

## SUSTAINABILITY RISK ANALYSIS

### 1. Introduction

Regulation (EU) 2019/2088 – Sustainable Finance Disclosure Regulation stipulates in Article 4 that financial market participants shall publish a statement on sustainability due diligence policies on their website.

#### 1. Introduction:

Sustainability risks are defined by Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector as "an environmental, social or governance event or situation which, if it occurs, could have a material adverse impact on the value of the investment".

Amundi Immobilier considers the main negative impacts of its investment decisions on sustainability factors.

Amundi Immobilier sustainability risk analysis assesses the associated risk and sustainability of investment opportunities, not only on the basis of economic and financial criteria, but also by integrating environmental, social and governance (ESG) factors during investment due diligence and during the management phases of the asset under consideration.

#### 2. Sustainability and principal adverse impacts mapping:

Amundi Immobilier has developed its own ESG rating methodology aimed at measuring ESG performance across all asset classes and locations; i.e. its ability to anticipate and manage sustainability risks inherent to its industry and the specific characteristics of each asset. The use of these ESG ratings allows sustainability risks to be taken into account in investment decisions.

Amundi Immobilier applies targeted exclusion policies to all investment strategies. It disqualifies companies and assets that are in contradiction with its Responsible Investment Charter.

Thus, in Amundi Immobilier ESG rating scale, the assets rated F or G are excluded.

Amundi Real Estate's ESG rating is a quantitative ESG score divided into seven grades, ranking from A (the best grade) to G (the worst). This rating is first carried out during acquisition due diligences and then renewed at least every three years. This rating is used to establish – when needed - an action plan to reduce the building's exposure to its main sustainability risks.



The ESG rating and analysis is carried out by Amundi Immobilier ESG team, with the technical support of independent third party auditors.

These analysis criteria, carried out during the acquisition process, highlight the ESG performance of the asset as well as the sustainability risks to which it may be

exposed. These criteria must be submitted to the Investment Committee and may constitute a discriminating criterion in the investment decision.

These analysis grids are used during the acquisition and operation phases in order to have a proactive management strategy to identify workable solutions for improving the ESG performance of assets when they do not meet the minimum criteria of the concerned fund. These action plans are then implemented by the asset management team.

To determine the ESG rating, Amundi Immobilier assesses the performance of each asset on the following dimensions:

1. **Environmental dimension:** It examines the ability of the assets to control their direct and indirect environmental impact, by reducing their energy consumption, reducing their greenhouse gas emissions, fighting against the depletion of resources, protecting biodiversity ...
2. **Social dimension:** It takes into account indicators such as the well-being of tenants or the way in which the main stakeholders of the building (property manager, facility manager and developer) interact positively with the building and its tenants while being in line with the fund's strategy...
3. **Governance dimension:** This dimension evaluates the ability of the management company to put in place a collaborative process involving the building's key stakeholders (property manager/administrator, facility manager/maintainer and developer), to ensure that it will contribute positively to the achievement of the building's objectives.

The major sustainability risks assessed by the ESG rating are:

Risks' nature	Risks assessed by Amundi Immobilier ESG rating
Physical risks related to climate change affecting the building and its occupants	<ul style="list-style-type: none"> <li>- Sea level rise</li> <li>- Flooding due to rainfall</li> <li>- Increase in average temperature</li> <li>- Heat waves</li> <li>- Storms</li> </ul>
Risks related to biodiversity loss	<ul style="list-style-type: none"> <li>- Share of vegetated areas</li> </ul>
Liability risks	<ul style="list-style-type: none"> <li>- Legionella contamination</li> <li>- Asbestos</li> </ul>
Climate change resilience risk	<ul style="list-style-type: none"> <li>- Establishing a carbon financial balance sheet</li> <li>- Assessment of GHG emissions</li> </ul>
Social risks	<ul style="list-style-type: none"> <li>- Accessibility for people with reduced mobility</li> </ul>
Governance	<ul style="list-style-type: none"> <li>- Fraud and corruption risk and money laundering risks</li> </ul>

### 3. Compliance with responsible business codes conduct and international due diligence standards:

Amundi Group was one of the founding signatories of the Principles for Responsible Investment developed under the aegis of the United Nations in 2006.

Amundi Real Estate contributes also actively to several industry initiatives (OID, ASPIM, GRESB, Plan Bâtiment Durable, etc.) aimed at improving and harmonizing ESG practices in the real estate sector in order to ensure transparency and comprehensive communication with stakeholders.

## PRINCIPAL ADVERSE IMPACTS (PAI)

Amundi Real Estate's ESG rating takes into account and integrates the measurement of the principal adverse impacts of the asset on sustainability factors for funds meeting the requirements of articles 8 and 9 of the EU Regulation 2019/2088 on sustainability disclosure in the financial services sector, the so-called "SFDR" (Sustainable Finance Disclosure Regulation).

The ESG rating aims to measure the ESG performance of a property, e.g. its ability to anticipate and manage the sustainability risks inherent in its particular sector and situation.

This ESG rating is carried out during acquisition due diligence and updated regularly to measure the ESG performance of the asset and to assess principal adverse impacts.

The ESG performance of each asset is assessed against the average performance of its sector, across the three ESG dimensions.

Among the central themes studied by Amundi Immobilier in the framework of this ESG rating, we will find the following principal adverse impacts on sustainability factors.

Adverse Sustainability Indicators		Metric	Mapping with Amundi Immobilier ESG rating
<b>Fossil fuels</b>	Exposure to fossil fuels through real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Identification of sites with fossil fuel activities
<b>Energy efficiency</b>	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Annual energy indicator
<b>Energy consumption</b>	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	Energy performance Indicator