



# TRANSPARENCY CODE – CARBON IMPACT EQUITY

—  
January 2022



**LA FRANÇAISE**  
investing together

## **European SRI Transparency Code**

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: [www.eurosif.org](http://www.eurosif.org). The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in February 2018.

### **REVISION OF THE CODE**

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

### **TWO KEY MOTIVATIONS UNDERPIN THIS CODE**

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

### **GUIDING PRINCIPLE**

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

### **COMMITMENTS BY SIGNATORIES**

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

## **Statement of Commitment**

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of La Française. We have been involved in SRI since 2008 and welcome the European SRI Transparency Code.

This is our 13<sup>th</sup> statement of commitment and covers the period January 2022 to December 2022. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website [www.la-francaise.com](http://www.la-francaise.com).

## **Compliance with the Transparency Code**

La Française Asset Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. La Française Asset Management meets the full recommendations of the European SRI Transparency Code.

January 31<sup>st</sup>, 2022

## **Eurosif classification of Sustainable and Responsible Investment<sup>1</sup> strategies**

**Sustainability Themed Investment:** investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

**Best-in-Class Investment Selection:** approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

**Norms-Based Screening:** screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

**Exclusion of Holdings from Investment Universe:** an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

**Integration of ESG Factors into Financial Analysis:** the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses

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<sup>1</sup> Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

**Engagement and Voting on Sustainability Matters:** engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

**Impact Investing:** impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances<sup>2</sup>. Investments are often project specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French fonds solidaires.

**Disclaimer accompanying the European SRI Transparency Logo:**



The European SRI Transparency logo signifies that La Française Asset Management commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Socially Responsible Investment (SRI) policies and practices relating to the fund. Detailed information about the European SRI Transparency Guidelines can be found on [www.eurosif.org](http://www.eurosif.org), and information of the SRI policies and practices of the La Française LUX – Inflection Point Carbon Impact Global, La Française LUX – Inflection Point Carbon Impact Euro can be found at: <https://www.la-francaise.com/en/who-we-are/our-expertise/sri-philosophy/>. The Transparency Guidelines are managed by Eurosif, an independent organisation. The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.

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<sup>2</sup> Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

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## 1. LIST OF FUNDS COVERED BY THE CODE

This Transparency Code applies to the following funds: **La Française LUX - Inflection Point Carbon Impact Global** and its feeder **CMNE Participation Actions Monde** and **La Française LUX – Inflection Point Carbon Impact Euro** and its feeder **La Française €CO2 Responsable**.

### Dominant and complementary strategies

- Best in universe
- Exclusion
- SRI Thematic
- Best effort
- Engagement

### Main asset class

- French stocks
- Euro-zone stocks (La Française LUX - Inflection Point Carbon Impact Euro, La Française €CO2 Responsable (feeder))
- EU stocks
- International stocks (La Française LUX - Inflection Point Carbon Impact Global and CMNE Participation Actions Monde (feeder))
- Euro denominated bonds and other debt securities
- International bonds and other debt securities
- Monetary
- Short term monetary
- Formula-based funds

### Fund capital as at 31/12/2021

La Française LUX - Inflection Point Carbon Impact Global : 356,44M€

CMNE Participation Actions Monde (feeder) : 31,13M€

La Française LUX - Inflection Point Carbon Impact Euro : 41,69M€

La Française €CO2 Responsable (feeder) : 18,25M€

### Labels

- SRI Label (for the master funds only)
- TEEC Label
- CIES Label
- Luxflag Label
- FNG Label (for the master funds only)
- Austrian Label

Others : Greenfin, for La Française LUX - Inflection Point Carbon Impact Global only

### **Liens vers les documents relatifs au fonds**

La Française LUX - Inflection Point Carbon Impact Global : [link to relevant documents](#)

CMNE Participation Actions Monde (feeder) : [link to relevant documents](#)

La Française LUX - Inflection Point Carbon Impact Euro : [link to relevant documents](#)

La Française €CO2 Responsable (nourricier) : [link to relevant documents](#)

## **2. GENERAL INFORMATION ABOUT THE FUND MANAGEMENT COMPANY**

### **2.1. Name of the fund management company that manages the applicant fund(s)**

The management company in charge of the funds to which this code applies is **La Française Asset Management (La Française AM)**. Within La Française group, it represents the master entity of the Financial Assets division and it is specialized in bond, money market, diversified and equity management.

#### **La Française Asset Management**

128 boulevard Raspail, 75006 Paris, FRANCE

Société par actions simplifiée (SAS) with a capital of 17 696 676 €

Asset Management Company regulated by the AMF under n°GP97076

Registered under n° 314 024 019 RCS Paris.

Website: [www.la-francaise.com](http://www.la-francaise.com)

### **2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?**

La Française Asset Management's approach is part of the La Française Group's Corporate Social Responsibility (CSR)<sup>3</sup> policy and that of its shareholder, the mutual bank Crédit Mutuel Nord Europe (CMNE)<sup>4</sup>.

The CSR strategy specific to La Française Group was formalized with the help of its stakeholders in 2021 and is available on its website

La Française's responsible investment approach dates back to 2008. From an outsourced approach, La Française has gradually evolved towards the integration of resources and skills and the expansion of the scope of responsible investment to various asset classes.

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<sup>3</sup> La Française Responsible Investment Policy : <https://www.la-francaise.com/fileadmin/docs/CharteInvestissementResponsableLaFrancaiseEN.pdf>

<sup>4</sup> CMNE's Group CSR report : [https://www.creditmutuel.fr/partage/fr/CC/CMNE-2018/telechargements/institutionnel/rapport-annuel/2019/CMNE2019\\_RA\\_GB\\_MEL\\_160620.pdf](https://www.creditmutuel.fr/partage/fr/CC/CMNE-2018/telechargements/institutionnel/rapport-annuel/2019/CMNE2019_RA_GB_MEL_160620.pdf)  
PRI 2020 report : <https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/742D9724-BBC5-433E-8A64-C203B53128AD/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>



Note: \*Lancement du fonds Carbon Impact 2026 en 2019, d'Obligations Carbon Impact en 2020 et de Carbon Impact Floating Rates en 2021

In October 2010, to strengthen its commitment, La Française signed the PRI (Principles for Responsible Investment)<sup>5</sup>.

The application of these principles has resulted in the development and continuous improvement of an investment process and resources dedicated to the SRI management of the group, including an annually updated CSR policy. Over the years, Sustainable Investment has become strategic for the Group to the point that it now represents one of the 5 development axes of its medium-term strategic plan (2021-2026).

The definition of SRI is multiple and always evolving (exclusion, Best In Class, thematic, etc.). La Française has deployed a proprietary version of Responsible Investment (RI): more demanding than just taking into account traditional financial and extra-financial criteria based on the three ESG (Environmental, Social and Governance) factors, the strategy integrates a measure of sustainability by assessing the capacity of companies to adapt and innovate.

In this way, La Française's philosophy enables the selection of companies that are best suited to develop in a constantly changing world and that have the will to implement a genuine sustainable development policy.

You will find further information on our approach to sustainable and responsible investing on our website, more specifically in the document « La Française commits<sup>6</sup> ».

### 2.3. How does the company formalise its sustainable investment process?

La Française has formalized its approach as a responsible investor by publishing its Responsible Investment Charter, its voting policy and is in the process of drafting its engagement policy.

#### ■ Responsible Investment Policy

Since July 2018, La Française publishes its Responsible Investment (RI) Policy, document of reference for the Group's practices in terms of the integration of environmental, social and governance factors (ESG) into its management activity for third parties<sup>7</sup>. This document is reviewed regularly and its last update dates back to 2020.

