

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that it 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.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:**

80.0%

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 will make a minimum of **sustainable investments with a social objective:** 0.0%

It **promotes environmental and social (E/S)**

characteristics and while it does not have as its objective sustainable investment, it will have a minimum proportion of N/A of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

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



What is the sustainable investment objective of this financial product?

The **sustainability indicators** measure how the sustainability objectives of this financial product are met.

Crédit Mutuel Asset Management's strategy is based on three stages of analysis in order to qualify an issuer as a Sustainable Investment:

1- Assess its contribution to the UN Sustainable Development Goals [SDGs].

- **For private issuers**, the analysis of the contribution to the SDGs is carried out using the elements provided by: the issuers (annual reports, surveys), third-party providers (e.g. ISS ESG) and proprietary research (proprietary ESG database). In addition to the systematic calculation, the non-financial analysis unit of Crédit Mutuel Asset Management may be asked to provide an additional assessment of an issuer's contribution to the SDGs. Predefined materiality thresholds (10% of revenue or investments for issuers in non-financial sectors and sustainability commitments for financial issuers) are used to qualify an issuer.

- **The method for public-sector entities** issuing financial securities is similar to the model used for companies, while adapting the four selectivity criteria. The contribution to the SDGs is analysed through the **SDG Index** published annually in the Sustainable Development Report.

2- Check that the principal adverse impacts associated with the issuer are limited.

Crédit Mutuel Asset Management has established its own methodology for measuring the principal adverse impacts. Issuers that meet all of the five so-called "mandatory" criteria will be considered eligible. There must then be at least four criteria out of the nine additional criteria for an issuer to be selected as a Sustainable Investment.

3- Ensure satisfactory governance.

The non-financial research unit assesses the governance practices of issuers, in particular on the basis of the following criteria: sound management structure, relations with employees, remuneration of staff, compliance with tax obligations.

These policies are available on the management company's website:

- Sustainable investment policy: Responsible Investment Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)
- Sectoral policy: Sectoral Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)

The environmental objectives to which the sustainable investment underlying the financial product contributes are:

- climate change mitigation and
- pollution prevention and control.

This fund does not have a carbon reduction target.

What are the sustainability indicators used to measure the achievement of the sustainable investment objective of this financial product?

The sustainability indicators used to measure the achievement of the sustainable investment objective are the alignment and impact of the products and services of the companies in which the financial product is invested.

To what extent do sustainable investments not cause significant harm to an environmentally or socially sustainable investment objective?

Crédit Mutuel Asset Management has established a framework for identifying the main adverse impacts to enable the assessment of significant harm that may weaken the sustainable investment proposal. It assesses the ability of the selected companies to manage the potential negative impact of their activities on sustainability factors E and S (Do No Significant Harm).

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

The PAI indicators taken into account are used to measure the potential negative impact of investments on sustainability. Pending thresholds specified by regulators, as indicated by the European Supervisory Authorities (ESAs) in their clarification statement of 2 June 2022, Crédit Mutuel Asset Management therefore relies on its internal analysis work and its proprietary ESG database to analyse a company's negative impact on the environment, social and societal issues. Our model thus makes it possible to codify (award of points) each company analysed according to the responses obtained on the selected criteria.

All the PAI indicators in the table of Annex 1 of the RTS are taken into consideration.

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

Involvement in a breach of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational companies is grounds for exclusion from issuers that qualify as sustainable.

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, sustainability implications represent the impact that investment decisions may have on sustainability factors. These focus on the climate and, more broadly, environmental issues; social factors are also concerned, including employee rights, respect for human rights and the fight against corruption. These negative sustainability impacts are taken into account by the financial product in three ways: by applying sector exclusion policies, by internal ESG rating and by sustainable investment. Sectoral exclusion policies apply to all actively managed strategies, including this financial product, and controversial arms, tobacco, coal and hydrocarbons. They provide protection against exposure to high sustainability risks inherent in these sectors. The ESG rating is used to measure the overall ESG performance of a company or issuer and is based on a range of environmental, social, societal and governance indicators derived from an analysis of raw PAI data. Raw PAI data is monitored as part of the financial product management activity; this data is made available in the periodic report.

No



What is the investment strategy of this financial product?

