SUSTAINABLE

2022

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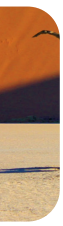
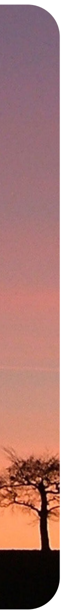
INVESTMENT AND CLIMATE REPORT

LA FRANÇAISE

CONTENTS







EDITORIAL

Dear readers,

Sustainable Investment is one of the mainstays of our development and our role as a responsible savings management company. This, the seventh "Sustainable Investment and Climate Report" to be produced by the La Française Group, gives us a further opportunity to highlight our commitment to sustainable finance.

The climate emergency has now been pronounced as critical. Europe's dependence on Russian fossil fuels means that the war in Ukraine has indirectly sped up investment in renewable energies and reduced energy consumption, with people being more careful over the amount of energy they use. However, the Paris Agreement target of zero net greenhouse gas emissions by 2050 means we need to double down on our investment efforts to help with the climate transition and with measures to reduce the demand for energy.

We are therefore seeking to ramp up our efforts to help fast-track the climate transition. This priority is a continuation of our ESG approach initiated fifteen years ago, and can be seen in our total commitment to fighting against climate change. The overhaul of our CSR (corporate social responsibility) approach over the last few years has enabled us to identify and clarify the strategic challenges, objectives, engagements and rules for measuring our progress, and is a key element in this commitment.

In 2022, we increased our engagements by joining new coalitions, including the "Finance for Biodiversity Pledge". We continue to work actively as part of the Climate Action 100+, participating in collaborative engagements aimed at influencing the strategy of the world's leading corporate issuers. We are taking part in the CDP Non-Disclosure Campaign to encourage companies that are particularly exposed to climate risk to become more transparent about their impact on the climate, water and forests.

We carried out a range of initiatives in 2022 from communications, aimed at being fully transparent in the information we put out to ESG risk management compliance or the development of methods and tools to strengthen the understanding we have over data and associated calculations. In this respect, the La Française Group is in support of current discussions leading to the consolidation, clarification and strengthening of the regulatory framework at European level through the "Sustainable Finance Disclosure Regulation" and at national level through the SRI label. For financial assets, climate stress test models have been developed by our risk and financial engineering teams to ensure the most stringent possible checks. For property assets, we systematically monitor the management of energy efficiency targets for our assets, alongside greenhouse gas emissions. All these tools contribute to offering our investors a service with high added value.

To ensure our collective success, all employees have been involved notably by attending training courses in sustainable investment. This course of action was repeated in 2022 and will be conducted again in 2023.

We are continuing along the same lines in 2023. We are determined to be an active and influential player and to be accountable to our stakeholders for the impact of what we do. This has led us to stick with our strategy of integrating ESG criteria into all publicly distributed funds and, in terms of impact, keeping them aligned wherever possible. We are developing a biodiversity strategy and extending our exclusion policy to unconventional fossil fuels.

On top of this, and in accordance with Sustainable Development Goal number 5, we made it one of our objectives to achieve gender equality among within our investment team. Our goal is to achieve full equality within five years. In the same spirit, in 2022 we joined the French 30% Investor Club Group, which promotes greater gender diversity within the managerial staff of companies in the SBF 120 index.

La Française Group is capitalising on both its pioneering ESG expertise and its capacity for innovation in climate finance in order to successfully achieve its mission of a sustainable economy in response to the huge challenges facing the modern world.

Based on mutualist values, the ongoing inclusion of La Française Group within Crédit Mutuel Alliance Fédérale to form the Group's asset management arm will enable us to broaden our "sustainable" ambitions in terms of assets under management and diversity of asset classes covered.

We hope you enjoy reading this report!

Patrick Rivière,
Chairman of the Executive Board,
La Française Group

INTRODUCTION

ACTING ON CLIMATE CHANGE IN LINE WITH ASSUMED ETHICS

The regulations on environmental responsibility applicable to management companies provide a general set of minimum requirements for the industry as a whole. Beyond this framework, we felt it necessary to reflect on the basis and ethics of our engagement with climate issues.

Because of its complexity, its global dimension and the scale of its impact on living conditions, climate change cannot be tackled and managed solely by traditional macro-financial measures of regulation, taxes and subsidies designed to influence the motivations of entities operating within the markets.

There is plenty of uncertainty surrounding climate damage in terms of capital destruction and drops in production. There are difficulties in assigning an economic value to actions to reduce carbon emissions. Inter-generational discussions about managing what is right for us all remain indefinite. These all combine to pose a challenge to our ability to resolve issues rationally and efficiently within the framework of the value system of the modern world(1). Traditional economic assessment tools are simply not up to the task.

The concept of responsibility provides a striking example of all this. In our system of societal values, causes and effects are attributed to individuals. They are readily identifiable and remain closely linked in terms of location and timescale. This approach is clearly not well suited to the issue of climate change: When put together across millions of people and accumulated over time, seemingly benign acts – i.e. using a car to travel around France on a family holiday – can have devastating consequences in Australia a hundred years after the event. But who is to blame? The global environment can be destroyed without any individual being directly responsible in the commonly understood sense of the term. Blame can only be attributed at collective level, provided that a collective body represents the interests of its members in perpetuity, as is the case of a nation-state.

Individual versus collective action: this is the crux of the issue when it relates to something we all share. Although we all share the costs of an increased use of resources, the benefits of this increased use are very individual in nature. Similarly, when shared resources start to drop in terms of the benefit we derive from them, it is each individual that ends up footing the bill. In game theory, this is the basis of the prisoner's dilemma.

How can we square these ideas with one another? Although individual action to counter climate change has very little effect on its own, and only collective action really counts for something, there are several reasons why individuals may be called upon to act. One of these may be moral integrity, which calls for consistency between individual and collective positions Here too, the issue of values arises. Individuals should be viewed not only as isolated entities, but also in their relation to the community(2).

This is the thinking that lies behind the La Française Group's climate engagement. Our individual actions need to align our management style with the needs arising from the climate transition and

(1) Dale Jamieson, "Ethics, Public Policy and Global Warning", Science, Technology & Human Values, 1992 - (2) Marion Hourdequin, "Climate, Collective Action and Individual Ethical Obligations", Environmental Values, 2010

simultaneously work together in initiatives aimed at supporting this transition. In our view, this is the rational position to take, since it involves being part of a set of long-term collective actions. On top of this, a number of studies, including our own, show that integrating this additional layer of information – extra-financial data in general and climate assessments in particular – is beneficial to financial performance and the reduction of risk.

The purpose of this summary report is to outline the sustainable investment initiatives of La Française Group, to detail the underlying concepts and show how they can be integrated within the investment process.

The report complies with the regulatory information obligations set out in Article 29 of the Energy and Climate Act. It has been drawn up in accordance with the recommendations made by the "Taskforce on Climate-related Financial Disclosures", and its structure follows the recommended guidelines across four sections: Governance, Strategy, Risk Management, Indicators and Objectives.

All of the reports, the voting, engagement and exclusion policies, the sustainable investment charter, methodological reports and indicators of La Française Group are published here.

Laurent Jacquier-Laforge
Global Head of Sustainability,
La Française Group

01

GOVERNANCE

La Française Group (or "the Group"), is a real estate and financial asset manager, made up of several management companies including La Française Asset Management(La Française AM – French asset manager – securities), La Française Real Estate Managers (La Française REM – French asset manager – real estate), La Française Systematic Asset Management (La Française SAM – German asset manager – securities) and New Alpha Asset Management (New Alpha AM – French asset manager – securities), of which La Française Group owns more than 49% and which are consolidated in its accounts. La Française Group also has a company – La Française AM Finance Services (LFFS) – bearing the status of investment firm and which is responsible for marketing the Group's products.

As an investment firm providing financial investment advice via the Moniwan brand, La Française AM Finance Services incorporates the objectives and/or preferences of its clients and potential clients into its procedures, as gathered through their investor profiles. Once its clients have stated their preferences over sustainability, LFFS is able to match these preferences with their recommended products.

In the 2022 financial year, the La Française Group (LFG), the parent company for the group of La Française companies, was a subsidiary of Crédit Mutuel Nord Europe (CMNE), a regional branch of Crédit Mutuel Alliance Fédérale. The La Française Group is drawing up this report on behalf of its management companies. In addition to their data aggregated by entity – La Française AM or La Française REM – funds with more than 500 million euros of assets under management have opted for this publication to be included in their annual report.

The information presented in this report relates to all the funds managed by La Française Group management companies (including the subsidiary New Alpha Asset Management, the specific elements of which are detailed in Annex 1), including funds managed under foreign law, managed mandates and funds and mandates whose management is delegated (excluding funds managed by management companies outside the Group and established outside the European Union but for which the Group provides a ManCo service in Luxembourg).

A – Steering and supervisory bodies

In terms of Governance, the Group has enhanced its system to include the management and monitoring of all the issues surrounding sustainability.

The Group's management bodies are committed to overseeing the issues and opportunities relating to the its sustainable investment strategy. The Group's ambitious objectives in terms of Sustainable Investment moving forward are monitored by the Sustainable Investment, Real Estate and Financial Assets COMEXs on a monthly basis, while cross-functional Sustainable Finance issues are likewise monitored by the La Française Group COMEX.

A formal report on development objectives is provided on a quarterly basis by the Management Board to the members of the Supervisory Boards for each Group entity. Sustainable Investment is one of the five major focal points of our Medium-Term Plan (MTP) 2023. It is applicable to each company in the Group and is, of course, monitored by the Supervisory Board of La Française Group through the Group Audit and Risks Committee.

In order to bolster the monitoring of the Group's actions and its control in this area, in 2021 La Française Group appointed a CSR/ESG specialist to its Supervisory Board, in the person of its Chairman, thereby making this issue a top priority. This appointment to the highest governance body of La Française Group stands testimony to its commitment and ambition as stated in its Medium-Term Plan. This contact point is also a member of the Group Audit and Risks Committee and is in charge of CSR/ESG subjects, as well as those related to climate change and the evolution of biodiversity at Supervisory Board level. Within the Audit and Risks Committee, he sets up an annual review of CSR/ESG strategies and risks within the Group, both at company level and through its ESG products and services.

The Supervisory Board of La Française Group is kept informed each quarter by the conclusions of the Audit and Risk Committees on sustainability risks. These conclusions are integrated into the Group's risk mapping, similar to financial, operational or compliance risks. Risk monitoring at Group level is carried out through the risk appetite framework as defined by La Française Group in consultation with our shareholder CMNE. It is carried out by monitoring major trends in risk and through action plans, the progress of which is reported to the Supervisory Board of each relevant entity.

In 2023, the Supervisory Board will undergo training on CSR policy specific issues in an investment management company as well as sustainability risk management perspective.

As a subsidiary of a mutual group, the Supervisory Board is mainly made up of members linked to the parent company (one independent board member out of six). One-third of Board members have been in office for more than 15 years, while the other two-thirds have been in office for between five and seven years. Attendance was 100%, with the exception of one member whose attendance rate was 75%.

The Supervisory Board of La Française Group has not currently adopted any internal regulations.

B - Remuneration Policy

The remuneration policy is fully aligned with La Française Group's practices in terms of integrating environmental, social and governance (ESG) factors into its third-party management activity.

The remuneration practices detailed below ensure that sustainability risks are integrated into the remuneration policy of La Française Group.

INTEGRATION OF SUSTAINABILITY RISKS IN THE REMUNERATION POLICY OF LA FRANCAISE GROUP

Each year, the Remuneration Committee approves all changes to the remuneration policy of the various Group entities. In accordance with the SFDR Regulation on Sustainability Disclosure, the Group is committed to establishing, implementing and maintaining remuneration policies, procedures and practices that promote sound and effective risk management, including sustainability risks.

Specific roles and responsibilities surrounding sustainability have been defined for different internal functions, and targets have been set. During the annual appraisal interview, the various objectives - including those relating to sustainability - are assessed and the variable remuneration awarded to employees is determined by a discretionary process.

Teams that have specific sustainability goals are:

The Chairman of the Group and the Board of Directors are directly and closely involved in our responsible approach in terms of sustainable investment and the policies relating to the activities of La Française Group.

As a member of the Executive Committee, the Global Head of Sustainability of the Group ensures the consistency of the approach between the strategy defined by the Management Board and its implementation across the various activities of the Group and the initiatives undertaken by the different entities within the Group.

La Française Sustainable Investment Research (SIR). Our sustainable investment research team lies at the heart of our investment process. We have established a proprietary methodology for quantifying companies' ESG assessments and developed the ability to measure carbon emissions and assess the trajectory of a company's transition to a low carbon economy. The objectives set for staff therefore include the development of the most pertinent methodological approaches to sustainable finance and the identification of the most appropriate indicators for measuring the sustainability issues and risks within companies identified by managers as potentially suitable for investment.

A research team devoted to the real estate (property) sector. We have been able to achieve a holistic view of our assets, based on the data collected over the past ten years or more. To foster a usable, sustainable level of performance, the Real Estate Research team has a roadmap that places social and environmental aspects at the heart of the real estate investment strategy and aims to reduce greenhouse gases, reintroduce nature into the city, make urban environments more inclusive, etc.

For the four teams mentioned above, as well as for the legal, sales, engineering and marketing teams, the variable remuneration awarded takes into account the achievement of individual objectives set in terms of Sustainable Investment during annual appraisal interviews and according to qualitative criteria.

Portfolio Managers contribute to the research and draw support from this extra-financial research, incorporating sustainability risks into their investment decisions, respecting the guidelines set out for a given portfolio. They are able to optimise the relative performance positioning of the sustainable funds they manage compared to their peers and contribute to the innovation of sustainable products. Objectives linked to quantitative criteria form part of their annual appraisal and variable remuneration. The target of 95% of actively managed funds incorporating ESG criteria was achieved.

The Risk Managers monitor compliance with the sustainability commitments of the Funds. The allocation of the variable part of remuneration considers quantitative and qualitative criteria such as the extent to which ESG constraints are taken into account, the monitoring of compliance with the funds' sustainability commitments, the relevance of sustainability risk warnings and the responsiveness to such warnings,

The Engineering and Development staff define and implement the calculation of all the indicators for monitoring sustainability risks, in association with the research and IT staff.

The Compliance and Internal Control staff ensure that the business undertaken by La Française Group is fully compliant with the increasingly stringent regulations over sustainable finance. They oversee the regulatory constraints in terms of sustainability and incorporate aspects specific to sustainable finance in their auditing activities. The variable part of remuneration is awarded on the basis of quantitative and qualitative criteria, such as the quality of ESG controls and reporting on these controls.

Our legal staff update all contracts with stakeholders, as well as the legal documentation for our investment products as required by this regulatory framework.

Our sales staff contribute to developing our assets, while simultaneously respecting clients' limitations in terms of risk and return, including Sustainability risk.

Our marketing managers include sustainability factors when developing new products.

For employees whose variable remuneration is subject to deferral, a penalty system may apply if the employee exposes the Group or any of its companies to abnormal or excessive risk-taking, or if the employee exposes one or more Funds to a significant risk not foreseen by their risk monitoring policy, including sustainability risks.

02

STRATEGY

A – ESG strategy

1 – STRATEGY

Each of the Group's divisions, financial assets or real estate, classifies more than half of its assets under Article 8 or 9 SFDR, i.e. in funds that respect sustainability criteria or set environmental or social performance targets.

La Française Group therefore has 51% of its actively managed assets classified under Article 8 or 9 as of 31 December 2022.

More details on our Article 8 or 9 SFDR funds can be found on the Our Publications page of the website here.

ASSETS OF FUNDS LISTED IN ARTICLE 8 OR 9 SFDR, ACTIVELY MANAGED AND MARKETED BY THE LA FRANÇAISE GROUP'S MANAGEMENT ENTITIES

Table 1: summary of assets under management in funds classified as Article 8 or 9, in absolute and relative terms, **by asset class** and in the La Française Group as a whole.

Assets division figures at 31/12/22	Actively managed assets under Articles 8 or 9 of the SFDR (in €M)	Weight in the total assets (%)	Weight in La Française Group total (%)
Financial assets	6,862	53%	15%
of which mandates*	688	5%	2%
Real estate assets	16,518	51%	37%
of which mandates*	2,471	8%	6%
TOTAL GROUP SUSTAINABLE ASSETS	23,231	N/A	51%
of which mandates*	3,159		7%

**The concept of a mandate includes management mandates and dedicated funds.*

Table 2: summary of total assets under management in funds classified as Article 8 or 9, in absolute and relative terms, **by financial asset category**, in the La Française Group.

Categories figures at 31/12/22	Actively managed assets under Article 8 or 9 of the SFDR (in €M)	Weight in total sustainable financial assets (%)	Weight in La Française Group total (%)
Shares	668	10%	1%
Bonds	2,109	31%	5%
Liquid assets	3,047	44%	7%
Diversified	1,038	15%	2%
TOTAL SUSTAINABLE FINANCIAL ASSETS	6,862	100%	15%

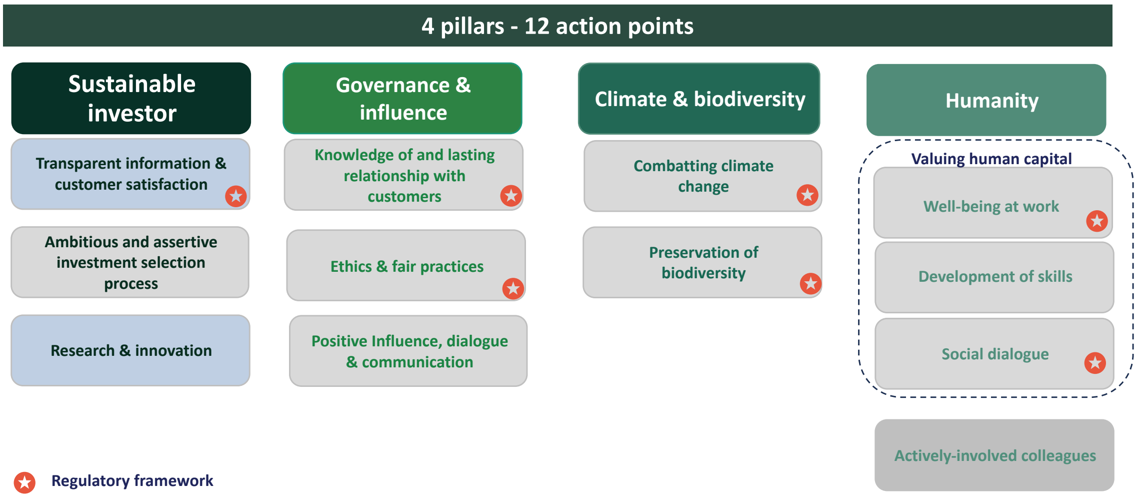
Table 3: summary of total assets under management in funds classified as article 8 or 9, in absolute and relative terms, **by real estate asset category**, in the La Française Group.

Categories	Article 8 or 9 SFDR – assets (in € million)	% actively managed corporate assets[9]	% assets actively managed by La Française Group[10]
Tertiary	14,085	57,8%	33.3%
Residential	221	0.9%	0.5%
Wine industry	0	0%	0%
Mixed	1	0%	0%
TOTAL SUSTAINABLE FINANCIAL ASSETS	16,518	100%	37%

1.1 – Group strategy

The approach of the La Française Group forms part of its Corporate Social Responsibility (CSR) policy, in connection with Social and Corporate Responsibility (SCR of Crédit Mutuel Alliance Fédérale). The specific elements of the La Française Group's CSR strategy were formalised with the help of its stakeholders in 2021. The report is available on its website.

As part of its work with the various stakeholders, the group has implemented a materiality matrix in accordance with the "comply or explain" principle to report on its understanding of the various CSR or Sustainability issues within the Group. This approach has helped to identify the different engagement-relevant issues and to organise them around four pillars.



The Sustainable Investor pillar permeates this entire report, in particular our ESG strategy and our actions regarding climate change and biodiversity, which we describe in the individual sections below. Governance is dealt with in the first chapter of this report, while the concept of Influence is mainly addressed below under Engagement.

People

With regard to the "People" pillar, the La Française human resources (HR) policy is embodied by its team spirit, placing great importance on the values of proximity, attentiveness and efficiency. It pays special attention to the social climate and demonstrates its drive to be part of the action.

The agreement formalises the engagements guiding these actions in favour of **professional equality between women and men, quality of life and working conditions** within the Group and places certain obligations on La Française as an employer.

In terms of equality, each pillar of the agreement (recruitment, effective remuneration, professional training and professional development & career management) includes strong measures that demonstrate La Française's desire to develop gender equality and professional equality at all levels of the company and to combat all forms of discrimination. For example, at the end of 2020, La Française launched the "Further" initiative, which promotes the development of women, in particular through its internal mentoring programme. This scheme has already helped 29 women within the Group. A recruitment charter has also been communicated to our stakeholders, enabling us to share common practices by guaranteeing non-discrimination, equal opportunities, transparency and respect for applicants in recruitment and integration.

La Française is also convinced that quality of life and improved working conditions are factors that promote equality between women and men. Parenthood is a perfect illustration of this conviction, and is defended through the 30 measures in favour of quality of life at work (QLW).

La Française is focused on training and motivating its employees to offer greater professionalism in line with its clients' expectations and foster career development through skills development. Our dynamic policy represents the diversity of business lines in the Group and results in a significant investment in Continuing Professional Development.

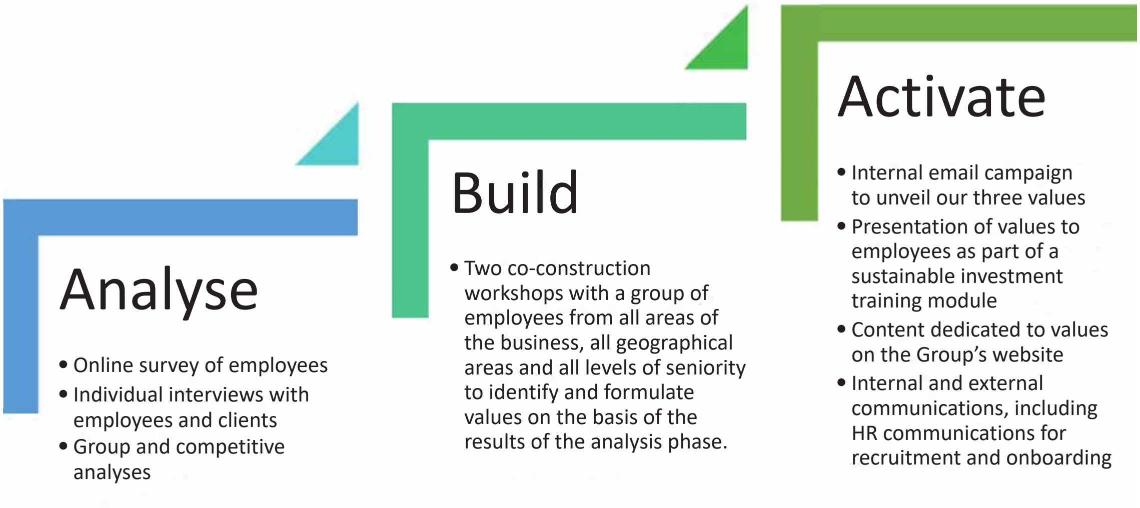
In 2022, 83% of the Group's employees had attended at least one training course (non-statutory training), and 2.52% of the payroll was invested in Continuing Professional Development for 7,988.50 hours of training.

Values

Moreover, in 2022, conscious of its social responsibility and its role as an asset manager in sustainable finance, La Française wanted to take its CSR approach even further to establish its identity in the face of the challenges of sustainable development. The group worked on identifying and formulating a value system.

A joint approach with three stages

The project was carried out using a three-stage method, led by a working group representing three support functions (HR, Communications and Sustainable Investment) and facilitated by two consultants.



La Française's values flow from a process of reflection and participative exchange. The 540 employees and institutional and individual customers in France and abroad were consulted and approached throughout the process.

A unifying, assertive and unique CSR approach

A system of values forges a corporate culture. It is an aspect of working life that really brings employees together. The Group therefore makes an effort to raise awareness of its principles and working philosophy among its employees and involves all staff in its corporate mission on a daily basis, which is the very reason it exists in the first place.

Our values also enable us to raise client aware of the fundamentals driving the Group. The expression and alignment of values are especially important during the supplier selection process. This is one way in which our values system strengthens our CSR approach and sets it apart from the rest.

These values fall in line with La Française's very reason for being and resonate with the values of the Crédit Mutuel group, the first bank to pursue a set social and environmental purpose with specific sustainability goals.

"Human, Creative and Reliable", La Française values are unique, authentic and inseparable. They are consistent with La Française's very reason for being: "To innovate to design investment solutions that combine performance and sustainability".

La Française's values also fall in line with the corporate values of its shareholder, which in 2021 became the first banking group to officially pursue a set social and environmental purpose with specific sustainability goals.

An approach that was hailed in 2023: TOP 10 "avant-garde" asset management companies in France

La Française has joined the very select circle of asset managers described as "avant-garde" among the world's 600 largest asset managers, representing 19% of the asset management companies assessed by the Responsible Investment Brand Index (RIBI).

In France, the Group is one of the top 10 "avant-garde" asset management companies.

La Française is demonstrating its ability to make progress in terms of responsibility – both in its investments and in its brand image. This ranking reinforces our position as a responsible market player.

Sustainable investor

La Française's sustainable investment approach dates back to 2008. Starting from an outsourced approach, La Française has gradually integrated resources and skills and widened the scope of sustainable investment to all the asset classes under the group's management. Since 2020, Sustainable Investment has been one of the pillars of the Group's Medium-Term Plan (MTP 2021-2026). This is central to our development and our role as a savings manager.

Since 2018 La Française Group has published a Sustainable Investment Charter, which it regularly reviews. This acts as a reference for the Group's practices in terms of integrating ESG factors in its third-party management activity.

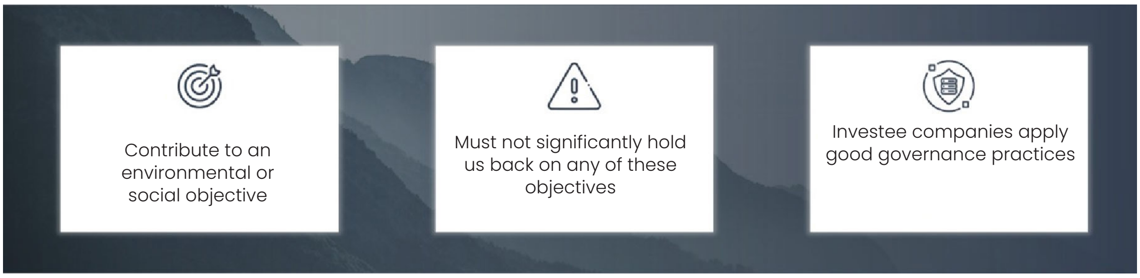
La Française Group considers ESG factors to have a significant impact on the financial performance of invested assets, both in terms of profitability and risk, and that this impact is growing. This belief is supported by a growing body of academic work on this issue. A divergence between economic/financial performance and sustainability and social responsibility is no longer acceptable. Responsible behaviour in sustainable finance is synonymous with flexibility, responsiveness, innovation and therefore the creation of value and financial performance.

Our Group also considers climate change and biodiversity to be fundamental to our economic and social future and that the society of tomorrow will be based on a low-carbon economy. As such, it is critically important to take the climate and biodiversity into account when making investment decisions. The risks and opportunities - transitional or physical - associated with climate change and the loss of biodiversity are likely to affect all businesses and the financial performance of assets across all sectors and asset classes. La Française's philosophy therefore leads it to select companies that are best able to adapt and perform in a constantly changing world and that are seeking to implement a genuinely sustainable development policy.

Since the last quarter of 2021, a project has been launched to consolidate the non-financial databases in the same IT tools for processing data internally. This mission has been entrusted to the Engineering, Risks and Reporting Department (DIRR), which has created a "Data Management & Modelling" unit to ensure that extra-financial data is treated with the same rigour as financial data. A team dedicated to this task has been set up. The project covered the entire process, from the choice of basic data, its reliability, and the redevelopment and coding of models to fill in missing data and calculate all the indicators. In particular, new climate models have been developed, both for calculating the temperature of portfolios and for measuring climate risks. This integration has improved our ability to control the regulatory aspects of managing risks and the commercial aspects of reporting back to our clients and to develop methods and calculations surrounding incoming data. By continuously putting together financial and extra-financial calculations on the same platform, it has become possible to give performance indications associated with the integration of sustainability models into portfolio management. As a result, La Française now has a single calculation centre with optimised access to data for all the management company's stakeholders.

SUSTAINABLE INVESTMENT AT LA FRANÇAISE

The SFDR definition of Sustainable Investment is based on three principles:



In its April 2023 publication[1], the European Commission clarified how to understand and contribute to an environmental or social objective, listing three examples:

1 - A company operating in a sector that contributes directly or in an enabling way (as defined by the European taxonomy)

2 - A company with better practices than its peers

3 - A company committed to transition

The La Française Group obviously complies with these regulations and adapts them to the requirements of the various asset classes.

More information on financial and property assets can be found here.

(1) https://www.esma.europa.eu/sites/default/files/2023-04/Answers_to_questions_on_the_interpretation_of_Regulation_(EU)_20192088.PDF

1.2 – Financial Assets Strategy

The ESG strategy applied to financial assets is based on three pillars:

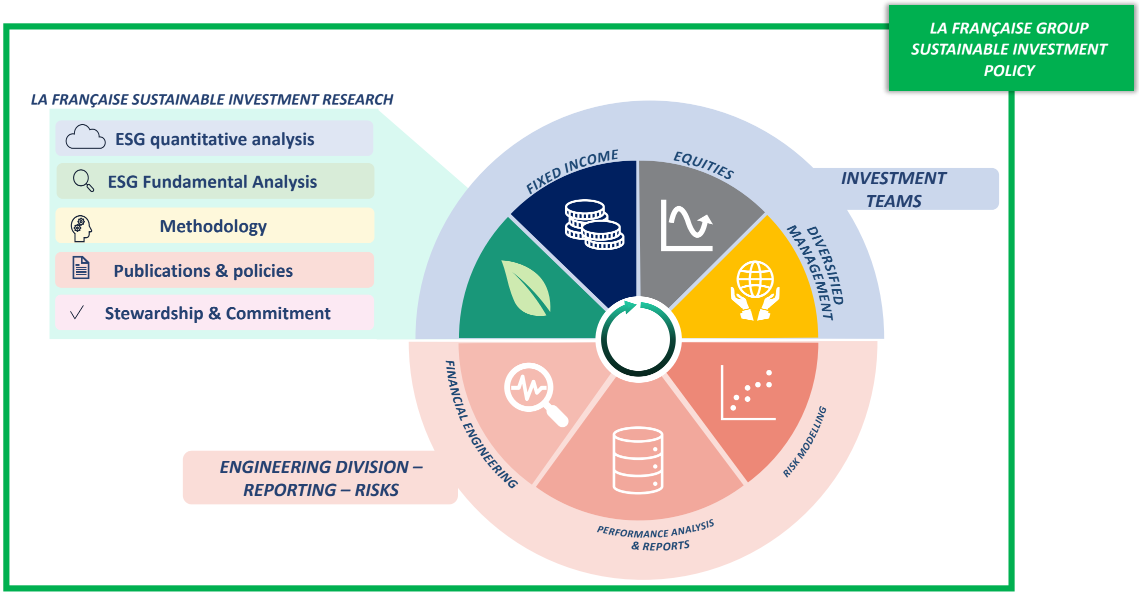
1 – Developing value generation for our clients based on our ESG expertise;

2 – Prioritising innovation in mobilising capital flows towards sustainable finance;

3 – Combining the financial power of our clients to maximise the positive influence on our economic, social and environmental fabric.

