Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 8 sub-funds

Product Name: Lyxor MSCI World Ex EMU Leaders Extra UCITS ETF **Legal entity identifier**: 969500PPTV9AJJ02NE72

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

This financial product is committed to responsible investment.

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.

As detailed above, the adverse impact indicators are taken into account in the first DNSH filter (do no significant harm): this is based 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 CO2 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.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The OECD Guidelines for Multinational

Enterprises and the UN Guiding Principles on Business and Human Rights are incorporated into our ESG rating methodology. Our proprietary ESG scoring tool assesses issuers, using data available from our 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, we monitor controversies 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 our proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly, in order to track the trend and remediation efforts.

Environmental or social characteristics of the financial product

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%.

Investment strategy

The Sub-Fund is a passively managed index UCITS.

The management objective of the Sub-Fund is to replicate changes, in both directions, in the MSCI World ex EMU Select ESG Rating and Trend Leaders Net Total Return index (hereinafter the "Reference Benchmark"), denominated in dollars (USD), and representative of the performance of large and mid cap stocks across developed countries, excluding eurozone countries selected based on a rating taking environmental, social and governance (ESG) criteria into account, while minimising as much as possible the tracking error between the performance of the Sub-Fund and the performance of its Reference Benchmark.

The maximum expected level of the ex-post tracking error under normal market conditions is 0.50%.

The Sub-Fund is a passively managed index ETF.

The Reference Benchmark is the MSCI World ex EMU Select ESG Rating and Trend Leaders Net Total Return Index (net dividends reinvested, i.e., the performance of the Reference Benchmark includes net dividends distributed by its constituent stocks).

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

a) An “Investment Universe” identical to that of the MSCI World ex EMU Index (the “Parent Index”). The Parent Index measures the overall performance of developed markets outside the Eurozone. It is made up of a combination of several MSCI indices representing each of the countries classified as “developed countries” by MSCI, excluding eurozone countries, and covers approximately 85% of the market capitalisation of each of these countries. The weight of each security in the Parent Index is adjusted according to its float-adjusted market capitalisation. As a result, the number of securities in the basket of constituents of the Parent Index may change over time;

b) ESG approach:

a. Sector-based exclusions based on ESG criteria: alcohol, gambling, tobacco, civilian firearms, nuclear energy, adult entertainment, genetically modified organisms, conventional and controversial weapons;

b. Exclusions from certain activities related to their effect on climate change: ownership of fossil fuel reserves, extraction and production of unconventional and conventional thermal coal/oil and gas/uranium mines, production
of energy generated by thermal coal/nuclear energy/fossil fuels, downstream oil and gas activities;

c. Exclusion of companies involved in one of the main ESG controversies (based on the MSCI ESG Controversies Score).

The exclusions described in paragraphs (i), (ii) and (iii) provide the “Eligible Universe”;

d. Within the Eligible Universe, companies are classified according to their ESG score and their ESG trend (annual improvement or downgrading of their ESG score). The MSCI ESG rating methodology is based on rules designed to measure companies’ resilience to the long-term material ESG risks in their sector. It is based on non-financial key ESG issues, focused on the friction that may exist between a company’s core business and the issues specific to its sector of activity that may generate significant risks and opportunities. The key ESG issues are weighted according to their impact and the time frame of the risk or opportunity. Examples may include issues relating to water stress, carbon emissions, workforce management or business ethics.

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

The filters are less restrictive for stocks already included in the Reference Benchmark, so as to reduce rotation according to a rebalancing date.

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%.

The non-financial coverage rate represents more than 90% of the securities making up the Reference Benchmark.

c) The Reference Benchmark is a float-adjusted market capitalisation index, and the cumulative float-adjusted market capitalisation of the GICS sector is broadly proportional to that of the Parent Index.

d) An iterative underweighting process ensures that the carbon intensity and the weighted average of board independence are respectively lower and higher in the Reference Benchmark than in the Parent Index. It also allows the Reference Benchmark's exposure to each company to be maintained at a maximum level of 15%.

The environmental and/or social characteristics promoted by the Sub-Fund are identified using the MSCI ESG rating methodology (as described above).

The MSCI methodology and calculation method give rise to a variable number of companies in the Reference Benchmark.

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

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.

To assess the good governance practices of the companies in which we invest, we rely 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. ensuring 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.

Proportion of investments

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 10% in sustainable investments, as shown in the table below.

Monitoring of environmental or social characteristics

All non-financial data, both external and internal, are centralised by the Responsible Investment Business Line, which is responsible for checking the quality of the data received and of their distribution. This includes automated quality control, as well as qualitative monitoring by ESG analysts who are specialists in their sector. ESG scores are updated monthly in Amundi's proprietary rating tool (Stock Rating Integrator (SRI) module).

The sustainable development indicators used by Amundi are based on proprietary methodologies. These indicators are permanently available in the portfolio management system, allowing managers to assess the impact of their investment decisions.

