

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that it does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

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

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

it will make a minimum of **sustainable investments with a social objective**: N/A

It **promotes environmental and social (E/S) characteristics** and while it does not have as its objective sustainable investment, it will have a minimum proportion of N/A of sustainable investments

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

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

with a social objective

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

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

This fund primarily applies La Française Group's exclusionary policy which specifically targets controversial weapons, tobacco, electricity and energy sectors.

The fund applies ESG integration and selectivity criteria. The fund may only invest in countries or companies that have been assessed from an ESG perspective and whose ESG score is above the 20% selectivity exclusion threshold.

The selectivity threshold of 20% is established on the investment universe mentioned in the prospectus.

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 E or S characteristics promoted by the financial product are:

- the ESG score of companies
- the sovereign ESG score

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?

N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmentally or social sustainable investment objective?

N/A

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

N/A

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

N/A

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

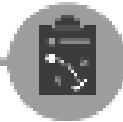
Any other sustainable investment must also not significantly harm any environmental or social objectives.



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

Yes,

No



What is the investment strategy of this financial product?

The Fund's investment process therefore combines a non-financial analysis and a financial analysis (qualitative and quantitative).

As regards the extra-financial analysis of the Environmental, Social and Governance criteria, it is carried out by "La Française Sustainable Investment Research" which has developed a proprietary ESG model and which allows us to have a selective approach with respect to the investable universe. The initial investment universe covered is constructed from private or public issuers from OECD member countries that are present in the bond or money market. The investment process is based on an ESG integration approach with a significant commitment to management.

Once the rating process is complete, each issuer is assigned a rating from zero (worst) to 10 (best). This rating reflects investment opportunities or, conversely, non-financial risks. The proportion of the portfolio made up by issuers analysed under these ESG criteria is greater than 90% of the securities in the portfolio (as a percentage of the Fund's net assets excluding bonds and other debt securities issued by public or quasi-public issuers, excluding cash assets held on an ancillary basis and excluding social impact assets).

This first step of the non-financial analysis identifies issuers to be ruled out solely due to ESG criteria: Some issuers are automatically excluded, in accordance with the exclusion policy of the La Française Group, and then 20% of issuers with the lowest ESG scores in the initial investment universe covered are excluded. All of these excluded issuers represent the ESG exclusion list in which the Fund cannot invest. This list is drawn up on a monthly basis and identifies a minimum ESG score threshold below which the Fund cannot invest.

The second step of the non-financial analysis identifies issuers who are best placed to meet the challenges of responsible investment and are positively committed to a sustainable future. As such, the management company selects issuers on the basis of these ESG criteria and a financial analysis as detailed below. The portfolio's average ESG rating is calculated on a daily basis and is designed to be above the exclusion threshold of the initial investment universe. The Fund may also invest in green bonds. The proportion of green bonds in the Fund will depend on market trends and the size of the target market. As such, this proportion can represent up to 10% of the Fund. These green bonds must also respect the four key "Green Bond Principles", namely: the use of funds, the project selection and evaluation process, the fund management and the reporting principles. Lastly, the issuers of these bonds have to pass the non-financial analysis, the qualitative financial analysis and the quantitative financial analysis.

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

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

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

- exclusions arising from the exclusion policy of the La Française Group;
- the 20% selectivity principle
- the 10% investment restriction for assets outside the investment universe

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

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

The committed minimum rate to reduce the scope of investments considered prior to the application of this investment strategy is 20%.

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

Good governance practices are assessed through our "G" pillar, in which the composition, independence and diversity of the board, risk management processes and controversies are analysed.

For sovereign states, good governance practices are assessed in six areas: the effectiveness of governance, control of corruption, the place and consideration of human rights, the rule of law, political stability and regulatory quality.



What is the asset allocation planned for this financial product?