La Française Group is convinced that ESG factors significantly affect the financial performance of investment assets, both in terms of profitability and risk, and that this influence continues to strengthen. This conviction is supported by the increasing number of academic works that deal with this issue and confirm it. The perceived antagonism between economic performance and financial profitability versus sustainability and social responsibility is no longer apt. Responsible behaviours for sustainable finance are synonymous with flexibility, responsiveness, innovation and therefore performance and profitability.

<sup>5</sup> La Française 2019 PRI Public Transparency Report: <https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/223DC7AD-D59B-4A23-9443-6737A21CD729/79894dbc337a40828d895f9402aa633de/html/2/?lang=en&a=1>

<sup>6</sup> La Française commits : [https://www.la-francaise.com/fileadmin/docs/Asset\\_et\\_Allocations/XX3533-La\\_Francaise\\_s\\_engage-maj\\_decembre\\_2021\\_EN.pdf](https://www.la-francaise.com/fileadmin/docs/Asset_et_Allocations/XX3533-La_Francaise_s_engage-maj_decembre_2021_EN.pdf)

<sup>7</sup> La Française Responsible Investment Policy: <https://www.la-francaise.com/fileadmin/docs/CharteInvestissementResponsableLaFrancaise2018EN.pdf>



Therefore, the question is not why to integrate ESG factors into investment processes, but rather under what circumstances should ESG factors be ignored.

Our Group is also convinced that climate change is a structuring element of the economic and social future and that the society of tomorrow will be based on a low-carbon economy. As such, it is important and urgent to consider the climate in investment decisions. The risks and opportunities associated with climate change, risks and opportunities of transition or physical risks, are likely to affect all the activities and the financial performances of the assets, whatever the sectors and the classes of assets. Not only is there no opposition between climate performance and financial performance, but more and more scientific studies show the emergence of a carbon factor influencing the financial markets. The issue of biodiversity is also a structuring environmental element to which our Group is sensitive.

## ■ Exclusion policy

La Française Group has a positive vision of the company, and its investment philosophy is based on the analysis of the trajectories of the strategies implemented by these structures. We estimate the capacity of companies to evolve and transform, an assessment that is based on an approach of progress and not exclusion.

However, in light of the crises and challenges facing our living together, we can no longer do without certain exclusions and have formalized a policy of exclusion. At group level, anti-personnel mines, cluster munitions, biological and chemical weapons, white phosphorus, and depleted uranium are excluded.

At the level of La Française Asset Management, mining groups deriving more than 25% of their income from coal or planning to build/open new coal mines are excluded, electricians deriving more than 25% of their income or coal production or planning to build/open new coal-fired power plants and tobacco companies are excluded.

Some funds are managed with additional exclusions (e.g. ESG exclusions for SRI labeled funds, etc.).

## ■ Voting policy

La Française AM has formalized a voting policy<sup>8</sup> based on Institutional Shareholders Services (ISS) electronic voting tool: ISS Proxy Voting. This tool allows us to exercise voting rights in every company in our portfolio.

Since 2014, the Group has adopted the ISS Sustainability Policy<sup>9</sup> which best corresponds to its approach, convictions and commitments as a signatory of the PRI. However, it was deemed essential to be able to express its views on certain sensitive and potentially contentious issues. The Group has therefore set up alerts on predefined types of resolutions so that it can express its point of view and thus allow, if necessary, to vote differently from the ISS recommendation.

Finally, in 2017, La Française group adopted a Custom Policy in line with its commitments. This policy is updated on a yearly basis. It is particularly in favor of the climate and it covers :

1. **Climate change (Environmental):** Vote against the approval of the financial statements for companies not reporting to CDP ; opposition to the approval of the accounts of companies in the energy sectors that do not commit to setting up a CO2 emissions reduction target "SBT - Science Based Target".
2. **Board independence:** Vote against the election of non-independent members according to thresholds that vary according to the various committees.

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<sup>8</sup> La Française AM voting policy : <https://www.la-francaise.com/en/regulatory-information/>

<sup>9</sup> [www.issgovernance.com/file/policy/active/specialty/Sustainability-International-Voting-Guidelines.pdf](http://www.issgovernance.com/file/policy/active/specialty/Sustainability-International-Voting-Guidelines.pdf)

3. **Diversity (Social):** Vote against the election or re-election of any male director if, after the election, the Board will not include a minimum of 40% of women.
4. **Combination of mandates (Governance):** Vote against the election or re-election of a non-executive director if, after the election, the total count of his or her mandates is 4 or above.
5. **Remuneration (Governance):** Vote against the remuneration report or remuneration policy if there are no executive shareholding guidelines/requirements for the CEO.

## Engagement

In its role as an asset manager, La Française believes that engagement is one of the key components of its Responsible Investment policy. We apply this policy when selecting companies, during systematic voting at General Meetings and, finally, through the engagement process undertaken with our issuers.

The Group published its engagement policy in 2019, which it reviews annually, and publishes a report each year on the implementation of its engagement policy.

The Group practices individual engagement with companies on SRI / ESG issues. La Française's Sustainable Investment Research's (SIR) analysts and portfolio managers engage in a constructive dialogue with the listed companies they meet and maintain an active dialogue with. The topics vary according to the elements for which we lack information and that we consider essential for the strategy and the business model of the company.

La Française participates in collaborative engagement initiatives. The Group has thus joined some collaborative engagement initiatives, notably through the PRI Collaboration Platform around two themes that we consider essential: climate change (Climate Action 100+) and human capital (Workforce Disclosure Initiative).

### **2.4. How are ESG risks and opportunities – including those linked to climate change – understood/considered by company?<sup>10</sup> (Article 173-VI & TCFD)**

Our Responsible Investment Charter sets the framework for our ESG and climate approach. We do not want to exclude any sectors a priori. Rather, we rely on the combination of a requirement for the results of the ESG analysis (and therefore climate) in the choice of our investments and a commitment, in particular collaborative on the climate.

Pre-investment analyses and our knowledge of invested companies allow us to manage both controversy and reputational risk, relying on our in-house expertise centre and having the ability to analyse and consider events (controversies) when they occur.

Our policy as regards of the risks and opportunities associated with climate change is characterized in the philosophy adopted for the management of funds in the "Carbon Impact" range. In essence, we seek to promote energy transition rather than exclude entire sectors, which places particular demands on us when selecting companies operating in the most carbon-intensive sectors; it also drives us to discover new stakeholders in the low-carbon economy.

Convinced of the need to integrate ESG & climate factors into investment processes and the recognition that climate is a key issue for our companies and therefore our investments, the Group has developed a range of investment products to meet the challenge of the energy transition and the change of society model towards a lower-carbon footprint society.

La Française group's first climate change-based equity fund was launched in June 2015, ahead of the COP 21. This fund aims to strike a balance between the reduction of carbon emissions, on the one hand, by investing in issuing companies in rapid transition and companies offering solutions

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<sup>10</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

(technological solutions) and, on the other hand, by avoiding emissions through investments in renewable energies. A similar equity strategy focusing on the euro zone was launched in 2018.

Some fixed income funds have been launched in 2019 and 2020 using the same philosophy of a transition to a low-carbon economy, but with certain adaptations. Indeed, the most carbon-emitting sectors, in particular electricity producers, occupy a larger share of the bond market than that of equities.

For the bonds of the most emitting sectors and in particular electricity producers, we favor the notion of the future trajectory of carbon intensity. Indeed, we are evaluating whether these trajectories are compatible with a low rise in the average temperature of the Earth. This compatibility is analyzed by comparing the trajectories of companies with the sectoral decarbonization trajectories of the International Energy Agency (IEA), an independent international scientific and academic community.

