

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 Euro High Yield

LEI: 969500B8I8H2B95Z6E71

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 11% 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 Euro High Yield 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.

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 SRI comparison universe is the same as the reference benchmark

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

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

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

- The 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: in order to verify that the average ESG score of the Fund outperforms the average ESG score of the SRI universe.
- The Fund's share of sustainable investments

● ***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 will invest at least 11% of its net assets in bonds and debt securities that meet the definition of sustainable investment of Ofi Invest AM.

To qualify as a sustainable investment, it must meet the following criteria:

- Make a positive contribution or bring a benefit to 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, available on our website at the following address: <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 No Significant Harm (DNSH) in terms of sustainability, Ofi Invest AM analyses issuers in terms of:

- Principal Adverse Impacts (PAI indicators) for sustainability within the meaning of the SFDR
- Activities that are controversial or considered sensitive in terms of sustainability
- The presence of controversies 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 are considered non-sustainable investments:

- exposure to companies active in the fossil fuel sector (PAI indicator 4);
- exposure to activities linked to typologies of controversial weapons, such as cluster bombs or anti-personnel mines, biological weapons, chemical weapons, etc. (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 considered sensitive in terms of sustainability, are considered non-sustainable. Adverse impacts are analysed according to Ofi Invest AM's sector-based policies (tobacco, oil and gas, coal, palm oil, biocides and hazardous chemicals) and norm-based policies (Global Compact and ILO fundamental conventions, controversial weapons), published on our website. Investments may not be made in companies with a negative screening.

Very severe controversies ("level 4" environmental and societal controversies as well as "level 3" social and governance controversies) cannot be considered sustainable, according to 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 a reason for exclusion (see above).

Issuers exposed to such controversies, whose severity level is deemed to be very high or high, on all social, societal and environmental issues, cannot be considered sustainable according to our definition.

More specifically, investments may not be made in issuers exposed to “level 4” (very high) environmental and societal controversies as well as “level 3” (high) for social and governance controversies, i.e., the highest on our proprietary rating scale.

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

These exclusions apply to issuers considered as “sustainable”, according to our definition, in addition to the norm-based exclusion policy on Non-Compliance with the Global Compact Principles and 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?

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 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
Biodiversity	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
Water	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
Waste	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
	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
	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

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 consists of building a portfolio of High Yield bonds that take into account environmental, social and governance (ESG) issues. The Fund is intended for investment either in High Yield bonds (i.e., the speculative or Speculative Grade category as opposed to the Investment Grade category) denominated in euros and issued by private enterprises in OECD countries, or in forward financial instruments of the credit derivative type (CDS, CDS Indices); these instruments pose a higher credit risk.

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 Fund are as follows:

The Fund adopts a “rating improvement” approach and therefore commits to ensuring that the average ESG score of the portfolio is higher than the average ESG score of the comparison SRI universe made up of issuers of the Bank Of America Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield (HEAE) index, which the Management Company believes is suitable for the purposes of comparing the Fund’s ESG score based on its strategy.

The proportion of securities undergoing an ESG analysis in the portfolio (excluding cash, UCIs and derivatives) must be greater than 75% for debt securities and money market instruments benefiting from a High Yield credit rating.

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

- Environment: issues (climate change, natural resources, project financing, toxic waste, green products).
- Social: employees, customers, suppliers and civil society, with reference to universal values (in particular: human rights, international labour standards, environmental impact, prevention of corruption, etc.), human capital, supply chain, products and services;
- Governance: governance structure, 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 reference, an ESG score is calculated out of 10 for each issuer, which includes, first, the key issue scores for E and S and, second, scores for G key issues, along with any bonuses/penalties.

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

- Scope 1 carbon emissions in tonnes of CO₂, water consumption in cubic metres, 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, 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, the total remuneration as a % of fixed salary for the governance pillar.

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 carried out 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.

However, we could face certain methodological limitations such as:

- ✓ a problem associated with non-disclosure or incomplete disclosure by certain companies of information that is used as input for the rating model;
- ✓ a problem associated with the quantity and quality of ESG data to be processed.

Details of the issuers' ESG rating methodology are provided in the document entitled Responsible Investment Policy. This document is available at: <https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf>

Ofi Invest Asset Management has also identified risk areas for its investments in relation to certain 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 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

All the exclusion policies are available 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 Fund does not commit to reducing the investment universe prior to the application of the investment strategy.

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

● 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 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.
4. The voting and shareholder² engagement policy: 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 65% 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 25% of the Fund's assets.
- A maximum of 10% of the Fund's investments will consist of cash and derivatives.

