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:
Amundi MSCI Water ESG Screened UCITS ETF

Legal entity identifier:
9695004Y3YNBCRB45L58

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 25 % 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 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 financial product promotes environmental and/or social characteristics through the replication of a reference benchmark incorporating an environmental, social and governance ("ESG") rating.

The reference benchmark is constructed using a Best-in-Class approach, i.e., companies with the highest ESG ratings in each sector (according to the Global Industry Classification Standard [GICS]) are selected in order to construct the Reference Benchmark.

The Best-in-Class approach aims to favour the best performing companies within a universe, sector or class. With this Best-in-Class filter, the Sub-Fund adopts a non-financial approach based on a commitment making it possible to reduce the Investment Universe (as the number of issuers) by at least 20%.

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

The MSCI ESG rating is used to measure the attainment of each of the environmental or social characteristics promoted by this financial product.

The MSCI ESG rating methodology uses a rules-based methodology designed to measure a company's resilience to the long-term material ESG risks in its sector. It is based on non-financial ESG criteria that focus on the intersecting of a company's core business with the issues specific to its sector that may generate significant risks and opportunities for the company. The key ESG issues are weighted according to the impact and time frame of the risk or opportunity. ESG criteria include, but are not limited to, water stress, carbon emissions, personnel management or business ethics.

More specifically, the Reference Benchmark is the MSCI ACWI IMI Water ESG Filtered Net Total Return Index (net dividends reinvested, i.e., the performance of the Reference Benchmark includes net dividends distributed by its constituent shares).

The Reference Benchmark is an equity index calculated and published by the international index creator MSCI. Its characteristics are as follows:

a) An investment universe identical to that of the MSCI ACWI Investable Market Index (IMI) (the "Parent Index"), including large, mid and small cap stocks across developed and emerging countries.

b) The Reference Benchmark selects companies from the Parent Index, the analysis of which reveals strong exposure to activities such as water distribution, water utilities, water treatment or the provision of water-related equipment, including:

- All companies in the GICS "Water Utilities" Sub-Industry,

- Companies whose "Relevance Score" for their activity in relation to the water theme (as defined by MSCI) is higher than 25% (or 75%, depending on the company's sector of activity), and

- Companies with revenue linked to the water theme, considered as sustainable, of more than 15% of their total revenue.

(the "**Selected Universe**")

c) Based on the Selected Universe, the following are applied:

- A negative ESG filter in order to exclude:

- Companies exposed to controversial activities such as controversial weapons, conventional weapons, nuclear weapons, civilian firearms, tobacco, thermal coal, tar sands or companies in violation of the UN Global Compact.

- Companies forming the subject of a severe ESG controversy (according to the MSCI ESG Controversies Score).

- Companies that are "non-aligned" or "strongly non-aligned" with the following UN Sustainable Development Goals (as part of the MSCI Impact Solutions SDG Alignment framework): SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action) or SDG 14 (Life Below Water).

- Companies without an "ESG rating" or an "ESG Controversies Score" (as defined by MSCI).

- Geographical and sector-based filters.

d) A "Filtered Universe" is then determined:

- By following a best-in-class approach consisting of favouring companies with the highest ratings from a non-financial perspective within their sector of activity, excluding companies from the lower quartile determined by an industry-adjusted ESG rating (as defined by MSCI).

The MSCI ESG rating methodology uses a rules-based methodology designed to measure a company's resilience to the long-term material ESG risks in its sector. It is based on non-financial ESG criteria that focus on the intersecting of a company's core business with the issues specific to its sector that may generate significant risks and opportunities for the company. The key ESG issues are weighted according to the impact and time frame of the risk or opportunity. ESG criteria include, but are not limited to, water stress, carbon emissions, personnel management or business ethics.
As a result, the Sub-Fund adopts a non-financial approach based on a strong commitment making it possible to reduce the initial investment universe (expressed as the number of issuers) by at least 20%. The limitations of the non-financial approach are mentioned in the "Risk Profile" section below.