This concept of trajectory alignment and scenario analysis is favored for its forward-looking nature compared to simple carbon footprint and intensity measurements at a given time, which reflect past performance.

We also include Green Bonds and Sustainability-Linked Bonds in the portfolios of our credit funds because they allow us to clearly identify the projects financed and thus to define more precisely the impact they will have in terms of emissions reduction .

Finally, a sovereign debt fund was launched in 2021.

For more information, you can refer to the Report on Responsible and Climate Strategy of La Française.

## **2.5. How many employees are directly involved in the company's sustainable investment activity?**

The Chairman of the group's Supervisory Board was appointed ESG/CSR referent within the Supervisory Board in 2021. He brings CSR/ESG topics as well as those related to climate change and the evolution of biodiversity to the Board level. monitoring. This appointment to the group's highest governance body attests to La Française's commitment and ambition in terms of sustainable investment. The group's Global Head of Sustainable Investing (Laurent Jacquier-Laforge) is in charge of coordinating ESG policies across all asset classes (equities, fixed income, real estate, etc.).

At group management level, the group's Global Head of Sustainable Investing, a member of the group's executive committee and reporting directly to the group's General Secretary, is responsible for rolling out responsible investment within all of the management and research teams and the coordination of the group's CSR strategy. He chairs the monthly "COMEX Investissement Durable" which, on the one hand, defines the development strategy for Sustainable Investment, directs development and distribution, disseminates new developments in terms of research, regulations, products-services, risks, reporting, communications, etc and on the other hand validates the Group's CSR strategy and ensures its perfect consistency with our commitment as a Sustainable Investor. This COMEX allows the most direct information and involvement of the Management Board and the functions involved.

Within the management teams of La Française AM, all the managers are involved in the management of one or more SRI strategies. There is no differentiation between SRI and non-SRI managers.

The managers work on a daily basis with ESG analysts, who provide them with research, analyzes and tools dedicated to responsible investment (e.g. ESG score, Carbon measurements, portfolio temperature measurements, etc.).

On the risk monitoring side, a CSR/ESG Compliance and Internal Control referent covers this subject cross-functionally for all asset classes and the Risk Control teams monitor sustainability risks in the same way as financial risks. A risk management department at group level ensures the aggregation of all group risks, including sustainability risks, through an approach that includes a mapping of these risks and their rating, monitoring KPIs and plans reduction of these risks.

Finally, a Responsible Investment committee is organised on a quarterly basis to gather employees from every department to discuss good practices and share the last sustainable investment development at every level within the Group.

## 2.6. How many SRI analysts and SRI portfolio managers are employed by La Française Asset Management?

La Française AM manages sustainable strategies across all of the asset classes it covers : Fixed Income, Rates, Equity and Cross Asset.

Within the management teams, all the managers are involved in the management of one or more SRI strategies. There is no differentiation between SRI and non-SRI managers.

The managers work in partnership with 6 analysts dedicated to ESG and thematic research.

## 2.7. Is the company involved in any RI initiatives?

### General initiatives

- SIFs - Social Investment Forum
- FIR : Research Commission and "Mission-led company" & SRI Commission
- PRI - Principles for Responsible Investment
- ICCR - Interfaith Center on Corporate Responsibility
- ECCR - Ecumenical Council for Corporate Responsibility
- AFG Commissions
- EFAMA RI WG
- European Commission's High Level Expert Group on Sustainable Finance
- Other

### Environmental/Climate Initiatives

- IIGGC - Institutional Investors Group on Climate Change
- CDP- Carbon Disclosure Project, carbon, water and forest as well as the « *Non-Disclosure Campaign* »
- Montreal Carbon pledge
- Portfolio Decarbonization Coalition
- Green Bonds Principles
- Climate Bond Initiative
- Paris Pledge for Action
- Other : Climate Action 100+, SBTi, Net Zero Asset Manager Initiative

### Social initiatives

- Accord on Fire and Building Safety in Bangladesh
- Access to Medicine Foundation
- Access to Nutrition Foundation

Other : Workforce Disclosure Initiative (WDI)

### **Governance Initiatives**

ICGN - International Corporate Governance Network

Other

## **2.8. What is the total number of SRI assets under the company's management?**

La Française AM's total SRI AUM was of EUR 8 945 million as at 31/12/2021.

## **2.9. What is the percentage of SRI AUM compared to the total AUM?**

La Française AM's SRI assets represent approximately 57% of its total assets under management as of 31/12/2021.

## **2.10. Which are the SRI funds open to public investors and managed by La Française AM ?**

### **Equity funds**

- La Française LUX – Inflection Point Carbon Impact Global, and its feeder CMNE Participation Actions Monde
- La Française LUX – Inflection Point Carbon Impact Euro ; and its feeder La Française Actions €CO2 Responsable
- La Française Inflection Point Actions Euro Capital Humain, and its feeder CMNE Participation Actions Euro.

### **Fixed Income funds**

- La Française Obligations Carbon Impact, and its feeder CMNE Participation Obligations ;
- La Française Carbon Impact 2026 ;
- La Française Sub Debt ;
- La Française Carbon Impact Global Government Bonds ;
- La Française Global Coco ;
- La Française Rendement Global 2028 ;
- La Française Carbon Impact Floating Rates.

### **Monetary funds**

- La Française Trésorerie ISR, and its feeder CMNE Participation Monétaire.

### **3. GENERAL INFORMATION ABOUT THE SRI FUND(S) THAT COME UNDER THE SCOPE OF THE CODE**

#### **3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?**

The objective of the fund is to contribute to the transition to a low-carbon economy while achieving long-term capital growth.

It favors companies providing solutions to solve the challenges related to climate change, and more specifically those which are on the way to significantly reducing their greenhouse gas emissions, or which focus on products or services allowing to reduce them.

To this end, the management team follows a three-step process to select securities:

- Exclusion of companies based on the list of exclusions applicable to the fund (detailed in point 3.3) or those with the lowest ESG ratings (the lowest ranked 20% of the investment universe)
- Fundamental analysis of companies including environmental, strategic, and financial criteria
- Rigorous portfolio construction aimed at calibrating the global carbon footprint while ensuring geographic and sector diversification.

The fund also invests in companies that, according to our proprietary methodology, helps avoiding emissions. Many alternative energy companies provide declarative data on the emissions they avoid. Otherwise, the emission factors by country or by region allow them to be calculated from the production elements.

In general, we believe that ESG factors influence the financial performance of investment assets, both in terms of return and risk, and that this trend is growing. Responsible behavior for sustainable finance is synonymous with flexibility, responsiveness, innovation and most often performance and profitability.

The increasing complexity interweaving social, political, and technological systems explains the current period of upheaval, disruption and volatility. Strategic analysis is therefore necessary to decipher their impact on assets. Our responsible investment approach is designed to respond to this new environment by integrating elements of strategic analysis into financial and ESG analysis, such as the capacity for innovation and adaptation; the latter can be defined as the implementation of innovation. These capacities appear to be essential and distinctive because they provide a dynamic and prospective overview of the investment.

Moreover, climate change is a structural element of our economic and social future, and we have the imperative to move towards a low-carbon economy. As such, the climate is a factor in investment decisions. The risks and opportunities associated with climate change, transition or physical risks are likely to affect all activities, regardless of sector or region, and the financial performance of all asset classes. Biodiversity, like other environmental aspects, interacts with the climate.

By financing economic actors committed to the energy transition, we aim to reduce the carbon emissions of our investment portfolios and, more broadly, to participate in efforts to combat global warming.

In terms of social aspects, we pay particular attention to the staff turnover rate and the existence of a policy on respect for human rights.

