Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 9 financial products

Name:
Amundi Euro Government Green Bond

Legal entity identifier:
549300JJ88530HI0FM17

No significant harm to the sustainable investment objective

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 CO_2 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.

Sustainable investment objective of the financial product

The sub-fund is passively managed. Its investment objective is to replicate the Solactive Euro Government Green Bond Index (the "Index") which has the sustainable investment objective of being representative of the performance of investment grade rated Green Bonds issued by European Monetary Union countries. Green Bonds are issued in order to fund projects that have positive environmental outcomes. More precisely, to be eligible for inclusion in the Index, a bond must be considered as a "Green Bond" by the Climate Bonds Initiative. Climate Bonds Initiative is an investor-focused not-for-profit organization promoting large-scale investments that will deliver a global low carbon and climate resilient economy (more information is available on the website: http://www.climatebonds.net/). Climate Bonds Initiative has developed and implemented the following set of criteria to define Green Bonds which are eligible for the Index: i) Environmentally themed (self-labelled) bonds: to be eligible, green bonds must be publicly declared by their issuers as intended to be environmentally beneficial through labelling. Common eligible labels include, but are not limited to, 'green', 'climate-awareness', 'climate', 'environmental', 'carbon', 'sustainability' and 'ESG' (Environment, Social, and Governance). The issuer must use the label or description in a public document for the label to be valid (e.g., in a press release, in a statement, in the bond prospectus or supporting bond offering documents). ii) Eligible bond structures, which include: - Asset-linked structures or 'use of proceeds' bonds, whereby proceeds raised by bond sale are earmarked for eligible green projects; and - Asset-backed structures consisting in: a. Project bonds, which are eligible if they are backed by a green project and the proceeds from bond sale are used solely to finance that same green project; and b. Securitized bonds, which are eligible if proceeds go towards green projects or assets. iii) Use of proceeds: issuers must commit to use proceeds from the bond sale in full (net of any bond arrangement fees) to finance eligible green projects or assets. For instance, bonds where more than 5% of the proceeds are used for 'general corporate purposes' or projects that are not defined as green, or bonds where proceeds are to be split across different projects (e.g., an ESG Bond with social projects and separate green projects) are not eligible for inclusion in the Index. iv) Adherence with the "Climate Bonds Taxonomy": proceeds of an eligible green bond must be used to finance eligible green assets or projects which are typically related to one of the following sectors (as described in the Climate Bonds Taxonomy): - Renewable and Alternative Energy; - Energy efficiency; - Low-Carbon Transport; - Sustainable Water; - Waste, recycling and pollution; - Sustainable agriculture and forestry; - Climate resilient infrastructure and climate adaptation. As further described in the Climate Bonds Taxonomy, areas of the above sectors can be excluded (e.g. energy savings in fossil fuel extraction activities - for the energy efficiency category -, or the landfill without gas capture - for the waste category -) and related bonds are ineligible for inclusion in the Index.

Investment strategy

The investment objective of the Sub-Fundis to reflect the performance of the “Solactive Euro Government Green Bond Index” (the “Index"), while minimising the volatility of the difference between the return of the Sub-Fund and the return of the Benchmark Index (the “Tracking Error”). The Index is representative of the performance of investment grade rated Green Bonds issued by European countries and denominated in EUR. Green Bonds are issued in order to fund projects that have positive environmental outcomes.

[SIO_BINDING_ELEMENTS]

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

The sub-fund commits to invest permanently at least 90% the net asset value of the Sub-Fund in Green Bonds comprising the Index (ie an EMU Government Green Bond) The Sub-Fund commits to have a minimum of 90% of sustainable investments as per the below chart. The Sustainable investment of the Sub Fund are supporting Environmental objective. The planned proportion of other Environmental investment may change as the actual proportions of Taxonomy-aligned investments increase.

Monitoring of sustainable investment objective

1. Share of the portfolio invested in green bonds

The proportion of the portfolio that is invested in use-of-proceeds Green, Social and Sustainable (GSS) bonds is monitored on an ongoing basis within Amundi's proprietary portfolio management system Alto, relying on Bloomberg data for the categorization of the securities as green bonds and on Amundi's proprietary analysis for the verification of Amundi GSS requirements as performed by Amundi's ESG analysts (see Methodologies section below).

In case a bond loses its GSS bond status after inclusion in the portfolio, it is removed from the portfolio within 90 days by default.

Amundi's Risk function performs second-level monitoring by checking that the investment constraint in terms of minimum share of the portfolio to be invested in green bonds is met at all times, requiring immediate adjustments in case of breach.

2. Issuer-level monitoring

The DNSH (including Minimum Safeguards) and Good Governance (where relevant) tests based on "Amundi Sustainable Investment Framework" are carried out on the issuers of the green bonds before and after trading, on an ongoing basis, by the portfolio managers and the Risk function. These tests are based on Amundi's proprietary ESG scores and controversy screening methodology. ESG scores – including those leading to exclusions based on the monitoring of severe controversies – are updated on a monthly basis within Amundi's proprietary module Stock Rating Integrator (SRI). Whenever an issuer whose green bonds are included in the portfolio is found to no longer meet the DNSH and Good Governance (where relevant) tests, the associated securities are removed from the portfolio within 90 days by default.

