practices, Amundi supports and joins a large number of international initiatives.

Initiatives	Themes	Supported by Amundi since
<i>Institutional Investor Group on Climate change (IIGCC)</i>	Climate change	2003
<i>Carbon Disclosure Project (CDP)</i>	CO2 emissions, transparency of ESG data	2004
<i>Forest Footprint Disclosure Project (FFD)</i>	Deforestation	2009
<i>Water Disclosure Project</i>	Use of water resources	2010
<i>Access to Medicine Index</i>	Access to medicines	2010
<i>Access to Nutrition Index</i>	Access to nutrition	2013
<i>UN Global Compact Engagement on Leaders & Laggards</i>	ESG Reporting	2008
<i>Extractive Industries Transparency Initiative (EITI)</i>	Responsible natural resource management	2006
<i>Clinical Trials Transparency</i>	Clinical trials	2014
<i>Human Rights Reporting and Assurance Frameworks Initiatives (RAFI)</i>	Human rights	2014
<i>Portfolio Decarbonization Coalition</i>	Climate change	2014 (co-founder)
<i>Asia Corporate Governance Association (ACGA)</i>	Governance	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>	ESG Reporting	2015
<i>IGCC Letter to 77 EU companies on their positions and lobbying activities on EU Climate and Energy Policy</i>	Climate change	2015
<i>PRI Human Rights Engagement</i>	Human Rights – ESG Reporting	2015
<i>Paris Green Bonds Statement of the Climate Bonds Initiative</i>	Climate change	2015
<i>Montreal Carbon Pledge</i>	Climate change	2015
<i>Green Bonds Principles</i>	Climate change	2015
<i>Finance for tomorrow</i>	Sustainable finance	2017
<i>Workforce Disclosure Initiative Letter</i>	Working conditions – Corporate reporting	2017
<i>Climate 100+</i>	Climate change	2017

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 management association (AFG) and led by the Ecole Polytechnique and Institut d’Economie Industrielle (IDEI) of Toulouse.



- The **Climate Economics** chair, an initiative of CDC Climat and Université Paris-Dauphine under the authority of Institut Europlace de Finance Foundation. Amundi supports its research initiative “Prix et Marchés du Carbone”.

As part of its **2018–2020 strategic aims**, Amundi set a goal of pursuing its policy of societal engagement, which is one of its fundamental pillars. It will be pursued in three directions: universally integrating ESG criteria into its investment policies; strengthening its solidarity investor policy; and pursuing its engagement policy and its climate change initiatives.

These aims were reinforced by the Amundi three-year action plan announced in late 2018 for the 2018–2021 period. The goal is to make it a 100% ESG player in rating, management, and voting. This action plan gives new scope to Amundi’s commitments. This requires implementing the various actions listed below:

- the universal consideration of ESG analyses in the management of all Group funds;
- in connection with this, all actively managed funds will be required to offer ESG performance exceeding their benchmarks or reference universe;
- the development of specific advisory activities for institutional customers to support them in their ESG strategy;
- specific initiatives promoting 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 doubled from €200 million to €500 million.



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

Lastly, to strengthen its climate change initiatives, Amundi calculated the carbon impact of its funds thanks to the expertise of Trucost⁴, a world leader in environmental research and supplying carbon data. This makes it possible to comply with the provisions of Article 173 of the French energy transition law of 17 August 2015⁵ on the consideration of CO2 emissions related to assets under management. It also enables the development of innovative strategies to help reduce the carbon footprint of investment portfolios.

In the ongoing interest of transparency, Amundi can thus offer carbon reports including the following indicators to its customers:

- rate of coverage of scored data;
- carbon emissions per million euros invested;
- carbon emissions per million euros of turnover;
- sector breakdown of carbon emissions (%);
- geographic breakdown of carbon emissions (%);
- carbon reserves per million euros invested.

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

⁴Trucost's website: <https://www.trucost.com/>

⁵ French law no. 2015-992 of 17 August 2015 on the energy transition for green growth

2. 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 standard based on 36 criteria 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 systematically applicable texts). These various criteria are then weighted according to sector-specific issues.

