Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 8 funds

Version	Date	Main changes
3.0	05/10/2023	Name change of the sub-fund, increase of the minimum proportion of sustainable investments
2.0	20/03/2023	Insertion of a supplementary description on the assessment of good corporate governance in section "Investment strategy" in accordance with Article 28, letter b) of Delegated Regulation (EU) 2022/1288
1.0	01/01/2022	Initial Version

Name: Amundi DAX 50 ESG II UCITS ETF
a sub-fund of Amundi

Legal entity identifier: 529900GFNNJ8CI4K9B60

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

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 COMMISSION DELEGATED REGULATION (EU) 2022/1288 of 6 April 2022 ("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 filters 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.

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.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles and Human Rights. 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.

Environmental or social characteristics of the financial product

The sub-fund promotes environmental and/or social characteristics by tracking the DAX® 50 ESG (Performance Index) (the "Index"). The sub-fund promotes environmental and/or social characteristics, including through the integration of the environmental, social and governance ("ESG") rating of the ESG section of the data provider Sustainalytics. The DAX® 50 ESG tracks the price performance of the 50 largest and most liquid stocks included in the HDAX® Index. The HDAX® Index comprises all companies included in the DAX®, MDAX® and TecDAX® that are assessed as particularly sustainable based on ESG criteria.

Investment strategy

The objective of the investment policy is to track the DAX® 50 ESG (performance index) and to provide investors with a return that is linked to the performance of the DAX® 50 ESG. The sub-fund follows a passive investment strategy.

The sub-fund is a passively managed ETF. Its investment strategy is to replicate the DAX® 50 ESG (performance index) while minimising the related tracking error. In doing so, only companies that are compliant with the Global Standards Screening of the data provider Sustainalytics will be considered. Global Standards Screening identifies companies that violate, or are at risk of violating, generally recognised standards that are rooted in the principles of the United Nations Global Compact (UNGC), OECD guidelines for multinational enterprises or the United Nations General Principles (UNGP) on Business and Human Rights and their underlying conventions.

The index rules also exclude companies that do not meet certain criteria related to controversial weapons, tobacco production, thermal coal, nuclear energy or military contracts. The Product strategy is also relying on systematic exclusions policies (normative and sectorials) as further described in Amundi Responsible Investment policy. Details of the index rules and selection criteria are described in the prospectus. The prospectus also provides the website of the index provider where the description of the method used to calculate the underlying index can be found.

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.

Each corporate security (shares, bonds, single name derivatives, ESG equity and fixed income ETFs) included in investment portfolios has been assessed for good governance practices applying a normative screen against UN Global Compact (UN GC) principles on the associated issuer. The assessment is performed on an ongoing basis. Amundi's ESG ratings Committee monthly reviews lists of companies in breach of the UN GC leading to rating downgrades to G. Divestment from securities downgraded to G is carried out by default within 90 days.

Amundi Stewardship Policy (engagement and voting) related to governance complements this approach.

Proportion of investments

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 25 % of sustainable investments.

Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised by the Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator (SRI) module.

Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions.

Moreover, these indicators are embedded within Amundi’s control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the fund on an ongoing basis.

Methodologies

The Amundi ESG rating used to determine the ESG score is an ESG quantitative score translated into seven grades, ranging from A (the best scores universe) to G (the worst). In the Amundi ESG Rating scale, the securities belonging to the exclusion list correspond to a G. For corporate issuers, ESG performance is assessed globally and at relevant criteria level by comparison with the average performance of its industry, through the combination of the three ESG dimensions:

- Environmental dimension: this examines issuers’ ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity
-Social dimension: these measures how an issuer operates on two distinct concepts: the issuer’s strategy to develop its human capital and the respect of the human rights in general;
- Governance dimension: This assesses capability of the issuer to ensure the basis for an effective corporate governance framework and generate value over the long-term.

