

**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:** Loomis Sayles Asia Bond Plus Fund  
**Legal entity identifier:** 549300KGRDDINDJRGY20

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> 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"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

The Fund seeks to promote the environmental characteristics of climate change impact reduction and the transition to a circular economy and the social characteristic of financial inclusion (the “E/S Characteristics”).

No reference benchmark has been designated for the purpose of attaining the E/S Characteristics promoted by the Fund.

**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 Investment Manager has identified the following sustainability indicators against which it will measure the extent to which the Fund's investments promote the E/S Characteristics:

Climate change mitigation

To measure, track and evaluate progress towards climate change mitigation, the Fund utilizes 3 sustainable key performance indicators:

1. Renewable power generation (% of total power generated): Investments are made in energy providers where at least 50% of power generated is renewable.
2. Renewable energy usage as a percentage of total energy consumption (% of total electricity purchased): Investments are made in corporates which have (measurable) GHG emissions reduction strategies and/or have transitioned towards renewable energy (as evidenced by the level of renewable energy used as a percentage of total energy consumption being greater than 30%).
3. Investments in GSS bonds: Investments are made in GSS (Green, Sustainable, or Sustainability linked) labeled bonds which meet ICMA standards and where the use of proceeds has been designated [and verified] to promote climate change mitigation.

Transition to a circular economy

To measure, track and evaluate progress towards the transition to a circular economy, the Fund utilizes 1 sustainable key performance indicator:

1. Waste recycling (% of total waste recycled): Investments are made in issuers which have: (a) an established and holistic sustainability framework; or (b) a recycling program and/or waste management program which is material to the underlying business; or (c) a waste management program and or recycling program that leads industry peers and which have greater than 50% of their waste recycled.

Financial inclusion

To measure, track and evaluate progress towards financial inclusion, the Fund utilizes 2 sustainable key performance indicators:

1. Employment generation, including through MSME (Micro, Small and Medium Enterprises) financing (Total number of jobs created): Investments are made in financial institutions which the Investment Manager has determined to be industry leaders in providing lending, MSME financing and financial products to underrepresented communities in their jurisdiction, where such activity has directly led to the creation of new jobs.
2. Micro finance and economic advancement (number of MSMEs financed and/or amount of MSME loans disbursed): Investments are made in financial institutions which the Investment Manager has determined to be industry leaders in providing MSME financing and MSME loans in their jurisdiction.

Over time and as industry and relevant resources develop, the Investment Manager may (1) change, amend or revise the sustainability indicators which it uses to rate investments; and/or (2) choose to utilise alternative data sources in its due diligence and ratings processes.

- ***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?***

Not Applicable

- ***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?***

Not Applicable

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

Not Applicable

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

Not Applicable

*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.*



**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.



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

☒ Yes

The Investment Manager considers the principal adverse impacts (“PAI”) of the Fund’s investments on sustainability factors by monitoring and analysing the following principal adverse impact indicators when managing the Fund:

- GHG emissions (Scope 1, 2 3 and Total GHG Emissions);
- Carbon footprint;
- GHG intensity of investee companies;
- GHG intensity of investee countries;
- Exposure to companies active in the fossil fuel sector;
- Share of non-renewable energy consumption and production;
- Energy consumption intensity per high impact climate sector;
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);
- Investments in companies without carbon emission reduction initiatives;
- Number of identified cases of severe human rights issues and incidents;
- Share of bonds not certified as green under a future EU act setting up an EU Green Bond Standard;
- Non-cooperative tax jurisdictions; and
- Violations of the UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The above listed principal adverse impact indicators are taken into consideration by the Investment Manager in various ways as part of its ongoing management of the Fund, including through the assessment of issuers against the sustainability indicators outlined above.

The Investment Manager hopes to be able to reduce the PAI of the Fund’s investments over the life of the Fund.

Information on the PAI of the portfolio holdings of the Fund will be contained in the Fund’s annual reports. The first annual report to contain disclosure will be for the financial year ending 31 December 2022.

