

Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 9 sub-funds

Name: AMUNDI FUNDS MONTPENSIER
M CLIMATE SOLUTIONS

Legal entity identifier: 21380078ODTTDH9T8A31

No significant harm to the sustainable investment objective

The Sub-Fund invests as a feeder fund in M Climate Solutions (master fund) which has a sustainable investment objective.

The master fund commits to make sustainable investments.

Consideration of issuers present in the fund's portfolio that are not subject to an ESG analysis (excluding UCIs) : all equity investments are subject to ESG analysis.

The master fund is intended to be invested in equities. It is however authorized to make investments in UCIs (up to 10% of the net assets), in debt securities and money market instruments.

Assessment of the "do no significant harm" (DNSH) criterion, is based on:

- SRI analysis in step 1: exclusion of companies involved in controversial activities: arms manufacturing, coal mining, tobacco, adult entertainment, gambling and GMOs;
- Step 2, i.e. the exclusion of companies rated "CCC" or "Vigilance Controverse Rouge" by MSCI ESG Research;
- The consideration of PAIs in a qualitative way in the SRI analyzes of stocks: Montpensier Finance - the management company of the master fund - takes into account the indicators of the Main Negative Impacts in their proprietary analysis of the contribution of companies to environmental and solidarity transitions (Montpensier Impact Assessment - MIA and Montpensier Industry Contributor - MIC), and/or in their analysis of eco-activities which determines the contribution to one or more UN Sustainable Development Goals (SDGs). These indicators vary depending on the sector, industry and region in which each company operates.

Furthermore, Montpensier Finance excludes from the investment universe of labeled funds, securities that are not aligned with certain global standards and conventions, in particular the principles of the United Nations Global Compact (UNGC), the conventions of the International Organization (ILO) and the UN Guiding Principles on Business and Human Rights (UNGPBHR).

Sustainable investment objective of the financial product

The Sub-Fund invests as a feeder fund in the master fund which integrates sustainability factors into its investment process, as set out in more detail below and in the "Investment Strategy" section of the Prospectus.

The investment objective of the master fund is to identify the involvement of companies in favor of

the energy and ecological transition for the climate, in order to invest mainly in the stocks of companies whose initiatives or solutions contribute directly or indirectly to the reduction of the impacts of climate change, or in the stocks of companies which a part of the activity concerns changes and developments related to the theme of energy and climate transition.

Investment strategy

Objective: To achieve capital growth over the recommended holding period through investment in Sustainable Investments pursuant to Article 9 of the Disclosure Regulation. Specifically, the sub-fund invests as a feeder fund in the master fund that seeks to share in the development of global equity markets by investing primarily in shares of companies whose initiatives or solutions contribute directly or indirectly to reducing the impacts of climate change, or in shares of companies part of whose activity concerns trends and developments linked to the theme of the energy and climate transition.

Investments: The sub-fund invests at least 85% of net assets in units of the master fund (Y class). The sub-fund may invest up to 15% in deposits. The master fund invests at least 75% of its net assets in equities and similar instruments (like certificates of investment and convertible bonds) of companies around the world, in all business sectors and all geographical regions including up to 40% of the assets in emerging markets. Instruments that are equivalent to equity may represent up to 25% of the net assets. There are no market capitalisation constraints for these investments. The master fund makes use of derivatives to reduce various risks, to gain exposure (long or short) to various assets, markets or other investment opportunities (including derivatives that focus on credit and equities).

Benchmark : The master fund is actively managed. The reference to an index is only for subsequent comparison purposes. The Stoxx Global 1800 (SXW1R) serves a posteriori as an indicator for assessing the sub-fund's performance.

Management Process : The Master Fund's management strategy uses a dual approach to identify stocks: (i) stock picking on the basis of non-financial criteria with the aim of identifying companies' involvement in the energy and ecological transition for climate. Certain activities, such as nuclear and fossil fuel energy will be excluded; (ii) completed by a fundamental analysis supported by a quantitative study based on financial ratios. The investment universe consists of listed companies selected on the basis of ESG (Environmental, Social & Governance) criteria with a view to identifying companies' involvement with the energy and ecological transition for climate. For each line eligible to enter the portfolio, an estimate will be made of the portion of total turnover contributing directly or indirectly to the energy and ecological transition. More information on the management process, including data providers, measurement parameters and stock selection available in the Prospectus. The extra-financial approach implemented is in line with a risk mitigation objective in terms of sustainability.

The master fund implements a socially responsible investment approach which aims to exclude from the investment universe companies that are not compatible with the extra-financial criteria defined by the management company.

The extra-financial analysis carried out will make it possible to define a list of excluded stocks representing 20% of the investment universe of the potentially investable UCITS, determined from proprietary ratings linked to the environment:

- A rating on the involvement in the energy and ecological transition, apprehended according to different themes, for example: renewable energy, water, circular economy, green real estate, clean tech, toxic emissions, ...
- A rating on the carbon profile score that takes into account the intensity of carbon emissions and the companies' carbon emission reduction targets.

These two ratings are calculated using quantitative and qualitative extra-financial data, mainly provided by MSCI ESG Research. These may be supplemented or amended by Montpensier Finance from other sources.

In order to determine the potentially investable universe, a final filter is applied. It consists in excluding from the universe the 20% of stocks which have the worst Involvement in the Energy and Ecological Transition ITE ratings and the 20% of stocks which have the worst Carbon Profile scores, with the aim of improving the "Green Share" / Carbon Profile of the portfolio.

The non-financial approach implemented is presented in the master fund's Transparency Code available on www.montpensier.com.

The data used is mainly provided by MSCI ESG Research and may be supplemented, modified or updated by Montpensier Finance from other sources.

Investors should note that ESG analysis is not performed to the same standards than for other investments on cash, cash equivalents, and derivatives used for hedging purpose. Thus, the ESG analysis methodology will not include cash, cash equivalents, and derivatives for hedging purpose. All the securities in portfolio, with the exception of the instruments mentioned above, are analyzed using a dual ESG and fundamental approach.

Proportion of investments

The master fund undertakes to have a minimum of 100% Sustainable Investments as indicated in the table below. The investments of the master fund will be used to meet the environmental or social characteristics pursued, in accordance with the binding elements of the investment strategy, when they integrate sustainability factors by excluding any issuer specified in the exclusion list described in the master fund's Transparency Code available on www.montpensier.com. Investors should note that it may not be possible to perform ESG analysis to the same standards as for other investments on cash, cash equivalents and derivatives for hedging purpose.

Monitoring of sustainable investment objective

Controls are implemented at the various stages of order processing and portfolio monitoring:

- Daily : Pre-trade checks via the Alto Investment Compliance constraints engine integrated into the PMS ("Alto") and the EMS ("Order Booking"), blocking upstream any order that would cause a limit to be exceeded, in particular any order of purchase involving a security excluded from the investment universe, and triggering an ad-hoc validation/rejection procedure; Post-trade controls using the Alto Investment Compliance tool, which recapitulate any pre- and post-trades breaches which are analyzed daily by the Operations Department.
- Weekly : for all UCIs directly invested in securities, the Operations Department monitors ESG indicators on a weekly basis (ESG ratings of portfolios, exclusion of controversial weapons, flag controversies, carbon intensity, etc.). This monitoring report is transmitted to managers, SRI analysts, the head of the risk control function and Internal Control;
- Monthly : The Risk Committee reviews on a monthly basis all of the ESG rating monitoring tables for funds invested directly in securities; During the monthly update of the scoring file, the SRI analysts check the master fund's portfolio against the updated final investment universe, monitor the "green share" ratios and justify the possible overrides;
- Quarterly : as part of the permanent control plan, Internal Control team carries out, on a quarterly basis, controls relating to the monitoring of ESG ratings (weekly status, monitoring of controversies, etc.) and ratios;
- Six-monthly : as part of the permanent control plan, Internal Control team carries out, on a six-monthly basis, checks relating to the compliance of labeled funds with the requirements of the labels;
- periodically : as part of the periodic control plan, Internal Control team notably carries out controls relating to the system implemented in terms of sustainable finance, and to the compliance of labeled funds with the standards of the label they hold. In addition, labeled funds are also subject to an annual audit by the certifying body, as provided for by the regulations.

Methodologies

The stages of identification of potentially investable securities falling into type I (companies realizing more than 50% of their turnover in "eco-activities") and II (companies realizing from 10% to 50% excluded from their turnover business in "eco-activities") can be summarized below:

The initial universe is obtained at the end of a double quantitative process whose objective is firstly to identify the stocks on which sufficient data are available, based in particular on MSCI data relating to stocks of the MSCI ACWI Investable Market Index (IMI). On these stocks, a second quantitative process is applied based on extra-financial data, with the objective of excluding stocks:

- Involved in the production of nuclear energy (or the supply of products and/or services to the nuclear industry, whose share of turnover linked to these activities is greater than 15%);
- Fossil fuel producers;

- Object of very severe controversy Environment or ESG.

This process is used to determine the investment universe of the master fund.

The second step consists in determining the potentially investable universe, based on the results of step 1. The stocks thus identified are subject to three internal ratings: 2 ratings linked to the Environment, and a fundamental rating.

Environment ratings:

- A note of involvement in the energy and ecological transition, apprehended according to different themes, for example: renewable energy, water, circular economy, green real estate, clean tech, toxic emissions, ...

- A carbon profile score that takes into account the intensity of carbon emissions and the companies' carbon emission reduction targets.

These two ratings are calculated using quantitative and qualitative extra-financial data, mainly provided by MSCI ESG Research. These may be supplemented or amended by Montpensier Finance from other sources.

In order to determine the potentially investable universe, a final filter is applied. It consists in excluding from the universe the 20% of stocks which have the worst Involvement in the Energy and Ecological Transition ITE ratings and the 20% of stocks which have the worst Carbon Profile scores, with the aim of improving the "Green Share" / Carbon Profile of the portfolio pair.

- Then, these ratings, associated with a qualitative analysis of the activity of the companies, make it possible to qualify the companies with regard to their involvement in the energy and ecological transition, and to categorize their activity among the "eco-activities".

Fundamental rating: The objective of this step is to identify stocks with a qualifying profile with regard to the environmental criteria/fundamental criteria pair, in order to identify potentially investable stocks.

As part of fund management, Montpensier Finance has chosen various indicators, with sufficient data coverage, to measure the impact of its ESG selection :

| Pillar | Objectives | Proposed indicators |
|---------------------------|--|---|
| Environmental Performance | Measure the GHG emissions of Scope 1 and 2 investments | Report on GHG emissions scope 1 and 2, direct company emissions, from sources owned or controlled by the company, and indirect emissions, from the consumption of electricity, heat or steam purchased by the company for its activities - in weighted average intensity, i.e. normalized in proportion to turnover (teq CO2/M€ or M\$ of turnover). - Scope 1 and 2 carbon footprint (Tons Emissions / €M invested). |

| | | |
|--------------------------|---|---|
| | Measure the GHG emissions of Scope 1 and 2 + Scope 3 Tier 1 | Report on GHG emissions scopes 1 and 2 + first-tier suppliers and products sold (teq CO ₂ , or other GHGs if applicable, annual), This measurement constitutes a first approach in the consideration of indirect emissions data in scope 3, taking into account the direct emissions of first-tier suppliers, data which are associated with the goods and services purchased by these companies (excluding purchased electricity). |
| Social Performance | Identify companies that have made significant job cuts | Have companies made significant layoffs (1,000 employees or 10% of the workforce) in the last three years? Such job cuts can have a significant impact on employee morale and productivity. The companies concerned are identified. |
| | Measuring the feminization of governance within companies | Identify the percentage of women among the members of Boards of Directors and Supervisory Boards |
| Governance Performance | Identify companies where the majority of directors are independent | Are the company's directors mostly independent of employees, majority shareholders and governments? |
| | Identify companies that have integrated the consideration of ESG criteria into compensation of executives | This measure is based on reports published by the companies. It is strictly focused on whether or not these elements are taken into account in the components of variable compensation. |
| Human Rights Performance | Measuring compliance with the Global Compact | This indicator reflects the company's compliance with the principles of the United Nations Global Compact. A Fail, Watch List or Pass status is set for each value. |

For each indicator, the master fund provides:

- Its coverage in number of issuers and assets under management;
- Its scope;
- Its calculation method (indicating any changes in method or scope from one year to another);
- Any difficulties encountered in its definition;
- An analysis of its evolution over the last three years (however, it is accepted that for the first two years during which a fund is certified, the indicators relate respectively only to year N, then N & N-1). The data used to carry out these impact measurements comes from the MSCI ESG database, where necessary supplemented, updated and/or amended by the Montpensier Finance.

