

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

## Environmental and/or social characteristics

**Sustainable Investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significant 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.

### 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/Social (E/S) characteristics** and while it does not have as its objective a 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 any sustainable investments**



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

This funds applies first and foremost, the Groupe La Française exclusion policy which is implementing three types of exclusions.

Exclusions that we call normative: they share common features which have acquired a level of universality and may even be embodied in regulations in certain countries. This is the case for controversial weapons whose exclusion is generally based on conventions signed by many countries, including France.

The Group has also decided to implement public interest exclusions. These exclusions relate to products whose use – despite being a matter of personal freedom - is nevertheless generally not in the public interest due to their negative effects on health and the environment. Therefore, the Group has decided to exclude tobacco as a public health issue.

Finally, we are applying exclusions necessary to meet the Group's commitment to the Paris Agreement to decarbonise the economy as well as the commitment we made by signing the Net Zero Asset Managers Initiative(4) (NZAMi) to achieve zero net carbon emissions by 2050. Those exclusions are related to unconventional Oil and Gas production and Coal share of production or capacity.

In addition, the fund applies ESG integration approach. The fund can only invest in countries or companies that have been assessed from an ESG perspective. Through ESG integration we will favor best practices over worst ones through the information provided by our ESG research team.

The investment universe is defined as J.P. Morgan GBI Global hedged Euro Index + J.P. Morgan EMBI Global Diversified hedged Euro Index + Bloomberg Global aggregate Corporate Index + Indice ICE Bofa Global High Yield.

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 sustainability indicators used to measure the attainment of each of the environmental characteristics promoted by the financial product are:

- Sovereign ESG score; and
- Corporate ESG score.

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.

***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?***

NA

***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?***

NA

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

The indicators for adverse impacts on sustainability factors have not been taken into account.

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

NA

*The EU taxonomy establishes 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 investment must also not significantly harm any environmental or social objectives.



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

- Yes,
- No



## WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW ?

### The investment strategy

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

We have integrated our ESG analysis on sovereign and corporate issuers in the financial product with the aim to capture the ESG risks and opportunities they are exposed to. Through integration we are able to select issuers, out of our initial investment universe, on the basis of their ESG profile, favoring best practices and limiting or avoiding exposure to worst practices (ESG profile and controversies).

The initial investment universe is constructed from government and corporate issuers belonging to the J.P. Morgan GBI Global hedged Euro Index (JHUCGBIG Index) + J.P. Morgan EMBI Global Diversified hedged Euro Index (JPGCHECP Index) + Bloomberg Global aggregate Corporate Index (LGCPTUU Index) and the ICE Bofa Global High Yield (HW00 Index), as well as from issuers not belonging to those index but invested in a portfolio which meets the investment criteria of the sub-fund detailed above.

Sovereigns and Corporates are analysed by La Française Sustainable Investment Research (hereinafter the " Research Center") of the entity "La Française Group UK Limited" specialised in determining responsible investment criteria. It is specified that there is a risk of conflicts of interest with respect to the provision of ESG scores by the Research Center.

Issuers are subject to the same requirements regardless of whether or not they belong to the index. The analysis of Environmental, Social and Governance criteria is carried out by the Research Center, which has developed a proprietary ESG model. This tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators).

### ***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?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental characteristics promoted by this financial product are:

- Group exclusion policy: The Group La Française is implementing three types of exclusions.

Exclusions that we call normative: they share common features which have acquired a level of universality and may even be embodied in regulations in certain countries. This is the case for controversial weapons whose exclusion is generally based on conventions signed by many countries, including France.

The Group has also decided to implement public interest exclusions. These exclusions relate to products whose use – despite being a matter of personal freedom - is nevertheless generally not in the public interest due to their negative effects on health and the environment. Therefore, the Group has decided to exclude tobacco as a public health issue.

Finally, we are applying exclusions necessary to meet the Group's commitment to the Paris Agreement to decarbonise the economy as well as the commitment we made by signing the Net Zero Asset Managers Initiative(4) (NZAMi) to achieve zero net carbon emissions by 2050.

Those exclusions are related to unconventional Oil and Gas production and Coal share of production or capacity.

- ESG integration by the carrying of the analysis of Environmental, Social and Governance criteria.

Through ESG integration we will favor best practices over worst ones through the information provided by our ESG research team.

Daily controls are made at 1st levels followed by 2nd and 3rd level of control.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy is 0%.

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

Good governance practices are assessed through our 'G' pillar (of our ESG assessment) where we analyze board composition, independence and diversity, risk management processes and controversies for corporates. This is then informed by a qualitative assessment of the company's governance practices. This will result in an overall 'G' score that will be used to determine the acceptable or non-acceptable level of practices.

For sovereigns, we assess good governance practices through six dimensions: governance effectiveness, control of corruption, human rights voice and accountability, rule of law, political stability and regulatory quality. Those dimensions are captured from public sources of information (World Bank) and are complemented with a fundamental country analysis.

