Responsible investor policy

Confidence must be earned

Amundi ASSET MANAGEMENT

This document sets out AET's key ESG principles and commitments. AET's Responsible investor policy lays out detailed guidance on how AET integrates ESG criteria into its own processes and how AET evaluates the ESG performance of its investment portfolios. This document applies to all AET funds.

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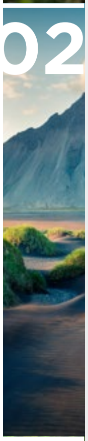

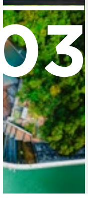

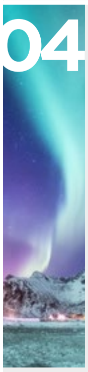

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Related documents: sustainability risk integration policy, ESG assessment tool, ESG reporting template, ESG impact reports.

01 Our commitments

Our commitments

Presentation of AET

Amundi Energy Transition (AET) is a French asset management firm authorised by French market regulator AMF. AET aims to aid the energy transition by redirecting investments towards the real economy. It also strives to offer strong investment opportunities in a well-managed technical and economic environment, using the expertise of the largest European asset manager.

AET's investment vehicles directly or indirectly own part or all of the assets and corporates that contribute to the energy transition. AET invests alongside industrial players such as Dalkia, Opale Energies Naturelles, Slitevind, TTR Energy, Sonnedix, etc., funding portions of their green pipelines. AET's goal is to continue to extend its industrial partner base to widen its deal flow.

AET uses the following to define the energy transition.

The energy transition is defined by the following environmental and social goals:

- **to consume better by saving energy;**
- **to produce differently by preserving the environment;**
- **to move society forward with mobilising projects; and**
- **to create jobs in innovative professions and in the building industry.**

Source: French government[1]

The energy transition is the sustainability objective[2] retained by AET for its sustainable investments[3]: **the energy transition is a pathway toward transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century.**

Source: IRENA[4]

1. La transition énergétique pour la croissance verte | Gouvernement.fr
2. According to Article 2 (17) of the SFDR, a 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector: EUR-Lex - 32019R2088 - EN - EUR-Lex (europa.eu).
3. Investments in Article 9 funds, and a portion of investments in some of AET's Article 8 funds.
4. Energy Transition (irena.org).

ESG ambition and commitments at AET level

AET used to publish an ESG charter in line with Article 173 (VI.) of the French law on the energy transition for green growth. The main principles of that ESG charter are now included in the responsible investor policy.

AET invests only in two core types of investment, sourcing projects that are exclusively:

1

Physical assets involved in the energy transition, such as renewable energy production units (wind farms, solar PV farms, hydropower plants, etc.), systems allowing for improved energy efficiency (heating networks, cogeneration units, waste-to-energy, etc.) and sustainable mobility (soft mobility fleet, electric vehicle recharge slots or companies that operate, build and develop such assets); and

2

Services which contribute to the energy transition, such as the renewal of existing infrastructure, the development of energy storage solutions and corporate projects aimed at energy efficiency.

Both rest on the four commitments that provide the framework for AET's responsible investment criteria throughout the investment decision and process:

1. The first commitment

ensures systematic ESG due diligence is carried out prior to each investment and that environmental, social and governance criteria are integrated into its investment decisions.

2. The second one

concerns portfolio management, with AET annually assessing the ESG performance (including PAI reporting) of its investments and regularly engaging with portfolio companies on ESG topics.

3. The third one

is the mobilisation of investment teams, together with the investment committee and the risk and compliance committee, which together set the ESG ambitions and monitor the implementation of the responsible investor policy. Regulatory watch will be handled by Amundi Group.

4. The fourth one

commitment is to transparency, by making AET's responsible investor policy publicly available and by annually publishing the results of the company's ESG assessment (including PAI reporting), in compliance with current regulations.

The main principles of the ESG charter are now included in the Responsible Investor Policy

ESG ambition and commitments at Amundi level

AET is contributing to Amundi's ambition to be a pioneer in sustainable finance. The objectives of Amundi's ESG 2025 ambition plan include:

- Strengthening its offering in ESG savings products to promote sustainable development;
- 100% of actively managed open funds will carry a transition assessment;
- Establishment of a "net zero" range of actively managed funds across all asset classes;
- €20bn in assets in impact funds to support investment having a positive contribution in environmental and social cohesion;
- 40% of the total ETF range will be ESG, to accelerate and facilitate access to responsible investments;
- Launch of "ALTO sustainability", a technology support in decision-making for investors in environmental and societal issues;
- Deepening Amundi's engagement with investee companies;
- Significant deployment of a climate commitment plan extended to more than 1,000 companies;
- Divestment from unconventional hydrocarbons by 2022, representing more than 30% of their activity;
- Setting objectives internally in line with Amundi's ESG ambitions;
- Extensive integration of ESG criteria into the remuneration policy;
- Reduction of Amundi's operational emissions by -30% per employee; and
- Presentation and advisory vote on "say-on-climate".