More than 5,500 issuing companies are rigorously scored on all the ESG criteria with the help of internal software configured on the basis of a qualitative analysis. As such, in order to validate this assessment, the ESG analysts systematically verify the consistency of the information from the databases provided by the rating agencies by collecting information directly from companies and their stakeholders who are regularly met.

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

Issuers that receive a G rating are those that seriously and repeatedly violate the UN's Global Compact Principles and international conventions on human rights, work organisation, and the environment.

These issuers are excluded from Amundi's entire investment fund universe (excluding specific constraints). In addition, Amundi has a policy of excluding controversial issuers, especially those that generate more than 25% of their turnover in coal mining or tobacco industry players for SRI funds.

Issuers with a G rating are excluded from Amundi's entire investment fund universe (excluding specific constraints) according to three criteria: 1) companies involved in the manufacture, sale, stockpiling, and maintenance of controversial weapons prohibited by international conventions ratified by France (anti-personnel mines, cluster bombs, chemical and biological weapons); 2) companies that seriously and repeatedly violate the principles of the Global Compact signed by corporate citizens; and 3) companies involved in depleted uranium, those that earn 30% or more of their turnover from coal mining or that mine 100 millions or more tonnes of coal per year, and companies that earn more than 5% of their turnover from tobacco (for open-ended SRI funds).

3. Responsible Investment at Amundi Private Equity Funds – Direct Funds

I. Engagement of Amundi Private Equity Funds – Direct Funds

A) *Respect for the France Invest commitments*

As a member of France Invest, Amundi Private Equity Funds is a signatory to the Capital Investors Charter, whose commitments forge and guide their activity:

- Promote ambitious, controlled business development strategies;
- Ensure professional, reactive management so that the invested companies implement the best professional practices of their business sector;
- Ensure compliance with laws, conventions, rules, and rights by the invested companies;
- Promote dialogue between labour and management within the framework of and in respect of the role of the company's governance bodies with employee representatives when shareholding is opened up and at the time of sale;
- Promote the sharing of value creation by proposing the establishment of profit-sharing mechanisms accessible to as many employees as possible
- Develop transparency and, in particular, the measurement of the economic and social impact of private equity.

B) *SRI Charter of Amundi Private Equity Funds*

Amundi Private Equity Funds has decided to adopt a sustainable and responsible private equity approach. It applies the profession's best practices and makes its commitments public through its own charter, which defines and provides a strict framework for its investment policy:

- **Concretely integrate the SRI/ESG approach into its investment decisions and while holding its invested companies:**
 - Look beyond financial profitability to take environmental, social, and corporate governance policies into consideration in its investment decisions;
 - Continue to take ESG criteria into account as long as the investment is held, as a force for creating value.
- **Exercise its shareholder responsibility within the companies to:**
 - Ensure balanced growth between financial performance, economic performance, and social development while respecting the environment;
 - Encourage the companies to make progress in their ESG approach by identifying key issues;
 - Assist the companies in defining key performance indicators that can be monitored throughout the holding period

II. Amundi PEF's SRI/ESG Methodology

The private equity world is ruled by its own constraints, which differ from the world of investment in listed markets, for the following reasons in particular:

- the funds carry their investments for 3 to 7 years on average,

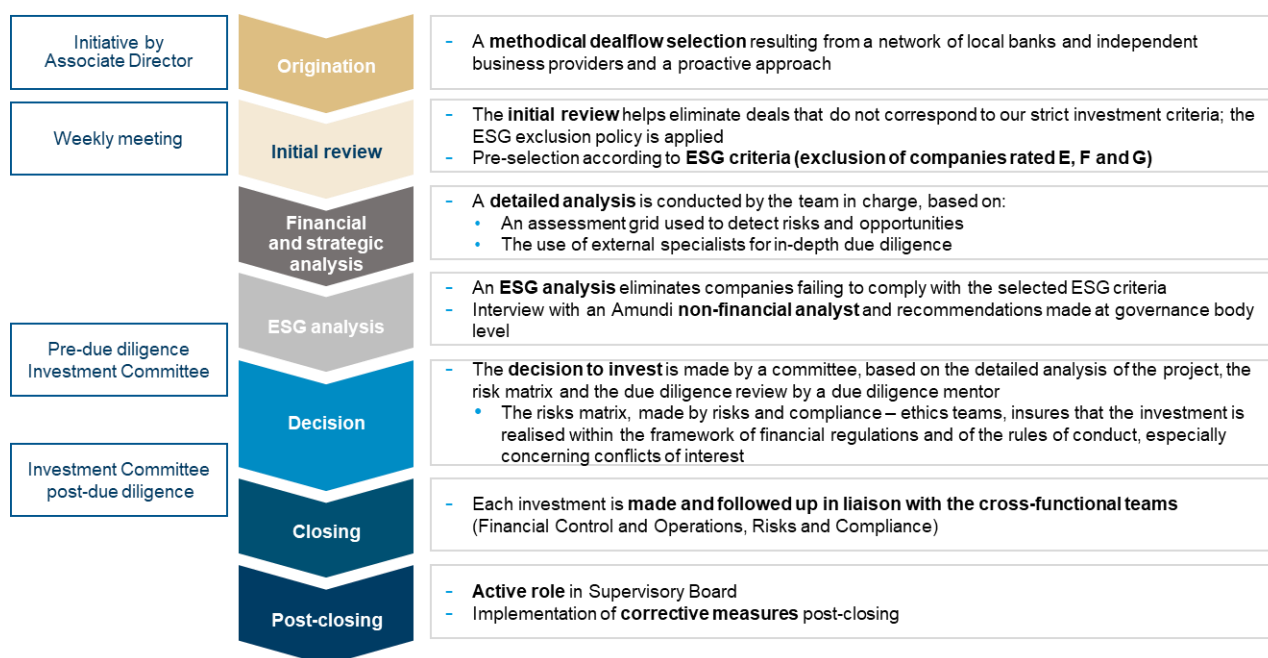
- the liquidity of investments is not immediate,
- the companies are small, and the information is mixed and not always available,
- there is no sectoral reference in terms of ESG, and the processing of data can only be absolute.

By incorporating all these constraints, **Amundi PEF, together conjunction with Amundi's team of ESG analysts**, has applied since 2013 an approach and methodology adapted to the world of SMEs/midcaps but in keeping with Amundi's methodology.

A – Amundi PEF's approach

Working with the Amundi's ESG analysts, Amundi PEF has integrated the ESG approach into its **investment process**. It is characterised by the systematic deployment, upstream and downstream of the investment decision, of an exclusion process, an ESG rating process, and a process to support SMEs/midcaps with regard to ESG issues over the entire holding period of the investment.

All potential investments for an SRI fund must comply with the exclusion policy and undergo the ESG due diligence processes conducted by Amundi's ESG analyst (or under the analyst's supervision if the due diligence is outsourced), who assigns an **ESG rating** prior to the investment.



A) Prior to the investment

A – For all the managed funds: application of an exclusion policy

Amundi PEF applies an exclusion policy on its investments consistent line with Amundi's exclusion policy.

Amundi thus excludes the following activities:

- Any direct investments in companies involved in production, trading, stockpiling, or services for anti-personnel mines and cluster bombs, in accordance with the Ottawa and Oslo conventions;
- Companies producing, stockpiling, or selling chemical, biological, or depleted uranium weapons;
- Companies that seriously and repeatedly violate one or more of the 10 principles of the Global Compact.

In addition, Amundi applies sectoral exclusions specific to controversial industries: coal and tobacco.

Amundi PEF's exclusion policy is based on a questionnaire of yes/no responses systematically included in the initial phase of the investment committee.

EXCLUSION POLICY			
	QUESTIONS	yes	no
1	Is the company directly or indirectly linked to one of these countries: North Korea, Iran, Somalia, Syria?		
2	Is the company involved in production, trading, stockpiling, or services for anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo conventions?		
2bis	Is the company involved in producing, trading, or stockpiling chemical, biological or depleted uranium weapons?		
3	Does 25% or more of the company's turnover come from coal mining? (or following a qualitative forward-looking analysis, does the company produce more than 100 million tonnes of coal per year?)		
3bis	The company generates less than 25% of its revenues from coal mining, but the sum of its revenues from coal mining and power production, obtained from coal <ul style="list-style-type: none"> - 50% or more of its total revenues - Or between 25% and 50% without intending to reduce the percentage of revenues from these activities? 		
4	- Is 10% or more of the company's turnover tied to tobacco? (this applies to 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? <ul style="list-style-type: none"> - Environmental: industrial accidents, conflicts with local residents, others - Social: conflicts with employees, restructuring, death, serious injuries, others - Governance: corruption, investigation, or significant conviction of the company or of one of its officers 		

If a company responds "yes" to a question in the above table, it must be excluded from Amundi PEF's scope of investment.

