Socially Responsible Investment Policy (SRI)

Summary
1. CDC Habitat’s CSR approach as a framework for AMPERE Gestion’s SRI Policy

AMPERE Gestion’s Socially Responsible Investment Policy is fully consistent with the CDC Habitat’s CSR approach.

CDC Habitat is France’s biggest social landlord with a portfolio of more than 420,000 units\(^1\) of housing under management located in the French tense markets. CDC Habitat serves the entire housing market from A to Z: social and low-cost social housing, intermediate and affordable housing, shelters and student accommodation, care homes for the elderly, housing for first-time buyers and sale and leaseback of publicly-owned property.

By committing to a Corporate Social Responsibility (CSR) approach, CDC Habitat has gone beyond its mission of general interest. Its CSR approach aims to meet the expectations of its stakeholders (employees, tenants, suppliers, partners, investors, etc.) and integrates Environmental, Social and Governance criteria with quantified and monitored objectives.

The CDC Habitat Group’s CSR approach is organized into 6 areas and 19 challenges. Each issue was subsequently translated into commitments. Finally, each commitment was itself translated into objectives and then into action(s).

![SNI GROUP'S 19 CSR COMMITMENTS](image)

CDC Habitat’s CSR approach can be consulted at the following addresses: https://amperegestion.cdh-habitat.com/en/rse-ampere-gestion/

2. Core principles and key indicators

AMPERE Gestion’s Socially Responsible Investment Policy integrates CDC Habitat’s CSR approach and is relevant to its fund management activities and commitments. For each fund or mandate, the investment and fund management strategies are consistent with the AMPERE Gestion’s SRI policy and they address the SRI key issues.

- **PRI: an international standard commitment**

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\(^1\) Source: CDC Habitat – June 2018
As part of its SRI approach, AMPERE Gestion has signed the Principles for Responsible Investment (PRI) in 2017. This proactive and incentive initiative, sponsored by the United Nations, promotes the integration of Environmental, Social and Governance (ESG) issues into investment decisions. AMPERE Gestion commits to report on compliance with these principles in its investment and management strategy, through exhaustive annual reporting leading to an evaluation made public. In 2018, AMPERE Gestion’s PRI report was rated A by the PRI assessment division.

➢ ESG commitments adapted to the challenges of residential real estate

AMPERE Gestion's Socially Responsible Investment Policy takes into consideration the challenges of residential real estate and is based on a reference universe of several hundred thousand housing units under management. The investment and management strategy integrates ESG criteria by making commitments that reflect the key issues at stake, translating them into objectives that are appropriate to each fund and by achieving them through a set of measurable indicators.

For each fund and mandate, AMPERE Gestion integrates ESG objectives both in the real estate investment selection and in the portfolio management:

- Environment

AMPERE Gestion selects buildings of high environmental quality according to the following objectives: limiting energy consumption of real estate assets, prevent the consequences of climate change, respect biodiversity, promote resource-efficient construction processes and limiting urban sprawl.

Key operational indicators:

- high energy performance
- eco-certification and labels
- portfolio carbon footprint indicator.

- Social

AMPERE Gestion’s SRI strategy places great emphasis on the needs of the territories and the tenants. In order to limit carbon missions and to preserve quality of live, we select buildings that are close to public transport facilities and we pay particular attention to the comfort (acoustic and energy comfort, accessibility). As we offer housing solutions in supply-constrained areas, we seek to promote the residential mix of operations and propose rents adapted to local demand.

- Governance

The objective is to prevent ethical risks. During all the investment process, AMPERE Gestion implements a strong built-in AML (Anti Money Laundering) and anti-corruption system. The compliance officer is responsible for carrying out controls and operational oversight. In order to promote sustainable purchasing, we also coordinate supply chain management with the integration of ESG criteria in the selection of service providers and contracts.

3. ESG integration in the investment and fund management process

AMPERE Gestion’s investment and management strategy systematically integrates Environmental, Social and Governance issues through a comprehensive analysis and evaluation methodology. In the investment and in the management phases, we identify ESG risks and opportunities and track key indicators through an SRI evaluation tool. A set of key indicators allow us to measure the environmental and social impact of the portfolio.

➢ Taking into account ESG criteria in the investment strategy

The investment strategy relies on a set of analysis tools resulting from the work carried out by the research and study teams such as:
- the “Cotation FAM”, which identifies promising areas in the national territory;
- the “Schéma d’agglomération” which makes it possible to determine with precision the housing needs at the communal level;
- thematic or sectoral studies such as, for example «L’Habitat au défi de l’évolution démographique et sociétale (Housing in the face of demographic and societal change).

Based on these economic and socio-demographic studies, the estimate of the territories’ housing needs constitutes support for the definition of the funds’ investment strategy. ESG criteria are thus integrated into the fund’s objectives.

- Monitoring and assessment of ESG characteristics

The investment and management process integrates:
- systematic SRI rating of each investment opportunity, in the acquisition phase then annually in the management phase;
- control system by an independent auditor (requirement of the future SRI Label)
- formalisation of a minimum half-yearly reporting on ESG indicators and an annual contextual reporting on a proportion of the assets evaluated.

SRI evaluation is an essential support for the selection of opportunities and the detection of risks. The results are used to calculate key performance indicators at the consolidated portfolio level (energy performance, greenhouse gas emissions, market rent discount…) and allow us to evaluate the environmental and social impact of the funds.

4. Internal control

At fund and management company level, AMPERE Gestion’s corporate social responsibility approach was audited in 2015 by Vigeo (European non-financial rating agency) to assess the relevance and effectiveness of the processes. Vigeo concluded at a high level of performance and reported a convincing or advanced risk management on all the issues analysed as “very important” with regard to AMPERE Gestion’s activities.

The SRI management rules (internal procedure, communication to investors, etc.) will be subject to internal control and a report drafted by AMPERE Gestion’s Compliance and Internal Control Officer (RCCI).

5. Communication

- Communication on ESG situations or incidents

As an asset management company, AMPERE Gestion must detect and monitor all potential operational incidents occurring within portfolios clients. Any incident relative to clients or client portfolios shall be notified to the Risk officer and registered in the operational tool (including both an incident sheet and an excel database). The Risk officer is in charge of monitoring the incident until the final closing and analyses the potential impact for the client. In the event of a negative financial impact due to AMPERE Gestion operational mistakes or near misses a compensation will be systematically paid to the client. Any operational incident should be systematically notified to the Top Management. In addition, a global review of operational incidents is performed during the Compliance Committee standing on a semi-annual basis. Depending on the impact of incidents, AMPERE Gestion operational process is reviewed and adapted if necessary under the supervision of the Risk manager. Operational procedures are next updated consequently and validated by the Top Management for application.

Communication on ESG policy and practice

AMPERE Gestion formalise in the fund or mandate documentation the SRI objectives. The ESG evaluation methodology and the calculation of indicators are formalised and in line with the objectives of the fund. The commitment policy vis-à-vis stakeholders (tenants, service providers, property managers, etc.) are formalised.

The fund’s annual ESG management report communicated to investors will include an exhaustive reporting of ESG indicators in the light of the objectives pursued by the fund (impact measurement) and an annual contextual reporting on certain assets established on the basis of SRI ratings.