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

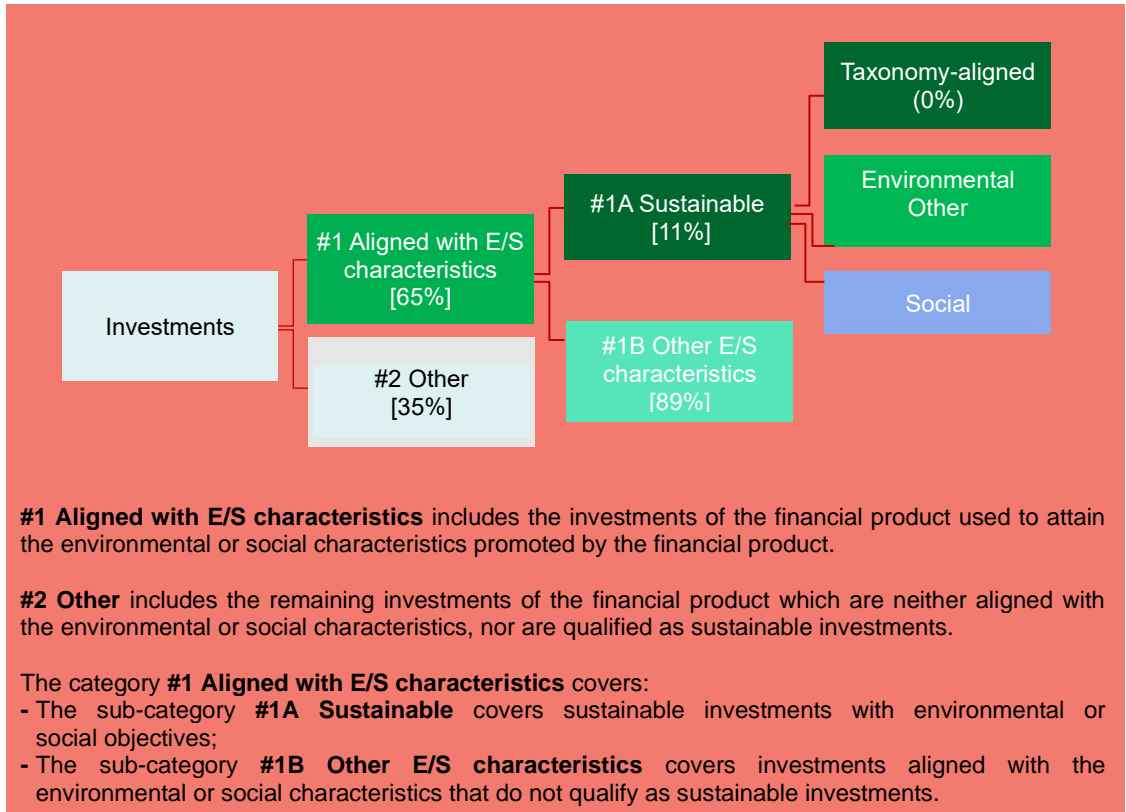
² [This policy applies according to the asset class of the UCIs and therefore, primarily to UCIs exposed to equities](#)

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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.



● 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.



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

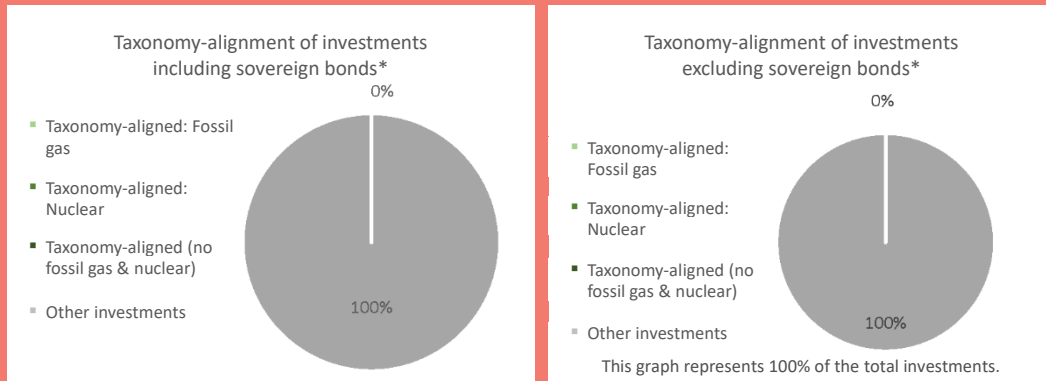
- ☐ In fossil gas
- ☐ In nuclear energy

☒ No

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.

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.

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



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

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

Not applicable



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

As outlined under the heading "Does this financial product have a sustainable investment objective?", this product aims to invest at least 11% 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 outlined under the heading "Does this financial product have a sustainable investment objective?", this product aims to invest at least 11% 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 35% 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 25%.

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.



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.

The SRI Comparison Universe is the same as the Fund's reference benchmark.

The relevant SRI reference benchmark is the Bank Of America Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield 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 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 Fund-specific information can be found on the website:

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