

➤ OFI INVEST ESG ASIA EM EX CHINA

1/ How Sustainability Risks are integrated into investment decisions

In order to integrate all these sustainability risks into the investment process of this Sub-Fund, the Company has different methods at its disposal.

An analysis of the following three criteria is carried out on the basis of an internal methodology:

- Environmental: Climate Change – Natural Resources – Project Financing – Toxic Waste – Green Products
- Social: Human Capital – Supply Chain – Goods and Services
- Governance: Governance Structure – Behaviour

Each issuer is therefore given an ESG score, which makes it possible to assess its non-financial practices and to classify it within each sector of the investment universe.

In order to integrate all the sustainability risks into the investment process, the Company performs an ESG assessment of securities in order to exclude from the investment universe securities whose environmental, social performance and governance are insufficient in order to obtain an improvement in the portfolio's overall ESG rating compared to that making up its investment universe (after elimination of at least 20% of the securities lowest rated).

Controversies that may affect the relationship or impact on one of the issuer's stakeholders are monitored and analysed. They may concern customers, investors, regulators, suppliers, civil society, employees or the issuer's environment. Details can be obtained upon request to the Management Company.

Issuers are selected from among those with the best ESG practices in their sector.

2/ The results of the assessment of the likely impacts of Sustainability Risks on the returns of the financial products

Sustainability risks are primarily related to climate events resulting from climate change (known as physical risks), the ability of companies to respond to climate change (known as transition risks) and which may result in unanticipated losses affecting the Sub-Fund's investments and financial performance. Social events (inequalities, labour relations, investment in human capital, accident prevention, changes in consumer behaviour, etc.) or governance gaps (recurrent and significant breach of international agreements, corruption, product quality and safety and sales practices) can also translate into sustainability risks.

3/ Pre-contractual disclosure template (Article 8 SFDR)

Product name:
Ofi Invest ESG Asia EM Ex China

Legal entity identifier:
213800NEWGZKLIQN9H89

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**: ___%

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**: ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

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 sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Ofi Invest ESG Asia EM Ex China (the “**Sub-Fund**”) promotes Environmental and Social characteristics by investing in companies from emerging countries that have good Environmental, Social and Governance (ESG) practices. The Sub-Fund does not have designated a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted.

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

- The aggregated ESG score at fund level calculated in the process of the investment strategy. The methodology is detailed in the section on the investment strategy.
- The investment universe’s ESG rating, so as to verify that the global ESG rating of the Sub-Fund overperforms that of the investment universe after removing the worst 20% of values.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable

Principal adverse impact are the most significant negative impacts of investment decision 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?**

Not applicable.

The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The 'do not 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

The Sub-Fund considers the principal adverse impacts (PAIs) through different policies:

- Due to Ofi Invest Asset Management's ("Ofi Invest AM") exclusion policies, the following thresholds are applied to certain PAIs:
 - Coal and Oil & Gas sector policies. These exclusion policies establish de facto exclusion thresholds at the issuer level on the PAI 4 ("Exposure to companies active in the fossil fuel sector"): thresholds on the development of new projects involving the use of thermal coal (as soon as > 0) and on the activity in coal and oil & gas. It also indirectly applies a filter on investments in companies with a high impact on PAIs 1, 2 and 3 ("GHG emissions", "carbon footprint" and "GHG intensity of investee companies").
 - Exclusion policy on non-compliance with the UN Global Compact Principles. This policy establishes de facto an issuer-level exclusion threshold on the PAI 10 ("Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises"): as soon as the issuer faces controversies of high or very high severity regarding the UN Global Compact Principles. It also indirectly applies a filter on PAI 11 ("Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for multinational Enterprises").
 - Controversial Weapons Policy. This policy establishes de facto an issuer-level exclusion threshold on PAI 14 as soon as it exceeds 0%.
- The SRI score described in the next section considers issues that in their majority relate to negative externalities as defined by the PAIs: carbon emissions, renewable energy, impact on biodiversity, composition of the Board, etc. The maturity of the issues (e.g., the scope of coverage) and the availability of data make impact measurement more or less possible, but all issues are considered in the fundamental analysis of each investment line. The investment strategy leads to the exclusion of 20% of the worst rated SRI securities from the investment universe.
- The engagement and voting policy. The engagement policy applies to all investments in stocks and focuses mainly on three pillars: climate change mitigation, biodiversity and social. Climate change and women on board are considered through in our voting policy through Say on Climate resolutions and criteria on Board composition and functioning.
- The monitoring of social and environmental controversies. It is part of the weekly analysis of controversies within the Ofi Invest AM group and it applies to all the ESG issues that are integrated in the ESG rating.