The methodology applied by Amundi ESG rating uses 38 criteria that are either generic (common to all companies regardless of their activity) or sector specific which are weighted according to sector and considered in terms of their impact on reputation, operational efficiency and regulations in respect of an issuer. Amundi ESG ratings are likely to be expressed globally on the three E, S and G dimensions or individually on any environmental or social factor.

Data sources and processing

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology. We source data from the following sources for ESG scores: Moody, ISS-Oekem, MSCI, and Sustainalytics.

Data quality controls of external data providers are managed by the Global Data Management unit. Controls are deployed at different steps of the value chain, from pre-integration controls, post-integration ones, to post calculation ones like controls on proprietary scores for instance.

External data are collected and controlled by the Global Data Management team and are plugged into the SRI module.

The SRI module is a proprietary tool that ensures the collection, quality check and processing of ESG data from external data providers. It also calculates the ESG ratings of issuers according to Amundi proprietary methodology. The ESG ratings in particular are displayed in the SRI module to portfolio managers, risk, reporting and the ESG teams in a transparent and user-friendly manner (issuer’s ESG rating together with the criteria and the weights of each criterion).

For ESG ratings, at each stage of the calculation process, the scores are normalised and converted into Z-scores (difference between the company's score and the average score in the sector, as a number of standard deviations). Hence each issuer is assessed with a score scaled around the average of their sector, enabling to distinguish best-practices from worst practices at sector level (Best-in-Class approach). At the end of the process, each issuer is assigned an ESG score (approximately between -3 and +3) and the equivalent on a letter scale from A to G, where A is the best, and G the worst.

Data is then disseminated via Alto front office to portfolio managers and is monitored by the risk team.

ESG scores utilize data derived from external data providers, internal ESG assessment/research conducted by Amundi, or through a regulated third party recognised for the provision of professional ESG scoring and assessment. Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

Limitations to methodologies and data

Our methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely.

We are aware of these limitations which we mitigate by a combination of approaches: the monitoring of controversies, the use of several data providers, a structured qualitative assessment by our ESG research team of the ESG scores, the implementation of a strong governance.

Due diligence

Each month, the ESG scores are recalculated according Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" on its sector based on various checks that may include (but are not limited to): the main significant variations of the ESG score, the list of the new names with a bad score, the main divergence of score between 2 providers. After this review the analyst can override a score from the calculated score which is validated by the management of the team and is documented by a note stored in Amundi database iPortal. This can also be subject to a validation of the ESG Rating Committee.

The investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with the investment risk teams. In this context, Amundi has an investment guideline management procedure as well as a breach management procedure applying across all operations. Both procedures reiterate strict compliance with regulations and contractual guidelines. Risk managers are in charge of monitoring breaches on a day-to-day basis, alerting fund managers and requiring that portfolios are brought back into compliance as soon as possible and in the best interest of investors.

Engagement policies

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds). Issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies face have a major impact on society, both in terms of risk and opportunities.

Designated reference benchmark

The DAX® 50 ESG 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.

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.

The environmental and/or social characteristics and good governance characteristics promoted by the sub-fund are fulfilled through the index administrator's ESG screening process and methodology (as described below).

The specificity of the index is to select companies with positive ESG ratings while excluding companies that have a negative impact on certain sustainability factors and meet the exclusion criteria set out below.

The DAX® 50 ESG performance index calculated by STOXX Ltd. tracks the performance of the 50 biggest and most liquid equities on the German market that ESG (environmental, social and governance) criteria judge to be particularly sustainable (the "index components"). The investment universe of the DAX® 50 ESG is based on all equities in the HDAX® index. The HDAX® includes all the companies included on DAX®, MDAX® and TecDAX®.

Companies included in the index are selected on the basis of standardised ESG criteria. STOXX Ltd. excludes companies that Sustainalytics, its ESG data provider, has assessed as not complying with Global Standards Screening. Global Standards Screening identifies companies that violate, or are at risk of violating, generally recognised standards that are rooted in the principles of the United Nations Global Compact (UNGC), OECD guidelines for multinational enterprises or the United Nations General Principles (UNGP) on Business and Human Rights and their underlying conventions.

