

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Mirova Euro Green and Sustainable Bond Fund
Legal entity identifier: 549300MAEYDPR2I2EW45

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

Sustainable investment objective

| Does this financial product have a sustainable investment objective? | |
|---|---|
| <input checked="" type="radio"/> Yes | <input type="radio"/> No |
| <input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 50% <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> 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 sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective |
| <input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 1% | <input type="checkbox"/> It promotes E/S characteristics, but will not make sustainable investments |



What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Fund is to invest in :

- Use of proceeds bonds issued by corporate issuers, sovereign or agencies whose purpose is to finance projects with positive environmental and/or social impacts (green, social, green and social bonds); and/or
- Conventional bonds issued by corporate issuers that contribute positively through their products, services and/or practices to the achievement of one or more of the United Nations Sustainable Development Goals (the "SDGs").

Furthermore, considering the importance of a stable climate, the Investment Manager aims at building an investment portfolio which represents an economy in which the world is expected to warm by no more than 2 degrees Celsius, in line with the mitigation and temperature reduction objective of the 2015 Paris agreement.

The Investment Manager's proprietary sustainability research framework has been developed to assess the overall impact of assets on sustainability and to retain investments that contribute to the SDGs while having no significant negative impact on any other SDGs.

The Fund will make investments in bonds issued by corporates whose economic activities, or in use of proceeds bonds which proceeds will be applied to finance projects, that contribute to the environmental objectives set out in the Article 9 of the Regulation (EU) 2020/852 (the “Taxonomy Regulation”): (a) climate change mitigation and climate change adaptation, (b) sustainable use and protection of water and marine resources, (c) the transition to a circular economy, (d) pollution prevention and control, (e) the protection and restoration of biodiversity and ecosystems.

The alignment of the economic activities or projects financed with the above objectives is identified and measured to the extent that data is available to the Investment Manager and of an adequate quality. Depending on the investment opportunities available, the Fund may contribute to any of the above environmental objectives and may not at all times contribute to all of the objectives.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

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 the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective is measured by both qualitative and quantitative indicators such as but not limited to the following:

1. the percentage of the Fund’s assets aligned with sustainable investment objectives measured according to the sustainability opinion framework developed in-house demonstrating net positive impact of the portfolio towards achievement of the SDGs;
2. the percentage of the Fund’s assets contribution per SDG and/or per environmental and social themes (i.e. climate, biodiversity, social opportunities, human capital);
3. the estimated impact of the Fund on global average temperature increase taking into account carbon footprint of each issuer or use of proceeds bond throughout its full lifecycle (i.e. emissions scope 1, 2 and 3) and focuses on two main indicators:
 - «induced» emissions arising from the « lifecycle » of an issuer’s activities or project financed by the bond, taking into account both direct emissions and those of suppliers and products.
 - «avoided» emissions due to improvements in energy efficiency or «green» solutions.

Principal adverse impact are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The sustainability analysis aims to identify the relevant residual environmental and social risks originating from such investment and to analyse the quality of the issuer’s measures to mitigate these risks (the “DNSH test”). Such analysis considers notably the degree of exposure of the issuance/issuer to certain sectors or activities that may be considered to be damaging for the environment and/or the society and exposure to relevant environmental or social controversies.

As a result of this qualitative analysis, the Investment Manager issues a binding opinion based on which issuers whose economic activities or practices are deemed to have a significant negative impact on the achievement of one or more of the UN SDGs are systematically excluded from the investment universe regardless of their otherwise positive contribution.

For use-of proceeds bonds qualifying as green, social, sustainable bonds, the Investment Manager evaluates the issuer’s general practices or environmental and social risk management throughout the life cycle of the financed projects, regardless of any environmental benefit resulting from the operation of the projects.

How have the indicators for adverse impacts on sustainability factors been taken into account?

As part of the analysis of residual ESG risks conducted on each portfolio holding, the Investment Manager systematically assesses and monitors indicators that are deemed to indicate the presence of principal adverse impact (including consideration of data relating to the mandatory PAI indicators referred to in the consolidated Regulatory Technical Standards for assessment of sustainable investment in accordance with art. 2 (17) SFDR). When the data necessary for the calculation of certain PAI indicators are not available or not relevant considering the fact that use of proceeds bonds only finance specific projects, the Investment Manager may adjust the metrics to reflect the specificities of such instrument or use qualitative or quantitative proxies that cover themes similar to the PAI indicators in question.