Non-financial data cover more than 90% of the eligible equities of the Reference Benchmark. Companies without an ESG score are excluded from the stock-picking process for the index;

- By applying a liquidity filter to the Filtered Universe; and

- By excluding companies that do not present revenue linked to the water theme, considered as sustainable.

e) The index weights companies in the Filtered Universe according to the MSCI Adaptive Capped Index methodology (as defined by MSCI), and adjusts them taking maximum exposure criteria into account.

f) Iterative decreasing weighting ensures that the carbon intensity and the weighted average of the board independence score of the index are respectively lower and higher than those of the MSCI ACWI IMI Water Index.
The environmental and/or social characteristics promoted by the Sub-Fund are implemented by the MSCI ESG rating methodology (as described above).

The Reference Benchmark is a net total return index. A net total return index measures the performance of the index constituents according to the criterion that any dividends or distributions are included in the index returns after withholding tax.

The methodology for constructing the Reference Benchmark (including the rules governing its reweighting and updating its composition) can be consulted on the MSCI website at: www.msci.com

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 objectives of the sustainable investments consist of investing in companies that satisfy two criteria:
1) follow best environmental and social practices; and
2) not generate products and services that harm the environment and society.

The definition of "best performing" company is based on a proprietary Amundi ESG methodology that aims to measure a company's ESG performance. To be considered "best performing", a company must obtain the best score from the first three scores (A, B or C, on a rating scale of A to G) in its sector on at least one material environmental or social factor. Material environmental and social factors are identified at sector level. The identification of these factors is based on Amundi's ESG analysis framework, which combines non-financial data with a qualitative analysis of the associated sector and sustainability themes. Factors identified as material make a contribution of over 10% to the overall ESG score. For the energy sector, material factors are emissions and energy, biodiversity and pollution, health and safety, local communities and human rights.

In order to contribute to the above objectives, the investee company should not have any significant exposure to activities (e.g., tobacco, weapons, gambling, coal, aviation, meat production, fertiliser and pesticides manufacturing, single-use plastic production) that are not compatible with these criteria.

The sustainable nature of an investment is assessed at the level of the investee company.

By applying the above definition of sustainable investments to the index components of this passively managed ETF, Amundi has determined that this financial product has a minimum proportion of sustainable investments as mentioned on page 1. However, we would like to draw your attention to the fact that Amundi's sustainable investment methodology is not implemented in the index methodology replicated by this financial product.

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.

- ***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?***

To ensure that sustainable investments do not cause any significant harm ("DNSH" or Do No Significant Harm principle), Amundi uses two filters:

- the first "DNSH" filter is based on the monitoring of mandatory indicators of the Principal Adverse Impacts in Annex 1, Table 1 of the RTS (for example, the greenhouse gas or GHG intensity of companies), using a combination of indicators (for example, carbon intensity) and specific thresholds or rules (e.g.carbon intensity is not within the last decile in the sector). Amundi already considers specific Principal Adverse Impacts in its exclusion policy, as part of its Responsible Investment Policy. These exclusions, which apply in addition to the tests detailed above, cover the following topics: exclusions concerning controversial weapons, violations of the United Nations Global Compact Principles, coal and tobacco.

- Apart from the specific indicators of the sustainability factors covered by the first filter, Amundi has defined a second filter which does not take into account the mandatory indicators of the Principal Adverse Impacts above, in order to check that a company does not present an overall poor environmental or social performance compared to other companies in its sector, which corresponds to an environmental or social score of E or higher on the Amundi rating scale.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

As detailed above, the adverse impact indicators are taken into account in the first DNSH filter (do no significant harm): this is based in fact on the monitoring of the mandatory indicators of the Principal Adverse Impacts in Annex 1,
Table 1 of the RTS when reliable data are available through a combination of the following indicators and specific thresholds or rules:

- having a CO_2 intensity that does not fall within the last decile of companies in the sector (applies

only to high intensity sectors), and
- having board gender diversity that does fall within the last decile of companies in its sector, and
- being free from any controversy regarding labour conditions and human rights
- being free from controversies regarding biodiversity and pollution.

Amundi already considers specific Principal Adverse Impacts in its exclusion policy, as part of its Responsible Investment Policy. These exclusions, which apply in addition to the tests detailed above, cover the following topics: exclusions concerning controversial weapons, violations of the United Nations Global Compact Principles, coal and tobacco.