STOXX Ltd. also excludes companies that do not meet particular Sustainalytics criteria on controversial weapons, tobacco production, thermal coal, nuclear energy or military contracts. The following exclusion criteria apply:

Controversial weapons:
STOXX Ltd. excludes companies identified by Sustainalytics as being involved in controversial weapons. The following are considered controversial weapons: Anti-personnel landmines, biological and chemical weapons, cluster weapons, enriched uranium, atomic weapons and white phosphorous munitions.

The criteria for involvement are:
- internal production or sale of controversial weapons,
- the top holding company holds >10% of the voting rights in an involved company,
- over 10% of the voting rights of a company are held by an involved company.

Tobacco production:
STOXX Ltd. excludes companies identified by Sustainalytics as obtaining over 0% of their income from the manufacture of tobacco products.

Thermal coal:
STOXX Ltd. excludes companies identified by Sustainalytics as:
- obtaining over 5% of their income from thermal coal mining (including thermal coal mining and exploration); and
- having power generation capacity that is more than 5% based on coal-fired electricity, heating or steam energy capacity/thermal coal-fired power generation (including utility companies that own/operate coal-fired power plant).

Nuclear energy:
STOXX Ltd. excludes companies identified by Sustainalytics as:
- obtaining over 5% of their income from nuclear energy production or being utility companies that own/operate nuclear power plants;
Note: Here, Sustainalytics also considers the percentage of companies' generation capacity that is based on nuclear energy,
- obtaining over 5% of their income from products/services that support nuclear power, including the design and construction of nuclear power plants, the construction and manufacture of special parts for nuclear power plants including steam generators, control-rod drive mechanisms, reactor containers, cooling systems, containment structures, fuel elements and digital instrumentation and controllers, special services such as the transport of nuclear power plant material, nuclear power plant maintenance and uranium mining and exploration, including companies that mine, enrich and manufacture uranium,
- obtaining over 5% of their income from nuclear power distribution, including the resale or distribution of electricity generated using nuclear power.
This applies to distributors, intermediaries and utility companies that market nuclear energy as part of their energy mix.
Note: Here, Sustainalytics also considers the percentage of nuclear energy included in companies' energy mix.

Military contracts:
STOXX Ltd. excludes companies identified by Sustainalytics as:
- obtaining over 5% of their income from the manufacture of military weapons systems and/or integral, tailored components for such weapons; and
- obtaining over 5% of their income from tailored products and/or services that support military weapons.

The investment in the assets of the sub-fund shall consist of investing at least 92% in the ESG compliant index components. In addition, the sub-fund may invest in bank deposits or money market instruments. The implementation of the selection criteria will result in the exclusion of at least 50% of potential investments that would be available without observing the ESG criteria. If, in exceptional cases, investments are made in derivatives, these are used to invest indirectly in ESG-compliant index components.

The index is reviewed every three months.

Only companies listed on the Regulated Market of FWB® Frankfurter Wertpapierbörse, continuously traded on Xetra, with at least 30 trading days since first listing and a minimum free float of 10% are eligible for inclusion in the DAX® 50 ESG. Furthermore, the companies must have their legal headquarters or operational headquarters in Germany. Foreign companies must have their legal headquarters in a EU member state or a state of the European Free Trade Association (EFTA) or an operational headquarter in Germany.

The index is weighted by market capitalisation, at the same time the maximum weighting of a company in the index is 7%. The index composition of the DAX® 50 ESG is reviewed quarterly (March, June, September and December) on the basis of the Fast Exit and Fast Entry rules and reviewed every year in March and September on the basis of the Regular Exit and Regular Entry rules. Rebalancing processes affect the costs payable by the sub-fund and therefore the performance of the sub-fund.

The base date for the index is 24 September 2012 and its base is 1,000 points.

Description of the methodology used to calculate the index: https://qontigo.com/products/dax-50-esg-en/