Developing value generation for our clients based on our ESG expertise

To follow this strategic direction and meet the related objectives, we are mobilising all the Group's business lines, in particular the asset management teams, with active involvement from the extra-financial research and expertise team: "Sustainable Investment Research" and the Data Management & Modelling division. ESG analysts are jointly responsible for the methods implemented with the ESG Management & Modelling data division. They assess and quantify the ESG score of issuing companies and apply a unique and proprietary data model for carbon footprint assessment.



Our analysts use methods based on:

- **Scoring models** (ESG, Carbon Impact, human capital, natural capital): To support each fundamental and qualitative analysis of the investment files, we have developed quantitative scoring models that enable us to position the company in relation to the topic under consideration. To this end, we use a combination of indicators from various external sources (ISS, Clarity AI, Bloomberg, etc.) which we have selected on the basis of how informed they are by each of the different pillars. As part of the ESG scoring process, the three pillars E, S and G are based on more than ten indicators each and are then weighted by sector and by the extent to which they have come through in actual policy. Each pillar has a minimum weighting of 20% in its final contribution to the ESG score.

- **Estimated carbon footprint:** Proprietary model based on information provided by companies to the CDP[2] - Carbon Disclosure Project-. The information gathered makes it possible to extrapolate the carbon footprints (scope 1, 2 and 3) of companies that do not measure or report this data to the CDP, based on their sector and size.

(2) CDP (formerly the Carbon Disclosure Project): Home - CDP

- **Path analysis:** We have developed a proprietary "LCT – Low Carbon Trajectory" analysis model that enables us to assess the level of ambition and realism of the decarbonisation targets set by companies. To do this, we carry out a qualitative analysis of the companies using the framework of the TCFD recommendations(3) from the angles of Governance, Risk Management, Strategy and Objectives and Indicators. Once the levels of activity and the objectives have been collected and quantified, we carry out a projection to 2030 of the possible achievement of these objectives and compare them with the reference scenarios given by the International Energy Agency: Net zero, SDS, STEPS.

This cross-functional organisation of ESG intelligence management between the research centre and the Data Management & Modelling division has made it easier to set up a platform and scale up ESG models, enabling us to meet regulatory requirements and distribute ESG information and calculations to the 95%(4) of our investment products that claim to be sustainable.

The management teams are also heavily involved in developing the range of our sustainable investment products, in their day-to-day management and in their contribution to ESG-related value creation. Our range of Carbon Impact funds, present in all our asset classes, mobilises a network of managers who generate interaction, collective intelligence and shared knowledge, facilitating the continuous improvement of analysis and stock selection.

Prioritising innovation in mobilising capital flows towards sustainable finance

Innovation is essential in an environment where there are many sustainable issues that cut across different economic sectors, and we are still defining how best to deal with them in the context of third-party investment. The research centre is organised by thematic expertise: climate change, natural capital, human capital, governance and reporting. This division of responsibilities means that we can cultivate the intelligence of the pole as close as possible to the research produced by scientists and benchmark institutions, such as the IPCC(5), the IAE(6) or the IPBES(7) and apply it to our industry. It also provides the methodological support needed by the management and sales teams to develop new investment vehicles. To illustrate this, this year we developed a natural capital investment process aimed at identifying the dependence of economic actors on natural resources and various ecosystem services, while also measuring their impact on biodiversity and, more broadly, natural capital (using a dual materiality approach).

(3) TCFD: Taskforce on Climate related Financial Disclosure - (4) 95% of funds open for marketing were classified in Article 8 or 9 according to the SFDR regulation at 31/12/2022 - (5) Or IPCC Intergovernmental Panel on Climate Change - (6) International Energy Agency (IEA): IEA - International Energy Agency - (7) Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services: IPBES Home page | IPBES secretariat

Combining the financial power of our clients to maximise the positive influence on our economic, social and environmental fabric

In addition to its capacity for innovation, an asset management company's power to influence is largely linked to the volume of assets it manages for its clients. For this power of influence to come to fruition, it needs to be actively managed and nurtured by in-house teams. This involves individual engagement with companies, but also collaborative engagement with other investors to multiply the influence linked to the assets under management mobilised. We structure our engagement around four main themes: Climate Change, Human Capital, Natural Capital and Governance and Reporting, which guide our dialogue with companies and the votes we cast at general meetings. We are also increasingly focusing our efforts on a group of companies not traditionally involved in collaborative engagement programmes: small or unlisted companies in the bond universe. We can therefore support the fundamental need for ESG data, which is often lacking in these segments. A summary of our engagement is available here.

1.3 - Real Estate Assets Strategy

La Française REM's ESG policy aims to integrate ESG criteria into the investment and management processes of real estate assets as systematically and rigorously as financial data.

The integration of ESG criteria in real estate is divided into four parts:

- **The environmental** aspect relates to our engagement to reduce the negative external effects of our real estate assets. Particular attention is paid to energy efficiency and lowering CO2 emissions in order to combat global warming;
- **The social** aspect is our engagement to maximising the usefulness of our assets by ensuring that they meet new usage criteria. Particular attention is paid to the flexibility, modularity, accessibility and convertibility of our assets;
- **Governance** corresponds to our engagement policy which aims to ensure the sustainability of our entire supply chain by federating all the stakeholders involved in an asset - first and foremost the users, the "property managers" and the employees of La Française REM, who carry out the day-to-day management of our assets;
- **Climate** is our engagement to building the resilience of our assets by analysing their vulnerability to physical climate risks and defining plans for change where necessary.

In line with its SRI policy, the real estate funds integrate environmental, social and governance (ESG) criteria into their investment and asset management processes as systematically and rigorously as financial criteria.

The integration of ESG criteria in the acquisition phase takes the form of an assessment of the sustainable characteristics of the investment opportunity entrusted to an external environmental study office for the assets delivered, or via an analysis of compliance with the sustainable construction of La Francaise REM for construction projects or restructuring operations. This charter defines the minimum environmental, social and governance standards that must be met to ensure that the Fund's environmental objectives can be achieved.

It focuses on the following themes:

- Climate change mitigation
- Climate change adaptation
- Conservation of resources
- User comfort and well-being
- Territorial integration

It is essential that the ESG audit is carried out before the promise to purchase is signed. This means it is possible to include the cost of any investments required to improve the sustainable features of assets in business plans and therefore to reflect a "green premium" or "brown discount" in the prices offered.

From time to time, for certain funds, La Française may invest in specific types of assets and pursue societal objectives such as regional development or the development of medico-social infrastructure.

2 - INFORM

Fully engaged with CSR and Sustainable Investment, the La Française Group presents its ambitions on a special section of its website and has a set of relevant documents to view and download.

This presentation comes in addition to the "Ethics & Transparency" code of conduct[8]. This latter aims to present the priorities of the group, its ethical values and engagements to protecting our clients and employees.

It is complemented by our work in 2022, which enabled us to define the values of the La Française Group, in collaboration with various stakeholders (customers, employees, suppliers).

La Française publishes communications on its sustainable management and/or its funds through the following media:

- The website www.la-francaise.com, where different content relating to sustainable management and the funds we manage can be found;
- A section of this website called "Sustainable Investment", which details our fundamentals, publications and property and real estate assets.
- An online News section featuring articles and research published by our analysts;
- A monthly newsletter "La Française vous parle d'ESG" (La Française talks ESG with you) for professional and non-professional investors;
- Legal documents (prospectus, KIIDs, periodic reports) and monthly fund reports, accessible on the web page for each of the funds concerned;
- Carbon Impact Weekly, sent directly to investors;
- Carbon Impact Quarterly;
- La Française Group's Responsible Investment Charter;
- The Article 29 report of the Energy and Climate Law;
- The annual report to the PRI;
- La Française AM's voting policy and the annual report on the exercising of voting rights, as well as online details of votes cast at general meetings over the last three years;

(8) "Ethics & Transparency" code of conduct

- The Group's exclusion policy;
- The engagement policy and the annual report on the implementation of the engagement policy;
- Periodic Responsible Investment presentations and reports compiled by La Française.
- Annual ESG reports for real estate funds:
    - Standards which comply with the SRI label for the four funds that have obtained said label
    - In accordance with the models provided by the regulation for the fund classified under Article 8 and the 15 funds classified under Article 9, within the meaning of the SFDR
    - In accordance with the requirements set out in Article 29 of the Energy and Climate Law for the 14 funds valued at over 500 million euros falling within the scope of the LEC

And for SRI labelled funds:

- Fund impact reports (annual);
- Fund transparency codes (annual);
- Inventory of funds (bi-annual);
- For the four labelled real estate funds, quarterly bulletins including an ESG assessment of the delivered assets acquired during the quarter.

3 - COMMIT

To strengthen its engagement, in October 2010 the La Française Group signed the Principles for Responsible Investment (PRI) as well as numerous initiatives, charters and engagements which are listed below. In line with its engagement to the climate, the Group also supports the Paris Climate Agreement signed at COP21. Finally, in 2022, the Group joined new initiatives in line with its convictions. In the area of biodiversity, it has signed the Finance for Biodiversity Pledge and became a member of the TNFD Forum (Taskforce on Nature-related Financial Disclosures).

International and national initiatives	Date	Objectives
PRI	2010	Support the adoption of ESG criteria in investment
UNEP FI	2015	Share experience in sustainable finance among major asset managers
CDP (formerly the Carbon Disclosure Project)	2013	Encourage companies to be environmentally transparent in order to build a shared database
Workforce Disclosure Initiative (PRI - Share action)	2017	Support transparency in Human Capital
Climate action 100+	2017	Ensure that the world's largest emitters of greenhouse gases take the necessary action to combat climate change
Net Zero Asset Manager Alliance	2021	Engagement to support the goal of net zero CO2 emissions by 2050 or earlier
Finance for Biodiversity Pledge and Foundation	2022	Engagement to produce a biodiversity strategy and report by 2025; participation in Foundation working groups
30% Investor Club France	2022	Encouraging a greater presence of women in the executive bodies and management of major French companies
ShareAction LIPH, Long-Term Investors in People's Health	2022	Discussing with companies how to take into account the health of their employees, their consumers and their ecosystem

International and national initiatives	Date	Objectives
Forum for Responsible Investment (FIR) – France	2007	Support the adoption of ESG in France
Forum per la Finanza Sostenibile (FFS): forum for responsible investment – Italy	2017	Support the adoption of ESG in Italy
AFG – IR Committee	2017	Reflect on and lead the way on responsible investment among peers within the trade federation. Laurent Jacquier Laforge, Global Head of Sustainability at La Française Group is Vice-Chairman of the Responsible Investment Committee of AFG.

In real estate, La Française REM is a director of the Sustainable Real Estate Observatory (OID), patron of the OID's European programme (ESREI), chairman of the SRI Commission of ASPIM, and joined, in January 2022, the "real assets" and "operationalisation and impact measurement" working groups of Finance for Tomorrow. Because it is essential to help all real estate professionals progress on issues relating to sustainable real estate and innovation, La Française REM is committed to communicating and sharing its best practices with such organisations.

4 - INTERNAL RESOURCES DEPLOYED

4.1 - Structure

In terms of structure, the Group relies on the following strengths:

A Global Head of Sustainability, member of the Group Executive Committee, reporting directly to the Secretary General of the Group and member of the Management Board. This person is responsible for the deployment of sustainable investment within all the management divisions, and for coordination with the Group's CSR strategy. They preside over a monthly Sustainable Investment Executive Committee (COMEX), attended by the Group's Management Board, which:

- Firstly, defines the Sustainable Investment development strategy, directs development and distribution, shares news about research, regulations, product-services, risks, reporting, communication, etc.
- Secondly, confirms the Group's CSR strategy and ensures it remains fully consistent with our engagement to be a Sustainable Investor.
- Finally, since 2022 and as part of the construction of the new "Ensemble Gestion", it has been coordinating joint work with Alliance Fédérale du Crédit Mutuel and participating in the working group that interprets and integrates elements of the rapidly evolving regulatory doctrines for all Crédit Mutuel group management activities.

This COMEX is the most direct way of providing information and ensuring the involvement of the Executive Board.

A proprietary ESG-climate research centre, La Française Sustainable Investment Research (SIR). It has been fully integrated into La Française AM since 2021 and is split between London and Paris in order to be as close as possible to management. The centre shares its expertise and proprietary models across all management divisions, as well as within securities risk monitoring teams (see next paragraph). This area of expertise covers not only equities but also credit and government debt.

A team of quantitative analysts dedicated to the modelling and calculation of ESG and climate indicators within the Risk Engineering and Reporting Department (DIRR). In the summer of 2021, faced with multiplying customer and regulatory requests, the decision was taken to set up a dedicated Data Management & Modelling centre in order to centralise, automate, document and fully comprehend methods, data and calculations relating to these challenges. Naturally, the DIRR was chosen to take on these new functions in view of both its capabilities and its assigned roles. **A major project named WELL started in autumn 2021 and concluded in 2022. This brought together method-based input from LF-SIR and the automation and documentation of tasks by the financial engineers and risk analysts in the DIRR.** This department has been reorganised and enhanced by the recruitment of two further members for this project. It is also responsible for the climate stress-tests that we carried out for the first time in 2021. New developments relating to portfolio temperature calculations, climate trajectories, principle adverse impacts (PAIs) calculations and estimations over alignment with the European taxonomy will come to fruition in the first half of 2023.

A proprietary research team specifically dedicated to our property investments: The SRI real estate department, formed in 2009. Its director reports directly to the Chairman of La Française REM. She is on the Real Estate Comex and the Real Estate Management Committee of La Française group. She is also a member of the Sustainable Development COMEX for La Française group. ESG factors form an intrinsic part of our policies governing asset selection, management and arbitrage, in similar fashion to financial criteria. Targets are set for operational teams across the entire portfolio. Some targets are specific to certain funds. The team was strengthened by recruitment in 2022 and works in collaboration with the head of real estate risk analysis.

The support teams are involved in managing new ESG or sustainability risks to ensure that the Sustainable Finance Disclosure Regulation (SFDR) is rolled out on schedule. This focus on Sustainable Finance is particularly important for our Compliance teams within which a CSR/ESG contact point has been appointed to cover this topic for all asset classes and to clarify the CSR strategy. This also involves our Risk Management teams, which have been restructured to monitor sustainability risks as well as financial risks, both within the teams dedicated to securities and those working in real estate. Finally, the Risk Management Department aggregates all the group's risks, including sustainability risks, through an approach that integrates the mapping of these risks and their listing, monitoring KPIs, and plans to reduce these risks. The La Française Group's risk appetite framework, with the definition of risk indicators dictating escalation processes in the form of alerts/limits to the Supervisory Board.

4.1 - Resources

Human resources

The Group has 26 full-time responsible-investment staff working in various support functions and in research. In addition to these FTEs, there are all the fund managers who include a sustainable dimension in most of their products.

The SRI real estate department is currently made up of two full-time staff and one trainee. The LF-SIR research centre has six fundamentals analysts and works with two ESG-climate data analysts from the Risk Department's calculation centre.

Communication, risk management, reporting internal control, marketing, etc. all have ESG officers who dedicate all or a portion of their time to sustainable investment.

Finally, within the management teams, we currently consider all the managers, i.e. 28 people as at 31 December 2022, to be ESG resources, whether they work full or part-time in this area.

Technical resources

For financial assets, our teams have a budget for data and tools of around EUR 1,000,000.

The Group has reviewed its process for calculating and storing sustainability data using the MarkLogic tool, which is already used for financial data. Additionally, all the management, modelling and production of KPIs has been consolidated within the management company's calculation centre, which is already responsible for the financial KPIs.

In real estate, at the asset acquisition stage, the integration of ESG criteria in the "due-diligence" phase takes place through an ESG audit entrusted with outsourced environmental consultancies (Artelia, Builders & Partners, Careit, CBRE, Cediat, Isome, Manexi, Nerco in 2022). The collection and reliability of data are essential elements of any SRI policy, which requires all measurable indicators to be closely monitored. La Française REM has signed partnerships with Deepki, Sintéo, Energisme and IQSpot, to implement solutions for collecting and ensuring the reliability of environmental data. This data is then entered into our internal database, accessible to all employees.

2022 Developments

A new internal training programme on Sustainable Investment was rolled out to Group employees (in France and abroad), led by the Sustainable Investment Manager with the assistance of all the Group's expert staff. This webinar-based system, launched in 2021, is made up of around ten modules. It will be repeated in 2023, this time with the participation of speakers from outside the group. The aim of this annual programme is to involve all our employees in the push towards sustainable investment.

La Française's Real Estate Research & SRI Department has designed and led a specific module on the strategic directions to be taken by the Group's SRI Real Estate policy. This programme, which has involved almost 150 employees, has been tailored to each business line. In 2023, the team plans a new programme that will focus on positioning the range of La Française REM funds with regard to SFDR regulations, taxonomy, DEET and its commitment to the Net Zero Asset Management Initiative.

As part of the Skills Development Plan, employees can also take the ESG Analyst Certificate (CESGA) and the ESG CFA. In 2023, a registration campaign for the AMF's new Sustainable Finance certification will be launched for the employees most directly exposed to the issue.

An initial Climate Fresk was organised in 2022 with the aim of training all employees in climate issues starting in 2023 by setting up a Climate Fresk workshop.

During 2022, the Data Management & Modelling teams focused on implementing all the data needed to comply with SFDR regulations and secure processes. Modelling has also been reviewed, particularly with regard to carbon. New methods have been developed as part of our drive to constantly improve our processes:

1 - A model for measuring climate risk - "climatic stress tests";

2 - An investment approach that combines growth investment topics with what appear to be positive aspects of companies' products and services for society and the environment. This led to the launch of the "La Française Credit Innovation" fund in 2022;

3 - A natural capital investment approach that identifies the dependency and impact of our investments on resources and biodiversity;

4 - A system for assessing scope 3 when the data reported by companies is incomplete or non-existent.

In 2022, La Française REM recruited a data analyst. The main tasks of this analyst are:

1 - Automating the calculation of key non-financial indicators by developing a reporting tool that takes into account the specific characteristics of real estate assets.

2 - Assessing the consistency of internal and external data used to calculate extra-financial indicators.

3 - Helping to improve the model for estimating energy consumption/CO2 emissions and energy savings associated with energy efficiency action plans.

B - Engagement

1 - BEING AN ACTIVE AND RESPONSIBLE INVESTOR

Being a responsible investor means more than integrating ESG issues into investment choices or implementing a policy of exclusion. It also means exercising responsibility throughout the holding period of any investment: a responsibility that makes us an active investor. Our Group exercises this responsibility in a number of ways when holding its investments:

- By voting when the investment is made in equities
- Via engagement regardless of the type of holding: equities, debt or tangible assets (real estate)

For its equity investments, the Group updates its voting policy each year for all the companies in its portfolio, in Europe and on other continents, with the aim of voting on 100% of the equities.

For the Financial Assets section, the Group has considerably strengthened its commitment strategy over the course of 2022, joining a number of initiatives in which it is active in working groups or as a lead investor in an engagement. La Française is now active in four areas identified as priorities for the Group: climate change, natural capital, social capital and governance & indicators.

During 2022, the La Française Group established a dialogue with 104 companies and engaged with 46 companies (compared with 17 in 2021) either directly or in collaboration with other organisations and/or investor groups. These results are presented in the 2022 Engagement Report.

For Real Estate Assets, La Française REM strives to unite all its stakeholders around the objectives it has set itself by establishing regular dialogue and encouraging the adoption of virtuous practices. In 2022, La Française REM published a Responsible Purchasing charter aimed at strengthening the commitment of its service providers and partners to its sustainability approach.

2 - VOTING POLICY

The group has formalised a voting policy for general meetings based on the electronic voting tool "Proxy Voting" from ISS (Institutional Shareholders Services). This tool ensures the provision of voting rights in all companies in the portfolio. The Group adopted the ISS "Sustainability Policy" in 2014, finding that it best corresponds to its approach, convictions and engagements as a signatory of the PRI. However, it has become essential to express its own ideas on certain sensitive and potentially contentious subjects. The Group has consequently set up alerts on predefined types of resolutions so that our research team can express its viewpoint and therefore, if necessary, allow it to depart from ISS recommendations when voting.

Furthermore, since 2017 LFAM has implemented a specific Custom Policy for voting, which follows on from its engagements, particularly with regard to protecting the climate. This policy is especially linked to various areas surrounding the environment (climate), social issues (diversity, remuneration gaps) and governance (independence, variable pay). This policy, applicable since 2021 to LF SAM, is updated annually. It was completed at the end of 2022 and addresses five themes applicable to the 2023 voting season:

1 - Climate (E): vote against the approval of company accounts, regardless of their sector, which fail to respond to the CDP questionnaire (formerly Carbon Disclosure Project) or, in certain sectors, to the water or forestry questionnaire; vote against the approval of company accounts in sectors (excluding the oil and gas sector) that do not commit to implementing an "SBT - Science Based Target" for reducing CO_2 emissions; vote against companies in carbon-intensive sectors that fail to submit "say on climate" resolutions.

2 - Diversity (S): vote against the election or re-election of male members of the Board of Directors if, at the end of this vote, the Board is not made up at least 40% of women.

3 - Independence of the Board of Directors: vote against the election of non-independent members to the various committees, if:

- at the end of the vote, the audit committee is not composed of 100% independent members
- at the end of the vote, the remuneration committee is not composed of at least 50% independent members
- at the end of the vote, the appointment committee is not composed of at least 50% independent members

4 - Multiple mandates (G): vote against the election or re-election of members of the Board of Directors if they already hold more than four mandates at the end of re-election.

5 - Remuneration (G): vote against the remuneration report or policy if there is no clear and transparent policy on CEO shareholding; vote against the remuneration report or policy if the pay ratio – i.e. the ratio between the highest and median salary – is not published by the company.

Finally, we are committed to reviewing all "Say on Climate" resolutions submitted by management, i.e. resolutions seeking shareholder approval of the climate strategy and its objectives and indicators. We will review them in the light of our ESG-climate analysis to ensure that they meet the requirements of the Paris Agreement, and we will vote accordingly.

Compared to the 2022 season, the Group is therefore going further with its demands for 2023, particularly in relation to companies' climate strategies, by demanding scientifically validated climate targets and climate strategies and transition plans submitted to a shareholder vote which it analyses systematically and in detail. In the area of social justice, the Group is introducing a requirement to publish the pay ratio.

3 - FINANCIAL ASSET ENGAGEMENT POLICY

La Française Group published its first engagement policy in 2019 and reviews it on an annual basis. Each year, it publishes an engagement report which reviews the results of its policy implementation.

The Group has three types of engagement:

1 - Individual engagement with companies

2 - Collaborative engagement via investor coalitions

3 - And engagement on regulatory issues, policies and the implementation of standards

Individual engagement with companies involves SIR analysts and fund managers: they build a constructive dialogue with the companies in their portfolios, with whom they maintain an active dialogue, particularly on subjects where information is patchy and which are considered essential in terms of the four selected engagement topics (climate, natural capital, social capital, governance & indicators). This engagement can be made to companies both in our equity and credit portfolios.

For example, on the topic of climate change, La Française has been involved in the Climate Action 100+ collective since its creation in December 2017 and continues to be an active member in particular with the company Walmart.

In terms of natural capital, La Française has joined the Finance for Biodiversity Foundation and actively participates in two working groups (e.g. involvement in drafting a chapter of the "Act Now" guide published in December 2022).

As far as share capital is concerned, La Française joined LIPH (i.e. "Long-Term Investors in People's Health") in 2022 and took part in Nestlé's scheme to increase its sales targets for "healthy" products.

Case study: Nestlé

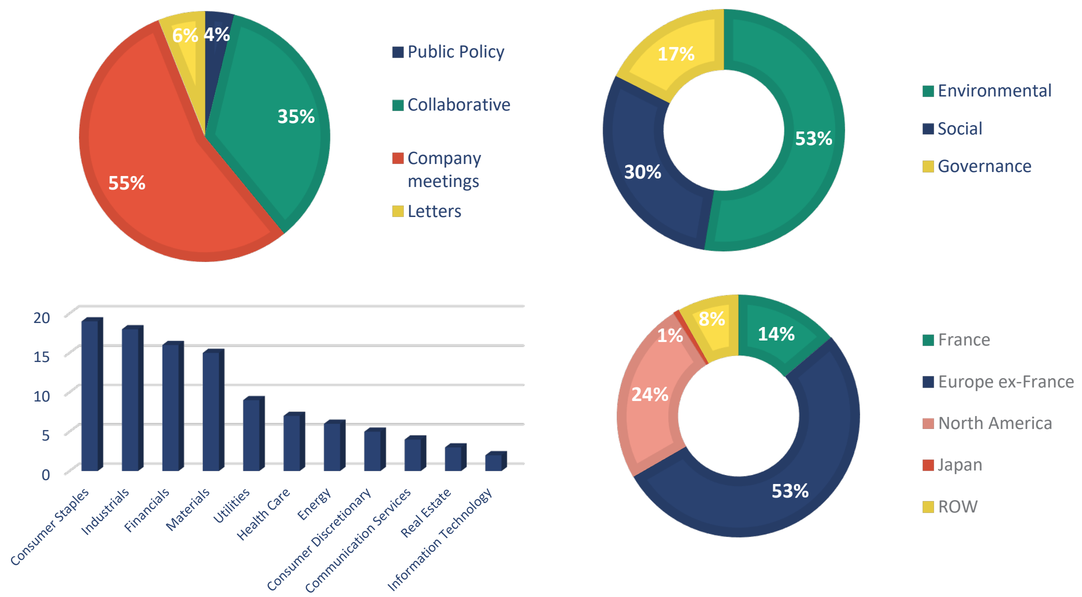
In Q3 2022, LFAM was one of the first signatories of the LIPH (Long Term Investors in People's Health) Initiative. The LIPH initiative focuses on health from three angles: the health of employees, of consumers and of the company's eco-system. At this stage, LIPH is focusing on consumer health. As part of this initiative, LFAM has co-signed 12 letters to companies asking them to increase the proportion of their sales and investment (Capex) devoted to developing "healthy" products.

Shortly after these letters were sent out, Nestlé, one of the 12 companies targeted, announced its ambition to increase the proportion of its revenues derived from "healthy" products. Although this was clearly a step in the right direction, Nestlé did not provide any quantified targets for this increase, which left investors wanting more.

This is why, in the two months that followed, the investors involved in this collective organised three meetings with the company to obtain more detailed information, but were unable to obtain a quantified engagement from Nestlé. As a result, in January 2023, the investor group took steps to file a resolution at Nestlé's Annual General Meeting (AGM). LFAM has therefore undertaken to hold on to its shares until the AGM and to co-sign the resolution calling on Nestlé to set tangible quantitative targets for the proportion of healthy products in their portfolio. After numerous meetings within the LIPH group and discussions with Nestlé, the investors decided not to file their resolution this year. However, the group has written a letter to Nestlé management listing its demands. Nestlé has agreed to continue an active dialogue with LIPH throughout the year, which we consider a victory because it is one of the biggest players in the food industry. Any change initiated by Nestlé will have consequences for the sector's entire value chain.

Finally, in terms of Governance, La Française is now a member of the 30% Investor Club in France and will manage (lead investor) future engagements with SPIE and Casino.

Distribution of our engagements through 2022



Further details are available in the Group's engagement policy and engagement report on our website.

4 - REAL ESTATE ASSET ENGAGEMENT POLICY

As a long-term savings manager on behalf of its investors, La Française REM pays particular attention to the consequences that its investments will have on society and thus on the conditions under which these savings can be used. Its responsibility is not only to make investments profitable, but also to create the conditions for living together, particularly with regard to the transitions required by climate change, technological innovation and social challenges.

The management company is entirely convinced that the achievement of the general and specific objectives it has set for itself stems from improved knowledge and greater attentiveness to all the actors involved in real estate assets. The policy implemented by La Française REM aims to inform, train and involve all stakeholders in taking into consideration extra-financial criteria in order to make everyone involved in the value chain environmentally responsible. The appropriate level of engagement is defined based on the objectives of the fund. The measures put in place will differ depending on the stakeholders involved:

Level of engagement	Support and resources	Stakeholders
INFORM	Quarterly bulletin Annual report Annual ESG management report Platform for dialogue on the experiences of clients/partners	Associated investors
	Annual information Green committee	Tenants/users
	Sustainable Investing Training Plan / Instilling Social Responsibility	La Française employees
EDUCATE	Sustainable Development Annex	Property Managers
	Environmental annex User manual Educational workshop	Tenants/users
	Sustainable management charter for green Spaces - Supplier selection charter based on ESG criteria	Suppliers
	ESG charter for new builds / major redevelopment	Promoters
	Active dialogue	Outsourced management companies
COLLABORATE	Sector-based/Industry association working group	OID/ASPIM
	Exchange of best practices	UNEF PI
	Educational workshop	Investors/distributors
	IT tool developed in-house accessible to all	Employees La Française

La Française REM has identified seven key stakeholder categories with which it interacts on an ongoing basis in order to achieve the general and specific objectives it sets for its funds:

TENANTS/OCCUPANTS

INFORM

Asset Managers and Property Managers establish a regular dialogue with tenants in order to make them aware of La Française REM's responsible approach while contributing to making them environmentally responsible and promoters of the ESG policy. As part of this, they may decide to set up environmental guidelines, green committees, user guides and/or educational workshops.

PROPERTY MANAGERS

TRAINING

The Property Manager is responsible for the rental and technical management of the assets held directly by La Française REM. They also hold an advisory role in the long-term development of assets. They therefore play a key role in the deployment of La Française REM's responsible approach. To pass on its ambitions surrounding ESG, La Française REM has decided to involve its Property Managers by entrusting them with management tasks that incorporate an overarching, permanent approach that includes the monitoring of ESG criteria provided for in the environmental guidelines.