☐ No

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

**What investment strategy does this financial product follow?**

The Investment Manager utilizes screening and bottom-up security selection to drive the short-term emerging markets bond investment process. The Investment Manager first applies a set of exclusions and norms-based screening to refine the emerging markets investment universe. Based on the refined universe, the Investment Manager performs bottoms up analysis to identify corporates for potential investment. As well as considering the promotion of the E/S Characteristics, the Investment Manager also incorporates general environmental, social and governance (ESG) factors into the credit selection process.

The investment process remains subjective and dependent on the quality of the information available; in particular due to the lack of a standardized global methodology on ESG reporting.

● ***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?***

As a key component of the Fund's investment decision making process, the Investment Manager employs the following bottom-up approach when selecting securities:

Step 1: Screening Exclusions

As a matter of course, amongst other things, the Investment Manager excludes from the potential investment universe any investment in issuers which:

- derive any portion of their revenue from the manufacture, distribution and/or sale of cluster munitions;
- derive any portion of their revenue from the manufacture, distribution and/or sale of controversial weapons;
- any issuers which are flagged by MSCI for very severe controversies on environmental, social and governance issues;
- any issuers that are flagged by MSCI as failing to comply with the standards set out in the United Nations Guiding Principles for Business and Human Rights and/or the International Labour Organization;
- derive more than 5% of their revenue from the production and/or distribution of tobacco;
- derive more than 10% of their revenue from the extraction of thermal coal;
- any issuers in the utilities sector that derive more than 30% of their power generation from thermal coal without a measurable carbon transition plan;
- any issuers which have been rated a “3” for governance under the Investment Manager’s proprietary ESG scoring process; and
- have been given an MSCI rating of CCC.

In relation to the exclusion of issuers with an MSCI rating of CCC, the Fund may make investments in such issuers to the extent that the Investment Manager obtains public information which contradicts the MSCI ESG rating given to an investment, and the Investment Manager is satisfied that the score assigned to that investment should be revised accordingly.

The Investment Manager leverages MSCI ratings for breadth of coverage and to inform views on the broad opportunity set. However, the Investment Manager relies primarily on the internal assessment of ESG factors in the security selection process.

### Step 2: Bottoms Up Fundamental Analysis

The Investment Manager carries out bottom-up research on the remaining issuers in the investment universe. As part of the bottom-up research process, the Investment Manager uses a proprietary ESG framework to analyse and evaluate the material E, S and G factors of over 90% of the remaining issuers in the investment universe, using proprietary materiality maps, based on SASB. Each issuer is then given a rating on a 1 (best) to 3 (worst) scale for each E, S and G “pillar”. Both an issuer’s credit rating and its ESG rating are factored into the Investment Manager’s investment decision making process.

### Step 3: Security Selection

Based on credit rating and ESG risk profile, the Investment Manager identifies issuers with attractive valuations for potential investment. Any opportunities offered by specific Environmental (E) and Social (S) factors are also identified in the security selection phase. The Investment Manager will assess these opportunities to determine whether an issuer: (i) promotes the Characteristics using certain specified sustainability indicators and associated thresholds; and (ii) follows good corporate governance practices. (See below for further information on how the Investment Manager assesses good governance.)

- ***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.

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

The Investment Manager assesses good governance primarily through leveraging its proprietary internal E,S,G scoring process. The process is built upon the SASB reporting framework and assigns 3 separate scores of 1 (best) to 3 (worst) for certain industry/sector specific (a) environmental; (b) social; and (c) governance attributes. In relation to the governance score, the Investment Manager evaluates an issuer’s governance via a multitude of factors, including ownership control, business ethics and country/jurisdictional control issues. Based on an holistic assessment of these various governance-related issues, the Investment Manager then assigns a score of 1, 2 or 3. The Investment Manager excludes from the Fund’s investment universe any issuers that receive a score of 3 on the for governance. In addition, the Investment Manager also excludes MSCI CCC rated issuers, issuers with very severe controversies and issuers who fail UN standards on labor and human rights practices from the Fund’s investment universe. The Investment Manager believes that coupling internal ratings with screening ensures that issuers in the Fund achieve a basic set of good governance standards.

