Ofi invest
Asset Management

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

Product name: Ofi Invest ESG European Convertible Bond **Legal entity identifier:** 9695001RWZ80OE1ZIZ97

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments 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?

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

The Ofi Invest ESG European Convertible Bond Sub-Fund (hereinafter referred to as the "Sub-Fund") promotes environmental and social characteristics by investing in issuers with good environmental, social and governance practices.

To achieve this, the Sub-Fund invests in European convertible bonds from issuers with the best practices for managing ESG issues, in accordance with the ESG rating methodology.

The themes taken into account in reviewing good ESG practices are:
Environmental: Climate change – Natural resources – Project financing – Toxic waste – Green products.
Social: Human capital – Societal – Products and services – Communities and human rights

Governance: Governance structure – Market behaviour

The reference benchmark, the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR), calculated with coupons reinvested, is used for financial performance measurement purposes. This index has been chosen independently of the environmental and/or social characteristics promoted by the Sub-Fund.

- ***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 of the environmental or social characteristics promoted by the Sub-Fund are:

- The SRI score calculated during the investment strategy process. For the method used to calculate this score, 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 percentage of issuers belonging to the "Under supervision" category as defined by the SRI score calculation method and which are subject to an exclusion (i.e., 20% of the investment universe).

In addition, under the French SRI Label awarded to the Sub-Fund, of the four E, S, G and Human Rights indicators, the following two ESG indicators were also selected:
- Emissions financed on Scope 1 and 2;
- The proportion of issuers forming the subject of controversies, considered to be violating at least one of the Ten Principles of the Global Compact;

- ***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 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.

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

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.

☒ **Yes** ☐ **No**

The methods used by the Management Company to assess investee companies, for each of the principal adverse impacts linked to sustainability factors, are as follows:

Adverse sustainability indicator		Metric
Climate and other environment-related indicators		
Greenhouse gas emissions	**1. GHG emissions**	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint (Scope 1, 2 and 3 GHG / EVIC emissions)
	3. GHG intensity of investee companies	GHG intensity of investee companies (Scope 1, 2 and 3 GHG / CA emissions)
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	**7.Activities negatively affecting biodiversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Waste	**9.Hazardous waste and radioactive waste ratio**	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and employee matters	**10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises

	11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14. Exposure to controversial weapons	Share of investments in investess companies involved in the manufacture or selling of controversial weapons
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Anti-corruption and anti-bribery	**16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery**	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti- corruption and anti-bribery

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

What investment strategy does this financial product follow?

The investment strategy of this Sub-Fund consists of investing in European convertible bonds issued by issuers that take into account environmental, social and governance (ESG) issues. The strategy of the Sub-Fund aims to ensure that investee issuers demonstrate convincing practices for managing industry-specific ESG issues, and to exclude issuers that demonstrate insufficient consideration of these issues or belong to a sector of activity presenting a high risk on one or more sustainability issues.

For more information on the investment strategy, please refer to the section on investment strategy in the prospectus.

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?

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

Policies for incorporating ESG into investment decisions

The 20% of securities with the lowest ESG performance ratings are excluded from the investment universe, based on a Best in Universe approach.

In assessing ESG practices, the Sub-Fund considers the following pillars and themes:

- Environmental: Climate change – Natural resources – Project financing – Toxic waste – Green products.
- Social: Human capital – Societal – Products and services – Communities and human rights
- Governance: Governance structure – Market behaviour

Each theme contains several underlying criteria. The criteria taken into account vary according to their relevance by sector of activity and are weighted relative to the risks they represent within this sector (reputational, legal, operational, etc.). Examples include, but are not limited, to the following:

- Climate change: carbon emissions from the production process; upstream/downstream carbon emissions
- Natural resources: impact of the activity on water; impact of the activity on biodiversity.

- Human capital: health and safety; development of human capital.
- Products and services: personal data protection; a healthier range of products available
- Governance structure: respect for minority shareholder rights; remuneration of executives.

ESG score and SRI score calculation method

Based on the sector-based reference for key issues, an ESG score is calculated per issuer, which includes, first, the scores for the Environmental and Social (E and S) key issues, and second, the scores for the Governance (G) key issues. Governance issues include a fixed weighting of 30% for corporate governance and a variable weighting of 10% to 40% reflecting the level of risk incurred by the conduct of directors or the company.

This level varies depending on the sectors of activity. The overall weighting of the E and S issues is then determined. The weighting of environmental, social and governance issues is specific to each sector of activity. These scores may be subject to:

1. Penalties relating to controversies not yet included in the key issue scores. By using this penalty system, the most significant controversies can be taken into account quickly, while you wait for analysis of key issues to be incorporated.
2. Any bonuses or penalties awarded by the analyst responsible for the sector in the event of divergence on the assessment of an issue by the rating agency.

