

Legal entity identifier:
213800XAP1H8TNKVRE27

The master fund seeks to identify green bonds whose objective is to finance projects that generates a positive and measurable environmental impact. The measurability translates into avoided tons of CO2 emissions per million of euros invested in a year.

Beyond the quantitative and qualitative financial analysis of the bonds that are likely to compose the portfolio, the selection process considers an approach aimed at retaining their environmental qualities according to several points of analysis:

1. Analysis of the characteristics of the bond in terms of :
 - (i) transparency, via the reporting on the avoided tons of CO2 emissions per million of euros invested in a year;
 - (ii) the environmental impact of funded projects (such as the development of recycled products, the sustainable management of natural resources, etc);
 - (iii) inclusion in the issuer's overall environmental strategy (such as, for example, quantified targets of the company for reducing CO2 emissions in the context of the global objective of limiting the temperature rise to 1.5°);
 - (iv) inclusion in a global logic of the company aimed at conceptualizing approaches and defining good practices with an environmental aim (circular economy, development of recycling, reduction of waste, etc).
2. the selection of business sectors compatible with the Amundi's ESG policy and in particular the defined exclusion rules;
3. the analysis of the issuer's ESG fundamentals, to retain issuers that are "best performer" within their sector of activity on at least one of their material environmental factors.

For the issuing company to be considered as contributing to the sustainable investment objective of the Sub-Fund, it must be "the best performer" in its sector of activity on at least one of its material environmental or social factors.

The definition of "best performer" relies on Amundi's proprietary ESG methodology which aims to measure the ESG performance of an investee company. In order to be considered a "best performer", an investee company must perform with the best top three rating (A, B or C, out of a rating scale going from A to G) within its sector on at least one material environmental or social factor. Material environmental and social factors are identified at a sector level. The identification of material factors is based on Amundi ESG analysis framework which combines extra-financial data and qualitative analysis of associated sector and sustainability themes. Factors identified as material result in a contribution of more than 10% to the overall ESG score. For energy sector for example, material factors are: emissions and energy, biodiversity and pollution, health and security, local communities and human rights.

To contribute to the above objectives, the investee company should not have significant exposure to activities (e.g. tobacco, weapons, gambling, coal, aviation, meat production, fertilizer and pesticide manufacturing, single-use plastic production) not compatible with such criteria.

The sustainable nature of an investment is assessed at investee company level.

Finally, all selected Green Bonds shall meet the criteria and guidelines of the Green Bond Principles as published by the International Capital Market Association.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

To ensure sustainable investments do no significant harm ('DNSH'), Amundi utilises two filters:

- The first DNSH test filter relies on monitoring the mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the RTS where robust data is available (e.g. GHG intensity of investee companies) via a combination of indicators (e.g. carbon intensity) and specific thresholds or rules (e.g. that the investee company's carbon intensity does not belong to the last decile of the sector).
Amundi already considers specific Principle Adverse Impacts within its exclusion policy as part of Amundi's Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, Violations of UN Global Compact principles, coal and tobacco.
- Beyond the specific sustainability factors covered in the first filter, Amundi has defined a second filter, which does not take the mandatory Principal Adverse Impact indicators above into account, in order to verify that the company does not badly perform from an overall environmental or social standpoint compared to other companies within its sector which corresponds to an environmental or social score superior or equal to E using Amundi's ESG rating.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The indicators for adverse impacts have been taken into account as detailed in the first do not significant harm (DNSH) filter above:

The first DNSH filter relies on monitoring of mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the RTS where robust data is available via the combination of following indicators and specific thresholds or rules:

- Have a CO2 intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors), and
- Have a Board of Directors' diversity which does not belong to the last decile compared to other companies within its sector, and
- Be cleared of any controversy in relation to work conditions and human rights.
- Be cleared of any controversy in relation to biodiversity and pollution

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- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into our ESG scoring methodology. Our proprietary ESG rating tool assesses issuers using available data from our data providers. For example the model has a dedicated criteria called "Community Involvement & Human Rights" which is applied to all sectors in addition to other human rights linked criteria including socially responsible supply chains, working conditions, and labor relations. Furthermore, we conduct controversy monitoring on a, at minimum, quarterly basis which includes companies identified for human rights violations. When controversies arise, analysts will evaluate the situation and apply a score to the controversy (using our proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the master fund considers all the mandatory Principal Adverse Impacts as per Annex 1, Table 1 of the RTS applying to the master fund's strategy and relies on a combination of exclusion policies (normative and sectorial), ESG rating integration into the investment process, engagement and voting approaches:

- Exclusion: Amundi has defined normative, activity-based and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the Disclosure Regulation.
- ESG factors integration: Amundi has adopted minimum ESG integration standards applied by default to its actively managed open-ended funds (exclusion of G rated issuers and better weighted average ESG score higher than the applicable benchmark). The 38 criteria used in Amundi ESG rating approach were also designed to consider key impacts on sustainability factors, as well as quality of the mitigation undertaken are also considered in that respect.
- Engagement: Engagement is a continuous and purpose driven process aimed at influencing the activities or behaviour of investee companies. The aim of engagement activities can fall into two categories : to engage an issuer to improve the way it integrates the environmental and social dimension, to engage an issuer to improve its impact on environmental, social, and human rights-related or other sustainability matters that are material to society and the global economy.
- Vote: Amundi's voting policy responds to an holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. For more information please refer to Amundi's Voting Policy¹.
- Controversies monitoring: Amundi has developed a controversy tracking system that relies on three external data providers to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth assessment of each severe

¹ <https://about.amundi.com/files/nuxeo/dl/0522366c-29d3-471d-85fd-7ec363c20646>

controversy, led by ESG analysts and the periodic review of its evolution. This approach applies to all of Amundi's funds.

For any indication on how mandatory Principal Adverse Impact indicators are used, please refer to the Amundi ESG Regulatory Statement available at www.amundi.lu

☐ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Objective : the sub-fund seeks to achieve a combination of income and capital growth (total return) over the recommended holding period through investment in Sustainable Investments pursuant to Article 9 of the Disclosure Regulation. Specifically, the sub-fund invests as a feeder fund in Amundi Responsible Investing - Impact Green Bonds ("master fund") that seeks to provide performance linked to Sustainable Investments, by investing in green bonds whose impact on the environment is positive, assessed on the basis of estimated greenhouse gas emissions avoided and using the tonnes of CO2 equivalent emissions (tCO2e) avoided as indicator.

Investments : The master fund invests mainly in OECD investment grade green bonds issued by any issuer around the world and denominated in any currency. Specifically, the Sub-Fund invests at least 85% of net assets in units of the master fund (OR-D class). The Sub-Fund may invest up to 15% in deposits. The master fund may invest up to 100% of its net assets (with a minimum of 50% from issuers with an ESG rating of between A and D) in all of the following types of green bonds around the world, including up to 15% of the assets in emerging markets: fixed-rate and variable-rate bonds; indexed bonds: inflation, CMR (Constant Maturity Rate); subordinated securities issued by banks, corporations or insurance companies; ABS/MBS up to a maximum of 10% of net assets. The master fund may invest up to 15% of net assets in unrated or below-investment grade securities. The currency risk will be hedged up to a total exposure to currencies other than the euro of 10% of the net assets.

The master fund makes use of derivatives to reduce various risks, for efficient portfolio management and as a way to gain exposure (long or short) to various assets, markets or other investment opportunities (including derivatives that focus on interest rates, credit and foreign exchange).

Benchmark : The master fund is actively managed. The Barclays MSCI Global Green Bond Index (coupons reinvested), hedged in euro (the "Index") serves a posteriori as an indicator for assessing the master fund's performance. There are no constraints relative to the Index restraining portfolio construction.

Management Process : The master fund's sustainable investment is focused on environmental objectives by investing in green bonds meeting the criteria and guidelines of the Green Bond Principles (as published by the ICMA) and for which the positive impact on energy transition and the environment of the projects it finances can be assessed (according to an internal analysis conducted by the Investment Manager on the environmental aspects of these projects). The master fund integrates Sustainability Factors in its investment process, outlined in more detail in section "Sustainable Investment" of the Prospectus. The portfolio is subject to analysis using traditional financial criteria relating to credit-worthiness. The Investment Manager actively manages the portfolio to take also advantage of changes in interest rates and the credit spreads. The Investment Manager then selects the securities that offer the best medium-term risk/reward profile.

● *What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?*

The master fund first applies Amundi's exclusion policy including the following rules:

- legal exclusions on controversial weapons (anti-personnel mines, cluster bombs, chemical weapons, biological weapons and depleted uranium weapons, etc.);
- companies that seriously and repeatedly violate one or more of the 10 principles of the Global Compact, without credible corrective measures;
- the sectoral exclusions of the Amundi group on Coal and Tobacco (details of this policy are available in Amundi's Responsible Investment Policy available on the website www.amundi.lu).

The sub-fund invests 100% of its assets in green bonds (excluding cash). At least 50% of these green bonds have an ESG rating between A and D. In addition, issuers with an ESG rating of F or G are excluded.

