

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

### SUMMARY

**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 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.

## 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.

### 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, methodologies, data sources and their limitations, due diligence and engagement policies

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. 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.

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.

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.

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. 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.

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.

Each month, the ESG score 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.

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds).