

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.

Product name:
Lyxor \$ Floating Rate Note UCITS ETF

Legal entity identifier:
549300SKE2JOZKCH3U87

Environmental and/or social characteristics

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 **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 1 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 will make a minimum of **sustainable investments with a social objective**: ____%



It promotes E/S characteristics, but **will not make any sustainable investments**



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

The Sub-Fund promotes environmental and/or social characteristics through among others, replicating an Index integrating an environmental, social and governance (“ESG”) rating.

The Index methodology is constructed using a “Best-in-class approach”: best ranked companies are selected to construct the Index.

“Best-in-class” is an approach where leading or best-performing investments are selected within a universe, industry sector or class. Using such Best-in-class approach, the Index follows an extra-financial approach significantly engaging that permits the reduction by at least 20% of the initial investment universe (expressed in number of issuers).

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 MSCI ESG Rating is used to measure the attainment of each of the environmental and or social characteristic promoted by this financial product.

MSCI ESG Rating methodology uses a rules-based methodology designed to measure a company's resilience to long-term, industry material ESG risks. It is based on extra-financial ESG key issues that focus on the intersection between a company's core business and the industry-specific issues that may create significant risks and opportunities for the company. The ESG key issues are weighted according to impact and time horizon of the risk or opportunity. The ESG key issues include for instance, but are not limited to, water stress, carbon emissions, labor management or business ethics.

More detailed on MSCI ESG Rating can be found on the following link:

<https://www.msci.com/documents/1296102/21901542/ESG-Ratings-Methodology-Exec-Summary.pdf>

More details on MSCI ESG Controversy score can be found on the following link:

<https://www.msci.com/documents/1296102/14524248/MSCI+ESG+Research+Controversies+Executive+Summary+Methodology+---+July+2020.pdf/b0a2bb88-2360-1728-b70e-2f0a889b6bd4>

More precisely, Bloomberg Barclays MSCI USD Corporate Liquid FRN 0-5 Year SRI Sustainable Index (the "Index") is a bond index calculated, maintained and published by Bloomberg Barclays Indices. It offers exposure to the US Dollar denominated investment grade corporate Floating Rate note market.

Among the universe of USD denominated investment grade Floating Rate notes issued by companies in developed markets, Bloomberg Barclays Indices selects bonds using rules on criteria such as but not limited to:

(1) Minimum amount outstanding at bond level

(2) Minimum bond outstanding at issuer level

(3) Remaining time to maturity

(4) Issuers being attributed an "ESG Rating" (as defined by MSCI). MSCI ESG Rating provides an overall company ESG rating - a seven-point scale from 'AAA' to 'CCC'. MSCI ESG Rating methodology uses a rules-based methodology designed to measure a company's resilience to long-term, industry material ESG risks. It is based on extra-financial ESG key issues that focus on the intersection between a company's core business and the industry-specific issues that may create significant risks and opportunities for the company. The ESG key issues are weighted according to impact and time horizon of the risk or opportunity. The ESG key issues include for instance, but are not limited to, water stress, carbon emissions, labor management or business. For the avoidance of doubt, companies with no ESG Rating are excluded;

The application of eligibility criteria (1) to (5) leads to a narrowed investment universe (the "Eligible Universe")

(5) The Eligible Universe is screened to exclude issuers :

- involved in activities such as Alcohol, Tobacco, Gambling, Adult Entertainment, Genetically Modified Organisms (GMO), Nuclear Power, Civilian Firearms, Military Weapons (as per the standard Bloomberg Barclays MSCI SRI screen), Thermal Coal, Generation of Thermal Coal, or Unconventional Oil and Gas;
- involved in a major ESG controversy (based on the MSCI ESG Controversy score);
- with an “ESG Rating” lower than BBB.

The Index uses a “Best-in-class” approach, i.e., an approach where leading or best-performing investments are selected within a universe, industry sector or class. Using such Best-in-class approach, the Sub-Fund follows an extra-financial approach engaging that permits the reduction by at least 20% of the Eligible Universe (expressed in number of issuers).

● ***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?***

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 sector and sustainability themes. Factors identified as material result in a contribution of more than 10% to the overall ESG score. For energy sector for example, material factors are: emissions and energy, biodiversity and pollution, health and security, local communities and human rights. For a more complete overview of sectors and factors, please refer to the Amundi ESG Regulatory Statement available at www.amundi.lu

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.

By applying the Amundi’s above described Sustainable Investment definition to the Index constituents of this passively managed ETF Product, Amundi has determined that this Product has the minimum proportion of sustainable investments stated in page 1 above. However, please note that Amundi Sustainable Investment definition is not implemented at the Index methodology level.

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.

● ***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?***

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

The first DNSH test 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 have the indicators for adverse impacts on sustainability factors been 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:

The first DNSH filter relies on monitoring of mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the RTS 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.
- 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.

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

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into our ESG scoring methodology. Our 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 labor relations. Furthermore, we conduct controversy monitoring on a, at minimum, quarterly basis which includes companies identified for human rights violations. When controversies arise, analysts will evaluate 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 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.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, The Sub-Fund considers Principal Adverse Impacts as per Annex 1, Table 1 of the RTS applying to the Sub-Fund’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 behavior 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 an 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.

For any indication on how mandatory Principal Adverse Impact indicators are used, please refer to the Amundi ESG Regulatory Statement available at www.amundi.lu

☐ No



What investment strategy does this financial product follow?

The investment objective of Lyxor Index Fund – Lyxor \$ Floating Rate Note UCITS ETF (the “Sub-Fund”) is to track both the upward and the downward evolution of the Bloomberg Barclays MSCI USD Corporate Liquid FRN 0-5 Year SRI Sustainable Index (the “Index”), denominated in US Dollar (USD), and representative of the performance of the USD denominated investment grade corporate Floating Rate note market, while minimizing the volatility of the difference between the return of the Sub-Fund and the return of the Index (the “Tracking Error”).

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

● ***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?***

This is a passively managed ETF. Its investment strategy is to replicate the Index while minimizing the related tracking error.

Bloomberg Barclays MSCI USD Corporate Liquid FRN 0-5 Year SRI Sustainable Index (the “Index”) is a bond index calculated, maintained and published by Bloomberg Barclays Indices. It offers exposure to the US Dollar denominated investment grade corporate Floating Rate note market.

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- (1) Minimum amount outstanding at bond level
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- (3) Remaining time to maturity

(4) Issuers being attributed an “ESG Rating” (as defined by MSCI). MSCI ESG Rating provides an overall company ESG rating - a seven-point scale from ‘AAA’ to ‘CCC’. MSCI ESG Rating methodology uses a rules-based methodology designed to measure a company’s resilience to long-term, industry material ESG risks. It is based on extra-financial ESG key issues that focus on the intersection between a company’s core business and the industry-specific issues that may create significant risks and opportunities for the company. The ESG key issues are weighted according to impact and time horizon of the risk or opportunity. The ESG key issues include for instance, but are not limited to, water stress, carbon emissions, labor management or business. For the avoidance of doubt, companies with no ESG Rating are excluded;

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The Index uses a “Best-in-class” approach, i.e., an approach where leading or best-performing investments are selected within a universe, industry sector or class. Using such Best-in-class approach, the Sub-Fund follows an extra-financial approach engaging that permits the reduction by at least 20% of the Eligible Universe (expressed in number of issuers).

The Product strategy is also relying on systematic exclusions policies (normative and sectorial) as further described in Amundi Responsible Investment policy.

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

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy.

