Product name: La Française Carbon Impact Global Government Bonds

Legal entity identifier: 969500USB5121OISVQ25

Environmental and/or social characteristics

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/8 52, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: N/A ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ it will make a minimum of **sustainable investments with a social objective**: N/A	☒ It **promotes environmental and social (E/S) characteristics** and while it does not have as its objective sustainable investment, it will have a minimum proportion of 60.0% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective ☐ It promotes E/S characteristics, but will not make sustainable investments

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

This fund primarily applies La Francaise Group's exclusionary policy which specifically targets:
- issuers involved in controversial weapons; and
- companies located in countries appearing on the black list and the red list of sensitive countries requiring approval, on a case-by-case basis, from the Compliance Department of the La Française group.

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

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

A carbon impact analysis is also carried out and excludes companies or states lagging behind in this area.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of each of the E or S characteristics promoted by the financial product are:

- the ESG score of companies
- the ESG score of companies
- the sovereign ESG score
- carbon intensity.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund also undertakes to have a weighted average of the portfolio's greenhouse gas emissions per euro invested of at least 20% below the composite benchmark.

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

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

The fund offers a bond strategy that invests mainly in sovereign bonds with a sustainable investment objective linked to the reduction of carbon emissions. This fund invests at least 30% of its assets in green bonds, which can be corporate or sovereign bonds.

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

To verify that sustainable investments do not cause significant harm to a sustainable investment objective at the E or S level, the management company applies:

- a relevant selection of the principal adverse impacts,
- La Française Group exclusion policy,
- the management of contentious issues, and
- La Française Group voting policy.

The indicators for adverse impacts have been taken into account by the external data provider ISS. A monthly report is produced and sent to the managers who use this information to manage the fund.

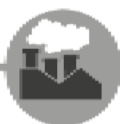
How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Detailed description:

We include the OECD and UN guiding principles in our fundamental ESG analysis, including our exclusions of major contentious issues relating to the UN Global Compact.

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

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

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



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

☒ Yes, the principal adverse impacts on sustainability factors have been taken into account by the external ISS data provider. The management company takes into account the 14 negative sustainability impact indicators and 2 optional indicators as defined by Regulation (EU) 2019/2088. A monthly report is produced and sent to the managers who use the information to manage the fund. The information to be published pursuant to Article 11(2) of Regulation (EU) 2019/2088 is available at Our products - La Française Group (la-francaise.com).

☐ No

What investment strategy does this financial product follow?

The fund's investment process includes the following three stages:

Stage 1: Quantitative filtering – Selectivity approach (best in universe)

This first stage differs depending on the nature of the issuers, namely (i) whether they are public/sovereign issuers (States) or (ii) companies.

(i) For public/sovereign issuers (States):

The initial investment universe is made up of public/sovereign issuers (hereinafter referred to as “States”) which form the confluence of the J.P. Morgan GBI Global hedged Euro Index and J.P. Morgan EMBI Global Diversified hedged Euro indices. Added to this are countries not present in the global indices but which are present in regional sub-indices (such as Portugal, Greece, Ireland, Czechia, Slovakia, Thailand, Macedonia, Austria, Finland, Iceland, Israel, South Korea, New Zealand, Norway and Switzerland) and which are investable, constituting the initial investment universe. All of these countries are analysed by the ESG Research Team, which has developed a proprietary ESG model. This automated tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators). Each State that is part of the initial investment universe is evaluated according to these different performance indicators linked to climate change, energy transition as well as social and governance performance. However, countries appearing on the blacklist drawn up by the La Française Group in accordance with its exclusion policy are automatically excluded. These performance indicators are grouped under the following two pillars: • the Adaptation pillar: this pillar measures the vulnerability of States to extreme weather (degree of exposure to natural disasters, cost of economic and human damage) with regard to their capacity for adaptation (responsible governance, institutional framework, social structure, level of development, economic resources). As such, this Adaptation pillar brings together the following performance indicators: - Environmental (the degree of exposure to natural disasters); - Social (e.g. the human development rate of the world's countries through the Human Development Index); - Governance (e.g. the quality of a country's governance through the World Governance Indicator (WGI)) • the Transition pillar: this pillar enables each State to gauge its performance and strategy to favour a transition to a low carbon economy. This pillar focusses on environmental and weather performance indicators by assessing the level of greenhouse gas emissions (GHG), the dependence on fossil fuels, and the capacity to set up renewable energy sources (deployment of capabilities and investment flows). As such, this Transition pillar brings together the following performance indicators: - Carbon economy: - Measurement of greenhouse gas emissions: absolute, per capita, relative to GDP; - measure of fossil fuel dependence: weight of fossil fuels in exports, in GDP, and in the country's energy mix - Green Economy: - Assessment of the share of renewable energy: in terms of the energy mix, electricity production, capacity facilities, energy efficiency - Measurement of investment flows into green technologies. Based on the information held by the ESG Research Team, an Adaptation score and a Transition score are assigned to each country in the initial investment universe. These scores are calculated quantitatively for each State. Once the rating process is complete, each State is assigned a score ranging from zero (worst) to 10 (best). This score reflects investment

