Information to be published and maintained on websites as per SFDR-level I Art. 10(1) and SFDR-level II Art. 23 and Art. 24-36 for a SFDR-Art. 8 product

VERSION HISTORY		
DATE	**PREVIOUS UPDATES**	**MAIN CHANGES**
13/06/2025	28/06/2024; 03/12/2024; 01/01/2023	Amendments related to changes of the NEF Prospectus

Registered Office: 5 Allée Scheffer, L-2520 Luxembourg

Luxembourg Register of Companies no. B 69.705 VAT no.: LU 21817233

NEAM asset management

Sustainability-related disclosures

Following the entry into force of the COMMISSION DELEGATED REGULATION (EU) 2022/1288 of the European Parliament and of the Council of 6 April 2022 (the "**SFDR-level II**") supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council (the "**SFDR-level I**") with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports, as amended which forms part of the EU's package of measures relating to environmental, social and governance issues, NEAM (hereafter referred to as "**NEAM**" or the "**Management Company**") is committed, inter alia, to publish on its website information in compliance with chapter IV of SFDR-level II.

Summary

- **Sub-Fund name: NEF Ethical Balanced Dynamic**
  Legal Entity Identifier: 222100E2RI278S3YF708

- <u>No sustainable investment objective</u>: This financial product promotes some environmental or social ("**E/S**") characteristics but does not have as its objective sustainable investment. While it does not have as its objective sustainable investment, it will nevertheless commit to have a minimum proportion of 10% of sustainable investments according to article 2(17) SFDR-level I.
  The objective of sustainable investments is to invest in companies that follows best environmental and social practices and avoid making products or providing services that harm the environment and the society. In order for the investee company to be deemed to contribute to the above objective, it must be a "best performer" within its sector of activity on at least one of its material environmental or social factors, according to Amundi (the "**Investment Manager**") proprietary environmental, social and governance ("**ESG**") methodology. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into the Investment Manager's ESG scoring methodology.

  The Management Company will monitor the compliance with the sustainable investment definition that rely on contribution to one or more UN Sustainable Development Goals ("**UN SDGs**"), have some alignement with Taxonomy objectives or be invested in a Green/Social/ Sustainable bond or equivalent. Additionally, to confirm the part of sustainable investments that the financial product makes does not significantly harm any environmental or social sustainable investment objective; the Management Company independently performs periodically a DNSH test (do not significant harm test) on the portfolio.
  <u>Environmental or social characteristics of the financial product</u>: The Sub-Fund promotes some ESG characteristics, while seeking to invest mainly in stocks and bonds issued by companies with a good ESG profile that will represent the investment universe.
  The Sub-Fund will not invest in sovereign issuers in countries or federal state where the death penalty applies and will also refrain to invest in companies involved in controversial sectors such as alcohol, controversial weapons, gambling, pornographic material and tobacco.

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- Investment strategy: The Sub-Fund is an ethical and balanced sub-fund, whose objective is to achieve capital appreciation, by respecting ESG principles on medium/long term, through an active allocation of the risk mainly in bonds and equities. The Sub-Fund may invest in stocks equities and bonds and fixed income instruments.

  The promotion of E/S characteristics is carried out by the Sub-Fund on a continuous basis as part of the investment process (i.e. adherence to the exclusion policy is monitored with strict pre-trade restrictions). In addition, risk management of the Management Company monitors adherence to the mandatory elements. In this manner, the Sub-Fund uses the environmental and social indicators to assess whether the promoted objective is achieved.

- Proportion of investments: The Sub-Fund invests at least 80% of its net assets in assets that have been determined as "eligible" as per the ESG process in place. The Sub-Fund will have a minimum of 10% of its assets in sustainable investments. Up to 20% of the investments might not be aligned with these characteristics.

- Monitoring of environmental or social characteristics: Investments' compliance with the promoted E/S characteristics is monitored on an ongoing basis by the Investment manager. In addition, risk management of the Management Company monitors the adherence to the mandatory elements. In this manner, the Sub-Fund uses the ESG indicators to assess whether the promoted E/S characteristics are achieved.

