

DECLARATION
CONCERNING
CONSIDERATION OF
PRINCIPAL ADVERSE
SUSTAINABILITY
IMPACTS by AMPERE Gestion
required under the Sustainable
Finance Disclosure Regulation
(SFDR) in accordance with Article
4 of Regulation (EU) 2019/2088.



Declaration concerning consideration of principal adverse sustainability impacts by AMPERE Gestion required under the Sustainable Finance Disclosure Regulation (SFDR) in accordance with Article 4 of Regulation (EU) 2019/2088.

Disclosing the principal adverse impacts that may arise from investment and management decisions concerning the AIFs and mandates managed is based on a formally-documented methodology for analysing and evaluating ESG criteria factored into AMPERE Gestion's SRI processes.

This methodology is designed to evaluate the CSR performance of the real estate portfolio and, at the level of each AIF/mandate, assess the degree to which the ESG objectives factored into the investment strategy have been achieved.

Based on the ESG imperatives analysed within the scope of this methodology, many sustainability-related risks are assessed and factored into investment decisions, particularly energy consumption, greenhouse gas emissions, the availability of public transport, and contribution to urban sprawl. Relevant qualitative and quantitative indicators adapted to each imperative are used to measure the potential adverse impacts.

Identifying and measuring the principal adverse impacts draws on the research and studies carried out by AMPERE Gestion and CDC Habitat teams. The indicators that underpin the assessments also use tailored, formally documented applications created by CDC Habitat and deployed throughout the portfolio.

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1

AMPERE Gestion's Socially Responsible Investment policy

AMPERE Gestion was created in April 2014 at the initiative of CDC Habitat. As Caisse des Dépôts' public interest real estate subsidiary and France's biggest social landlord with a portfolio of over 500,000 units of housing throughout France, CDC Habitat is a major stakeholder in French housing policy. As the operational business line of Banque des Territoires, CDC Habitat offers effective solutions to housing requirements and provides its customers with residential trajectories adapted to their needs and resources either on a rental or ownership basis.

AMPERE Gestion is a wholly-owned subsidiary of CDC Habitat and has obtained accreditation to act as a portfolio management company from the French financial markets authority (*Autorité des marchés financiers – AMF*).

At the present time, its businesses consist of the following:

- managing Alternative Investment Funds (AIF) within the meaning of Directive 2011/61/EU (AIFM);
- providing asset management services for third parties within the meaning of Directive 2004/39/EU (MIF);
- providing investment consultancy services;
- providing real estate investment consultancy and real estate fiduciary management services.

In strict compliance with the regulations applicable to asset management services for third parties, AMPERE Gestion leverages the businesses and expertise of CDC Habitat and its subsidiaries and the entire Caisse des Dépôts network.

1.1 A formally-documented and publicly disclosed Socially Responsible Investment policy

AMPERE Gestion currently manages declared or regulated real estate funds and provides non-commercial real estate fiduciary management services. The related management strategies require CDC Habitat's general expertise in providing different types of accommodation — ranging from emergency to open-market accommodation — and covering all of the different stages in residential trajectories (i.e., student residences, intermediate rental housing, free-market housing, senior residencies and care homes for the elderly).

The focus is on affordable housing which is considered to be social infrastructure. As part of this strategy of developing affordable residential housing, AMPERE Gestion is convinced that a responsible investment policy is a key plank in creating long-term value.

The Socially Responsible Investment policy may be consulted on AMPERE Gestion's website at [Our corporate social responsibility - AMPERE Gestion \(groupe-cdc-habitat.com\)](https://www.amperegestion.com/our-corporate-social-responsibility)

1.2 CDC Habitat's CSR strategy provides the framework for AMPERE Gestion's SRI policy

AMPERE Gestion's Socially Responsible Investment (SRI) policy is fully aligned with CDC Habitat's Corporate Social Responsibility (CSR) strategy. This ensures consistency between the financial decisions of AMPERE Gestion and their operational deployment by CDC Habitat teams.

As one of the leading players in the French housing sector, CDC Habitat has formally documented its commitments as part of a CSR policy that provides a clear definition and an oversight framework for its actions. The Group therefore conducts its business as a social landlord in a responsible manner, with a specific focus on its environmental impact, the quality of the service it provides to its tenants and the health and safety of its employees.

The Group's CSR policy adopted in January 2017 is structured around 6 pillars split into 19 CSR commitments, and was the fruit of a cross-disciplinary and collegial consultation process involving all stakeholders. It sets out a common and consistent framework that applies to all Group subsidiaries.