Companies' ESG scores are used to determine an SRI score corresponding to the ranking of the issuer's ESG score compared to other operators in its ICB supersector (level 2). The SRI score is established on a scale of 0.5 to 5, with 5 being the best ESG score in the sector.

Issuers are sorted into categories based on their SRI Score. Each SRI category covers 20% of the issuers in the universe analysed. These categories are as follows:

- Under Supervision: issuers lagging behind in consideration of ESG issues
- Uncertain: issuers which have poorly managed their ESG issues
- Followers: issuers which have moderately managed their ESG issues
- Involved: issuers which actively take ESG issues into account
- Leaders: issuers which are furthest ahead in taking ESG issues into account

Issuers belonging to the “Under Supervision” category are excluded from the investment universe.

Issuers’ ESG ratings are calculated quarterly, while underlying data are updated at least every 18 months (according to the policy of MSCI, the data provider). Ratings can also be adjusted by analysis of controversies or as a result of engagement initiatives.

Assets forming the subject of an ESG rating or an SRI score will represent at least 90% of assets (excluding cash).

Exclusion policies

The regulatory and sector-based exclusions applied by the Management Company are as follows:

- Violations of the Ten Principles of the Global Compact;
- Controversial weapons;
- Coal;
- Tobacco;
- Oil and gas.

Furthermore, with a view to cash management, the Sub-Fund may invest up to 10% in money market UCIs. These UCIs managed by the Management Company are classified as Article 8 products within the meaning of the SFDR, and apply its ESG integration strategy.

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

The committed minimum rate consists of excluding from the investment universe, the 20% of issuers with the lowest ESG performance compared to their peers ("Under Supervision" SRI category).

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

A number of methods are used in order to assess good governance practices of the investee companies:

1. Analysis of governance practices within the ESG analysis (pillar G). For each Issuer, the ESG analysis incorporates an analysis of corporate governance, with the following themes and issues:
   - Its governance structure: Respect for minority shareholder rights - The composition and operation of boards or committees, Remuneration of executives, Accounts, audits and taxation;

- And its market behaviour: Business practices.

2. Weekly monitoring of ESG controversies: the ESG analysis also takes into account the presence of controversies on the above-mentioned themes and their management by issuers.

3. The Management Company's exclusion policy related to the UN Global Compact, including its Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery".[1] Companies which are dealing with serious and/or systemic controversies on this principle on a recurrent or frequent basis, and which have not implemented appropriate remedial measures, are excluded from the investment universe.

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

4. The engagement policy applicable to the Sub-Fund consists of asking companies to make improvements. If the improvements are not observed at the end of the period deemed necessary for making them, a management decision may be taken, such as the sale of securities. As a reminder, the Sub-Fund may not invest in companies in the "Under Supervision" category.
The Sub-Fund implements an engagement approach on a case-by-case basis, as decided jointly with the ESG analysis team and management, in relation to:
Portfolio companies whose SRI category is "Under Supervision" following a downgrade of category during the holding period for the security;
Companies that have not yet been rated and are assigned the "Under Supervision" category at the time of their rating.

Engagement scenario:
For these companies with which we engage, the ESG analysis team and the convertible bond team:
- Contact the company and identify the ESG questions requiring particular follow-up;
- Carry out an in-depth analysis of the areas of improvement of the company's ESG performances and/or transparency.

At the end of the engagement period, the ESG analysts have three options:

i. Either engagement is satisfactory and allows evidence to be collected. In this case, the company's ESG rating is adjusted, by means of a bonus awarded by the analyst, so that the company's actions are appropriately reflected in the rating.

ii. Or engagement is taking place, but the responses provided are not satisfactory and the ESG score is confirmed.

iii. Or engagement has not taken place under satisfactory conditions within three months of the first contact. The engagement period may then be extended under the following conditions:
   - The company has responded favourably to our request, but was not able to provide the expected response elements that would allow the ratings to be adjusted, for justified reasons (for example, during the accounts closing period).
   - In the following months, the company has provided for the publication of regulatory documents such as the annual report, the Universal Registration Document (URD), the Declaration of Non-Financial Performance (DNFP), the CSR report, etc.

   In this case, the issuer's securities may remain in the portfolio for a maximum of 12 months pending a satisfactory response, provided that the securities in the Under Supervision category do not represent more than 10% of the portfolio weight.

At the end of engagement, the ESG score must be confirmed or modified if the engagement approach results in an improvement of practices. If the issuer's classification in the "Under Supervision" category is confirmed following the quarterly update of the ESG rating, the security must be sold within the following month.

