Product name: La Française Financial Bonds 2027

Legal entity identifier: 969500D5UO6DAER9K054

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: N/A ☐ 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**: N/A	☒ 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 30.0% 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**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/8 52, 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.

The percentage of sustainable investment is made on the basis of the fund's net assets.

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

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 extra-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 extra-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)

This financial product adopts an ESG integration and selectivity approach to management, eliminating 20% of the lowest-rated issuers on the internal ESG score from its investable universe.

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 consideration of non-financial environmental, social and governance criteria is based on a proprietary ESG analysis model; it is based on a combination of data from external data providers (Sustainalytics, ISS ESG, Ethifinance), covering companies and governments. This model is built on around forty non-financial indicators structured around three pillars: Environmental, Social and Governance, for a socially responsible approach. The ESG score thus makes it possible to assess and select companies or issuers in accordance with the environmental and social characteristics sought by the financial product. In addition, the assessment of revenue in connection with one or more Sustainable Development Goals, as well as the analysis of negative impacts and the main social standards are used to qualify the Sustainable Investment segment of the financial product, according to a methodology specific to Crédit Mutuel Asset Management.

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?

In addition to promoting environmental and social characteristics, at the heart of the financial product's investment proposal, it focuses on a minimum investment segment with the objective of investing in companies and/or issuers identified as 'sustainable' according to an internal methodology specific to Crédit Mutuel Asset Management. The United Nations Sustainable Development Goals are used as a reference framework to determine investments that can contribute to an environmental or social objective. The financial product thus seeks to encourage the companies and/or issuers that have the best record in terms of environmental, social and governance practices, while promoting and encouraging those that also demonstrate a proven contribution to the achievement of environmental and/or social objectives, in particular through their activities.
The minimum quantitative thresholds that the management company has set for sustainable investment can be consulted in the Responsible Investment Policy available on the Crédit Mutuel Asset Management website.

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 environmentally or social 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 were the indicators for adverse impacts on sustainability factors 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? Detailed description:

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.

The EU Taxonomy sets out a "do no 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 investment must also not significantly harm any environmental or social objectives.

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 involves the discretionary management of a portfolio of bonds issued by private or public bodies.
The sub-fund may invest in securities with a maturity up to 30 June 2029, i.e. a maximum of one year from the maturity of the sub-fund. The maturity is calculated on the basis of the first early redemption date of the securities in the portfolio or at final maturity for securities that do not have an early redemption option. However, the portfolio's average maturity must not go beyond 31 December 2027.
Exposure ranges:
- up to 100% of the net assets in securities with a final maturity on or before 30 June 2029,
- up to 10% of net assets in dated securities with a maturity greater than 30 June 2029 but with a first early redemption date before 30 June 2029,
- up to 10% of the net assets in undated securities (perpetual bonds) but with an initial early redemption date before 30 June 2029.

The strategy is not limited to bond carrying. The management company may use arbitrage in the event of new market opportunities or an increased default risk of one of the issuers in the portfolio. The management of the sub-fund therefore relies primarily on the management team's in-depth knowledge of the selected companies' financial state and sovereign debt fundamentals.

This Sub-fund promotes environmental, social and governance (ESG) criteria within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the Sustainable Finance Disclosure (SFDR).

In its investment decisions, the management team endeavours to take into account the criteria of the European Union in terms of economic activities considered sustainable under the Taxonomy Regulation (EU) 2020/852. Based on the currently available issuer data, the minimum percentage of alignment with the European Union Taxonomy is 0%.
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.

The investment strategy takes extra-financial criteria into account without making them a commitment within the meaning of AMF position 2020-03.

Crédit Mutuel Asset Management applies the following to its entire range of mutual funds:

- a policy for monitoring controversies aimed at maintaining or excluding the securities concerned,
- a sectoral exclusion policy regarding controversial weapons, tobacco, coal and hydrocarbons.

These policies are available on the Crédit Mutuel Asset Management website.
Pre-contractual information on the environmental or social characteristics promoted by the UCI is available in the appendix.
Environmental, social and governance (ESG) criteria represent one element of the management, but their weight in the final decision is not defined upstream.

The financial analysis applies to issuers in the investment universe where the selection of securities and portfolio construction will be carried out on a discretionary basis according to an analysis of the issuers' financial statements, as well as the analysis of their solvency and liquidity situation, as well as related regulatory and sectoral changes. The monitoring of credit institutions and their solvency is subject to special monitoring using proprietary tools and particular attention is paid to the subordination ranking of securities that can be included in the portfolio.

In order to achieve the management objective, the portfolio is invested up to 100% of its net assets in fixed or variable rate bonds, other negotiable debt securities and money market instruments (Treasury bills, commercial paper, certificates of deposit) of all economic sectors, and more particularly 70 to 100% of its net assets in bonds of the financial sector (as defined by Bloomberg: Industry Sector, INDUSTRY_SECTOR (DS 199)). The portfolio may invest up to 20% of its net assets in sovereign bonds, depending on market opportunities.