Adverse impacts are prioritized according to the specificities of sectors of each issuer or project financed by the use of proceeds bond considered for investment by using a combination of criteria based on:

- analysis of the issuer's, or project financed by the bond, exposure to environmental impacts based on science-based data from international organisations (e.g. energy intensity, impacts on biodiversity, etc),
- analysis of the issuer's or project financed by the bond exposure to labour rights and employee matters through its locations, business model and supply chain organization (e.g. exposure to health and safety risks, exposure to countries with specific human rights risks, etc),
- analysis of the issuer's footprint (or footprint of the project financed by the bond) on local communities and consumers,
- screening of on-going or potential controversies,

Where the Investment Manager deems the issuer's processes and practices are insufficient to mitigate environmental, social and governance risks, notably with regard to the relevant PAIs, the issuer's or issuance's impact is deemed as negative which makes it ineligible for investment.

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

For corporate issuers, the Investment Manager screens the investment universe against adherence with OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. The Investment Manager continuously reviews issuers' track records and news flows to identify significant controversies. Issuers' involvement and resolving measures are taken into account. Risks of potential breach may be monitored through engagement to obtain additional assurance. Companies determined by the Investment Manager to be in serious breach of OECD Guidelines for Multinational Enterprises or UN Guiding Principles on Business and Human Rights are recognized as doing significant harm and, as a consequence, are rendered non-eligible.

For use-of proceeds bonds, if an alert concerning the non-respect of human rights is detected during the review of the issuance, the bond will be automatically excluded from the investment universe. Issuer's exposure to controversies are also taken into account to ensure that there is no violation to the UN Global Compact, regardless of whether these are linked to the underlying green and/or social projects financed.



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

☒ Yes, PAI indicators are incorporated into the sustainability analysis framework and the results are part of the DNSH test.

More information on principal adverse impacts on sustainability factors is available in the annual report.

☐ No



What investment strategy does this financial product follow?

The Fund principally invests in bonds which are rated « Investment Grade » and at least 70% of its net assets are invested in euro-denominated debt securities, among which green, green social as well as social bonds issued by corporate issuers and sovereign governments and government agencies.

Green bonds are bonds that have an environmental impact insofar as they finance projects related to the environmental transition.

Social bonds are use of proceeds bonds that raise funds for new and existing socially sound and sustainable projects that achieve greater social benefits.

The qualification of a green or social bond is the result of an internal analysis process by the Investment Manager based on four criteria, derived from both Green Bonds Principles and Social as defined by the ICMA (International Capital Market Association) :

- **Use of the proceeds:** the legal documentation when issuing the bond must specify that use of the funds will enable the financing or refinancing of projects with environmental/ social benefits.
- **Process for project evaluation and selection:** the issuer should communicate the environmental / social sustainability objectives of the projects and the eligibility criteria.
- **Management of proceeds:** The net proceeds of the Green / Social Bond, or an amount equal to these net proceeds, should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner, and attested to by the issuer in a formal internal process linked to the issuer's lending and investment operations for green / social projects.
- **Reporting:** The issuer must undertake to provide regular reporting on the use of the funds in order for the bond to be considered green / social.

The Investment Manager may use additional criteria to define eligibility of Green / Social Bonds.

The sustainable investment strategy combines:

- a best-in-universe approach (selection of issuers or issuance based on their ESG quality regardless of their business sector within the broad fixed income market represented by the Fund's reference index i.e., Bloomberg Euro Aggregate 500MM Index which is a broad market index);
- an exclusion approach: the Fund does not use exclusions as a central tenet of its sustainability approach. However, the Fund applies the Investment Manager's minimum standards policy which sets out criteria for determining exclusions in case of investments exposed to controversial activities (such as fossil fuel, palm oil, tobacco, military equipment etc).

More information on the general investment policy of the Fund can be found in the Investment Policy section of the prospectus.

