

## Article 8 SFDR – Website Disclosure Summary

### FDC SICAV EUR Bonds – Active 3

LEI: 549300HFGVJKUIRN0L49

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi S.A. ("Amundi") as the portfolio manager of its sub-fund FDC SICAV EUR Bonds – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR<sup>1</sup>.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, Amundi is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

### No sustainable investment objective

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This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

### Environmental or social characteristics

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The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG score than the ESG score of the Bloomberg Euro Aggregate-Ex Securitized Index (the "Benchmark"). In determining the ESG score of the Sub-Fund and the Benchmark, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The Benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the Sub-Fund. No ESG reference benchmark has been designated.

### Proportion of Investment

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At least 90% of the investments of the Sub-Fund will be used to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy. The Sub-Fund commits to have a minimum of 5% of sustainable investments and the remaining proportion of the investments will be invested in assets with environmental and social characteristics.

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

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All ESG data, either externally or internally processed, is centralised by Amundi's 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.

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<sup>1</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("SFDR").

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 Sub-Fund on an ongoing basis.

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.

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.

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-Oekom, MSCI, and Sustainalytics. Amundi's 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.

Amundi is aware of these limitations which it mitigates by a combination of approaches. 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.

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

## **Article 8 SFDR – Website Disclosure FDC SICAV EUR Bonds – Active 3**

**LEI: 549300HFGVJKUIRN0L49**

### **Overview**

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi S.A. ("Amundi") as the fund manager of its sub-fund FDC SICAV EUR Bonds – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR<sup>2</sup>.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, Amundi is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

### **No sustainable investment objective**

This financial product promotes an environmental or social characteristic but does not have as its objective a sustainable investment. This financial product will not make any sustainable investments

### **Environmental or social characteristic of the financial product**

The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG score than the ESG score of the Bloomberg Euro Aggregate-Ex Securitized Index (the "Benchmark"). In determining the ESG score of the Sub-Fund and the Benchmark, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The Benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the Sub-Fund. No ESG reference benchmark has been designated. The Amundi ESG rating used to determine the ESG score is an ESG quantitative score translated into 7 grades, ranging from A (the best) to G (the worst).

### **Investment Strategy**

The objectives of the sustainable investments are 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 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

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<sup>2</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("SFDR").

of associated sector and sustainability themes. Factors identified as material result in a contribution of more than 10% to the overall ESG score. For energy sector for example, material factors are: emissions and energy, biodiversity and pollution, health and security, local communities and human rights. For a more complete overview of sectors and factors, please refer to the Amundi ESG Regulatory Statement available at [www.amundi.com](http://www.amundi.com).

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

All securities held in the Sub-Fund are subject to the ESG Criteria. This is achieved through the use of Amundi's proprietary methodology and/or third party ESG information.

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

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

The Sub-Fund also applies Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list.

The Sub-Fund also applies the following rules:

- exclusion of issuers rated E, F and G on purchase;
- the weighted average ESG rating of the portfolio must be higher than the weighted average ESG rating of the applicable benchmark;
- the coverage rate is 90%.

It should be noted that it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The ESG calculation methodology will not include those securities that do not have an ESG rating, nor cash, near cash, some derivatives and some collective investment schemes.

To assess good governance practices of the investee companies, Amundi relies on Amundi's 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 assesses 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 the investment universe.

## **Proportion of investments**

At least 90% of the investments of the Sub-Fund will be used to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy. The Sub-Fund commits to have a minimum of 5% of sustainable investments and the remaining proportion of the investments will be invested in assets with environmental and social characteristics.

## Consideration of Principal Adverse Impact Indicators

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 Regulatory Technical Standards ("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):

- 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.

Amundi already considers specific Principle Adverse Impacts within its exclusion policy as part of Amundi's Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, violations of UN Global Compact principles, coal and tobacco.

Beyond the specific 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.

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 Amundi's ESG scoring methodology. Amundi's 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 labour relations. Furthermore, Amundi conducts 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's proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.

## Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised by Amundi's 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 Sub-Fund on an ongoing basis.

## Methodologies for environmental or social characteristics

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. Amundi sources data from the following sources for ESG scores: Moody, ISS-Oekom, MSCI, and Sustainalytics.

Data quality controls of external data providers are managed by Amundi's 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 Amundi's 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**

Amundi's 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.

Amundi 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 its 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**

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

## Article 8 SFDR – Website Disclosure

### FDC SICAV EMMA Bonds – Active 1

LEI: 549300PKNWI29Z372U97

### Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi Asset Management as the portfolio manager of its sub-fund FDC SICAV EMMA Bonds – Active 1 (the “Sub-Fund”). The management of the Sub-Fund has been delegated by Amundi Asset Management to Amundi (UK) Limited (together “Amundi”) and is has been classified under Article 8 of SFDR<sup>1</sup>.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, Amundi is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS’ proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS’ exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

### No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

### Environmental or social characteristic of the financial product

The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG Score, higher Carbon Policy – Sovereign Index Score and lower Carbon Footprint than that of the investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance of sovereign issuers is assessed on three ESG characteristics of environmental, social and governance. For the purpose of this measurement, the investment universe is defined as 100% JP Morgan Government Bond Index - Emerging Markets (GBI - EM) Global Diversified Composite Unhedged Index. To assess the Carbon Policy – Sovereign Index Score and the Carbon Footprint of the Sub-Fund and investment universe, the Sub-Fund utilises proprietary methodologies that weigh in several data points, coming from different sources, including open source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases.