We also specifically follow a governance objective by ensuring that ESG criteria are integrated into the calculation of variable compensation.

### 3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

La Française has its own research and expertise centre specialising in extra-financial analysis (La Française Sustainable Investment Research).

At this London-based centre, the Director of ESG Research and five ESG analysts are responsible for the methodology and calculation of ESG scores, as well as the establishment of strategic factors. They assess and quantify the ESG score of global issuing companies and apply a unique data model for carbon footprint assessment. This expertise is applied throughout the entire investment process and enables them to better meet the growing SRI reporting requirements.

Resources and tools used by portfolio managers and ESG-Climate analysts are presented below:

Ressources	Usage	Level of Importance
<b>Soft and Hardwares</b>		
LightTrade (La Française portfolio management system)	Feed and storage of ESG information into our trading and portfolio management system (ESG & carbon impact as well as underlying KPIs) Scores archive and evolution measurement	+++
FactSet & its module RMS	Management of Research notes and of financial and extra-financial ratings generated by our investment teams and our extra-financial analysts Management of historical ratings and measure of their evolutions	+++
Bloomberg Bloomberg New Energy Finance (BNEF)	Monitoring of real-time performance and of the ex-ante risk of the portfolios Usage of the ESG database for the quantitative filter Usage of the BNEF for the solutions provider	++
ResearchPool	Internal and external financial research and extra-financial sharing platform	+++
<b>Research and Databases</b>		
Sellside research (brokers)	Research notes and valuation models ; Thematic and company seminars ; Markets, sectors and company news ;	+++
<a href="#">ISS</a>	Research on AGM proposals and votes Use of the ESG module (ISS - Sustainability Policy) La Française's Custom Policy	++
<a href="#">Sustainalytics</a>	Exclusion of companies associated with controversial weapons	+
<a href="#">Clarity AI</a>	Usage of ESG data	+
<a href="#">CDP</a>	Usage of data for carbon footprints	++
<a href="#">ISS - ESG</a>	Usage of indicators for ESG score for our quantitative filter and ESG research for the qualitative analysis	++
Trucost	Usage of Trucost data to estimate emission avoidance impact by green bonds	++

The expertise of ESG analysts is integrated into the investment process via a proprietary internal research platform, and results in the development of investment ideas and solutions arising from close collaboration with analysts, managers, and product specialists.

### 3.3. What ESG criteria are considered by the fund(s)?

The research is formalized in the five-factor model originally developed by IPLF for equity investments. The assessment of each of the five factors involves collecting reference data, evaluating it and attributing a score to a set of assessment criteria. These factors analyze not only ESG criteria, but also strategic criteria (cf. section 3.5 of this code):

#### ■ ESG

- **Environment (E):** dependence on raw materials, management of carbon emissions, energy efficiency, pollution, water, and waste management, etc.
- **Human capital (S):** employee rights, staff turnover, training, and knowledge acquisition, etc.
- **Organisational capital (G):** governance, relationships with national and local authorities, suppliers, customers, etc.

An integrated ESG-based exclusion policies further defines the applicable investment universe of the funds. We have 3 levels of exclusion policies : group level, asset management company level and fund level<sup>11</sup>. Exclusions on the upper level also apply to the lower level (i.e. exclusions on the La Française Group level and the LFAM level also apply to the fund level).

#### ■ La Française Group level

- Controversial weapons (anti-personnel mines, cluster munitions, biological and chemical weapons, white phosphorus, and depleted uranium) – 100% exclusion
- Companies from countries that are under international sanctions and/or significantly exposed to corruption, terrorism financing, money laundering, etc. – 100% exclusion

#### ■ La Française Asset Management (LFAM) level

- Tobacco – threshold: 5% revenue
- Coal mining companies – threshold: 25% revenue + coal mining companies willing to build/open new coal mine
- Power production on coal energy – threshold: 25% revenue

#### ■ Fund level

- Fund level exclusion may vary between the funds. Please find below as an example the exclusions for the fund La Française LUX – Inflection Point Carbon Impact Global
  - Controversial weapons (nuclear weapons) – 100% exclusion
  - Conventional weapons and/or their essential components – threshold: 5% revenue
  - Uranium mining companies – threshold: 5% revenue
  - Nuclear power plant operators and/or manufacturers of essential components for nuclear power plants companies – threshold: 5% revenue
  - Nuclear energy: companies that base their electricity generation on it – threshold: 5% revenue
  - Coal mining companies – threshold: 5% revenue
  - Oil sands exploiting and/or processing – threshold: 5% revenue
  - Hydraulic fracking technologies – threshold: 5% revenue
  - Norm based exclusions matching with the UN Global Compact Principles

#### ***Specific exclusions for the Carbon Impact Global fund***

- Exploration-production and exploitation of fossil fuels - threshold: 5% revenue

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<sup>11</sup> Due to our ongoing improvement process, the list of exclusion has been updated following the adoption of new exclusions on the 1<sup>st</sup> of October 2020.



- Entire nuclear sector, i.e. the following activities: uranium extraction, concentration, refining, conversion, and enrichment of uranium - threshold: 5% revenue
- Manufacture of nuclear fuel assemblies, construction and operation of nuclear reactors, processing of spent nuclear fuel, dismantling – threshold: 5% revenue
- Nuclear and radioactive waste management - threshold: 5% revenue
- Distribution / transport and production of equipment and service companies, insofar as more than 33% [included] of their revenue is made with customers in strictly excluded sectors (exploration and exploitation of fossil fuels and nuclear industry)
- Companies realizing more than 33% [included] of their turnover in one of the following activities:
  - Storage and landfill centers without GHG capture
  - Incineration without energy recovery
  - Energy efficiency for non-renewable energy sources and energy savings related to the optimization of the extraction, transport, and production of electricity from fossil fuels
  - Logging, unless sustainably managed, and peatland agriculture.

The implementation of exclusions, whatever the level, is done by configuration by the internal control of the proprietary portfolio management system LightTrade. This allows pre-trade control and prevents investment by management teams in excluded securities.

### **3.4. What principles and criteria linked to climate change are considered in the funds?<sup>12</sup>**

We focus on the transition risks and opportunities associated with a low carbon economy. To do so, we have developed a methodology for in-depth analysis of issuers for our Carbon fund. For these funds, the methodology used is that described in question 3.5, but the framework of the more in-depth climate analysis carried by the Carbon fund remains a major contextual element for other managers who are aware of the issues and opportunities linked to climate change.

The question of physical risk, apart from certain very specific sectors such as real estate, for example, is barely considered or is totally disregarded. The work of the UNEP FI pilot group on the implementation of the TCFD recommendations showed us that climate finance has not yet been fully developed in terms of physical risks, but we are nevertheless monitoring developments in this area very closely.

Our degree of analysis therefore varies according to sectors. We place the emphasis either on the risk portion (carbon-intensive sectors) or on the opportunities portion (sectors with the capacity to facilitate the energy transition). More specifically, for the carbon-intensive sectors, we consider alignment with a 2°C scenario, the price of natural resources, investment expenditure and emission reduction targets.

In general, for each of our funds, we calculate the greenhouse gas emissions (scope 1 and 2) for all the issuers in which we are invested and use the information trending over five years compared to peers in the same industry.

Finally, we put in place the exclusions as described in section 3.3.