Compliance with external standards

AET has signed two charters established by France Invest.

1

The main engagement charter includes four governance principles:

- Make sure investees comply with regulations, conventions and current rules;
- Act to prevent corruption and money laundering;
- Act to facilitate the structure of the various governance bodies in which each stakeholder has a role and responsibility; and
- Promote transparency in investing, including the assessment and disclosure of the economic and social impact of investments.

2

The parity charter ("Charte Parité") includes 30 commitments promoting parity between women and men.

In addition, AET is also integrated with Amundi Group initiatives. In particular, the group is a signatory to the Principles for Responsible Investment and a member of the Net Zero Asset Manager initiative.

02

ESG integration throughout the investment life cycle

ESG integration throughout the investment life cycle

The objective of this section is to describe, in practical terms, how we respect the commitments mentioned above and how we integrate ESG throughout the investment life cycle.

Exclusion criteria

Due to its investment goals, AET is committed to not financing assets, corporates or projects in the following areas:

- Activities that do not foster the energy transition;
- The development, construction, operation and renewal of thermal plants that run exclusively on coal energy;
- The extraction (the process of withdrawing these resources from the ground) of petroleum, gas and coal;
- The ownership of mines (including coal mines).

In addition, AET applies the same exclusion criteria as Amundi for assets or companies operating assets, including:

- Having no direct investment in companies involved in the manufacture or trade of anti-personnel mines and cluster bombs prohibited by the Ottawa and Oslo conventions;
- The exclusion of companies producing or trading in chemical weapons, biological weapons and depleted uranium weapons;
- The exclusion of companies that seriously and repeatedly violate one or more of the 10 Global Compact principles; and
- The exclusion of states that systematically and wilfully violate human rights and are guilty of war crimes and crimes against humanity.

The AET team, in conjunction with Amundi's ESG team, ensures that these exclusion criteria are properly adhered to.

Compliance with regulation

Beyond its ESG commitments and ambitions, AET has implemented several actions to comply with new sustainable finance regulations at French and European level, in particular the Sustainable Finance Disclosure Regulation (SFDR)[5] and the French Loi Energie-Climat (LEC)[6]. These include:

- Classifying existing funds as Article 8, according to the SFDR, classify new funds as Article 8 and aiming at creating an Article 9 Funds;
- Updating the ESG assessment tool to formalise the integration of ESG criteria into investment decisions, and to comply with regulatory requirements regarding the contribution to a sustainable objective, the Do No Significant Harm test and the good governance test (Article 2, paragraph 17 of the SFDR);
- Formalising a sustainability risk mapping and sustainability risk integration policy to comply with Article 3 of the SFDR; and
- Reporting on Principal Adverse Impacts (PAI) in fund periodical reporting, as well as at entity level, to comply with Articles 4 and 7 of the SFDR.

5. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector: EUR-Lex - 32019R2088 - EN - EUR-Lex (europa.eu).
6. LOI n°2019-1147 of 8 November 2019 related to energy and climate: LOI n°2019-1147 du 8 novembre 2019 relative à l'énergie et au climat (1) - Légifrance (legifrance.gouv.fr).

ESG assessment

The existing internal assessment methodology of AET has been updated to comply with the SFDR through the creation of a new ESG assessment tool and associated governance.

Every investment opportunity will go through the following steps:

1. Identification of investment type and activity

This step is carried out by a member of the investment team and aims to identify the investment structure, as well as the sector and type of activity.

There are three types of investment structures of interest to AET:

- Physical assets supported by a special purpose vehicle (SPV), for example, wind farms;
- Corporate companies, for example, a subsidiary of a large industrial company specialising in batteries; and
- Projects run by either corporate companies or physical assets, for example, an energy efficiency project at a biomass cogeneration power plant.

From an ESG assessment point of view, investments in physical assets or projects linked to physical assets will have a single activity (e.g., wind power production), while investments in corporate companies or projects linked to corporate companies may have multiple activities.

The list of sectors of activity that contribute to the energy transition and that are of interest to AET is defined in the ESG assessment tool (see Appendix 1). If AET wants to consider investing in activities not included on this list due to future technology or scientific developments, or new regulatory constraints or support, the tool should be updated to integrate these new activities. To date, **sectors not listed in the tool are not considered to be eligible**.

