

**Product name:**

INVL Global Sustainable Equity (hereinafter – the Product)

**Legal entity identifier:**

N/A

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



#### **Sustainability indicators**

measure how the environmental or social characteristics promoted by the financial product are attained.

## **Sustainable investment objective**

### **Did this financial product have a sustainable investment objective?**

☒ Yes

☐ No

☒ It made **sustainable investments with an environmental objective: 34,18 %**

☐ 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 made **sustainable investments with a social objective: \_\_\_\_%**

☐ It **promoted Environmental/Social (E/S)** characteristics and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

### **To what extent were the sustainable investment objective of this financial product met?**

The Product until 31/12/2022 invested its assets into the underlying fund - Lyxor MSCI World Climate Change (DR) UCITS ETF (ISIN: LU2056739464). Once Lyxor shared the information that the ETF does not have sustainable investment object, Product management team have put best efforts to reinvest. From the 2023 January the Product invested assets in Swisscanto (Lu) Sustainable Equity Fund which has sustainable investment objective. The objectives of the Lyxor ETF (which is managed by Amundi) are as follows:

The objectives of the sustainable investments are to invest in investee companies that seek to meet two criteria:

1. follow best environmental and social practices; and
2. avoid making products or providing services that harm the environment and society.

In order for the investee company to be deemed to contribute to the above objective it must be a "best performer" within its sector of activity on at least one of its material environmental or social factors.

The definition of "best performer" relies on Amundi's proprietary ESG methodology which aims to measure the ESG performance of an investee company. In order to be considered a "best performer", an investee company must perform with the best top three rating (A, B or C, out of a rating scale going from A to G) within its sector on at least one material environmental or social factor. Material environmental and social factors are identified at a sector level. The identification of material factors is based on Amundi ESG analysis framework which combines extra-financial data and qualitative analysis of associated sectors and sustainability themes. Factors identified as material result in a contribution of more than 10% to the overall ESG score. For the energy sector for example, material factors are emissions and energy, biodiversity and pollution, health and security, local communities, and human rights.

To contribute to the above objectives, the investee company should not have significant exposure to activities (e.g., tobacco, weapons, gambling, coal, aviation, meat production, fertilizer and pesticide manufacturing, single-use plastic production) not compatible with such criteria.

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

#### **● How did the sustainability indicators perform?**

At the end of the period, the MSCI ESG score of the index which Lyxor ETF follows was **7.096**.

#### **● ... and compared to previous periods?**

The above sustainability indicators of the Product were not compared to previous periods as the regulation was not yet in force.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Product until 31/12/2022 invested its assets into the underlying fund - Lyxor MSCI World Climate Change (DR) UCITS ETF, ISIN: LU2056739464. The process of how Lyxor ETF managed by Amundi did not cause significant harm to any sustainable investment objectives is explained here:

To ensure sustainable investments do no significant harm ('DNSH'), Amundi utilises two filters:

The first DNSH filter relies on monitoring the mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the RTS where robust data is available (e.g., GHG intensity of investee companies) via a combination of indicators (e.g., carbon intensity) and specific thresholds or rules (e.g., that the investee company's carbon intensity does not belong to the last decile of the sector).

Amundi already considers specific Principle Adverse Impacts within its exclusion policy as part of Amundi's Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, violations of UN Global Compact principles, coal, and tobacco.

Beyond the specific sustainability factors covered in the first filter, Amundi has defined a second filter, which does not take the mandatory Principal Adverse Impact indicators above into account, in order to verify that the company does not badly perform from an overall environmental or social standpoint compared to other companies within its sector which corresponds to an environmental or social score superior or equal to E using Amundi's ESG rating.

– ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The indicators for adverse impacts have been taken into account as detailed in the first do not significant harm (DNSH) filter above which is applied by the Amundi.

The first DNSH filter relies on monitoring of mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the Delegated Regulation (EU) 2022/1288 where robust data is available via the combination of following indicators and specific thresholds or rules:

- Have a CO2 intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors), and
- Have a Board of Directors' diversity which does not belong to the last decile compared to other companies within its sector, and
- Be cleared of any controversy in relation to work conditions and human rights, and
- Be cleared of any controversy in relation to biodiversity and pollution.

Amundi already considers specific Principle Adverse Impacts within its exclusion policy as part of Amundi's Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, Violations of UN Global Compact principles, coal, and tobacco.

**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.

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

Yes, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into ESG scoring methodology. Lyxor ETF managed by Amundi proprietary ESG rating tool assesses issuers using available data from our data providers. For example, the model has a dedicated criteria called "Community Involvement & Human Rights" which is applied to all sectors in addition to other human rights linked criteria including socially responsible supply chains, working conditions, and labour relations. Furthermore, controversy monitoring on a, at minimum, quarterly basis is conducted which includes companies identified for human rights violations. When controversies arise, analysts evaluate the situation and apply a score to the controversy (using proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly 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.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### How did this financial product consider principal adverse impacts on sustainability factors?