### **3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?**

#### **Proprietary ESG rating tool**

<sup>12</sup> Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code):  
<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697>

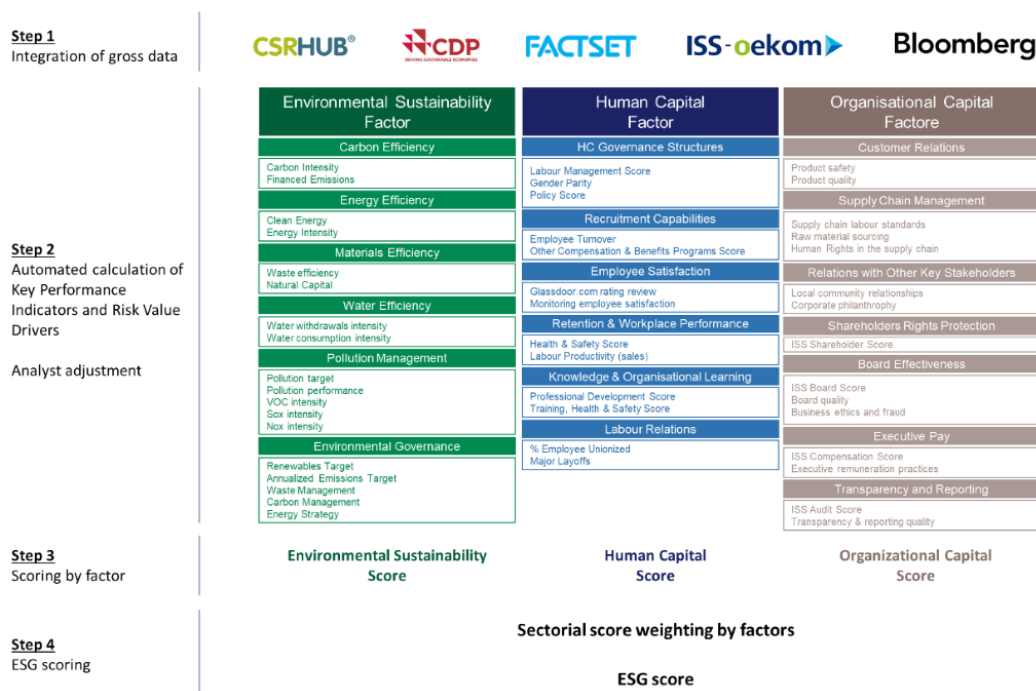
Our ESG issuer analysis and evaluation methodology relies on an internal scoring model.

We have developed a proprietary ESG model to calculate sector specific ESG scores for a universe of over 5,000 global companies. This automated tool uses raw data from different data providers (CDP, ISS ESG, CSRHUB, Factset and Bloomberg) to calculate KPIs (key performance indicator) that are only considered when coverage is deemed sufficient.

The KPIs are aggregated in risks and value drivers (RV) that will then feed into the final ESG score. At this level, the ESG analyst can add an adjustment based on new information.

Finally, we calculate an overall ESG score by applying a specific weighting to factors E, S and G according to the sectoral specificities of each company. For instance, the environmental factor makes 46% of the ESG score in the construction materials sector, whereas only 18% for the media sector.

The respective ESG factors are Environmental Sustainability, Human Capital and Organisational Capital as shown in the following table:



### Proprietary low-carbon trajectory analysis tool

The LCT method for “Low Carbon Trajectory” is one of the main tools of our climate analyzes and is an integral part of the low-carbon analysis of “Carbon Impact” products. It makes it possible to estimate the alignment of companies with the Paris Agreement, in particular for sectors with high carbon emissions, until 2030.

The LCT method is part of the sectoral decarbonization approaches that allow the calculation of a temperature by sector of a portfolio. It is particularly suitable for portfolios that have a high exposure to sectors with high carbon emissions. As part of this method, we retain the sector scenarios from the IEA (International Energy Agency) which include a two-degree scenario and a scenario below two degrees.

### 3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

At least once a year, we perform an in-depth ESG analysis of each of the securities selected as part of the filtering carried out during the first phase of our investment process. This frequency may increase depending on news about the company and its level of significance in the portfolios. A formal review of the recommendations is carried out each month by the Strategic Equity Committee. A weekly meeting

is also held, during which managers deliberate over the list from which they select the securities and decide whether to refine the analyses; a report is also issued. A specific list of securities on which the teams will work is then distributed.

In addition, an ad-hoc analysis is notably triggered in the following cases:

- at the request of an analyst/manager, for a specific reason
- upon a recommendation by an ESG-Climate analyst
- following a particular event, such as a controversy, requiring a swift action which could potentially lead to an adjustment of positions.

Climate analyses are updated as follows:

- Carbon Impact rating: monthly calculation of KPIs, regular review of portfolio companies at least once a year, monitoring and continuous updating of the Carbon Impact rating in response to important news.
- LCT model: annual update cycle; ad hoc review and update in response to important news. This news is often associated with significant changes in the strategy of the companies analysed.
- Ad-hoc analysis in the event that a company publishes or updates its climate strategy or in the event that a transaction takes place (e.g. merger/acquisition).

In all cases, for each significant event (large-scale price variation, controversies, sectoral or thematic news affecting the company or issues of current interest, etc.), a commentary is published on the FactSet platform, immediately bringing it to the attention of the entire Equity team. More than 2,000 contributions were posted on the platform in 2020, which is a testament to the use of this platform and the vitality of the analyses and discussions. When a score is published in the aftermath of a controversy which leads to a change in the score for the company in question, this change is reflected in real time on the FactSet platform. If the new score leads to an exclusion, the manager must then sell the security within a period of one month if market conditions allow it.

More particularly on the management of controversies, we have adopted a 2-step approach allowing us to review, and potentially exclude, companies in violation of international standards (UN Global Compact - Pacte Mondial). This approach combines information from our data provider ISS ESG and our internal research.

### **Step 1 : Review of violations of the Global Compact**

We monitor the fund's investment universe on the ISS ESG Orbit platform, on the 4 aspects of the 10 principles of the Global Compact: Human Rights, Labor Rights, Environment and Anti-Corruption.

We apply the Norms-Based Research score of ISS (NBR). The latter covers different aspects of the potential violation of the principles of the Global Compact: Severity, Verification, and Solutions implemented.

- The NBR score ranges from 1 (min, best) to 10 (max, worst).
  - Score 10, evaluation equivalent to a red light
  - Scores 6-9, evaluation equivalent to an orange light
  - Scores 1-5, evaluation equivalent to a green light

### **Step 2: Exclusion decision by the Stewardship Committee**

Once a quarter, the Stewardship Committee meets to review the results of the control described above. All companies with at least one controversy rated 10 by ISS ESG are subject to an in-depth review and discussion during this committee. Scores of 8 and 9 are also reviewed and discussed. As

needed, ad-hoc reviews and Committee meetings are possible, in connection with significant events identified by the investment or research teams.

Based on the information available, the Committee decides which companies will be excluded. The review of each company is documented. Meeting minutes are available. The exclusion list resulting from the decisions of the Committee is implemented by management and verified by internal control.

