



S U S T A I N A B L E

EXTRACT
2021

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INVESTMENT AND
CLIMATE REPORT



EDITORIAL

Dear readers,

Sustainable Investment is one of the strategic pillars of our development and our mission as a savings manager. As an economic and financial stakeholder, and because the climate emergency has reached a critical point, it is our role and duty to ramp up our efforts in order to fast-track the climate transition. This priority is part of an ongoing ESG strategy which we initiated nearly 15 years ago and which we mobilised in 2021 to combat the increasingly pressing issue of global warming.

We have achieved our 2021 objectives, strengthened our level of engagement and carried out a great deal of work to better integrate CSR issues and control regulatory matters. In conjunction with stakeholders, the group has also developed tools and methodologies to serve investors, and continued to innovate in order to design investment solutions that combine sustainability and performance in accordance with our guiding principles.

We will continue on the same course in 2022. We are determined to be an active and influential player and to be accountable to our stakeholders in terms of the impact of our work.

La Française group is capitalising on both its ESG expertise, which it pioneered, and its capacity to innovate in the field of climate finance in order to accomplish its mission to promote a sustainable economy, in response to major societal challenges and in compliance with a trajectory compatible with the Paris Agreement and the objective of climate neutrality by 2050.

This manifesto summarises the key elements of the report on Sustainable Investment and Climate Report, specific to La Française group.

We hope you enjoy reading this report!

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

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PREAMBLE

The 2021 report "Sustainable Investment and Climate Report of La Française Group" underlines the continuity of the actions taken by the group in order to carry out its business as a savings manager in accordance with its guiding principles: **innovate to design investment solutions that combine performance and sustainability, with the belief that sustainable investment is a source of long-term profitability.**

La Française group examined the future performance of its various financial and real estate assets under a number of possible long-term socio-economic scenarios with the aim of carrying out a form of climate stress-testing at macro-financial level. It is therefore rational to invest in such a way as to bring about the realisation of an orderly climate transition scenario to make sustainable investment go hand-in-hand with profitable investment.

At this stage, however, the group is convinced that the multiplicity of possible climate change scenarios and their consequences on the economy and the markets calls for a global vision for investments and an integrated approach with the same investment philosophy, the same tools and the same concern to anticipate the influence of the climate on these assets.

In addition to a rational investment strategy in line with the Paris Agreement, which aims for a decarbonisation trajectory of less than 2°C, La Française applies investment principles that go beyond the simple framework of regulatory requirements.

In the environmental field, making investments more environmentally friendly is based on a dual approach: we need to exclude assets which have become unrecoverable as the necessary transformation measures would be excessive, and which will in any event end up losing their value with the status of stranded assets. Instead, we need to adopt a climate trajectory for other assets, by favouring assets developing the very technology that enables the implementation of this approach at lower cost.

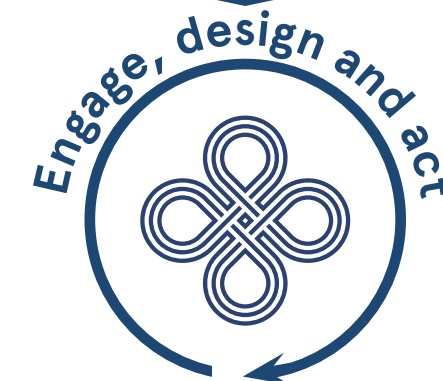
Generally speaking, instead of excluding the least responsible companies or the least suitable assets, La Française group's philosophy is to support the transition of these investments towards improving their positioning in terms of responsibility. This approach can be employed if we make the necessary changes across all asset classes: from real estate to corporate bonds, government bonds and equities, taking into account the individual nature of each class.