### Investment Strategy

The Sub-Fund’s objective is to outperform its benchmark performance, the JP Morgan Government Bond Index - Emerging Markets (GBI - EM) Global Diversified Composite Unhedged Index.

The sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund are:

1. ESG Score
2. Carbon Policy – Sovereign Index Score
3. Carbon Footprint.

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<sup>1</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (“SFDR”).



The Sub-Fund aims to perform better than its investment universe for all three indicators.

## **Proportion of investments**

At least 75% of the investments of the Sub-Fund will be used to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy. The Sub-Fund commits to have a minimum of 1% of sustainable investments.

## **Consideration of Principal Adverse Impact Indicators**

Amundi already considers specific Principal Adverse Impacts for sovereign issuers within its exclusion policy as part of Amundi's responsible investment policy and in Amundi's proprietary ESG scoring methodology for sovereigns.

## **Monitoring of environmental or social characteristics**

All ESG data, either externally or internally processed, is centralised by Amundi's 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 Sub-Fund on an ongoing basis.

## **Methodologies for environmental or social characteristics**

The Fund Manager has developed its own in-house ESG sovereign scoring methodology to assess the ESG performance of sovereign issuers. E, S and G factors can have an impact on the issuer's ability to repay its debt in the medium and long-term. They can also reflect on how countries are faring in dealing with major sustainability issues that affect global stability. The Fund Manager's methodology relies on a set of about 50 ESG indicators deemed relevant by the Fund Manager's ESG research to address sustainability risks and sustainability factors. The Fund Manager has defined the weights of each ESG indicator contributing to the final Fund Manager sovereign ESG scores, and its various sub-components (E, S and G). Each indicator can weigh in several data points, coming from different sources, including open source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases.

All indicators have been grouped into 8 categories, each category falling into one of the pillars E, S or G:

- Environment : Climate Change - Natural Capital
- Social : Human Rights - Social Cohesion - Human Capital - Civil Rights
- Governance: Government Effectiveness -Economic Environment

Issuers' ESG score is translated in an ESG rating ranging from A to G. The Fund Manager ESG rating is the letter output of the ESG quantitative score. The ESG rating scale, for sovereigns is based on a seven grade letter scale, ranging from A (the best scores universe) to G (the worst). In the Fund Manager ESG Rating scale, the securities belonging to its exclusion list correspond to a G.

For more information on Amundi's ESG rating methodology for sovereigns, please refer to the Fund Manager's Responsible Investment Policy available at: [www.amundi.com](http://www.amundi.com).

For more information on the Fund Manager's carbon footprint methodology, please refer to the Fund Manager's Climate and Sustainability Report available at: <https://www.amundi.com/institutional/Responsible-investment-documentation>.

Regarding the Carbon Policy – Sovereign Index Score, this index score is developed by an external proprietary methodology which allows the Sub-Fund to assess a country's potential for more stringent greenhouse gas emissions reduction policies to be implemented and the degree to which they are likely to have material implications for business. The index deems countries to be higher risk when they demonstrate little or no actions to deploy greenhouse gas emissions reduction policies, capturing the reputational risk with operating in these locations. The index is composed of three pillars – Emissions Gap, Capacity and intent to implement carbon policies, and Economic transition, with each pillar having associated sub-indicators to assess a sovereign's current positioning on an issue. The index's output is a numerical score from 0-10, with 10 being the best. This index allows the Sub-Fund to qualify where a sovereign issuer situates themselves in regards to their climate policy measures.

Finally, the Sub-fund has to follow an exclusion list with a certain number of companies who are not in line with international conventions and standards or linked to controversial weapons.

### **Data sources and processing**

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology and Amundi sources data from Verisk Maplecroft. Verisk Maplecroft constructs its indexes based on several data points from different sources. It includes external databases (such as the World Bank, the United Nations, etc.), proprietary databases as well as expert scorecards.

Data quality controls of external data providers are managed by Amundi's 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 Amundi's 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 sovereign's score and the average score in the sector, as a number of standard deviations). 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 Amundi's 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**

Amundi's 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.

Amundi 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 its ESG research team of the ESG scores, the implementation of a strong governance.

## Due diligence

ESG scores are recalculated on a quarterly basis according to Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" such as understanding the main significant variations of the ESG score. 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 is also subject to a validation of Amundi's ESG Rating Committee.

Amundi's investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with Amundi's 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 at the company/issuer level regardless of the type of holdings held. Companies/issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies/issuers face which have a major impact on society, both in terms of risk and opportunities. In regards to sovereign engagement, this type of engagement involves Amundi's ESG research & engagement team (Sovereign ESG team and GSS bond analyst team) and portfolio managers. Sovereign engagement can be done via three channels: issuer-level, bond structuring/restructuring, and industry level collaboration.

For more information on Amundi's engagement policies and processes, please refer to Amundi's sustainability related disclosures website: <https://www.amundi.com/institutional/Responsible-investment-documentation>

## Designated reference benchmark

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.