As part of the V2 Referential of the SRI label, the portfolio of the master fund must have obtained a better result on at least two indicators compared to the benchmark index or compared to the starting universe. A first indicator with a coverage rate of at least 90% and a second with a coverage rate of at least 70%. In this context, Montpensier Finance has set itself the objective of obtaining:

- a better result on GHG emissions (in the previous table, Environmental Performance, Measure the GHG emissions of investments under scope 1 and 2, in intensity or in absolute terms);
- and better compliance with the UN Global Compact (in the previous table, Human Rights Performance, Measuring Compliance with the Global Compact) for the master fund, compared to its

benchmark index, and with a coverage rate of issuers in the portfolio of more than 90% on these indicators.

Data sources and processing

SRI analysis teams, managers and the Operations Department rely on MSCI ESG Research to implement Montpensier Finance's ESG approach. Where appropriate, the analysis conducted by SRI analysts may lead to the implementation of an internal rating for unrated stocks, or to a reassessment of the rating of one or more stocks, if this seems justified. For the quantitative aspects, the SRI managers and analysts rely on the Operations and Methods Department, which provides first-level weekly control of the quality and completeness of the data. All of the processes for calculating indicators, archiving/traceability and reporting are automated.

Limitations to methodologies and data

Methodological limitations identified by Montpensier Finance:

- Data availability and quality. In its analysis, Montpensier Finance uses in particular elements provided by MSCI ESG Research (supplemented and/or amended if necessary by Montpensier Finance) resulting in part from qualitative and quantitative data published by the companies themselves. The analyzes carried out are therefore dependent on the quality and reliability of this information, which may be incomplete and heterogeneous, the reporting scope of which may vary over time, etc.;
- The elements taken into account in its extra-financial analysis have been chosen by Montpensier Finance within the framework of the proprietary SRI analysis methodology that it has developed, and are, by definition, not exhaustive. In addition, the elements used are updated periodically and can be obsolete between two updates;
- The conclusions of the SRI analysis conducted by Montpensier Finance on a company may change over time, depending on multiple objective and subjective factors. In addition, the occurrence of events, such as a controversy, may lead to an analysis being revised.

Due diligence

The ESG assessment of issuers is revised at least every year, in particular when the annual results are published. However, the investment management teams monitor the issuers and the validity of each investment case. Thus, the ESG assessment can be revised at any time, such as when controversy arises, for example.

During the monthly update of the scoring file, the SRI team checks M Climate Solutions' portfolio against the updated final investment universe, monitors the "green share" and the justification of any overrides. In addition, the investment management teams monitor the issuers and the validity of each investment case on an ongoing basis. Thus, the ESG assessment can be revised at any time, such as when controversy arises, for example.

Controversies are tracked weekly via MSCI ESG Research. In addition, alerts have been put in place so that the teams are informed daily of any controversies arising on the securities in the portfolio of the master fund.

Engagement policies

Montpensier Finance's shareholder engagement policy consists of a Voting Policy and an Engagement Policy. These policies are summarized below :

Voting Policy

Exercising voting rights is an important part of dialogue with issuers. Montpensier Finance considers the exercise of voting rights to be an integral part of its management and as having to be exercised in the best interest of unitholders.

Montpensier Finance's voting rights policy aims to promote the long-term value of UCI investments. It encourages the dissemination of best practices in governance and professional ethics.

As part of the implementation of the principles of responsible investment, investment managers are recommended to vote at as many Meetings as possible for which they believe they have the necessary information to participate in the vote, subject to technical impossibilities preventing them from participating in the vote.

