

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 Actions Japon

LEI: 969500ZBKJXW1KQHLB43

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

☐ 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**: ____ %

☒ No

☒ **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 30% 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 Ofi Invest Actions Japon Fund (hereinafter the "Fund") promotes environmental and social characteristics. In order to assess issuers' environmental, social and governance practices, the Management Company relies on the internal ESG rating methodology.

Themes taken into account in the review of good ESG practices include, for example:

- Environmental: carbon emissions, water stress, biodiversity, toxic emissions or waste
- Social: management and development of human capital, occupational health and safety, product quality, data security
- Governance: board independence, audit costs, remuneration policy, business ethics

The SRI comparison universe is the same as the Fund's benchmark.

- **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 Fund are:

- **The weighted percentage of Fund issuers which have been identified as non-investible:** For information about the calculation method, please refer to the “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?” section;
- **The percentage of sustainable investment made by the Fund.**
- ***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 Fund invests at least 30% of its net assets in securities that meet Ofi Invest AM's definition of a sustainable investment.

In order to qualify as a sustainable investment, an investment must fulfil the following criteria:

- Make a positive contribution to or benefit the environment and/or society;
- Not cause significant harm;
- Apply good governance.

Our definition of sustainable investment is set out in detail in our responsible investment policy, which is available on our website at the following address (not available in English): <https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf>

- ***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?***

In order to ensure that the issuers under review do not cause significant harm (Do No Significant Harm - DNSH) on the sustainability front, Ofi Invest AM analyses the issuers in terms of:

- Principal Adverse Impacts (PAI) indicators for sustainability within the meaning of the SFDR
 - Activities that are controversial or deemed sensitive in terms of sustainability
 - Existing controversies that are deemed to be very severe
- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

Issuers exposed to the following adverse impact indicators qualify as non-sustainable investments:

- Exposure to companies active in the fossil fuel sector (PAI indicator 4);
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI indicator 14);
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI indicator 10).

In addition, activities that are controversial or deemed sensitive in terms of sustainability qualify as non-sustainable investments. Adverse impacts are analysed based on Ofi Invest AM's sectoral policies (tobacco, oil and gas, coal, palm oil, biocides and hazardous chemicals) and norm-based policies (Global Compact and ILO fundamental conventions and controversial weapons), published on our website. Therefore, investments will not be made in companies that are excluded during this screening process.

Very severe controversies ("level 4" environmental and societal controversies, as well as "level 3" social and governance controversies) do not qualify as sustainable investments under our definition.

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

The exposure of issuers to controversies related to violations of fundamental human rights, as described in the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI indicator 10), is grounds for excluding them (see above).

Issuers exposed to controversies of this type, which are deemed to be severe or very severe, on any social, societal or environmental issue, do not qualify as sustainable under our definition.

More specifically, investments cannot be made in issuers exposed to "level 4" (very severe) environmental and societal controversies, as well as "level 3" (severe) social and governance controversies, i.e., the highest on our proprietary rating scale.

These E, S and G issues bring together all of the themes covered by the OECD Guidelines and the Global Compact.

These exclusions apply to issuers which qualify as "sustainable" under our definition, in addition to the norm-based exclusion policy on non-compliance with the Global Compact principles and the ILO fundamental conventions.

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

☐ No

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.

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
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 investee companies involved in the manufacture or selling of controversial weapons
Climate and other environment-related indicators		
Water, waste and material emissions	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
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
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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 Fund aims to invest between 60% and 100% of its net assets on the Japanese listed equity market, and up to 10% in issuers in other countries, including emerging countries which take into account environmental, social and governance (ESG) criteria. The rest of the portfolio will be invested, on the basis of between 0% and 40% of the net assets, in debt securities and money market instruments, issued on the Japanese market, and on the basis of up to 10% of the net assets in securities from other countries, including emerging countries.

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

● 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 Fund are as follows:

The management adopts a “Best-in-Class” ESG approach, which involves excluding the weighted 20% of securities with the lowest ESG ratings from each sector of the SRI comparison universe, including securities that make up the TOPIX index.

The proportion of ESG-analysed securities in the portfolio must be greater than 90% of the fund’s net assets (excluding cash, UCIs and derivatives).

When assessing issuers’ ESG practices, the Fund considers the following pillars and themes:

- Environment: climate change, natural resources, project financing, toxic waste and green products;
- Social: employees, customers, suppliers and civil society, with reference to universal values (in particular: human rights, international labour standards, environmental impact, corruption prevention and more), human capital, supply chain, products and services;
- Governance: governance structure and market behaviour.

