



**Supplement**

**Select Investment Grade Bond**

**A sub-fund of Amundi Fund Solutions ICAV**

**An open-ended umbrella Irish collective asset- management vehicle with segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the Regulations**

**Dated 16 August 2023**

## Important Information

This Supplement contains information relating specifically to the Select Investment Grade Bond (the "**Sub-Fund**"), a sub-fund of Amundi Fund Solutions ICAV (the "**ICAV**"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank as a UCITS pursuant to the Regulations. There are currently no other sub-funds of the ICAV in existence. Additional sub-funds of the ICAV may be added in the future with the prior approval of the Central Bank.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 28 February 2023 (the "**Prospectus**").

As the price of Shares in the Sub-Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on their investment. Investors may also refer to the KIID for the most up-to-date SRRM measurement.

Investors should read and consider Appendix III to the Prospectus (entitled "**Risk Factors**") before investing in the Sub-Fund.

## Definitions

<b>Business Day</b>	means any day on which commercial banks are open for business in Dublin, or such other day or days as the Directors may determine;
<b>Dealing Day</b>	means each Business Day and/or such other day or days as the Directors may in their absolute discretion determine and notify in advance to Shareholders provided that there shall be at least two Dealing Days in each Month occurring at regular intervals;
<b>Dealing Deadline</b>	has the meaning given to it in the section "Timing of transactions";
<b>Emerging Markets</b>	all countries except Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Sweden, Switzerland, United Kingdom, United States of America, Vatican City;
<b>Initial Issue Price</b>	means €1,000 per Share;
<b>Initial Offer Period</b>	means the period starting for Class QI3 EUR QTD (D) and Class A2 EUR (C) at 9.00 a.m. (Irish time) on 1 March 2023 and will finish at 5.00 p.m. (Irish time) on 31 August 2023 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank;
<b>Investment Grade</b>	means a rating of at least Baa by Moody's Investor Services or BBB by Fitch or BBB- by Standard & Poor's;
<b>Minimum Fund Size</b>	means €10,000,000 (or the currency equivalent thereof) or such other amount as the Directors may in their absolute discretion determine;
<b>Minimum Share Class Size</b>	means €500,000 (or the currency equivalent thereof) or such other amount as the Directors may in their absolute discretion determine;
<b>Redemption Settlement Date</b>	means three (3) Business Days after the relevant Dealing Day;
<b>Subscription Settlement Date</b>	means three (3) Business Days after the relevant Dealing Day; and
<b>Valuation Point</b>	means 10 p.m. (Irish time).

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## Objective and Investment Policy

### Objective

The Sub-Fund seeks to increase the value of investment and to provide income over the recommended holding period.

### Investments

The Sub-Fund seeks to achieve its investment objective by investing mainly in Euro denominated Investment Grade corporate and government bonds (fixed or floating rate), that are listed or traded on a Permitted Market.

The Sub-Fund may invest up to 10% of its assets in Euro denominated Investment Grade Emerging Markets corporate bonds.

The maturity of the above listed instruments will be not longer than 10 years.

The Fund may also hold cash and instruments that may be readily converted to cash (including cash deposits, European treasury bills and government bonds, short-term corporate bonds, commercial paper, short term Money Market Instruments and certificates of deposit).

### Derivatives

The Sub-Fund will not use derivatives.

**Base currency** Euro

### Benchmark

The Sub-Fund is actively managed, is not managed in reference to a benchmark.

## Management Process

The Sub-Fund integrates Sustainability Risks and Sustainability Factors in its investment process and considers principle adverse impacts as outlined in more detail in the sections of the Prospectus entitled "**Overview of Responsible Investment Policy**" and "**Sustainable Investment Risk**".

As part of the Sub-Fund's investment process, the Investment Manager considers a wide variety of environmental and social factors. These environmental and social factors are considered through an ESG rating and exclusion list, as further detailed below. The

environmental and social factors integrated into the Sub-Fund's investment process include:

### *Environmental factors*

- energy consumption, greenhouse gas emissions and the protection of biodiversity and water;

### *Social factors*

- the development of human capital, management of work and restructuring, health and safety, social dialogue, relations with clients and suppliers, local communities and respect for human rights; and

### *Governance factors*

- independence of the board of the issuer, quality of audits and controls, remuneration policy, shareholders' rights, global ethics and ESG strategy,

(together, the "**ESG Factors**").

In particular, the Sub-Fund integrates Sustainability Risks and ESG Factors in its investment process by seeking to measure the ESG performance of an issuer (i.e. its ability to anticipate and manage Sustainability Risks) through its ESG rating, its targeted exclusion policy and via a stewardship approach.

The Sub-Fund seeks to achieve an ESG rating of its portfolio greater than that of its investment universe (which is represented by the ICE BofA Euro Non-Financial Index) using Amundi's ESG rating methodology.

The ICE BofA Euro Non-Financial Index tracks the performance of non-financial EUR denominated investment grade corporate debt publicly issued in the Euro member domestic markets.

In determining the ESG rating of the Sub-Fund and the investment universe, ESG performance is assessed by comparing the average performance of a security against the security issuer's sector, in respect of each of the ESG Factors by reference to generic and specific criteria which are weighted according to their respective importance as set out in further details below in "Extra-Financial Analysis".

The ESG rating of the security will be taken into account in determining if the security will be included in the portfolio. Such determination includes consideration of whether its inclusion is consistent with the focus of achieving an ESG rating of the portfolio greater than the investment universe as set out above. In this way, the ESG rating has a direct correlation to the portfolio construction and the allocation of capital.

The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

### *Investment Strategy*

The Investment Manager determines the investable universe for the Sub-Fund using an investment process which is based on a combination of a bottom up analysis of an issuer and its industry's fundamentals and a top-down analysis of macroeconomic developments to manage the overall portfolio risk (financial analysis) and consideration of the overall ESG quality of issuers (extra-financial analysis).

### Financial Analysis

The financial analysis consists of evaluating the credit risk of eligible issuers with the support of the Amundi's credit analysts and their recommendations through internal ratings. The Investment Managers' views are based on the company profile (geographical positioning, sector, etc.) and financial risks (growth and margin forecasts, debt ratios, cash flow generation, etc.).

With regard to the bottom up analysis, this encompasses consideration of:

- (i) Industry fundamentals - industry positioning (e.g. is it cyclical), are there barriers to entry (e.g. regulation), competition (e.g. over capacity) product / technological risks:
- (ii) Issuer fundamentals – the cash flow generation potential of a given issuer through, inter alia, consideration of its liquidity

positions (cash available and free cash flow) and financial policy (relative position of debt versus equity holdings);

- (iii) Legal features of the security – where does it sit in the capital structure i.e. degree of subordination; and
- (iv) Covenants – what covenants, if any, apply to a security relative to its peers (e.g. is it subject to equity claw back provisions).

All investment decisions are also dependent on the Investment Manager's top-down analysis of macroeconomic developments to manage the overall portfolio risk on an on-going basis. This top-down analysis includes consideration of the global market environment and the economic environment of the relevant countries in which the issuers are based and how they are influenced by certain factors such as politics, changes in interest rates, domestic and foreign policies, international trade and global events such as pandemics. The macroeconomic analysis and market views derived from this analysis narrows the focus of the investable universe for the Investment Manager. The Investment Manager will aim to manage any downgrade risk as well as optimise the portfolio and manage overall portfolio risk through the implementation of either opportunistic or defensive trades.

Opportunistic trades would involve the Investment Manager replacing a holding with a new one to benefit from a market opportunity. This substitution must either enable the Sub-Fund to crystallise a gain by selling a performing instrument or investing in a higher yielding security for a comparable level of credit risk. Defensive trades would involve the Investment Manager deciding to sell a position, which crystallises a loss if the expectation regarding the credit quality of the contemplated issuers are negative, and could lead to the significant loss of capital.

### Extra-Financial Analysis

The financial analysis is complemented with an extra-financial analysis of issuers, whereby a rating is assigned to each security, ranging from

an A to a G as further detailed in the "**Overview of Responsible Investment Policy**" section in the Prospectus based on a set of ESG and sector specific criteria.

The Investment Manager's analyses focuses in on the ESG Factors.

A set of quantifiable and measurable criteria have been identified to reflect the key challenges across credit sectors, some generic and common to all such as board independence, employment conditions and greenhouse gas (GHG) emissions. Depending on the sector in which the issuer operates, additional assessments of specific criteria may be carried out. Examples include the production of renewable energy for energy suppliers, ecological vehicles and passenger safety for the automotive industry, or green finance and efforts made to promote greater access to financial services in the banking sector.

Weighting are then assigned to each of the generic and specific criteria using performance drivers which include reputation, operational efficiency and regulation. The weights assigned to each criteria ultimately translate into the importance of criteria to the final ESG rating.

For example, for the automotive sector, higher weightings may be attributed to environmental ("E") & social ("S") over governance ("G") while for the banking sector, G is attributed a higher weighting over E & S.

#### Target Exclusions

In addition to applying Amundi's exclusion list as further set out in the "Overview of Responsible Investment Policy" section of the Prospectus, the Investment Manager excludes any companies rated F and G on Amundi's ESG rating scale. If an issuer has its ESG rating downgraded to F, the holding is removed from the Sub-Fund's portfolio.

#### **Disclosure Regulation**

The Manager, in conjunction with the Investment Manager, has categorised the Sub-Fund as meeting the provisions set out in Article 8 of the Disclosures Regulation for products that promote environmental and social

characteristics. Additional information on the promoted characteristics can be found in the annex appended to this Supplement ("**Annex I**").

#### **Taxonomy Regulation**

The Sub-Fund promotes environmental and social characteristics as described in the Article 8 of the Disclosure Regulation. It is therefore required to disclose, according to Article 6 of the Taxonomy Regulation, information about the environmentally sustainable investments made.

For the purpose of the Taxonomy Regulation, the Sub-Fund does not presently intend to be invested in investments that take into account the EU criteria for environmental sustainable economic activities.

Therefore, as at the date of this Supplement, 0% of the Sub-Fund's investments are invested in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

In circumstances where certain of the Sub-Fund's assets are invested in economic activities that contribute to environmental and social objectives, the "do no significant harm" principle applies only to those investments. The EU's criteria for environmentally sustainable economic activities will not be applied to the remainder of the Sub-Fund's portfolio.

#### **Investment Manager**

Amundi Ireland Limited

#### **Techniques and instruments**

The Sub-Fund will not use securities financing transactions and Total Return Swaps, which are subject to the requirements of SFTR.

#### **Main Risks**

- Credit Risk
- Emerging Markets Risk
- Fixed Income Securities Risk
- Changes in Interest Rates Risk
- Liquidity risk
- Sustainable Investment Risk
- Custody Risk
- Investment Fund Risk
- Management Risk
- Market Risk
- Volatility Risk
- Operational Risk (including Cyber and Data Security)

See Appendix III to the Prospectus (entitled "**Risk Factors**") for more information.

### **Risk management method**

Commitment Approach.

### **Planning Your Investment**

See the section entitled "Share Dealings – Classes" in the Prospectus for further information.

### **Profile of a Typical Investor**

Recommended for retail investors:

- With a basic knowledge of investing in funds and no or limited experience of investing in the Sub-Fund or similar funds;
- Who understand the risk of losing some or all of the capital invested; and
- Seeking to increase the value of their investment and provide income over the recommended holding period.

**Recommended holding period:** 3 years

### **Initial Offer Period**

During the Initial Offer Period, Shares will be issued at the Initial Issue Price.

After the Initial Offer Period, Shares in each Class will be available for subscription on each Dealing Day at the then prevailing Net Asset Value per Share.

### **Timing of Transactions**

Applications for subscriptions and redemptions must be received before 1 pm (Irish time) on the relevant Dealing Day (the "**Dealing Deadline**").

Subscription monies should be paid to the Subscriptions/Redemptions Account so as to be received in cleared funds by no later than the Subscription Settlement Date.

Payment of Redemption Proceeds will normally be made by electronic transfer to the account of the redeeming Shareholder at the risk and expense of the Shareholder by the Redemption Settlement Date, provided that all the required documentation has been furnished to and received by the Administrator.

**Switching in/out** Not permitted.

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## Share Classes and Fees

<i>Share Class</i>	<i>Minimum Investment Amount</i>	<i>Entry charge (Max)</i>	<i>Exit charge (Max)</i>	<i>Management Fee (Max)</i>	<i>Administration Fee</i>	<i>Distribution Status</i>
QI2 EUR QTD (D)	€100 million	None	None	0.305%	0.10%	Distributing
QI3 EUR QTD (D)	€150 million	None	None	0.155%	0.10%	Distributing
QI2 EUR (C)	€100 million	None	None	0.305%	0.10%	Non-distributing
QI3 EUR (C)	€150 million	None	None	0.155%	0.10%	Non-distributing
A2 EUR (C)	€1,000	4.5%	None	1.5%	0.20%	Non-distributing

The Sub-Fund is a multi-class fund with Classes of Shares set out above denominated in EUR. The Net Asset Value per Share in each Class will be calculated in the relevant Class currency. In addition, all subscriptions and redemptions will be effected in that currency.

The fees and expenses set out in the above table may be incurred by a Shareholder as a result of its investment in a particular Class.

### Swing Pricing

The Directors intend to adopt a swing pricing mechanism in respect of the Sub-Fund. Please refer to the section entitled "**Swing Pricing Mechanism**" in the Prospectus for further detail.

### Establishment Costs

All fees and expenses relating to the establishment and organisation of the Sub-Fund as detailed in the section of the Prospectus entitled "**Establishment Expenses**" shall be borne by the ICAV and amortised in accordance with the provisions of the Prospectus.

For further detail in respect of the fees and expenses applicable to the ICAV and the Sub-Fund see the section entitled "**Fees and Expenses**" in the Prospectus.

### Miscellaneous

At the date of this Supplement, the other sub-funds of the ICAV in existence are:

- Global Multi-Asset Growth
- Sabadell Urquijo Crecimiento
- Sabadell Urquijo Acumulación
- Multi-Asset Vario
- Planet ESG Balanced
- Planet ESG Conservative

- Planet ESG Dynamic
- Protect 90

## **Annex I – ESG Related Disclosures Annex**

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
AMUNDI FUND SOLUTIONS ICAV - SELECT INVESTMENT GRADE

**Legal entity identifier:**  
213800FLZ4F475FMKG84

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG score than that of the investment universe. In determining the ESG score of the Sub-Fund and the investment universe, 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. For the purpose of this measurement, the investment universe is defined as ICE BofA Euro Non-Financial Index. No ESG Reference Index has been designated.

## Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicator used is the ESG score of the Sub-Fund that is measured against the ESG score of the investment universe of the Sub-fund.

Amundi has developed its own in-house ESG rating process based on the “Best-in-class” approach. Ratings adapted to each sector of activity aim to assess the dynamics in which companies operate.

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: this 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.

For more information on ESG scores and criteria, please refer to the Amundi ESG Regulatory Statement available at [www.amundi.ie](http://www.amundi.ie)

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

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 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.ie](http://www.amundi.ie)

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.

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

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

To ensure sustainable investments do no significant harm (“DNSH”), Amundi utilises two filters:

The first DNSH test 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 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 (“UN GC”) 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 have 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.

– ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

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), 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.
  - 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 GC principles, coal and tobacco.

– ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

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.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the Sub-Fund 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 an 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.

- 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.

For any indication on how mandatory Principal Adverse Impact indicators are used, please refer to the Amundi ESG Regulatory Statement available at [www.amundi.ie](http://www.amundi.ie)

No



## What investment strategy does this financial product follow?

The Sub-Fund seeks to increase the value of investment and to provide income over its recommended holding period.

The Sub-Fund seeks to achieve its investment objective by investing mainly in Euro denominated Investment Grade corporate and government bonds (fixed or floating rate), that are listed or traded on a Permitted Market.

The Sub-Fund may invest up to 10% of its assets in Euro denominated Investment Grade Emerging Markets corporate bonds.

The maturity of the above listed instruments will be not longer than 10 years.

The Sub-Fund may also hold cash and instruments that may be readily converted to cash (including cash deposits, European treasury bills and government bonds, short-term corporate bonds, commercial paper, short term Money Market Instruments and certificates of deposit).

The Sub-Fund will not use derivatives.

The Sub-Fund is actively managed and is not managed in reference to a benchmark.

The Sub-Fund integrates Sustainability Risks and Sustainability Factors in its investment process and considers principle adverse impacts as outlined in more detail in the sections of the Prospectus entitled "Overview of Responsible Investment Policy" and "Sustainable Investment Risk".

The Sub-Fund integrates Sustainability Risks and ESG Factors in its investment process by seeking to measure the ESG performance of an issuer (i.e. its ability to anticipate and manage Sustainability Risks) through its ESG rating, its targeted exclusion policy and via a stewardship approach.

The Investment Manager determines the investable universe for the Sub-Fund using an investment process which is based on a combination of a bottom up analysis of an issuer and its industry's fundamentals and a top-down analysis of macroeconomic developments to manage the overall portfolio risk.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

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.

The Sub-Fund 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 UN GC, without credible corrective measures;
- 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.ie](http://www.amundi.ie)).

The Sub-Fund as a binding element aims to have a higher ESG rating than that of its investment universe. For the purpose of this measurement, the investment universe is defined as ICE BofA Euro Non-Financial Index.

Investors should note 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.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum committed rate for the Sub-Fund.

- ***What is the policy to assess good governance practices of the investee companies?***

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 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.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

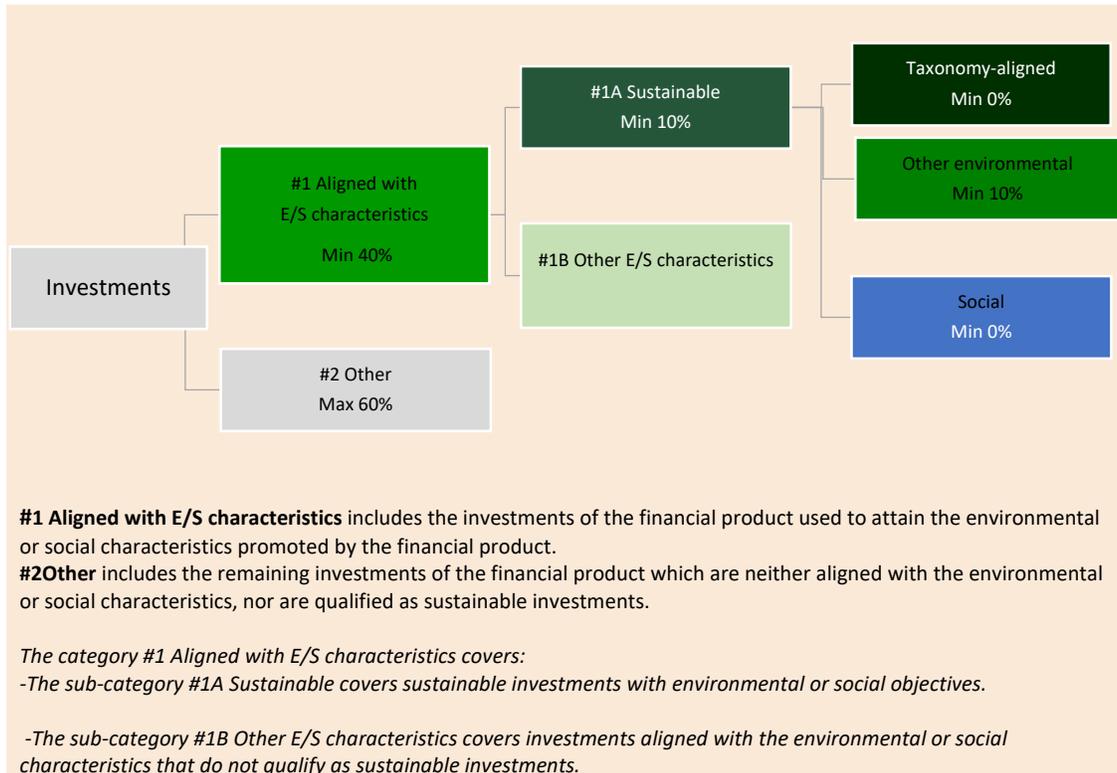
Taxonomy-aligned activities are expressed as a share of:

**-turnover** reflecting the share of revenue from green activities of investee companies

**-capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.

At least 40% 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 10% of sustainable investments and the remaining proportion of the investments will be invested in assets with environmental and social characteristics.



### ● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental and social characteristics promoted by the Sub-Fund.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund currently has no minimum commitment to sustainable investments with an environmental objective aligned with the EU taxonomy.

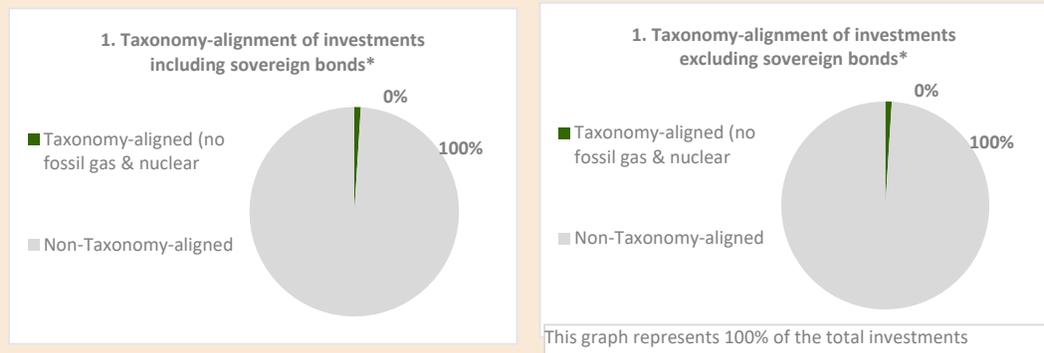
The Sub-Fund does not commit to make taxonomy-compliant investments in fossil gas and/or nuclear energy as illustrated below. Nevertheless, as part of the investment strategy, it may invest in companies that are also active in these industries. Such investment may or may not be taxonomy aligned.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund has no minimum proportion of investment in transitional or enabling activities

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund will have a minimum commitment of 10% of Sustainable Investments with an environmental objective as indicated in this Annex with no commitment on their alignment with the EU Taxonomy.



### **What is the minimum share of socially sustainable investments?**

The Sub-Fund has no defined minimum share.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and instruments for the purpose of liquidity and portfolio risk management. It may also include ESG unrated securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.

There are no minimum environmental or social safeguards.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

This Sub-Fund does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



### **Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.amundi.ie](http://www.amundi.ie)