Scenario of non-engagement:
For companies with which we do not engage, the holding period may not exceed 4 months. The manager proceeds with the sale of the securities in the portfolio within one month of the new SRI rating (if confirmed as "Under Supervision"), depending on market liquidity and in the interests of unitholders.

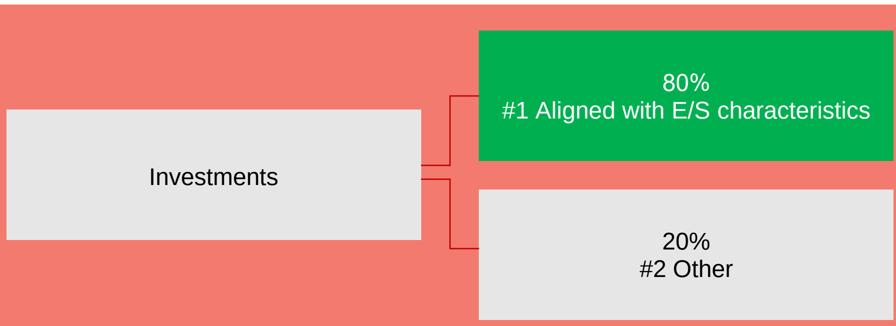
Engagement monitoring:
Engagement actions are monitored quarterly, at the time of each new rating at a Committee meeting bringing together the ESG analysis team, the credit analysis team and management. On this occasion, all current engagement is reviewed, so that the next actions to be taken can be determined jointly.

[1] https://pactemondial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/#lutte-contre-la-corruption

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

At least 80% of the net assets of the Fund are made up of investments contributing to the promotion of environmental and social characteristics (#1 Aligned with E/S characteristics).

Within the #2 Other component:
- The proportion of all portfolio securities that do not have an ESG score may not exceed 10% of the Fund's assets.
- A maximum of 10% of the Fund's investments will consist of cash, short-term money market instruments and derivatives.

- ***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 E/S characteristics. However, their use will not result in the environmental and/or social characteristics promoted by the Sub-Fund being significantly or permanently distorted.

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

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.

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

Transitional activities are activities for which low-carbon

The Sub-Fund does not currently make any minimum commitments to align its activities with the Taxonomy Regulation. Accordingly, the minimum investment percentage aligned with the EU Taxonomy to which the Fund commits is 0%.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?***

☐ **Yes**

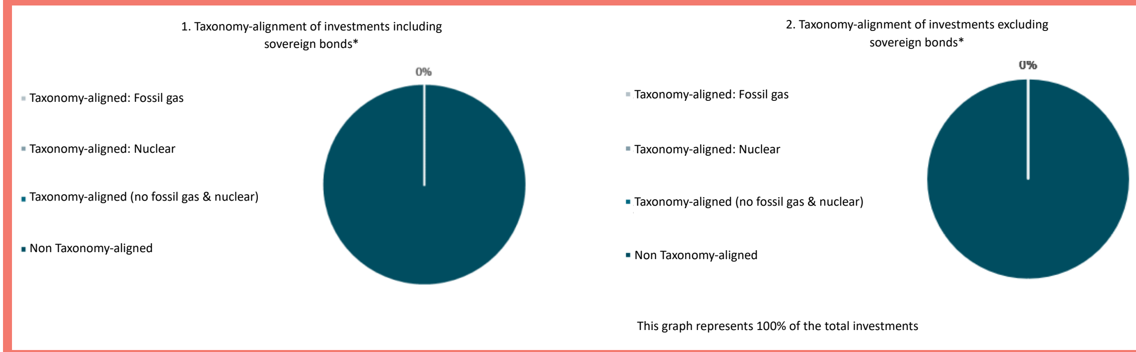
☐ In fossil gas
☐ In nuclear energy

☒ **No**

[2] *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.*

alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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 purposes of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

There is no minimum share of investments in transitional and enabling activities.

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

Not applicable.

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, which are made only in specific situations and represent a maximum of 20% of the Sub-Fund's investments, will consist of:

- Cash, short-term money market instruments and derivatives which are limited to specific situations in order to allow occasional hedging against or exposure to market risks within a total limit of 10%,
- All securities that do not have an ESG score within a 10% limit.

Although this category does not have an ESG rating and no environmental and social guarantees have been implemented, its use will not have the effect of significantly or permanently distorting the environmental and/or social characteristics promoted by the Sub-Fund.

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?

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

Not applicable.

Where can I find more product specific information online?
More product-specific information can be found on the website:

More Sub-Fund-specific information can be found on the website:

https://www.ofi-invest-am.com/en/produits