- Methodologies: The attainment of the promoted E/S characteristics is assessed via the application of a proprietary ESG assessment methodology. The methodology applies a variety of ESG Criteria (the "ESG Filter") to assess the attainment of the promoted environmental and social characteristics. The Management Company relies on external ESG data providers to monitor the sustainability profile of the Sub-Fund.

- Data sources and processing: The Investment Manager's proprietary Sustainability Responsible Investment (SRI) tool uses data stemming from third-party data providers. The quality of data is ensured via the use of different data-providers in order to benefit from the highest possible data quality. The Management Company also relies on two service providers and companies' public information to perform its monitoring.

- Limitations to methodologies and data: The Investment Manager and the Management Company rely on data provided by third party data vendors which could apply different models and may contain inaccurate or incomplete data. These limits are constantly taken into account and mitigated by the Investment Manager and the Management Company.

- Due diligence: Amundi performs a qualitative "sampling control" on its sector based on various checks. After this review, the score is validated and documented. This can also be subject to a validation of the ESG Rating Committee. The Management Company also proceeds to an annual due diligence of the delegated Investment Manager to assess the compliance with the engagement taken in the pre-contractual document, the ESG investment process and the sustainability performance of the Sub-Fund.

- Engagement policies: Amundi engages investee or potential investee companies at the issuer level which are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies face

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have a major impact on society, both in terms of risk and opportunities. The Investment Manager exercises voting rights in a sustainable manner.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. It will nevertheless commit to have a portion of 10% of sustainable investments. The objective of the sustainable investments is to invest in investee companies that seek to meet two criteria:

1. follow best environmental and social practices; and
2. avoid making products or providing services that harm the environment and society.

In order for the investee company to be deemed to contribute to the above objective it must be a "best performer" within 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 environmental, social, governance ("**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.

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

To be considered a sustainable investment, a company has to meet the above objectives and should not have any significant exposure to activities considered as incompatible with long-term sustainable development goals (i.e. carbon intensive energy production and distribution, tobacco, weapons, gambling, coal, aviation, meat production, fertilizer and pesticide manufacturing, single-use plastic production).

Additionally, the partially investment in sustainable investments according to article 2(17) SFDR-level I is ensured by the Management Company who runs ex-post independently checks on the portfolio at least quarterly.

The Management Company considers that, in order to be classified as sustainable investment, an investment should either:

1. Be aligned with the EU Taxonomy objectives. A company can be qualified as sustainable investment in case it has more than 20% of its revenues aligned with the EU Taxonomy, or
2. Contribute positively to one or more United Nations Sustainable Development goals ("**UN SDG**") targets. Despite UN SDG targets both environmental and social matters, the ultimate target revolve around human society development in a sustainable way, therefore is meant to contribute to a social objective, or
3. Be a Green Bonds, Social Bonds, Sustainable Bonds, or bonds linked to Sustainable / ESG / SDGs projects which is meant to contribute to a social or environmental objective

depending on the nature of the bond. Such bonds should follow guidelines concerning the use of proceeds such as ICMA or CBI or other recognized independent party.

Regarding point 2, the positive contribution is determined usually by using ISS SDG impact rating. However other equivalent SDG impact analysis could be used. ISS SDG impact rating ranges from -10 to +10. To contribute positively the ISS SDG impact rating should be at least 2.

The ISS SDG impact rating is based on 3 pillars:

- Product and services identify contribution or obstruction to SDGs, based on revenues. The score is ranging from -10 to +10 based on the percentage of revenues contributing or obstructing with the goal, +10 imply a 100% contribution.
- Operations management: evaluate impact along the value chain, based on corporate ESG practices and impact. The score is ranging from -10 to +10.
- Controversies: identify alleged or verified failure to respect norms that obstruct SDG. The score ranges from 0 (no controversies) to -8 (large negative controversies).

Once these 3 ratings are compiled for each goal, both operation management and controversies are added together and compared to the product and services score. Then the following logic is applied: Highest positive score if only positive scores, Lowest negative score if only negative scores, sum of the positive and the negative score in case of mixed scores.

As for the investments in economic activities that contribute to environmental and/or social objectives, it must be ensured that the latter do no significantly harm any sustainable environmental or social investment objectives.