1.3 Key institutional investor commitments regarding consideration and control of principal sustainability impacts

AMPERE Gestion's Socially Responsible Investment policy factors in environmental, social, and governance (ESG) imperatives and the related risks that are specific to the residential housing sector. Drawing on an investment universe of several hundred thousand units of housing managed by CDC Habitat, AMPERE Gestion has an in-depth knowledge of all sector-related issues.

■ Vigeo audit

When AMPERE Gestion first drew up its strategy, Vigeo, the European CSR rating agency, evaluated its Corporate Social Responsibility policy in 2015. Concerning the inclusion of environmental and societal issues in investment operations, Vigeo's report indicated high levels of performance as well as conclusive or very significant control over all of AMPERE Gestion's business risk factors that are deemed of "very high importance"

■ PRI: commitment to international standards

AMPERE Gestion has signed up to the United Nations Principles for Responsible Investment (PRI) and these are tracked in a comprehensive annual reporting procedure that is subsequently disclosed and published. In 2020, the PRI evaluation division awarded AMPERE Gestion an A+.

■ Striving for a positive social impact

As part of its work on impact investing, the UN has explicitly identified affordable housing as a responsible investment priority and one of the sectors where investors can play a key role in achieving the UN's Sustainable Development Goals, notably in combating poverty (Sustainable Development Goal No.1) and promoting sustainable cities and communities (Sustainable Development Goal No.11).

Access to affordable housing in big cities is one of the investment focuses currently being developed by AMPERE Gestion via several of its funds and service mandates with the aim of developing social infrastructure. Measuring environmental and social impacts in this sector provides an ideal framework for evaluating a fund's investment strategy and the extent to which social objectives and impacts are being achieved.

2

Processes for identifying and assessing principal adverse sustainability impacts

Disclosing the principal adverse impacts that may arise from investment and management decisions concerning the AIFs and mandates is based on a methodology for analysing and evaluating ESG criteria factored into AMPERE Gestion's SRI processes.

This methodology is designed to evaluate the CSR performance of the real estate portfolio and, at the level of each AIF/mandate, assess the degree to which the ESG objectives factored into investment strategy have been achieved. Based on the ESG imperatives analysed within the scope of this methodology, many sustainability-related risks are assessed and factored into investment decisions, particularly energy consumption, greenhouse gas emissions, the availability of public transport, and contribution to urban sprawl. Relevant qualitative and quantitative indicators adapted to each imperative are used to measure the potential adverse impacts. For each asset type and assessment basis (acquisition or management), the exhaustive list of indicators appears in the ESG scorecard matrices (see attached). The scorecards are also appended to AMPERE Gestion's SRI policy.

Based on the score obtained, action and/or prevention plans, or plans to control adverse impacts may be drawn up. These plans contain a list of actions to be deployed, the deployment timeline and potential financial impacts on the AIF/mandate business plan. Therefore, the potential adverse impacts of an investment decision are factored in through a systematic assessment of the assets.

2.1 Processes for analysing and identifying the principal adverse sustainability impacts

As part of its SRI policy, AMPERE Gestion has deployed a standardised and systematic evaluation process, unless the investment fund or mandate strategy excludes taking this risk into account, based on a decision taken by the investors, common to all investment opportunities prior to presentation to the Pre-investment and Investment Committee.

The scorecards are structured around the six pillars of CDC Habitat's CSR strategy and AMPERE Gestion's SRI policy, namely Environment, Social, Societal, Tenants, Suppliers and Governance. These pillars are split into 19 CSR commitments.

The imperatives that appear on the scorecards are based on the CDC Habitat CSR strategy materiality matrix and are considered of key importance to AIFs and mandates.¹

The imperatives and related risks may be common to all underlying assets and AIFs/mandates because they are inherent to construction and real estate asset management generally, such as the consideration of climate risk and biodiversity or tenant comfort and building quality. They may also be specific to the fund's underlying assets (intermediate housing, open-market housing, managed senior residences, managed student residences, care homes for the elderly, or medical social services facilities).

These issues are identified based on research and studies carried out by AMPERE Gestion and CDC Habitat teams, particularly the Energy and Environmental Strategy and Analysis and Research teams working for the CDC Habitat Group Property Portfolio division. Assessment indicators also draw on tailored, formally documented applications created by CDC Habitat and deployed throughout the portfolio.

