

Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 8 financial products

SUMMARY

Name:

AMUNDI EUR SHORT TERM HIGH YIELD CORPORATE BOND E

Legal entity identifier:

2138001B51SCUCTAZU58

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment

This financial product commits to making sustainable investments.

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

- The first DNSH 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 Principal 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 Principal Adverse Impacts indicators 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.

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

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 and

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

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles 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.

Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental and/or social characteristics through among others, replicating an Index integrating an environmental, social and governance ("ESG") rating. The Index methodology is constructed using a "Best-in-class approach": best ranked companies are selected to construct the Index. "Best-in-class" is an approach where leading or best-performing investments are selected within a universe, industry sector or class. Using such Best-in-class approach, the Index follows an extra-financial approach significantly engaging that permits the reduction by at least 20% of the initial investment universe (expressed in number of issuers).

Investment strategy

The Sub-Fund tracks the performance of the iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA Index(the Index), and minimizes the tracking error between the net asset value of the sub-fund and the performance of the Index.iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA Index is a bond index representative of euro-denominated BB/B rated bonds issued by corporate issuers that follows the rules of the iBoxx EUR High Yield Corporates 1-3 TCA index (the "Parent Index") and applies ESG criteria for security eligibility.

This is a passively managed ETF. Its investment strategy is to replicate the Index while minimizing the related tracking error. The eligible universe of the Index includes all securities that compose the Parent Index, which comprises euro denominated bonds issued by public or private corporate issuers with the following eligibility criteria: - only EUR denominated debt from corporate issuers is eligible, independent of country of risk or origin. - all bonds must have an average credit rating of BB or B. The average rating is computed by iBoxx, based on the credit ratings provided by the three rating services:

Fitch Ratings, Moody's Investors Service or S&P Global Ratings. - to qualify for the index all eligible bonds must have a remaining time to maturity of at least 2 years, measured from the respective rebalancing date to the maturity date. For bonds already included in the Index, the minimum time to maturity is 1 year at each monthly rebalancing. All bonds must have at the rebalancing day a time to maturity between one and three year. - all bonds require a minimum amount outstanding of EUR 300 million in order to be eligible for the Index. Then, the Index screens out the constituents of the Parent Index based on the following criteria: 1. First, securities of companies involved in controversial business lines or activities as per MSCI ESG Research including Adult entertainment, Alcohol, Civilian Firearms, Controversial Weapons, Conventional Weapons, Gambling, Genetically Modified organisms (GMO), Nuclear Power, Nuclear Weapons, Tobacco, Arctic Oil and Gas, Oil Sands, Thermal Coal, Unconventional Oil and Gas are excluded. 2. Securities of companies with an MSCI ESG rating of BB and below are excluded. 3. Companies with an MSCI ESG Controversies Score of less than 1 are excluded. In the event that the above MSCI ESG screenings result in less than 20% of issuers being excluded from the Parent Index at every rebalance date, additional ranking rules are applied to the issuers in the ESG-screened universe, as follows: 1. MSCI ESG rating score (descending) 2. MSCI ESG Controversies score (descending) 3. Issuer market value in the ESG - screened universe (descending) Based on the above ranking issuers will be excluded one by one (starting with the lowest ranked issuer) until the 20% minimum exclusion rule is satisfied. The remaining securities are weighted according to their total market capitalization with a soft issuer cap of 3%. In the event that there are not enough distinct issuers to satisfy the soft cap, a hard cap of 5% will be used. For more information on the business activities and the screen, please refer to the Index methodology available on www.ihsmarkit.com The Product strategy is also relying on systematic exclusions policies (normative and sectorials) as further described in Amundi Responsible Investment 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.

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 UN Global Compact (UN GC) 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 UN GC 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.

Proportion of investments

At least 90% of the Sub-Fund's securities and instruments will meet the promoted environmental or social characteristics in accordance with the binding elements of the Index methodology. Furthermore, the Sub-Fund commits to have a minimum of 1% of sustainable investments as per the below chart. Investments aligned with other E/S characteristics (#1B) will represent the difference between the actual proportion of investments aligned with environmental or social characteristics (#1) and the actual proportion of sustainable investments (#1A). The planned proportion of other environmental investment represents a minimum of 1% (i) and may change as the actual proportions of Taxonomy-aligned and/or Social investments increase.

Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised 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.

Methodologies

The Amundi ESG rating used to determine the ESG score is an ESG quantitative score translated into seven grades, ranging from A (the best scores universe) to G (the worst). In the Amundi ESG Rating scale, the securities belonging to the exclusion list correspond to a G. For corporate issuers, ESG performance is assessed globally and at relevant criteria level by comparison with the average performance of its industry, through the combination of the three ESG dimensions:

- **Environmental dimension:** this examines issuers' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity;
- **Social dimension:** these measures how an issuer operates on two distinct concepts: the issuer's strategy to develop its human capital and the respect of the human rights in general;
- **Governance dimension:** This assesses capability of the issuer to ensure the basis for an effective corporate governance framework and generate value over the long-term.

The methodology applied by Amundi ESG rating uses 38 criteria that are either generic (common to all companies regardless of their activity) or sector specific which are weighted according to sector and considered in terms of their impact on reputation, operational efficiency and regulations in respect of

an issuer. Amundi ESG ratings are likely to be expressed globally on the three E, S and G dimensions or individually on any environmental or social factor.

Data sources and processing

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology. We source data from the following sources for ESG scores: Moody, ISS-Oekom, 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 normalised 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 recognised 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.

Limitations to methodologies and data

Our methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised 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.

We are aware of these limitations which we mitigate 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.

Due diligence

Each month, the ESG scores are recalculated according Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" on its 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 2 providers. After this review the analyst can override a score from the calculated score which is validated by the management of the team and is documented by a note stored in Amundi database iPortal. This can also be subject to a validation of the ESG Rating Committee.

The 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. 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.

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.

Designated reference benchmark

The Index has been designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics that it promotes.

According to applicable regulations to index sponsors (including BMR), index sponsors should define appropriate controls/diligence when defining and/or operating index methodologies of regulated indexes.

iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA Index is a bond index representative of euro-denominated BB/B rated bonds issued by corporate issuers that follows the rules of the iBoxx EUR High Yield Corporates 1-3 TCA index (the "Parent Index") and applies ESG criteria for security eligibility. Additional information on the Index can be found at <https://www.markit.com/Documentation/Product/Iboxx>