Laurent Jacquier-Laforge
Global Head of Sustainable Investing La
Française Group

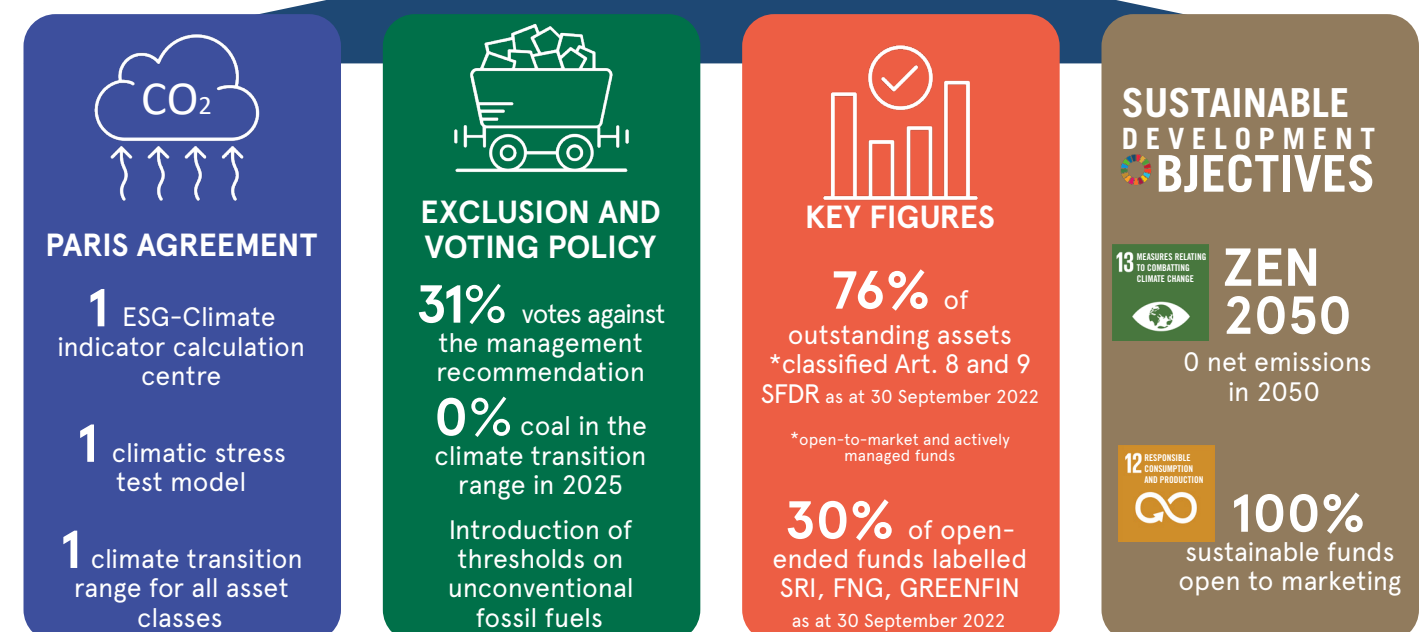
Our purpose *Innovate to combine sustainability and performance*



OUR BASIC PRINCIPLES



OUR ACTIONS



STRENGTHENED GOVERNANCE DEDICATED TO SUSTAINABLE INVESTMENT

Our governance is based on a fully integrated organisation, from the Supervisory Board to the operational teams and support functions. Focused on sustainable investment, it provides for the appointment of CSR/ESG referents and the establishment of Committees adapted to the challenges of integrating ESG factors.

As a major pillar in the Medium-Term Plan (MTP), sustainable investment is implemented in each of the group's companies and is closely monitored by the Executive Board, which informs the Supervisory Board of La Française group.

The group has also reviewed its system to integrate the management and monitoring of sustainability issues into all management bodies.

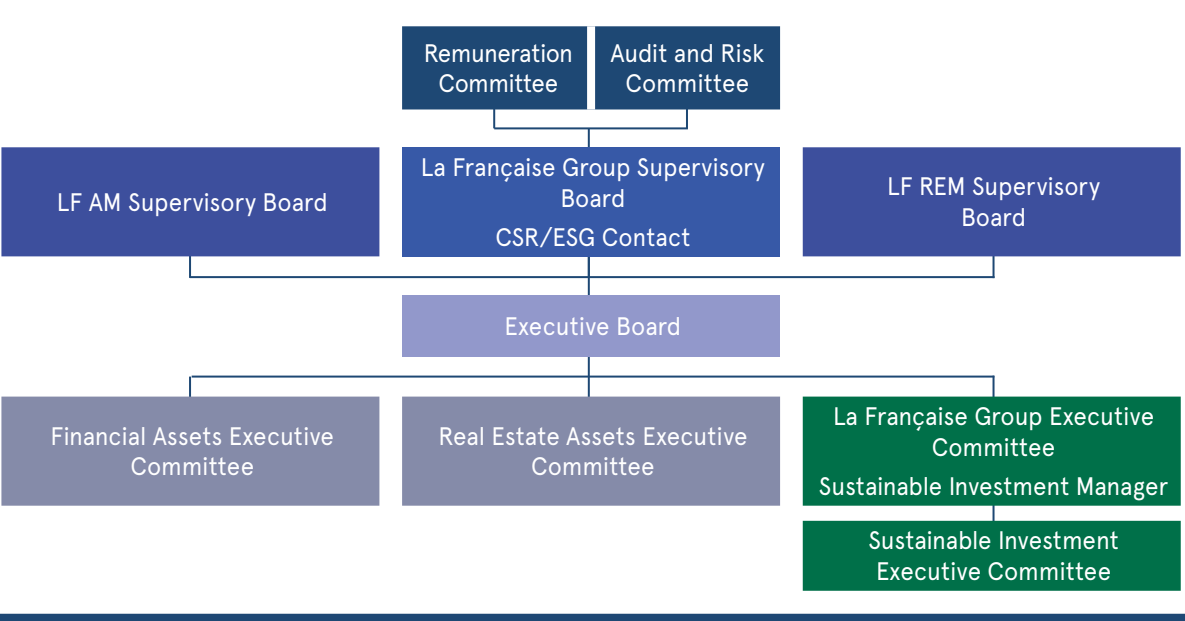
The development objectives in terms of sustainable investment are monitored on a monthly basis within the framework of the Real Estate Assets and Financial Assets Executive Committee, and the cross-segment issues of sustainable finance are monitored at the same rate within the framework of the Sustainable Investment Executive Committee.