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

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are incorporated into Amundi's ESG rating methodology. The proprietary ESG scoring tool assesses issuers, using data available from data providers. For example, the model includes a dedicated criterion called "Community involvement and human rights" which is applied to all sectors in addition to other human rights criteria, including socially responsible supply chains, working conditions and labour relations. In addition, controversies are monitored on at least a quarterly basis, and this includes companies identified for human rights violations. When controversies arise, analysts assess the situation and apply a score to the controversy (using the proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly, in order to track the trend and remediation efforts.

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.

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

[X] Yes, Amundi considers the mandatory Principal Adverse Impact indicators in accordance with Annex 1, Table 1 of the RTS applying to the UCI's strategy, and relies on a combination of exclusion policies (normative and sector-based), the incorporation of the ESG rating into the investment process, engagement and voting approaches:

- Exclusion: Amundi has defined normative exclusion rules, by activity and by sector, covering some of the main sustainability indicators listed in the Disclosure Regulation.

- Engagement: engagement is a continuous and focused process aimed at influencing companies' activities or behaviour. The objective of engagement can be divided into two categories: to engage an issuer in improving the way it incorporates the environmental and social factor, and to engage an issuer in improving its impact on environmental, social and human rights issues or other sustainability issues that are important to society and the global economy.

- Voting: Amundi's voting policy responds to a holistic analysis of all long-term issues that may influence value creation, including material ESG issues (Amundi's voting policy can be found on its website).

- Monitoring controversies: Amundi has developed a controversy monitoring system that relies on three external data providers to systematically monitor controversies and their level of severity. This quantitative approach is then enriched by an in-depth assessment of each severe controversy, conducted by ESG analysts, and a periodic review of progress. This approach is applied to all Amundi funds.

☐ No

What investment strategy does this financial product follow?

The Sub-Fund is a passively managed index UCITS.

The management objective of the Sub-Fund is to replicate, in both directions, changes in the MSCI ACWI IMI Water ESG Filtered Net Total Return index (the "**Reference Benchmark**"), denominated in euros (EUR), while minimising as much as possible the **tracking error** between the performance of the Sub-Fund and the performance of its Reference Benchmark.

The Reference Benchmark aims to represent the performance of securities, the activities of which are linked to the water theme, such as water distribution, utilities and the supply of water-related equipment and water treatment. It excludes companies lagging behind the theme universe in terms of Environmental, Social and Governance ("ESG") factors, based on an ESG score.

The maximum expected level of the ex-post tracking error under normal market conditions is 2%.

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 Sub-Fund is a passively managed index ETF.

The Reference Benchmark is the MSCI ACWI IMI Water ESG Filtered Net Total Return Index (net dividends reinvested, i.e., the performance of the Reference Benchmark includes net dividends distributed by its constituent shares).

The Reference Benchmark is an equity index calculated and published by the international index creator MSCI. Its characteristics are as follows:

a) An investment universe identical to that of the MSCI ACWI Investable Market Index (IMI) (the "**Parent Index**"), including large, mid and small cap stocks across developed and emerging countries.

b) The Reference Benchmark selects companies from the Parent Index, the analysis of which reveals strong exposure to activities such as water distribution, water utilities, water treatment or the provision of water-related equipment, including:

- All companies in the GICS “Water Utilities” Sub-Industry,

- Companies whose “Relevance Score” for their activity in relation to the water theme (as defined by MSCI) is higher than 25% (or 75%, depending on the company’s sector of activity), and

- Companies with revenue linked to the water theme, considered as sustainable, of more than 15% of their total revenue.

(the “**Selected Universe**”)

c) Based on the Selected Universe, the following are applied:

- A negative ESG filter in order to exclude:

- Companies exposed to controversial activities such as controversial weapons, conventional weapons, nuclear weapons, civilian firearms, tobacco, thermal coal, tar sands or companies in breach of the UN Global Compact.

- Companies forming the subject of a severe ESG controversy (according to the MSCI ESG Controversies Score).

- Companies that are “non-aligned” or “strongly non-aligned” with the following UN Sustainable Development Goals (as part of the MSCI Impact Solutions SDG Alignment framework): SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action) or SDG 14 (Life Below Water).

- Companies without an “ESG rating” or an “ESG Controversies Score” (as defined by MSCI).