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



**Asset allocation** describes the share of investments in specific assets.

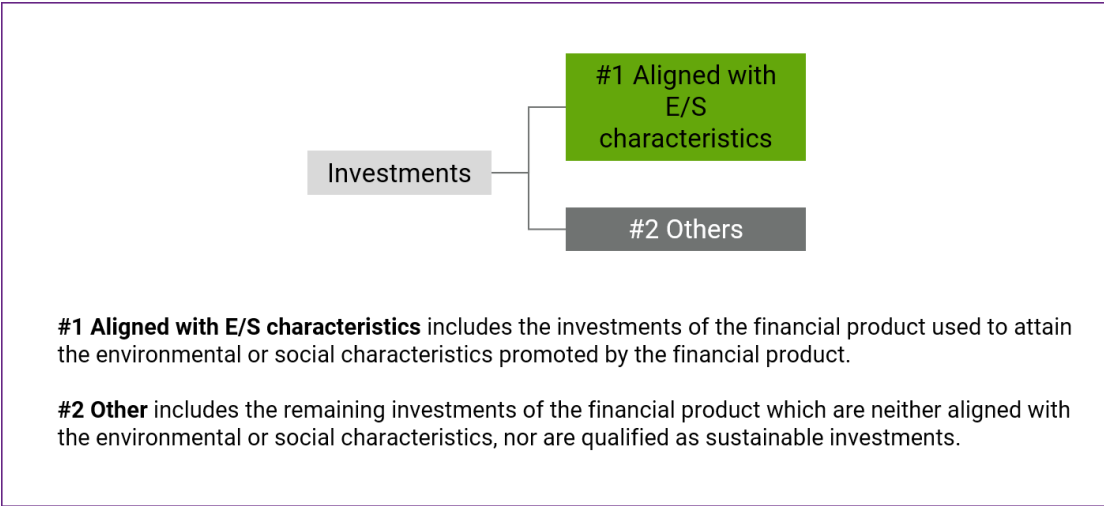
Taxonomy-aligned activities are expressed as a share of:

- **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 planned for this financial product?**

The Investment Manager will seek to invest a minimum of 10% of the Fund’s Net Asset Value in investments which promote the E/S Characteristics.

Please see below for further detail on the purpose of the remaining proportion of the investments, including a description of minimum environmental or social safeguards.



**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not Applicable

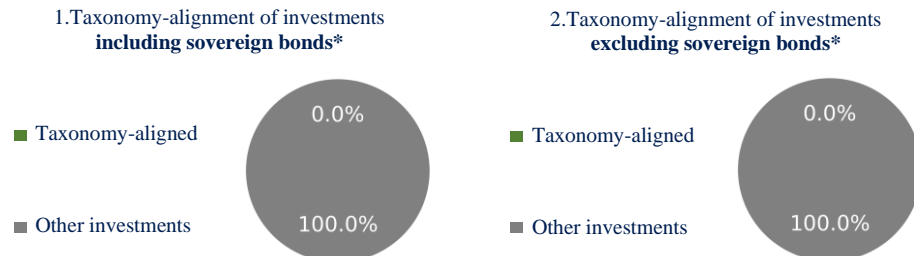




## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

*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?

Not applicable.



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 Fund promotes environmental and social characteristics but does not commit to making any sustainable investments, including within the meaning of the EU Taxonomy. As a consequence, the Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



## What is the minimum share of socially sustainable investments?

Not applicable



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

With respect to the binding element that the Fund will invest 10% of its NAV in investments which align with the E/S Characteristics by meeting the sustainability indicators, the remaining 90% of the Fund's NAV will be in a combination of one or more of the following: (i) securities which do not align with the E/S Characteristics as they do not meet the sustainability indicators; (ii) derivatives entered into for the purposes of hedging and liquidity management; (iii) other liquidity management tools, such as money market instruments, cash and cash equivalents.

In relation to the securities of companies which do not align with the E/S Characteristics because they do not meet the sustainability indicators, such investments will still be subject to minimum environmental and social safeguards in the investment process



which the Investment Manager follows for the Fund, including that the principal adverse impacts of such investments will be considered by the Investment Manager.



**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?**

Not applicable

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

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

Not applicable

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

Not applicable

- *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/sfdr-documentation-nimsa-en>