In addition, these indicators are incorporated into Amundi's checking process, with responsibilities distributed between the level one check conducted by the investment teams themselves and the level two check conducted by the risk teams, which continuously monitor compliance with the environmental or social characteristics promoted by the fund.

Methodologies

The Amundi ESG rating used to determine the ESG score is an ESG quantitative score translated into seven ratings, ranging from A (the best scores in the universe) to G (the worst scores). On the Amundi ESG rating scale, those securities on the exclusion list correspond to a rating of G. For corporate issuers, ESG performance is assessed overall and according to relevant criteria, by comparison with the average performance of its sector of activity, through the combination of the three ESG factors:
- the environmental factor: this involves examining issuers' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse gas emissions, combating resource depletion and protecting biodiversity;
- the social factor: this measures how an issuer operates according to two distinct concepts: the strategy to develop its human capital and respect for human rights in general;
- the governance factor: this assesses the issuer's ability to provide the bases for an effective corporate governance framework and to generate value in the long term.

The ESG rating methodology applied by Amundi is based on 38 criteria, which are either generic (common to all companies regardless of their activity), or sector-specific, weighted by sector and considered according to their impact on an issuer's reputation, operational efficiency and regulations. Amundi ESG ratings are likely to be expressed globally on the three factors – E, S and G – or individually on any environmental or social factor.

Data sources and processing

Amundi ESG scores are constructed using Amundi's ESG analysis framework and rating methodology. For this purpose, we use the following source data: Moody, ISS-Oekem, MSCI and Sustainalytics.

Quality controls of the data of external data providers are managed by the Global Data Management team. These controls are rolled out at different stages of the value chain, from pre-integration and post-integration controls, through to post-calculation controls, such as proprietary score controls for example.

External data are collected and controlled by the Global Data Management (GDM) team and are linked to the SRI module.

The SRI module is a proprietary tool handling the collection, quality control and processing of ESG data from external data providers. It also calculates issuers' ESG ratings according to Amundi's proprietary methodology. ESG ratings, in particular, are made available to managers, risk teams, reporting teams and ESG teams in the SRI module, in a transparent and user-friendly way (issuer's ESG rating plus criteria and weightings for each criterion).
For ESG ratings, at each step of the calculation process, scores are normalised and converted into Z scores (difference between the company's score and the industry average score, shown as the number of standard deviations). As a result, each issuer is assessed with a score that is around the average in its sector, which makes it possible to differentiate best practices from worst practices at sector level (Best-in-Class approach). At the end of the process, each issuer is assigned an ESG score (between -3 and +3 approximately), and the equivalent on a scale from A to G, where A is the highest score and G, the lowest.

Data are then distributed to the managers via Alto Front Office, and are controlled by risks.

ESG scores use data from external data providers and internal ESG assessments/research, conducted by Amundi or through a regulated third party recognised for the provision of ESG scores and assessments. In the absence of mandatory ESG reporting at company level, estimates are an essential component of data providers' methodology.

Limitations to methodologies and data

As a result, the limitations of our methodology are linked to the use of ESG data. The ESG data landscape is in the process of being normalised, which may impact data quality; data coverage also represents a limitation. Current and future regulations will improve the standardisation of the reporting and disclosures of companies on which ESG data are based.

We are aware of these limitations, which we mitigate through a combined approach: monitoring controversies, using multiple data providers, a qualitative assessment, structured by our ESG research team, of ESG scores, implementing strong governance.

Due diligence

Every month, ESG scores are recalculated according to Amundi's quantitative methodology. The result of this calculation is then reviewed by ESG analysts who perform a qualitative "sampling check" of their sector, based on various checks that may include (but are not limited to): the main significant variations in the ESG score, the list of new names with a poor score, the main divergence in scores between two suppliers. After this review, the analyst may cancel a score in relation to the calculated score, which is approved by the team manager and documented by a score saved on the Amundi iPortal database. This may also be subject to approval by the ESG rating committee.

The management team is responsible for defining the product investment process, including design of the appropriate risk framework in collaboration with the risk teams. In this respect, Amundi has a procedure for managing investment guidelines, along with a procedure for managing exceedances, applicable to all transactions. These two procedures reiterate Amundi's strict compliance with regulations and contractual constraints. Risk teams are responsible for monitoring day-to-day exceedances, for alerting managers and for requiring portfolio compliance as soon as possible, in the best interests of investors.

Engagement policies

Amundi has a policy on engagement with issuers (in which we are invested and those in which we could potentially invest), regardless of the type of holdings held (equities and bonds). Issuers for which Amundi implements an engagement policy are primarily chosen according to the level of exposure of the subject in question, insofar as the environmental, social and governance issues facing companies have a major impact on the company, both in terms of risks and opportunities.

Designated reference benchmark

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.

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.

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