To ensure sustainable investments do not significant harm ("**DNSH**"), Amundi utilises two filters:

1. The first DNSH filter relies on monitoring the mandatory Principal Adverse Impacts indicators in Annex I, Table 1 of SFDR-level II
   a. 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).
   b. Amundi already considers specific Principal Adverse Impacts within its exclusion policy as part of Amundi's Responsible Investment Policy. These exclusions, which apply on the top of the test detailed above, cover the following topics: exclusion on controversial weapons, violation of UN Global Compact ("**UNGC**") principles, coal and tobacco.

2. Beyond the specific sustainability factors covered in the first filter, Amundi has defined a second DNSH filter, which does not take into account the mandatory Principal Adverse Impact indicators described above, 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 risk rating.

For the sustainable investments realized by the Sub-Fund, indicators of the Principal Adverse Impacts on sustainability factors are considered.

The indicators for adverse impacts have been taken into account as detailed in the first 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),

• Have a Board of Directors' diversity which does not belong to the last decile compared to other companies within its sector,

• Be cleared of any controversy in relation to work conditions and human rights, and

• Be cleared of any controversy in relation to biodiversity and pollution.

Moreover, the Sub-Fund considers principle adverse impacts on sustainability factors. The financial product considers all the mandatory Principal Adverse Impacts as per Annex 1, Table 1 of the RTS applying to the Sub-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 a 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 Policy[1].

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

#	Metric	Action taken
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - CORPORATES		

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

1	**GHG emissions (Scope 1, 2, 3 and total)**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *Voting:* part of Amundi's voting priority theme on energy transition *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
2	**Carbon footprint**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *Voting:* part of Amundi's voting priority theme on energy transition *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
3	**GHG intensity of investee companies**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *Voting:* part of Amundi's voting priority theme on energy transition *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
4	**Exposure to companies active in the fossil fuel sector**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *Voting:* part of Amundi's voting priority theme on energy transition *Exclusion Policy:* part of Amundi's exclusion policy dedicated to coal and to unconventional hydrocarbons
5	**Share of non-renewable energy consumption and production**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *ESG Score Integration:* included under the environmental pillar of Amundi's proprietary ESG model
6	**Energy consumption intensity per high impact climate sector**	*Engagement:* part of Amundi's engagement focusing on transition towards a low carbon economy *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
7	**Activities negatively affecting biodiversity sensitive areas**	*Engagement policy:* part of Amundi's engagement focusing on natural capital preservation *Controversymonitoring:* screening among a large universe of issuers taking into account flags on biodiversity and land use *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
8	**Emissions to water**	*Engagement:* part of Amundi's engagement focusing on natural capital preservation *Controversy monitoring:* screening among a large universe of issuers taking into account flags on biodiversity and waste *ESG score integration:* included under the environmental pillar of Amundi's proprietary ESG model
9	**Hazardous waste ratio**	*Engagement:* part of Amundi's engagement focusing on natural capital preservation

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		Controversy monitoring: screening among a large universe of issuers taking into account flags on toxic emission, effluents and waste *ESG Score Integration:* included under the environmental pillar of Amundi's proprietary ESG mode
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS - CORPORATES		
10	**Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines**	*Exclusion:* issuers that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action are excluded *Engagement:* part of Amundi's engagement focusing on social cohesion *Vote:* part of Amundi's voting policy on companies with controversial social practices *Controversy monitoring:* screening among a large universe of issuers taking into account flags on UNGC breaches
11	**Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines**	*Engagement:* part of Amundi's engagement focusing on strong governance for sustainable development. *Vote:* part of Amundi's voting policy on companies with controversial social practices *Controversy monitoring:* screening among a large universe of issuers taking into account flags on public policies and governance incidents
12	**Unadjusted gender pay gap**	*Engagement:* part of Amundi's engagement focusing on a social cohesion. *Voting:* part of Amundi's voting priority theme on social cohesion. *Controversy monitoring:* screening among a large universe of issuers taking into account flags on labor relations employee management
13	**Board gender diversity**	*Engagement:* making gender diversity mainstream is part of Amundi's engagement policy via the launch in 2020 of the 30% Club France Investor Group which Amundi became co-chair. *Vote:* part of Amundi's voting policy on companies with controversial social practices
14	**Exposure to controversial weapons**	*Exclusion policy:* controversial weapons are excluded as per Amundi's weapons exclusion policy. As part of our exclusion policy, Amundi can engage with specific issuers to confirm their exposure to controversial weapons *Vote:* part of Amundi's voting policy on companies with controversial social practices
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS		
15	**GHG intensity**	*ESG Score Integration:* part of Amundi ESG sovereign methodology under the environmental pillar
16	**Investee countries subject to social violations**	*Exclusion:* Countries on the European Union (EU) sanction list with a sanction consisting of asset freezing, and a sanction index at the highest level (considering both United States and EU sanctions) are excluded, after formal review and validation from Amundi's Rating Committee