The Product until 31/12/2022 invested its assets into the underlying fund - Lyxor MSCI World Climate Change (DR) UCITS ETF (ISIN: LU2056739464). Amundi is the investment manager of Lyxor ETF. The ETF in which the Product invested its assets considered principal adverse impacts on sustainability factors in this way:

The ETF considers all the mandatory Principal Adverse Impacts as per Annex 1, Table 1 of the Delegated Regulation (EU) 2022/1288 applying to the product's strategy and relies on a combination of exclusion policies (normative and sectorial), engagement and voting approaches:

- **Exclusion:** Amundi has defined normative, activity-based, and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the Disclosure Regulation.
- **Engagement:** Engagement is a continuous and purpose driven process aimed at influencing the activities or behaviour of investee companies. The aim of engagement activities can fall into two categories: to engage an issuer to improve the way it integrates the environmental and social dimension, to engage an issuer to improve its impact on environmental, social, and human rights-related or other sustainability matters that are material to society and the global economy.
- **Vote:** Amundi's voting policy responds to a holistic analysis of all the long-term issues that may influence value creation, including material ESG issues. For more information, please refer to Amundi's Voting Policy.
- **Controversies monitoring:** Amundi has developed a controversy tracking system that relies on three external data providers to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth assessment of each severe controversy, led by ESG analysts and the periodic review of its evolution. This approach applies to all of Amundi's funds.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



### What were the top investments of this financial product?

Largest investments	Sector	Assets	Country
Lyxor MSCI World Climate Change ETF (LU2056739464)	Financial and insurance activities	99,32%	LU

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **From 01/07/2022 to 31/12/2022.**

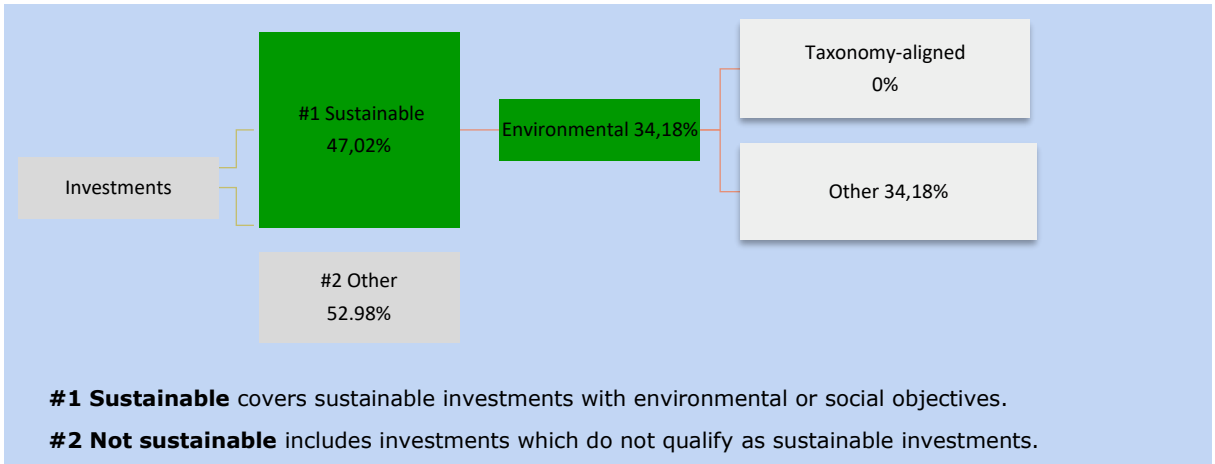


## What was the proportion of sustainability-related investments?

47% of investments were sustainability-related as of the end of 2022. This shows significant progress towards our goal. The new investment in Swisscanto (Lu) Sustainable Equity Fund has minimum sustainable investments commitment in environment investments - 10% and social investments - 10%.

### What was the asset allocation?

The Product had not formally adopted a minimum target for the proportion of approximately 10% (during 2022) of the Product investments are aimed to be sustainable investments. The graph below provides a breakdown of the asset allocation for the Product.



### In which economic sectors were the investments made?

Since the Product invested 99.32% of its assets in 1 ETF (Lyxor MSCI World Climate Change ETF, ISIN: LU2056739464), below the economic sector split of the Lyxor ETF is shown:

Sector	% Assets
Software	9,13%
Pharmaceuticals	7,29%
Semiconductors & Semiconductor Equipment	6,88%
Banks	5,88%
Technology Hardware, Storage & Peripherals	4,81%
IT Services	3,78%
Insurance	3,38%
Capital Markets	2,94%
Health Care Equipment & Supplies	2,91%
REITs	2,68%
Automobiles	2,60%
Interactive Media & Services	2,55%
Health Care Providers & Services	2,42%
Machinery	2,30%
Internet & Direct Marketing Retail	2,15%
Beverages	2,12%
Biotechnology	1,99%
Specialty Retail	1,91%
Life Sciences Tools & Services	1,83%
Hotels, Restaurants & Leisure	1,69%
Electric Utilities	1,63%
Electrical Equipment	1,56%
Chemicals	1,52%
Food Products	1,46%
Textiles, Apparel & Luxury Goods	1,43%
Household Products	1,40%
Road & Rail	1,23%
Food & staples retailing	1,20%
Diversified Telecommunication Services	1,09%
Electronic Equipment, Instruments & Components	1,04%
Entertainment	1,01%
Diversified Financial Services	1,01%
Aerospace & Defense	0,95%
Building Products	0,93%
Communications Equipment	0,90%
Personal Products	0,77%

Professional Services	0,71%
Media	0,67%
Air Freight & Logistics	0,65%
Household Durables	0,63%
Metals & Mining	0,62%
Real Estate Management & Development	0,59%
Multiline Retail	0,53%
Trading Companies & Distributors	0,53%
Industrial Conglomerates	0,52%
Commercial Services & Supplies	0,50%
Wireless Telecommunication Services	0,46%
Construction & Engineering	0,45%
Consumer Finance	0,37%
Oil, Gas & Consumable Fuels	0,32%
Multi-Utilities	0,30%
Containers & Packaging	0,19%
Auto Components	0,18%
Independent Power & Renewable Electricity Producers	0,16%
Construction Materials	0,15%
Distributors	0,13%
Transportation Infrastructure	0,12%
Paper & Forest Products	0,10%
Water Utilities	0,10%
Leisure Products	0,08%
Marine	0,08%
Health Care Technology	0,07%
Energy Equipment & Services	0,06%
Gas Utilities	0,04%
Airlines	0,04%
Diversified Consumer Services	0,02%
Mortgage REITs	0,02%

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.



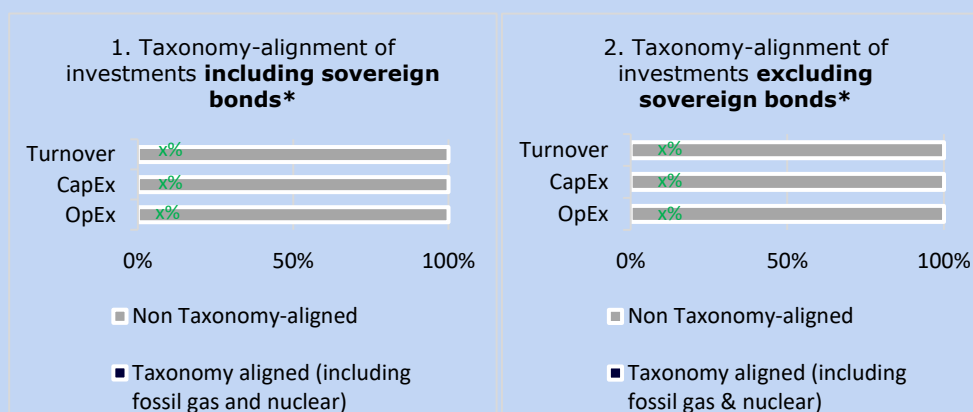
## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Reliable data regarding the EU Taxonomy (including fossil gas and nuclear energy related activities) was not available during the period.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ **Yes:**
- ☐ **In fossil gas** ☐ **In nuclear energy**
- ☒ **No**

*The graphs below show in green the percentage of investments that were 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.*



Data not yet available

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What was the share of investments made in transitional and enabling activities?**

Reliable data regarding transitional and enabling activities was not available during the period.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

In previous periods the regulation was not yet in force.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with environmental objective not aligned to taxonomy was **34,18%** at the end of the period.

This is due to the fact that some issuers are considered sustainable investments under the SFDR Regulation but do have a portion of activities that are not aligned with EU taxonomy standards, or for which data is not yet available to perform an EU taxonomy assessment.



**What was the share of socially sustainable investments?**

The Product until 31/12/2022 invested its assets into the underlying fund – Lyxor MSCI World Climate Change (DR) UCITS ETF (ISIN: LU2056739464). Lyxor MSCI World Climate Change (DR) UCITS ETF during reported period did not have socially sustainable investments.



**What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

“#2 Other” includes cash and other instruments held for the purpose of liquidity and portfolio risk management.



**What actions have been taken to attain the sustainable investment objective during the reference period?**

During 2022 the Product invested in Article 9 compliant Lyxor MSCI World Climate Change ETF. However, in December of 2022 Lyxor/Amundi shared the information that the ETF would no longer be Article 9. To solve this, INVL investment management team sold the Lyxor ETF and invested the Product's assets into an actively managed Swisscanto (Lu) Sustainable Equity Fund mutual fund, which has sustainable investment as its objective.



**How did this financial product perform compared to the reference benchmark?**

The Product only has its benchmark index to measure financial performance and not to measure sustainability related performance.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.