- Geographical and sector-based filters.

d) A “Filtered Universe” is then determined:

- By following a best-in-class approach consisting of favouring companies with the highest ratings from a non-financial perspective within their sector of activity, excluding companies from the lower quartile determined by an industry-adjusted ESG rating (as defined by MSCI).

The MSCI ESG rating methodology uses a rules-based methodology designed to measure a company’s resilience to the long-term material ESG risks in its sector. It is based on non-financial ESG criteria that focus on the intersecting of a company’s core business with the issues specific to its sector that may generate significant risks and opportunities for the company. The key ESG issues are weighted according to the impact and time frame of the risk or opportunity. ESG criteria include, but are not limited to, water stress, carbon emissions, personnel management or business ethics.
As a result, the Sub-Fund adopts a non-financial approach based on a strong commitment making it possible to reduce the initial investment universe (expressed as the number of issuers) by at least 20%. The limitations of the non-financial approach are mentioned in the “Risk Profile” section below.

Non-financial data cover more than 90% of the eligible equities of the Reference Benchmark. Companies without an ESG score are excluded from the stock-picking process for the index;

- By applying a liquidity filter to the Filtered Universe; and

- By excluding companies that do not present revenue linked to the water theme, considered as sustainable.

e) The index weights companies in the Filtered Universe according to the MSCI Adaptive Capped Index methodology (as defined by MSCI), and adjusts them taking maximum exposure criteria into account.

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The methodology for constructing the Reference Benchmark (including the rules governing its reweighting and updating its composition) can be consulted on the MSCI website at: www.msci.com

The investment strategy for the financial product is also based on a set of systematic exclusions (normative and sector-based), as described in Amundi's responsible investment policy.

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

There is no committed minimum rate to reduce the scope of these investments.

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?***

The management team relies on Amundi's ESG rating methodology. This rating is based on a proprietary ESG analysis framework, which takes into account 38 general and sector-specific criteria, including governance criteria. For the Governance factor, Amundi assesses an issuer's ability to ensure an effective corporate governance framework guaranteeing the attainment of its long-term objectives (e.g., to ensure the value of the issuer in the long term). The governance sub-criteria considered are: board structure, audit and control, remuneration, shareholder rights, ethics, tax practices and ESG strategy. Amundi's ESG rating scale comprises seven ratings, ranging from A to G, with A being the highest rating and G, the lowest. Companies rated G are excluded from the investment universe.

Each corporate security (equities, bonds, single-issuer derivatives, ESG equities and bond ETFs) included in the investment portfolios has formed the subject of an assessment of its good governance practices by applying a normative filter in relation to the principles of the United Nations Global Compact ("UNGC") to the relevant issuer. This assessment is ongoing. Every month, the Amundi ESG Rating Committee reviews lists of companies in breach of the United Nations Global Compact, resulting in a downgrading of the rating to G. Downgraded securities are, by default, divested within 90 days.

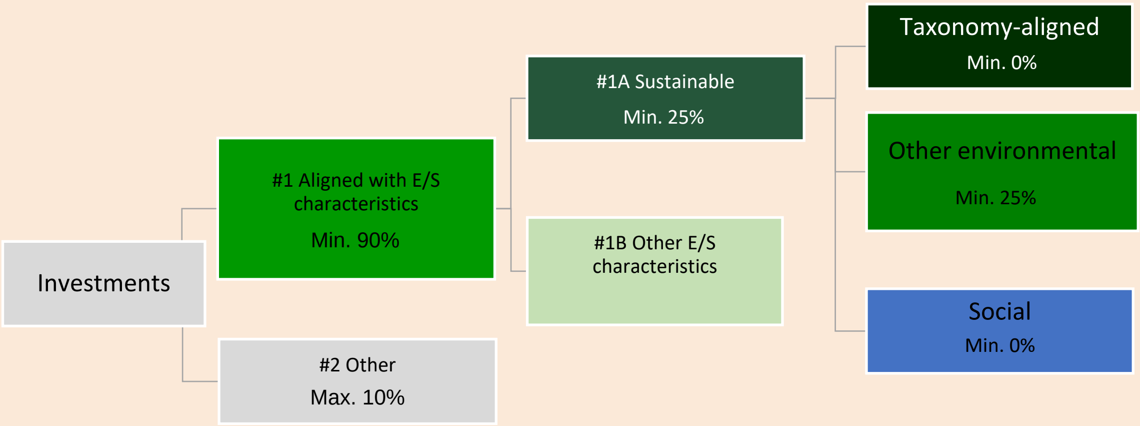
This approach is complemented by Amundi's Stewardship policy (engagement and voting) relating to governance.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

At least 90% of the UCI's securities and instruments are subject to an ESG analysis and are therefore aligned with the environmental or social characteristics promoted, in accordance with the binding elements of the investment strategy. In addition, the UCI undertakes to hold a minimum of 25% in sustainable investments, as shown in the table below.