When selecting the securities of companies, PAIs are taken into account in particular by (1) setting exclusion criteria, (2) evaluating using a sustainability rating and (3) conducting company dialogues.

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights ("**UNGC**") are integrated into Amundi ESG scoring methodology. Amundi proprietary ESG rating tool assesses issuers using available data from different data providers.

The Management Company runs periodically on an ex-post basis a DNSH test independently. The DNSH test is based on several pillars among which:

- Norm based screen: to identify issuer based on the issuer's link with any breaches of international standards notably the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles ("UNGP") on Business and Human Rights are used in decisions on sustainable investments;

- Activity-based screens: the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment;

- Sustainability indicators: to ensure that minimum environmental, social and governance characteristics are attained;

- PAI evolution: quantitative data (where available) on PAI indicators is used to evaluate whether an issuer is involved in activities that cause significant harm to any environmental or social objective.

As a general matter, the "do no significant harm" principle, as referred to in article 6 of the "EU Taxonomy" regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments does not apply to this Sub-Fund since the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

In case of breaches of this minimum percentage the Investment Manager will be enquired to provide evidence on the sustainability nature of the investments. Based on evidence sent by the Investment Manager and data coming from the Management Company service providers and/or public information the Management Company risk team will give his opinion about the sustainability of the security which should be validated by the Management Committee.

Environmental or social characteristics of the financial product

This Sub-Fund promotes some ESG characteristics, while seeking to invest mainly in stocks and bonds issued by companies with a good ESG profile that will represent the investment universe. It will notably use an ESG rating as further explained in the other sections of the document.

The Sub-Fund promotes environmental and social characteristics as follows::

- the environmental aspects linked to limited carbon intensity;
- the social aspect linked to human rights in general;

The Investment Manager is committed to phase out thermal coal from its investments by 2030 in OECD countries and by 2040 in non-OECD countries.

The Sub-Fund will not invest in sovereign issues in countries or federal state where the death penalty applies and will also refrain to investment in companies involved in controversial sectors such as alcohol, armaments, cluster bombs, gambling, nuclear weapons, nuclear energy or depleted uranium, pornographic material, and tobacco.

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The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted.

Investment strategy

The Sub-Fund is an ethical and balanced sub-fund, whose objective is to achieve capital appreciation, by respecting ESG principles on medium/long term, through an active allocation of the risk mainly in bonds and equities.

ESG analysis is embedded into the Investment Manager's portfolio management systems. Indeed, the Investment Manager has taken the commitment to integrate ESG criteria into the investment process of the Sub-Fund, with an objective to invest mainly in stocks and bonds issued by companies with a good quality of ESG profile, in addition to the financial objectives.

As for the government and supranational bonds, the Sub-Fund invests in securities issued by OECD member countries and countries that launched enhanced engagement with the OECD and/or supranational organizations and entities with rating IG.

The Sub-Fund's investment strategy has the following binding elements:

a. The "ESG Filter": The Sub-Fund will invest in issuers with a good ESG rating as further described in the methodology section relative to the ESG rating (positive screening).

b. The "Exclusion List" ([2])(negative screening) made of:

- Companies involved in activities related to controversial weapons;
- Companies with important revenues generated from services/products which are oriented towards armaments or warfare;
- Companies involved in cultivation and production of tobacco;
- Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Companies that are to be excluded if their main business activity is carried out in any of the following business areas: Adult entertainment, Gambling, Alcohol, Coal, Exploration and production of unconventional oil & gas extraction (covering "shale oil and gas" and "oil sands").

If an issuer falls into any of the above mentioned categories after investment, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.

c. The "Exclusion List" made of sovereign issuers in countries with high corruption and ML/TF risk and in countries or federal states where death penalty applies.