opportunities or, conversely, extra-financial risks. This first step of the analysis identifies States to be ruled out solely due to ESG criteria. The selectivity approach makes it possible to exclude 20% of the lowest rated States, distributed as follows: (i) 10% of the States with the lowest Adaptation scores in the initial investment universe and (ii) 10% of the States with the lowest Transition scores in the initial investment universe. (ii) For Companies: The initial investment universe is made up of private issuers (hereinafter referred to as the "Companies") which belong to the confluence of the Global Corporate Investment Grade, Global Corporate High Yield and Global Corporate Emerging Markets indices. On this starting universe of more than 3,000 issuers, more than 70% of issuers are covered by our Research Centre. Companies that are not covered are automatically excluded at this stage. An analysis of the Environmental, Social and Governance criteria is performed by the Research Centre. The ESG rating process is structured across five steps which can be described as follows: 1. Periodic updating of raw data from different sources 2. Calculation of key performance indicators (KPIs, minimum 30) 3. Aggregated and complemented with recent information collected and deemed relevant by the ESG Research Team, they result in the calculation of scores on the three pillars (environmental sustainability, human capital and organisational capital) 4. Calculation of weightings for the three pillars, different for each sector 5. Calculation of the ESG score, based on the three pillars and the specific sectoral weightings. As an example, the criteria used to analyse Companies are: - Environmental: carbon intensity and waste management, etc. - Social: staff training, labour relations, etc.
- Governance: the management structure and relationship with shareholders, remuneration policy, etc. At the end of the process, each Company is given a score from zero (worst) to 10 (best). This score reflects investment opportunities or, conversely, extra-financial risks. This first step of the analysis identifies Companies to be ruled out solely due to ESG criteria. The following issuers are therefore automatically excluded under the La Française Group's exclusion policy: - issuers exposed to controversial weapons; and - companies located in countries on the blacklist and redlist of sensitive countries requiring approval, on a case-by-case basis, by the La Française Group Compliance Department. These lists, which are maintained and updated by the Compliance Department of the La Française group, are drawn up with regard to international sanctions and the implications for terrorism and corruption. Next, the 20% of Companies with the lowest ESG scores in the initial investment universe are excluded. All of these excluded Companies represent the ESG exclusion list. This list is drawn up on a monthly basis and identifies a minimum ESG score threshold below which the fund cannot invest. Companies whose ESG score falls below the exclusion threshold cannot be part of the investable universe. Stage 2: Carbon and financial analysis. This second step differs depending on the nature of the issuers, i.e. (i) whether they are public/sovereign issuers (governments) or (ii) companies. (i) For public/sovereign issuers (States): During the second stage of the investment process, a macro-economic analysis of public/sovereign issuers (hereinafter referred to as the "States") having passed stage 1 is carried out. In addition to this macro-economic analysis of the States, a "carbon" analysis is carried out on the basis of performance criteria relating to climate change (such as carbon emissions and the energy mix). In order to measure States' performance in relation to these criteria, data provided by our ESG Research Team from specialist data providers (e.g. carbon data from countries collected by PRIMAP) is taken into account. At the end of this analysis, a Carbon Impact score is assigned to each State, this being the average of the Adaptation and Transition scores. In addition to the assigned quantitative Carbon Impact score, a qualitative analysis of each State is carried out on top of a qualitative analysis of the future carbon performance of the State. This qualitative analysis is based on an analysis of the trajectory of the State's carbon emissions. During this analysis, the management team will estimate the ability of a State to meet its goals to reduce carbon intensity. The management team analyses the climate policy of each State based on the State Contributions determined at national level (CDN) from the United Nations Framework Convention on Climate Change (UNFCC) . The management team also carries out an analysis of the State's energy mix and the efficiency of its governance on energy choices: support for fossil fuels or deployment of production capacities for renewable energies. Following the financial analysis and carbon analysis (both quantitative and qualitative), the States are qualified as: 1. Winners: leading countries in energy transition, more resilient to climate change and with high adaptation capabilities (responsible governance, high level of development); 2. Survivors: countries vulnerable to climate change but well positioned in their transition to a low carbon economy; 3. Outsiders: countries behind in their transition but still benefiting from the necessary adaptation capabilities to act; 4. Losers: the most vulnerable countries to climate change, low adaptation capabilities