For investments in physical assets, the asset activity must directly contribute to the energy transition (e.g., be listed in the tool).

For investments in corporate companies with several activities, the three main activities of the company should point to the company overall contributing to the energy transition. It is possible that some minor activities of the corporate may not contribute to the energy transition, so long as they do not exceed certain thresholds (see step 3). It should be noted that when AET invests in a subsidiary of a larger company, only the activities of the subsidiary will be screened.

For investment in projects with an environmental component (such as energy efficiency projects), only projects linked to sectors contributing to the energy transition are acceptable. For example, AET could invest in an energy efficiency improvement project at a green hydrogen plant, but not at a coal power plant.

2. Assessment of the promotion of ESG criteria

This step consists of screening the environmental and social characteristics of an activity to evaluate the extent to which the activity contributes to promoting ESG criteria.

The following topics are evaluated

- The environmental impacts of the asset production;
- The environmental impacts of the asset at end of life;
- The ecological impact;
- The impact on the local population;
- The territorial impact; and
- The social impact.

Additional topics, such as climate change or sustainable sourcing of raw materials, are evaluated for specific sectors.

Each topic is covered by several questions. For example, to assess the environmental impact of an asset's production, three questions must be answered:

Topic	Short description	Question
Environmental impacts - production of the asset	In a life cycle assessment, the main environmental impacts of these renewable energies occur during the production phase: use of materials, use of energy to transform materials and transport modes to assemble the asset. This impact can be unsustainable if the lifespan of the asset is too short.	1. What is the expected lifespan of the asset? 2. What are the emissions related to the construction of the asset? How many years before the asset starts contributing to climate mitigation? 3. Is the supplier transparent on the impact of the supply chain concerning the following topics: sourcing of material from reliable suppliers or regions that have minimal environmental or social risks, and supporting research into the development of more sustainable materials, especially for critical materials?

Extract from the ESG assessment tool

This ESG due diligence grid was built based on a literature review using sources such as the EU Green Taxonomy Climate Delegated Act, national and international databases (IEA, ADEME, SASB, etc.) and other relevant technical literature. Material topics, qualitative criteria and quantitative thresholds will be updated over time based on regulatory and scientific changes. AET will also rely on Amundi Group's regulatory watch.

General and sector-specific questions are included. At this stage, Red Flag questions make it easy to quickly identify potential dealbreakers on ESG features, such as non-sustainable biomass use in biomass energy assets. Red Flag questions are answered during the first screening phase.

Data is collected from the deal partner (owner or operator) based on preliminary studies, annual reports, due diligence reports and other relevant information. Where data is missing, the analyst can evaluate the potential ESG risks based on similar projects.

Taking into account data availability, the analyst calculates a promotion of ESG criteria score (satisfactory, close follow-up necessary, not satisfactory). The overall score is predefined using the following rule: if most of answers are not satisfactory, then the overall score is fail. If most of answers are close follow-up necessary or satisfactory, and if all questions are answered, the overall score is pass.

If the overall score is pass, this step is validated and the analysis can move forward. The investment team has to pay close attention to topics with a close follow-up necessary conclusion for the remaining part of the ESG assessment and will take this information into account when making the final investment decision. If the overall score is fail, the investment team can still decide to move forward with the analysis, but it will have to justify why it still wishes to invest in the project and will need to mitigate the ESG risks by drafting an ESG performance improvement and monitoring plan before any investment decision is made.

The analyst also calculates a quantitative score for each answer (using a scale from A to G): the score is G for a Not satisfactory answer, C for a Close follow-up necessary answer and A for a Satisfactory Answer. An Average Score ESG Central for the Assesment of the promotion of ESG criteria is calculated as the arithmetic average of all question individual quantitative literral and is translated as a score between A and G. This Average Score ESG Central for the Assessment of the promotion of ESG criteria is used to calculate the Average Score ESG Central (See section **6 ESG central Rating**) that is used to determine whether the investment could be considered as being sustainable and compliant with article 9 of the SFDR.

3. Evaluation of the contribution to a sustainability objective

This step is carried on only for investments in Article 9 funds (if any) and Article 8 funds where a portion of the investment could qualify as contributing to a sustainable objective. The sustainable investment objective chosen by AET is the energy transition, as defined earlier.

To qualify as a sustainable investment, the underlying activity should not be listed as an activity that does not contribute to the energy transition, as defined in the exclusion criteria section.

Case 1

An investment in a physical asset or a project linked to a physical asset

In this case, the asset must operate in a sector listed as eligible by the tool (see step 1). The asset must also satisfy sustainability criteria depending on its sector of activity. For some sectors, such as wind power, batteries and electricity storage, etc., simply belonging to the sector means an asset qualifies as a contributor to the energy transition. For sectors that are more controversial, such as gas cogeneration or green hydrogen, a qualitative or quantitative assessment is required to validate the contribution to the sustainability objective.