To exercise the voting rights attached to the securities held by the UCIs, the investment managers rely on the principles set out in the recommendations published by ISS Governance, in its Sustainability policy.

Montpensier Finance has subscribed to an ISS Proxy Research Services, which provides research and voting recommendations, based on an in-depth, independent and objective analysis of the resolutions proposed to the shareholders' vote. ISS Governance publications are governed by the conflict of interest risk prevention policy implemented by ISS Governance.

The ISS scope covers all the companies appearing in the portfolios of UCIs managed by Montpensier Finance.

In accordance with professional ethics, the investment managers perform their duties completely independently, particularly vis-à-vis the issuers, and in the exclusive interest of unitholders. Investment managers are particularly sensitive to resolutions that could harm the interests of shareholders.

The complete voting policy is available on the Montpensier Finance website:

https://www.montpensier.com/sites/default/files/public/documents/politique_vote.pdf

The latest report on the exercise of voting rights is available on our website:

https://www.montpensier.com/sites/default/files/public/documents/exercice-droits-de-vote_rapport.pdf

Reports specific to each labeled equity fund on the exercise of voting rights are available on the dedicated pages for each of these UCIs on the Montpensier Finance website.

Engagement policy

Montpensier Finance supplements its voting policy with an Engagement Policy.

The universe of companies on which the investment managers are invited to focus their engagement approach is made up of companies that have an ESG rating deemed insufficient, or likely to be exposed to ESG controversies, in order to encourage them to improve their practices on environmental, social and corporate governance issues, which are factors of sustainable performance.

The approach implemented by Montpensier Finance falls within the framework of the 17 UN Sustainable Development Goals.

Investment Managers are invited to raise any question or subject of attention with companies during their contacts, in particular when ESG issues appear to be insufficiently taken into account or reported. The investment managers, assisted by SRI analysts, conduct a positive and constructive medium-long-term dialogue with the companies in the portfolio.

This dialogue can take several forms:

- Contacts with the company
- Sending of the voting intentions of the managers to the Company, prior to the holding of the General Meeting.

In addition to the engagement initiatives that are conducted directly, usually with Small and Medium Values, Montpensier Finance participates in collective "pool" engagement actions, implemented by ISS as part of its ISS ESG program, for Great Values.

This commitment aims to:

- Encourage companies to implement a better ESG approach;
- Encourage companies to better communicate on their ESG practices.

The full engagement policy can be viewed on the Montpensier Finance website:

https://www.montpensier.com/sites/default/files/public/documents/politique_engagement.pdf

The latest engagement report is available on our website:

https://www.montpensier.com/sites/default/files/public/documents/engagement_rapport.pdf

Controversies ESG alert thresholds applied by Montpensier to each portfolio

A Controversy score is calculated for each company, based on the Controversy Score on the Environment Theme, to which a penalty is assigned according to the number of Orange Environment

and Yellow Environment controversies, affected by a fixed penalty in order to reinforce the consideration more global controversies, Orange ESG and Yellow ESG.

If necessary, the ad hoc analysis carried out by SRI analysts may lead to the implementation of a rating for unrated securities, or to the reassessment of the rating of one or more securities, if this seems justified. Similarly, the ad hoc analysis, carried out by SRI analysts, can lead to a reassessment of the level of controversy, if this also seems justified.

Securities that are the subject of a “Red” controversy on ESG and/or the Environment are excluded from the investment universe. Among these “Red” controversies, we find in particular companies that are not in line with the United Nations Global Compact (Human Rights, Labor Rights, Environment and Corruption).

The other controversies are subject to a quantitative analysis which will determine whether the company remains eligible or not.

If a stock previously in the portfolio is the subject of a controversy excluding the stock from the investment universe, the SRI analysts will carry out an ad hoc analysis, and according to the conclusions of this analysis, the investment manager will sell all or part of the line in question, in the interests of holders, depending on market conditions.

Controversies are tracked weekly. In addition, alerts have been put in place so that the teams are informed daily of any controversies arising on the securities in the portfolio.

Designated reference benchmark

The master fund does not use a specific index designated as a reference to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

N/A

N/A

www.amundi.lu