

3/ Pre-contractual disclosure template (Article 8 SFDR)

**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:**  
Ofi Invest ESG Global Emerging Debt

**Legal entity identifier:**  
213800RW9T4Z751IZ525

## 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 \_\_\_% 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 sustainable investments**



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

Ofi Invest ESG Global Emerging Debt (the “**Sub-Fund**”) promotes Environmental and Social characteristics by financing emerging states that have good Environmental, Social and Governance (“**ESG**”) practices.

The selection focuses on measurable results and highlights a state's action on sustainable development issues. The ability to sustain economic growth depends on socio-economic factors, such as the level of inequality, education, health systems, quality of infrastructure and environment, and resource constraints. Institutional weaknesses and social problems can amplify macroeconomic fragilities. As such, ESG factors and policies provide investors with additional tools to understand a country's development trajectory and assess its creditworthiness in a more comprehensive manner.

The themes considered in the review of best practices for managing ESG issues of public or quasi-public issuers are:

- **Governance:** Respect for citizens – Quality of management – Independence and stability – Ethics;
- **Societal:** Employment and labor market – Social equity – Education – Health;
- **Environmental:** Energy and carbon – Water and biodiversity management – Limitation of toxic emissions – Development of green sectors.

The SRI comparison universe is consistent with the Sub-Fund's reference indicator.

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

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



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

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

- The Sub-Fund's average ESG score: for the method used to calculate this score, please refer to the section "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?".
- The average ESG score of the SRI universe: to verify that the average ESG score of the Sub-Fund outperforms the average ESG score of the SRI universe.

● **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?**

Not applicable.

● **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?**

Not applicable.

*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 not 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 methods of assessment by the Management Company of investee companies, for each of the principal adverse impacts linked to sustainability factors, are as follows:

Adverse impact indicator		Metric
<b>Indicators applicable to sovereign and supranational issuers</b>		
<b>Greenhouse gas emissions</b>	<b>15. Greenhouse gas intensity</b>	Carbon emissions (Teq CO2) Carbon intensity (Teq CO2/million EUR)
<b>Violations of social standards</b>	<b>16. Countries with violations of social standards</b>	Number of investment countries experiencing violations of social standards (in absolute numbers and as a proportion of the total number of beneficiary countries of investments), according to international treaties and conventions, United Nations principles, or, where applicable, national law.

For more information, please refer to the "Statement on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors", which can be found on the Management Company's website [in French]: <https://www.ofi-invest-am.com/finance-durable>.

No



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

#### **What investment strategy does this financial product follow?**

The Sub-Fund invests mainly in bonds of all kinds of rating issued by governments or state companies of emerging countries listed or dealt in on Regulated Markets or Other Regulated Markets, denominated in Euro, in US Dollar or any other currency of the G5 countries.

The Sub-Fund's extra-financial policy is implemented through exclusion policies as well as the integration of ESG analysis in the investment decision.

#### ● **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?**

The binding elements of the investment strategy used to select investments to achieve the environmental and social characteristics promoted by the Sub-Fund are as follows:

- The management team implements an ESG “score improvement” approach, which consists of obtaining an average ESG score of the portfolio higher than the average ESG score of the comparison SRI universe, after eliminating 20% of the index weighting.
- The J.P. Morgan EMBI Global USD index (Ticker: JPEIGLBL Index) tracks liquid, US Dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities.

The proportion of ESG-analyzed securities in the portfolio must be greater than 90% of the Sub-Fund's net assets (excluding cash, shares of other UCITS, and derivatives).

The themes considered in the review of best practices for managing ESG issues of public issuers are:

- Governance: Respect for citizens – Quality of management – Independence and stability – Ethics;
- Societal: Employment and labor market – Social equity – Education – Health;
- Environmental: Energy, carbon, and green sectors – Water and biodiversity management – Limitation of toxic emissions.

States face long-term non-financial risks related to their governance, social risks, and environmental risks. These various risks impact their political and social stability, as well as their economic and financial health. Taking these elements into account in the evaluation of states contributes to estimating their ability to meet their commitments in the future.

Based on these issues, an ESG score is calculated out of 10 for each issuer.

The ESG analysis of issuers is carried out using a dedicated proprietary tool that automates the quantitative processing of ESG data, combined with a qualitative analysis by the ESG team (data mainly sourced from ESG rating agencies but also from specialized agencies).

ESG ratings of issuers are conducted on a quarterly basis, while the underlying data is updated at least every 18 months. Penalties are applied if the public issuer in question does not comply with various international standards. The analysis is carried out using a dedicated proprietary tool that automates the quantitative processing of ESG data (mainly provided by ESG rating agencies but also by specialized agencies), combined with an analysis by the ESG analysis team.

However, the management team could face certain methodological limitations such as:

- A problem of missing or incomplete publication by some states on information used as input for the rating model; or
- A problem related to the quantity and quality of ESG data to be processed.

The ESG rating methodology for issuers is detailed in the document titled “Responsible Investment Policy”. This document is available at the following address: <https://www.ofi-invest-am.com/pdf/principes-et-politiques/responsible-investment-policy.pdf>

The Sub-Fund complies with the policies summarised in the document entitled “Investment Policy - Sector-based and Norm-based Exclusions”. This document is available at: [https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-exclusions-sectorielles-et-normatives\\_ofi-invest-AM.pdf](https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-exclusions-sectorielles-et-normatives_ofi-invest-AM.pdf) and includes the CTB and PAB exclusions in accordance with the ESMA Guidelines on funds' names using ESG or sustainability-related terms.