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

What are the restrictions defined in the investment strategy used to select investments to achieve the sustainable investment objective?

The binding elements of the investment strategy used to select investments to attain the sustainable investment objective are:

- exclusions arising from the exclusion policy of the La Française Group
- sustainability analysis of companies to accurately identify positive and negative contributions to the SDGs
- the principle of improvement by 20% more than the universe on the indicator of negative contribution to the SDGs
- the ratio of 100% of companies defined as sustainable (or 80% including cash and potential derivatives).

This strategy is monitored daily through 1st, 2nd and 3rd level controls.

What is the policy to assess good governance practices of the companies in which the financial product invests?

The policy of assessing good governance practices of investee companies, including sound management structures, employee relations, staff remuneration and compliance with tax obligations, is measured through the Governance pillar of the proprietary methodology through a series of specific criteria that Crédit Mutuel Asset Management examines as part of the overall ESG assessment. A firm exclusion is made when all the criteria have not been met.

For private companies and issuers, the management team relies on an assessment of the minimum social standards implemented and applied in the various entities, notably through the adoption of a number of policies (anti-corruption, respect for human rights, protection of whistleblowers, training, code of conduct, equal opportunities, etc.) and practices (independence of the Board of Directors, composition of committees, balance of powers between management bodies, climate strategy, etc.). These criteria are based on universal texts, such as the United Nations Global Compact, the OECD guidelines on corporate governance and the Paris Agreement.

Good governance practices relate to sound management structures, staff relations, staff remuneration and compliance with tax obligations.



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

Asset allocation describes the share of investments in specific assets.

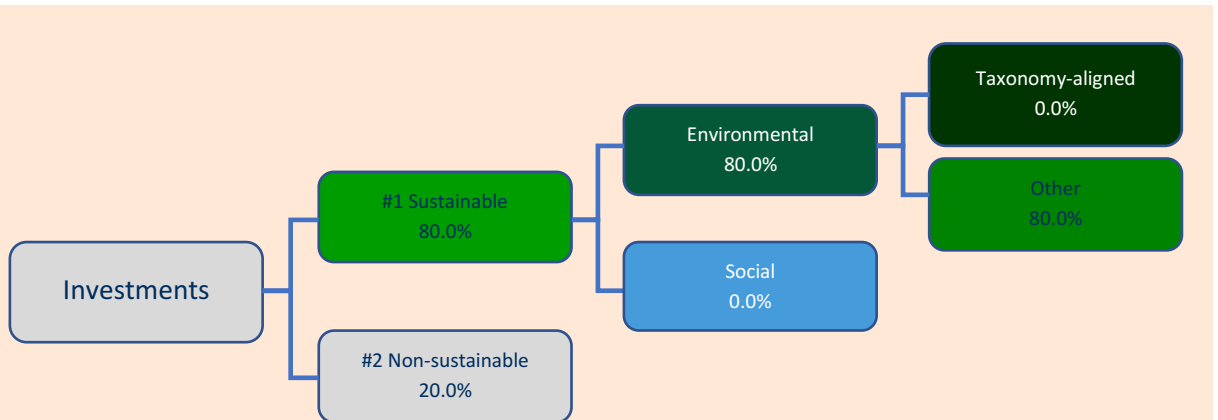
Taxonomy-aligned activities are expressed as a percentage of:

- **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 expenditures** (OpEx) reflecting green operational activities of investee companies.

Please refer to the answer to the question "What is the investment strategy of this financial product?" above.



The **#1 Sustainable** category covers sustainable investments with environmental or social objectives.

The **#2 Not sustainable** category includes investments that are not considered sustainable investments.

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

The Fund may hedge and/or expose the portfolio via derivatives in order to adjust the portfolio's exposure or during specific periods of fluctuation.



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

La Française Group auditors carry out a review of the processes, sources and results of the sustainable policy applied to financial products.

The current state of the economy does not reflect 100% of the activities aligned with the taxonomy, as our economy is in transition. Most companies have activities aligned with the taxonomy and other activities not aligned with it. In addition, the taxonomy is mainly aimed at highly polluting activities. Some sectors of the economy are not directly involved. However, through our ESG analysis, we capture the stage and status of a company's transition to sustainability.