SUPPLIERS AND WORK PROVIDERS

TRAINING

The purchases of La Française REM funds cover a very wide range of activities, from intellectual services to purchases relating to the development and operation of real estate programmes. La Française REM's ambition is to apply its ESG approach to suppliers in order to identify, evaluate and select them. This approach also makes it possible to better support them in integrating ESG criteria within their own structure and in their production of goods or services.

PARTNERS

INFORM

In order for the fund's members to be able to analyse ESG risks and opportunities linked to its investment and management strategy, La Française REM undertakes to communicate clear, precise information tailored to their needs.

EMPLOYEES

INFORM

Employees training in ESG is crucial to help La Française REM achieve its general and specific goals. Employees are at the heart of the company. They know exactly how things work and can therefore help to fulfil the objectives set for the fund. They are the company's link to the outside world - the visible side of its image and identity. It is they who, by truly integrating sustainable development into their daily practices, can help to enhance the value of the company's strategy. Finally, they are often the ones who come up with the most innovative ideas.

OUTSOURCED MANAGEMENT COMPANIES

TRAINING

Sustainability is at the heart of La Française REM's investment philosophy and is a key element in selecting real estate vehicles for its labelled multi-management funds. La Française REM encourages best practices by investing in funds managed by management companies committed to improving the sustainable features of their real estate assets over the long term.

LOCAL ORGANISATIONS

COLLABORATE

Because it is essential to help all real estate professionals move forwards on issues relating to sustainable real estate and innovation, La Française REM is committed to communicating and sharing its best practices among investment bodies.

- The ASPIM, for which La Française REM chairs the SRI commission;
- The OID, of which La Française REM is a director;
- ESREI, of which La Française REM is a founding member;
- The Institut de la Finance Durable (formerly Finance for Tomorrow), which aims to federate and accelerate the actions taken by financial institutions and French companies to achieve the energy and environmental transition.

5 - EXCLUSION POLICY

The La Française group has a positive view of business and its philosophy is based on trust. It therefore believes in the ability of companies to evolve and transform, a belief that is based primarily on the ethos of making progress. However, in the light of the crises and challenges we are all currently facing, it is no longer possible to ignore a number of factors that may lead to some exclusions. Some niche areas of technology, for example, carry with them negative consequences that persist for so long that they cannot be allowed to go on. This is why the Group has had a policy of exclusions in place for several years, based on compliance with standards, the general interest and the Paris Agreement.

These exclusions are essential because they make it possible to set limits: controversial weapons are not acceptable and never will be. These activities may involve very small percentages of sales, as is the case with white phosphorus, but are subject to zero tolerance. So, as an investor, any company that does not completely abandon these activities is no longer investable.

Case study: ContourGlobal

LFAM and LFSAM have applied the Group's new exclusion policy since 1 July 2022. In this latest version, the requirements for limiting activities with adverse impacts have been significantly strengthened. As a result, the threshold for excluding coal-related activities as a percentage of turnover has been reduced from 30% to 20% (with the aim of reaching 0 before 2030). As a result, CountourGlobal found itself on the exclusion list: According to ISS, our data provider for this criterion, the proportion of electricity generated using coal will reach 28% in 2020. Given the age of the data, we contacted the company to obtain the most recent data (2021). CountourGlobal's finance department gave us figures of 20.4% in 2020 and 16.7% in 2021, which would have allowed us to keep the shares, since at 16.7% we would have fallen back below the exclusion threshold of 20% of turnover.

But the fact that the figure given by the company is very different from those provided by ISS for 2020 (28% by the former and 20.4% by the latter) led us to carry out additional checks. We contacted ISS, tried to understand how the underlying assets to the two figures were calculated and recalculated the figure for 2021, which came out at 23%. With a figure above our exclusion threshold, CountourGlobal had to go on our exclusion list. We sold the securities in our portfolios.

As well as setting limits, the policy of exclusion also makes it possible to give the sectors and actors concerned a clear timeframe, particularly for climate change, and to give them the opportunity to begin their transition. By setting out a timetable for phasing out coal, for example, and soon non-conventional fossil fuels, we are enabling the companies in which we invest to plan ahead. We warn them of the possible consequences if their efforts do not rise to the challenges, but we also give them time to adapt and change.

This type of policy effectively reinforces the dialogue we have with them as part of our engagement policy.

In this respect, the Group updated its exclusion policy in July 2022. The new elements included more stringent coal exclusion criteria and the adoption of new exclusion criteria for non-conventional fossil fuels. A further update of the policy is planned for 2023.

C. Climate

1 - GROUP

In 2021, the Group acquired a software solution with Toovalu Impact and its Carbon Footprint module which, in addition to creating reports, makes La Française's engagement possible by allowing us to manage our greenhouse gas footprint, comparing it over time and analysing it in order to draw up suitable plans for action.

The first Toovalu Impact carbon assessment was carried out to cover the year 2021. It covered the Group's direct emissions as well as those linked to its suppliers (scope 1, 2 and part of scope 3, excluding the investment business): it amounted to around 4,400 tC02eq. As performed again in 2023 for 2022, it amounts to 4,261 tCO2eq. Access to detailed data enabled us to fine tune our action plan during 2022.

We have reduced and continue to reduce our emissions by means of four main levers:

- **Sustainable mobility:** introduction of a sustainable mobility plan in 2022, including a sustainable mobility package and making company cars green;
- **Energy savings and green energy:** signature of the Ecowatt charter, green electricity contract;
- **Travel policy:** train travel must be used for journeys under 5 hours, plus a preference for green taxis;
- **Training/awareness-raising** including eco-driving and the upcoming climate mural.

We are aware of the progress we still have to make, which mainly relates to:

- **Managing the purchase of services:** in line with our suppliers,
- **Waste management,** in particular waste from lunches eaten on La Française premises.

2 - FINANCIAL ASSETS

La Française has been a signatory of the Net Zero Asset Management initiative (NZAMi) since July 2021. In 2022, our Group published its first objective for reducing emissions related to investments in securities. La Française actively contributed in the development of the Science Based Target (SBT) methodology for financial institutions[9] which is accepted by NZAMi to be aligned with the Net Zero target for 2050. This is why we opted to follow SBT recommendations for securities as well as the temperature rating method developed in association with the WWF and CDP.

Our first objective of reducing emissions financed by securities covers 6.8 billion euros, i.e. 81% of LFAM assets in open-end funds or 52% of the assets of open-end and dedicated funds actively managed by La Francaise AM.

In accordance with the "SBTI - Financial Institutions" approach, this engagement applies to all funds invested in equities or corporate bonds, excluding funds of funds, or funds whose main investment approach is based on the use of sovereign bonds or derivatives.

(9) https://sciencebasedtargets.org/resources/files/Financial-Sector-Science-Based-Targets-Guidance.pdf

Our objective is to limit the temperature rises to 1.5°C by 2040 for scopes 1 & 2, and 1.75°C (well below 2C) by 2040 for scopes 1, 2 & 3. Our temperature ratings are provided by CDP and WWF, and by our proprietary Low Carbon Trajectory (LCT) analysis[10].

Year	Temperature rating
2021 – initial year – 2022 fund scope	Scope 1&2: 2.11 °C Scope 1 & 2 & 3: 2.56 °C
2022	Scope 1&2: 2.4 °C Scope 1 & 2 & 3: 2.25 °C
2025	Scope 1&2: 1.95 °C Scope 1 & 2 & 3: 2.17 °C
2030	Scope 1&2: 1.80 °C Scope 1 & 2 & 3: 2.03 °C

We aggregate the temperatures by weighting them by the weight of each stock in the portfolio. We set ourselves two time limits: 2025 and 2030 and we will analyse the progress made on a yearly basis.

In cases where we do not have a temperature rating, we have decided at this stage to use a default rating of 3.2 °C. This figure corresponds to the default temperature assigned by CDP to a company that has not posted its ambitions in terms of emissions. Our "net zero" methodology focuses exclusively on temperature ratings and each fund in our Carbon Impact range has its own carbon footprint reduction targets.

We work closely with the CDP to improve the quality of their database in order to enhance the reliability of methods and data. We point out errors and help to improve calculation methods.

At present, our net zero target relates solely to emissions financed by securities. To this end, we have set out two objectives: The first only includes scopes 1 & 2 of the companies we invest in. The second, more demanding objective, also includes scope 3.

These temperatures are available to managers in our proprietary LightTrade database. Managers can therefore monitor the impact of their investment decisions (purchase/sale) on the temperature of their portfolios at all times and ensure alignment with La Française's NZAMi commitments.

In 2021 and early 2022, we discussed at length and then introduced a new phase-out policy that significantly strengthens our phasing-out of coal and introduces thresholds for unconventional fossil fuels. From 2019, our Group has committed to phasing out coal by 2030 in OECD countries and by 2040 in emerging countries. In addition, we no longer finance companies involved in coal-related development projects, such as mines or power stations. We have also committed to no longer financing companies with plans to develop non-conventional fossil fuels, or those that already have more than 33% or 20% – depending on the product range – of their production coming from non-conventional sources, starting today for our most demanding funds (Carbon Impact range) and from 2025 for the others.

(10) https://blueroom.la-francaise.com/wp-content/uploads/2020/02/Carbon-Impact_quarterly_2020_FEBRUARY.pdf

It should be pointed out that this stringent exclusion policy does not apply directly to funds of funds, guided management or certain mandates or dedicated funds (around 20% of actively managed assets) for which we act as advisers and where we are not the final decision-makers. However, in these cases, we strive to maintain alignment with our policy as far as possible. The 2022 update of this exclusions policy also introduces approaches by range, with greater engagement for the Carbon Impact range than for all our products.

These policies are detailed in the Group's exclusions policy, which can be viewed here.

3 - REAL ESTATE ASSETS

The National Low Carbon Strategy (SNBC) aims to achieve carbon neutrality in France by 2050. The building sector, which is responsible for more than 40% of energy consumption and 25% of greenhouse gas (GHG) emissions, is set to play an essential role in fulfilling this objective.

As a major player in real estate investment management in France, La Française REM intends to make strong engagements to limit global warming to 1.5°.

Assets under construction

La Française REM has published a new Sustainable Construction charter against which construction projects are analysed. In addition to energy efficiency and lowering CO2 emissions, the Sustainable Construction charter pays particular attention to the preservation of resources and the integration of the building into its immediate surroundings.

Case study:
Analysis of compliance with the Sustainable Construction Charter for 76 flats acquired off-plan (VEFA), explained by Sylvie Blot, Director of Residential Assets

Located in Courbevoie, these 76 flats are part of a 3-building programme at the heart of a Green Quarter aimed at maintaining a sustainable urban renewal dynamic, integrating strong and innovative environmental, urban and societal dimensions.

The extra-financial characteristics of this programme, due for delivery in 2025, were analysed in light of La Française REM's Sustainable Construction Charter.

Organised around a 1.3-hectare landscaped park, the Village Delage eco-neighbourhood, which has been awarded the Biodivercity label, offers green corridors, cycle paths and tree-lined pedestrian walkways. As part of this drive to plant as much vegetation as possible, the

programme, which was the subject of an ecological study, features a large number of outdoor spaces: balconies, terraces, gardens or private rooftops.

The development has been designed to ensure energy-efficient homes that also meet the latest comfort standards. NF Habitat HQE certification is a mark of environmentally-friendly housing that makes sensible use of energy and natural resources and limits pollution. The Effinergie + label and the E+C- label, level E2C1, confirm the low energy requirements of the housing units, made possible thanks to the excellent thermal insulation of the glazed and opaque walls, the airtightness of the building envelope, the efficiency of the ventilation systems, the performance of the heating equipment and the introduction of renewable energies.

In addition, no fossil fuels will be used to heat the building and produce the domestic hot water, which will be provided by the Courbevoie district heating network, 50% of which is supplied by renewable energy sources.

In accordance with its Sustainable Construction Charter and to ensure accurate monitoring of the energy consumption and CO2 emissions of these buildings, La Française REM has requested smart meters to be installed for private dwellings, with meters per stairwell for communal areas (with sub-metering for lifts, car parks and exteriors), and sub-metering for heating and water.

Operational phase

La Française REM intends to achieve the energy efficiency targets set by the tertiary eco-energy scheme for all of its tertiary assets of over 1,000m² that it manages directly. The tertiary eco-energy scheme is part of the French National Low Carbon Strategy approach, setting out obligations to achieve results over a long period of time to 2030, 2040 and 2050.

Energy efficiency

The tertiary eco-energy scheme sets targets for reducing energy consumption and therefore GHG emissions for tertiary buildings over 1,000 m². These objectives can be expressed either in relative terms (% reduction compared to a reference consumption) or in absolute terms by category of activity (offices, shops, etc).

The thresholds of the absolute targets are defined by decrees given by the Ministry of Ecological Transition and published in the "Journal Officiel".

The relative targets aim to progressively reduce the energy consumption of assets by 40% by 2030, 50% by 2040 and 60% by 2050. However, and in accordance with the tertiary eco-energy scheme, La Française REM reserves the right to submit a technical file by 30 September 2026 at the latest, in order to request an amendment to its objectives in the event of specific technical or architectural limitations or in the event of an excessive gross return on investment in relation to the types of work carried out.

The calculation of the tertiary eco-energy indicators is based on the collection of energy consumption data for the private and shared areas of buildings.

To do this, La Française has formed partnerships with companies that have an SaaS (Software as a Service) type software application that enables it to establish all the indicators relating to energy and greenhouse gases for each building and for the entire perimeter mapped. This application then enables data to be exported to the reporting tool, which consolidates it for final publication. The data for this tool is collected from electricity and gas distributors, other urban "fluid" energy suppliers, etc), as well as from consumers (tenants).

Tenant consumer data is collected via Property Managers who collect mandates from tenants authorising our partners to automatically collect energy consumption data from suppliers and distributors. La Française will work with its partners to ensure that the data collected is complete for each building.

- **If the coverage of both shared and private consumption is complete,** the partner will calculate the overall surface consumption (kwh/m²/year) in primary and final energy for the property. It will ensure that the calculated data is consistent with benchmark data or with estimates collected during energy audits.
- **In the event of that the collection of data is not complete** due to a refusal by a tenant or the co-ownership association to share energy consumption data, La Française REM will use an estimate. If the coverage of shared energy consumption is complete and the coverage of private consumption is higher than 33% (i.e. one-third) then the partner can extrapolate the consumption relating to privately-owned areas of a building if the same type of business is undertaken in these privately-owned areas. In this case, it should clearly indicate that the data is extrapolated. If the coverage of the shared areas or the privately-owned areas is not sufficient for the data to be extrapolated, the partner will clearly indicate that the data is incomplete. La Française REM will then estimate the energy consumption data based on the DPE (19) (Energy Performance Certificate) and, failing that or in the event of a blank DPE, on the basis of benchmarks.

In addition to energy consumption, a reliability index, presented in the Indicators section, will be specified for each asset based on the degree of uncertainty associated with the method of data collection.

	Coverage of energy consumption	Level of uncertainty
Direct measurement (bill/meter)	100% of shared areas 100% of private areas	0%
Recalculated data (extrapolation)	100% of shared areas At least 33% of private areas	30%
Approximate data (DPE - Energy Performance Certificate)	N/A	50%
Known data in order of magnitude (in reference to a benchmark)	N/A	80%

The energy performance calculation for an asset corresponds to the total energy consumed, all fluids, all uses of meters serving the private and shared areas, in relation to the total surface area of the building. In accordance with the tertiary eco-energy scheme, La Française REM reserves the right to pool the environmental performance of its assets based on criteria that have yet to be defined as at 31 December 2022, in order to assess the fulfilment of the energy efficiency objectives set by the tertiary eco-energy scheme.

Alignment of CO2 emissions with 1.5° decarbonisation trajectories

For a set of real estate assets totaling 18.6 billion euros, i.e. 63% of assets under management, La Française REM undertakes to align the greenhouse gas emissions of its portfolio with a decarbonization trajectory limiting global warming to 1.5 °C, thus aligning the GHG emissions of its funds with the international objectives set out in the Paris Agreement.

The trajectories used are those calculated by the Carbon Risk Real Estate Monitor (CRREM). They are produced for a country and a building typology chosen in terms of carbon intensity (i.e. measured in kgeqCo/m²/year).

For assets pursuing an environmental sustainable investment objective within the meaning of the SFDR, the aim is to keep the GHG emissions below the annual emissions ceilings defined by the CRREM.

In 2022, CRREM and SBTi have joined forces to jointly define 1.5 °C decarbonisation trajectories for the real estate sector. This partnership combines the previous work of the two organisations and ensures a global benchmark standard for the operational decarbonisation of buildings, providing companies in this sector with the clarity and confidence they need to ensure their decarbonisation plans fall in line with climate science.

In 2022, the real estate funds used new CREEM trajectories (v2. 02 1.5 °C CO2). For more detailed information on CRREM's change of method, please refer to the note published by CRREM in January 2023 "From global budgets to decarbonization pathways at property level".

La Française Group has chosen to carry out its carbon accounting using the following conversion factors:

- those provided by the energy supplier, and
- failing that, those defined each year by ADEME.

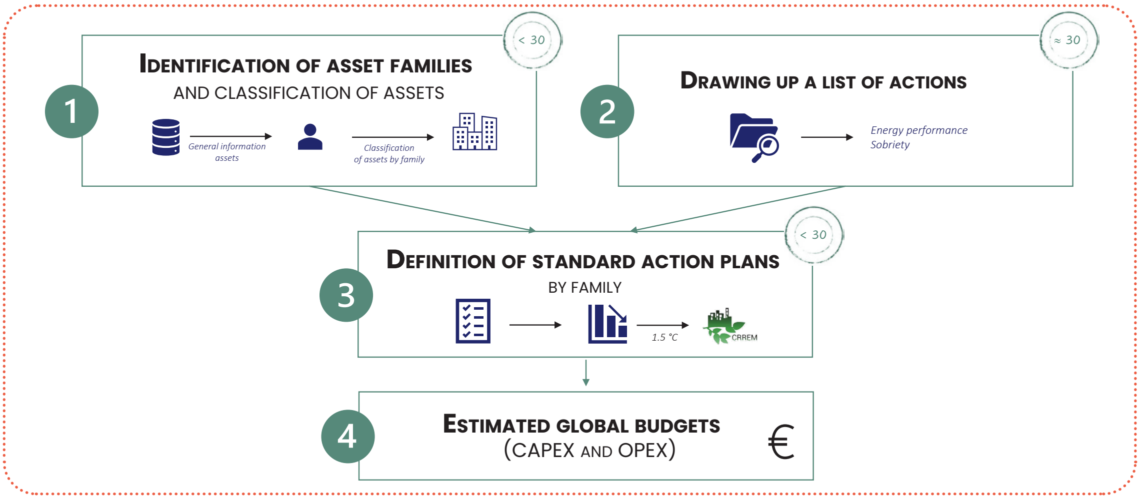
However, in the case of dedicated institutional funds, La Française may retain the conversion factors used by the end investor for the fund.

Action plans

In order to align the CO2 emissions of its real estate assets pursuing a sustainable environmental investment objective within the meaning of the SFDR with a 1.5 °C decarbonisation trajectory, La Française REM, in conjunction with an external environmental consultancy, has defined a global approach to identify the key actions to be used. It also takes care to identify innovative solutions for energy efficiency and energy savings that can be tested on our properties to lengthen the list of key actions to be undertaken.

This approach consists of:

- **Structuring the collection of general and specific characteristics of the assets in the** portfolio (address, lease situation, year of construction, type of façade, activity hosted, reference consumption ratio in kWh/m² from the OPERAT platform, energy used, type of heating/cooling production, single or double glazing, use of a BMS, etc.);
- **Identifying asset families** defined on the basis of building information;
- **Classifying the assets concerned in the various families** on the basis of data provided by La Française REM teams correlated with information from the Smart-E solution (a solution currently being developed to identify asset decarbonisation plans, based on research by the Ecole des Mines);
- **Drawing up a list of energy-saving and energy-efficient actions** associated with potential long-term energy performance (kWhEF) and implementation costs (k€), prioritising actions that are easy to implement in an occupied environment;
- **Defining standard action plans for each** family with a view to achieving the performance expected in the corresponding CRREM 1.5 °C trajectory;
- **Estimating associated budgets** (CAPEX and OPEX);
- **Drawing up a strategic orientation report** and recommendations for the operational monitoring of action plans.

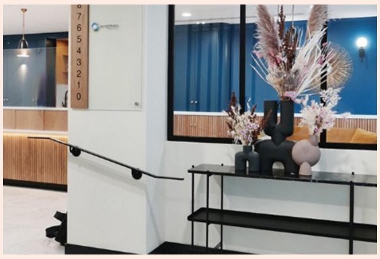


Case study:
Carré Feydeau action plan,

explained by Laurent Adrien,
Director of Asset Management at La Française REM

Located in the heart of the Cité Financière, this 6,000m² office building was acquired in 2004.

The initial ESG audit highlighted several areas for improvement in the asset's environmental and social characteristics. The aim was to make the building more energy-efficient, while improving comfort and user services.



The heating and cooling production and distribution equipment has been replaced by more energy-efficient equipment.

Energy management has been optimised by installing a new building management system which, in addition to monitoring heating, cooling and ventilation consumption, now also controls the lighting.

Presence detectors and twilight sensors have been installed to limit the use of artificial lighting and therefore reduce lighting-related energy consumption.

A good practice guide has been drawn up and distributed to occupants to encourage them to support the fund's energy-saving approach and maximise its impact.

La Française REM has taken out a renewable electricity contract for shared areas, reducing the greenhouse gas emissions associated with this contract.

In terms of services, La Française REM is encouraging users of Carré Feydeau to opt for low-carbon forms of transport by installing two electric vehicle charging points and secure bicycle stands in early 2023.

La Française REM has installed an IQ SPOT solution, which makes it possible to fine-tune the programming of new equipment and raise awareness of this among new occupants, as the entire building was re-let in 2022 once the works were completed.

Taken together, these actions have improved the ESG rating from 36% to 67% and reduced energy consumption from 382 kwhEP/sq.m/year to 232 kwhEP/sq.m/year, as well as greenhouse gas emissions from 16.6 kgeqCO2/sq.m/year to 10.0 kgeqCO2/sq.m/year.

D - Biodiversity

1 - FINANCIAL ASSETS

Like climate change, natural capital is one of the four mainstays of our sustainable approach. Our approach to integrating and managing the risks associated with natural capital is based in particular on the recommendations (still in at the testing stage) of the TNFD[11] and the SBTN[12], as well as on the work of the Finance for Biodiversity Foundation, in which we participate. It uses the

(11) TNFD: Taskforce on Nature-related Financial Disclosures - (12) SBTN: Science Based Targets for Nature: The first science-based targets for nature – Science Based Targets Network

same three aspects that underpin all our research and investment approaches, in particular our appraoch to climate change:

1 – QUANTITATIVE ANALYSIS

2 – QUALITATIVE ANALYSIS

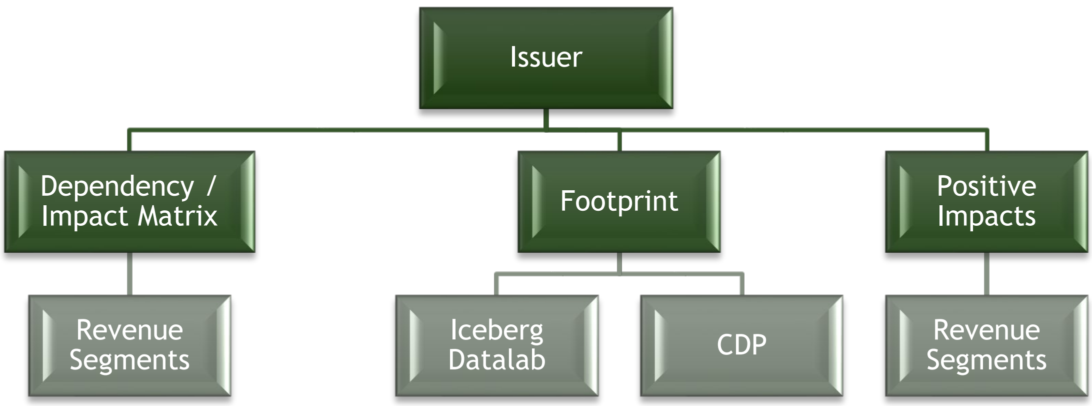
3 – ENGAGEMENT

In December 2022, we published our first Natural Capital document, which is available on our website.

1 – QUANTITATIVE ANALYSIS

Firstly, we use a proprietary method based on the knowledge provided by the ENCORE database[13], which enables us to build a **matrix on the twin dependency/impact axes.** This determines the level of dependence (adverse impact) on each of the ecosystems (i.e. the drivers) for each type of activity (and thus income). this data is then aggregated at higher levels: that of the individual company, then the portfolio or even the universe.

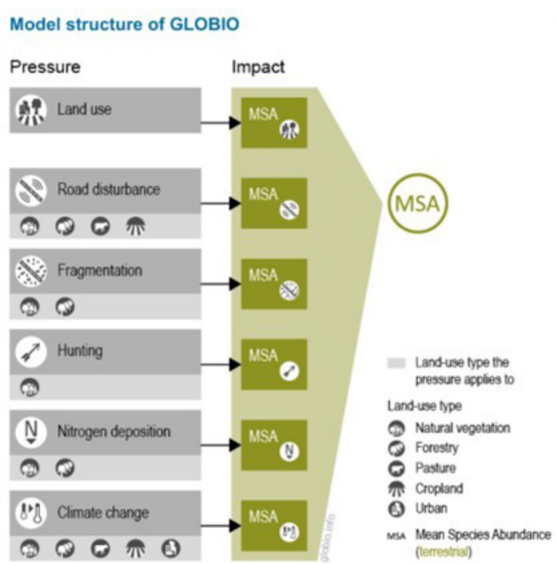
ENCORE was developed by the Natural Capital Finance Alliance[14]. The Dependency/Impact matrix model has been used by the French, Dutch and Brazilian central banks to assess the financial risks of their portfolios in relation to Biodiversity. For the Dependency section, it links 21 ecosystem services from eight types of Natural Capital with 86 different production processes. For (adverse) impacts, ENCORE provides a correspondence between 11 impact drivers and the same 86 production processes covering around 170 economic sub-sectors.



The Dependency/Impact matrix provides us with a qualitative assessment of the risk, which we fine-tune in a 2nd stage using footprint data. For the biodiversity footprint, we use Iceberg Data Lab's Corporate Biodiversity Footprint (CBF), which gives us access to a global footprint. This aggregates data on climate change, land use, air pollution and water pollution for each issuer. Iceberg Data Lab's data also enables us to analyse the footprints of issuers' direct, upstream and downstream operations. This data has been available since January 2023.

The CBF makes it possible to model the annual impact on the issuers' Biodiversity by referring to the products or services bought or sold. This footprint is then expressed as the mean species abundance per km2 (Mean Species Abundance or MSA.km2), which is calculated using GLOBIO[15].

(13) ENCORE: (Exploring Natural Capital Opportunities, Risks and Exposure) – (14) Global Canopy, UNEP FI, UNEP-WCMC – (15) GLOBIO: Global Biodiversity model for policy support



GLOBIO calculates the state of biodiversity using the MSA indicator, the mean abundance of species.

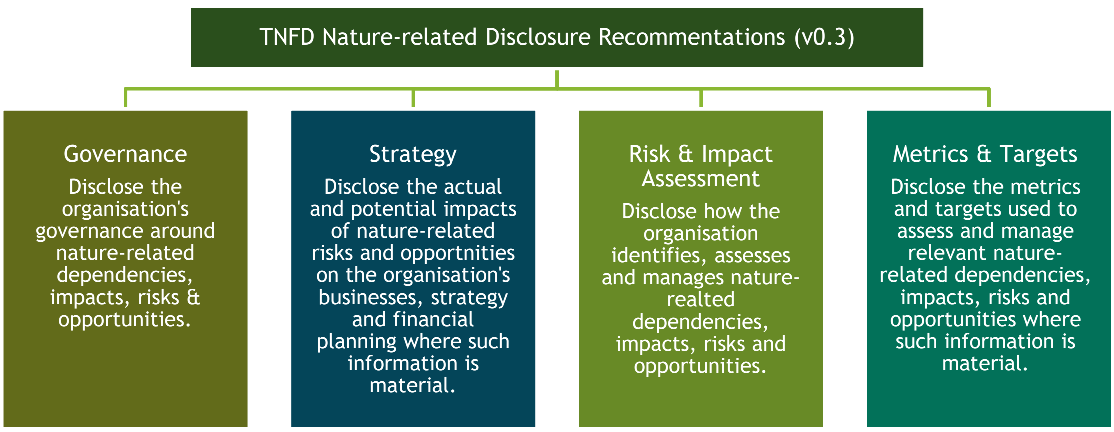
This indicator takes into account the following six human pressures: land use, road disturbance, fragmentation, hunting, atmospheric nitrogen deposition and climate change.

The Iceberg CBF does not provide us with data relating to the sea or to the exploitation of resources in general. We supplement the assessment with CDP and Bloomberg water data to calculate a separate water footprint for our portfolios, which covers only part of the use of resources. At this stage, we still lack data (and data providers) for the other biodiversity impact measures, particularly concerning invasive species.

We plan to map the various activities (and their income) against the SDGs, which will enable us to take account of the positive impacts too, a project currently under development for the next two years. We aim to fill in the missing data with our qualitative analyses and are convinced that coverage will increase over time as the available data and research on these subjects improve.

2 - QUALITATIVE ANALYSIS

In the same spirit as our "Carbon Impact" climate analysis, which is based on the recommendations of the TCFD[16], we use the recommendations of the TNFD, which are still in the test version, to analyse the risks and opportunities associated with a company's natural capital. In this test version, the TNFD recommends using the same information pillars as those developed by the TCFD, with a few minor adjustments: governance, strategy, risk & impact, indicators & targets as shown in the graph below.



(16) TCFD: Taskforce for Climate-related Financial Disclosures

We are analysing the recommendations in the 4th and final beta version of the TNFD – in advance of the final version – to work out how to implement the recommendations in terms of indicators and targets. We will update our methodologies (both quantitative and qualitative) when the final recommendations of the TNFD and SBTN are published.

3 - ENGAGEMENT

In 2022, major efforts were made to flesh out our engagement in general and to Natural Capital in particular. We have continued our existing partnerships and joined a series of new initiatives.

We are members of the **TNFD Forum,** a multidisciplinary group of institutions that play an advisory role to the TNFD. The group contributes to defining technical aspects, testing new versions and sharing knowledge. As a member of the French advisory group, we work with other investors to provide feedback to the TNFD and help them adjust their recommendations.

In March 2022, we signed the **Finance for Biodiversity pledge** and have since been active members of two Impact Assessment and Target Setting working groups within the Foundation.