During the period from the first subscription date until the minimum amount of assets under management reaches the level of 5 (five) million euros, the fund will be invested in money market securities.

The sub-fund invests up to 100% of its net assets in Investment Grade issues (with a rating higher or equal to BBB- at Standard & Poor's or Baa3 at Moody's and/or up to 50% of its net assets in High Yield issues (speculative) or unrated issues (i.e. with a rating lower than BBB- or Baa3). The sub-fund may only invest in securities whose issuer is rated by an agency or by the management company via an internal analysis reviewed on an annual basis. The management company shall not exclusively or automatically rely on external ratings but may, upon the issuance of such a rating, take it into consideration for its credit analysis.
Investment in convertible bonds is limited to maximum of 30% of net assets.
The sub-fund may invest up to 100% of its net assets in subordinated bonds with a maturity date ("dated"). Undated subordinated securities ("perpetual") may not exceed 10% of the net assets. Contingent convertible bonds (CoCos) and preferred shares are authorised up to a cumulative overall limit of 10% of the net assets.
CoCos are more speculative in nature and have a higher risk of default than a conventional bond, but these convertible contingent bonds will be sought after in the management of the sub-fund due to their theoretical higher yield compared to a conventional bond. The purpose of this remuneration is to compensate for the fact that these securities can be converted into equity (shares) or suffer a capital loss in the event that the contingency clauses are triggered by the financial institution concerned (exceedance of a capital threshold predetermined in the prospectus of the subordinated bond or decision of the regulator in the event of the non-viability on the part of the credit institution).
Preferred shares are hybrid securities because they are equity instruments that typically pay a fixed or variable dividend (based on a reference rate plus an additional margin) and hold a preferential ranking within the issuing company's capital structure compared to the common shares of that same company. In general, holders of preferred shares do not have voting rights.

The manager invests in securities denominated in EUR and up to a maximum of 30% in securities denominated in USD and/or GBP. Insofar as the securities are not denominated in EUR, the exchange risk will be automatically hedged. There may however be a residual currency exchange risk due to imperfect hedging.

The sensitivity range for interest rates in which the fund is managed	From 0 to 5 (decreasing over time)
Geographical area of the issuers of securities to which the fund is exposed	Private and public issuers from OECD countries (all zones): 0 - 100% including a maximum of 10% in emerging countries
Currencies denominating securities in which the fund is invested	EURO: 70% to 100% - USD/GBP: maximum 30%
Level of exchange risk borne by the fund	Residual owing to imperfect hedging of currency positions

The sub-fund will preferably use derivative instruments on organised futures markets but reserves the right to enter into OTC contracts where these contracts are better suited to the management objective or offer lower trading costs. The sub-fund reserves the right to trade on all European and international futures markets. The manager may use financial instruments such as futures, forwards, options, interest rate swaps, foreign exchange swaps, forward exchange transactions, Credit Default Swaps (CDS on single underlying asset

options and CDS on indices). They will mainly act with the aim of hedging and/or exposing the fund to interest rate and/or credit futures markets, and with the aim of hedging future exchange markets. The sub-fund may use Total Return Swaps (TRS) up to a maximum of 25% of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 5% of the assets. The assets underlying TRS may be corporate bonds, government bonds or bond indices.
The sub-fund's exposure to derivatives shall not exceed 100% of its net assets, without seeking overexposure.

As the fund approaches maturity and depending on the prevailing market conditions, the management company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the fund, subject to the AMF's approval.

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

What are the constraints defined in the investment strategy to select investments in order to attain each of the environmental or social characteristics promoted by this financial product?

For funds with significant exposure, the extra-financial analysis carried out according to the ESG stock selection process described below results in the exclusion of at least 20% of the lowest-rated issuers, companies or businesses from the initial investment universe covered.
Up to a maximum of 10% of the assets may be selected companies or issuers not covered by the internal ESG analysis as well as those in the penultimate quintile. In addition, sectoral exclusions are implemented concerning controversial weapons, tobacco, coal and hydrocarbons. Companies or issuers identified as having severe controversies ("red controversy" according to the internal classification) are also excluded from the investment universe for all of Crédit Mutuel Asset Management's financial products.

What is the minimum proportion by which the financial product commits to reducing its investment scope before this investment strategy is implemented?

The selectivity mechanism leads to a minimum 20% reduction in the investment scope.

What is the policy implemented 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.

What is the asset allocation planned for this financial product?

Please refer to the answer to the question "What investment strategy does this financial product follow?"