Case 2

An investment in a corporate company or a project linked to a corporate company

In this case, the investment may cover several sectors of activity. Although an Article 9 fund might include a small proportion of activities not linked to its sustainable objective, mainly due to certain categories of financial products (derivatives, cash, etc.), these should not exceed certain thresholds. Therefore, AET has defined the following thresholds for corporate investments in line with its understanding of the SFDR for Article 9 funds:

- Corporate actors with activities not contributing to the energy transition should be excluded if their non-sustainable activities represent more than **10%** of their overall activities (in terms of turnover) **at company level; and**
- Total investments in activities not related to the energy transition should overall stay below **5%** of the total investments **at fund level.**

These thresholds are evaluated during the due diligence phase. Unless AET becomes aware of a significant change in the structure of a corporate investment (in which case AET will have to make adjustments to its portfolio in a reasonable time period to stay below the 5% threshold), these thresholds won't be re-evaluated during the holding period.

If both thresholds are adhered to, the contribution of the activity to the energy transition can be evaluated. Only the main sector of activity (as determined in step 1) is screened, following the same methodology used for physical assets, which means that either the sector of activity directly qualifies, or an additional criterion must be met.

In both cases, the analyst retrieves the information from the deal partner or asset operator. The investment's contribution to a sustainable objective must be demonstrated before going further with the ESG assessment (steps 4 and 5 below).

4. Evaluation of the Do No Significant Harm (DNSH) criteria

This step is carried out only for investments in Article 9 funds (if any) and Article 8 funds where a portion of the investment could qualify as contributing to a sustainable objective.

In line with our understanding of the SFDR, between one and three sustainability criteria inspired by the SFDR's PAI were identified for each sector. For each DNSH, a KPI, together with a qualitative or quantitative threshold, was defined.

Below is an example for wind power, as described in the ESG assessment tool (the full list of DNSH for all assets is available in the ESG Assessment tool):

Sector	Topic	Associated PAI	Indicator	Threshold	Type of threshold
Wind power	Waste	Non-recycled waste ratio	Recycling rate (% of the asset, by weight, that can be recycled)	- 90% until 2024 - 95% from 2025	Quantitative
Wind power	Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Adherence to the environmental impact assessment biodiversity compensation measures	Yes	Qualitative
Wind power	Health & Safety	Rate of accidents	Number of fatalities during the past year	0	Quantitative

The analyst retrieves data from the deal partner or operator to ensure that these thresholds are met. If any threshold is exceeded, the investment cannot be qualified as sustainable and the analysis is prevented from continuing any further.

If an asset passes the DNSH test before investment, but then goes outside the acceptable limits and therefore fails the DNSH test once it is already in the portfolio, AET will ask for justification for this and make sure the asset is able to return to the required threshold for the next reporting period. Two consecutive fails over two reporting periods will lead to a divestment decision (in the case of Article 9 funds (if any) or to the disqualification of the asset from the sustainable investment portion (in case of Article 8 funds).

5. Good governance test

This step is carried out for all new investments. The analyst collect data from the company or SPV owner or operator to answer questions related to governance, with a focus on management structure, tax compliance, remuneration and employee relations. The answers and justifications are reported in the ESG assessment tool.

The analyst calculates a governance score (satisfactory, close follow-up necessary, not satisfactory) for each question, then an overall test result (pass or fail).

The analyst also calculates a quantitative score for each answer: the score is 0 for a *Not satisfactory answer, 0,5 for a Close follow-up necessary answer and 1 for a Satisfactory Answer.* A Governance Global Quantitative Score is calculated as the arithmetic average of all question individual quantitative score therefore the Governance Global Quantitative Score is a number between 0 and 1.

We have identified three Material Governance Thematic related to ethic, board structure and control. This Material Governance Thematic are described below with for each one or two related questions:

Topic	Short description	Question
Sustainability senior decision maker	Management Structure	Does the project company have a senior decision-maker accountable for sustainability issues?
Policies on governance issues	Management Structure	Does the project company have a policy or policies on one of the following governance issues? - Audit committee structure/independence - Board composition - Board ESG oversight - Bribery and corruption - Conflicts of interest - Cybersecurity - Data protection and privacy - Delegating authority - Independence of board chair - Lobbying activities - Political contributions - Shareholders rights - Whistle-blower protection Does the project company have a policy on fraud?
Policies on governance issues	Tax compliance	Are there any known controversy or incident report on this topic?