If the committee is in favour of continuing to consider the investment, the ESG due diligence processes will be launched (either internally or externally). Amundi PEF's SRI approach will be explained to the target company directly by the partner in charge of the investment and recalled either through a paragraph incorporated into the LOI or through a specific ESG clause included in the shareholder agreement.

B – For SRI funds: application of an enhanced ESG analysis resulting in an ESG score

The ESG due diligence processes can be performed internally or externally. In all cases, they result in an **ESG analysis summary**, an **ESG rating**, and the identification of **key performance indicators** (qualitative and quantitative) discussed with the company's management.

If the **ESG due diligence processes are carried out in-house**, Amundi PEF calls on Amundi's ESG analysis team to send an ESG questionnaire to the companies (see appendix 1). The ESG questionnaire covers the issues, steering, governance, working conditions, customers, suppliers, and the environment. The ESG Analyst and the Investment Director of Amundi PEF hold discussions with the company's leader or its boards and work with them to identify **key performance indicators** to benchmark the company's progress each year.

If the ESG due diligence processes are **performed externally**, Amundi's ESG analyst relies on their results to establish an ESG rating, the summary, and the identification of key indicators.

For SRI funds, the ESG analyst establishes an **ESG score**. The SRI team's rating methodology is based on what is used by Amundi for listed funds (36 generic criteria common to all sectors and 21 criteria specific to the issues of various sectors). For non-listed companies, the number of criteria is necessarily more limited due to the reduced availability of the necessary detailed information. The chosen criteria are analysed according to the specific characteristics of the company's sector.

To establish the rating, these specific criteria are equally weighted, and each is valued from 0/100 to 100/100 according to the following rating scale: non-existent management, weak management, moderate management, strong management and optimal management.

An overall score is then obtained by calculating the average of the scores obtained on each criterion: this overall score is expressed as a rating on a scale from 1 to 7 (1 being the lowest and 7 the highest). Only companies with an ESG rating of **4 or higher may be invested in SRI funds**.

For SRI funds, **the summary with the awarded rating** is incorporated into the pre-closing memo intended for the investment committee. It is adapted to each business sector of the company. Below is an example:

ESG analysis of Kardham		Visit on 25/04/2018, Cyrille Sinnassamy	
	Exposure	Management	
CSR Steering	<ul style="list-style-type: none"> 3 activities: 1/ Design/architecture development of professional spaces (+ integration of), 3/recent "green" offer 200 employees → 280 with CA: 45 → 60 with <p>→ Issues of a consolidated ESG policy</p>	<ul style="list-style-type: none"> Existence of a Sustainable Development Charter supported by the CEO Drafting of an initial CSR approach ISO 9001 and ISO 14001 certification policy <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> Appoint a person who would have cross-functional responsibility for ESG topics: the Quality Director? Structure a common ESG approach:
Ethics	<ul style="list-style-type: none"> Public and private procurement Key accounts: <p>→ GDPR issues</p>	<ul style="list-style-type: none"> Has access to the order mainly through competition Policy against fraud, money laundering, and anti-competitive practices <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> Implementing the GDPR
Employees: Working conditions	<ul style="list-style-type: none"> 280 employees with Profiles: consultants, architects, designers, engineers, works managers, sociologists <p>→ Issues:</p> <ul style="list-style-type: none"> Energised job market for and which explains the high employee turnover Integration of 	<ul style="list-style-type: none"> Job creation in the business plan 0% fixed-term contracts Annual performance appraisals with all employees Profit-sharing and incentive agreement for 0.01% of payroll devoted to training (explained by the significance of in-house training) but planned training budget of €200 to €300 K for 2018 60% women 20% turnover for (versus 0% for) <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> Implement a profit-sharing and incentive agreement for Consolidated HR indicators planned for the end of 2018 Develop geographic and functional mobility between and to reduce employee turnover
Customers: Product Quality	<ul style="list-style-type: none"> Customer portfolio of 650 key account oriented references: works interchangeably for private and public <p>→ Commercial issues</p>	<ul style="list-style-type: none"> is ISO 9001 certified since 2011 is ISO 9001 and ISO 14001 certified Since its creation, the Group has not lost any customers Customer satisfaction can also be seen in the speed of their payment due to the absence of reservations during the delivery of projects The agency has been entrusted with implementation for plants for assembly of <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> Within 2 years, certify ISO 9001
Suppliers Subcontractors	<ul style="list-style-type: none"> 700 projects managed per year <p>→ The main risk is that subcontractors' employees on construction sites are not declared</p>	<ul style="list-style-type: none"> verification of URSSAF data of subcontractors <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> If not already done; formalise a supplier/subcontractor code of conduct, control procedures and define social and environmental criteria for selecting them
Sustainable construction	<ul style="list-style-type: none"> Each year, studies, renovates, and builds more than one million m² of tertiary, commercial, industrial, and logistical spaces <p>→ A dynamic market driven by major workspace trends, including new technologies, recyclable or removable products, and mobile working</p>	<ul style="list-style-type: none"> To meet the demands of customers who are not in HQE buildings, implementation of a green offer that promotes sustainable housing through materials and solutions that limit energy consumption Participation in the Cigéo project of ANDRA (French deep geological disposal facility for radioactive waste), which generates R&D <p>MANAGEMENT: ABSENCE / START / CONSO / MATURITY / LEADERSHIP</p>	<ul style="list-style-type: none"> Implement indicators to monitor development on the part of the Green activity R&D expenditure
<p>4,1 / 7</p> <ul style="list-style-type: none"> On the various identified ESG criteria, is characterised by fairly equal management The certification policy (ISO 9001 and ISO 14001) stands out positively The potential areas of improvement are therefore unclear and multiple and consist in consolidating the approach already initiated: consolidation of HR indicators, ISO 9001 certification for , development of the new "Green" activity 			

B) At the time of the investment

During the closing of the deal, the director in charge of the investment requests the inclusion of an ESG clause in the shareholder agreement and discusses the ESG Key Performance Indicators with the company's management.

C) After the investment and during the life of the investment

After the **closing of the deal**, the ESG analyst can make an appointment with the leader to discuss the ESG assessment. The analyst sends the ESG due diligence summary to the leader to confirm the suitability of the assessment and the key performance indicators and to put in place an **ESG action plan** and ongoing support to monitor the improvement of its sustainable development policy.

The company's ESG progress is checked each year:

- **by the Investment Director**, who, as a member of the company's governance bodies, requests that the **ESG topics that were identified as suitable and that are the subject of monitoring criteria be placed on the agenda of at least one meeting of the company's Board of Directors or Supervisory Board each year**. The Investment Director informs the ESG analyst of the points raised to the Board to ensure the company's progress in these areas. The Investment Director consults the ESG Analyst directly for ESG updates specific to the company. The Analysis provides an update at least annually on these topics. The objective of this update is to ensure that the company is making effective progress.
- **And by the ESG analyst**, who conducts annual interviews with management to monitor the performance indicators identified during the ESG due diligence process and the progress made. **The ESG rating is also reviewed at this time.**



D) The annual report on progress made by companies in the portfolio

An ESG annual report is produced to present the practical progress made by each company in the portfolio on ESG topics identified at the time of the investment or even new topics that became relevant later. A form based on the following model is prepared for each company:

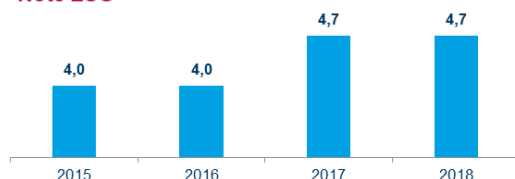


Name:	
Business sector:	Consumer goods
Turnover (2018):	€54.3 M
Headcount (2018):	259

STRONG POINTS

- Good control of procurement and supplier relations
- Search for a balanced, long-term relationship with suppliers. New win-win supplier partnerships in 2016 help secure purchases and improve production
- Measures put in place to combat food waste
- Spread of good practices between shops (fruit and vegetables department)
- Current thinking about the notion of a freedom-form company