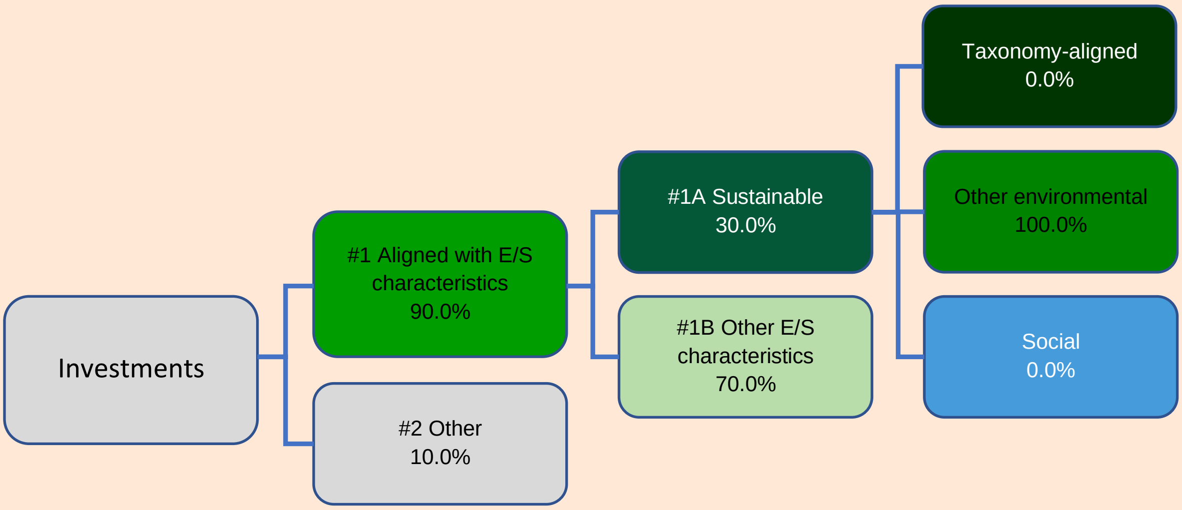
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage:

- **turnover** reflecting the share of revenue from the green activities of companies in which the financial product invests;

- **capital expenditure** (CapEx) showing the green investments made by the companies in which the company invests, e.g. for a transition to a green economy;

- **operational expenditures** (OpEx) reflecting green operational activities of the companies in which the financial product invests.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments in the financial product which are neither aligned with environmental or social characteristics nor are qualified as sustainable investments.
Category **#1 Aligned with E/S characteristics** includes:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives:
- The sub-category **#1B Other E/S characteristics** covers investments aligned with environmental or social characteristics that do not qualify as sustainable investments.

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

The financial product may use derivatives. The use of futures to actively manage the asset allocation of the financial product remains without impact on the ESG profile of the fund.

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

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

☐ Yes

☐ In fossil fuels ☐ 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.

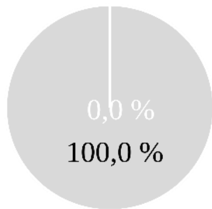
The two graphs below show in green the minimum percentage of investments aligned with the EU Taxonomy. As there is no appropriate methodology for determining the Taxonomy alignment of sovereign bonds*, the first graph shows the Taxonomy alignment with respect to all financial product investments, including sovereign bonds, while the second graph represents the Taxonomy alignment only with respect to financial product investments other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds ***

- Aligned with taxonomy (excluding fossil gas and nuclear)
- Not Taxonomy-aligned

2. Taxonomy-alignment of investments **not including sovereign bonds**

- Aligned with taxonomy (excluding fossil gas and nuclear)
- Not Taxonomy-aligned



This graph represents 80.0% of total investments.

* 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 minimum share in transitional and enabling activities is 0%.

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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

This financial product does not include a commitment to the EU Taxonomy.

What is the minimum share of socially sustainable investments?

This financial product does not provide for a minimum proportion of sustainable investment with a social objective.

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

This financial product may invest, within the limit provided for in the prospectus, in French or foreign UCITS. A proportion of cash (via money market funds, for example) ensures a liquidity reserve and anticipates any movements related to subscriptions/redemptions by unitholders.

For the sake of consistency, the manager selects funds with an SRI label (or equivalent) and/or incorporating extra-financial considerations in order to ensure that environmental, social and governance considerations are taken into account and thus minimise the sustainability risks arising from exposure to the underlying liquidity.

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?

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

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

The specific indices designated are Bloomberg EuroAgg Financials Total Return Index Value Unhedged EUR (LEEFTREU), ICE BofA Euro Financial High Yield Index (HEB0), ICE BofA Global Financial Services Index (GFFS) and JP Morgan Hedged Eur Unit GBI Global Index (JHUCGBIG Index).

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

How is the alignment of the investment strategy with the methodology of the index ensured 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 composite of market indices is traditional and representative of the profile of the strategy.

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)