#### **Good Governance**

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



### **What is the asset allocation planned for this financial product?**

The initial investment universe is constructed from government and corporate issuers belonging to the J.P. Morgan GBI Global hedged Euro Index (JHUCGBIG Index) + J.P. Morgan EMBI Global Diversified hedged Euro Index (JPGCHECP Index) + Bloomberg Global aggregate Corporate Index (LGCPTRUU Index) and the ICE Bofa Global High Yield (HW00 Index), as well as from issuers not belonging to those index but invested in a portfolio which meets the investment criteria of the sub-fund detailed above, which are analysed by La Française Sustainable Investment Research (hereinafter the "Research Center") of the entity "La Française Group UK Limited" specialised in determining responsible investment criteria. It is specified that there is a risk of conflicts of interest with respect to the provision of ESG scores by the Research Center.

Issuers are subject to the same requirements regardless of whether or not they belong to the index.

The analysis of Environmental, Social and Governance criteria is carried out by the Research Center, which has developed a proprietary ESG model. This tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators).

For bonds, an assessment of the issuer's Environmental, Social and Governance criteria may be carried out; however, the consideration of these criteria is not necessarily exhaustive or systematic.

As such, the sub-fund promotes certain environmental and social characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR).

Issuers to be excluded based on the exclusion policy of La Française Group, available on the website [www.la-francaise.com](http://www.la-francaise.com), are automatically excluded.

The asset allocation for this strategy is flexible, to allow the product to get exposed to sovereign or credit asset classes as defined by the initial investment universe. The asset allocation reflects our strategic views on the macroeconomic environment and microeconomic drivers. A tactical allocation could be used to capture market opportunities on short term dynamics. As a result, our asset allocation will not have a minimum share of assets aligned with E/S characteristics. Others is therefore shown as 100% but cannot be understood as a minimum.

### Asset Allocation

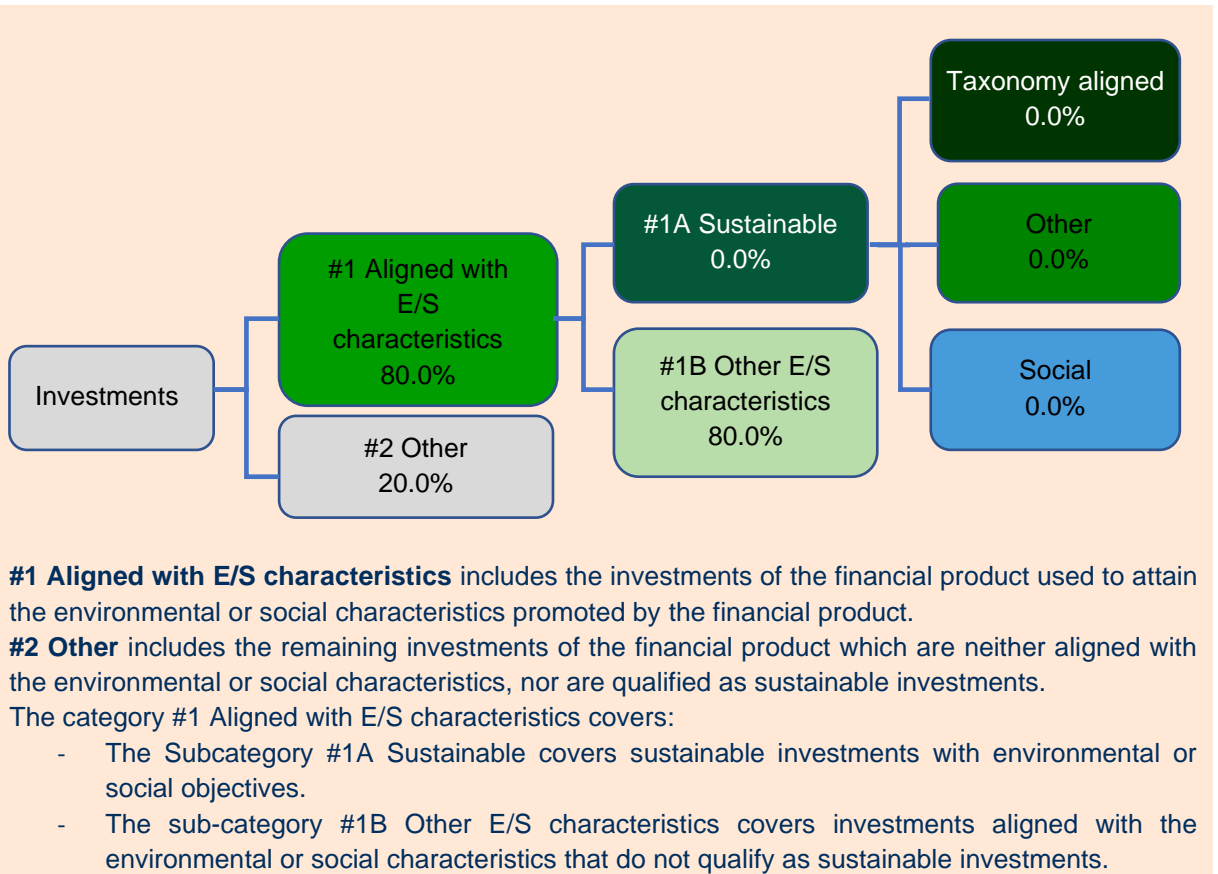
describes the share of investments in specific assets.