(lack of responsible governance, low level of development), very high transition risks (heavy reliance on fossil fuels, very weak level of commitment to renewable energy). No investment will be made in States qualified as Losers. The qualification of States is subject to an annual review between the management team and the ESG Research Team. Each case is also reviewed in the event of any change in the political climate within the State, or when a major event occurs, in order to re-assess the investment prospects. If, during a review, a State is qualified as Loser, the Management Company will sell the securities within a reasonable time, regardless of the price level of the security at the time of the transfer. This sale may have an impact on the financial performance of the fund. (ii) For Companies: During the second stage of the investment process, an analysis of the credit quality of the Companies that passed through the filter in stage 1(ii) is carried out.

After having reduced the universe on the basis of a credit analysis, a "carbon" analysis is carried out based on analysis criteria relating to climate change. These criteria exist at various levels, such as the historical performance of carbon emissions (based on Scope 1 – direct emissions, and Scope 2 – indirect emissions; for certain sectors, the share of emissions relating to Scope 3, which is not considered here, can account for a large share of total emissions), governance and climate risk management, and the strategy implemented by the company to participate in the transition. In order to measure companies' performance in relation to these criteria, the management team uses data collected by our ESG Research Team from specialist data providers (e.g. carbon data from companies collected by the international Carbon Disclosure Project). A "carbon impact" score is awarded as a result of this analysis. For issuers in the low-carbon financial sector (carbon intensity defined as carbon emissions divided by company value), a qualitative analysis is performed in addition to the assigned carbon impact score. For highly carbon-intensive sectors such as electricity generation and distribution, oil, the automotive industry and materials, a qualitative analysis of the company's future carbon performance is carried out in addition to the assigned "carbon impact" score. This analysis corresponds to a "trajectory" calculation of the issuer's carbon emissions that we match with sector-based efforts to lower carbon intensity (as defined by the International Energy Agency). During this qualitative analysis, the ESG Research Team and the management team will estimate the ability of a company to meet its decarbonisation objectives in the face of current investments, past performance and the transformation of their portfolio of products sold. Companies in the various sectors are then qualified, according to the Management Company's methodology, subject to the limitations specified above by: i) low carbon, ii) in transition according to the sectoral decarbonisation trajectory, iii) in transition but efforts required (in which the Management Company plays no active role) and iv) lagging in terms of the assigned "carbon impact" score. No investment will be made in companies assessed as lagging. The qualification of the companies results from a quantitative and qualitative analysis process – for some of them – and from an annual review of the records between the management and the ESG research team. The files are also reviewed when the company's strategy is updated or a major change occurs, in order to re-analyse the investment case. Thus, if, during a review, a company is qualified as lagging, the Management Company will sell the securities within a reasonable time, regardless of the price level of the security at the time of the transfer. This transfer can impact the financial performance of the fund. The fund may also invest a minimum of 30% in green bonds where the impact of the environmental projects financed is measurable. The proportion of green bonds in the Fund will depend on market trends and the size of the target market. These green bonds must also respect the four key "Green Bond Principles", namely: the use of funds, the project selection and evaluation process, the fund management and the reporting principles. The analysis of green bonds is carried out along three axes and in addition to the steps described above, namely: 1. Adherence to the four pillars of the "Green Bond Principles" • Use of funds: the funds are to be used to finance or refinance green projects in line with the taxonomy defined by the GBPs and with the new European taxonomy; • The project selection and evaluation process: precise selection and description of projects financed by the green bond, governance put in place around the selection, definition of environmental objectives and impact measurements linked to these projects. • Fund management: detail of funds allocated by project, ability to monitor funds used with a rigorous process • Transparency and reporting: the issuer must communicate at least annually and transparently on 2 points: the allocation of funds (funds allocated and activities financed) and the impact of the projects, i.e. the direct contribution to the environment such as the reduction of carbon emissions (impact report, objectives) 2. The issuer's energy transition strategy and status • A cross-analysis is carried out with the fundamental analysis of the issuer described previously. 3. Analysis and impact