As a member of the Impact Assessment working group, we contributed a chapter on "Setting biodiversity targets for financial institutions" to a Guide which was published in December 2022. We were also part of a group that provided comments on the various test versions of the TNFD recommendations. The second working group, another that we are participating in, is working to develop a guide for financial institutions on setting targets in line with TNFD publications (amongst others) on the subject.

We are a signatory of **Nature Action 100**, supported by the Finance for Biodiversity Foundation. This initiative aims to build a collaborative engagement focused on the world's 100 largest companies, covering the main issues relating to Biodiversity and Natural Capital. The first engagements are due to start in the 2nd half of 2023.

We took part in the **CDP Non-disclosure Campaign (NDC)** on forests and water for the first time in 2022, similar to what we have been doing on climate for many years. We co-signed letters sent to ten companies in our portfolios asking them to inform the CDP on these three issues. We continued in the same vein at the beginning of 2023 but, due to changes in the CDP rules, we were able to co-sign all the letters sent under the NDC for Forests, Water and Climate, even for companies that we did not own, i.e. more than 1,600 letters.

We have been a member of the **FAIRR** initiative since 2021. We joined a collaborative engagement on Waste and Pollution at the end of 2022. The aim of this engagement is to drive improvements in waste and pollution management practices, and more specifically in liquid manure usage, for the 10 largest pig and chicken producers in the UK. Liquid manure is a significant factor in water pollution, affecting both biodiversity and living organisms downstream of polluted water discharges. We have also engaged with public policy and standards, for example by supporting discussions on a United Nations Plastic Pollution Treaty, details of which can be found in our latest engagement report.

In 2023, we plan to step up our efforts to engage with nature, so that our stakeholders understand that our lives are closely intertwined with the natural world. We have developed an investment philosophy and approach that we are seeking to translate into a dedicated investment strategy when market conditions allow.

2 - REAL ESTATE ASSETS

To meet the challenges related to biodiversity, La Française REM intends to contribute to the reduction of the main pressures and impacts on biodiversity by:

- Controlling the pressure on biodiversity by protecting natural areas
- Protecting biodiversity thanks to a policy of sustainable management of its green spaces
- Promoting biodiversity by making its construction and redevelopment programmes as green as possible

Controlling the pressure on biodiversity: Protect natural areas → Exclude construction projects on land with outstanding biodiversity.

Creating artificial land is the main cause of biodiversity loss. In order to limit the pressure on biodiversity, our real estate management is committed to excluding construction projects located in the following areas:

1 - Arable land and cropland with a medium to high level of soil fertility and subterranean biodiversity, as referred to in the Union's Land Use/Areal Statistical Survey (LUCAS)294;

2 - Virgin land with a recognised high level of biodiversity value and land used as a habitat for threatened species (flora and fauna) on the European Red List 295 or the IUCN Red List 296;

3 - Land meeting the definition of forest laid down in national legislation and used in the national greenhouse gas inventory or, where this definition is not available, meeting the definition of forest given by FAO297.

Protecting biodiversity: Practicing sustainable management of green spaces.

La Française REM has reviewed the framework of maintenance contracts for green spaces in its property portfolio in order to manage them sustainably. To protect biodiversity, La Française REM is committed to taking the necessary steps to:

- Preserve local flora and fauna
- Eliminate all use of phytosanitary (chemical) products for the maintenance of green spaces
- Control water consumption
- Recover green waste

SUSTAINABLE MANAGEMENT OF GREEN SPACES

1 Preservation of local flora and fauna

Maintenance of flora to encourage the development of local flora and fauna
Choice of local or even endemic species

2 Chemical-free plant care

Zero chemical inputs
Diversification of planting -
Mulching underneath shrubs

3 Control of water consumption

Adapted watering techniques
Recuperation of rainwater mulch comprised of shredded vegetation

4 Re-use of green waste

Favour plants that require little pruning
Lower mowing frequency
Shredding/composting of part of the waste on site
Take green waste that cannot be used on site to a waste collection centre

Restoring biodiversity: Increase the amount of green space in construction/restructuring projects.

The greening of areas, particularly in built-up urban areas, helps with the development of biodiversity. It contributes to the urban ecological network where there are too many constraints for a ground-level network.

In order to restore biodiversity, La Française REM measures the Coefficient of Biotope per Surface (CBS) for all projects under construction or redevelopment.

The CBS is a coefficient that describes the proportion of biodiversity-friendly surfaces (eco-development areas in relation to the total surface area of a plot). The calculation of the CBS makes it possible to evaluate the environmental quality of a plot of land by adding up the various surfaces (ground, roof, wall, etc.) present on a site and assigning to each a weighting coefficient depending on its nature (permeable or semi-permeable surface, open ground, etc). Everything is done in relation to the total area of the site.

The CBS indicator has several major advantages:

- Simple and easy to understand
- Familiar to planning stakeholders: it has been used numerous times in planning documents and is compatible with the Zero Net Artificialisation approaches
- Using the notion of "eco-developable" surface area, enshrined in French law since the ALUR law of 24 March 2014 (Article L151-22 of the Town Planning Code)
- It is a performance indicator that can be used to limit damage by setting a threshold, or to value repairs by performing "before/after comparisons" of the projects

Case study: Biodiversity approach at a logistics warehouse,

explained by Antoine Vincke, Real Estate SRI Director

Located in Pont d'Ain, this 50,000m² warehouse is situated in the Lyon area, part of the backbone of national logistics.

The programme aims to set itself apart in terms of biodiversity, thanks to an ecological study carried out during the design phase of the project, and an ecological management guide for outdoor spaces – in particular, the 32,000m² of open green spaces.

The ecological study concludes that the ecological potential of the site is low, given that the site is not part of any biodiversity inventory or protection area, nor is it a biodiversity reservoir, nor is it an ecological corridor in the regional green or blue network.

During the construction phase, the impact of the worksite on biodiversity was limited by the definition and implementation of good practices, such as the appointment of biodiversity specialists on the worksite, the installation of routes to allow animals to escape, the spraying of trees with water in the event of prolonged dry and dusty episodes, and the cleaning of vehicle wheels before arriving at the worksite to prevent the introduction of invasive plant species.

The programme has been designed to enhance the site's potential for biodiversity. The outdoor areas are planted with multi-layered hedges along the property boundaries and shrub and tree groves at the entrance to the site. Upon entering the site, users have access to groves structured by wooden trellises, giving them a view of two large lines of trees running alongside the car park, before arriving at the foot of the offices surrounded by grass and evergreen flora. Finally, the open spaces around the building are planted dotted with trees and a meadow has been installed with a wide diversity of plant life. In addition to the plants, refuges have been created for small fauna: two bat boxes, including one built into the cladding, two hibernating boxes and three piles of dead wood. The species planted are well-suited to the climate and soil and do not require watering beyond the guaranteed recovery period. The meadows do not require watering, either during the guaranteed recovery period or beyond. No automatic watering system has been installed. Watering will be carried out manually during the hours of least evaporation (first thing in the morning or at night) so as to limit the amount of water used on our plants.

In terms of management, maintaining outdoor spaces follows the principles of ecological management, namely (i) no herbicides and differentiated weed management, (ii) a reduction in the frequency of mowing and pruning, which should take into account the life cycles of flora and fauna, for example by favouring centrifugal mowing, (iii) improving soil quality by using organic mulch, keeping dead leaves underneath hedges and groves, or using ground-covering plants (iv) recovering maintenance waste on site or nearby, (v) conserving resources by limiting water, fertiliser and energy consumption.

In order to limit the impact of external lighting on biodiversity, the outdoor lighting is set to switch off as soon as there is no movement detected and once there is sufficient light.

03 RISK MANAGEMENT

A - Risk management - Group

Risks linked to governance

The main governance risks are:

- **Risk of non-compliance:**
- **Reputational risks:**
  - Risk of litigation and/or liability linked to extra-financial factors
  - Corruption and money laundering risks

The assessment of these risks is given in the table below and their definition in the code of conduct available here.

CSR risk at the level of the La Française Group may result from inadequate implementation of the CSR issues of the company or of the financial products marketed to its clients or from the expectations of stakeholders. It encompasses image and reputation risks, operational risks and compliance risks, the occurrence and potential impact of which are increasing and require greater vigilance on the part of La Française Group and its subsidiaries.

The implementation and management of CSR is a major challenge for La Française Group, which has made it a focus for development by systematically offering sustainable financial products. Similarly, regulatory developments require La Française Group to be transparent about the Principal Adverse Impacts (PAIs) of investments and financial products on CSR factors.

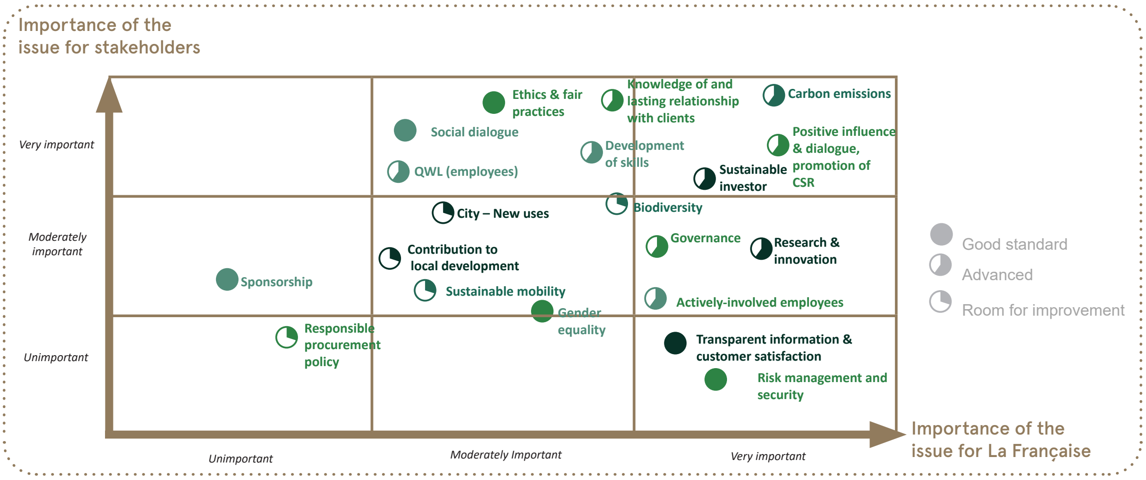
With this in mind, in 2022, the La Française Group continued its CSR or sustainability work to strengthen it, take into account the strategic issues, objectives, engagements and rules making it possible to measure progress and their adverse impacts, all in consultation with various external and internal stakeholders.

Risk monitoring is organised around 4 pillars and 12 issues presented in the strategy section.

The organised works correspond to the principle of "Comply or Explain" in order to report on the level of compliance with CSR themes/sub-themes and the associated risks within the La Française group.

Implemented in 2021 with the stakeholders, the materiality matrix made it possible to prioritise the works to be performed in 2022/2023 to control the associated risks and increase the maturity of the La Française Group CSR systems.

*(1) **PAI (principal adverse impact) or negative impact on sustainability:** companies should present the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social, labour, human rights and anti-corruption issues according to the "Comply or Explain" principle - (2) **Level of control over CSR:** Good level of control, advanced control, room for improvement*



LFG has a risk map broken down through the various defined and thematic pillars taking into account the various concrete CSR / Sustainable actions positioned, to be reinforced, reduction measures in order to fulfil engagements. This mapping was completed in 2022 with new KPIs[3] adapted to each topic.

This approach makes it possible to identify risk reduction measures to achieve i) the engagements made to stakeholders, ii) the strategic objectives of La Française Group.

Furthermore, depending on the scope of CSR/Sustainability, reporting to management bodies (COMEX, Supervisory Board, Risk Monitoring Committees, Non-Compliance Risk Committee, Audit Committee, etc.) makes it possible to monitor over time the engagements and improvement measures positioned both at the level of the portfolios under management and in the company's strategic or operational areas.

La Française Group actively manages the various CSR risks to which it is exposed in order to limit their occurrence, their negative impact on sustainability and their financial impact should these risks arise.

La Française Group has therefore retained several major risk families as presented in the table:

Types of risk		La Française Group	Financial assets	Real estate assets
Risks linked to climate change	Physical risks		X	X
	Transition risks	X	X	X
Risks linked to biodiversity			X	X

(3) KPI (Key Performance Indicator): Indicators to measure performance or the achievement of defined objectives.

Types of risk		La Française Group	Financial assets	Real estate assets
ESG governance risks	Reputational risks	X	X	X
	Risk of litigation and/or liability linked to ESG factors	X	X	X
	Risk of lacking constructive dialogue with companies		X	X
	Corruption and money laundering risks	X	X	X
Risk of non-compliance	Risk of the failure to implement regulatory changes introduced by European regulations and directives (Taxonomy, SFRD, NFRD, etc.)	X	X	X

For La Française Group, risks are considered from the perspective of ESG governance risks for all companies/funds and the CSR regulatory obligations applicable to La Française Group in the context of its business activities. The presentation of corporate risks is repeated in Annex 1 to focus on the main risks associated with management on behalf of third parties: transferable securities and real estate (see below).

In response to these risks, La Française Group has implemented actions aimed at reducing them and includes their monitoring in its risk appetite framework. This is reviewed annually when the Risk Appetite Framework (RAF) is updated and approved by the Audit and Risk Committee. Quarterly reports are produced to monitor KPIs, with an alert process and limits for alerting senior management and the reference shareholder if necessary.

For 2022, on the **CSR and Sustainability topics,** LFG has continued to implement new regulatory obligations and reduce risks:

- The sustainable mobility plan for our employees came into force, helping to reduce our impact on the climate and working jointly with Crédit Mutuel Alliance Fédéral (reference shareholder),
- Rolling out of the "100% green electricity" subscription for the premises housing the La Française Group
- Monthly energy audits for the building management system (BMS) to reduce energy consumption at the La Française Group head office and production of an annual report.
- Study underway with a view to obtaining the HQE operating certification (analysis of the building's energy consumption) on LFG headquarters (target October 2023)
- Analysis of the carbon footprint of the La Française Group activities carried out with TOOVALU
- The definition of male/female parity to be achieved within five years (RIXAIN law)
- Inclusion of LFG in the DPEF of Crédit Mutuel Alliance Fédéral (qualitative and quantitative contribution to 80 indicators)

Several **action plans** have been initiated throughout the period to manage the associated risks:

- Consolidation of corporate CSR data for France and abroad
- Integration of sustainability risk measures into the SDGs' central information systems (excluding NewAlpha) (data base, data management)
- The review of the presentation of the La Française Group website to meet regulatory expectations around "sustainability preference" and SFDR obligations
- Implementation of a quarterly Stewardship Committee to regularly review commitments and controversies, thereby organising governance and ensuring that undertaken engagements are respected.
- Strengthening the REM (real estate) teams with the recruitment of a Data Analyst to automate the production of ESG indicators, reduce the risks associated with their production and ensure the reliability of data from external partners,
- Inclusion of new "climate risk – ESG" indicators in the La Française Group Risk Appetite Framework from 2023.

As part of the implementation of its risk analyses, **La Française Group has defined relevant indicators for monitoring CSR issues.** These will be completed as part of the works remaining open for 2023.

Theme	Major CSR challenges	Sub-theme challenges	Indicator	Monitoring
Governance & influence	Ethics & fair practices	Anti-corruption and fraud	Ongoing legal proceedings	[redacted]
		Anti-money laundering and combating the financing of terrorism (AML/CFT)	Time periods for reporting suspicious activity	[redacted]
		Employee ethics	Personal investments	[redacted]
	Long-lasting relationship with customers & suppliers	Business continuity	PUPA triggers	[redacted]
		Protection of personal data	Data breaches with impact for data subjects	[redacted]
	Dialogue & communication	Promotion and deployment of CSR	Number of CSR/ Sustainability training courses	**Sustainable Investment:** Internal awareness programme of 10 modules based around different topics delivered to employees of the La Française group (France and International) attended by 40% of employees **SRI real estate:** Internal awareness-raising module on the strategic axes of La Française's SRI real estate policy deployed by business expertise (France and International) and attended by 40% of employees **Professional certification:** CESGA (ESG analyst certificate): 4 employees obtained the certificate in 2022
		Influence and networking towards sustainable finance	Participation in professional bodies	Vice-Chairman of the AFG Sustainable Finance Committee[4] Member of the AMF Investor Management Advisory Committee

(4) AFG: French Association of Management Companies

Theme	Major CSR challenges	Sub-theme challenges	Indicator	Monitoring
Environment	Combating climate change	Greenhouse gas emissions (transition risk)	Greenhouse gas emissions report (BEGES)	Carbon footprint 2022: 4,152 t CO2eq
		Energy consumption	kWh/m2 corporate	HQE certification for head office operations underway
		La Française Group Sustainable Mobility	CO2 emissions relating to business travel	157 t CO2 eq
			Sustainable Mobility Plan which came into force on 1 January 2022 and includes the sustainable mobility package	Raising awareness of road safety and eco-friendly driving
Humanity	Fostering human capital (top-down)			
	Development of skills	Training policy	Employee training rate excluding regulatory or mandatory training	83%
		Internal career development	% of positions promoted or internally mobile	23%* ** Rolling years: 2020-2021-2022*
	Quality of Work Life (QWL)	Working conditions	% remote working	79%
			Number of awareness-raising actions or training on PSRs(5)	12 training sessions on PSR prevention organised for Managers - CSE (works' council) and ComEx (Executive Committee) 1 PSR awareness meeting organised with employees
	Social dialogue	Organisation of social dialogue & company agreement	Number of CSE requests and agreements	10 CSE meetings 9 specialised committees (4 CSSCT, 2 training, 1 housing, 2 professional equality) 3 meetings with union delegates (mandatory annual negotiation) 5 group agreements signed (agreements, amendments and memorandums of understanding)

(5) RPS: psycho-social risks

Theme	Major CSR challenges	Sub-theme challenges	Indicator	Monitoring
Humanity	Actively-involved employees		Inclusion initiatives	Involving employees in defining the La Française Group values
				CMAF internal barometer #Over to you#: involving employees in environmental and social issues (Group image, connection with clients, Crédit Mutuel commitments, the role of employees within the company, etc.)
				Mentoring for female employees (Further internal network to promote gender diversity in all professions at every level of the company)
				Interviews (behind the scenes of a career, work/life balance)
				Presentation/knowledge of the Group's professions ("Look at you now" initiative ("t'a mangé du lion"), specialisation week)
	Solidarity	Sponsorship	Sponsorship actions	Financial sponsorship: As part of the "Support My Cause" programme
				Employees are invited to present associations they are involved in and to choose those they wish to support.

Risk framework complied with – non-public indicator

B – Risk management – Investment vehicles

By "sustainability risk", we mean: The occurrence of an ESG event or condition that could potentially or actually cause a significant negative impact on the value of an investment in a fund. Sustainability risks can either represent a risk as such, or have an impact on other risks and contribute – by way of correlation – significantly to risks such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks can have an impact on long-term risk-adjusted returns for investors.

Assessing sustainability risk is complex and can be based on ESG data that is difficult to obtain and incomplete, unreliable, outdated, or otherwise materially inaccurate. Even when identified, there is no guarantee that this data will be properly assessed.

1 - FINANCIAL ASSETS

Process for identifying, assessing and prioritising the risks of financial assets

As part of the development of La Française Asset Management's range of sustainable funds and in view of the various regulations affecting responsible investment, the products have undergone a transformation.
The identification of extra-financial risks and their guidelines are defined by product and are subject to review according to methodological and regulatory developments.

Once identified, risks are measured by risk indicators (KPIs).

First-level controls are carried out by Management and the Middle Office: Management integrates compliance with these KPIS into its investment choices, while the Middle Office monitors certain KPIs automatically.

Risk Management monitors compliance with sustainability criteria to cover the sustainability objectives of the managed portfolios as well as the requirements of post-investment labelled funds.

In this respect, Risk Management has drafted a document describing the integration of extra-financial criteria in the framework of portfolio risk monitoring as well as the associated controls for the management of data for the various asset classes (Equities, Sovereign Credit, Corporate Credit) for the portfolios, their investment universe and the benchmarks.

The risk frameworks are reviewed according to new management guidelines or the development of new indicators.

Second-level controls are performed by Internal Control and Compliance, which verifies compliance with the KPIs and their conformity with legal documentation. In addition, controls are carried out on the organisation of the SRI system, the investment process, the monitoring of SRI constraints and the controls carried out by Risk Management.

1.1 - Main risks

At the level of financial assets, two types of overriding risks are monitored for funds promoting non-financial characteristics.

ESG risks

ESG criteria are extra-financial criteria used to assess the social and sustainable responsibility of an entity. These criteria provide a way of assessing the effort made by companies to conduct business in an ethical and sustainable manner through three aspects: Respect for the environment, employment law and governance. These three aspects make it possible to support a decarbonised economy that respects human and organisational capital by directing capital flows towards more ethical and sustainable solutions.

This ESG risk therefore measures the risk associated with the overall quality of a company through a Score. This Score is calculated as a weighted average of the three Factor scores (Environmental Sustainability, Human Capital and Organisational Capital), using sector-based weightings.

Each pillar is made up of several KPIs, which in turn are made up of several factors. The aggregation of all these components synthesises all the data into scores scaled from 0 to 10, using an in-house method from the LF-SIR research centre.

Environmental sustainability

Carbon efficiency
Carbon intensity
Funded emissions

Energy efficiency
Green energy
Energy intensity

Efficiency of raw materials
Waste emission efficiency
Natural capital

Efficiency in water management
Intensity of water withdrawals
Intensity of water consumption

Pollution management
Objective against pollution
Pollution performance
Volatile organic compounds
Sulphur oxide intensity
Nitrogen oxide intensity

Environmental governance
Target objectives concerning renewable energies
Annualised emissions targets
Waste management
Carbon management
Energy strategy

Human capital

Governance structure of human capital
Labour management rating
Gender parity
Policy rating

Recruitment capacity
Staff turnover
Other compensation and benefit programme

Employee satisfaction
Glassdoor.com ratings review
Monitoring employee satisfaction

Work performance and loyalty
Health and safety rating
Labour productivity

Learning and knowledge
Professional development rating
Training, health and safety rating

Professional relationships
% of employees who are members of a trade union.
Massive layoffs

Organisational capital

Customer relationships
Product safety
Product quality

Logistics management
Typical supply chain
Raw material supply
Human rights in the supply chain

Relationship with other key stakeholders
Relationship with the local community
Corporate philanthropy

Protection of shareholders' rights
ISS shareholder rating

Effectiveness of the Board
ISS Board rating
Quality of advice
Fraud and business ethics

Executive salaries
ISS Compensation rating
Executive compensation practices

Transparency and reporting
ISS audit rating
Transparency and quality of reporting

Overall and per pillar scores and their development are monitored.

Climate risk:

Climate risk measures an entity's exposure to climate impacts and their effect on its business. This risk may be direct (e.g. temperature change, rising water levels), or indirect (e.g. threat to biodiversity). Two indicators are used to measure this risk: physical risk and transition risk.

- Physical risk

  Physical risk measures the potential operational impacts of climate change on the value chain (e.g. logistics), as well as on the value of assets (e.g. operating costs and infrastructure).

  It measures the loss from climate-related disasters (floods, forest fires, droughts, heat waves, cyclones) and is approximated by an exposure score for companies (0 to 100, 100 being the maximum risk).

- Transition risk

  Transition risk measures the consequences of the implementation of low-carbon strategies and business models on financial assets. In order to avoid a decline in the value of assets, it is necessary to identify long-term opportunities and align with low-carbon trajectories.

  The exposure of the positions and the quantification of the climate risk on different transition scenarios are measured: Business as usual (low levels of energy transition, +3.4°C by 2100), +2°C by 2100 and +1.5°C by 2100.

  The climate risk is measured over two horizons, 2030 and 2050.

  These risks are assessed as a % of each value via "Stress Tests" on issuers (States, Companies) and on their instruments Equities, Bonds.

  Transition risk measures the economic costs associated with energy transition.

  For States, the following are estimated:

  - The impact of changing the energy mix according to the IEA and Climate Action Tracker (regulatory decarbonisation, carbon taxes),
  - The loss of GDP for fossil fuel producing countries,
  - Additional growth from green investments.

For companies, the estimate is made through the cost of the carbon tax for those that do not respect the IEA target carbon intensity trajectories by 2050 to be compatible with the temperature scenarios.

Green investment opportunities and the cost of stranded assets, representing the loss of business value associated with activities that are not compatible with the energy transition, are not yet quantified and will be the subject of further work.

Other risks are likely to materialise.

The management company incorporates sustainability risks and opportunities into its research, analysis and investment-decision process in order to improve its ability to manage risks more comprehensively and generate long-term sustainable returns for investors.

It believes that investors are mostly likely to be affected by transition risks over the short and medium term. If, however, global warming leads to a significant rise in temperatures, the physical risks would become predominant.

Transition risks linked to the market or to technology are yet to appear but could materialise very quickly. The legal, economic and political risks, for example linked to the implementation of a carbon tax or a price on carbon, should materialise more gradually.

The intrinsic characteristics of these risks – long-term, difficult to project as a probability and without precedent – are often difficult to reconcile with standard investment processes which are based on probabilities established from the past. The Management Company measures these risks for all portfolios and integrates them into investment decisions based on its assessment of risk occurrence.

Furthermore, in order to limit this risk as a whole, La Française Group has implemented an exclusion policy targeting the sectors most likely to be the source of liability risks linked to environmental factors.

With regard to biodiversity risks in particular, and especially the erosion of biodiversity, global warming is affecting ecosystems and increasing the risk of the climate hazards described in the physical risks of global warming occurring.
The risks linked to biodiversity are not at this stage fully assessed due to a lack of data and established methodology; nevertheless, La Française AM is following the regulatory calendar to estimate both the sustainability risks associated with the maintenance of biodiversity and the principal adverse impacts. More details are available in the Biodiversity section on page 43.

Other families of risks impact on the sustainability risks for financial products.

ESG governance risks:

- Reputational risks

  The most probable events that could cause a risk to the fund's reputation could be related to the non-implementation of supervisory measures: issuers/companies for corruption or money laundering & terrorist financing, unsustainable social or corporate practices and/or governance of any of the issuers held in our funds. Access to a research centre owned by La Française aims to minimise this risk. The analysis of controversies/exclusions during the Stewardship Committee rounds off the system.

- Risk of litigation and/or liability linked to extra-financial factors

  With regard to the risk of litigation for non-compliance with ESG regulations, any proven litigation could erode the financial profitability of the product as well as its liquidity. La Française's proprietary research aims to minimise this risk.

- Risk of shareholder withdrawal

  The management company has formalised a voting policy at general meetings and exercises voting rights in all of the portfolio companies.

  The risk would come from not updating its voting policy around the identification of resolutions requiring in particular a voting action corresponding to its commitments, in particular in favour of the climate, (social) diversity, and remuneration (Governance), multiple mandates (sound practice of renewing Board members).

  Click here to view our voting policy.

  The management company has also formalised an engagement policy. The risk would come from a failure to apply the principles of its engagement policy, which aims to disengage from an issuer if dialogue with it fails.

  Click here to view our engagement policy.

- Risk of the lack of constructive dialogue with companies in the portfolio

  The management company's structure makes it possible to engage in a constructive and active dialogue for the analysis of companies that may present fragmented information in order to better assess the company's strategy and business model. The risk would come from a failure to analyse companies in connection with lower quality data collected for the purposes of conducting ESG analyses on issuers and companies.

1.2 - Action plan implemented to reduce funds' exposure to risk

Various action plans have been initiated in 2021 to strengthen the monitoring of funds for sustainability risks,

- Launch of an overhaul of production processes, storage of KPIs and provision of extra-financial indicators (calculation, monitoring of engagements, reports) over time,
- The transformation of the range with the integration of all extra-financial criteria in the funds.

These concrete actions should reduce the Group's and funds' exposure to climate risk.

1.3 - Quantitative estimates

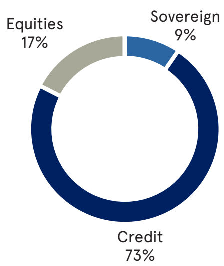
A few figures for LFAM:

The LFAM scope includes all portfolios under management (funds and mandates) as at 30/12/2022.

Where possible, external funds have been made transparent.

CLIMATE RISK GLOBAL PORTFOLIO

PORTFOLIO POSITIONING



	PTF	Index	*Hedging*
ESG score	6.1	6.4	*funds 96% index 94%*
Carbon Impact score	6.0	5.9	*funds 91% index 100%*
Carbon intensity:	105	168	*funds 96% index 93%*

Index: 9% Bloomberg Euro Aggregate Treasury + 73% Bloomberg Euro Aggregate Corporate + 17% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

PORTFOLIO CLIMATIC STRESS-TEST (Impact Valuation)

		2030		2050	
		Portfolio	Index	Portfolio	Index
Transition risk (A)	Business-as-usual scenario	0.02%	-0.13%	0.01%	-0.07%
	SDS scenario (+2 °C)	-0.36%	-1.00%	-1.41%	-2.06%
	NZE scenario (+1.5 °C)	-0.38%	-1.01%	-2.27%	-3.03%
Physical risk (B)	Business-as-usual scenario	-0.24%	-0.39%	-0.55%	-0.97%
	SDS scenario (+2 °C)	-0.11%	-0.17%	-0.34%	-0.54%
	NZE scenario (+1.5 °C)	-0.08%	-0.12%	-0.20%	-0.36%
Total climate risk (A + B)	Business-as-usual scenario	-0.22%	-0.52%	-0.54%	-1.04%
	SDS scenario (+2 °C)	-0.47%	-1.17%	-1.75%	-2.60%
	NZE scenario (+1.5 °C)	-0.46%	-1.13%	-2.47%	-3.39%

For more details on the specific calculations for government and corporate segments, see Annex 2, page 97.

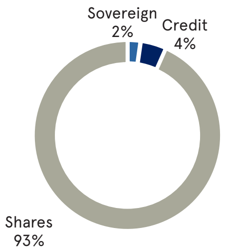
A few figures for LFSAM:

The LFSAM scope includes all portfolios under management (funds and mandates) as at 30/12/2022.

Where possible, external funds have been made transparent.