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.



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

Derivatives are used as hedging and exposure instruments.



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

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

Yes

In fossil gas

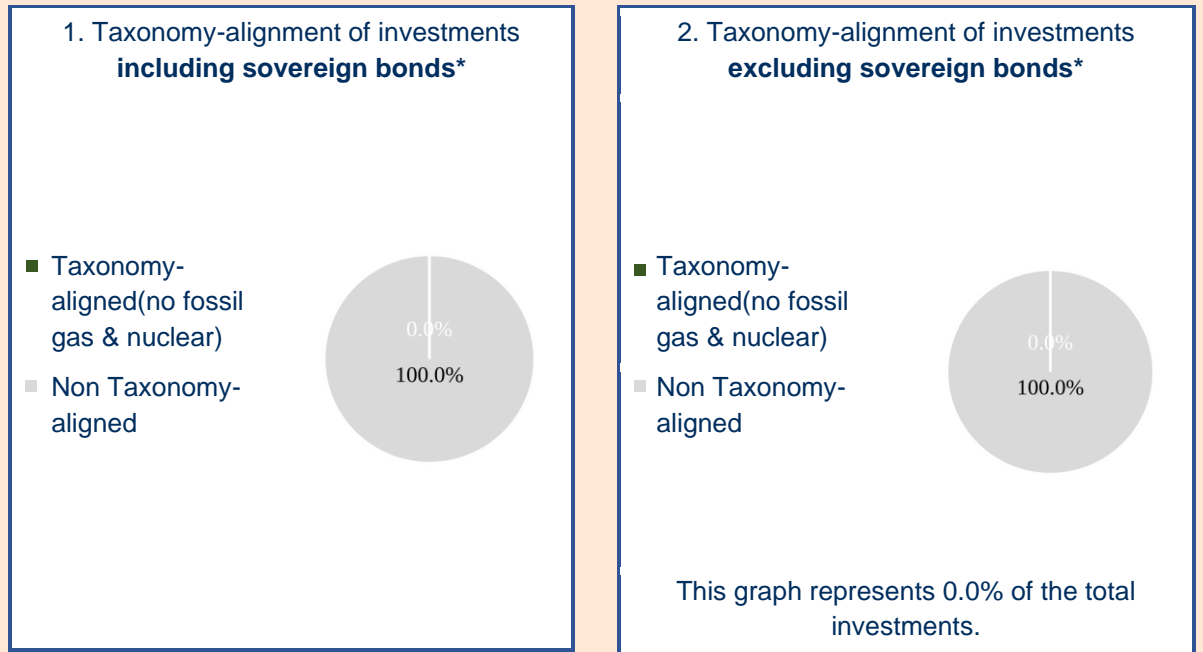
In nuclear energy

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 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?**  
NA

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 the EU Taxonomy is 0%.

What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is 0%.

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

Others would include cash which would be used to preserve the liquidity of the fund and adjust for its risk exposure to the market. Derivatives would also be in others and only be used for temporary hedging purposes. There is no minimum environmental or social safeguards on these remaining investments.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## 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?



While the sub-fund uses J.P. Morgan GBI Global hedged Euro Index (JHUCGBIG Index) + J.P. Morgan EMBI Global Diversified hedged Euro Index (JPGCHECP Index) + Bloomberg Global aggregate Corporate Index (LGCPTRUU Index) and the ICE Bofa Global High Yield (HW00 Index) to construct the initial investment universe such indices are not used to determine whether the 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 reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

The reference benchmark is used for the definition of the investment universe. The index is not designed to answer specific environmental or social characteristics.

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

N/A

This is not a passive strategy so we do not track the methodology of the index.

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

N/A

Those indices are broad market indices.

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

The share of each index in the benchmark are explained in the prospectus. The methodology of individual indices belongs to the index provider.



## Where can I find more product specific information online?

Legal documents are available on request and free of charge from the management company or on the website: [www.la-francaise.com](http://www.la-francaise.com). You can get them free of charge by requesting them from [serviceclient@la-francaise.com](mailto:serviceclient@la-francaise.com). Additional information is available from the Registered Products Customer Service Department via the following contact details: [serviceclient@la-francaise.com](mailto:serviceclient@la-francaise.com).