The fund may not invest in sovereign bonds for purposes other than liquidity (via short-term securities, treasury bills).

The management company has also developed its own framework for non-financial analysis and climate change adaptation and mitigation for sovereign states.

Alignment with sustainable activities is assessed through the share of revenue and/or capital expenditures as a percentage.

Only the declared share of income and/or capital expenditure is relayed. "Estimated" revenue percentages and/or capital expenditure are not shared.

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

Yes

In fossil gas

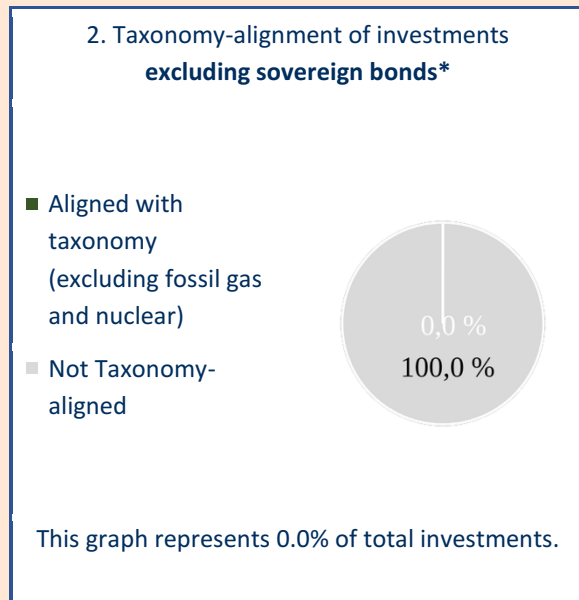
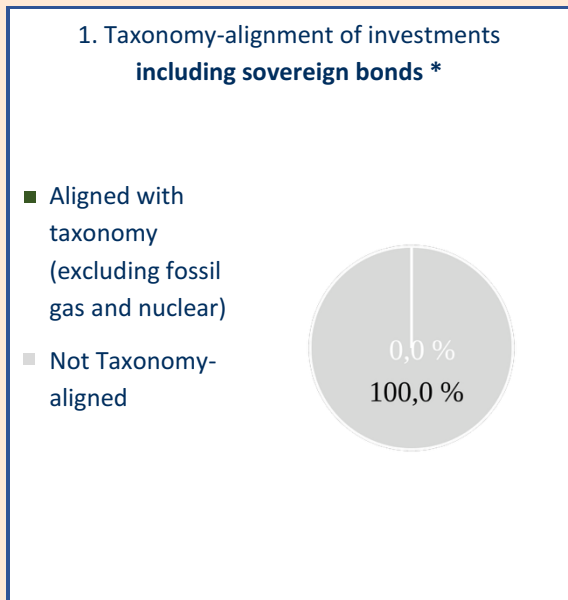
In nuclear energy

No

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 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 symbol represents 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 investments in transitional and enabling activities?

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



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

The minimum share of sustainable investments with an environmental objective that are not aligned with Taxonomy is 0%.



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

The minimum share of socially sustainable investment is 0%.



What investments are included in the "#2 Non-sustainable" category, what is their purpose and are there any applicable minimum environmental or social safeguards?

Other investments include cash which is used to preserve the fund's liquidity and adjust its exposure to market risk. Derivatives are also present in these other investments and are only used for hedging purposes or temporary exposure.



Is a specific index designated as the benchmark for determining whether the sustainable investment objective has been attained?

The specific index designated is the ICE BofAML Global High Yield index (Ticker Bloomberg: HW10 Index).

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objectives.

How does the benchmark take into account sustainability factors in order to be consistently aligned with the sustainable investment objective?

The benchmark is used to define the investment universe. The index is not specifically constructed to promote environmental or social characteristics.

How can you ensure that the investment strategy is aligned with the methodology of the index on a continuous basis?

This strategy is active, not passive, so we do not guarantee alignment with the index methodology.

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

This market index is traditional and representative of the strategy's profile.

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

The methodology of index construction is the responsibility of the index provider.



Where can I find more product-specific information online?

Additional information and documents are available on the Crédit Mutuel Asset Management website, and in particular on the pages dedicated to Sustainable Investment and the various products: Our fund selection | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)