CLIMATE RISK GLOBAL PORTFOLIO

PORTFOLIO POSITIONING



	PTF	Index	*Hedging*
ESG score	6.3	6.5	*funds 98%* *index 99%*
Carbon Impact score	6.2	5.8	*funds 97%* *index 100%*
Carbon intensity:	95	175	*funds 98%* *index 98%*

Index: 2% Bloomberg Euro Aggregate Treasury + 4% Bloomberg Euro Aggregate Corporate + 93% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

PORTFOLIO CLIMATIC STRESS-TEST (Impact Valuation)

		2030		2050	
		Portfolio	Index	Portfolio	Index
Transition risk (A)	Business-as-usual scenario	-0.07%	-0.03%	0.07%	-0.02%
	SDS scenario (+2 °C)	-0.29%	-0.85%	-1.13%	-2.87%
	NZE scenario (+1.5 °C)	-0.35%	-0.93%	-1.77%	-3.93%
Physical risk (B)	Business-as-usual scenario	-0.30%	-0.65%	-1.03%	-1.70%
	SDS scenario (+2 °C)	-0.24%	-0.42%	-0.63%	-1.13%
	NZE scenario (+1.5 °C)	-0.18%	-0.31%	-0.46%	-0.80%
Total climate risk (A + B)	Business-as-usual scenario	-0.36%	-0.68%	-0.96%	-1.72%
	SDS scenario (+2 °C)	-0.53%	-1.27%	-1.77%	-4.00%
	NZE scenario (+1.5 °C)	-0.53%	-1.25%	-2.22%	-4.73%

For more details on the specific calculations for government and corporate segments, see Annex 3, page 103.

2 - REAL ESTATE ASSETS

2.1 - Identification, assessment and prioritisation of sustainability risks

The European SFDR Regulation defines sustainability risk as any environmental, social or governance event or condition which, if it occurs, could have a significant adverse effect, actual or potential, on the value of the investment.

In addition to the material and social impacts of extreme weather events, increasing regulatory pressure as well as changes in the preferences of market participants influence the performance of property investments. Conversely, **a growing number of studies in different jurisdictions highlight that real estate practices that take into account climate change and sustainability can not only protect but also increase the value of real estate assets.**

Managing sustainability risks is a major challenge for La Française REM, which has identified the main sustainability risks to which it is exposed. As real estate investment is a long-term endeavour, La Française REM intends to pursue an active policy of immediately controlling these risks.

La Française REM reviews its exposure to sustainability risks every year, in line with methodological and regulatory developments.

Category	Risk	Origin	Time horizon	Associated risk factor	Risk reduction measures
Physical risk	Heat wave	Exogenous	Long term	Global warming	Analysis of the vulnerability of all real estate assets to this hazard and definition of an action plan if necessary ESG audit prior to any acquisition Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset
Physical risk	Drought	Exogenous	Medium term	Global warming	Analysis of the vulnerability of all real estate assets to this hazard and definition of an action plan if necessary ESG audit prior to any acquisition Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset
Physical risk	Clay shrinkage and swelling	Exogenous	Medium term	Global warming	Analysis of the vulnerability of all real estate assets to this hazard and definition of an action plan if necessary ESG audit prior to any acquisition Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset
Physical risk	Flood	Exogenous	Long term	Global warming	Analysis of the vulnerability of all real estate assets to this hazard and definition of an action plan if necessary ESG audit prior to any acquisition Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset
Physical risk	Rise in sea level	Exogenous	Long term	Global warming	Analysis of the vulnerability of all real estate assets to this hazard and definition of an action plan if necessary ESG audit prior to any acquisition Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset

Category	Risk	Origin	Time horizon	Associated risk factor	Risk reduction measures
Physical risk	Earthquake	Exogenous	Current	Location in a seismic zone	ESG audit prior to any acquisition
Physical risk	Forest fires	Exogenous	Long term	Global warming Erosion of biodiversity	Choice of a tool to analyse the vulnerability of real estate assets in 2023
Physical risk	Storms and high winds	Exogenous	Long term	Global warming	Choice of a tool to analyse the vulnerability of real estate assets in 2023
Physical risk	Extreme cold	Exogenous	Long term	Global warming	Choice of a tool to analyse the vulnerability of real estate assets in 2023
Transition risk	Regulatory	Exogenous	Medium term	Developments in French and European regulations in the light of delays in meeting European engagements	Calculating the financial impact of introducing a carbon tax
Transition risk	Energy supply	Exogenous	Current	Changes in national energy mixes	Subscription to renewable electricity contracts for areas managed by La Française REM
Transition risk	Technological obsolescence	Exogenous	Medium term	Changes in regulations - Loss of expertise	Replacing obsolete equipment with equipment that anticipates future regulations
Social risk	User health	Endogenous	Current	Presence of hazardous substances (asbestos, lead)	ESG audit prior to any acquisition
Social risk	Health of users and local residents	Endogenous	Current	Industrial sites presenting major accident risks	ESG audit prior to any acquisition
Execution risk	Meeting SRI targets	Endogenous	Current	Approximate targets Monitoring and/ or irregular actions	Meetings (monthly or quarterly depending on the number of assets managed by each PM) dedicated to monitoring our ESG objectives with our PMs.

2.2 - ESG and climate risks

La Française REM believes that the main sustainability risks are climate-related, in particular:

- Physical **risks** resulting from damage directly caused by meteorological phenomena
- Transition **risks linked** to the effects of the implementation of a low-carbon economic model.

Physical risks linked to climate change

In 2022, the analysis of physical and functional risks to the property portfolio was carried out for five climate hazards that could impact buildings and their occupants:

- **Heat waves,** which can affect thermal comfort and damage networks;
- **Droughts,** which can increase the risk of structural degradation in clay soils and can expose assets located near forests to fire risks;
- The **shrinkage and swelling of clay**, which can damage the structures of buildings with shallow foundations or buried networks;
- **Floods,** which can affect buildings through water infiltration into the walls or damage to underground networks;
- **Coastal flooding** that can affect buildings due to water infiltration into materials, and damage caused to structures and networks. Coastal flooding is often accompanied by storms, which cause further damage to buildings;

The evolution of climate hazards has been analysed for assets located in Europe based on the IPCC RCP 8.5 scenario and for the period 2020 to 2050. The choice of the so-called "pessimistic" RCP 8.5 scenario is dictated by the precautionary principle.

Risk associated with the vulnerability of the assets is calculated using a combination of (i) the exposure of the real estate assets to climatic hazards, and (ii) their sensitivity.

The risk of exposure depends on the location of the property. The risks to which a building is exposed vary depending on where it is. Climatic events and their intensity differ between regions, and also within regions, depending on the topography and the immediate environment. To estimate the risk of exposure, a list of climatic indicators has been set out for each hazard identified above. For example, the evolution of the "heatwave" hazard is monitored through the number of days during which the maximum temperature is more than 5 °C above normal for at least five consecutive days.

The assessment of the sensitivity of a real estate asset to a given hazard depends on the characteristics of the real estate asset, notably its construction method, its technical equipment and its location, the presence of vegetation as well as its use.
Finally, a cross analysis of the risk of exposure and the sensitivity of the buildings makes it possible to identify buildings which present a strong vulnerability to one of the climate hazards mentioned above.

In 2023 and 2024, La Française will add the following climate hazards to its vulnerability analysis:
• Storms and high winds
• Extreme cold
• Forest fires

QUANTITATIVE ESTIMATES

Analysis of asset vulnerability to physical climate risks

Scope analysed: 849 assets with a total surface area of 3.7 million m² and a total value of €19.2 billion

The analysis of the vulnerability of assets to climate hazards highlights the following major vulnerabilities:

	% of assets with high vulnerability to climate hazards
Heat wave	6.6%
Drought and shrinkage & soil swelling	0.6%
Flood	5.9%
Rise in sea level	1.5%

Financial impact of physical climate risks on asset valuation

Calculation method

Physical risk is the physical deterioration of a real estate asset after an extreme weather event has occurred and the additional costs of operating buildings due to the increasing number of heat waves.

The damage costs generated by each new event of each hazard are deduced from insurance distributions (source: Catnat). Additional operating costs are the costs of over-consumption such as, during heat waves, the additional energy costs of cooling assets and the wear and tear cost of accelerated damage to air conditioning equipment due to running at full capacity during said heat waves.

The excess energy consumption costs calculated for a heat wave 5 °C above the seasonal average are 35%.

Wear and tear costs depend on the condition of the equipment. They vary from -50 bps to -75 bps of the value of this equipment per day of a heat wave 5° above the seasonal average.

All projected costs are discounted at an annual rate of 4%.

The physical risk then corresponds to the relationship between the exposure and sensitivity of the assets on the one hand and the damage costs and additional operating costs on the other.

The amount of damage costs and additional operating costs related to physical climate risks will reduce the value of the funds' assets as follows:

	Financial impact on fund asset value
Cumulative costs until 2030	-0.60%
Cumulative costs until 2050	-1.35%

Transition risks linked to climate change

Transition risks linked to climate change are the fund's exposure to changes induced by the ecological transition. These risks are mainly linked to the development of anti-pollution taxation systems and more restrictive carbon markets which would lead to an increase in the price per tonne of CO2 or an obligation to carry out thermal renovation work. La Française REM estimates these risks differently depending on the type of assets. These risks could erode the financial profitability of the product.

TERTIARY ASSETS

La Française REM believes that the transition risk could materialise via a taxation of CO2 emissions that exceed the emission caps of the decarbonisation trajectory compatible with the international objectives of the Paris Agreement.

La Française REM manages this risk by:
- Setting a target of aligning the fund's CO2 emissions with a 1.5 °C decarbonisation trajectory with assets that are pursuing an environmentally sustainable objective;
- Setting energy consumption reduction targets in line with the tertiary eco-energy scheme for tertiary assets of over 1,000 m²;
- Deploying action plans to reduce CO2 emissions in funds.

Financial impact of the transition risk on the net income of property assets pursuing an environmental sustainable investment objective

Scope analysed: 816 assets with a total surface area of 3.4 million m² and a total value of €18.6 billion

Calculation method

The Fund estimates the financial impact of creating a carbon tax that would apply to CO2 emissions from real estate assets in excess of the emissions caps that make up the CRREM/SBTi decarbonisation trajectories. The global carbon budgets used by CRREM/SBTi (in 2022, the two institutes combined their previous work to guarantee a new global standard) were selected in line with the COP21 objectives.

To estimate the transition risk, La Française REM applies a carbon tax to emissions above the CRREM decarbonisation trajectories, with the price increasing over time from 128 euros in 2022 to 1,040 euros in 2050.

The amount in euros was calculated by converting the price per tonne of carbon into $, taken from the IAM REMIND-MAgPIE 3.0-4.4 (Net Zero 2050 scenario), into euros, according to the OECD exchange rate for the year 2022.

The amount of carbon tax will reduce the net accounting result of the funds as follows:

	Financial impact of the creation of a carbon tax on the net income of funds – 1.5 °C climate scenario
2030	-1.1%
2040	-7.4%
2050	-13.7%

RESIDENTIAL ASSETS

The recently adopted Climate and Resilience Act has introduced a number of measures aimed at prohibiting, in the long term, the lease or sale of housing considered to be too energy-intensive.

It will no longer be possible to rent or sell:

- a home with a G energy label from 2025
- a home with an F energy label from 2028
- a home with an E energy label from 2034

La Française REM is taking steps to reduce this risk by:

- Setting a minimum energy performance to be achieved for its projects under construction;
- Carrying out thermal renovation work on portfolio assets.

Financial impact of the transition risk on the net income of property assets pursuing a sustainable investment objective

Scope analysed: 577 assets with a total surface area of 66,000 m² and a total value of €385.4 million

To estimate the transition risk, La Française REM applies the following energy renovation costs to assets with a DPE energy label of less than D:

- €1,000/m² for assets with a DPE (energy performance certificate) of F or G
- €500/m² for assets with a DPE (energy performance certificate) of E

To calculate the financial impact, La Française REM assigns a DPE G to assets for which it has not collected an DPE.

The cost of the works will reduce the value of the assets as follows:

	Financial impact on fund asset value
Cumulative costs up to 1 January 2024	2.0%
Cumulative costs up to 1 January 2028	2.3%
Cumulative costs up to 1 January 2034	3.5%

04 INDICATORS & OBJECTIVES

In order to firmly support its progress and demonstrate its engagement, the Group has set targets and reports on related indicators for the Group and/or its financial and/or property assets.

13 MEASURES RELATING TO COMBATING CLIMATE CHANGE

A – Alignment with the Paris Agreement

1 – NET ZERO ASSET MANAGER INITIATIVE

Net Zero LFAM	2022 targets for 2025 and 2030	2021 indicators	2022 indicators	2023 targets for 2025 and 2030
Scope 1 & 2 portfolio temperatures – 2025	2.01°	2.11°	2.04°	1.95°
Scope 1 & 2 & 3 portfolio temperatures – 2025	2.42°	2.56°	2.25°	2.17°
Scope 1 & 2 portfolio temperatures – 2030	1.84°			1.80°
Scope 1, 2 & 3 portfolio temperatures – 2030	2.20°			2.03°

To actively contribute to the fight against climate change, it is urgent to act now and to ensure that the operation of our business places us on a trajectory compatible with the Paris Agreement, which the Group supports.

To this end, **La Française Asset Management** committed in 2021 to the Net Zero Asset Managers Initiative (NZAMi) supported by various coalitions, including the PRI and the CDP, of which we are active members. The NZAMi alliance aims to transition investment portfolios to carbon neutrality by 2050, bringing the Paris Agreement to the world of finance and ensuring that the global temperature increase does not exceed 1.5 °C. This initiative has the special feature of bringing together only management companies which, in addition to the objective of zero carbon emissions by 2050, will therefore have to participate actively in a 50% reduction of carbon emissions by 2030 and review their intermediate objectives every five years. They will also have to take into account Scope 1 and 2 in the carbon emissions measurements of their portfolios, and Scope 3 if possible, setting up a dedicated voting and engagement policy, and creating investment products in line with these objectives.

As such, LFAM has set a CO2 emissions reduction target in line with the Paris Agreement, detailed on page 36 and validated by NZAMi: to achieve a temperature of 1.5 °C by 2040 for scopes 1 & 2, and 1.75 °C (well below 2 °C) by 2040 for scopes 1, 2 & 3. LFAM has set interim targets for 2025 and

2030. These targets will change in 2023 to include a wider range of funds than in 2022, according to the SBTI methodology. The results to the end of 2022 showed a reduction in Scope 1&2 and Scope 1&2&3 temperature of -3% and -10% respectively, on a like-for-like basis. For this reason, we have simultaneously revised our interim targets for 2025 and 2030 (to be more demanding).

With regard to the group's property assets, **La Française REM** aims to keep the average greenhouse gas emissions of its assets pursuing a sustainable investment objective below the annual emission caps of a 1.5 °C decarbonation pathway each year, and to define action plans for each asset to bring their greenhouse gas emissions into line with the emission caps of a 1.5 °C decarbonation pathway by 2030 at the latest. In 2023, La Française REM will analyse the possibility of joining the NZAMi initiative. In particular, it will seek to specify the scope of its commitments, which depends on the degree of control it exercises over the energy consumption of the real estate assets it manages and the unit of measurement used to take account of the specific characteristics of the real estate assets. To the extent possible, it will also complete a temperature calculation.

2 - CLIMATE CHANGE MITIGATION – REAL ESTATE ASSETS

La Français REM is promoting or making a substantial contribution to SDG No. 13 "Fight against climate change" on 816 assets representing a total surface area of 3.4 million m² and a total value of €18.6 billion.

Assets that promote SDG 13 "Fight against climate change" take into account the principal adverse impacts linked to the operation of real estate assets when selecting and managing their real estate portfolios and undertake to measure the energy consumption and CO2 emissions of their real estate assets every year. LFREM is committed to aligning the CO2 emissions of these assets with decarbonisation trajectories compatible with the international objectives of the Paris Agreement.

The sustainability indicator for measuring the achievement of the environmental sustainable investment objective is two-fold:

1 - Comparison of the average GHG emissions of real estate assets pursuing an environmental sustainable investment objective with the emissions caps defined by the CRREM using the 1.5° trajectories for a comparable portfolio.

For the 2022 financial year, the environmental performance of real estate assets was **18.9 kgeqCO2/m²/year**, compared with a CREEM threshold value of 23.6 kgeqCO2/m²/year for a comparable portfolio.

Greenhouse gas emissions are calculated on the basis of energy consumption for all fluids, all uses, common areas and private areas. Environmental performance corresponds to the average greenhouse gas emissions of the assets, weighted by their surface area. The data needed to calculate the energy and environmental performance of real estate assets can either be collected directly, or estimated from indirect data (in the case of tenants who do not wish to share their energy data with the owner and/or co-ownership associations that do not report data). The uncertainties inherent in calculating environmental performance result from the different levels of data reliability.

	Coverage of energy consumption	Level of uncertainty	Share of energy consumption data by level of uncertainty
Direct measurement (bill/meter)	100% of shared areas 100% of private areas	0%	35.0%
Recalculated data (extrapolation)	100% of shared areas At least 33% of private areas	30%	9.7%
Approximate data (DPE currently being validated)	N/A	50%	18.3%
Known data in order of magnitude (in reference to a benchmark)	N/A	80%	37.0%

2 – Definition of action plans to bring the GHG emissions of each asset into line with the CRREM emissions caps by no later than 2030

In 2022, action plans were defined for each asset in order to align their greenhouse gas emissions with the CRREM caps by 2030 at the latest. The management company called on an external environmental consultancy to draw up these action plans. To reduce CO2 emissions from its real estate assets, La Française REM has taken steps to reduce energy consumption and decarbonise energy sources.

Energy consumption reduction

To be able to take effective action, the energy consumption of assets needs to be measured reliably. In 2022, the Fund called on an external environmental agency to collect actual energy consumption data for the communal and private areas of its property assets. To achieve this, the Fund mobilised its property managers and tenants. For the most energy-intensive assets, it has deployed the IQSpot solution to monitor consumption at a more granular level, in order to identify energy consumption by use, and to be alerted in the event of any deviation.

It has carried out the following actions on its assets:

- Monitoring committee with the PMs to ensure progress on the action plans defined
- Encouraging good management and maintenance practices
- Raising tenant awareness, in particular through the management company's joining the Ecowatt Charter
- Certification of buildings in operation
- Green committees
- Overseeing night-time reductions
- Overseeing of heating set points in winter and cooling set points in summer, and adaptation according to occupancy levels
- Limiting air circulation at times when the premises are occupied

- Revision of BMS settings every 6 months
- Widespread use of LED lighting and presence detectors
- Installation of timetables in corridors and office areas
- Distribution of best practice guides

Decarbonisation of energy sources

In 2022, La Française REM amended all its electricity supply contracts to ensure that it uses only electricity from renewable sources at all the properties for which it controls the energy contracts in France. In addition, the management company has analysed the possibility of installing renewable energy production solutions on fund assets, looking in particular at the possibility of installing photovoltaic shading systems on outdoor car parks with a surface area of more than 1,500m².

3 - CLIMATE CHANGE ADAPTATION – REAL ESTATE ASSETS

Real estate assets, designed to be operated over several decades, are particularly exposed to changes in weather patterns. As a result of climate change, projections indicate an increase in the frequency and intensity of extreme events, which may cause damage to the fund's assets and/or impact their occupancy. These extreme events could affect the valuation of the funds' assets. The financial impact may be physical (damage to the building structure) or functional (increased operating costs).

The challenge for La Française REM is to be able to estimate how vulnerable the assets are to the most significant climate risks expected in Europe in order to be able to integrate such into the investment and asset management processes. To do this, La Française REM has chosen the R4RE (Resilience for Real Estate) tool developed by the Observatoire de l'Immobilier Durable (Sustainable Real Estate Observatory).

The aim is to assess the vulnerability to the main physical climate risks of 75% of the real estate assets managed directly by La Française REM by 2030.

By 31 December 2022, 849 assets with a total surface area of 3.7 million m² and a total value of €19.2 billion had been analysed for their vulnerability to physical climate risks. This corresponds to 67% of the assets managed directly by La Française REM.

In 2022, 100% of acquisitions and 100% of assets managed directly by La Française REM held by funds classified as Article 8 or 9 under the SFDR were analysed for their vulnerability to physical climate risks.

4 QUALITY EDUCATION

B – Training in sustainable investment

Theme	2022 objectives	2022 indicators	2023 objectives
Internal training in sustainable investment	11 Sustainable investment training modules	9 modules completed	11 modules
Certifications			AMF-ESG certifications
Climate Fresk			All employees trained by the end of 2025

To get each of the Group's employees involved in sustainable investment, La Française Group has opted to invest in a training programme for all its employees, in both French and English. This programme, which has been running since 2021 and is made up of a set of modules each lasting an average of 30 minutes, is delivered by in-house experts in the areas covered and – for the first time in 2023 – with the participation of external speakers in some cases.

As part of this process, La Française's Real Estate Research & SRI Department has been asked to prepare and lead a programme in 2022 that focussed on the strategic areas of La Française SRI real estate policy. The programme has been tailored to the specific needs of each department.

The Group looked to continue training and raising the awareness of its employees to sustainable investment and CSR by repeating these initiatives in 2023. In addition, in 2023 and 2024, the Group plans to organise "Climate Fresk" workshops to raise all employees' awareness of climate issues.

Lastly, in 2023, the Group aims to raise awareness among the directors on its Supervisory Board of the key challenges of sustainable finance for La Française and the associated risks and opportunities, both operational and regulatory. To do this, it will call on a training company to initiate a cycle that the Group would like to run annually.

5 GENDER EQUALITY

C - Gender equality

Theme	2022 objectives	2022 indicators	2023 objectives
Developing the role of women in the Group	Furth'Her mentoring programme	29 women provided with support since 2020	Continue the Furth'Her programme
Gender equality index, minimum 85		87	Minimum score 85
The place of women in management - RIXAIN law			40% women on key governance committees by 2026

The Professional Equality Index for Women and Men aims to take stock of the current state of workplace equality between women and men. Each year, companies with at least 50 employees must calculate and clearly publish their overall Gender Equality Index score on their website, along with the score obtained for each of the indicators comprising the index.

La Française obtained an overall score of 87 points out of 100 for the year 2022 in the workplace gender equality index. The Group obtained positive scores on 4 of the 5 key indicators that make up this index: the gender pay gap, the individual pay rise rate gap, the promotion rate gap and the percentage of female employees who received a pay rise in the year following maternity leave.

The indicator of the number of employees of the under-represented gender among the 10 highest earners remains a major area for the Group to improve. In order for it to evolve positively, La Française launched the "Further" initiative at the end of 2020, which promotes the development of women within the Group, in particular through its internal mentoring programme which has made it possible to provide support during a one-year period to 29 women within of the Group since its launch.

In addition, as part of our **agreement on professional equality and quality of life at work, 30 measures have been taken to improve quality of life at work**, with 19 relating to parenthood/ maternity.

La Française has also signed a charter of engagement to gender parity and workplace equality in companies and organisations in the real estate sector.

Future engagements in terms of recruitment, remuneration, career development and quality of life at work:

- Ensure that external recruitment processes include candidates of both sexes, regardless of the recruitment method or type of contract (permanent, fixed-term, work-study or work placement).
- Distribute our recruitment charter to everone involved in recruitment, both in-house and externally; roll out awareness-raising campaigns for managers on good recruitment practices and non-discrimination.
- Achieve a minimum score of 85 points each year in the workplace equality index.
- Promote balanced representation of men and women on the main committees that make up the governance of Group companies, with a minimum representation of women of 40% by the end of 2026, i.e. 10 points more than the obligations set by the Rixain law.
- Pursue all actions resulting from the Further initiative, both internally and externally.

D – Voting policy – Financial assets

Theme	2022 objectives	2022 indicators	2023 objectives
Participation in general meetings	Close to 100%	95.4%	Close to 100%
Developing our own voting positions	Extending specific voting policy	Extensive climate and pay ratio policy	Including elements on biodiversity wherever possible
Expressing our views to management	% of votes against management recommendation	29.20%	% of votes against management recommendation

In 2022, La Française AM and La Française SAM voted at 95.4% of General Meetings and on 96.2% of the resolutions presented, in line with our objective of getting closer to 100% voting at General Meetings (GM).

Overall, the percentage of resolutions, whether from management or shareholders, where **La Française AM/La Française SAM voted against the management recommendation is 29.2%** – i.e. a relatively stable proportion compared to 2021. More precisely, among the resolutions presented by the shareholders – which, admittedly, are quite few in proportion – this percentage of votes against the management amounted to 62.3%. Finally, at 467 GMs – i.e. nearly 79% of the total number – La Française AM/La Française SAM voted at least once against one of the resolutions put forward for voting. A voting policy report is available here, and all of our votes cast over the past three years are available here.

La Française AM/La Française SAM did not participate in the tabling of resolutions in general or in particular on environmental, social and governance issues.

For the 2023 voting season, our target of as close as possible to 100% attendance at General Meetings remains unchanged. We also undertake to individually review all "say on climate" resolutions and to document our positions on these resolutions.

E – Taxonomy

1 – FINANCIAL ASSETS

The percentage of **eligible activity weighted** assets is **17.9%** (83% coverage rate) for financial assets, based on data obtained from our external data provider (ISS).

In the funds, the percentage of alignment with the Taxonomy is now quantified at 0%. This percentage will be adjusted when the calculation of the alignment is clarified and when companies report on these figures. To date, the regulator's recommendation is that we do not make alignment calculations based on estimates from data providers. However, apart from exceptional cases, we only have estimates to date. The availability of reliable data is expected to change significantly through 2025 (relative to the data from 2024).

2 - REAL ESTATE ASSETS

Real estate assets delivered by 31/12/2022 are Taxonomy-eligible. However, due to the still imperfect data feedback processes for the assets of funds managed by external management companies, La Française REM includes in its percentage of Taxonomy-eligible activity for the 2022 financial year only the real estate assets delivered by 31/12/2022 that it manages directly.

In 2022, 92.7% of La Française REM's total assets were Taxonomy-eligible.

To calculate Taxonomy alignment, La Française REM uses the Market Value indicator, which is less volatile than the Turnover, Capex or Opex indicators.

In 2022, 7.8% of La Française REM's total assets were Taxonomy-aligned, corresponding to 8.5% of Taxonomy-eligible assets.

In 2023, La Française REM will report on the Taxonomy alignment of its sales revenue at entity level. In 2022, the management company has calculated the Taxonomy alignment using the sales revenue indicator only for funds classified as Article 8 or 9 with regard to SFDR.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

F - ESG integration in financial assets

Theme	2022 objectives	2022 indicators	2023 objectives
ESG integration approach pre-investment	100% of funds open to marketing	99%	
ESG integration approach post-investment			Focus on engagement vis-à-vis companies: - small sizes - unlisted And financing or expansion of fuel-intensive sectors

By 2022, we aimed to have 100% of open-ended funds incorporating an ESG approach. Over the course of the year, we completed the conversion of open-ended funds that we began marketing a few years ago.

Our objective was therefore achieved:

1 - By integrating ESG criteria as a fundamental part of the investment process;

2 - By extending our Carbon Impact approach to other product types;

3 - Supported by the launch of a new sustainable 'innovation' strategy, which targets companies with positive external factors for the environment and society, driven by growth-related issues in the selection of issuers.

As at 31/12/2022, 99% of funds available for sale had incorporated a sustainable approach (some are awaiting validation by the regulators of the markets on which they are registered). The remaining 1% represents a management product that includes interest rate derivatives, which by its very nature limits the systematic integration of ESG.

2023 objective

All our funds now include an ESG approach in their investment choices. But ESG integration also means continuing to be active during the holding phase. Stewardship has become central to our sustainable investment philosophy. We are working to go further in integrating the various dimensions of Stewardship into our governance: Methodologies, Engagement, Voting and Exclusions.

This is now the focus of the Group's efforts, and the new 2023 objective is directly linked to it: **In 2024, we want to increase our engagement to** the market segments least covered by traditional engagements: **small, unlisted companies**. We also want to extend our climate change engagement programmes to **companies in sectors that are not in the most polluting sectors but which participate in their financing or expansion.**

13 MEASURES RELATING TO COMBATING CLIMATE CHANGE

G - Exclusion policy for the Group

Theme	2022 objectives	2022 indicators	2023 objectives
Exclusion policy - Coal	Reinforcing criteria on coal	Done	Shortening the time needed to completely get rid of coal
Exclusion policy Non-conventional fossil energies	Integrate non-conventional fossil energies	Done	New requirements for non-conventional energies

Compliance with the Paris Agreement is a crucial objective. It implies that all sectors participate but requires a major transition for some of them, which we support in particular through our Carbon Impact range. However, some activities are no longer compatible with limiting global warming to 2 °C or less and should clearly be stopped as soon as possible so long as alternatives exist. This is the case for coal and non-conventional fossil fuels. A new exclusion policy was published in July 2022, in line with the objective announced last year, which reinforces the thresholds for the exclusion of coal and establishes thresholds for the exclusion of non-conventional fossil fuels.

The non-conventional energy sources covered by our exclusion policy include:

1 - Coal bed methane;

2 - Oil shale and shale oil; shale gas and oil;

3 - Oil sand;

4 - Extra heavy oil;

5 - Ultra-deep offshore oil and gas;

6 - Oil and gas fossil resources in the Arctic.

We have established exclusion thresholds, whereby the level varies depending on our product ranges. All our products are covered by the exclusion of companies where:

1 - More than 33% of oil production comes from non-conventional sources;

2 - and/or more than 20% of production comes from oil sands;

3 - and/or expansion plans extend beyond 2025.

The products in the "Carbon Impact" range are subject to an even more stringent exclusion since all companies are excluded from investment, where:

1 - More than 20% of oil production comes from non-conventional sources;

2 - and/or more than 10% of production comes from one of the six categories;

3 - and/or have expansion plans in these extraction sources.

This resulted in the exclusion of more than 400 companies in the energy sector, representing:

- 10% of exposure to the energy sector in the European Investment Grade market universe for all funds
    - and 55% of the sector for funds in the Carbon Impact range
- 71% of the energy exposure of the global High Yield market index for all funds
    - and 87% of the energy sector of the index for funds in the Carbon Impact range.