Methodologies

The "Amundi Sustainable Investment Framework" comprises a set of criteria and indicators used to assess:

A. Economic activity contribution to an environmental or social objective;
B. Investments' compliance with the requirement not to significantly harm that objective;
C. Whether investee companies follow good governance practices.

This framework enables Amundi and its subsidiaries to assess whether investments can be considered as 'Sustainable Investments', and accounted for when disclosing the proportion of investment in 'Sustainable Investment' and monitoring the compliance with fund level commitments.

A. Contribution test.

Amundi considers that a company contributes to an environmental or social objective ("Contribution Test") if it follows best environmental and social practices and if its products and services do not by essence harm the environment and society.

Amundi follows the two criteria outlined below to identify if a company can pass the Contribution Test:

1) **The company operates in an activity which is compatible with long-term sustainability and development goals.**

Amundi considers that a company is compatible with long-term sustainability and development goals if it does not have a significant exposure to the activities below:

– Activities listed as unsustainable in the Preliminary EU Social Taxonomy Report (July 2021): tobacco, weapons, gambling.
– Activities that must be significantly reduced or discontinued to achieve global carbon neutrality objectives: coal, hydrocarbons (all “upstream” activities and the most polluting downstream activities), most polluting activities (meat production, aviation, etc.).
– Activities that must be reduced in line with the EU strategy (“from farm to fork”) or have a significant negative impact on natural capital: fertilizer and pesticide manufacturing, single-use plastic production

2) **The company contributes to long-term sustainability objectives**

Amundi considers that to contribute to long-term sustainability and development goals, a company 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 performing companies relies on Amundi’s ESG methodology which aims to measure the ESG performance of an issuer on relative terms in order to be considered “best performer”, Amundi considers that a company must perform within the top third of the companies within its sector on at least one material environmental or social factor. This corresponds to a C score on Amundi’s ESG scoring methodology which goes from G to A (A being the best score). Following a double materiality rationale, this approach only applies to environmental and social factors that are material for the sector in which the company operates.

Green, social and sustainable (GSS) instruments, as defined by the International Capital Market Association (“ICMA”), and structured in accordance with its principles or guidelines contribute by design to an environmental and social objective and are deemed to pass the Contribution Test, provided that:

– Where applicable, the issuers operate in an activity which is compatible with long-term sustainability and development goals; or
– The GSS instruments have been analyzed by Amundi ESG analysts and comply with Amundi GSS requirements (including on funding rationale, issuer ESG performance, project analysis and transparency).

B. DNSH

For details about the DNSH test, please see the “No significant harm to the sustainable investment objective” section above.

C. Good Governance

Amundi relies on its ESG scoring methodology in order to ensure that a company follows good governance practices. Amundi has defines the three criteria below:

– A company should have an overall governance score better or equal to E. This governance score is the combination of multiple governance criteria.
– On some specific governance criteria (namely deontology, board of directors’ structure, audit & control) a company should have at least two of them (out of the three) with a score better or equal to E.

The company should not have any of the three previous governance criteria with a score of G (the worst score in Amundi's ESG methodology).

Amundi applies its DNSH tests and good governance criteria to green, social, sustainable, and sustainability linked financial instruments issued by corporates.

Data sources and processing

GSS bond data sources

Amundi relies on Bloomberg and Climate Bonds Initiative as a source of information regarding the alignment of green, social, sustainable and sustainability-linked bonds with ICMA principles, their use of proceeds, and their impact reporting. These data sources also inform the analysis of our ESG analysts for the compliance of the bonds with Amundi GSS framework, in addition to reported data from issuers.

Issuer-level data sources

To carry out the Contribution test, the DNSH test and the Good Governance tests described in the "Methodologies" section, we source data from the following sources: Moody's, ISS-Oekom, MSCI, Trucost, CDP, Verisk Maplecroft, Refinitiv, RepRisk and Sustainalytics. In addition to direct access of our ESG analysts to reported data from issuers.

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 standard deviations) 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 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.

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.

Attainment of the sustainable investment objective

Yes, the Index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with its sustainable investment objective.

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.

The Index is representative of the performance of investment grade rated Green Bonds issued by European countries and denominated in EUR. Green Bonds are issued in order to fund projects that have positive environmental outcomes

Additional information on the Index can be found at www.solactive.com

The proportion of sustainable investment in the product portfolio is monitored on an ongoing basis in Amundi proprietary portfolio management system, with first level controls on the achievement of the minimum committed level carried out by the investment team, and second level controls carried out by the Risk function. The proportion of Sustainable Investments in the portfolio is calculated on an ongoing basis applying to each security in the product portfolio the filters described in section “Monitoring of sustainable investment objective” above.