measurement of funded projects • special attention is paid to the choice of funded projects and their consistency with the issuer's more global energy transition strategy. Finally, whether public or private, green bond issuers will be subject to the same financial and extra-financial analyses and must pass the exclusion phase (stage 1) and the macro-economic/credit and carbon analysis phase (stage 2). The share of public/sovereign (State) issuers and companies analysed under the ESG criteria in the portfolio is greater than 90%. Stage 3: Carbon intensity measurement. This stage 3 is shared by the two investment processes regarding public/sovereign (State) issuers and Companies. The management company is committed to an objective of reducing the carbon intensity of the portfolio by at least 20% compared to its benchmark composite indicator. This commitment is permanent and will be respected at all times. The objective of reducing carbon intensity is monitored as follows:

- The carbon intensity of a country is calculated as the ratio between the volume of greenhouse gas emissions (GHG) of the country in tonnes of CO_2eq and GDP. Carbon intensity is a measure of greenhouse gas (GHG) emissions per unit of economic output (GDP). Greenhouse gas emissions in tonnes of CO_2eq per euro invested are based on the country's overall greenhouse gas emissions at national level, excluding land use, land use changes and forestry. This means grouping together the emissions and absorption of these gases resulting directly from human activities linked to land use, land use changes and forestry. - The carbon intensity of a company is calculated as the ratio between the volume of greenhouse gas emissions (GHG) of the company in tonnes of CO_2eq and GDP. Greenhouse gas emissions in tonnes of CO_2eq per euros invested are based on Scope 1 – direct emissions and Scope 2 – indirect emissions (please note that for some sectors, the share of Scope 3 emissions is not taken into account here, but can account for a large share of total emissions), relative to company turnover. Greenhouse gas (GHG) emissions from countries and companies are aggregated at portfolio level according to this methodology. This carbon intensity is then weighted by the level of securities in the portfolio. The various methodologies adopted by the management company for taking into account extra-financial criteria has a weakness relating to the quality of the information collected by the ESG Research Team as well as the transparency of the various issuers.

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

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

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

- exclusions arising from the exclusion policy of the La Française Group;
- the 20% selectivity principle;
- the 10% investment restriction for assets outside the investment universe;
- corporate sustainability analysis.
- the Carbon Impact fundamental analysis and the exclusions linked to the rate of lagging behind;
- minimum 30% green bonds;
- the objective of reducing carbon emissions.