The test result is predefined using the following rules:

- If either:
  - (i) most of answers are *Not Satisfactory*,
  - (ii) the Governance Global Quantitative Score is strictly, below 0.5 or
  - (iii) any of the Material Governance Thematic related answer is *Not Satisfactory,*
  - then the test result is *Fail*.
- Otherwise, and if all questions are answered, the test result is *pass*.

If the overall score is pass, this step is validated and the analysis can move forward. If the overall score is fail, the investment team can still decide to move forward with the analysis, but it will have to justify why it still wishes to invest in the project and explain how it plans to mitigate the governance risks by drafting a governance performance improvement and monitoring plan before an investment decision is made.

The answers and the governance score are reviewed by the managing director in charge of the project. They are updated if a governance risk is identified (controversy or fraud) during holding. The good governance test questions are also reviewed annually and can be updated in case of major market trend changes or changes in AET's investment strategy (new types of actor for which initial questions are not relevant anymore).

The analyst also calculates a quantitative score for each answer (using a scale from A to G): the score is G for a Not satisfactory answer, C for a Close follow-up necessary answer and A for a Satisfactory Answer. An Average Score ESG Central for the Good Governance is calculated for the good governance criteria as the arithmetic average of all questions individual quantitative score and is translated as a score between A and G. This Average Score ESG Central for the Good Governance is used to calculate the Average Score ESG Central (See section 6 ESG central Rating) that is used to determine whether the investment could be considered as being sustainable and compliant with article 9 of the SFDR.

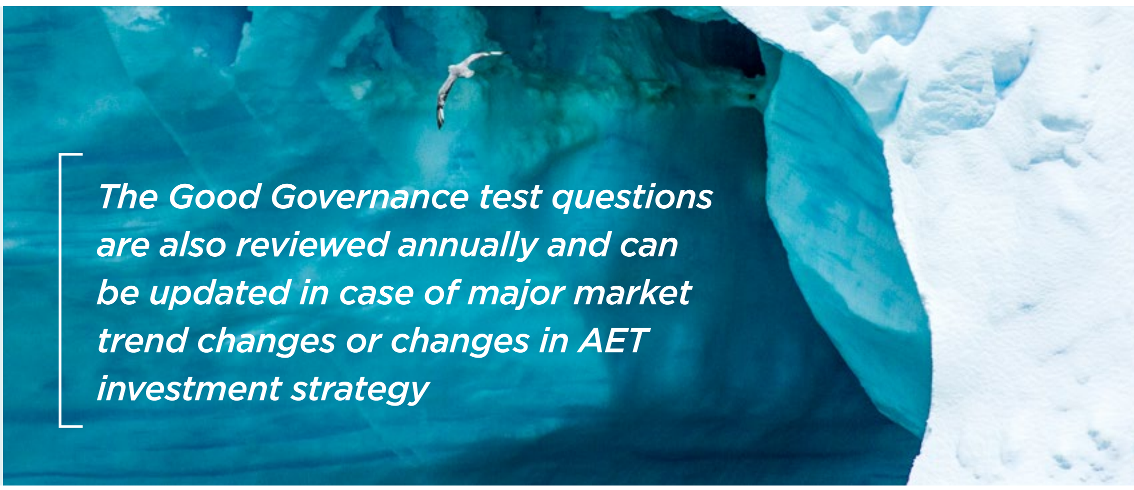
6. ESG central Rating

To ensure a minimum consistency between each Amundi business line each investment is attributed a global quantitative score between A and G: the ESG Central Rating. A similar quantitative score is calculated for other business line within the group and is defined as a minimum standard for the evaluation of sustainable investments within the group.

This score is based on the answer to the question/criteria addressed in sections **2.Assessment of the promotion of ESG criteria** and **5.Good governance test**.

The ESG Central Rating is calculated as the arithmetic average between the Average Score ESG Central for the Assessment of the promotion of ESG Criteria and the Average Score ESG Central for the Good Governance (as defined in each relevant section).

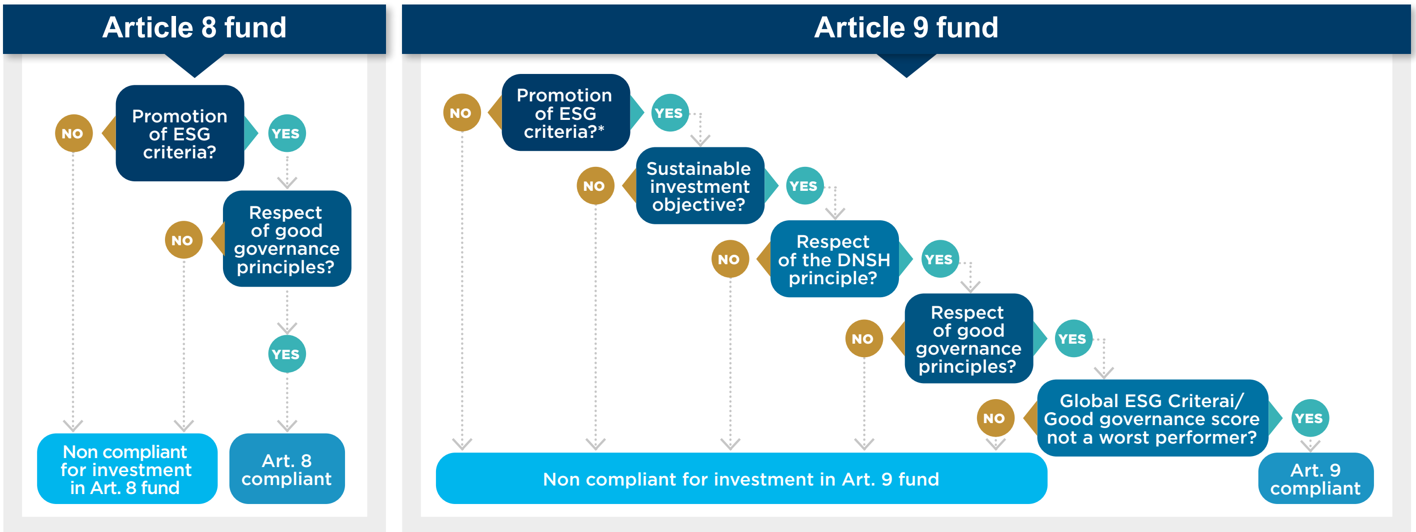
If the overall score is either F or G, then the investment is not eligible for a SFDR Article 9 fund.



7. Conclusion on eligibility to Article 8 or 9 funds

At this step, the managing director in charge of the project reviews all results with a focus on data availability. The final conclusion as to compliance with SFDR Articles 8 and 9 is then validated by the investment team.

To this end, the ESG assessment tool automatically implements the following decision trees:



*N.B. Although this step is not compulsory for Article 9 funds, it is a good practice as it allows to control ESG performance on a more comprehensive scope than the following steps ans identify any reds flags. Therefore, we highly recommended to integrate it.

To summarise, the ESG assessment process described above allows AET to both test compliance with Articles 8 and 9 of the SFDR and conduct due diligence to identify the ESG performance of a given activity.

Criteria and thresholds have been identified based on the EU Taxonomy Climate Delegated Act, the EU Taxonomy Complementary Climate Delegated Act draft of 2 February 2022, national and international databases (IEA, ADEME, etc) and other relevant technical literature. Criteria and thresholds may be updated over time based on regulatory and scientific changes.

More information can be found in the appendix

Contribution to Sustainable Development Goals (SDGs)

The contribution of the activity to one or more SDGs is also assessed by the team. This does not allow for a conclusion on whether or not an investment is eligible for an Article 8 or 9 fund, but it can strengthen the link between an investment and its sustainable objective.

The contribution of the activity to a selection of relevant SDGs is analysed by the ESG assessment tool depending on the activity sector. The relevant SDGs identified are:

Ensure access to affordable, reliable, sustainable and modern energy for all

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation; and

Take urgent action to combat climate change and its impacts.

Deal execution

Investment opportunities that meet AET's financial, economic and ESG expectations are presented to the investment committee. The committee then decides whether to invest or not in the opportunity, taking into consideration the SFDR requirements for Article 8 and Article 9 funds (if any), and whether or not to implement an ESG improvement and monitoring plan if the contemplated investment is not fully compliant with ESG performance expectations (for example, if several areas are rated as close follow-up necessary or not satisfactory).

Holding period

AET holds assets operated by third-party operators and shares in corporate companies, as well as shares in project-related investments in corporates or assets. In its investments, AET shares its decision-making powers with joint shareholders. During the holding period[7], AET and the operators' representatives hold a quarterly monitoring committee, during which any operational updates are discussed. AET representatives also participate in the general assemblies held each year for every asset.

Financial and non-financial quarterly reporting is requested by AET and provided by asset operators. Non-financial reporting includes regulatory and non-regulatory disclosures: the Principal Adverse Impacts (PAI), as well as other ESG indicators of interest that have been identified based on impact analysis and in line with due diligence. These disclosures are described in the next section.

Based on this ESG reporting, the monitoring committees also share the assets' ESG performance evolution. If a deterioration of the ESG performance of an asset is observed over time, AET will open a dialogue with the asset operator to identify areas for improvement and set up an ESG performance improvement and monitoring plan.