[2] The Sub-Fund's « Exclusion List » is in accordance with the Climate Transition Benchmark (CTB) as per letter a) to c) of article 12 of Commission Delegated Regulation (EU) 2020/1818.

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If an issuer becomes excluded after investment, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.

d. The financial product shall have at least 95% of its assets (excluding ancillary liquid assets) covered by the ESG analysis.

The financial product shall invest at least 10% of its assets in "sustainable investment" as defined in Article 2(17) of SFDR-level I.

The applied ESG investment strategy does not pursue a committed minimum reduction of the scope of the investments.

To assess good governance practices of the investee companies, the Investment Manager relies 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, Amundi 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 investment universe.

Each corporate security (shares, bonds, single name derivatives, ESG equity and fixed income ETFs) included in investment portfolios has been assessed for good governance practices applying a normative screen against UNGC principles on the associated issuer. The assessment is performed on an ongoing basis. Amundi's ESG ratings Committee monthly reviews lists of companies in breach of the UNGC leading to rating downgrades to G. Divestment from securities downgraded to G is carried out by default within 90 days.

Amundi Stewardship Policy (engagement and voting) related to governance complements this approach.

The good governance practice is assessed by the Management Company after investment and on an ongoing basis, following the below indicators:

- The company must be listed in a regulated market exchange in order to be considerate having a good governance, as in order to be listed several policies and procedures regarding governance must be in place; or
- The company should have a minimum Governance Pillar Score of 25 according to Refinitiv or equivalent third-party ESG rating provider.

Proportion of investments

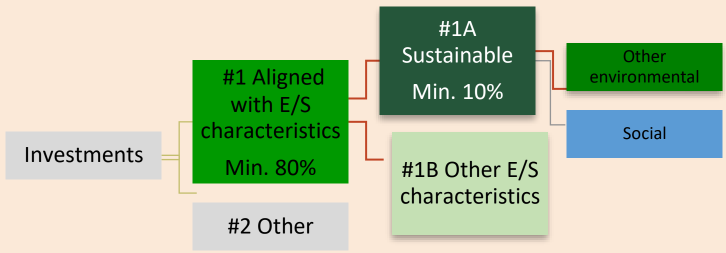
The Sub-Fund invests at least 80% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (#**1 Aligned with E/S characteristics**), including:

- a minimum of 10% in sustainable investments **(#1A sustainable)**;

- **(#1B Other E/S characteristics)** includes securities of issuers which are deeme to maintain favourable ESG characteristics but are not sustainable investments.

The Sub-Fund's ESG eligible assets mainly consists of equities and bonds (direct exposure). However, the Sub-Fund may invest in underlying funds which promote environmental and social characteristics (in compliance with art. 8 of the SFDR-level I) and which have a minimum portion of sustainable investments equal or higher to 10% (indirect exposure).

Up to 20% of the investments might be not aligned with these characteristics (**#2 Other**). A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus of this financial product.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.
The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The uses of derivatives (if any) is currently not used to attain the environmental or social characteristics promoted by the Sub-Fund.

Monitoring of environmental or social characteristics

The promotion of environmental and social ("**E/S**") characteristics is carried out by the Sub-Fund on a continuous basis as part of the investment process (i.e. adherence to the exclusion policy is monitored with strict pre-trade restrictions).

All ESG data used by the Investment Manager, either externally or internally processed, is centralized by the Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator ("**SRI**") module.

Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions.

Moreover, these indicators are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the fund on an ongoing basis.

Amundi conducts a 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 Amundi proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.

In addition, risk management of the Management Company monitors on a daily basis adherence to the mandatory elements. In this manner, the Sub-Fund uses the environmental and social indicators to assess whether the promoted objective is achieved.

