

Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 8 sub-funds

Product Name:

CPR INVEST - CLIMATE BONDS EURO

Legal entity identifier:

549300XNSHIM2WL4TM69

No sustainable investment objective

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

This financial product commits to making sustainable investments.

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

- The first DNSH filter relies on monitoring the mandatory Principal Adverse Impacts indicators in SFDR Annex 1, Table 1 of the RTS where robust data is available (e.g. Greenhouse Gas 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 principles, coal and tobacco.

- Beyond the specific 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 above:

The first DNSH filter relies on monitoring of mandatory Principal Adverse Impacts indicators in SFDR Annex 1, Table 1 of the RTS where robust data is available via the combination of following indicators and specific thresholds or rules:

- Have a CO2 intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors), and
- Have a Board of Directors' diversity which does not belong to the last decile compared to other companies within its sector, and
- Be cleared of any controversy in relation to work conditions and human rights and
- Be cleared of any controversy in relation to biodiversity and pollution.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles and Human Rights. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into our ESG scoring methodology. Our proprietary ESG rating tool assesses issuers using available data from our data providers. For example, the model has a dedicated criteria called “Community Involvement & Human Rights” which is applied to all sectors in addition to other human rights linked criteria including socially responsible supply chains, working conditions, and labor relations. Furthermore, we conduct controversy monitoring on a, at minimum, quarterly basis which includes companies identified for human rights violations. When controversies arise, analysts will evaluate the situation and apply a score to the controversy (using our proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.

Environmental or social characteristics of the financial product

The Compartment promotes environmental and/or social characteristics by aiming to have a higher ESG score than the ESG score of the Bloomberg Barclays Euro-Agg Corporate Total Return Index (the “Reference Index”).

In determining the ESG score of the Compartment and the Reference Index, 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 Reference Index 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 Compartment. No ESG reference benchmark has been designated.

Investment strategy

Objective: The Compartment’s objective is to outperform the Reference Index, over the recommended holding period (at least 3 year), while integrating Environmental, Social and Governance criteria in the investment process.

The Compartment's sustainable investment is focused on tackling climate change and aims to obtain a lower carbon intensity than its reference index.

The investment process implemented aims to build a portfolio in line with the Paris Agreement 1.5°C temperature goal and whose carbon intensity will be lower compared to the Reference Index which is representative of its investment universe (before applying its carbon footprint offsetting mechanism as described in the SFDR annex).

Benchmark: BLOOMBERG BARCLAYS EURO-AGG CORPORATE. The Compartment seeks to outperform the Reference Index and is used for portfolio construction.

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

The Compartment 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;
- the sectoral exclusions of the Amundi group on Coal and Tobacco (details of this policy are available in CPR's Responsible Investment Policy available on the website of <http://www.cpram.com>).

In addition, the Compartment does not invest in companies deemed not compatible with the objective of the Paris Climate Agreement to limit global warming (carbon emission, gas, oil..). These exclusions are provided for in Art. 12 (1) (a) to (g) of the CDR 2020/1818.

However, the Compartment can invest in green, social and sustainability bonds issued by companies involved in activities considered not aligned with the Paris Climate Agreement provided that the projects financed by those issuers are aligned with the above-mentioned exclusions. As an exception to this, the exclusion of companies found in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises will be applied at the level of the issuers.

For more information, please refer to section 4.10 "Guidelines on funds 'names using ESG or sustainability-related terms'". Furthermore and in consideration of the minimum commitment of 40% of Sustainable Investments with an environmental objective, the Compartment invests in investee companies considered as "best performer" when benefiting over the best top three rating (A, B or C, out of a rating scale going from A to G) within their sector on at least one material environmental or social factor.

Carbon intensity objective, criteria and carbon offsetting mechanism :

The Compartment's sustainable investment is focused on tackling climate change and aims to obtain a lower carbon intensity than its Reference Index through its investment process.

The Compartment measures greenhouse gas emissions by an investee company by taking into account:

- direct emissions from companies
- indirect emissions due to the company's activity; and
- indirect emissions due to the use of the products sold.

In addition to the above, the Compartment applies a mechanism that offsets the remaining carbon footprint that has been set up by the Management Company.

The offsetting of the Compartment carbon footprint may be considered partial insofar as the Management Company does not offset the carbon emissions associated with financial contracts held in the Compartment's assets (as derivatives).

The measurement of greenhouse gas emissions (expressed as CO2 emission equivalent) by a company can be performed by distinguishing three subsets ('Scopes'):

- Scope 1 concerns direct emissions from companies (such as fuel consumption);

- Scope 2 concerns indirect emissions due to the company's activity (for example the fuel consumption of the electricity supplier); and
- Scope 3 concerns indirect emissions due to the use of the products sold (such as fuel oil consumption by the customer's electricity supplier as a result of the use of the product).

Scopes 1, 2 and 3 will be taken into account when compensating the Compartment's carbon footprint. For reasons of robustness of Scope 3 data, only upstream emissions related to first-tier suppliers are taken into account (first-tier suppliers are those with whom the company has a privileged relationship and can directly influence).

In the current state of the available data, the CO₂ emissions associated with Scope 3 are incomplete, and can only be estimated.

The estimation of the Compartment's carbon footprint will be calculated each time the portfolio's securities are reallocated. The estimated average carbon footprint of the Compartment over this period will be calculated as the weighted average of assets under management multiplied by the carbon footprint level associated with the portfolio.

The source of the data on which the carbon footprint calculation is based is Trucost (www.trucost.com).

This carbon footprint offsetting mechanism will be made through the use Verified Emission Reduction units ('VERs') that meets the highest standards of market certification (VCS, Gold standard in particular) and that are listed with a recognized independent register (as Markit).

VERs correspond to carbon credits generated by a project that has a positive impact on reducing CO₂ emissions according to a voluntary market standard. One VER is equivalent to 1 ton of CO₂ emissions.

By the end of each accounting year of the compartment, the Management Company will ask an intermediary to offset the Compartment's carbon footprint with the central registrar, which issues a confirmation and a carbon offset certificate. All carbon credits acquired will be cancelled, thereby materializing the carbon footprint offsetting. In order to avoid the risk of fraud and double counting, each VER has a unique serial number. The central registry may be consulted publicly, online, to verify ownership of VERs.

At the date of entry into force of this carbon footprint offsetting mechanism, the chosen projects are:

- FLORESTA DE PORTEL: Forest conservation and biodiversity protection project, located in Brazil
- GANDHI WIND: Renewable energy development project, located in India

The Management Company reserves the right to use other underlying projects of VER.

Furthermore, in case of exceptional events (war, political issue, fraud etc.) affecting the underlying projects on which the carbon offsetting mechanism is based, the Management Company may withdraw the VERs issued.

The Management Company will allocate a portion of the net management fees it collects to the Compartment's carbon footprint offset service calculated and accrued during the period. The cost of this service will represent a maximum of 0,50% of the compartment's net assets.

The numerical example below illustrates the calculation of the carbon footprint of a portfolio as well as the methodology used to determine the quantity of VERs to be acquired for the purpose of offsetting this carbon footprint:

The example has been prepared on the basis of another fund managed the Management Company (the “Mock Fund”) the accounting year of which ends in March.

• Carbon credit purchase program

The Management Company has made a contractual commitment with its supplier Ecoact to purchase carbon credits to offset the carbon footprint of its funds. The program involves the purchase of VERs, over a given period and at a fixed price.

With respect to the Mock Fund, 2 projects are assigned to the carbon offsetting of the fund. These 2 projects provide for the purchase of 22,000 VERs / year over a period of 5 years (2020 to 2024) at a fixed price of EUR 4.05 per VER.

The carbon credits acquired are recorded as assets on the Management Company balance sheet (inventory account).

In 2020 (date of the 1st purchase), 22,000 VERs have been purchased for an amount of EUR 89,100.

The carbon credits yet to be acquired as part of the purchase program are noted in off-balance sheet.

• Calculation of the Fund's carbon footprint

At the end of each quarter, for each of the relevant funds with carbon offsetting strategy, the chief financial officer of the Management Company retrieves the average carbon footprint expressed in tCO₂/M invested and the average AuM, for each of the months following the beginning of the accounting year.

The total footprint of the portfolio is calculated as follows:

In the case of the Mock Fund, for the period from 30 March 2020 (launch of the carbon offsetting strategy of the fund) until 30 June 2020:

- Average footprint in tCO₂/M : 81.28
- Average AUM in m: 39.05
- Total carbon footprint: 3174 (in VER quantity)
- Amount of corresponding carbon credits: EUR 12853 (3174 *4.05)

The relevant amount is sent to the accounting department of the Management Company for recognition as an expense for this amount, prorated over the period in question.

As of 30 June 2020, the charge recognized is EUR 3,213 (12,853 reduced to a period of 3 months).

This result is then carried out on the basis of carbon footprint and AuM data, for the periods of:

- 30 March 2020 to 30 September 2020
- 30 March 2020 to 31 December 2020
- 30 March 2020 to 31 March 2021 (accounting year closing date)

In our example, over the last financial year of the Mock Fund:

- Average footprint in tCO₂/M : 86.2
- Average AUM in M : 86.26

- Total carbon footprint: 7433 (in VER quantity)
- Amount of corresponding carbon credits: EUR 30103 (7433 *4.05)

• Carbon offset

At the end of the accounting year, the quantity of VERs determined to completely offset the carbon footprint of the Mock Fund is submitted by the chief finance officer of the Management Company to the carbon offset committee which, after verification, approves the amount of VERs to be determined.

The data is transmitted to Ecoact for issuance of carbon offsetting certificates. External and internal registers are updated on this basis. As such, the quantity of VERs needed to fully offset the carbon footprint of the Mock Fund in its first financial year is 7,433. 3,717 VERs from project 1 and 3,716 from project 2 have been used. The new available stock has been updated in the registers.

On 31 March 2021, in the accounts of the Management Company, the charge recognized on 31 December 2020 is replaced by a new charge of EUR 30,103.

At the start of the following financial year, the calculations resume on the basis of what is described above.

Shareholders will be informed on-going of the carbon offsetting of the Compartment through the following reports:

- Monthly reporting of the performance: comparison of the carbon footprint of the portfolio against that of the Reference Index (with the details of the scope 1 to 3) ;
- Annual Fund impact report and dedicated page on the Management Company's website:
 - Description of the three stages of the overall process (selection of "virtuous" securities, description of the objective of reducing the carbon footprint of the Compartment against the Reference Index followed by a compensation of the residual footprint by using the carbon offset mechanism) ;
 - Description of the carbon offset mechanism ;
 - Results of the past accounting year and effective use of the carbon offset mechanism over the past accounting year (Compartment footprint against Reference Index and carbon credits used);
 - Presentation of the underlying projects linked to the carbon credits used.

Additional sustainable approach:

At least 90% of portfolio stocks have an ESG score.

The Compartment as a binding element aims to have a higher ESG score than the ESG score of the Reference Index

The Management Company integrates an additional sustainable approach by analysing companies that have already been selected on the basis of its internal ESG analysis methodology and excluding those based on the following:

- worst overall ESG scores;
- worst Environment and Governance scores;
- worst scores on Environmental sub-criteria;

- high ESG controversies.

Depending on the improvement of data availability and consistency, the Management Company may use additional complementary data it considers to fine-tune the way it identifies companies that are in the best position to tackle climate change.

As part of the SRI label, the Compartment undertakes to:

- reduce the investment universe by at least 25% (and, from January 1st 2026, 30%) by excluding companies with the worst CDP climate scores and those excluded from its own internal ESG analysis methodology.
- have a higher score than the Reference Index on the two following sustainable indicators concerning the Principal Adverse Impact:
 - * Total carbon intensity (tCO₂e/M sales)
 - * part of investments in companies without carbon emissions reduction initiatives (%)
- exercise at least 90% of its voting rights at general meetings for both French and non-French companies.

The coverage rate of these sustainability indicators meets the requirements of the SRI Label.

The socially responsible investment policy (objectives, criteria, ratings) is further detailed and available on the Company website: www.cpram.com).

Limits to the ESG approach:

The best-in-class approach does not exclude any sector of activity in principle. All economic sectors are therefore represented in this approach and the Compartment may therefore be exposed to some controversial sectors. In order to limit the potential non-financial risks for these sectors, the Compartment applies the exclusions set out above.

To assess good governance practices of the investee companies, we rely on Amundi Group ESG scoring methodology. Amundi Group'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 Group 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.

Proportion of investments

At least 90% of the Compartment's securities and instruments will be used to meet the promoted environmental or social characteristics in accordance with the binding elements of the investment strategy of the Compartment.

Furthermore, the Compartment commits to have a minimum of 40% of sustainable investments as per the below chart. Investments aligned with other E/S characteristics will represent the difference

between the actual proportion of investments aligned with environmental or social characteristics and the actual proportion of sustainable investments. The planned proportion of the other environmental investment represents a minimum of 40% and may change as the actual proportions of Taxonomy-aligned and/or Social investments increase

Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised by the Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator (SRI) module.

Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions.

Moreover, these indicators are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the fund on an ongoing basis.

Methodologies

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

- Environmental dimension: this examines issuers' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity;
- Social dimension: 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.

Data sources and processing

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

Data quality controls of external data providers are managed by the Global Data Management unit. Controls are deployed at different steps of the value chain, from pre-integration controls, post-integration ones, to post calculation ones like controls on proprietary scores for instance.

External data are collected and controlled by the Global Data Management team and are plugged into the SRI module.

The SRI module is a proprietary tool that ensures the collection, quality check and processing of ESG data from external data providers. It also calculates the ESG ratings of issuers according to Amundi proprietary methodology. The ESG ratings in particular are displayed in the SRI module to portfolio managers, risk, reporting and the ESG teams in a transparent and user-friendly manner (issuer's ESG rating together with the criteria and the weights of each criterion).

For ESG ratings, at each stage of the calculation process, the scores are normalised and converted into Z-scores (difference between the company's score and the average score in the sector, as a number of standard deviations). Hence each issuer is assessed with a score scaled around the average of their sector, enabling to distinguish best-practices from worst practices at sector level (Best-in-Class approach). At the end of the process, each issuer is assigned an ESG score (approximately between -3 and +3) and the equivalent on a letter scale from A to G, where A is the best, and G the worst.

Data is then disseminated via Alto front office to portfolio managers and is monitored by the risk team.

ESG scores utilize data derived from external data providers, internal ESG assessment/research conducted by Amundi, or through a regulated third party recognised for the provision of professional ESG scoring and assessment. Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

Limitations to methodologies and data

Our methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely.

We are aware of these limitations which we mitigate by a combination of approaches: the monitoring of controversies, the use of several data providers, a structured qualitative assessment by our ESG research team of the ESG scores, the implementation of a strong governance.

Due diligence

Each month, the ESG scores are recalculated according Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" on its sector based on various checks that may include (but are not limited to): the main significant variations of the ESG score, the list of the new names with a bad score, the main divergence of score between 2 providers. After this review the analyst can override a score from the calculated score which is validated by the management of the team and is documented by a note stored in Amundi database iPortal. This can also be subject to a validation of the ESG Rating Committee.

The investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with the investment risk teams. In this context, Amundi has an investment guideline management procedure as well as a breach management procedure applying across all operations. Both procedures reiterate strict compliance with regulations and contractual guidelines. Risk managers are in charge of monitoring breaches on a day-to-day basis, alerting fund managers and requiring that portfolios are brought back into compliance as soon as possible and in the best interest of investors.

Engagement policies

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds). Issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies face have a major impact on society, both in terms of risk and opportunities.

Designated reference benchmark

This Compartment 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.