At least 90% of the securities held in the portfolio are subject to extra-financial analysis.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

We rely on Amundi ESG scoring methodology. Amundi's ESG scoring is based on a proprietary ESG analysis framework, which accounts for 38 general and sector-specific criteria, including governance criteria. In the Governance dimension, we assess an issuer's ability to ensure an effective corporate governance framework that guarantees it will meet its long-term objectives (e.g. guaranteeing the issuer's value over the long term). The governance sub-criteria considered are: board structure, audit and control, remuneration, shareholders' rights, ethics, tax practices and ESG strategy.

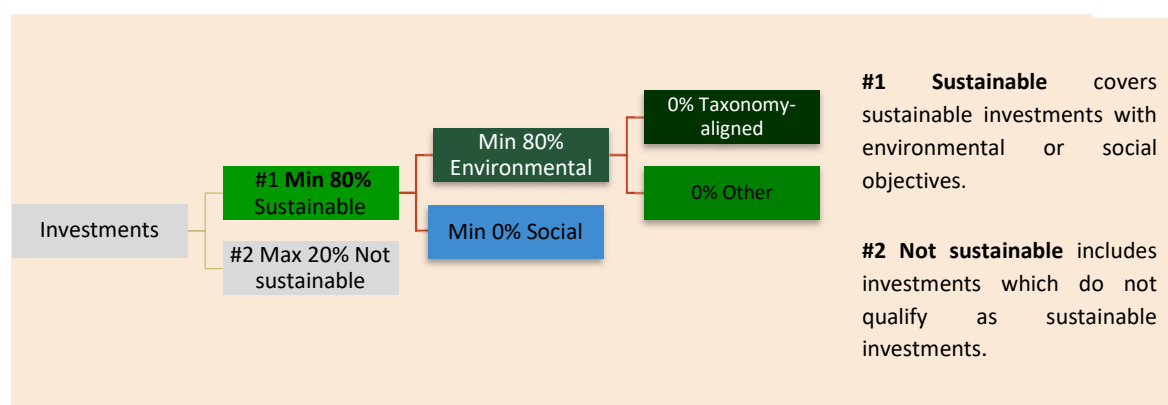
Amundi ESG Rating scale contains seven grades, ranging from A to G, where A is the best and G the worst rating. G-rated companies are excluded from our investment universe.

Asset allocation describes the share of investments in specific assets.



What is the asset allocation and the minimum share of sustainable investments?

The master fund commits to have a minimum of 80% of sustainable investments and the remaining assets will be held in cash and instruments for the purpose of liquidity and portfolio risk management.



● **How does the use of derivatives attain the sustainable investment objective?**

Derivatives are not used to attain the sustainable investment objective.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green




To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

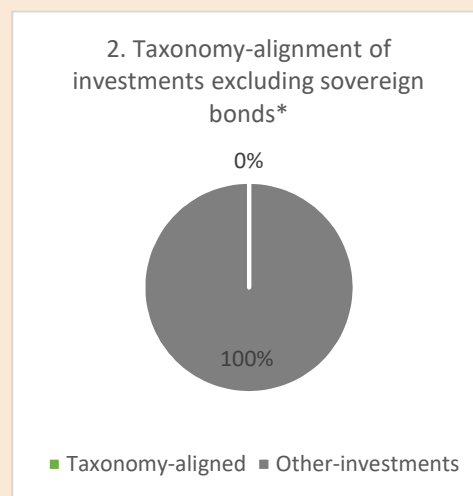
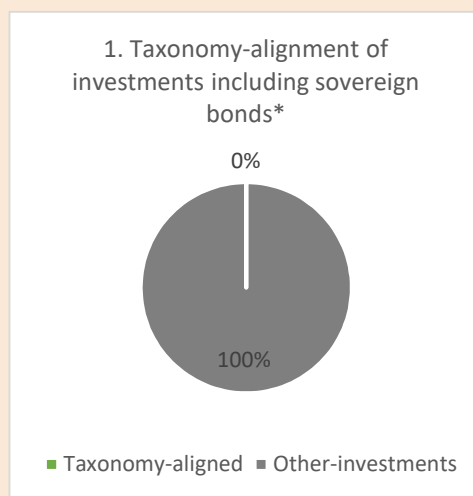
The master fund currently has no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

The master fund has no minimum proportion of investment in transitional or enabling activities



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The master fund will have a minimum commitment of 80% of sustainable investments with an environmental objective with no commitment on their alignment with the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

The master fund has no minimum defined minimum share.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Derivatives and liquidities (money market funds and cash) are included in the “#2 Non-sustainable” category. Derivatives do not contribute to achieving the objective of sustainable investment; they are used for hedging and/or exposure to risk (exchange rate, etc.). Liquidities are used for cash management, to deal with subscriptions/redemptions.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

No, there is not.

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*

N/A

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website: www.amundi.lu