

Publication of sustainability information

Ofi Invest ESG Global Emerging Debt

■ Summary

Ofi Invest ESG Global Emerging Debt (the "Sub-Fund") promotes environmental or social characteristics but does not have a sustainable investment objective.

The Sub-Fund invests in bonds issued by emerging states that have the best ESG practices. The Sub-Fund's extrafinancial policy is implemented through exclusion policies as well as the integration of ESG analysis in the investment decision. The Sub-Fund follows an "improvement over investment universe" approach, meaning that the Fund's overall ESG rating must outperform that of the initial investment universe removed of the 20% the lowest rated. Furthermore, this ESG rating is obtained on the basis of a "Best in universe" methodology. In addition, issuers that do not benefit from an ESG analysis may not exceed 10% of the portfolio's net assets.

The promotion of social and environmental characteristics depends on the product's strategy and its own investment processes. They are systematically promoted by obtaining a minimum ESG score within a universe and by monitoring 4 indicators for labelled funds, and by managing negative impacts by monitoring controversies and adopting sectoral or normative exclusion policies, for example.

These characteristics are monitored by the Compliance Department on an ongoing basis, while the Internal Control Department carries out annual audits.

As the Sub-Fund is subject to a proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings and a commitment process with issuers on certain issues (climate, biodiversity, social). Finally, management constraints are subject to post-trade control.

■ No sustainable investment objective

This product promotes environmental and social characteristics but does not have a sustainable investment objective.

■ Environmental or social characteristics of the financial product

Ofi Invest ESG Global Emerging Debt promotes Environmental and Social characteristics by financing emerging states that have good Environmental, Social and Governance ("ESG") practices.

The selection focuses on measurable results and highlights a state's action on sustainable development issues. The ability to sustain economic growth depends on socio-economic factors, such as the level of inequality, education, health systems, quality of infrastructure and environment, and resource constraints. Institutional weaknesses and social problems can amplify macroeconomic fragilities. As such, ESG factors and policies provide investors with additional tools to understand a country's development trajectory and assess its creditworthiness in a more comprehensive manner.

The Sub-Fund does not have an ESG benchmark as a reference benchmark.

■ Investment strategy

The Sub-Fund invests in bonds issued by emerging states that have the best ESG practices. The Sub-Fund's extrafinancial policy is implemented through exclusion policies as well as the integration of ESG analysis in the investment decision.

To achieve the environmental and social characteristics promoted by the Sub-Fund, sectoral and normative exclusion policies are applied to the investment universe. These are summarized in the document entitled "Investment Policy: Sector and Normative Exclusions".

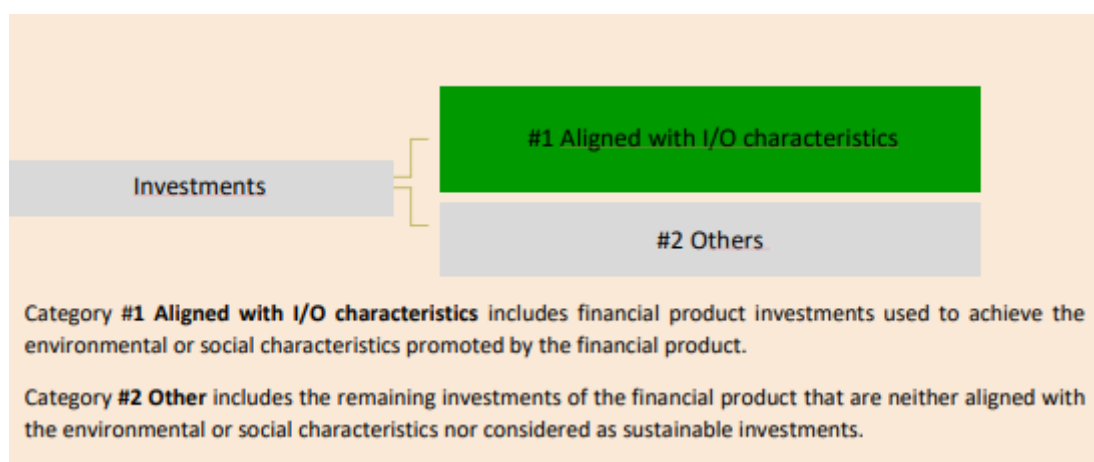
In addition, the Fund follows a "Rating Improvement" approach. This means that the Fund's overall ESG rating must outperform that of the initial investment removed of the 20% the lowest rated. The issuers that do not benefit from an ESG analysis may not exceed 10% of the portfolio's net assets. An ESG analysis of the issuer will then be carried out within 3 months.

Good governance practices are analyzed during the ESG analysis with a selection of KPIs on the theme of governance. Controversy analysis is not relevant considering the nature of the bond's issuers (states or supranational institutions).

For further information on investment strategy and good governance practices, please refer to the pre-contractual appendix to the prospectus.

■ Proportion of investments

The Sub-Fund has at least 90% of its investments (and 100% of the bonds invested in) used to attain the environmental and social characteristics promoted. A maximum of 10% of the investments of the financial product will be derivatives and cash held for liquidity purposes, the use of which is limited to very specific situations and short periods of time (#2 Not sustainable).



■ Control of environmental or social characteristics

Environmental and social characteristics are checked at several levels. A first-level control ensures compliance with the constraints relating to these characteristics. Second-level controls are carried out as follows: the Compliance Department carries out ongoing controls and the Internal Control Department carries out annual checks.

■ Methodologies

The promotion of social and environmental characteristics depends on the fund strategy and investment processes specific to each fund. The approaches used may consist of obtaining a minimum ESG score within a universe, adopting a rating improvement strategy or excluding a percentage of the worst-performing issuers on ESG factors. For labelled funds, four indicators (environmental, social, governance or human rights) are also tracked, and funds must commit to beating their benchmark universe or index for two of them. Some thematic funds may track more specific indicators (e.g. % green sales). The promotion of social and environmental characteristics also involves the management of negative impacts through the monitoring of controversies and the adoption of sectoral or normative exclusion policies, for example.

■ Data sources and processing

The MSCI data provider is our main supplier of data on ESG ratings, certain controversies, and raw tracking indicators. We also use it for certain exclusion lists.

We also use the following providers: Moody's ESG solutions (ESG rating of unlisted issuers, exclusions on controversial weapons), RepRisk (controversy monitoring, Global Compact exclusion policy), Urgewald (exclusion policy on coal, oil and gas), CDP/ Climate 100+ (climate indicator).

For historical reasons linked to the Ofi Invest Asset Management entity, created by the merger between OFI AM and Abeilles AM on 1 January 2023, depending on the fund, the data may or may not be restated.

1. For funds applying proprietary rating methodologies, the data is retrieved and repatriated in a proprietary rating tool, quality control may be performed to measure the confidence interval. Once the data has been reprocessed according to proprietary methodologies, it is then disseminated in our systems (Référentiel internal database) and made available to users via Excel and the PMS for fund management. Data not integrated into our systems (such as data from CDP, Climate 100+ or Urgewald, for example) may be subject to manual checks.
2. For funds that do not use a proprietary methodology, MSCI ESG Research data is automatically integrated into the portfolio management system and is used by the ESG team and portfolio managers without reprocessing. If an anomaly is detected in the quality of the data, it is sent as soon as possible to MSCI ESG Research for correction.

■ Limitations to methodologies and data

The methodological limitations linked to supplier data are as follows:

- A problem of missing or incomplete publication by certain companies of information used for ESG ratings
- A problem linked to the quantity and quality of ESG data to be processed by our suppliers
- A problem relating to the identification of information and factors relevant to ESG analysis;
- A problem linked to the failure to consider scope 3 (indirect emissions) in the calculation of the carbon intensity used as an input for the MSCI ESG Research ESG rating model, due to a lack of available data.
- Problems linked to methodological changes that complicate the historical comparison of data over time

For funds that apply the proprietary analysis model, it is possible to overcome certain limitations, by providing, at the request of management, for the possibility of ad hoc ratings for unrated companies. Commitments with issuers also make it possible to obtain information from companies that rarely publish it. A bonus/malus system is also provided for in the event of a difference in assessment between the analysis and the rating agency.

As a precautionary measure, scope 3 is only taken into account for information purposes at this stage, pending greater availability of information in the future in order to avoid any risk of volatility

■ Due diligence

For funds not subject to a proprietary analysis model, the choice of MSCI ESG Research was the subject of a rigorous selection process taking into account, for example, the coverage of the investment universe, the quality of the data and the ability to monitor this data at the level of the ESG and Management teams.

For funds subject to the proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings that may be subject to a bonus or a penalty where applicable, engagements with issuers on certain issues (climate, biodiversity, social), or to obtain more information on CSR issues, indicators, or the management of controversies.

Management constraints are subject to post-trade control (control of exclusion thresholds for issuers with the worst ESG performance for the funds concerned, control of constraints linked to sectoral and normative exclusions).

■ Engagement policies

The commitment policy is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.). It also involves dialogue with certain companies, not only to obtain additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance. This policy of engagement is subject to an escalation process, which may also result in the tabling of a resolution or a dissenting vote where appropriate.

■ Designated reference benchmark

No benchmark has been designated for the environmental or social characteristics promoted by the financial product.