In accordance with SFDR regulations, a comprehensive annual reporting is published from 2023 onwards, including PAI considered and irrespective of their prioritization.

No



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

What investment strategy does this financial product follow?

The Sub-Fund invests in equity securities of companies from emerging countries with the best ESG performance

The Sub-Fund's extra-financial policy is implemented through exclusion policies as well as the integration of ESG analysis in the investment decision.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy used to select the investments to attain each of the environmental and social characteristics promoted by the Sub-Fund include Ofi Invest AM exclusion policies, that are both sectorial and normative: as listed and summarized in the document entitled "Investment Policy: sector and norm-based exclusions", available at the following address: https://www.ofi-invest-am.com/pdf/principes-et-politiques/investment-policy_sectorial-and-norms-based-exclusions.pdf. These exclusion policies are also available in full on the website: <https://www.ofi-invest-am.com/en/policies-and-documents>.

Moreover, the average ESG rating of the portfolio must be higher (i.e., better) than the average ESG rating of the initial universe after eliminating the 20% worst values.

To assess ESG practices, the Sub-Fund takes into account the following pillars and themes:

- Environmental: Climate Change – Natural Resources – Project Financing – Toxic Waste – Green Products.
- Social: Human Capital – Supply Chain – Goods and Services – Human rights and communities.
- Governance: Governance Structure – Behaviour.

For each stake, several indicators are taken into account. Some examples, non-exhaustive, are shown below:

- Climate change: Carbon emissions of the production process ; Carbon emissions, upstream and downstream.
- Natural resources: activity's impact on water resource ; activity's impact on biodiversity.
- Human capital: Health and security ; human capital development.
- Goods and services: private data protection; healthier goods offer.
- Governance structure: minority shareholder's rights respect; executives' remuneration.

The way these criteria are taken into account varies according to the sector of activity (which criteria are considered as "core" and their weight in the ESG rating).

How is the ESG rating calculated?

Based on the sector benchmark of key issues, an ESG rating is calculated for each issuer, which includes the Environmental and Social (E and S) key issues ratings on the one hand and the Governance G issues on the other.

Governance issues include a fixed weighting of 30% for corporate governance and a variable weighting of 10% to 40% reflecting the level of risk induced by the behaviour of the company or its managers. This level varies according to the sector of activity.

The overall weighting of E and S issues is then determined. The weighting of Environmental, Social and Governance issues is specific to each business sector.

These scores may be subject to

1. Possible malus linked to controversies not yet integrated into the ratings of key issues

This system of malus allows the most significant controversies to be taken into account quickly, pending their integration into the analysis of key issues. The evaluation scale is as follows:

- Very serious and/or structural controversy, repetition of serious controversies: Malus of 0.75.
- Severe controversy or repetition of major controversies: Malus of 0.5.
- Important controversy: Malus of 0.25.

The maximum malus is capped at 0.75. When the controversy is included in the analysis of the key issues — and therefore in the score of the issue — this Malus is removed.

2. Any bonuses or maluses assigned by the analyst in charge of the sector in the event of a discrepancy in the rating agency's assessment of an issue.

At least 90% of the Sub-Fund' eligible instruments mentioned in "Section 13. Summary of the Sub-Funds" that are used for direct exposure to the Sub-Fund investment policy will have an underlying ESG rating. Synthetic and indirect exposures to the Sub-Fund investment policy resulting from the use of financial derivative instruments are excluded from this commitment.

The investment in monetary UCIs, in the limit of 10% of the NAV. For cash management purposes, the Sub-Fund may invest in monetary UCIs managed by Ofi Invest AM classified as Article 8 according to SFDR regulations that apply the group's ESG integration strategy.

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

Not applicable.

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

Several policies are implemented to evaluate the good governance practices of investee companies:

1. The analysis of governance practices within the ESG analysis (pillar G). For each Issuer, the ESG analysis includes an analysis of the company's governance, with indicators revolving around:
 - its governance structure: Respect for the rights of minority shareholders – Composition and functioning of Boards or Committees, Remuneration of Executives, Accounts, Audit and Taxation; and
 - its Market Behaviour: Business Practices.
2. The weekly monitoring of ESG controversies: the ESG analysis also takes into account the presence of controversies on the issues above-mentioned and their management by the issuers.
3. Ofi Invest AM's exclusion policy related to the UN Global Compact, including to its 10th principle: "Businesses should work against corruption in all its forms, including extortion and bribery"¹. Under this policy, companies that face controversies of a high or very high level of severity with respect to the 10 Principles of the Global Compact, recurring frequently or repeatedly, and have inadequate remedial measures in place, are excluded from the investment universe.