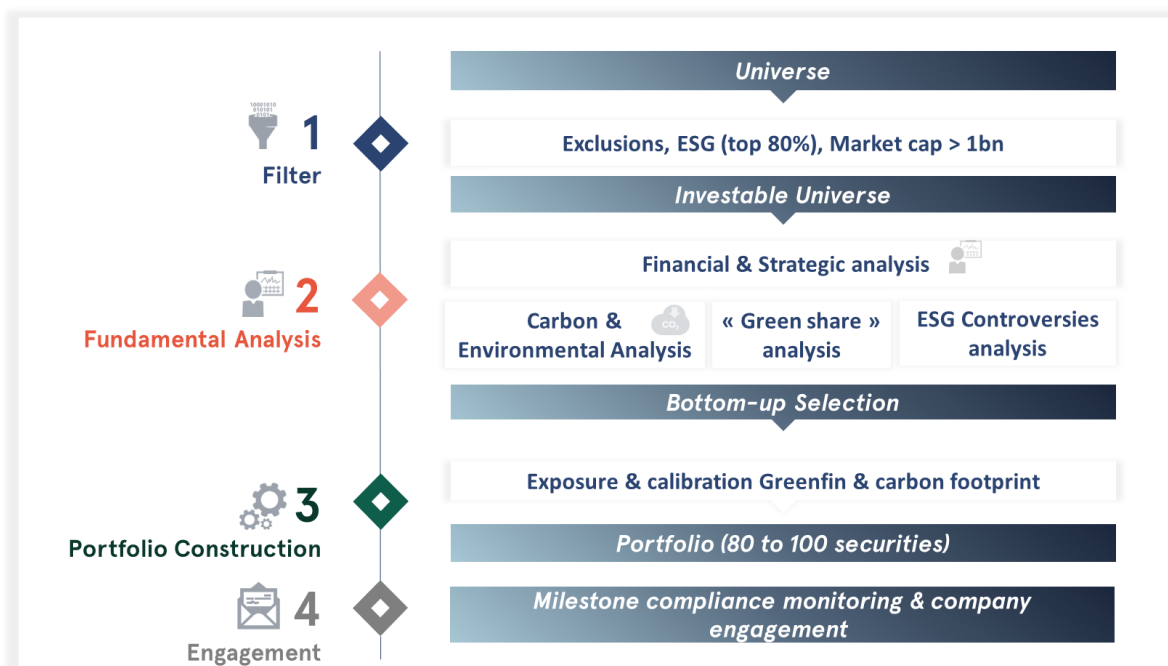
If a review of a company's score or inclusion in the exclusion list by the Stewardship Committee results in an exclusion, then the manager must sell the security within one month if market conditions allow it.

## 4. INVESTMENT PROCESS

### 4.1. How are the results of the ESG research integrated into portfolio construction?

ESG research is at the heart of our investment philosophy. It is taken into account at every stage of our investment process.

Our process is based on the financing of the carbon transition and the optimization of the overall carbon footprint of the portfolio to aim for a level of CO2 emissions lower than 50% of that of the investment universe represented by the index MSCI ACWI for comparison for Carbon Impact Global and the MSCI EMU index for Carbon Impact Euro. The fund's investment process is fundamental and discretionary using a disciplined quantitative approach.



#### Phase 1: Exclusion filters

The definition of the investment universe begins with the application of an integrated exclusion policy, based on the criteria. As indicated in point 3.3, we apply 3 levels of exclusions. These exclusions are configured by internal control in our management systems (pre-trade blocking) and the excluded securities are subject to an alert when the management team wishes to put them in the portfolio.

In addition to these exclusions, we exclude 20% of companies with the lowest ESG scores from the investment universe (the “watch list”). For this, we apply the proprietary ESG rating methodology presented in point 3.5. Integrating ESG risk factors into the investment process helps to exclude lower quality companies.

The Risk Department keeps the watch list up to date, which constitutes a dynamic due diligence filter, separate from a static exclusion list. This organization ensures that the management team is fully informed of the ESG risks related to the non-implementation of minimum standards of practice and disclosure of information. It is a way to ensure that the portfolio is not exposed to excessive ESG risks.

### **Phase 2: Fundamental analysis**

The second phase of the investment process is based on fundamental research and analysis, mostly primary research, carried out by the investment and ESG research teams. They make it possible to identify long-term investment themes and to select securities

### **Top-Down approach**

The Top-Down approach includes several committees shared with the credit, rates, and diversified management teams of La Française AM.

First, the macroeconomic analysis aims to assess the main economic trends of the geographical areas and countries of the investment universe by analysing growth, inflation, central bank policies, budgetary policies (current and future) as well as any variable likely to influence the economic dynamism of the countries concerned.

Then, we determine our convictions on the markets during the Equity Strategy Committee by defining a directional conviction (bullish, bearish, sluggish), a geographical classification and sector convictions.

It is up to the fund managers to decide whether to apply the recommendations of the committees.

### **Bottom-Up approach**

For the Bottom-Up approach, the management team works with ESG analysts to identify climate-related risks and opportunities as well as to anticipate their potential impacts.

Our strategic and financial analysis presents great synergies with a fundamental ESG analysis.

The managers estimate the company's future cash flows based on various assumptions integrating the results of strategic, financial and ESG analysis. This approach allows the integration of extra-financial factors as well as assumptions related to financial forecasts to arrive at the selection of companies to invest.

The investment and ESG research teams jointly carry out the strategic analysis of companies. We believe that businesses must continually adapt their capabilities to compete in a dynamic environment. Attributes of strategic analysis include adaptability, industry positioning, and innovation capability. These factors will increasingly influence corporate performance and valuations. In particular, the technical feasibility of climate transition projects and the financing capacity are analysed simultaneously by the management team and the ESG analysts.

As this is a Carbon Impact fund, ESG analysts carry out an in-depth carbon analysis.

### **In-depth carbon analysis**

## Scope of analysis



The analysis of controversies and the management of these by the company are an integral part of our fundamental analysis phase. Managers and analysts monitor the information daily to be able to detect events that could have a negative impact in real time. Finally, the quarterly Stewardship Committee reviews the securities exposed to the most severe controversies to evaluate them in detail. This analysis may lead to a divestment decision.

### Phase 3: Portfolio construction

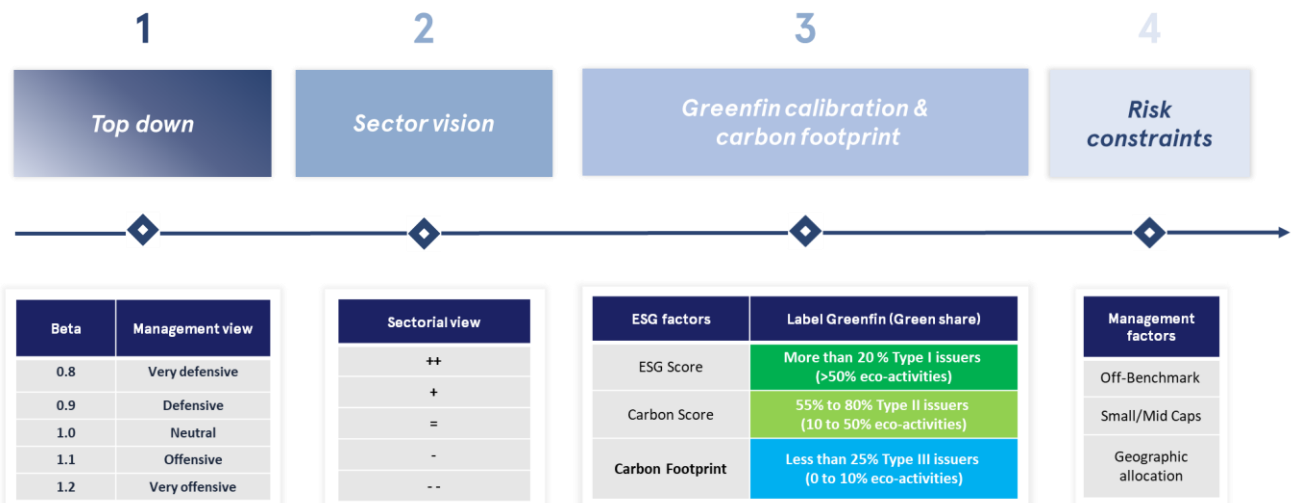
Portfolio construction is a rigorous process that relies on internal quantitative tools to guide the management team's final decision. Although the portfolio construction process is driven by quantitative data, the final decision is left to the discretion of the fund manager.