2.2 Principal adverse sustainability impacts identified and mitigation measures

Energy consumption throughout the property portfolio and climate change

■ Description of adverse impact

Building is the most energy-intensive economic sector.

- France's energy bill for 2016 (excluding electricity) was €32.5 billion (gas, oil and coal) and 45% of French energy consumption is attributable to the building sector. This represents 25% of greenhouse gas emissions. Since 2011, there has been an 8.2% cumulative increase in energy consumption in the residential sector (actual data, not adjusted for climate change). Global demand for energy grew by 2.1% in 2017, more than twice the rate in the previous year, driven by strong economic growth. Oil, gas and coal meet the bulk of energy demand.²

¹ <https://amperegestion.cdc-habitat.com/rse-cdc-habitat/>

² French Ministry for Ecological Transition and Solidarity

Mitigation measures

- Renovation of the existing housing portfolio: the least energy efficient part of the portfolio (F or G energy label) will be subject to an energy retrofit programme by 2025.
- Energy performance of new buildings: collective housing is exempted from energy performance regulations until French Environmental Regulation 2020 (RE 2020) comes into effect. This authorises energy consumption of 15% above the regulatory threshold. However, in recognition of the urgency of the climate issue and its role in limiting carbon emissions, CDC Habitat has voluntarily decided not to apply this exemption and to comply with French RT 2012 energy performance regulations. The strategy also focuses on gradually moving towards systematic certification for programmes built using in-house project management expertise or acquired off-plan.
- For certain AIFs/mandates, deployment of a system for collecting and monitoring annual energy consumption and greenhouse gas emissions data to control the building's environmental impact and how it is used by tenants.
- Promoting awareness among occupants of the need to limit consumption.

Water consumption

Description of adverse impact

Hydric stress and climate change mean that enlightened water resource management is absolutely essential.

- At global level, available water resources were 7,500 m³/person/year in 1995, and they are expected to drop to 5,100 m³/person/year by 2025.³ Buildings and amenities must be regulated and occupants made aware and supported during building operation, according to uses and seasons, especially during the first year of operation. The first year is a crucial learning curve for avoiding bad consumption habits and/or the discomfort of users.

Mitigation measures

- Promoting the design and installation of water-saving devices in buildings.
- Regularly inspecting heating and hot water systems.
- For certain AIFs/mandates, deployment of a system for collecting and monitoring water consumption data. Analysing and benchmarking data from CDC Habitat's residential property portfolio. This analysis will help prevent excessive consumption due to poor use and/or problems with equipment.
- Promoting awareness among occupants of the need to limit consumption.

Preserving biodiversity

Description of adverse impact

Climate and biodiversity are constantly interacting. Fauna and flora ecosystems have a natural ability to adapt to their environment, however, nature needs time and global warming driven by human activity is accelerating so fast that certain ecosystems will not be given enough time. Therefore, along with the key priority of reducing greenhouse gas emissions, another major issue is the adaptation of ecosystems to climate change, and more specifically the adaptation of agricultural and natural spaces and forests so that nature can keep providing us with the vital services we need. Initiatives to preserve and develop biodiversity in outside areas are aimed at boosting the capacity of our regions to adapt to global warming.

Mitigation measures

- Combating urban sprawl by concentrating investments where they will be of most use, fostering biodiversity by limiting the use of natural or agricultural space and favouring buildings located near public transport.
- During the operational phase, drawing up sustainable management contracts for certain AIFs/mandates that manage buildings with green spaces, rewarding residences that have developed a biodiversity programme, looking into obtaining biodiversity labels.

Circular economy

Description of adverse impact

The challenges of sustainable building and operation are all about creating healthy and comfortable buildings that leave the smallest possible environmental footprint over their entire life cycle. We now realise that certain building techniques and materials present a health risk as well as a risk to the environment.

Mitigation measures

- Encouraging resource-efficient building practices in the construction phase.
- Containing and preventing the risk of soil pollution through clean worksite charters or environmental certification.
- Sourcing eco-materials, i.e. building materials made essentially from natural raw materials with a small environmental footprint (low energy consumption and greenhouse gas emissions) and low health impact (little or no volatile organic compounds and fibres, etc.).
- Helping tenants to “think green” when sorting and recycling their waste. The property manager must make sure that waste sorting areas and facilities are in good working order.

In the portfolios of AIFs and mandates managed by AMPERE Gestion, these objectives are tracked using specially adapted indicators and integrated into the building evaluation methodology.