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



What is the asset allocation planned for this financial product?

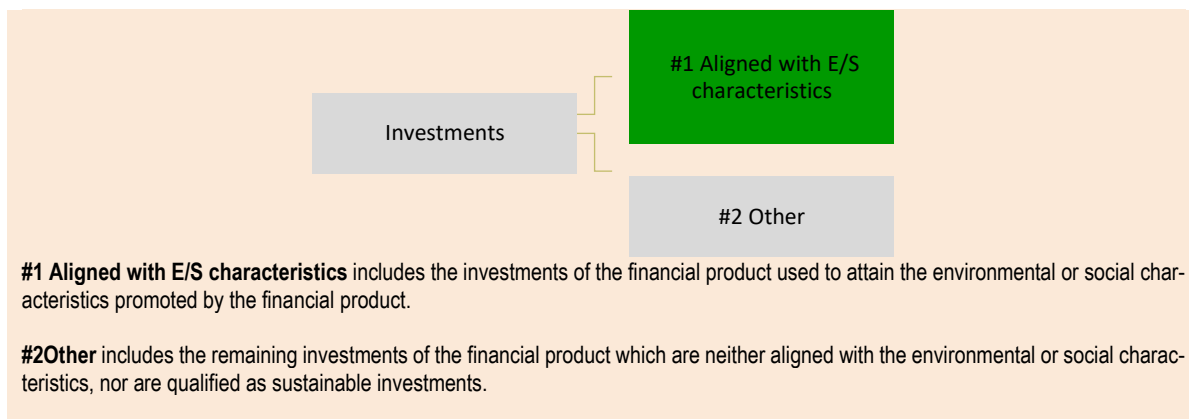
The Sub-Fund has at least 80% of its investments used to attain the environmental and social characteristics promoted (#1 Aligned with E/S characteristics).

A maximum of 20% of the investments of the financial (including maximum 10% of non-ESG rated assets) will be derivatives, cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR and managed by OFI Invest AM) held for liquidity purposes, the use of which is limited to very specific situations and short periods of time (#2 Other).

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?**

Not applicable.

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



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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?

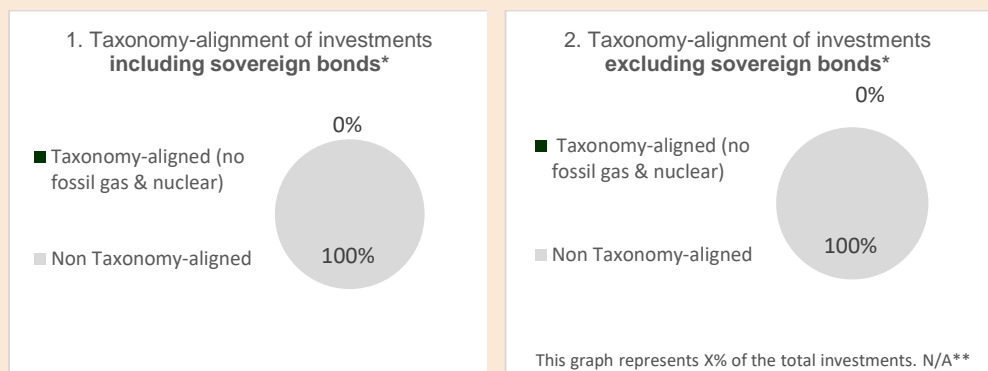
While the Sub-Fund promotes environmental and social characteristics, it does not aim at making sustainable investments. Therefore, its commitment to make “sustainable investments” within the meaning of the EU Taxonomy is set at 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes
 - In fossil gas
 - In nuclear energy
- No

¹Fossil 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.

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.
 ** As the Sub-Fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of sovereign bonds in the Fund portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.

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

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy, neither to a minimum share of investments in transitional and enabling activities



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

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy



What is the minimum share of socially sustainable investments?

Not applicable.



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

These investments, represent a maximum of 20% of the Sub-Fund's investments, will consist of:

- Cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR regulations and managed by OFI Invest AM), within a total limit of 20%,
- Financial derivative instruments, used as defined by the investment policy of the Sub-Fund, within a total limit of 20%,
- Non ESG-rated assets, within a total limit of 10%.

No minimum environmental or social safeguards have been put in place.



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?

Not applicable.

Reference benchmarks
are indexes to measure
whether the financial prod-
uct attains the environmen-
tal or social characteristics
that they promote



Where can I find more product specific information online?

More product-specific information can be found on the website: **Error! Hyperlink reference not valid.** <https://www.ofi-invest-lux.com/fund/of-i-invest-esg-asia-em-ex-china-class-i-eur/LU0286062228>