This ESG assessment must be updated every year of holding to make sure that assets in Article 9 funds (if any) and in the sustainable portion of Article 8 funds still qualify as being sustainable, therefore the contribution to a sustainability objective and the DNSH test must be updated yearly.

7. Until an asset's disposal or obsolescence for greenfield assets (which represent the majority of the portfolio): 12 years for gas cogeneration, 30 years for wind and solar technologies.

03

Reporting on ESG performance

Reporting on ESG performance

The objective of this section is to describe the annual reporting implemented by AET in order to monitor the ESG performance of assets and comply with Article 3&4 of the SFDR.

Regulatory disclosures

AET is below the regulatory threshold for taking into account Principal Adverse Impacts (PAI) in its investment decisions, as per Article 4 of the SFDR. However, AET has committed to reporting the PAI for its Article 8 funds when requested by investors, and to take into account and report the PAI for its Article 9 funds (if any).

Taking into account PAI means that AET's investment decisions and fund management will be impacted by PAI results.

It is our understanding that as of 30 June 2022, reporting PAI means that every year from 2023, AET will publish on 30 June a PAI report at AET level with data on the 14 compulsory PAI and two additional social and environmental PAI for each of its investments. The PAI collected will partially cover current ESG reporting (see next paragraph) and ESG assessments at the due diligence stage, as described above.

The 14 compulsory PAI, which will be reported for all assets, are listed below:

Greenhouse gas emissions

- GHG emissions
- Carbon footprint
- GHG intensity of Investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector

Biodiversity

- Activities negatively affecting biodiversity-sensitive areas

Water

- Emissions to water

Waste

- Hazardous waste ratio

Social and employee matters

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

In addition, one additional PAI per asset will be chosen from the additional environmental PAI (listed below), depending on the nature of the assets in the portfolio, as well as the information requested from institutional investors.

Emissions

- Emissions of inorganic pollutants
- Emissions of air pollutants
- Emissions of ozone-depleting substances
- Investments in companies without carbon emission reduction initiatives

Energy performance

- Breakdown of energy consumption by type of non-renewable sources of energy

Water, waste and material emissions

- Water usage and recycling
- Investments in companies w/o water management policies
- Exposure to areas of high water stress
- Investments in companies producing chemicals
- Land degradation, desertification, soil sealing
- Investments in companies without sustainable land/agriculture practices
- Investments in companies without sustainable oceans/sea practices
- Non-recycled waste ratio
- Natural species and protected areas
- Deforestation

Green Securities

- Share of securities not certified as green under a future EU legal act setting up an EU Green Bond Standard

Finally, one additional PAI per asset will be chosen among the additional social PAI (listed below), depending on the nature of the assets in the portfolio, as well as the information requested from institutional investors:

Health and safety

- Investments in companies without workplace accident prevention policies
- Rate of accidents
- Number of days lost to injuries, accidents, fatalities or illness
- Lack of a supplier code of conduct
- Lack of grievance/complaints handling mechanism related to employee matters
- Insufficient whistle-blower protection
- Incidents of discrimination
- Excessive CEO pay ratio

Human Rights

- Lack of a human rights policy
- Lack of due diligence
- Lack of processes and measures for preventing trafficking in human beings
- Operations and suppliers at significant risk of incidents of child labour
- Operations and suppliers at significant risk of incidents of forced or compulsory labour
- Number of identified cases of severe human rights issues and incidents

Anti-corruption and anti-bribery

- Lack of anti-corruption and anti-bribery policies
- Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
- Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

In line with the SFDR regulation, for each selected PAI, AET will publish a yearly value based on the average of quarterly values. Data will be available at asset and fund level and will be consolidated at AET level.

Voluntary disclosures

AET used to release to its investors an annual ESG impact report. This report included: i) a presentation of AET's responsible investor policy; ii) the fund's ESG performance through an in-depth qualitative and quantitative analysis of selected indicators, technology by technology; and iii) the avoided emissions at asset and fund level.

A reporting protocol defines the ESG data collection and its implementation is under the supervision of the risk and compliance committee. Examples of the indicators collected for the annual impact report are detailed below.

Under the framework of the SFDR, the ESG impact report will be merged with the PAI report to integrate supplementary information of interest for investors that is not listed among the PAI, for example, fund-level avoided emissions.