2.3 Methodology for evaluating principal adverse sustainability impacts

Scorecards are standardised and objective tools that make it possible to make like-for-like comparisons between assets and to treat AIFs and mandates managed by AMPERE Gestion on an equal basis. The asset’s ESG rating resulting from the unchanging evaluation process is then examined in light of the SRI strategy of each AIF/mandate (ESG objectives, selection strategy established (or not) based on a minimum ESG score for the AIF/mandate in question).

To ensure that the evaluation process is relevant to the ESG issues inherent to each class of asset, scorecards are broken down by asset type, i.e., intermediate housing, open-market housing, managed senior residences, managed student residences, medical social services facilities or care homes for the elderly. Assets are therefore rated using the scorecard corresponding to their typology.

At acquisition, once the non-financial characteristics have been identified, buildings are integrated into the SRI scorecard, which is used to calculate an overall ESG rating. The same standardised and systematic evaluation process is applied to all investment opportunities before they are presented to the Pre-investment and Investment Committee. All assets are systematically valued using the standardised scorecard that corresponds to their residential housing typology, independently of the AIF/mandate to which they will subsequently be allocated after the Investment Committee meeting. This enables each asset to be positioned in its own investment universe. Attribution of the ESG rating is mandatory prior to presentation to the Committee and is checked by AMPERE Gestion’s Compliance Officer. Both the ESG ratings and the Compliance Officer’s control sheets are an integral part of the file submitted to the Pre-investment and Investment Committee.

During the buildings' operational phase, the data needed for the evaluation is collected by AMPERE Gestion with the operational input and assistance of CDC Habitat, or else entrusted by AMPERE Gestion to CDC Habitat as part of an assistance and advisory services or rental management services agreement on behalf of the AIF/mandate.

The collection of ESG data is tracked by the dedicated SRI teams and by the fund manager within the scope of formal exchanges with CDC Habitat at meetings and/or committees that discuss the AIF/mandate's SRI focuses. The ESG data collected is subsequently incorporated into the asset scorecards by the SRI teams who perform the following missions:

- analyse individual indicators and the asset's overall ESG rating,
- compare prior-year results, if relevant,

- compare with the AIF/mandate objectives outlined in the SRI strategy,
- consolidate individual indicators at AIF/mandate level.

For assets whose indicators suggest poor control over adverse sustainability impacts, an action plan is prepared. For example, in the case of a building whose energy performance is inferior to expected performance levels for an asset within this category, a plan will be deployed to seek out ways of reducing energy consumption. This could involve building work, replacing equipment or, in the case of excessive consumption patterns, measures to raise awareness among tenants. These action plans are monitored and integrated into the business plan for the building and the AIF/mandate.

 Examples of indicators for measuring principal adverse sustainability impacts.

	Type of due diligence	Indicator	Current score	Weighted current score	Expected performance	Achievable score	Weighted achievable score	Target performance	CAPEX
1	ENVIRONMENT								
1.1	Energy consumption throughout the property portfolio and climate change								
1.1.a	Acquisition	Energy efficiency							
1.1.b	Acquisition	Greenhouse gas emissions							
1.1.c	Acquisition	Renewable energies							
1.1.d	Acquisition	Certification (carbon)							
1.2	Water consumption throughout the property portfolio								
1.2.a	Acquisition	Technical processes for reducing water consumption							
1.2.b	Acquisition	Certification (water)							
1.3	Biodiversity								
1.3.a	Acquisition	Urban sprawl							
1.3.b	Acquisition	Certification (biodiversity)							
1.3.c	Acquisition	Deployment of pro-diversity programme							
1.3.d	Acquisition	Location in an eco-neighbourhood							
1.4	Waste management and the circular economy								
1.4.a	Acquisition	Managing household waste							

AMPERE Gestion

AMPERE Gestion, a subsidiary of CDC Habitat, is a portfolio management company accredited by the French financial markets authority (Autorité des marchés financiers – AMF).

After setting up its first regulated investment vehicles dedicated to intermediate housing it has now developed a complementary real estate investment offering. AMPERE Gestion is committed to Socially Responsible Investment and factors ESG criteria into its investment and fund management strategy. It has signed up to the UN-sponsored Principles for Responsible Investment (PRI) which seek to promote Environment, Social and Governance criteria in investment decisions. AMPERE Gestion undertakes to report on its compliance with these principles in its investment strategy as part of a comprehensive annual reporting process that includes a publicly-disclosed rating.

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