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

Asset allocation

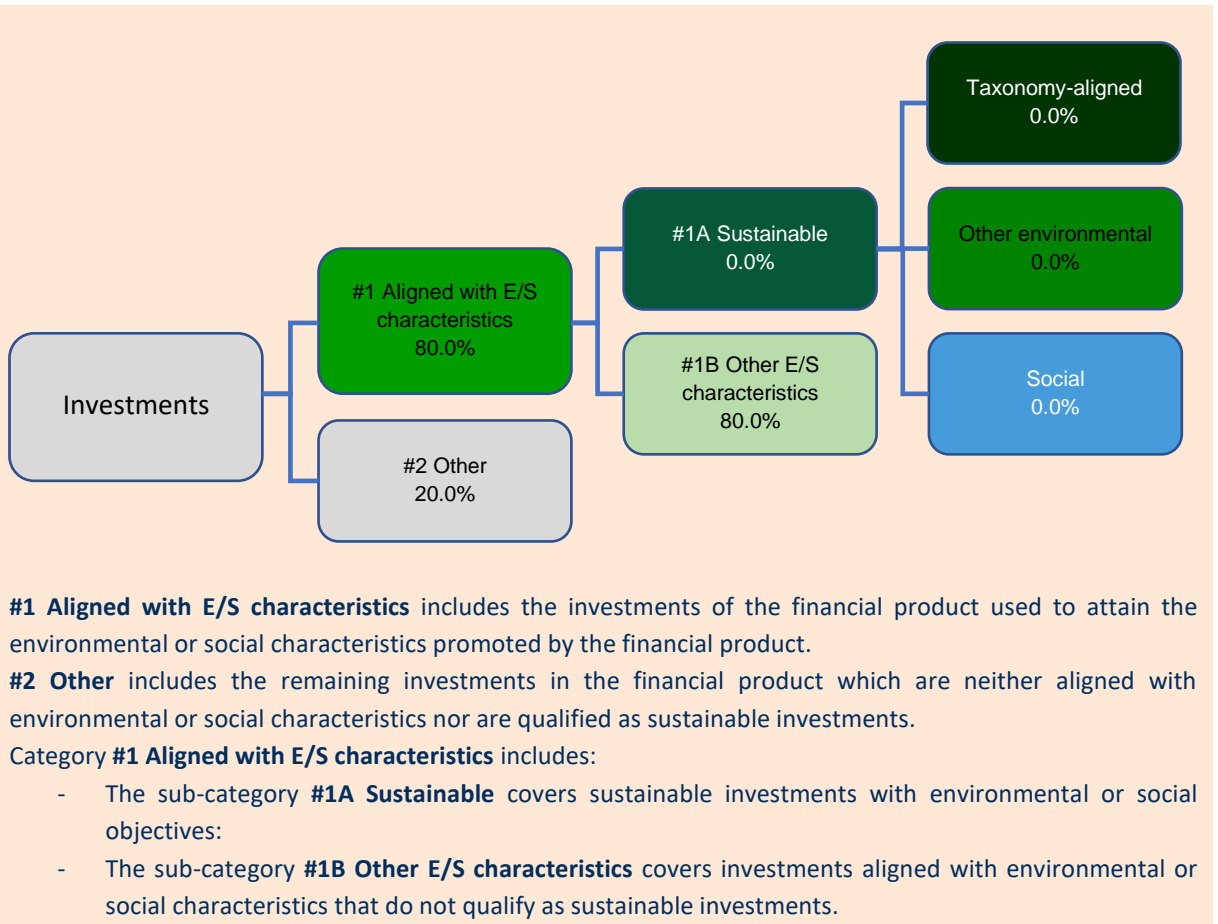
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage:

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

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

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



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

The Fund may use derivatives for hedging purposes. The derivative instruments, which can be looked through, are not subject to the same extra-financial analysis process as the securities described in the investment strategy. Derivative instruments, which cannot be looked through, are for example Ester swaps for money market funds.



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

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

Yes

In fossil fuels

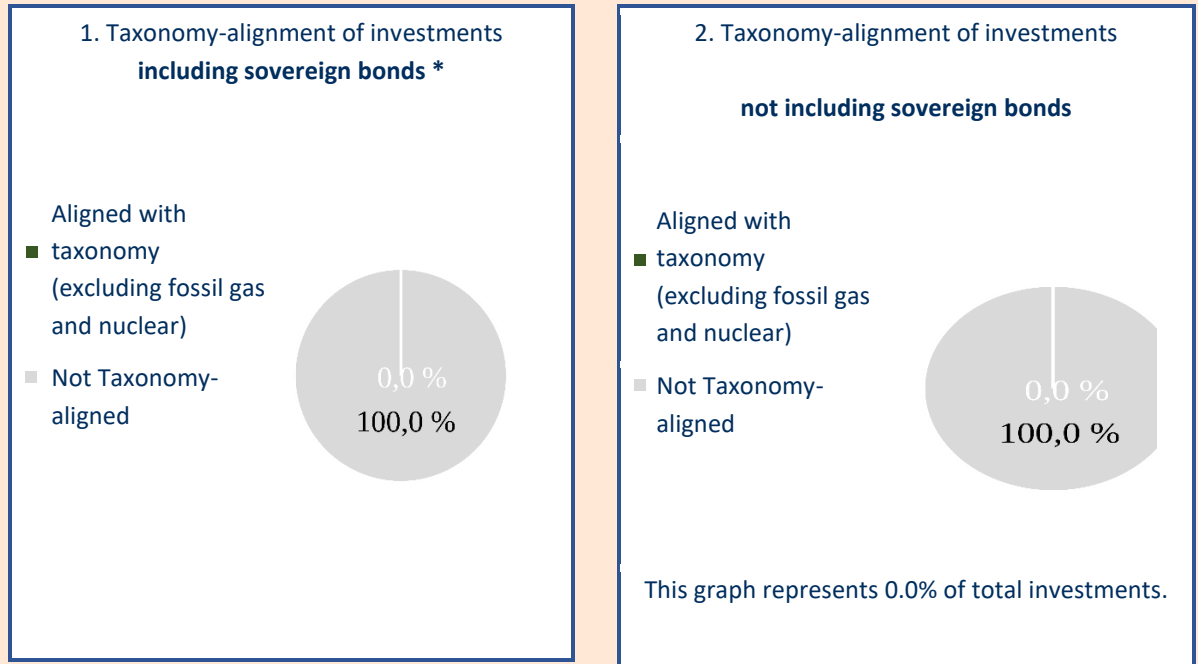
In nuclear energy

No

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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



* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

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

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

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


 What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investment is 0%.



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

Other investments include cash which is used to preserve the fund's liquidity and adjust its exposure to market risk. Derivatives are also present in these other investments and are only used for hedging purposes. There are no minimum environmental or social guarantees on these other investments.

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

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?



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

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

N/A

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

N/A

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

N/A

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

N/A



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. You can get them free of charge on request from serviceclient@la-francaise.com. Any further information is available from the Customer Service Nominative Products Department using the following contact details: serviceclient@la-francaise.com.