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

We rely on Amundi ESG scoring methodology. Amundi’s ESG scoring is based on a proprietary ESG analysis framework, which accounts for 38 general and sector-specific criteria, including governance criteria. In the Governance dimension, we assess an issuer’s ability to ensure an effective corporate governance framework that guarantees it will meet its long-term objectives (e.g. guaranteeing the issuer’s value over the long term) The governance sub-criteria considered are: board structure, audit and control, remuneration, shareholders’ rights, ethics, tax practices and ESG strategy

Amundi ESG Rating scale contains seven grades, ranging from A to G, where A is the best and G the worst rating. G-rated companies are excluded from our investment universe.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

At least 90% of the Sub-Fund's securities and instruments will meet the promoted environmental or social characteristics in accordance with the binding elements of the Index methodology. Furthermore, the Sub-Fund commits to have a minimum of 1% of sustainable investments as per the below chart. Investments aligned with other E/S characteristics (#1B) will represent the difference between the actual proportion of investments aligned with environmental or social characteristics (#1) and the actual proportion of sustainable investments (#1A).

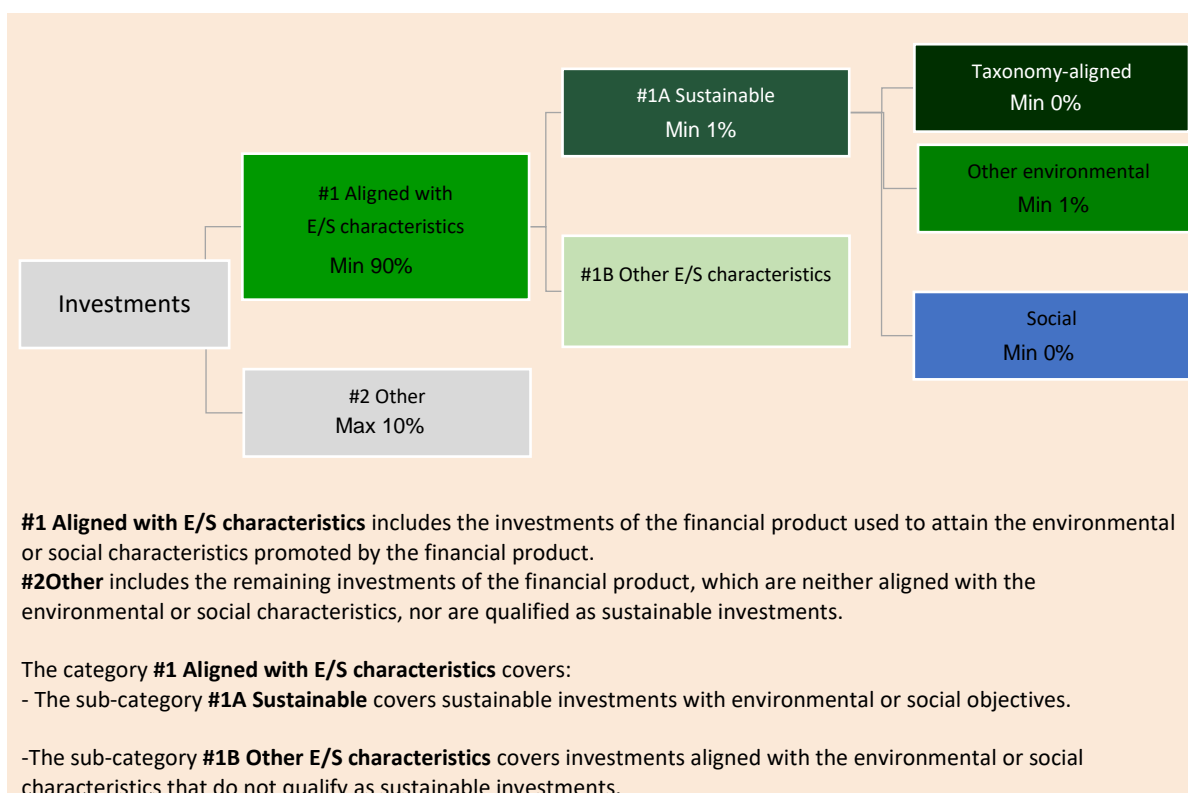
The planned proportion of other environmental investment represents a minimum of 1% (i) and may change as the actual proportions of Taxonomy-aligned and/or Social investments increase.