The ESG analysis team defines a sector-based reference for key issues (ESG issues listed above), by selecting the most important issues for each sector of activity. Based on this benchmark, an ESG score is calculated out of 10 for each issuer, which includes, first, the key issue scores for E and S and, second, the scores for G key issues, as well as any potential bonuses/penalties.

Indicators used to determine this ESG score include, for example:

- Scope 1 carbon emissions in tonnes of CO₂, water consumption in cubic metres, and nitrogen oxide emissions in tonnes for the environmental pillar;
- the information security policies in place and the frequency of system audits, the number of fatal accidents, and the percentage of the total workforce represented by collective labour agreements for the social pillar;
- the total number of directors, the percentage of independent members of the board of directors, and the total remuneration as a % of fixed salary for the governance pillar.

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

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

Companies' ESG scores are used to establish an SRI score that can be used track an issuer's position within the ranking for its ICB sector (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.

For each sector of the investment universe, the 20% of issuers lagging the furthest behind in managing ESG issues are excluded from the SRI universe.

Issuers' ESG ratings are calculated quarterly, while underlying data are updated at least every 18 months. Ratings can also be adjusted by analysis of controversies or as a result of engagement initiatives. This analysis is performed using a dedicated proprietary tool for automating the quantitative processing of ESG data (mainly provided by ESG rating agencies, but also by specialised agencies), combined with an analysis by the ESG analysis team.

The weighting of the E, S and G pillars of each sector, as well as any justifications should there be a weighting below 20%, are outlined in an online document available at the following address: <https://www.ofi-invest-am.com/fr/politiques-et-documents>

However, we could face some methodological limitations, such as:

- No disclosure or incomplete disclosure by some companies of information that is used as input for the rating model;
- A problem with the quantity and quality of the ESG data that need to be processed;

The issuer ESG rating methodology is outlined in the "Responsible Investment Policy" document [not available in English]. This document is available at <https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf>

In addition, Ofi Invest Asset Management has identified risk areas for its investments in relation to specific business sectors and international benchmarks. Therefore, the Management Company has introduced exclusionary policies to minimise these risks and manage its reputational risk.

Therefore, the Fund complies with the policies summarised in the "Investment Policy: Sector-based and Norm-based Exclusions" document. This document is available online at https://www.ofi-invest-am.com/pdf/principes-et-politiques/investment-policy_sectorial-and-norms-based-exclusions.pdf

The exclusion policies are available in full online at <https://www.ofi-invest-am.com>

● ***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 corresponds to the exclusion from the Fund's investment universe, in each sector and at any time, of 20% of securities with the lowest ESG rating.

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

Several methods are implemented 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 indicators based around:
 - 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 social and environmental controversies, carried out by the Management Company's teams.

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.
4. The voting and shareholder engagement policy.² This policy is based on the most rigorous governance standards (G20/OECD Principles of Corporate Governance, AFEP-MEDEF Code, etc.). Firstly, in connection with the voting policy, the Management Company may have recourse to several actions in the context of general meetings (dialogue, written questions, filing of resolutions, protest votes, etc.). In addition, the engagement policy is reflected in dialogue with certain companies, not only in order to have additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance.



What is the asset allocation planned for this financial product?

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).