14 LIFE BELOW WATER 15 LIFE ON LAND

H - Biodiversity

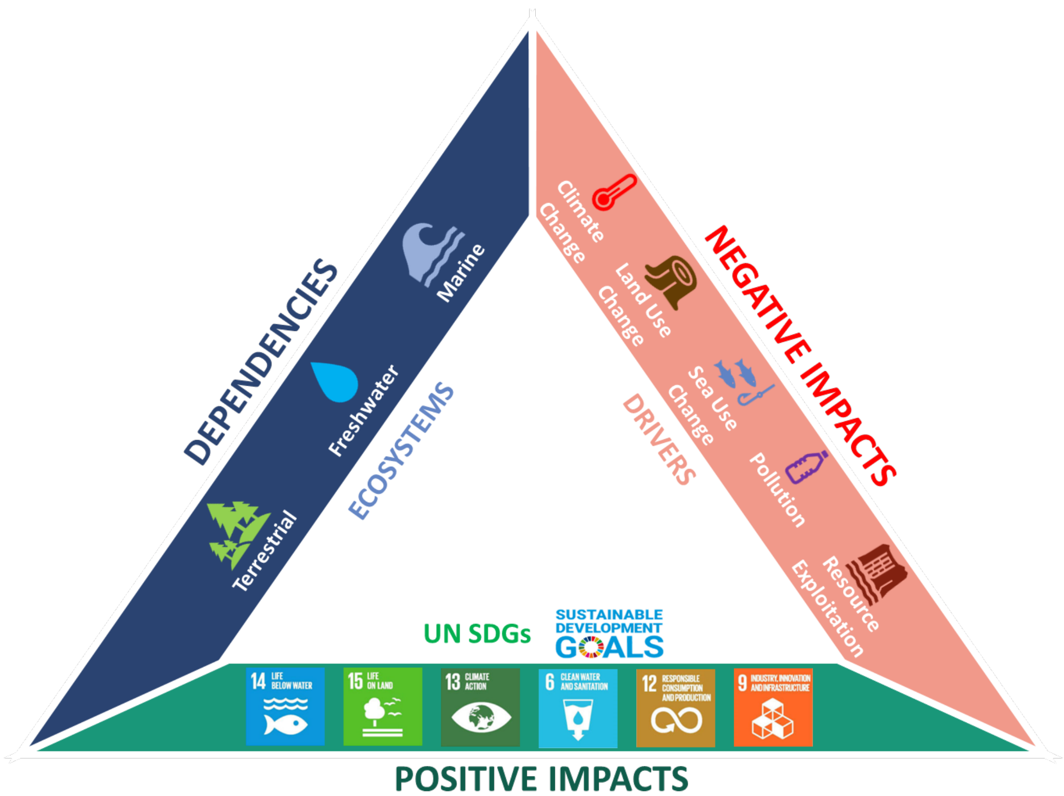
1 - PRESERVING BIODIVERSITY IN FINANCIAL ASSETS

Theme	2022 objectives	2022 indicators	2023 objectives
Natural Capital Strategy	Publish a Natural Capital strategy	"Position paper" on Natural Capital	Publish a Biodiversity Policy
Indicators	Publish a 1st indicator: Water footprint	Biodiversity footprint 2,257 km².MSA 76% coverage	Publish a biodiversity footprint (CBF)

Develop a Biodiversity strategy and publish a first biodiversity indicator in 2023 for the year 2022.

Although we have not yet published a Biodiversity Strategy as such, we have carried out substantial research on the subject, enabling us to lay the foundations for a natural capital methodology. To this end, we have published a research paper detailing our approach to natural capital, based on the latest scientific developments. We present our "natural capital triangle" which captures the multi-faceted dimension of our natural capital strategy – linking dependencies on ecosystems, negative impacts to drivers and positive impacts to the UN's SDGs.

La Française Natural Capital Triangle



We align these concepts with our global approach to sustainable investment research, which includes quantitative assessment, qualitative assessment and responsible management. One of the biggest challenges in creating this strategy has been the lack of global standards around assessment frameworks and the data/indicators to be used. We met this challenge by applying a multi-layered approach, using multiple datasets such as ENCORE and CDP, and incorporating the TNFD's draft recommendations into our qualitative assessment methods.

We have also signed a contract with a data provider to measure the biodiversity footprint of the companies in which we invest but also to publish our combined biodiversity footprint across all investment portfolios.

Thanks to the data collected from this data provider, we were able to carry out the first iteration of measuring the biodiversity footprint of our transparent financial asset portfolios. For the 2022 financial year, we have been able to cover 76% of our assets and our footprint stands at -2,257km^2. MSA.

A breakdown of this footprint shows that 50% of it comes from our exposure to the financial sector. In fact, through their real estate financing and consumer lending activities (which themselves result in food consumption), the major banks have a significant footprint linked to changes in land use.

2023 objective: We have achieved our objective of publishing our biodiversity footprint for the 2022 financial year.

However, we want to go further in analysing our levers for reducing this footprint in 2024 by increasing the dialogue with our investee companies to refine our understanding of the efforts they are making to improve their impact. We will also be publishing a biodiversity policy. If market conditions are favourable, we will also work to encourage the launch of a product with a natural capital investment approach.

2 - PRESERVING BIODIVERSITY IN FINANCIAL ASSETS

Unlike the climate, for which there are many tools and quantified references for reducing greenhouse gas emissions, a lack of common quantitative and measurable indicators remains an issue for the subject of biodiversity. Despite these difficulties, La Française REM has structured its biodiversity conservation strategy around the following **three** indicators:

1 - **Proportion of new projects built on land with outstanding biodiversity to measure pressures on biodiversity**

La Française REM aims to exclude all new construction projects on land that is remarkable in terms of biodiversity, as defined by the DNSH of the taxonomy regulations for activity 7-1 "Construction of new buildings".

To report on its objective of controlling pressures on biodiversity, La Française REM calculates the share of new projects built on land that holds special interest in terms of biodiversity.

In 2022, none of the construction projects acquired by La Française REM were located on land of outstanding biodiversity interest.

2 - Proportion of green spaces managed sustainably to measure biodiversity protection

To encourage the development of biodiversity, La Française REM aims to manage its green spaces in keeping with the principles of ecological management. **Sustainable management of green spaces means implementing maintenance practices that respect the environment and biodiversity.** It consists of a compromise between the relatively strict and constrained management of green spaces and the naturalistic management of reserves, geared towards the protection of the natural environment. The objective is to apply different management methods depending on the type of space, the desired result and its use, and to make the green space an environment favourable to biodiversity while meeting the needs and expectations of users.

To achieve this, **La Française REM has published a Charter for the Sustainable Management of Green Spaces** which provides a framework for changing the management practices of those maintaining green spaces. The charter is based on four areas: (i) preservation of local flora and fauna, (ii) zero herbicide management, (iii) control of water consumption and (iv) recycling of green waste.

To reflect its objective of protecting biodiversity, La Française REM calculates the proportion of its green spaces that are managed sustainably.

In 2022, 12.1% of the property assets managed directly by La Française REM and delivered by 31/12/2022 included green spaces managed in accordance with the principles of sustainable management set out in the Charter. In 2023, the Fund will calculate the proportion of its green spaces managed sustainably.

3 - Calculation of the Biotope Coefficient per Surface Area (BCS) of construction/restructuring projects to measure the restoration of biodiversity

During the operational phase, the buildings put pressure on the ecosystems as they were inert and fragmented infrastructures. La Française REM aims to promote ecological continuity by increasing the greening of property restructuring projects and greening its construction projects wherever possible. Its objective is to increase the CBS of projects under construction to a level higher than 0.3 and to increase the CBS of restructured projects to a level higher than that existing before the restructuring work.

To report on its objective of restoring biodiversity, La Française REM calculates the Biotope coefficient by Surface of all of its projects in the construction or restructuring phase.

In 2022, La Française REM acquired 13 projects off-plan (VEFA). The average CBS[1] of these projects, which had not been handed over at the time of acquisition, was 0.3. For three projects acquired under the VEFA scheme, the La Française share of the lots had a CBS of less than 0.3, while the programmes in which these assets were included had a CBS of more than 0.3, in keeping with the objectives pursued by the management company.

In 2023, La Française aims to develop its biodiversity policy to define an indicator relating to the preservation of wildlife.

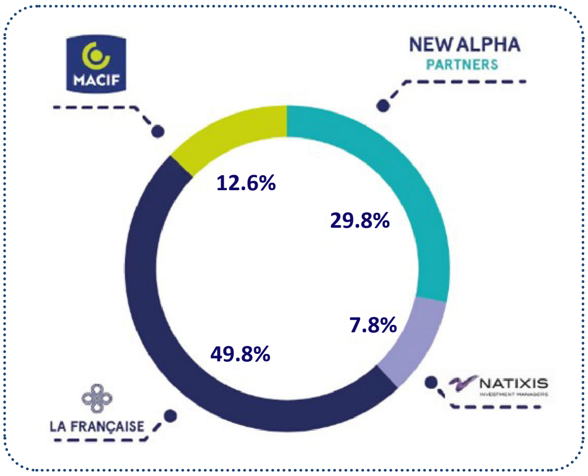
(1) The average CBS is calculated by weighting the CBS of assets by their surface area.

05 ANNEXES

Annex 1: Elements specific to New Alpha Asset Management

GOVERNANCE

NewAlpha Asset Management is a financial asset manager backed by three players in the asset management, insurance and banking sectors: La Française Group, its reference shareholder, MACIF and Natixis Investment Managers. This shareholder structure allows us to combine institutional solidity with an entrepreneurial spirit to strengthen the NewAlpha AM brand.



The information set out in this report concerns all the funds managed by NewAlpha AM.

Steering and supervisory bodies

NewAlpha AM created an ESG committee in early 2021 to oversee the deployment of responsible investment within its activities. Led by Benoît Donnen, the company's ESG manager, the committee is made up of the entity's main stakeholders: its Chairman, a member of the Management Board, and representatives of each business line. It meets four times a year to monitor the progress of responsible approaches, both internally and externally, and to set new objectives in terms of sustainable investment and climate strategy. All decisions taken are communicated to all employees after each committee meeting.

Remuneration policy

The remuneration policy is fully aligned with La Française Group's practices in terms of integrating environmental, social and governance (ESG) factors into its third-party management activity.

STRATEGY

General approach

Through its various business lines, NewAlpha AM places importance on long-term growth, sharing value creation and pursuing the necessary transitions associated with climate change and the social challenges this entails. New Alpha AM believes that extra-financial criteria are sustainable mechanisms for value creation that contribute to the sustainable transformation of VSEs and SMEs into Mid-Market Companies.

NewAlpha AM's responsible approach has been formalised in its CSR Charter, available on its website[1]. Annual ESG reports for the Emergence SICAV and Private Equity funds are shared with investors each year.

NewAlpha AM has been a signatory of the UN Principles for Responsible Investment (PRI) since 2017. This engagement underlines the importance we attach to long-term growth and the sharing of value creation within a framework defined by the highest standards of governance and transparency.

As part of its private equity activities, NewAlpha AM assists portfolio companies to implement an ambitious CSR policy adapted to their stage of maturity. For its multi-management activities, NewAlpha AM integrates ESG criteria into its management processes and engages with investment management companies to raise their awareness of best practices and the expectations of institutional investors in this area. Investors are kept informed of developments in the ESG practices of the underlying managers on an annual basis.

The final fund of equity funds in the range launched in 2022, Emergence Techs for Good, is classified as an Article 8 fund under the SFDR regulation. Eligible for the Tibi initiative[2], this fund aims to invest in thematic technology funds of French entrepreneurial management companies with an ambitious ESG approach. The investment strategy of the underlying funds must incorporate a sustainable approach and seek to achieve a positive social and environmental impact.

For private equity funds, the ESG performance of the companies' portfolio is monitored annually on the basis of qualitative and quantitative indicators (annual ESG reporting completed by all companies in which New Alpha FinTech and New Alpha Verto are shareholders).

For multi-management, an annual review is carried out and presented to institutional investors at investment committees. This extra-financial reporting is based in particular on the updating of the ESG score established based on a proprietary methodology. This review is complemented by a follow-up of the recommendations and engagements made by the selected asset management companies to improve their responsible practices, including in relation to climate change.

At 31/12/2022, NewAlpha AM managed two Article 8 funds within the meaning of the SFDR regulations: Emergence Europe and Emergence Techs for Good. These funds represent 14.5% of the company's assets under management.

Internal resources

In 2022, NewAlpha decided to strengthen its internal resources with an ESG analyst to support processes, ESG research and the production of extra-financial reports. NewAlpha has two FTEs dedicated to responsible investment. Nevertheless, ESG topics remain integrated into each business line, and the investment teams are directly responsible for the analysis and extra-financial monitoring of the companies and funds invested.

As a subsidiary of the La Française Group, NewAlpha AM employees took part in the Sustainable Investment training sessions held in 2022 as webinars. This scheme will be repeated in 2023

(1) NewAlpha AM's CSR Charter - (2) Launched in 2019, the Tibi initiative (chaired by Philippe Tibi) aims to increase the financing capacity of technology companies by mobilising savings from institutional investors. In 2022, the Emergence SICAV, for which NewAlpha is the delegated manager, launched the only multi-manager vehicle qualified under the Tibi Initiative for "listed equities". The list of qualified funds for the Tibi initiative is available and updated on the website of the Ministry of the Economy, Finance and Recovery.

and supplemented by a customised training plan, more specifically adapted to NewAlpha's asset management activities, drawn up with the help of an external ESG consultant. In 2023, a registration campaign for the AMF's new Sustainable Finance certification will be launched for the employees most directly exposed to the issue.

For the multi-management activity, ESG research is based on Sustainalytics (MorningStar) and Bloomberg data providers. In addition, other sources of open ESG data are used, such as SBTi, CDP and Urgewald.

NewAlpha does not disclose a budget for suppliers of extra-financial data, as the main suppliers, Morningstar and Bloomberg, are used for both financial and extra-financial data.

For the Private Equity activity, we rely on two main partners in ESG support:

1 – Ethifinance produces an annual report on the ESG performance of private equity funds and their holdings and provides an ESG support service, notably through EthiFinance's extra-financial services platform.

2 – NewAlpha encourages portfolio companies to carry out a responsibility assessment with a view to creating a CSR charter that frames the company's approach to these issues. To achieve this, a CSR programme was set up with Pimlica Studio in 2022.

Engagement strategy

Scope:
Engagement is an integral part of our responsible approach and applies to all strategies, but the degree of engagement may vary from one strategy to another.

Voting policy:
NewAlpha AM complies with its policy on the use of voting rights attached to securities held by the funds it manages and reports on it in the annual report of the fund concerned.

More specifically, in Private Equity Funds, NewAlpha AM may appoint corporate officers, directors, members of the management or supervisory board, censors or members of the investors' committee or any equivalent position in the underlying companies invested.

The Management Company may also appoint third parties it chooses to these positions. NewAlpha AM shall report to Investors in the annual report for the relevant financial year on all appointments made in this capacity and on the voting rights exercised in the general meetings of the relevant portfolio companies and on the supervisory boards of the above companies.

For multi-management, fund-of-fund strategies do not offer the possibility of voting at General Meetings. However, for equity multi-management, NewAlpha AM asks the investee management companies to have a voting policy consistent with their socially responsible investment (SRI) strategies.

Dialogue and engagement policy:
Engagement is a key element of NewAlpha's responsible approach to multi-management. The company undertakes with the investee management companies to:
- Analyse ESG practices and identify areas for improvement,
- Raise awareness of regulatory developments in the field of sustainable finance,
- And encourage them to engage portfolio companies, but also through coalitions and collaborative initiatives (such as signing the UN PRI, UNGC, TCFD).

As part of its Private Equity activity, NewAlpha AM undertakes to:
- Carrying out ESG due diligence during the acquisition phase (associated with the development of an ESG progress plan in coordination with the company's management)
- Systematically implement a CSR policy within the companies in which the NewAlpha is a shareholder via its Private Equity funds.

Summary of the engagement strategy:

	Companies involved	Topics covered
Multi-management Equities	14	- Strengthening the exclusion policy - Monitoring regulatory developments (Article 8 or 9 classification, SFDR reports) - Monitoring controversies
Multi-management Alternative (private debt and hedge funds)	23	- Signature of UN PRI - Classification Article 8 SFDR - Request for a carbon assessment
Private equity	21	- Annual ESG score review meeting

This year's engagements did not result in any divestments.

Information on European taxonomy and fossil fuels

The percentage of activity eligible for Taxonomy is 15.1% for equity multi-management financial assets (33% of total assets under management), based on data obtained from the Bloomberg data provider (coverage rate of 66.7%).

To date, we do not have the methodology or the data needed to calculate the eligibility of private equity and alternative multi-management portfolios, for which we do not have the necessary transparency.

The percentage of alignment with the Taxonomy is now quantified at 0.3%. This percentage will be adjusted when the calculation of the alignment is clarified and when companies report on these figures. To date, the regulator's recommendation is that we do not make alignment calculations based on estimates from data providers. The availability of reliable data is expected to change significantly in the coming years.

As regards fossil fuels, 3.69% of multi-management equity assets are in the fossil fuels sector. Within this, 0.12% are in the coal sector and 0.08% in the non-conventional oil and gas sector.

We encourage asset management companies to strengthen their policy of excluding coal and to implement a policy of excluding non-conventional oil and gas.

Strategy to align with targets for limiting global warming

Management company

At company level, the first carbon assessment was carried out in 2022 using the Toovalu Impact software solution. It covered NewAlpha AM's direct emissions as well as those linked to its suppliers (scope 1, 2 and part of scope 3, excluding the investment business): it comes out to the equivalent of 363 tonnes of C02. This internal practice will enable us to monitor our greenhouse gas footprints, compare them over time and analyse them in order to draw up appropriate action plans.

We are aware of the progress we still have to make, which mainly concerns the management of service purchases (in conjunction with our suppliers) and waste management.

Financial assets

NewAlpha AM has not defined absolute or relative GHG emission reduction targets for its investments. Given the diversity of investment strategies and underlying assets, implementing emissions reduction targets across the portfolio presents major challenges.

As a multi-manager fund, our portfolios are characterised by diversified management approaches implemented by asset managers with heterogeneous sustainable practices and objectives. Each of these funds has its own assessment of extra-financial risks and its own climate strategy. We therefore work closely with these managers to ensure that they gradually adopt and strengthen their climate strategy.

Additionally, the availability and quality of environmental data and criteria provided by the underlying asset managers, particularly with regard to measuring and monitoring emissions is a challenge. We will be able to integrate emissions data into our analysis and investment decision-making processes more effectively as and when it becomes more reliable and standardised.

NewAlpha AM recognises the urgency and importance of combating climate change and reducing emissions, and hopes to be able to implement an emissions reduction strategy in the near future.

Nevertheless, our exclusion policy aims to help mitigate climate change:

- For multi-management equities, the exclusion policy includes thermal coal, and each investment management company is encouraged to define a policy for phasing out fossil fuels;
- For Private Equity funds, investments in the fossil fuel sector are excluded.

Strategy for alignment with biodiversity objectives

NewAlpha AM encourages the inclusion of biodiversity in the ESG analysis of invested funds. Of the 14 equity management companies invested, four have signed the Finance for Biodiversity pledge, and three have joined the TNFD forum.

NewAlpha AM has not yet developed a strategy for aligning with biodiversity objectives due to the complexity of the biodiversity and natural capital theme.

The availability and quality of data needs to improve before we can consider developing a biodiversity strategy. In addition, it is important to note that alternative asset classes, such as hedge funds and Private Equity funds, can present unique biodiversity challenges, requiring a more tailored approach. Despite this, NewAlpha remains attentive to new developments in the field of biodiversity.

RISK MANAGEMENT

NewAlpha AM has identified the following ESG risks as material to its portfolios, taking into account regulatory compliance, stakeholder expectations and corporate values:

Risks linked to governance

The main governance risks are:
- Risk of non-compliance
- Reputational risks

The most likely events that could give rise to a reputational or compliance risk for the funds could be linked to the failure to implement measures to monitor issuers/companies for corruption or money laundering & terrorist financing, unsustainable social or societal practices and/or the governance of one of the issuers held in our funds.

Risks relating to financial assets

At the level of financial assets, two types of risks are monitored for funds promoting extra-financial characteristics;

ESG risks:
ESG criteria are extra-financial criteria that make it possible to assess a company's approach to social and sustainable responsibility in its internal operations and activities. These criteria are a means of assessing the ethical concerns of managers in the management of their business and of evaluating the associated risks over the long term.

As part of its multi-management activity, NewAlpha AM integrates sustainability risks and opportunities in its analysis and investment process through a systematic extra-financial analysis and an ESG scoring according to a methodology developed internally. NewAlpha mainly analyses the managers' internal rules, the indicators used and the controversy monitoring process.

In the context of Private Equity, an external extra-financial audit is carried out before each investment.

Climate risk:

In terms of climate, NewAlpha AM has identified two types of risk:

- Physical risks resulting from damage directly caused by weather events, on the value chain (e.g. logistics), as well as on the value of assets (e.g. operating costs and infrastructure).
- Transition risks linked to the effects of the implementation of a low-carbon economic model. In order to avoid a decline in the value of assets, it is necessary to identify long-term opportunities and align with low-carbon trajectories.

NewAlpha AM incorporates these risks into its investment decisions on an ad hoc basis, using a qualitative approach based on its proprietary methodology. At the level of the underlying managers, NewAlpha analyses their exclusion policies, the climate indicators used, whether temperature alignment or climate trajectories are implemented and the tools used to assess climate risk.

For the time being, NewAlpha has not developed a more quantitative approach to ESG risk management, while remaining attentive to the development of tools and methodologies, and may develop its approach in the future.

In addition, in order to limit this risk, NewAlpha has put in place an exclusion policy targeting the sectors most likely to be at the origin of liability risks linked to environmental factors. This policy includes a fossil fuel phase-out plan and raising awareness amongst selected external managers so that they adopt an active engagement policy on fossil fuel. The selected managers enter into regular dialogue with their portfolio companies to:
- Raise awareness among these companies to publish their "carbon" data;
- Encourage these companies to follow a trajectory to lower their greenhouse gases.

INDICATORS

Financial assets - Indicators monitored

Carbon intensity (scope 1 and 2) at the end of 2022:

Sub-fund	Carbon intensity (tCO2/million euro sales)
Emergence Actions II	135
Emergence Europe	151
Emergence Techs For Good	29

Aggregated ESG ratings 2022:

Each underlying fund invested in is rated annually on the basis of a questionnaire drawn up by NewAlpha AM. The ESG rating is established on a rating scale of 0 to 100. The aggregation of ratings at the fund of funds level reflects a qualitative level of performance.

Sub-fund	ESG rating
Emergence Actions II	66.6/100
Emergence Europe	63.8/100
Emergence Techs For Good	73.8/100

For private equity funds, an evaluation of the performance of the funds and their holdings on ESG issues is carried out annually and disclosed only to clients. It is based on the responses of each holding to the ESG questionnaire established according to a benchmark co-constructed with EthiFinance.

For each holding, the scores are aggregated depending on the weight of the related indicators. Data is consolidated at portfolio level based on the relative weight of the holdings.

The performance of the holdings is compared to a benchmark from the Gaia database. For NewAlpha AM, the established benchmark is made up of French companies with fewer than 300 employees.

In 2022, fintech holdings demonstrated a level of ESG maturity that was higher than in the previous financial year, with an average weighted score of 65/100. The holdings are therefore well above the benchmark: 88% of them achieved better results than the defined benchmark.

Annex 2

Quantification of climate risk La Française Asset Management

Climate Risk By La Française

The Climate Risk Report responds to the first pillar (measurement of climate risk) of the regulatory requirements of Article 29 LEC but can also be deployed as a climate risk positioning and analysis summary for financial portfolios.

We measure the exposure of the positions and the quantification of the climate risk on different transition scenarios: **Business as usual (low levels of energy transition, +3.4 °C by 2100)**, **+2 °C by 2100** and **+1.5 °C by 2100**.
Climate risk is measured on two aspects: **Physical risk** and **Transition risk** by 2030 and 2050.
These risks are assessed as stress tests on financial issuers (governments, corporates) and their instruments Equities, Government Bonds, Corporate Bonds in % value.

The Physical Risk measures the loss linked to climatic disasters (floods, forest fires, droughts, heat waves, cyclones). An exposure score for companies (0 to 100, 100 being the maximum risk) is also given (sources: EM-DAT, ISS and internal modelling).

Transition risk measures the economic costs associated with energy transition.
At State-level, we measure:
- The impact of changing the energy mix according to the IEA and Climate Action Tracker (regulatory decarbonisation, carbon taxes),
- The loss of GDP for fossil fuel producing countries
- Additional growth from green investments

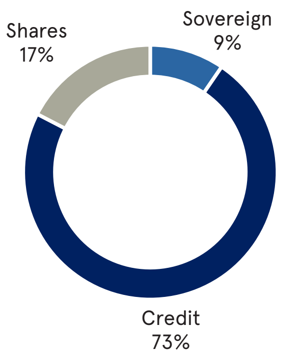
(sources: IEA, Climate Action Tracker, BP and internal modelling)

For Companies, we measure:
- The cost of the carbon tax for companies that do not respect the IEA target carbon intensity trajectories by 2050 to be compatible with the temperature scenarios.
- Not deployed in this version of the report: Green investment opportunities and the cost of stranded assets, representing the loss of business value associated with activities that are not compatible with the energy transition, are not yet quantified and will be subject to further work.

(sources: IEA, CDP and internal modelling)

CLIMATE RISK GLOBAL PORTFOLIO

PORTFOLIO POSITIONING



	PTF	Index	*Hedging*
ESG score	**6.1**	6.4	*funds 96% index 94%*
Carbon Impact score	**6.0**	5.9	*funds 91% index 100%*
Carbon intensity	**105**	168	*funds 96% index 93%*

Index: 9% Bloomberg Euro Aggregate Treasury + 73% Bloomberg Euro Aggregate Corporate + 17% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

PORTFOLIO CLIMATIC STRESS-TEST (Impact Valuation)

		2030		2050	
		Portfolio	Index	Portfolio	Index
Transition risk (A)	Business-as-usual scenario	0.02%	-0.13%	0.01%	-0.07%
	SDS scenario (+2 °C)	-0.36%	-1.00%	-1.41%	-2.06%
	NZE scenario (+1.5 °C)	-0.38%	-1.01%	-2.27%	-3.03%
Physical risk (B)	Business-as-usual scenario	-0.24%	-0.39%	-0.55%	-0.97%
	SDS scenario (+2 °C)	-0.11%	-0.17%	-0.34%	-0.54%
	NZE scenario (+1.5 °C)	-0.08%	-0.12%	-0.20%	-0.36%
Total climate risk (A + B)	Business-as-usual scenario	-0.22%	-0.52%	-0.54%	-1.04%
	SDS scenario (+2 °C)	-0.47%	-1.17%	-1.75%	-2.60%
	NZE scenario (+1.5 °C)	-0.46%	-1.13%	-2.47%	-3.39%

La Française Asset Management Simplified joint-stock company with capital of €17,696,676 314 024 019 RCS
Portfolio management company approved by the AMF under number GP 97076 of 1/7/1997.
Address: 128, boulevard Raspail 75006 Paris - France - Tel. +33 (0)1 73 00 73 00 - Fax +33 (0)1 73 00 73 01
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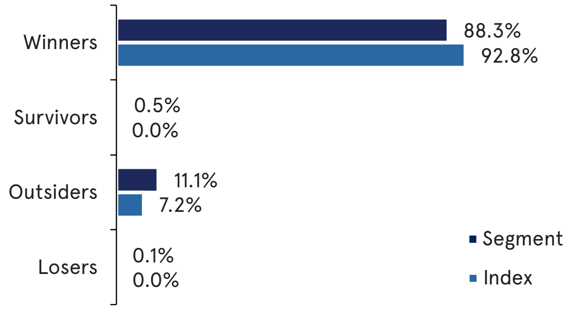
LA FRANÇAISE

CLIMATE RISK SOVEREIGN ISSUERS

POSITIONING SOVEREIGN SEGMENT



	Segment	Index	*Hedging*
ESG score	**6.5**	7.3	*segment 100% index 99%*
Carbon Impact score	**6.3**	6.6	*segment 100% index 100%*
Adaptation score	**7.1**	7.5	*segment 98% index 99%*
Transition score	**5.4**	5.8	
Carbon intensity:	**240**	208	*segment 100% index 99%*

Index: Bloomgerg Euro Aggregate Treasury

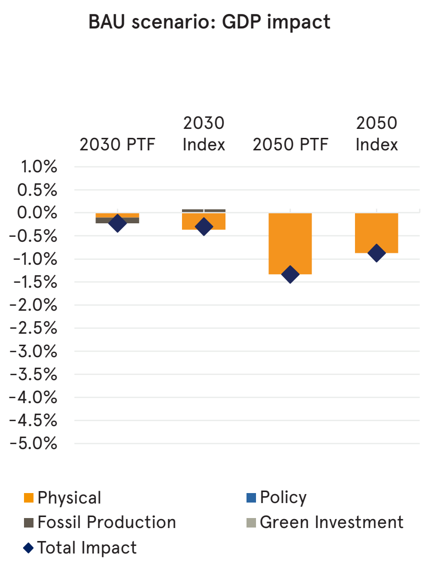
ESG score, Carbon Impact Adaptation and Transition (min. 0 / max. 10)

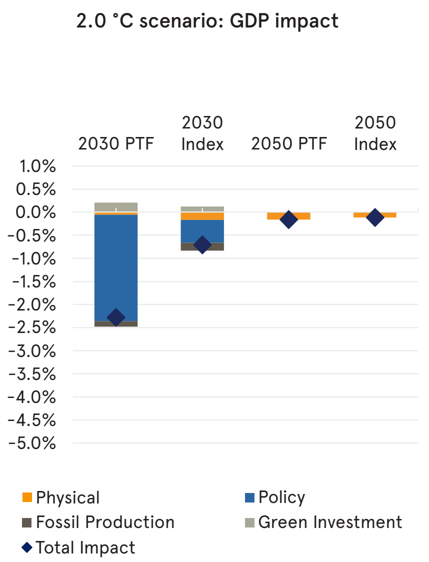
Carbon intensity: ton eq. CO2 /€ million revenue

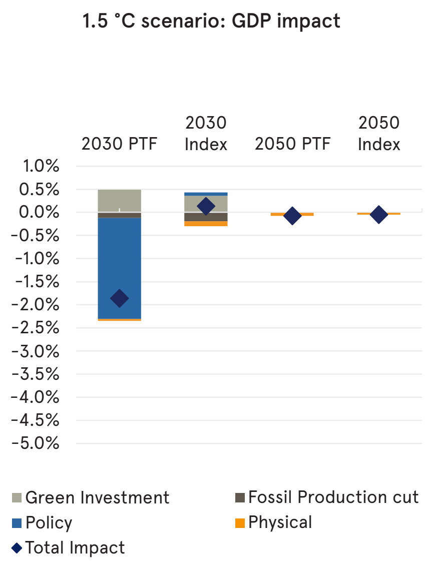
CLIMATIC STRESS TEST SOVEREIGN SEGMENT (Impact Valuation)

		2030		2050	
		Segment	Index	Segment	Index
Transition risk (A)	Business-as-usual scenario	0.20%	-1.42%	0.12%	-0.77%
	SDS scenario (+2 °C)	-1.23%	-4.03%	-0.38%	-2.24%
	NZE scenario (+1.5 °C)	-1.18%	-3.71%	-0.78%	1.36%
Physical risk (B)	Business-as-usual scenario	-0.69%	-1.20%	-0.62%	-2.03%
	SDS scenario (+2 °C)	-0.05%	-0.10%	-0.11%	-0.54%
	NZE scenario (+1.5 °C)	-0.04%	-0.08%	0.35%	-0.25%
Total climate risk (A + B)	Business-as-usual scenario	-0.49%	-2.62%	-0.50%	-2.80%
	SDS scenario (+2 °C)	-1.29%	-4.13%	-0.49%	-2.79%
	NZE scenario (+1.5 °C)	-1.22%	-3.79%	-0.43%	1.11%