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

The Sub-Fund does not commit to reducing the investment universe before applying the investment strategy.

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



**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.

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

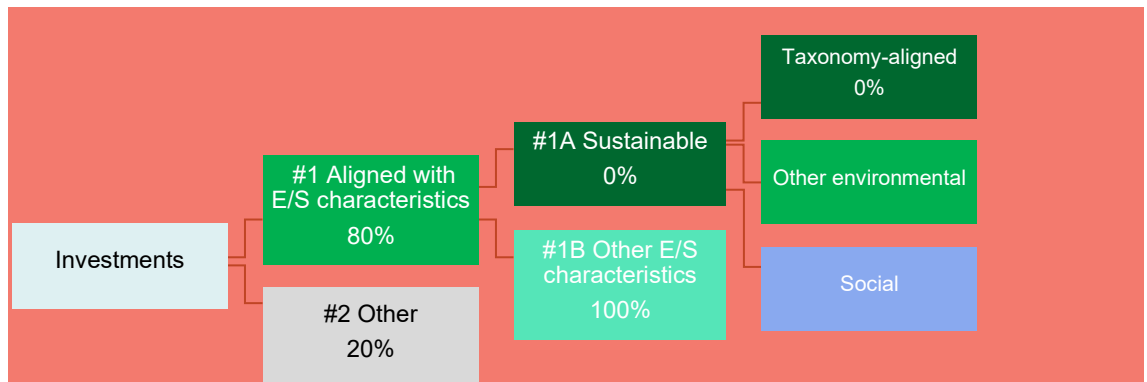
- The good governance policies of states are analyzed through the G pillar of the ESG rating, broken down into 4 issues:
- "Respect for citizens" measures a state's ability to listen to its citizens, involve them in public debate, and be accountable for its actions;
  - The "Quality of management" issue aims to evaluate the effectiveness of a state's organization and its ability to implement public policies;
  - The "Independence and Stability" issue seeks to assess a state's political stability, particularly through its ability to enforce the law;
  - The "Ethics" issue measures the state's practices in its fight against corruption.

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

The Sub-Fund has at least 80% of its investments used to attain the environmental and social characteristics promoted. (#1 Aligned with E/S characteristics).

The remaining 20% of the investments of the Sub-Fund will be derivatives, non ESG-rated assets, cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR regulations and managed by OFI Invest AM) held for liquidity purposes, the use of which is limited to very specific situations and short periods of time (#2 Other).

In addition, non-ESG rated asset should remain below 10%.



**#1 Aligned with E/S characteristics** includes the investments of the Sub-Fund used to attain the environmental or social characteristics promoted by the Sub-Fund.

**#2 Other** includes the remaining investments of the Sub-Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

**Category #1 Aligned with E/S characteristics covers:**

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives;
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The use of derivatives will not aim to attain the E/S characteristics promoted by the Sub-Fund. However, their use will not have the effect of significantly or permanently impinging on the environmental and/or 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 makes no minimum commitment to aligning its activities with the "Taxonomy Regulation." Consequently, the minimum percentage of investment aligned with the Taxonomy that the Sub-Fund commits to is 0%.

● **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

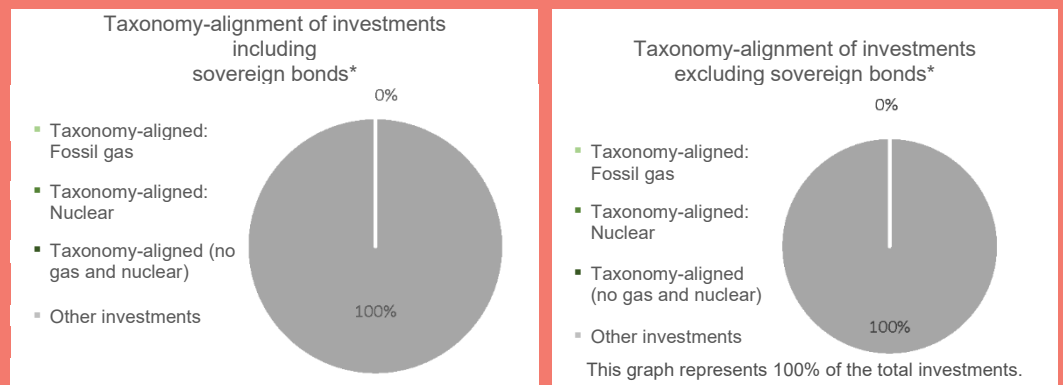
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

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 Sub-Fund including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the Sub-Fund other than sovereign bonds.



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

The minimum share of investments in transitional and enabling activities is 0%.



Are environmentally sustainable investments 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 does not commit to a minimum share of sustainable investments.

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

Not applicable.

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


These investments, that represent a maximum of 20% of the NAV, will consist of:

- Cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR and managed by Ofi Invest AM), within a total limit of 20%,
- Financial derivative instruments, used as defined by the investment policy of the Sub-Fund, within a total limit of 20%,
- Non ESG-rated assets, within a total limit of 10%.

No minimum environmental or social safeguards have been put in place.

**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?**

The SRI comparison universe, including the values composing the J.P. Morgan EMBI Global USD Index (Ticker: JPEIGLBL Index), is identical to the Sub-Fund's reference indicator.



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

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

More product-specific information can be found on the website: <https://www.ofi-invest-am.com/lu/en/institutional-and-corporate/fund/ofi-invest-esg-global-emerging-debt-class-i-c-eur/LU0574846324>