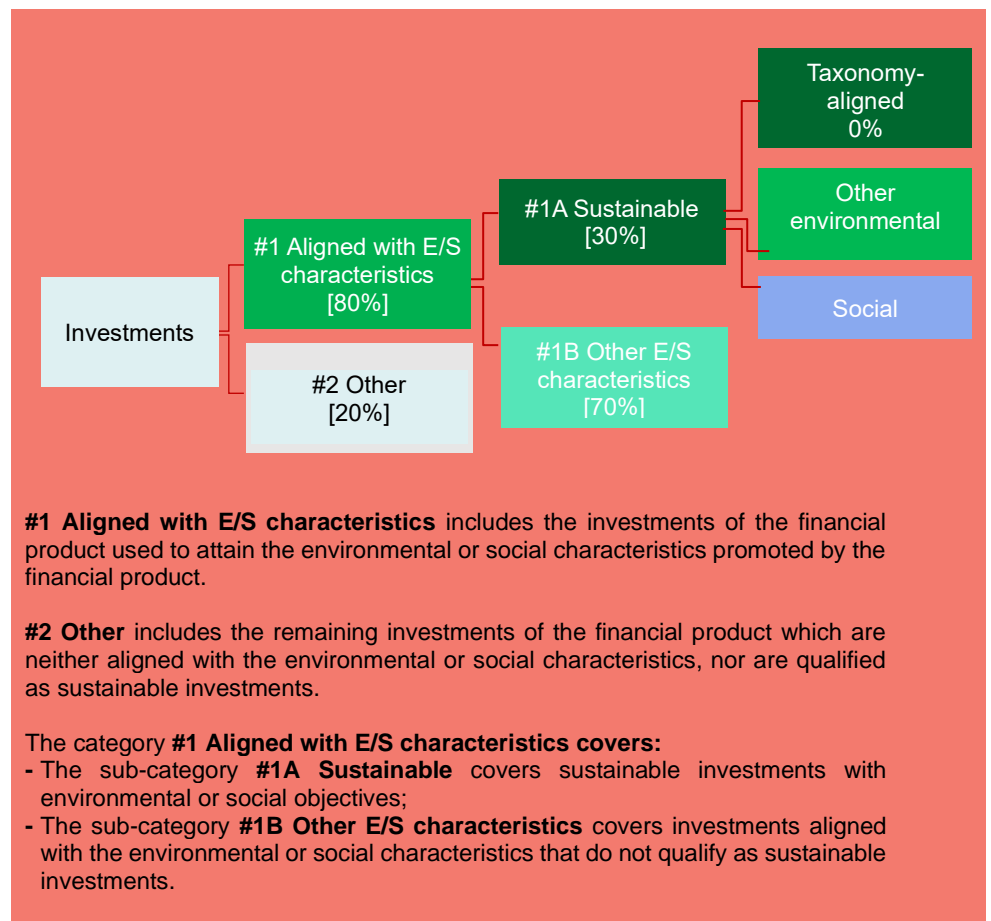
Within the #2 Other component:

- 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 and derivatives.

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 <https://pactemonial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/#lutte-contre-la-corruption>

² This policy applies according to the asset class of funds and therefore, primarily to funds exposed to equities.

● **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 have the effect of significantly or permanently impinging on the environmental and/or social characteristics promoted by the Fund.

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



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

The 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 Taxonomy³?**

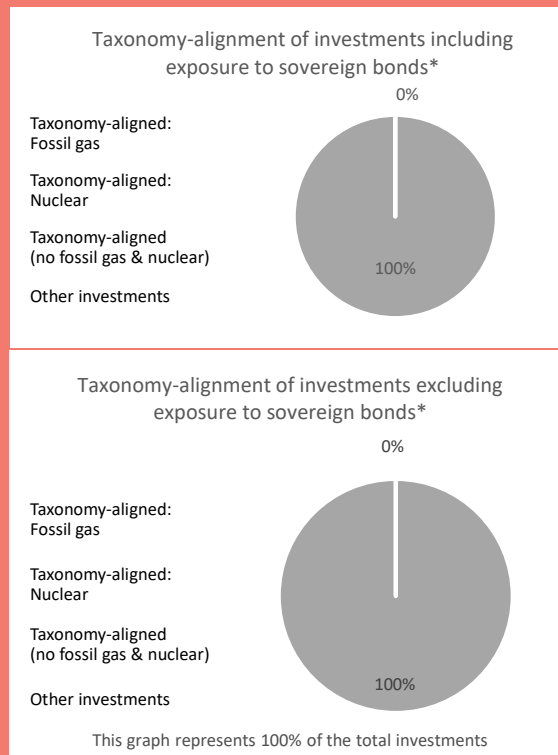
☐ **Yes**

☐ 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.

³ 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.

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

Not applicable.



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

As outlined in the “Does this financial product have a sustainable investment objective?” section, this product aims to place at least 30% of its net assets in sustainable investments. However, the product does not make any commitment on the weight of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

As stated in the “Does this financial product have a sustainable investment objective?” section, this product aims to place at least 30% of its net assets in sustainable investments. However, the product does not make any commitments on the weight of socially sustainable investments.



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 Fund's investments, will consist of:

- Cash 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 up to a limit of 10%.

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 Fund.



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

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 is the same as the Fund's benchmark (the TOPIX index).

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.



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

<https://www.ofi-am.fr/en/>