CLIMATIC RISK OF STATES IN THE PORTFOLIO (GDP impact)

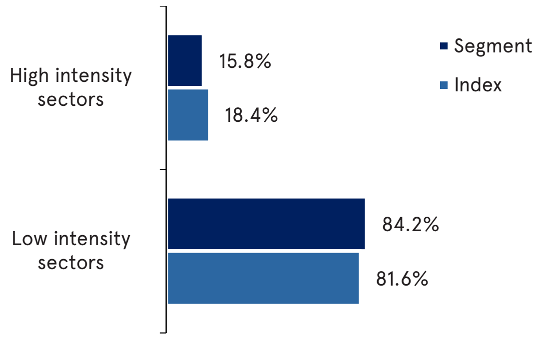






CLIMATE RISK PRIVATE ISSUERS (Equities/Credit) 1/2

POSITIONING PRIVATE ISSUERS SEGMENT



	Segment	Index	*Hedging*
ESG score	**6.0**	6.3	*segment 96% index 94%*
Carbon Impact score	**5.9**	5.9	*segment 90% index 100%*
Carbon intensity	**121**	164	*segment 96% index 93%*

Index: 81% Bloomberg Euro Aggregate Corporate + 19% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

CLIMATIC STRESS TEST PRIVATE ISSUER SEGMENT (Impact Valuation)

		2030		2050	
		Segment	Index	Segment	Index
Transition risk (A)	Business-as-usual scenario	0.00%	0.00%	0.00%	0.00%
	SDS scenario (+2 °C)	-0.27%	-0.69%	-1.52%	-2.04%
	NZE scenario (+1.5 °C)	-0.30%	-0.73%	-2.43%	-3.49%
Physical risk (B)	Business-as-usual scenario	-0.19%	-0.30%	-0.54%	-0.86%
	SDS scenario (+2 °C)	-0.11%	-0.18%	-0.36%	-0.54%
	NZE scenario (+1.5 °C)	-0.08%	-0.12%	-0.25%	-0.38%
Total climate risk (A + B)	Business-as-usual scenario	-0.19%	-0.30%	-0.54%	-0.86%
	SDS scenario (+2 °C)	-0.38%	-0.85%	-1.84%	-2.55%
	NZE scenario (+1.5 °C)	-0.37%	-0.84%	-2.62%	-3.82%

SECTOR POSITIONING PRIVATE ISSUER SEGMENT – Carbon Intensity (tonne eq. CO2/€M revenue)

	Segment weighting	Weight index	Current carbon intensity and projection by 2050 (corporate source)	Intensity Target Scenario 2 °C 2050	Intensity Target Scenario 1.5 °C 2050
Airline companies*	0.7%	0.8%	1,155 172	240	93
Aluminium*	0.1%	0.2%	538 82	2,149	200
Automotive*	4.9%	5.0%	49 0	5	1
Raw materials*	2.1%	3.6%	789 97	35	1
Cement*	0.1%	0.5%	3,882 442	2,828	455
Communications	5.8%	10.9%	37 5	35	1
Cyclical consumption	4.8%	7.3%	54 4	35	1
Non-cyclical consumption	10.0%	17.1%	57 10	35	1
Diversified	0.0%	0.1%	662 227	35	1
Electricity	8.4%	4.1%	749 188	35	1
Oil and gas energy	1.5%	7.4%	491 125	101	27
Financial	49.2%	27.6%	10 1	35	1
Industrial	6.8%	8.3%	154 28	35	1
Steel*	0.1%	0.5%	2293 806	994	184
Technology	3.5%	5.4%	28 8	35	1
Other public services	2.0%	1.2%	1072 233	33	1

■ Current Carbon Intensity
■ Carbon intensity by 2050

* High intensity sectors

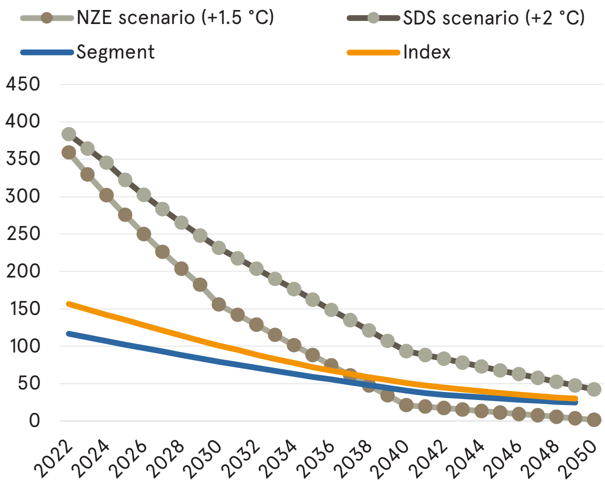
CLIMATE RISK PRIVATE ISSUERS (Equities/Credit) 2/2

TRAJECTORY CARBON INTENSITY PRIVATE ISSUERS - Carbon Intensity (tonne eq. CO2/€M revenue)

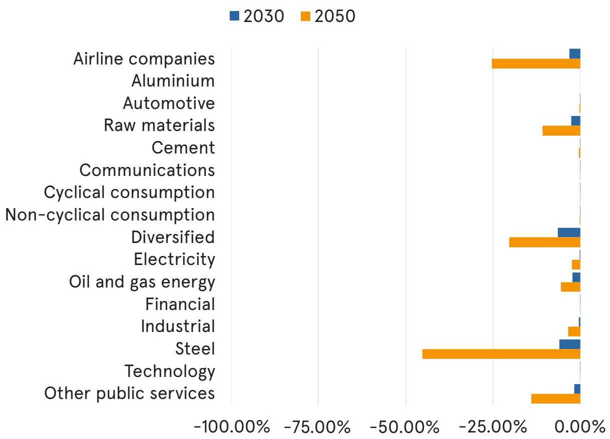
	Current	2030	2050
Segment	121	84	25
Index	164	107	30
Target Scenario 2 °C 2050	316	190	35
Target Scenario 1.5 °C 2050	296	128	1

Index: 81% Bloomberg Euro Aggregate Corporate + 19% MSCI All Country World

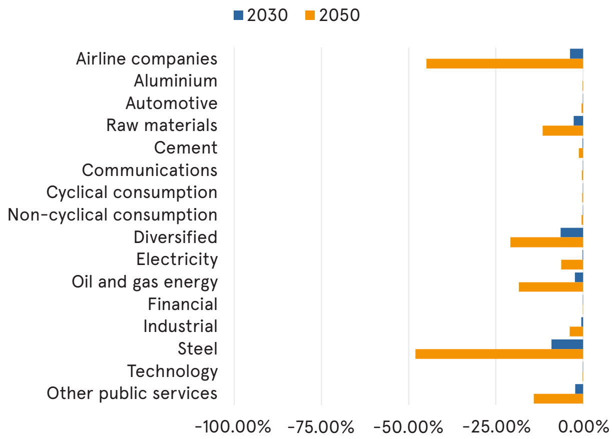
Carbon intensity: ton eq. CO2 /€ million revenue



CARBON TAX SHOCKS (+2 °C) (Valuation Impact)

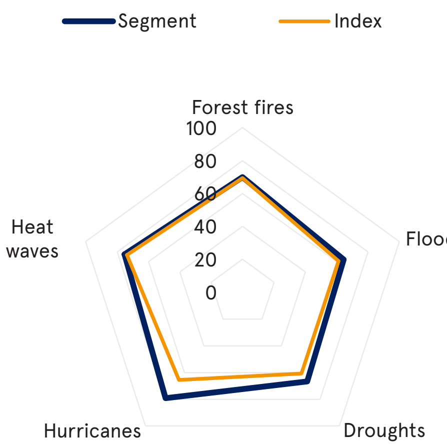


CARBON TAX SHOCKS (+1.5 °C) (Valuation Impact)



PHYSICAL RISK - DISASTER EXPOSURE SCORE (100 being the maximum risk)

	Segment	Index
All disasters	68	61
Forest fires	70	69
Floods	65	61
Droughts	67	61
Hurricanes	79	66
Heat waves	75	74



GLOSSARY

ESG score: measures the quality of an issuer's environmental, social and governance performance on a scale of 0 to 10 (10 being the best). (Source ISS, Modelling and Internal qualitative analysis)

Carbon Impact score: measures on a scale of 0 to 10 (10 being the best) the ability of an issuer to move towards a low-carbon model (Source: UN public database, World Bank, Modelling and internal qualitative analysis).

Carbon intensity: measures CO2 emissions in relation to turnover (company) or GDP (government). We have identified scopes 1 (direct emissions) and 2 (indirect emissions). (Sources: CDP and internal modelling)

Positioning Sovereign Segment: analysis of the Transition and Adaptation pillars of Global States in the face of climate challenges. (internal model)
- *Winners: Countries positioned above the median average of the two aspects.*
- *Survivors: Transition score above the median and Adaptation score below the median.*
- *Outsiders: Transition score below the median and Adaptation score above the median.*
- *Losers: Countries in the 10th decile in Adaptation or Transition (logic exclusion 20% label)*

Positioning Private Issuers Segment:
- *High intensity sectors: Sectors identified by l'IEA with a high carbon intensity and a major transition challenge.*
- *Low intensity sectors: Other sectors.*

Carbon intensity trajectories: defined by the IEA, with intermediate points in the years 2030 and 2050 to be respected for each issuer in order to be compatible with a temperature scenario for 2100 in its sector. We present the 2 °C 2100 and 1.5 °C 2100 Scenarios and their sectoral carbon intensity targets to be achieved in 2030 and 2050 to be compatible (the starting year for the targets of the 2 scenarios is 2020). An issuer whose carbon intensity exceeds its sectoral target is subject to carbon tax in proportion to its excess emissions. (Projection of carbon intensities given by CDP and internal modelling)

Carbon Tax Shock: transitional impact for the companies. The shock measures the loss in Enterprise value, as of today, of the discounted amount of future carbon taxes for companies that fail to meet their targets.

The Climate disaster exposure score: measures exposure and vulnerability to climate-related disasters for companies up to 2050. The Score is between 0 and 100, with 100 being the maximum risk. (source ISS)

DISCLAIMER

Annex 3

Quantification of climate risk La Française Systematic Asset Management

Climate Risk By La Française

The Climate Risk Report deals with the first mainstay (measurement of climate risk) of the regulatory requirements of article 29 LEC but can also be deployed as a summary of the climate risk positioning and analysis for financial portfolios.

We measure the exposure of positions and the quantification of climate risk based on different transition scenarios: **Business as usual (low levels of energy transition, +3.4 °C by 2100)**, **+2 °C by 2100** and **+1.5 °C by 2100**.
Climate risk is measured based on two aspects: **Physical risk** and **Transition risk** by 2030 and 2050.
These risks are assessed as stress tests on financial issuers (governments, corporates) and their instruments Equities, Government Bonds, Corporate Bonds in % value.

The Physical Risk measures the loss linked to climatic disasters (floods, forest fires, droughts, heat waves, cyclones). An exposure score for companies (0 to 100, 100 being the maximum risk) is also given (sources: EM-DAT, ISS and internal modelling).

Transition risk measures the economic costs associated with energy transition.
At State-level, we measure:
- The impact of changing the energy mix according to the IEA and Climate Action Tracker (regulatory decarbonisation, carbon taxes),
- The loss of GDP for fossil fuel producing countries
- Additional growth from green investments

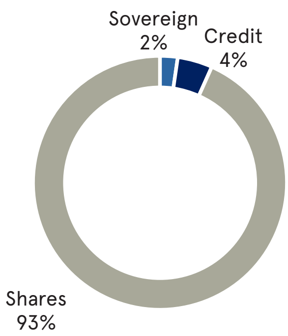
(sources: IEA, Climate Action Tracker, BP and internal modelling)

For Companies we measure:
- The cost of the carbon tax for companies that do not respect the IEA target carbon intensity trajectories by 2050 to be compatible with the temperature scenarios.
- Not deployed in this version of the report: green investment opportunities and the cost of stranded assets, representing the loss of business value associated with activities that are not compatible with the energy transition.

(sources: IEA, CDP and internal modelling)

CLIMATE RISK GLOBAL PORTFOLIO

PORTFOLIO POSITIONING



	PTF	Index	*Hedging*
ESG score	**6.3**	6.5	*funds 98% index 99%*
Carbon Impact score	**6.2**	5.8	*funds 97% index 100%*
Carbon intensity	**95**	175	*funds 98% index 98%*

Index: 2% Bloomberg Euro Aggregate Treasury + 4% Bloomberg Euro Aggregate Corporate + 93% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

PORTFOLIO CLIMATIC STRESS-TEST (Impact Valuation)

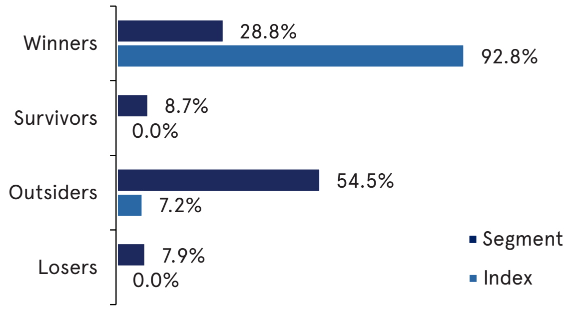
		2030		2050	
		Portfolio	Index	Portfolio	Index
Transition risk (A)	Business-as-usual scenario	-0.07%	-0.03%	0.07%	-0.02%
	SDS scenario (+2 °C)	-0.29%	-0.85%	-1.13%	-2.87%
	NZE scenario (+1.5 °C)	-0.35%	-0.93%	-1.77%	-3.93%
Physical risk (B)	Business-as-usual scenario	-0.30%	-0.65%	-1.03%	-1.70%
	SDS scenario (+2 °C)	-0.24%	-0.42%	-0.63%	-1.13%
	NZE scenario (+1.5 °C)	-0.18%	-0.31%	-0.46%	-0.80%
Total climate risk (A + B)	Business-as-usual scenario	-0.36%	-0.68%	-0.96%	-1.72%
	SDS scenario (+2 °C)	-0.53%	-1.27%	-1.77%	-4.00%
	NZE scenario (+1.5 °C)	-0.53%	-1.25%	-2.22%	-4.73%

La Française Asset Management Simplified joint-stock company with capital of €17,696,676 314 024 019 RCS
Portfolio management company approved by the AMF under number GP 97076 of 1/7/1997.
Address: 128, boulevard Raspail 75006 Paris - France - Tel. +33 (0)1 73 00 73 00 - Fax +33 (0)1 73 00 73 01
Part of the La Française Group - www.lafrancaise-group.com

LA FRANÇAISE

CLIMATE RISK SOVEREIGN ISSUERS

POSITIONING SOVEREIGN SEGMENT



	Segment	Index	Hedging
ESG score	**6.4**	7.3	*segment 98% index 99%*
Carbon Impact score	**6.1**	6.6	*segment 98% index 100%*
Adaptation score -	**6.9**	7.5	*segment 98%*
Transition score	**5.3**	5.8	*index 99%*
Carbon intensity	**330**	208	*segment 100% index 99%*

Index: Bloomgerg Euro Aggregate Treasury

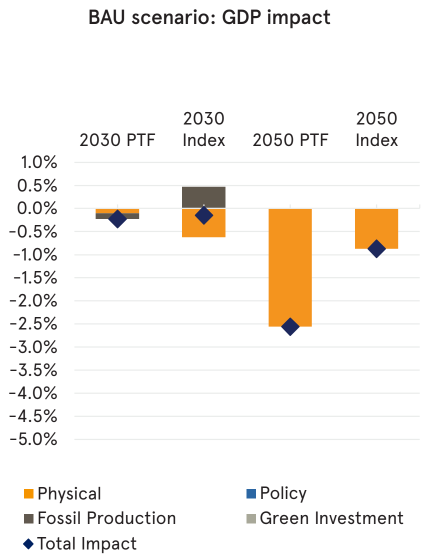
ESG score, Carbon Impact Adaptation and Transition (min. 0 / max. 10)

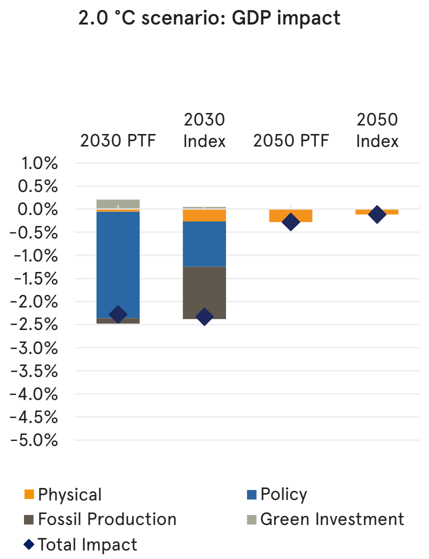
Carbon intensity: ton eq. CO2 /€ million revenue

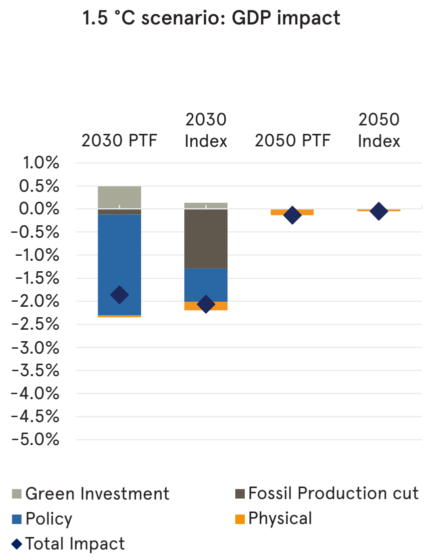
CLIMATIC STRESS TEST SOVEREIGN SEGMENT (Impact Valuation)

		2030		2050	
		Segment	Index	Segment	Index
Transition risk (A)	Business-as-usual scenario	-3.12%	-1.42%	3.34%	-0.77%
	SDS scenario (+2 °C)	-3.51%	-4.03%	-3.21%	-2.24%
	NZE scenario (+1.5 °C)	-4.47%	-3.71%	-3.07%	1.36%
Physical risk (B)	Business-as-usual scenario	2.24%	-1.20%	-4.36%	-2.03%
	SDS scenario (+2 °C)	-0.19%	-0.10%	-0.41%	-0.54%
	NZE scenario (+1.5 °C)	-0.45%	-0.08%	-0.59%	-0.25%
Total climate risk (A + B)	Business-as-usual scenario	-0.89%	-2.62%	-1.03%	-2.80%
	SDS scenario (+2 °C)	-3.71%	-4.13%	-3.62%	-2.79%
	NZE scenario (+1.5 °C)	-4.92%	-3.79%	-3.66%	1.11%

CLIMATIC RISK OF STATES IN THE PORTFOLIO (GDP impact)

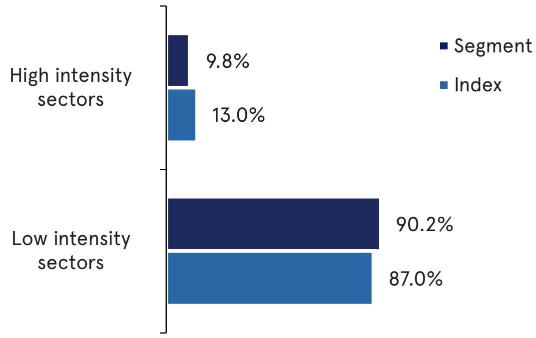






CLIMATE RISK PRIVATE ISSUERS (Equities/Credit) 1/2

POSITIONING PRIVATE ISSUERS SEGMENT



	Segment	Index	*Hedging*
ESG score	**6.3**	6.4	*segment 98%* *index 99%*
Carbon Impact score	**6.2**	5.8	*segment 97%* *index 100%*
Carbon intensity	**100**	174	*segment 98%* *index 98%*

Index: 5% Bloomberg Euro Aggregate Corporate + 95% MSCI All Country World

ESG and Carbon Impact score (min. 0 / max. 10)

Carbon intensity: ton eq. CO2 /€ million revenue

CLIMATIC STRESS TEST PRIVATE ISSUER SEGMENT (Impact Valuation)

		2030		2050	
		Segment	Index	Segment	Index
Transition risk (A)	Business-as-usual scenario	0.00%	0.00%	0.00%	0.00%
	SDS scenario (+2 °C)	-0.22%	-0.78%	-1.08%	-2.88%
	NZE scenario (+1.5 °C)	-0.25%	-0.87%	-1.74%	-4.05%
Physical risk (B)	Business-as-usual scenario	-0.35%	-0.64%	-0.96%	-1.69%
	SDS scenario (+2 °C)	-0.24%	-0.43%	-0.64%	-1.14%
	NZE scenario (+1.5 °C)	-0.18%	-0.32%	-0.45%	-0.82%
Total climate risk (A + B)	Business-as-usual scenario	-0.35%	-0.64%	-0.96%	-1.69%
	SDS scenario (+2 °C)	-0.44%	-1.16%	-1.67%	-3.85%
	NZE scenario (+1.5 °C)	-0.42%	-1.14%	-2.10%	-4.62%

SECTOR POSITIONING PRIVATE ISSUER SEGMENT – Carbon Intensity (tonne eq. CO2/€M revenue)

	Segment weighting	Weight index	Current carbon intensity and projection by 2050 (corporate source)	Intensity Target Scenario 2 °C 2050	Intensity Target Scenario 1.5 °C 2050
Airline companies*	0.0%	0.1%	946 / 234	240	93
Aluminium*	0.0%	0.1%	492 / -8	2,149	200
Automotive*	2.8%	2.7%	25 / 0	5	1
Raw materials*	1.0%	4.0%	364 / 62	35	1
Cement*	0.1%	0.3%	3764 / 1602	2,828	455
Communications	11.5%	9.3%	22 / 2	35	1
Cyclical consumption	8.8%	7.2%	27 / 1	35	1
Non-cyclical consumption	26.1%	22.0%	36 / 3	35	1
Diversified	0.0%	0.0%	1282 / 466	35	1
Electricity	3.3%	2.8%	802 / 147	35	1
Oil and gas energy	3.6%	6.7%	310 / 36	101	27
Financial	25.3%	18.3%	25 / 3	35	1
Industrial	8.3%	9.3%	81 / 12	35	1
Steel*	0.1%	0.3%	1247 / 721	994	184
Technology	7.2%	16.3%	33 / 6	35	1
Other public services	1.9%	0.6%	855 / 142	33	1

■ Current Carbon Intensity
■ Carbon intensity by 2050

* High intensity sectors

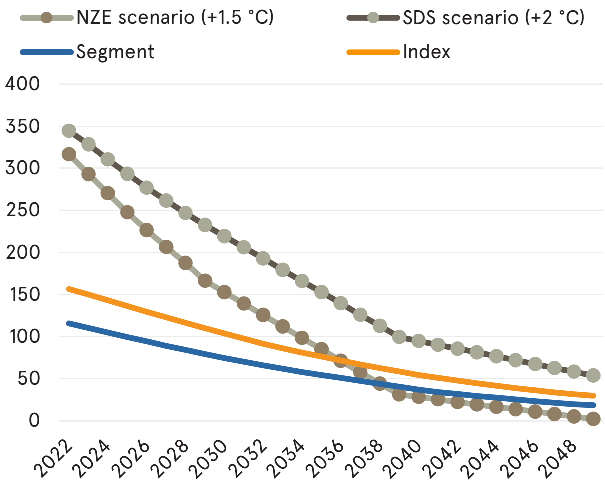
CLIMATE RISK PRIVATE ISSUERS (Equities/Credit) 2/2

TRAJECTORY CARBON INTENSITY PRIVATE ISSUERS – Carbon Intensity (tonne eq. CO2/€M revenue)

	Current	2030	2050
Segment	100	79	19
Index	174	110	30
Target Scenario 2 °C 2050	361	233	54
Target Scenario 1.5 °C 2050	342	166	2

Index: 5% Bloomberg Euro Aggregate Corporate + 95% MSCI All Country World

Carbon intensity: ton eq. CO2 /€ million revenue



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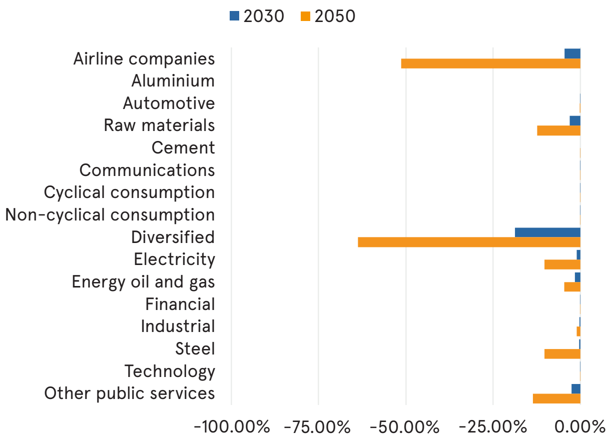
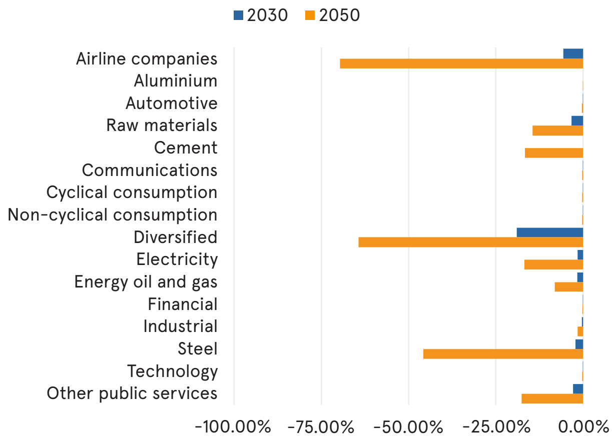
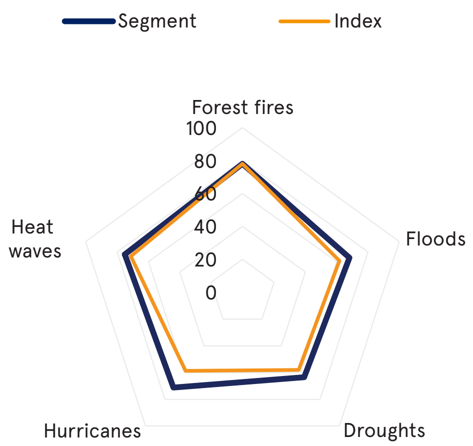


CARBON TAX SHOCKS (+1.5 °C) (Valuation Impact)



PHYSICAL RISK – DISASTER EXPOSURE SCORE (100 being the maximum risk)

	Segment	Index
All disasters	65	56
Forest fires	78	78
Floods	68	62
Droughts	64	58
Hurricanes	71	59
Heat waves	75	71



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Carbon Tax Shock transitional impact for the companies. The shock measures the loss in Enterprise value, as of today, of the discounted amount of future carbon taxes for companies that do not meet their targets.

The Climate disaster exposure score: measures exposure and vulnerability to climate-related disasters for companies up to 2050. The Score is between 0 and 100, with 100 being the maximum risk. (source ISS)

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Annex 4

Taxonomy Eligibility, Quantitative Indicators and Principal Adverse Impacts of La Française Asset Management

Share of assets relating to activities considered eligible under the technical criteria of Regulation (EU) 2020/852 "Taxonomy".

	Regulatory ratio (mandatory) based on counterparty disclosures	Voluntary ratio (optional) reflecting estimates of the level of eligibility of counterparties
Share in total assets of exposures to economic activities eligible for the taxonomy (%)	7.0%	
Share in total assets of exposures to economic activities not eligible for the taxonomy (%)	93.0%	
Share in total assets of exposures to central governments, central banks or supranational issuers (%)	8.5%	
Share of derivatives in total assets (%)	0.1%	
Are derivatives calculated at market value or exposure (underlying equivalent)?	Market value	
Share of total assets of exposures to undertakings not listed in Article 19a or Article 29a of Directive 2013/34/UE and which are therefore not required to publish indicators of eligibility and alignment with the taxonomy.	Not available	

Quantitative indicators taken from D.533-16-1

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
1. Information on the entity's general approach	1.c. Overall percentage of assets under management that take account of environmental, social and governance criteria as a proportion of total assets managed by the entity	In % of assets	%	53.0%
2. Information on internal resources deployed by the entity	2.a. Description of the financial, human and technical resources dedicated to taking environmental, social and governance criteria into account in the investment strategy, in relation to the total assets managed or held by the entity. The description includes all or some of the following indicators: percentage share of corresponding full-time equivalents; percentage share and amount in euros of budgets devoted to environmental, social and governance data; amount invested in research; use of external service providers and data suppliers	Percentage of FTEs concerned out of total FTEs	%	4.8%
		Dedicated budgets as % of total budget of financial institution	%	4.5%
		Amounts in € of dedicated budgets	Monetary amount (€)	6,249,400
		Amount invested in research	Monetary amount (€)	1,000,000
		Number of external service providers and data suppliers contacted	Number	14
4. Information on the strategy for engagement with issuers or management companies and its implementation	4.c. Report on the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the issues covered and the actions taken to follow up this strategy	Percentage of companies concerned by a dialogue out of all companies concerned by the topic covered	%	14.9%
		Specify the denominator of the above indicator	Text	As the denominator, we have taken the number of issuers in our Art. 8 and 9 SFDR funds.