Methodologies

The attainment of the promoted E/S characteristics is assessed via the application of a proprietary ESG assessment methodology. The methodology applies a variety of ESG Criteria to assess the attainment of the promoted environmental and social characteristics, which are as follows:

- All issuers should have, in principle, an ESG rating.
- The Sub-Fund will invest in issuers with a ESG rating greater than or equal to 41.67 according to Refinitiv or equivalent third-party ESG rating providers or E as defined per Amundi* in-house research.
- If an issuer ESG rating is downgraded below the above mentioned minimum score, the Investment Manager should sell it within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.
- The Investment Manager can invest up to 5% of the portfolio assets under management in securities where no ESG rating is readily available, but where the Investment Manager has good reason to believe that the securities will receive a good ESG rating within a reasonable period of time by either a third-party ESG rating provider or the Investment Manager in-house research.
- Once the ESG rating or analysis becomes available, should it not be in line with the limits of the mandate, the course of action will follow the process as described for ESG rating downgrades.
- Average ESG Portfolio Rating should not be below 66 according to Refinitiv or equivalent third-party ESG rating provider or C Rating (according to Amundi ESG Score which is Amundi internal ESG rating).

In addition to the rating, the follows should be take into account:

a. <u>Sovereign issuers: government bonds are allowed if they are issued by countries with a low corruption and ML/TF risk rating. Government bonds issued by country with high corruption and ML/TF risk are identified by either of the following:</u>

- FATF High Risk and monitored jurisdictions
- EU, UN and OFAC Sanctions
- Corruption Perception Index (CPI)
- Know Your Country data (KYC)

Government bonds issued by country having a significant level of corruption or other predicate offences to ML/TF are forbidden.

Countries that apply death penalty are excluded; in case of a Federation, the exclusion is implemented only to the individual Federal State that applies death penalty.

b. Corporate bond and equity issuers: the Sub-Fund shall exclude all of the following companies from its eligible universe:

- Companies involved in activities related to controversial weapons;
- Companies with important revenues generated from services/products which are oriented toward armaments or warfare;
- Companies involved in cultivation and production of tobacco;
- Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Companies whose main business activity is carried out in any of the following business areas: coal, exploration and production of unconventional oil and gas extraction (covering "shale oil and gas" and "oil sands"), alcohol, gambling and pornographic material.

c. Targeted open-ended UCIs/UCITS: those funds are included solely when all the following conditions are met:

- they are at least classified as article 8 funds according to Regulation (EU) 2019/2088 ("SFDR-level I");
- they consider principal adverse impacts of its investment decisions on sustainability factors; and
- their minimum percentage of sustainable investments is equal or higher than the Sub-Fund.

Bonds issued by supranational issuers are accepted irrespective of the issuer and do not require a minimum ESG rating at individual issuer level. Should a sovereign related issuer, (e.g. agencies, local authorities, sovereign owned/sponsored/guaranteed, etc.) not be covered by Amundi in-house research or a third-party ESG rating provider, the relative country sovereign ESG rating will be used.

Green Bonds, Social Bonds, Sustainable Bonds, and all bonds linked to Sustainable / ESG / SDGs projects might be or is flagged in the controversial sectors mentioned above.

ESG analysis framework of Amundi is comprised of 38 criteria. These criteria were designed to either assess how sustainability issues might affect the issuer as well as the quality of the management of this dimension. The output of each the scores for the 38 criteria are translated into an ESG rating from A to G. At the end of this process, companies are attributed an ESG rating from A to G. The ESG rating of an issuer is a weighted average of the scoring for E, S and

G dimensions, each dimension being itself the weighted average of the internal reference values.

Data sources and processing

Investment Manager level

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology. Amundi sources data from the following sources for ESG scores: Moody, ISS-Oekem, MSCI, and Sustainalytics.

Data quality controls of external data providers are managed by the Global Data Management unit. Controls are deployed at different steps of the value chain, from pre-integration controls, post-integration ones, to post calculation ones like controls on proprietary scores for instance.

External data are collected and controlled by the Global Data Management team and are plugged into the SRI module.

The SRI module is a proprietary tool that ensures the collection, quality check and processing of ESG data from external data providers. It also calculates the ESG ratings of issuers according to Amundi proprietary methodology. The ESG ratings in particular are displayed in the SRI module to portfolio managers, risk, reporting and the ESG teams in a transparent and user-friendly manner (issuer's ESG rating together with the criteria and the weights of each criterion).

For ESG ratings, at each stage of the calculation process, the scores are normalized and converted into Z-scores (difference between the company's score and the average score in the sector, as a number of standard deviations). Hence each issuer is assessed with a score scaled around the average of their sector, enabling to distinguish best-practices from worst practices at sector level (Best-in-Class approach). At the end of the process, each issuer is assigned an ESG score (approximately between -3 and +3) and the equivalent on a letter scale from A to G, where A is the best, and G the worst.