Note ESG



PROGRESS IN 2018

- Bonus system extended to more than 2/3 of employees,
- Significant average wage increase
- Budget and training actions doubled compared with 2017
- 3 renovated shops switched to LED lighting

POTENTIAL AREAS OF IMPROVEMENT

MEDIUM TERM/LONG TERM

- Structure a strategy and an ESG roadmap
- Strengthen control of the supply chain (questionnaires and supplier dialogue) for co-branded products and at-risk exotic products in terms of ESG

DISCLAIMER

The ESG elements contained in this report were communicated to us by the management of the investments. This document is for the exclusive use of investors in the PME France Régions Investissement III fund. It is provided exclusively to its recipients and in strict confidence as information concerning investments and cannot be used or considered for other purposes.

E) On exiting the investment

At the time of the divestment of the company, the exit committee memo analyses the progress of the ESG rating during the holding period. The ESG analyst will be able to produce a short ESG evaluation memo, incorporating all the relevant ESG data, and will make them available to the sale advisers and/or the buyer.

APPENDIX 1 – ESG QUESTIONNAIRE

A) ESG issues

- Given your activity, can you rank the following ESG issues (from most important to least important in your opinion)
 - Water consumption
 - Energy consumption
 - Waste generation
 - Health and safety of your employees (days of absence, accidents at work)
 - Working conditions for your employees (training, social climate)
 - Safety of customers (quality of products and services)
 - Suppliers (selection of suppliers based on their ESG practices)
 - Others?

B) ESG steering

- Do you have a public CSR charter?
- Have you initiated an ISO 26000 approach?
- What is the hierarchical arrangement of the ESG policy?
- Are ESG topics discussed at least once in the Supervisory Board or the Board of Directors? Which ones?
- Do you have plans? What are they?

C) Governance

- Are there independent directors/directors outside the company?
- Do you promote employee shareholding?
- Do you have an ethics charter? (competition, conflicts of interest, corruption)
- Has the company had a business ethics dispute over the past three years? If yes, please explain.
- Do you have plans? What are they?

D) Employees – Working conditions / health & safety / labour relations

- Do you have a policy for certification/labels? On what scope? Do you have quantitative and/or qualitative objectives?
- What concrete steps are you taking to improve working conditions for your employees?
- Have you established an annual performance appraisal with your employees?
- Which of the following indicators are monitored? (in this case, specify the latest known figures)
Breakdown of staff by function? % permanent contracts? Employee turnover rate? % of payroll devoted to training? % of employees who have undergone at least one training course during the year? Rate of frequency of accidents at work? Others?
- Has the company had a labour dispute over the past three years? (complaints of discrimination, harassment, strikes, redundancy plan, etc.)
- Do you have plans? What are they?

E) Customers – Product/Quality Responsibility

- Do you have a policy for certification (ISO 9001? other?) / labels? On what scope? Do you have quantitative and/or qualitative objectives?
- What concrete steps are you taking to improve the quality of your products/services?
- What are your quality measurement indicators? Do you measure customer satisfaction? How? What are the results?
- Has the company had a customer dispute over the past three years? If yes, please explain.
- Do you have plans? What are they?

F) Suppliers and subcontractors

- Have you identified the main environmental and/or social risks associated with raw materials in your value chain?

- Do you include environmental and social clauses in contracts with suppliers or subcontractors?
- Has the company had a supplier or subcontractor dispute over the past three years? If yes, please explain
- Do you have plans? What are they?

G) Environment – Water and energy consumption/Carbon emissions/Waste generation

- Do you have a certification policy (ISO 140001? / EMAS? / labels? other?) On what scope? Do you have quantitative and/or qualitative objectives?
- Have you already completed an assessment of your carbon footprint? If yes, specify the scope (1, 2, or 3) and the result.
- What concrete measures are you taking to improve energy consumption? Carbon emissions? Water consumption? Waste generation? Do you have a voluntary approach? Quantified objectives?
- Which of the following indicators are monitored? (in this case, specify the latest known figures, in absolute value or in intensity) Energy consumption? Water consumption? Waste generation? Recycling? Others?

LEGAL NOTICES

Amundi Private Equity Funds

A limited company with a share capital of 12,394,096 euros – Portfolio management company approved by the AMF under number GP 99.015.

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