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?**

The environmental or social characteristics promoted by the Sub-Fund are attained through the use of total return swap(s). Indeed the Sub-Fund carries out its investment objective via an Indirect Replication as described in the Prospectus. As such the exposure to the performance of the Index will be achieved by way of derivatives i.e. total return swap(s).



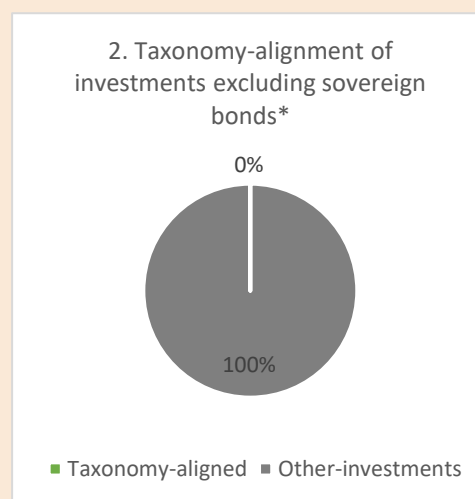
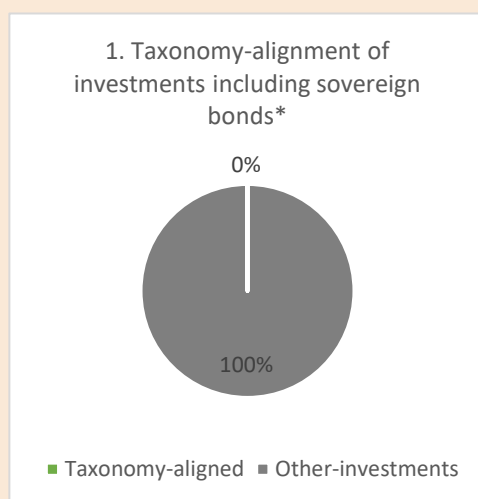
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund has no minimum share of investments with an environmental objective that are aligned with the EU Taxonomy.

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.


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

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

The funds has no minimum proportion of investment in transitional or enabling activities.

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

The Sub-Fund will have a minimum commitment of 1% of Sustainable Investments with an environmental objective as indicated in this Annex with no commitment on their alignment with the EU Taxonomy.



- ***What is the minimum share of socially sustainable investments?***

The Sub-Fund has no minimum share of socially sustainable investments.



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


Included in “#2 Other” are cash and instruments for the purpose of liquidity and portfolio risk management. It may also include ESG unrated securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.

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?

Yes, the Index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

According to applicable regulations to index sponsors (including BMR), index sponsors should define appropriate controls/diligence when defining and/or operating index methodologies of regulated indexes.

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

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The investment objective of the Sub-Fund is to track both the upward and downward evolution of the Index, while minimising the difference between the return of the Sub-Fund and the return of the Index.

- ***How does the designated index differ from a relevant broad market index?***

The index is representative of the performance of EUR denominated, investment grade floating rate notes issued by European and non-European corporates, with maturities ranging from 1 month up to, but not including, 7 years. The bonds in the index have a variable coupon which is adjusted according to changes in the 3m EURIBOR. Additionally, the index only includes issuers with an MSCI ESG Rating of BBB or higher, and negatively screens issuers involved in certain values-based business involvement criteria, including activities related to controversial military weapons, and those with a “red” MSCI ESG Controversy Score.

- ***Where can the methodology used for the calculation of the designated index be found?***

Additional information on the Index can be found at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>



Where can I find more product specific information online?

More product-specific information can be found on the website: Additional information on the Sub-Fund can be found at www.amundiETF.com.