List of indicators published in the annual (ESG) Impact Report

Environmental indicators	
1. Climate change	▪ GHG emissions (Scope 1 and 2) ▪ CO2 emissions avoided
2. Pollution and air emissions	▪ Absolute air pollution emissions (NOx, SOx, VOCs, PM, CO, Mercury, HCl, HF, etc.)
3. Energy consumption and production	▪ Total energy consumed (specific to Solar assets – manufacturing) ▪ Percentage of renewable energy used (specific to sustainable mobility assets) ▪ Thermal energy produced ▪ Renewable thermal energy produced ▪ Electricity produced ▪ Renewable electricity produced
4. Waste management	▪ Volume of hazardous waste generated and percentage recovered ▪ Volume of non-hazardous waste generated and percentage recovered
5. Circular economy (specific to Solar assets - manufacturing)	▪ Percentage of recyclable or reusable products sold ▪ Weight of end-of-life material recovered ▪ Percentage of material recycled (from end-of-life material recovered) ▪ Percentage of revenues that contain IEC 62474 declarable substances, arsenic compounds, antimony compounds or beryllium compounds
6. Water management (specific to Solar assets - manufacturing)	▪ Total amount of water consumed
7. Other issues	▪ Number of incidents of non-compliance with environmental permits, standards, and regulations ▪ Number of fines related to distribution system quality and safety failure ▪ Number of recalls related to distribution system quality and safety failure

Social indicators	
Workforce health and safety	▪ Number of employee accidents (direct employees and contract employees) ▪ Number of fatal accidents

Governance indicators	
Asset manager commitment	▪ Number of general assemblies and supervision committees
Parity	▪ Number of women in the investment team
Assiduity	▪ Attendance rate of general assemblies

In the framework of the SFDR, the ESG impact report will be merged with the PAI report to integrate supplementary information of interest for the investors, but not listed among the PAI, such as fund-level avoided emissions

Sustainability risk integration and management

The SFDR regulation requires financial actors to disclose how they take sustainability risks into account in their investment decisions.

Sustainability risks refer to the impact of external sustainability factors on the performance of a financial product. Sustainability risks can refer to physical risks, transition risks or responsibility risks negatively affecting an asset's financial performance. They are different from an asset's ESG impact or performance, which are measured by PAI indicators, as detailed in the previous section.

AET has developed a separate sustainability risk integration policy to:

- Identify and evaluate the sustainability risks impacting assets;
- Describe in detail the selected risks;
- Outline and describe the action plans put in place to mitigate those risks; and
- Evaluate the estimated impact of the risks on product performance.

Refer to the sustainability risk integration policy for more details on this topic.

Governance and organisation

AET has an experienced investment team comprising managing directors, directors, associate directors, associates and analysts. The definition of each role within the organisation and the role and composition of the committees are clearly established.

List of indicators published in the annual (ESG) Impact Report

Committee	Mandatory attendees	Role and objective
Investment committee	The CEO, managing directors and the risk and compliance officer (non-voting member)	▪ Approves the investments and divestments ▪ Ensures systematic ESG analyses in compliance with the responsible investor policy ▪ Validates due diligences and their expenses, including ESG
Risk and compliance committee	The CEO, managing directors, the risk and compliance officer and senior representatives of Amundi Group's risk and compliance business lines	▪ Ensures the effective implementation of the responsible investor ▪ Ensures the implementation of ESG reporting protocol ▪ Ensures the responsible investor policy is up to date with regulations, together with Amundi Group's legal and compliance teams

AET's investment team works in pairs or group of three for each investment opportunity, with each team made up of a managing director/director and one or two associate director(s), associate(s) or analyst(s). This collaboration continues during asset selection, due diligence and deal execution during the origination and investment period, running through to asset monitoring during the holding period.

During the origination period, eligibility and evaluation criteria are confirmed by the managing director/director based on an analysis of EU Taxonomy and UN Sustainable Development Goals carried out by an associate director, associate or analyst.

During the due diligence period, an associate director, associate or analyst conducts ESG analysis based on the ESG assessment tool, under the supervision of the managing director/director. This ESG analysis is presented to the investment committee.

During the holding period, the associate director, associate or analyst is in charge of collecting data and the managing director/director confirms the adequacy of the ESG reporting, as well as managing relationships with industrial partners in case of any lack of data. The team is also in charge of participating in general assembly meetings and engaging with asset owner/operators or corporate companies on ESG topics, especially when conclusions from the ESG assessment are not satisfactory and a close follow-up and/or implementation of an ESG improvement plan is necessary.

Appendix

1. List of sectors

The following sectors are included in the ESG assessment tool as of June 2022:

- Wind (onshore)
- Wind (offshore)
- Solar PV
- CHP gas
- CHP biomass
- Sustainable mobility
- Electric vehicle charging stations
- Hydropower
- Biogas
- Batteries and electricity storage
- Geothermal power
- Green hydrogen
- Heating and cooling networks
- Energetic renovation
- Waste-to-energy