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

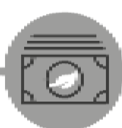
What is the minimum proportion by which the financial product commits to reducing its investment scope before this investment strategy is implemented?

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

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

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

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



What is the asset allocation planned for this financial product?

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

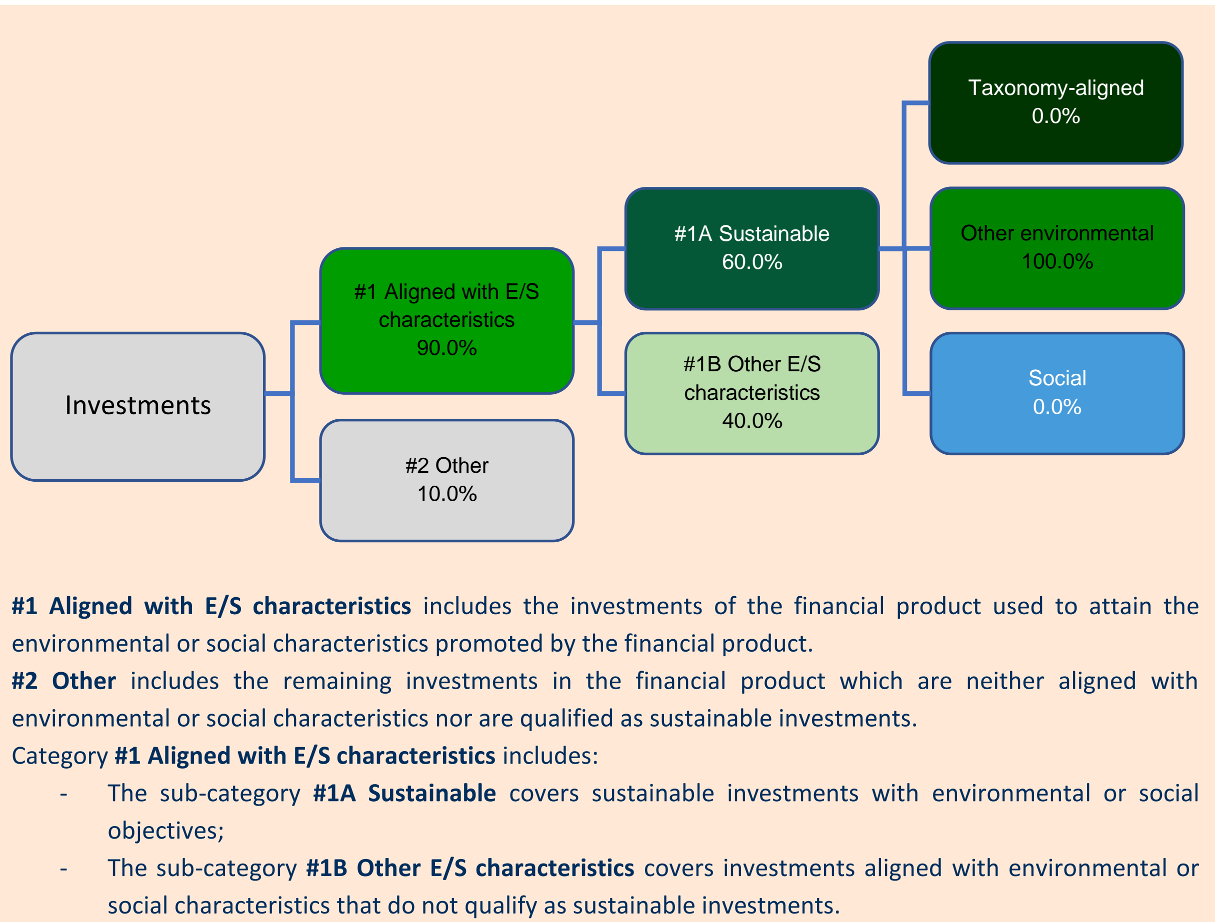
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a %:

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

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

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



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

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

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

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

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

☐ Yes

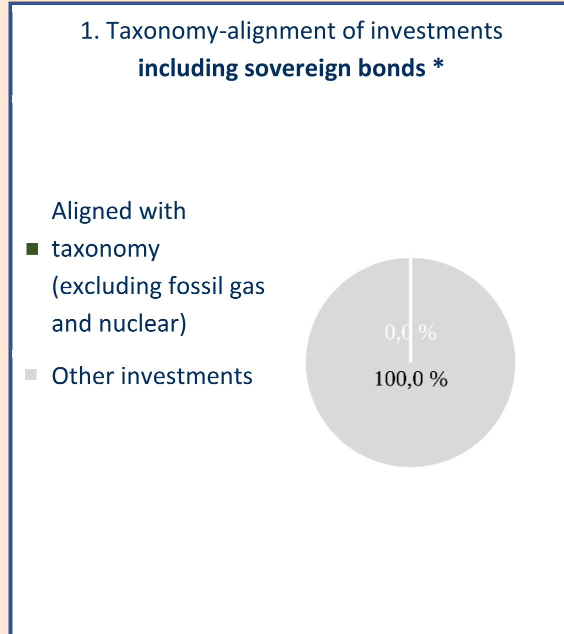
☐ In fossil fuels ☐ In nuclear energy

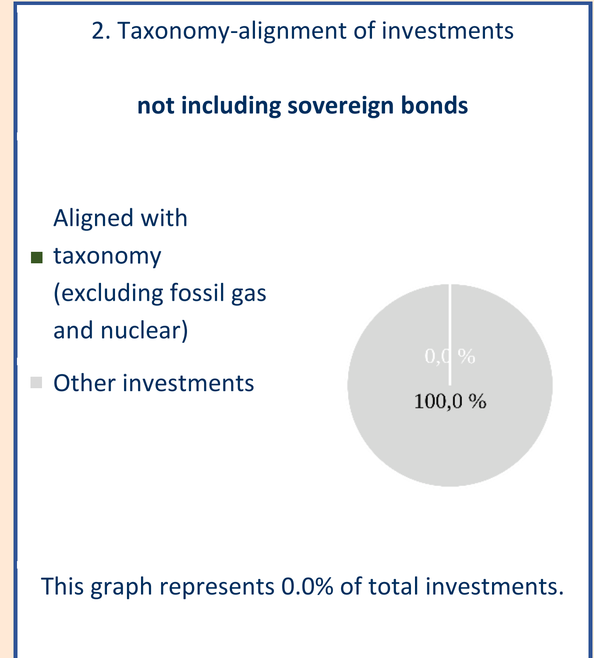
☒ No

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

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

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



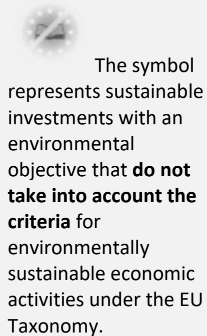


* For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures

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

The Fund may hedge and/or expose the portfolio via derivatives in order to allow flexibility in management and better reactivity in different market contexts

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



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

The minimum share of socially sustainable investment is 0%.

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

Other investments include cash which is used to preserve the fund's liquidity and adjust its exposure to market risk. Derivatives are also present in these other investments and are only used for hedging purposes or temporary exposure.

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

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

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

The designated index is the Eurostoxx TMI (Total Market Index).

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

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

This strategy is active, not passive, so we do not guarantee alignment with the index methodology

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

This market index is traditional and representative of the strategy's profile.

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

The methodology of index construction is the responsibility of the index provider.

Where can I find more product-specific information online?

Legal documents are available on request and free of charge from the management company or on the website: www.la-francaise.com. You can get them free of charge on request from serviceclient@la-francaise.com. Any further information is available from the Customer Service Nominative Products Department using the following contact details: serviceclient@la-francaise.com.