Data is then disseminated via Alto front office to portfolio managers and is monitored by the risk team.

ESG scores utilize data derived from external data providers, internal ESG assessment/research conducted by Amundi, or through a regulated third party recognized for the provision of professional ESG scoring and assessment. Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

Management Company level

The Management Company, in his role of oversight, uses the following data sources:

- ESG score: Refinitiv, ISS;

- the exclusion process uses: Refinitiv, ISS, public information;

- the valuation of sustainability risk is mainly based on Refinitiv data and ISS Datadesk data. Whenever the issuer's sustainability risk cannot be measured by neither Refinitiv nor ISS Datadesk, the Investment Manager is requested to submit his internal ESG score and analysis which is further analysed by the Management Company and compare with other ESG ratings providers and others public information.

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The quality of the data is ensured by the comparison of different data service providers available at Manco level (Refinitiv and ISS) as well as through the comparison with delegated Investment manager evidence and public information.

In the case of Refinitiv and ISS the data processing is automatic. In the case data are processed manually the Management Committee is reviewing the analysis performed by the risk team to ensure a final cross-review.

In some cases, companies are limited in what information they can disclose and estimates need to be made. For this reason, data providers regularly estimate data points, with continuous improvements being made to the coverage and methodology. The Management Company itself makes no estimates of sustainability indicators. The need for estimates will decrease continuously, in part due to the expansion of sustainability-related reporting obligations for companies, for example in relation to the criteria for the EU Taxonomy.

Limitation to methodologies and data

The methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardized which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely. The Investment Manager is aware of these limitations which it mitigates by a combination of approaches: the monitoring of controversies, the use of several data providers, a structured qualitative assessment by our ESG research team of the ESG scores, the implementation of a strong governance.

The Management Company relies on major data providers to proceed to its supervision on sustainability profile of the Sub-Fund. Despite a large dataset of issuers worldwide, some of them might not be covered yet due to lack on information or disclosure.

On a best effort basis, the Management Company uses public information, notably companies' own sustainability report and will leverage the Investment manager sustainability's expertise to ensure that E/S characteristics promoted are indeed met by those issuers, despite potential limited disclosure.

Due diligence

The Investment Manager assesses the issuer it considers eligible as per the investment universe by conducting an appropriate due diligence. This due diligence is carried out as outlined below.

Each month, the ESG scores are recalculated according to Amundi quantitative methodology. The result of this calculation is then reviewed by Amundi ESG analysts which perform a qualitative "sampling control" on its industry sector, based on various checks that may include (but are not limited to): the main significant variations of the ESG score, the list of the new names with a bad score, the main divergence of score between two providers. After this review, the analyst can override the calculated score which is then validated by the management of the team and documented by a note stored in Amundi dababase iPortal. This can also be subject to a validation of the ESG Rating Committee.

Amundi investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with the investment risk teams. In this context, Amundi has an investment guideline management procedure as well as a breach management procedure applying across all operations. Both procedures reiterate strict compliance with regulations and contractual guidelines. Amundi risk managers are in charge of monitoring breaches on a day-to-day basis, alerting fund managers and requiring that portfolios are brought back into compliance as soon as possible and in the best interest of investors.

The Management Company also proceeds to an annual due diligence of the delegated Investment Manager to assess the compliance with the engagement taken in the pre-contractual document, the ESG investment process and the sustainability performance of the sub fund. The following points are assessed on yearly basis:

- ESG scoring methodologies
- ESG integration in Investment Process & RMP
- Exclusion policy
- Sustainable Investment Implementation
- Sustainable Investment alignment
- DNSH analysis
- PAI consideration in the Investment process
- Annex IV/V of SFDR-level II
- Engagement activity
- Policies on sustainable matters

All these topics are reviewed and are assessed qualitatively, from Bad to Very good; such analysis is presented and approved by the Management Committee and by the Board of Directors of the Management Company.

Engagement policies

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds). Issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies face have a major impact on society, both in terms of risk and opportunities.

The Management Company encourages investment managers to take part in the active and responsible role as shareholder in the companies the sub-fund(s) invest in with emphasis on sustainability, activity and responsibility.

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