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.



Category **#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.

The 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?***

Derivatives are not used to attain the UCI's ESG objective.

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

The UCI currently has no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy.
The Sub-Fund does not commit to making EU Taxonomy-aligned investments in fossil gas and/or nuclear related activities as illustrated below.
Nevertheless, as part of its investment strategy, it may be necessary to invest in companies with activities particularly related to these sectors.
These investments may or may not, as appropriate, be 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**

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

☐ Yes:

☐ In fossil gas ☐ In nuclear power

X

[1] 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.

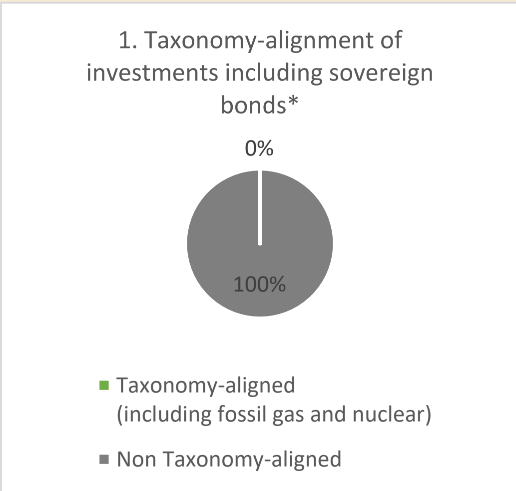
energy, the criteria include comprehensive safety and waste management rules.

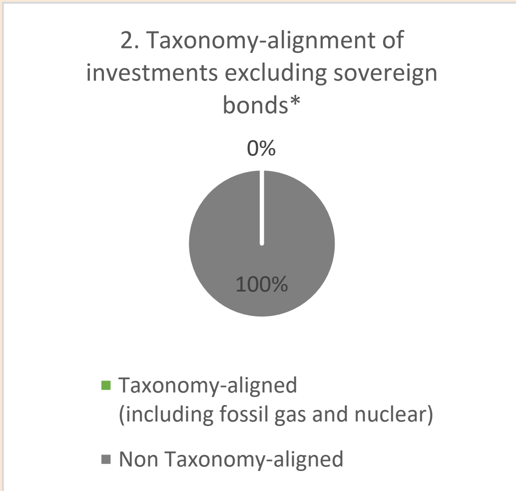
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.

☐ 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*

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

The UCI has no commitment in terms of a minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

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

The UCI currently has no minimum commitment in favour of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

activities under the EU Taxonomy.

The UCI has no minimum share of sustainable investments with a social objective.

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

The following are included under "#2 Other": cash, derivatives and instruments not covered by an ESG analysis (which may include securities for which the data necessary for measuring attainment of environmental or social characteristics are not available).

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.

Yes, the reference benchmark was constructed as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics it promotes.

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

In accordance with the regulations applicable to index sponsors (including the BMR), index sponsors must define appropriate controls when defining and/or using the index methodologies of regulated indices.

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

The management objective of the Sub-Fund is to replicate, in both directions, changes in the Reference Benchmark, while minimising as much as possible the tracking error between the performance of the Sub-Fund and the performance of its Reference Benchmark.

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

The MSCI ACWI IMI Water ESG Filtered Net Total Return index (the "Reference Benchmark") aims to represent the performance of securities, the activities of which are linked to the water theme, such as water distribution, utilities and the supply of water-related equipment and water treatment. It excludes companies lagging behind the theme universe in terms of Environmental, Social and Governance ("ESG") factors, based on an ESG score.

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

https://www.msci.com/index-methodology

Where can I find more product specific information online?

More product-specific information can be found on the website: www.amundietf.com.