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
	4.d. Report on voting policy, in particular with regard to the tabling and voting at General Meetings of resolutions on environmental, social and governance issues	**The indicators below are optional. The actors are of course free to publish others in their 29LEC reports.**		
		Total number of filings on ESG issues	Number	0
		Total number of votes on ESG issues	Number	3 564
		Number of filings on environmental issues	Number	0
		Number of votes on environmental issues	Number	28
		Number of filings on on social issues	Number	0
		Number of votes on on social issues	Number	96
		Number of filings on issues of governance quality	Number	0
		Number of votes on issues of governance quality	Number	3 440
		Total % of filings on ESG issues out of total number of filings made	%	0.0%
		% total of votes (yes/no) on the ESG issues out of the total number of votes cast	%	57.0%
		% of filings on the environmental issues out of the total number of filings made	%	0.0%
		% of votes on the environmental issues out of the total number of votes cast	%	0.4%
		% of filings on social issues out of the total number of filings made	%	0.0%
		% of votes on the social issues out of the total number of votes cast	%	1.5%
		% of filings on governance issues out of the total number of filings made	%	0.0%
		% of votes on quality issues	%	55.0%

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
		governance out of total votes cast		
5. Information on European taxonomy and fossil fuels	5.b. Share of exposure to companies active in the fossil fuel sector, within the meaning of the delegated act pursuant to Article 4 of this Regulation[1]	Share of assets as a %	%	3.6%
	Percentage of assets invested in companies operating in the **coal sector** (sub-section of indicator 5b above)	Share of assets as a %	%	0.22%
	Percentage of assets invested in companies operating in the **oil and conventional gas sector** (sub-section of indicator 5b above)	Share of assets as a %	%	3.1%
	Percentage of assets invested in companies operating in the **oil and non-conventional gas sector** (sub-section of indicator 5b above)	Share of assets as a %	%	0.26%
	5.b. For **SGPs which manage real estate funds** (SGP with a predominantly real estate activity must complete this indicator, the rest of SGP may complete it on an optional basis): **Exposure to fossil fuels via property assets calculated as the proportion of investments in property assets used for the extraction, storage, transport or production of fossil fuels.** This is indicator no. 17 in table 1 of Annex 1 of the SFDR RTS (Delegated Regulation (EU) 2022/1288)	Share of investments (%)	%	
	Share of investments in real estate assets used for the extraction, storage, transport or production of **coal** (sub-part of indicator 5b above)	Share of investments (%)	%	

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
	Share of investments in real estate assets used for the extraction, storage, transport or production of **conventional oil and gas** (sub-part of indicator 5b above)	Share of investments (%)	%	
	Share of investments in real estate assets used for the extraction, storage, transport or production of **non-conventional oil and gas** (sub-part of indicator 5b above)	Share of investments (%)	%	
6. Information on the strategy for aligning with the international targets for limiting global warming set out in the Paris Agreement		**One of the two aspects (t °C or GHG emissions) must be reported in the actors' 29LEC reports, as required by the decree. The actors are of course free to publish others in their 29LEC reports.**		
		Quantitative target for 2030 expressed as the volume of GHG emissions (if applicable)	Numerical value	N/A
		Unit of measurement of the quantitative target for 2030	Text	N/A
	6.a. A quantitative target for 2030, reviewed every five years until 2050. This target must be reviewed no later than five years before it expires. The target includes direct and indirect greenhouse gas emissions in absolute or intensity terms compared with a reference scenario and a reference year. It can be expressed by measuring the implied temperature rise or by the volume of greenhouse gas emissions;	Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions	Monetary amount (€)	N/A
		Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions on total assets	%	N/A
		Quantitative target for 2030 expressed in terms of implied temperature rise (if applicable)	Numerical value	**Scope 1&2:** = 2022 indicator - 2030 target = 2.04 - 1.8 = 0.24 Implicit temperature rise: **-0.24 °C** **Scope 1 & 2 & 3:** = 2022 indicator - 2030 objective = 2.25 - 2.03 = 0.22 Implicit temperature rise: **-0.22 °C**

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
		Amount of assets covered by the quantitative alignment target expressed in terms of implied temperature rise	Monetary amount (€)	6.8bn
		Share of assets covered by the quantitative alignment target expressed in terms of implied temperature rise out of total number of assets	%	75% (open and closed-end funds)
		Type of asset covered by this objective	Text	Corporate equities and bonds
	6.b Where the entity uses an internal methodology, details of the methodology used to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy:	Use of an internal methodology?	Yes/No	Yes
	6. b. ii. the coverage level at portfolio level;	the coverage level at portfolio level as a %	%	100.0%
	6. b. iii. the time horizon used for the valuation;	Assessment time frame	Date	2040
	6. c. Quantification of results using at least one indicator	Free metric	Numerical value	Default temperature for scopes 1&2: 2.04 °C in 2022 intermediate target 1.95 °C by 2025 intermediate target 1.80 °C by 2030 target 1.5 °C by 2040
		Description of the free metric	Text	Temperature targets (including intermediate targets)
		Unit of measurement for the free metric	Text	°C
	6.f. The changes made to the investment strategy in line with the strategy of alignment with the Paris Agreement, and in particular the policies put in place in	Coal: % of total assets managed or held by the entity	%	0.05%

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
	with a view to phasing out coal and non-conventional hydrocarbons, specifying the timetable for doing so and the proportion of total assets managed or held by the entity covered by these policies	Do you have a timetable for phasing out coal?	Yes/No	Yes
		Give the definitive coal phase-out date used in your policy for OECD countries	Date	2030
		Give the definitive coal phase-out date used in your policy for non-OECD countries	Date	2040
		Non-conventional hydrocarbons: % of total assets managed or held by the entity	%	0.26%
		Have you set up a timetable for the gradual exit from non-conventional hydrocarbons?	Yes/No	No
		Give the definitive phase-out date for non-conventional hydrocarbons used in your policy for OECD countries	Date	N/A
		Give the definitive phase-out date for non-conventional hydrocarbons used in your policy for non-OECD countries	Date	N/A
7. Information on the strategy for alignment with long-term biodiversity objectives	7. c. Reference to the use of a biodiversity footprint indicator and, where applicable, the way in which this indicator is used to measure compliance with international biodiversity targets	Free metric	Numerical value	-2,250
		Brief description of the metric	Text	This measure reflects the degree of degradation of ecosystems affected by a company's activities as compared to their untouched natural state.
		Unit of measurement for the free metric	Text	-km2.MSA (MSA: Mean Species Abundance)

Indicator category	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
		Amount of assets covered by the biodiversity footprint indicator	Monetary amount (€)	5,630,287,971
		Share of assets covered by the biodiversity footprint indicator out of the total number of assets	%	52.78%

Description of the principal adverse impacts on sustainability factors (Annex 1 of European Regulation 2022-1288)

Indicators of adverse impact on sustainability		Measuring element	Impact in 2022
Indicators applicable to investments in companies			
Greenhouse gas emissions	1. GHG emissions	Level 1 GHG emissions in tonnes of CO2 equivalent	2,121,189.6
		Level 2 GHG emissions in tonnes of CO2 equivalent	468,209.7
		Level 3 GHG emissions in tonnes of CO2 equivalent	18,683,662.2
	2. Carbon footprint	Carbon footprint in tonnes of C02 equivalent per million euros invested	54.2
	3. GHG intensity of investee companies	GHG intensity of investee companies	104.5
	4. Exposure to companies active in the fossil fuel sector	Share of investment in companies active in the fossil fuel sector (%)	3.2%
	5. Share of non-renewable energy consumption and production	Share of energy consumption and production of investee companies from non-renewable energy sources compared to that from renewable energy sources, expressed as a percentage of total energy sources (in %)	8.5%
	6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of sales of investee companies, by sector with high climate impact	0.5
Biodiversity	7. Activities with an adverse impact on biodiversity-sensitive areas	Share of investments made in companies with sites/establishments located in or near biodiversity-sensitive areas, if the activities of these companies have an adverse impact on these areas (expressed as a %)	Not available
Water	8. Discharge into water	Tonnes of water discharges from investee companies, per million euros invested, weighted average	5,057.4
Waste	9. Ratio of hazardous and radioactive waste	Tonnes of hazardous waste and radioactive waste produced by investee companies, per million euros invested, weighted average	42,291.6
Indicators relating to social issues, employees, respect for human rights and the fight against corruption and bribery			

Indicators of adverse impact on sustainability		Measuring element	Impact in 2022
Corporate and staffing issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that have been involved in breaches of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises (expressed as a %)	0.2%
	11. Lack of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	Share of investment in companies that do not have a policy to monitor compliance with the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises, or mechanisms for handling complaints or disputes enabling violations to be remedied (expressed as a %)	1.7%
	12. Unadjusted gender pay gap	Average unadjusted pay gap between men and women in investee companies (expressed as a monetary amount converted into euros)	Not significant due to poor coverage
	13. Gender diversity in governance bodies	Average ratio of women to men in the governance bodies of the companies concerned, as a percentage of the total number of members	15%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons (expressed as a %)	0.004%
Indicators applicable to investments in sovereign or supranational issuers			
Environment	15. GHG intensity	GHG intensity of investment countries in tonnes of CO_2 equivalent per million euros of gross domestic product	20.38
Social	16. Investment countries with breaches of social standards	Number of countries of investment with violations of social standards within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (numerical value)	Not available
		Proportion of the total number of countries receiving investments where there are violations of social standards within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (expressed as a %)	Not available

Indicators applicable to investments in companies			
Adverse impact on sustainability	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Measuring element**	**Impact in 2022**
Water, waste and other materials	14. Natural species and protected areas	1. Share of investment in companies whose activities harm endangered species (%)	0.002%

Indicators applicable to investments in companies			
Adverse impact on sustainability	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Measuring element**	**Impact in 2022**
Corporate and staffing issues	6. Insufficient protection for whistleblowers	Share of investments in entities that have not defined a whistleblower protection policy expressed as a %.	0.13%

Annex 5

Taxonomy Eligibility, Quantitative Indicators and Principal Adverse Impacts of La Française Real Estate Management

Share of activities relating to activities considered eligible under the technical criteria of Regulation (EU) 2020/852 “Taxonomy”.

	Regulatory ratio (mandatory) based on counterparty disclosures	Voluntary ratio (optional) reflecting estimates of the level of eligibility of counterparties
Share in total assets of exposures to economic activities eligible for the taxonomy (%)	92.7%	
Share in total assets of exposures to economic activities not eligible for the taxonomy (%)	7.3%	
Share in total assets of exposures to central governments, central banks or supranational issuers (%)	0.0%	
Share of derivatives in total assets (%)	0.0%	
Are derivatives calculated at market value or exposure (underlying equivalent)?		
Share of total assets of exposures to undertakings not listed in Article 19a or Article 29a of Directive 2013/34/EU and which are therefore not required to publish indicators of eligibility and alignment with the taxonomy.	Not available	

Quantitative indicators taken from D.533-16-1

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
1. Information on the entity's general approach	1.c. Overall percentage of assets under management that take account of environmental, social and governance criteria as a proportion of total assets managed by the entity	In % of assets	%	51.0%
2. Information on internal resources deployed by the entity	2.a. Description of the financial, human and technical resources dedicated to taking environmental, social and governance criteria into account in the investment strategy, in relation to the total assets managed or held by the entity. The description includes all or some of the following indicators: percentage share of corresponding full-time equivalents; percentage share and amount in euros of budgets devoted to environmental, social and governance data; amount invested in research; use of external service providers and data suppliers.	Percentage of FTEs concerned out of total FTEs	%	4.8%
		Dedicated budgets as % of total budget of financial institution	%	5.8%
		Amounts in € of dedicated budgets	Monetary amount (€)	2,902,800
		Amount invested in research	Monetary amount (€)	480,000
		Number of external service providers and data suppliers contacted	Number	9
4. Information on the strategy for engagement with issuers or management companies and its implementation	4.c. Report on the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the issues covered and the actions taken to follow up this strategy	Percentage of companies concerned by a dialogue out of all companies concerned by the topic covered	%	N/A
		Specify the denominator of the above indicator	Text	N/A

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
	4.d. Report on voting policy, in particular with regard to the tabling and voting at General Meetings of resolutions on environmental, social and governance issues	**The indicators below are optional. The actors are of course free to publish others in their 29LEC reports.**		
		Total number of filings on ESG issues	Number	N/A
		Total number of votes on ESG issues	Number	N/A
		Number of filings on environmental issues	Number	N/A
		Number of votes on environmental issues	Number	N/A
		Number of filings on social issues	Number	N/A
		Number of votes on social issues	Number	N/A
		Number of filings on issues of governance quality	Number	N/A
		Number of votes on issues of governance quality	Number	N/A
		Total % of filings on ESG issues out of total number of filings made	%	N/A
		% total of votes (yes/no) on the ESG issues out of the total number of votes cast	%	N/A
		% of filings on the environmental issues out of the total number of filings made	%	N/A
		% of votes on the environmental issues out of the total number of votes cast	%	N/A
		% of filings on social issues out of the total number of filings made	%	N/A
		% of votes on the social issues out of the total number of votes cast	%	N/A
		% of filings on governance issues out of the total number of filings made	%	N/A

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
		% of filings on governance issues out of the total number of filings made	%	N/A
5. Information on European taxonomy and fossil fuels	5.b. Share of exposure to companies active in the fossil fuel sector, within the meaning of the delegated act pursuant to Article 4 of this Regulation[1].	Share of assets as a %	%	N/A
	Percentage of assets invested in companies operating in the **coal sector** (sub-section of indicator 5b above)	Share of assets as a %	%	N/A
	Percentage of assets invested in companies operating in the **oil and conventional gas sector** (sub-section of indicator 5b above)	Share of assets as a %	%	N/A
	Share of assets invested in companies operating in the **oil and non-conventional gas sector** (sub-section of indicator 5b above)	Share of assets as a %	%	N/A
	5.b. For **SGPs which manage real estate funds** (SGPs with a predominantly real estate activity must complete this indicator, the rest of SGP may complete it on an optional basis): **Exposure to fossil fuels via property assets calculated as the proportion of investments in property assets used for the extraction, storage, transport or production of fossil fuels.** This is indicator no. 17 in table 1 of Annex 1 of the SFDR RTS (Delegated Regulation (EU) 2022/1288).	Share of investments (%)	**%**	0.04%

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
	Share of investments in real estate assets used for the extraction, storage, transport or production of **coal** (sub-part of indicator 5b above)	Share of investments (%)	%	Indicator not tracked, but in the case of property assets, exposure to fossil fuels is highly likely to be due to the presence of conventional oil or gas. We therefore estimate this indicator at 0%.
	Share of investments in real estate assets used for the extraction, storage, transport or production of **conventional oil and gas** (sub-part of indicator 5b above)	Share of investments (%)	%	Indicator not tracked, but in the case of property assets, exposure to fossil fuels is highly likely to be due to the presence of conventional oil or gas. We therefore estimate this indicator at 0.04%.
	Share of investments in real estate assets used for the extraction, storage, transport or production of **non-conventional oil and gas** (sub-part of indicator 5b above)	Share of investments (%)	%	Indicator not tracked, but in the case of property assets, exposure to fossil fuels is highly likely to be due to the presence of conventional oil or gas. We therefore estimate this indicator at 0%.
6. Information on the strategy for aligning with the international targets for limiting global warming set out in the Paris Agreement	6.a. A quantitative target for 2030, reviewed every five years until 2050.This target must be reviewed no later than five years before it expires. The target includes direct and indirect greenhouse gas emissions in absolute or intensity terms compared with a reference scenario and a reference year. It can be expressed by measuring the implied temperature rise or by the volume of greenhouse gas emissions;	**One of the two aspects (t °C or GHG emissions) must be reported in the actors' 29LEC reports, as required by the decree. The actors are of course free to publish others in their 29LEC reports.**		
		Quantitative target for 2030 expressed as the volume of GHG emissions (if applicable)	Numerical value	10.3
		Unit of measurement of the quantitative target for 2030	Text	kgeqCO2/m²
		Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions	Monetary amount (€)	18,585,086,487.0
		Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions on total assets	%	62.2%

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
		Quantitative target for 2030 expressed in terms of implied temperature rise (if applicable)	Numerical value	N/A
		Amount of assets covered by the quantitative alignment target expressed in terms of implied temperature rise	Monetary amount (€)	N/A
		Share of assets covered by the quantitative alignment target expressed in terms of implied temperature rise out of total number of assets	%	N/A
		Type of asset covered by this objective	Text	N/A
	6.b Where the entity uses an internal methodology, details of the methodology used to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy:	Use of an internal methodology?	Yes/No	Yes. The entity assesses the alignment of the investment strategy with the Paris Agreement on assets with a sustainable investment objective. When it does so, it uses an internal methodology based on the trajectories definished by CRREM in conjunction with SBTi
	6. b. ii. the coverage level at portfolio level;	the coverage level at portfolio level as a %	%	62.2%
	6. b. iii. the time horizon used for the valuation;	Assessment time frame	Date	2030
	6. c. Quantification of results using at least one indicator	Free metric	Numeric value	18.9

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
		Description of the free metric	Text	Intensity of CO2 emissions linked to energy consumption, all fluids, all uses, common areas and private areas of property assets with a sustainable environmental investment objective for 2022
		Unit of measurement for the free metric	Text	kgeqCO2/m²
	6.f. The changes made to the investment strategy in line with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to phasing out coal and non-conventional hydrocarbons, specifying the timetable for doing so and the proportion of total assets managed or held by the entity covered by these policies.	Coal: % of total assets managed or held by the entity	%	N/A
		Do you have a timetable for phasing out coal?	Yes/No	
		Indicate the definitive coal phase-out date used in your policy for OECD countries	Date	
		Indicate the definitive coal phase-out date used in your policy for non-OECD countries	Date	
		Non-conventional hydrocarbons: % of total assets managed or held by the entity	%	N/A
		Have you set up a timetable for the gradual exit from non-conventional hydrocarbons?	Yes/No	
		Indicate the definitive phase-out date for non-conventional hydrocarbons used in your policy for OECD countries	Date	
		Indicate the definitive phase-out date for non-conventional hydrocarbons used in your	Date	

Indicator category	Detail and number of indicator/paragraph	Metric	Format	Indicator figures
		policy for non-OECD countries		
7. Information on the strategy for alignment with long-term biodiversity objectives	7. c. Reference to the use of a biodiversity footprint indicator and, where applicable, the way in which this indicator is used to measure compliance with international biodiversity targets.	Free metric	Numerical value	0.3
		Brief description of the metric	Text	The CBS is a coefficient that describes the proportion of biodiversity-friendly surfaces (eco-development areas in relation to the total surface area of a plot). The calculation of the CBS makes it possible to evaluate the environmental quality of a plot of land by adding up the various surfaces (ground, roof, wall, etc.) present on a site and assigning to each a weighting coefficient depending on its nature (permeable or semi-permeable surface, open ground, etc). Everything is done in relation to the total area of the site.
		Unit of measurement for the free metric	Text	Coefficient usually between 0 and 1
		Amount of assets covered by the biodiversity footprint indicator	Monetary amount (€)	€479 M
		Share of assets covered by the biodiversity footprint indicator out of the total number of assets	%	1.60%

Description of the principal adverse impacts on sustainability factors (Annex 1 of European Regulation 2022-1288)

Indicators of adverse impact on sustainability		Measuring element	Impact in 2022
Indicators applicable to investments in real estate assets			
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investment in real estate assets used for the extraction, storage, transport or production of fossil fuels (expressed in %)	0.04%
Energy efficiency	18. Exposure to energy-inefficient real estate assets.	Share of investment in energy-inefficient property assets (expressed as a %)	84.0%

Indicators applicable to investments in companies			
Adverse impact on sustainability	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Measuring element**	**Impact in 2022**
Greenhouse gas emissions	18. GHG emissions	Total GHG emissions generated by real estate assets in tonnes of CO2 equivalent	64,437.7
Energy consumption	19. Intensity of energy consumption	Energy consumption of real estate assets held, in GWh per square metre	0.000350
Waste	20. Production of operating waste	Percentage of real estate assets not equipped with waste sorting facilities or covered by a waste recovery or recycling contract (expressed as a %)	0.3%

Annex 6

Taxonomy Eligibility, Quantitative Indicators and Principal Adverse Impacts of New Alpha Asset Management

Share of outstandings relating to activities eligible under the technical criteria of Regulation (EU) 2020/852 "Taxonomy".

	Regulatory ratio (mandatory) based on counterparty disclosures	**Voluntary ratio (optional) reflecting estimates of the level of eligibility of counterparties**
Share in total assets of exposures to economic activities eligible for the taxonomy (%)	15.09%	
Share in total assets of exposures to economic activities not eligible for the taxonomy (%)	84.91%	
Share in total assets of exposures to central governments, central banks or supranational issuers (%)	0.0%	
Share of derivatives in total assets (%)	0.0%	
Are derivatives calculated at market value or exposure (underlying equivalent)?	N/A	
Share of total assets of exposures to undertakings not listed in Article 19a or Article 29a of Directive 2013/34/EU and which are therefore not required to publish indicators of eligibility and alignment with the taxonomy.	Not available	

Quantitative indicators taken from D.533-16-1

Category of indicator	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
1. Information on the entity's general approach	1.c. Overall share of assets under management that take account of environmental, social and governance criteria as a proportion of total assets managed by the entity	In % of assets	%	100%
2. Information on internal resources deployed by the entity	2.a. Description of the financial, human and technical resources dedicated to taking environmental, social and governance criteria into account in the investment strategy, in relation to the total assets managed or held by the entity. The description includes all or some of the following indicators: percentage share of corresponding full-time equivalents; percentage share and amount in euros of budgets devoted to environmental, social and governance data; amount invested in research; use of external service providers and data suppliers.	Percentage of FTEs concerned out of total FTEs	%	6.0%
		Share as % of dedicated budgets out of total budget of financial institution	%	N/A
		Amounts in € of dedicated budgets	Monetary amount (€)	N/A
		Amount invested in research	Monetary amount (€)	N/A
		Number of external service providers and data suppliers contacted	Number	4
4. Information on the strategy for engagement with issuers or management companies and its implementation	4.c. Report on the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the issues covered and the actions taken to follow up this strategy	Share as % of companies concerned by a dialogue out of all companies concerned by the topic covered	%	59.0%
		Specify the denominator of the above indicator	Text	The denominator is the number of companies in which NewAlpha was invested at 31/12/2022.
	4.d. Report on voting policy, in particular with regard to the tabling and voting at General Meetings of resolutions on	**The indicators below are optional. The actors are of course free to publish others in their 29LEC reports.**		

Category of indicator	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
	environmental, social and governance issues	Total number of filings on ESG issues	Number	N/A
		Total number of votes on ESG issues	Number	N/A
		Number of filings on environmental issues	Number	N/A
		Number of votes on environmental issues	Number	N/A
		Number of filings on social issues	Number	N/A
		Number of votes on social issues	Number	N/A
		Number of filings on issues of governance quality	Number	N/A
		Number of votes on issues of governance quality	Number	N/A
		Total % of filings on ESG issues out of total number of filings made	%	N/A
		% total of votes (yes/no) on the ESG issues out of the total number of votes cast	%	N/A
		% of filings on the environmental issues out of the total number of filings made	%	N/A
		% of votes on the environmental issues out of the total number of votes cast	%	N/A
		% of filings on social issues out of the total number of filings made	%	N/A
		% of votes on the social issues out of the total number of votes cast	%	N/A
		% of filings on governance issues out of the total number of filings made	%	N/A
		% of filings on governance issues out of the total number of filings made	%	N/A

Category of indicator	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
	5.b. Share of exposure to companies active in the fossil fuel sector, within the meaning of the delegated act pursuant to Article 4 of this Regulation[1].	Share of assets as a %	%	3.95%
	Share of assets invested in companies operating in the **coal sector** (sub-section of indicator 5b above)	Share of assets as a %	%	0.12%
	Share of assets invested in companies operating in the **oil and conventional gas** sector (sub-section of indicator 5b above)	Share of assets as a %	%	3.75%
5. Information on European taxonomy and fossil fuels	Share of assets invested in companies operating in the **oil and non-conventional gas sector** (sub-section of indicator 5b above)	Share of assets as a %	%	0.08%
	5.b. For **SGPs which manage real estate funds** (SGPs with a predominantly real estate activity must complete this indicator, the rest of SGP may complete it on an optional basis): **Exposure to fossil fuels via real estate assets calculated as the proportion of investments in real estate assets used for the extraction, storage, transport or production of fossil fuels.** This is indicator no. 17 in table 1 of Annex 1 of the SFDR RTS (Delegated Regulation (EU) 2022/1288).	Share of investments (%)	%	N/A
	Share of investments in real estate assets used for the extraction, storage, transport or production of coal (sub-part of indicator 5b above)	Share of investments (%)	%	N/A
	Share of investments in real estate assets used for the extraction, storage, transport or production of **conventional oil and gas** (sub-part of indicator 5b above)	Share of investments (%)	%	N/A

<table>
<tr><th>Category of indicator</th><th>Detail and number of indicator/ paragraph</th><th>Metric</th><th>Format</th><th>Indicator figures</th></tr>
<tr><td></td><td>Share of investments in real estate assets used for the extraction, storage, transport or production of non-conventional oil and gas (sub-part of indicator 5b above)</td><td>Share of investments (%)</td><td>%</td><td>N/A</td></tr>
<tr><td rowspan="8">6. Information on the strategy for aligning with the international targets for limiting global warming set out in the Paris Agreement</td><td rowspan="8">6.a. A quantitative target for 2030, reviewed every five years until 2050. This target must be reviewed no later than five years before it expires. The target includes direct and indirect greenhouse gas emissions in absolute or intensity terms compared with a reference scenario and a reference year. It can be expressed by measuring the implied temperature rise or by the volume of greenhouse gas emissions;</td><td colspan="3">One of the two aspects (t °C or GHG emissions) must be reported in the actors' 29LEC reports, as required by the decree. The actors are of course free to publish others in their 29LEC reports.</td></tr>
<tr><td>Quantitative target for 2030 expressed as the volume of GHG emissions (if applicable)</td><td>Numerical value</td><td>-</td></tr>
<tr><td>Unit of measurement of the quantitative target for 2030</td><td>Text</td><td>-</td></tr>
<tr><td>Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions</td><td>Monetary amount (€)</td><td>-</td></tr>
<tr><td>Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions on total assets</td><td>%</td><td>-</td></tr>
<tr><td>Quantitative target for 2030 expressed in terms of implied temperature rise (if applicable)</td><td>Numerical value</td><td>-</td></tr>
<tr><td>Amount of assets covered by the quantitative alignment target expressed in terms of implied temperature rise</td><td>Monetary amount (€)</td><td>-</td></tr>
<tr><td>Share of assets covered by the quantitative alignment objective expressed in terms of</td><td>%</td><td>-</td></tr>
</table>

Category of indicator	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
		implied temperature rise on total assets		
		Type of asset covered by this objective	Text	-
	6.b Where the entity uses an internal methodology, details of the methodology used to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy:	Use of an internal methodology?	Yes/No	No
	6. b. ii. the coverage level at portfolio level;	the coverage level at portfolio level as a %	%	-
	6. b. iii. the time horizon used for the valuation;	Assessment time frame	Date	-
	6. c. Quantification of results using at least one indicator	Free metric	Numerical value	-
		Description of the free metric	Text	-
		Unit of measurement for the free metric	Text	-
	6.f. The changes made to the investment strategy in line with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to phasing out coal and non-conventional hydrocarbons, specifying the timetable for doing so and the proportion of total assets managed or held by the entity covered by these policies.	Coal: % of total assets managed or held by the entity	%	0.12%
		Do you have a timetable for phasing out coal?	Yes/No	Yes
		Indicate the definitive coal phase-out date used in your policy for OECD countries	Date	2025
		Indicate the definitive coal phase-out date used in your policy for non-OECD countries	Date	2025
		Non-conventional hydrocarbons: % of total assets managed or held by the entity	%	0.08%

Category of indicator	Detail and number of indicator/ paragraph	Metric	Format	Indicator figures
		Have you set up a timetable for the gradual exit from non-conventional hydrocarbons?	Yes/No	No
		Indicate the definitive phase-out date for non-conventional hydrocarbons used in your policy for OECD countries	Date	-
		Give the definitive phase-out date for non-conventional hydrocarbons used in your policy for non-OECD countries	Date	-
7. Information on the strategy for alignment with long-term biodiversity objectives	7. c. Reference to the use of a biodiversity footprint indicator and, where applicable, the way in which this indicator is used to measure compliance with international biodiversity targets.	Free metric	Numerical value	-
		Brief description of the metric	Text	-
		Unit of measurement for the free metric	Text	-
		Amount of assets covered by the biodiversity footprint indicator	Monetary amount (€)	-
		Share of assets covered by the biodiversity footprint indicator out of the total number of assets	%	-

Description of the principal adverse impacts on sustainability factors (Annex 1 of European Regulation 2022-1288)

Indicators of adverse impact on sustainability		Measuring element	Impact in 2022
Indicators applicable to investments in companies			
Greenhouse gas emissions	1. GHG emissions	Level 1 GHG emissions in tonnes of CO2 equivalent	4,770.85
		Level 2 GHG emissions in tonnes of CO2 equivalent	1,424.44
		Level 3 GHG emissions in tonnes of CO2 equivalent	21,363.71
	2. Carbon footprint	Carbon footprint in tonnes of C02 equivalent per million euros invested	74.3
	3. GHG intensity of investee companies	GHG intensity of investee companies	132.12
	4. Exposure to companies active in the fossil fuel sector	Share of investment in companies active in the fossil fuel sector (%)	3.95%
	5. Share of non-renewable energy consumption and production	Share of energy consumption and production of investee companies from non-renewable energy sources compared to that from renewable energy sources, expressed as a percentage of total energy sources (as a %)	63.85%
	6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of sales of investee companies, by sector with high climate impact	Not significant due to poor coverage
Biodiversity	7. Activities with an adverse impact on biodiversity-sensitive areas	Share of investments made in companies with sites/establishments located in or near biodiversity-sensitive areas, if the activities of these companies have an adverse impact on these areas (expressed as a %)	4.06%
Water	8. Discharge into water	Tonnes of water discharges from investee companies, per million euros invested, weighted average	0.15
Waste	9. Ratio of hazardous and radioactive waste	Tonnes of hazardous waste and radioactive waste produced by investee companies, per million euros invested, weighted average	0.6
Indicators relating to social issues, employees, respect for human rights and the fight against corruption and bribery			

Indicators of adverse impact on sustainability		Measuring element	Impact in 2022
Corporate and staffing issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that have been involved in breaches of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises (expressed as a %)	0.07%
	11. Lack of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that do not have a policy for monitoring compliance with the principles of the United Nations Global Compact, or OECD guidelines for multinational enterprises, nor mechanisms for handling complaints or different ways of dealing with a variety of such breaches (expressed as a %)	37.29%
	12. Unadjusted gender pay gap	Average unadjusted pay gap between men and women in investee companies (expressed as a monetary amount converted into euros)	Not significant due to poor coverage
	13. Gender diversity in governance bodies	Average ratio of women to men in corporate governance bodies as a percentage of the total of members	39.05%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons (expressed as a %)	0%
Indicators applicable to investments in sovereign or supranational issuers			
Environment	15. GHG intensity	GHG intensity of investment countries in tonnes of CO2 equivalent per million euros of gross domestic product	
Social	16. Investment countries with breaches of social standards	Number of countries of investment with violations of social standards within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (numerical value)	
		Proportion of the total number of countries receiving investments where there are violations of social standards within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (expressed in %)	

Indicators applicable to investments in companies			
Adverse impact on sustainability	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Measuring element**	**Impact in 2022**
Emissions	4. Investments in companies that have not taken initiatives to reduce their carbon emissions	Share of investment in companies that have not taken initiatives to reduce their carbon emissions in order to comply with the Paris Agreement (%)	44.84%

Indicators applicable to investments in companies			
Adverse impact on sustainability	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Measuring element**	**Impact in 2022**
Human rights	14. Number of serious human rights issues and incidents identified	Number of serious human rights issues and incidents identified in relation to investee companies, based on a weighted average	0.39

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La Française, 128 Boulevard Raspail, 75006 Paris

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