Managers ensure that each position, new or existing, is sized to create a portfolio that is (1) conviction-based, (2) risk-controlled, and (3) carbon-footprint controlled. They calibrate the weight of potential new investment positions by studying their impact on geographical and sectoral exposures as well as on the carbon footprint and distribution of issuers between Greenfin categories for Carbon Impact Global. Market capitalization and liquidity of shares are also analyzed.

When calibrating the portfolio, the managers ensure that the carbon footprint of the portfolio does not exceed 50% of that of the universe. They also ensure that the fund respects the allocation thresholds between the various categories of issuers within the meaning of the Greenfin label.

In addition, the overall ESG ratings of the portfolio must be higher than those of the investment universe.

### Portfolio construction



#### **Phase 4: Engagement**

Engagement is a key element of La Française's approach to responsible investment. As such, the group has an engagement policy and a voting policy. These are presented in point 2.3.

#### **4.2. How are the criteria specific to climate change integrated into portfolio construction?**

Criteria relating to climate change are considered within the "E" (environment) factor of the ESG analysis. As described in question 4.1, ESG criteria are as important for the construction of the investable universe, and therefore of the final portfolio, as the financial and strategic criteria.

In the case of Carbon Impact strategy funds, portfolios are specifically constructed with a view to optimising financial performance and CO2 emissions. The manager uses a proprietary tool to simulate the impact of CO2 emissions and the carbon footprint of different scenarios for buying or selling securities. This tool is, of course, available to all of our equity managers, not just within the framework of the Carbon fund.

#### **4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?**

The entire investable universe is subject to ESG analysis using our tools and extra-financial rating methodology. This systematic rating enables us to exclude 20% of the issuers with the lowest ESG scores.

#### **4.4. Has the ESG evaluation or investment process changed in the last 12 months?**

The ESG investment process has not changed. The last notable change is the replacement of one of our raw ESG data providers (CSRHUB) by another provider (Clarity AI).

The philosophy and steps of the management process have remained the same, but we have continued to evolve the process by adjusting Phase I and Phase II. Some of these adjustments, relating in particular to exclusions, took place in connection with labeling requirements (FNG or Greenfin).

We are committed to continuous improvement and enrichment of our processes as we develop.

#### **4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?**

No, no part of the assets and the fund is invested in solidarity organizations.

#### **4.6. Does (do) the fund(s) engage in securities lending activities?**

No, the funds do not engage in securities lending activities.

#### **4.7. Does (do) the fund(s) use derivative instruments?**

The manager uses index derivatives that do not affect the ESG quality of the portfolio. They are used to hedge against directional market risk and/or to adjust the funds exposure in the event of a change in its assets following a redemption or a subscription.

#### **4.8. Does (do) the fund(s) invest in mutual funds?**

The funds may invest up to 10% of their assets in units or shares of French or foreign UCITS and/or in units or shares of UCIs meeting the four criteria of Article R214-13 of the Monetary and Financial Code.



## 5. ESG CONTROLS

### 5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>13</sup>

To ensure compliance with these rules, a two-level control has been put in place:

- First level of control:
  - By the Investment team : Before investing in a new security, the manager ensures that the security is investable, that is to say it has an extra-financial analysis and ESG coverage. If there is no ESG coverage, the manager sends the security for analysis to the ESG analyst responsible for this sector. The ESG rating will then be available in the coming days. The list of investable securities is available on a server shared with the various parties.
  
- Second level of control:
  - By Risk control : During its weekly audit, Risk Control carries out checks on the securities in the portfolio. He can access via the LightTrade software or the ESG database to all the scores of each security and check their presence or not in the list of investable securities. This monitoring is commented on during the monthly risk monitoring committees.
  
  - By Internal control : carried out by the Compliance and Internal Control Department, is part of the risk and compliance monitoring procedure applied to all departments of the La Française group. It ensures that an operational control framework is in place. As such, Internal Control can carry out annual checks of compliance with the ESG investment policy. The latter can be done via a sampling approach.

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<sup>13</sup> Reference to Article 173 of the French TECV Act

## 6. IMPACT MEASURES AND ESG REPORTING

### 6.1. How is the ESG quality of the fund(s) assessed?

The fund's ESG quality is assessed through its overall score, which notably includes its ESG score. As a natural consequence of our management process, a security only appears on the list of investable securities if it has passed the various phases of analysis and has been validated by the manager as part of the investable securities selection.

As part of the Carbon Impact strategies, in addition to the ESG quality of the fund, we assess their "carbon" quality through a breakdown of the ESG score and a breakdown of the Carbon Impact score.

Finally, for the funds carrying the "SRI Label", we assess annually the impact indicators corresponding to physical and evocative measures related to the Environment, the Social, the Governance and human rights.

### 6.2. What ESG indicators are used by the fund(s)?<sup>14</sup>

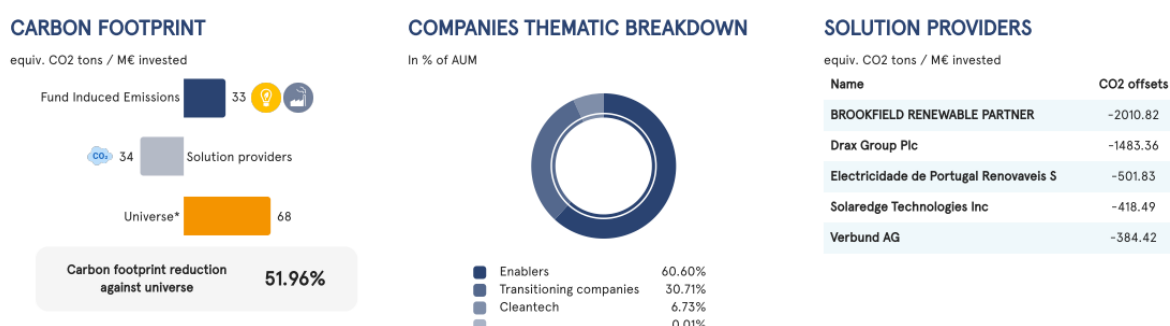
We measure the carbon impact of the fund through the following indicators:

- The carbon footprint of the portfolio compared to that of its carbon benchmark;
- The alignment of trajectories of high carbon intensity sectors on an annual basis;
- The indicators published in the impact report on an annual basis and also relating to social, governance and human rights aspects.

#### Measurement of ESG impact on a monthly basis

Although the scores are not impact measures per se, we provide aggregate ESG scores as well as Environmental, Social and Governance scores as shown in the tables below.

We also provide a sectoral carbon footprint of the fund compared to the benchmark, the list of carbon solution providers and the breakdown of the portfolio between the types of companies: companies in transition, companies facilitating transition and cleantech.



Source : Monthly reporting of La Française LUX – Inflection point Carbon Impact Global, 31/01/2022

In addition, we ensure that the carbon footprint of the portfolio does not exceed 50% of the benchmark index and that the portfolio complies with the objective of the Paris agreement of a trajectory "significantly below 2 degrees Celsius".

We undertake to monitor the carbon footprint more specifically (with a coverage of 90% minimum) compared to that of its benchmark index and to ensure monthly that it is lower than this index and to publish these results annually in the impact report. The second impact indicator to which we are committed is the percentage of companies that have integrated ESG objectives into the criteria for

<sup>14</sup> Reference to Article 173 of the French TECV Act

awarding variable compensation with a minimum coverage of 70%. Here again, we commit to monthly monitoring and to publish the results annually in the impact report.