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 the sustainable investment objective?***

The Fund has the following binding elements:

- the Fund invests only in assets that meet the criteria to be included in the Fund investment universe and evaluated as having a positive impact (i.e. assessed as having high, moderate or low impact as per the Investment Manager's sustainability opinion methodology). Issuance or issuers having negligible impact or negative impact to the achievement of SDGs are excluded. The Fund does not invest in assets with a rating below Low Impact;
- the Fund's exposure to issuers/issuances with positive impact according to the Investment Manager's sustainability opinion methodology is systematically higher than that of the Reference Index;
- the Fund portfolio temperature is in line with the scenario of limiting global temperature rises to a maximum of 2 degrees Celsius, taking into account induced and avoided emissions based on the Investment Manager's internal methodology;
- the Fund complies with the Investment Manager's "Minimum Standards" exclusion policy which sets out criteria for determining exclusions in case of issuers/issuance exposed to controversial activities (such as fossil fuel, palm oil, tobacco, military equipment etc).

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

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

For conventional bonds issued by corporate issuers, governance considerations are incorporated into the Investment Manager's financial assessment and the Sustainability opinion framework and include:

- the sound monitoring of environmental and social issues (such as employee relations) and the integration of sustainability in the scope of responsibility of the board and executive team;
- sound business ethics practices;
- the fair distribution of value between stakeholders (notably vis a vis remuneration of staff) and tax compliance;
- analysis of the quality of company management;
- alignment of the company's governance with a long-term vision;
- the balance of power between the executive body, the supervisory body and the shareholders of the issuer;
- the compensation package relevant to company management;
- an analysis of the quality and independence of the board, or of respect for the interests of minority shareholders.

For use-of proceeds bonds, the sustainability opinion includes assessment of how the issuer manages environmental, social and governance issues throughout the lifecycle of the projects financed.



Asset allocation describes the share of investments in specific assets.

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.

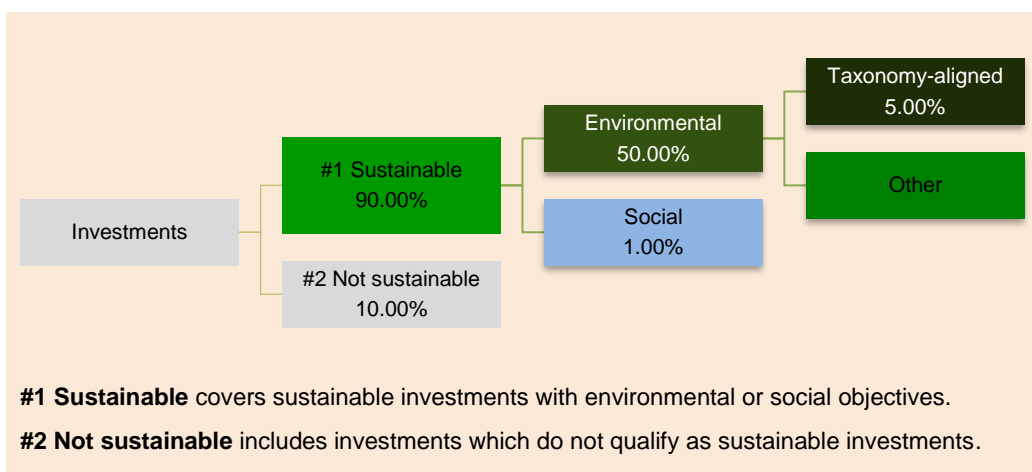
What is the asset allocation and the minimum share of sustainable investments?

The Fund aims at investing only in sustainable investments as defined in article 2(17) SFDR, thus the percentage of sustainable investments is set at 90% of the net assets of the Fund (#1 Sustainable).

Sustainable investment with environment and/or social objective is assessed in regard to the achievement of environmental and/or social SDGs.

The asset allocation may change over time and the percentages of sustainable investments should be seen as a minimum commitment measured over an extended period of time.

In addition, the Fund may hold cash or cash equivalents (such as money market instruments, money market funds) and derivatives for risk management purposes for up to 10% of its net assets (#2 Not Sustainable).