To report on the carbon impact of the fund, we convert the data expressed in tCO<sub>2</sub> emitted using the methodology of the United States Environmental Protection Agency. This conversion makes it possible to communicate orders of magnitude more understandable and more meaningful than pure encrypted data.

#### IMPACT DATA

based on a 200ME portfolio (Data : <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>)



Source : Monthly reporting of La Française LUX – Inflection point Carbon Impact Global, 31/01/2022

### 6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

We communicate about our IR management and / or our funds on the following media:

- Our website [www.la-francaise.com](http://www.la-francaise.com) on which we publish various types of content related to our SRI management and the funds we manage;
- La Française blog, "Blue Room by La Française" <https://blueroom.la-francaise.com/> on which two themes are devoted to responsible investment: Carbon Impact and SRI
- Legal documents (prospectus, KIID, reports periodicals) and the monthly reports of the funds, accessible from the web page of each relevant fund;
- The yearly impact report;
- The publication "Carbon Impact Quarterly" which details our carbon impact strategies and their evolutions;
- The transparency codes;
- The Responsible Investment Policy of La Française;
- The report on the Responsible and Climatic Strategy of La Française provided for in article 173 of the law on the Energy Transition for Green Growth 2015;
- Annual PRI reporting
- The voting policy of La Française Asset Management;
- The engagement policy and the engagement report;
  - Presentations on Impact Investing and Responsible Investment at La Française.

#### **6.4. Does the fund management company publish the results of its voting and engagement policies?<sup>15</sup>**

La Française group and La Française AM are committed to optimising the representation of managed UCITS. Our objective is to move closer to 100% participation in General Meetings and 100% voting on resolutions.

La Française AM publishes the results of its voting policy in aggregated form as part of its voting rights policy, which includes the report on the exercise of voting rights; it is available online here.

Additionally, the management company provides details of the results of its voting policy (link: <https://www.la-francaise.com/fr/informations-reglementaires/exercice-des-droits-de-vote/>).

The engagement policy was finalised and published in 2019 and is updated every year.

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<sup>15</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE

## DISCLAIMER

*The asset management companies of La Française Group in charge of managing the funds that are signatories to the Code of Transparency have made their best effort to provide accurate information in plain language and understandable, adequate and up to date, in order to allow investors and savers in particular to better understand how ESG issues are taken into account in the investment policy of funds. This information is their sole responsibility. The information contained in this document does not constitute an offer or solicitation to invest, nor does it constitute investment advice, or a recommendation on specific investments. The information and opinions are considered to be well-founded and accurate as of the date of their establishment and reflect the convictions of La Française Group. They have no contractual value and are subject to modification. This document is the property of Groupe La Française. No distribution of information contained therein is permitted in any form without the prior written consent of La Française Group. Names, logos or slogans identifying the products or services of La Française Group are the exclusive property of the latter and may not be used in any way whatsoever for any purpose other than that or without its prior written agreement.*

**LA FRANÇAISE GROUP UK LIMITED**, company governed by the laws of England and Wales with a share capital of £ 3.869.165, with its registered office located at 78 Brook Street, W1K 5EF London, United Kingdom, registered with the Companies House Registry under number 04253400

**LA FRANÇAISE AM INTERNATIONAL** A French corporation (société anonyme) with an Executive Board and a Supervisory Board of Luxembourg law with a capital of 3,625,000 euros, whose registered office is located at 60, Grand-Rue - L-1660 LUXEMBOURG, registered under number B 23.447 Luxembourg.

**LA FRANÇAISE AM** Simplified joint-stock company, registered with the Paris Trade and Companies Register under number 314 024 019, a management company approved by the Autorité des marchés financiers, on July 1, 1997, under No. 024 019. GP 97-76, whose registered office is located at 128, boulevard Raspail -75006 PARIS

**LA FRANÇAISE LUX** An open-ended investment company (SICAV) under Luxembourg law incorporated as a public limited company. The SICAV was incorporated on October 28, 1998 (under the name "Global Strategy") for an indefinite period of time, regulated by the Commission de Supervision of the Financial Sector (CSSF), 283, route d'Arlon, L-1150 Luxembourg, registered with the Luxembourg Financial Supervisory Authority (CSSF) number B66.785.

**LA FRANÇAISE** An open-ended investment company (SICAV) incorporated under French law under the name of form of a Limited Company. The SICAV was approved on August 14, 2018. It was created on November 12 2018 for a period of 99 years, through the merger-absorption of the La Française Mutual Fund Moderate Multibonds, created on January 18, 2001.

**GROUPE LA FRANÇAISE** Société anonyme à Directoire et Conseil de Surveillance registered with the Paris Trade and Companies Register under number 480 871 490, whose registered office is located at 128, boulevard Raspail -75006 PARIS.

<b>Fund's name</b>	<b>Legal form</b>	<b>Management company</b>	<b>Fund's approval date</b>	<b>Supervisory authority</b>
<b>Equity funds</b>				
<i>La Française LUX – Inflection Point Carbon Impact Global</i>	<i>Luxembourg SICAV - La Française LUX</i>	<i>La Française Asset Management</i>	<i>01/06/2015</i>	<i>CSSF</i>
<i>CMNE Participation Actions Monde (Fonds nourricier de La Française LUX – Inflection Point Carbon Impact Global)</i>	<i>FCPE</i>	<i>La Française Asset Management</i>	<i>26/10/2004</i>	<i>AMF</i>
<i>La Française LUX – Inflection Point Carbon Impact Euro</i>	<i>Luxembourg SICAV - La Française LUX</i>	<i>La Française Asset Management</i>		<i>CSSF</i>
<i>La Française Actions Euro Capital Humain</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>04/06/2003</i>	<i>AMF</i>
<i>CMNE Participation Actions Euro (Fonds nourricier de La Française Actions Euro Capital Humain)</i>	<i>FCPE</i>	<i>La Française Asset Management</i>	<i>05/03/1999</i>	<i>AMF</i>
<i>La Française Actions €CO2 Responsable</i>	<i>FCP</i>	<i>La Française Asset Management</i>	<i>29/01/2010</i>	<i>AMF</i>
<b>Fixed Income funds</b>				
<i>La Française Obligations Carbon Impact</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>20/07/2010</i>	<i>AMF</i>
<i>CMNE Participation Obligations (Fonds nourricier de La Française Obligations Europe SAI)</i>	<i>FCPE</i>	<i>La Française Asset Management</i>	<i>01/09/1985</i>	<i>AMF</i>
<i>La Française Carbon Impact 2026</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>22/10/2019</i>	<i>AMF</i>
<i>La Française Sub Debt</i>	<i>FCP</i>	<i>La Française Asset Management</i>	<i>20/11/2009</i>	<i>AMF</i>
<i>La Française Carbon Impact Global Government Bonds</i>	<i>FCP</i>	<i>La Française Asset Management</i>	<i>15/07/2003</i>	<i>AMF</i>
<i>La Française Carbon Impact Floating Rates</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>12/11/2018</i>	<i>AMF</i>
<i>La Française Global Coco</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>07/12/2018</i>	<i>AMF</i>
<i>La Française Rendement Global 2028</i>	<i>French SICAV - LA FRANÇAISE</i>	<i>La Française Asset Management</i>	<i>30/08/2019</i>	<i>AMF</i>
<b>Monetary funds</b>				
<i>La Française Trésorerie ISR</i>	<i>FCP</i>	<i>La Française Asset Management</i>	<i>07/02/2003</i>	<i>AMF</i>
<i>CMNE Participation Monétaire (Fonds nourricier de La Française Trésorerie ISR)</i>	<i>FCPE</i>	<i>La Française Asset Management</i>	<i>06/06/2003</i>	<i>AMF</i>