How does the use of derivatives attain the sustainable investment objective?

The Fund may use derivatives for hedging and investment purposes (authorised but very rarely used).

The use of derivatives does not alter the capital allocation or exposure of the Fund and therefore has no influence on its sustainable investment objective or on its sustainability indicators.



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

The Fund commits to invest a minimum of 5% of its net assets in sustainable investments with an environmental objective that are aligned to the EU Taxonomy.

The alignment with the EU Taxonomy of the economic activities is based on revenues or use of proceeds directly reported by the issuers or equivalent data collected or estimated by third party data provider based on publicly available information.

The minimum taxonomy-aligned investments are not subject to an assurance by an auditor or review by a third-party.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

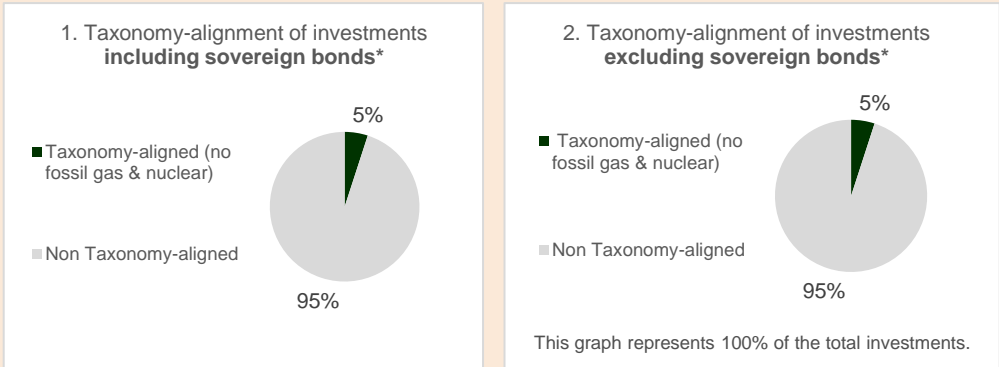
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

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.

**The Fund has not defined a maximum investment in sovereign bonds. Thus the proportion of total investment indicated here is purely indicative and may vary.

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

The minimum share of investments in transitional and enabling activities is 0%.

¹ 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 environmentally sustainable investments 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 Fund will invest a minimum of 50% in sustainable investments with environmental objective which are likely to include sustainable investments that are not aligned with the EU Taxonomy.

The Investment Manager's has developed an internal taxonomy to identify projects or issuers that contribute positively through their products, services or practices to environmental themes. This internal taxonomy defines quantitative and qualitative criteria to assess contribution of an asset to the themes and includes a broader scope of themes and sectors than those currently identified by the EU Taxonomy.

The overall sustainability assessment performed on each investment includes a review of positive impacts on environmental objectives and aims at identifying issuers whose products, services and/or practices, or project that contribute to:

- help develop low carbon energy, eco-efficiency, clean transportation, green building or align with an advanced decarbonation strategy; or
- support sustainable land use, land preservation, sustainable water management and circular business model or align with an advanced biodiversity preservation strategy.



What is the minimum share of sustainable investments with a social objective?

The Fund will invest a minimum of 1% in sustainable investments with a social objective.

The overall sustainability assessment conducted on each asset includes a review of positive impacts on social objectives and aims at identifying issuers whose products, services and/or practices, or projects that contribute to :

- help foster access to basic and sustainable services, local impact, promote advanced working conditions, promote diversity and inclusion through dedicated products and services or through advanced practices targeting the workforce; or
- support the development of healthcare, healthy nutrition, knowledge education or safety.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund aims at investing only in fixed income securities qualifying as sustainable investment. For technical or hedging purposes, the Fund may hold up to 10% of its net assets cash or cash equivalents (such as money market instruments, money market funds) and derivatives for risk management purposes. The Fund may hedge credit risk through credit default swaps linked to one or more major credit indice(s). Due to the technical and neutral nature of the asset, such assets do not qualify as sustainable investments and no minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*

Not applicable.

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

Not applicable.

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

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

Not applicable.

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

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.im.natixis.com/intl/intl-fund-documents>