The most salient sustainability issues requiring arbitration by the members of the Executive Board are addressed during La Française Group Executive Committee.

Finally, to implement its ESG strategy, the group relies on a dedicated organisation and human resources. **A Sustainable Investment Manager, a member of the ComEx group**, reports directly to the Secretary General, who is a member of the Executive Board.

Operational teams directly involved in the responsible strategy process

- ◆ Asustainable investment research centre integrated into the management company LF AM.
- ◆ A research team devoted to the management of real estate assets.
- ◆ Support functions also involved: Risk managers, Engineering and Development, Compliance and Internal Control, Legal, Commercial teams, and marketing managers.
- ◆ A compensation policy aligned to the group's practices in terms of integrating ESG factors into its asset management activity.



Responsible for sustainable investment in these management divisions, **the Sustainable Investment manager** sets out the development strategy, directs distribution and shares news about research, regulations, product services, risks, reporting, communication, etc.

He also validates the group's CSR strategy and ensures it remains fully consistent with the group's engagement as a sustainable investor.

He steers a monthly **Sustainable Investment Executive Committee** bringing together the Executive Board.

The Executive Board drafts a formal report on sustainable development objectives for the members of the Supervisory Boards for each Group entity.

The Supervisory Board is kept informed each quarter of the conclusions of the Audit and Risk Committees on sustainability risks, and financial, operational or compliance risks.

In the Supervisory Board, a CSR/ESG contact deals with these matters, as well as those related to climate change and the evolution of biodiversity. He organises an annual review of CSR/ESG strategies and risks within the company through its CSR/ESG products and services.

“
In 2021, the group decided to appoint a CSR/ESG contact within its Supervisory Board. The Chairman took on this role in order to strengthen the group's actions and its control in this area.

SUSTAINABLE INVESTING
AT THE HEART OF OUR
DEVELOPMENT STRATEGY
AND OUR ACTIONS,
FOSTERING ACTIVE
ENGAGEMENT

In 2021, La Française group carried out a great deal of work to better assess, integrate and monitor ESG, climate and biodiversity issues. In conjunction with stakeholders, the group has developed new tools and methodologies to serve investors. As an active and influential player, La Française is strengthening its level of engagement in accordance with its convictions.

56%

OF ACTIVELY MANAGED OUTSTANDING ASSETS OF LA FRANÇAISE GROUP ARE CLASSIFIED UNDER ARTICLE 8 OR 9 AT THE END OF 2021

ESG STRATEGY

ESG strategy of La Française Group

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

Company	Article 8 or 9 SFDR – out-standing assets (in € million)	% actively managed corporate outstanding assets	% outstanding assets actively managed by La Française ⁽¹⁾
LFAM/LF SAM	9,415	52.4%	22%
LF REM	14,307	58.7%	34%
Group total	23,722		56%

Sustainable Investment is one of the strategic pillars of our Medium-Term Plan. This is central to our development and our role as a savings manager.

The responsible approach of La Française group is formalised in a CSR policy that is now measured and managed. It is consistent with that of Crédit Mutuel Alliance Fédérale, the first bank to have adopted the “Entreprise à mission” status (i.e. French legal status for companies with clearly defined environmental and social objectives).

“Listen and act – together”

“

Owing to the implementation of the Toovalu Impact tool, La Française analyses and manages its carbon footprint to control and reduce its CO2 emissions.

(1) Outstanding assets actively managed by La Française group correspond to 77% of total assets.

La Française is moving towards a gradual integration of resources and skills and widening the scope of responsible investment to all managed asset classes:



Financial Assets ESG Strategy

The assessment of ESG factors involves the collection of baseline data and subsequently the evaluation and scoring of a set of analytical criteria. ESG analysts in the management team assess and quantify the ESG scores of issuers and apply a unique data model to assess the carbon footprint and its trajectory.

In 2021, the group set up, within the Risk Engineering and Reporting Department (DIRR), a team of quantitative analysts dedicated to modelling and calculating ESG-Climate indicators in order to centralise, systematise, document and master the methodologies and, then, disseminate data and calculations relating to these issues.

La Française Asset Management deploys ESG indicators for all asset classes (equities, credit and sovereigns) it manages and, more specifically, a thematic climate transition approach within the Carbon Impact range.

During 2021, the financial engineering teams continued their research on a carbon asset allocation model which was published and is available on the website of La Française group.

At the same time, the engineering and risk teams have developed **climate stress test models** for our own needs but also as a service offered to our customers. New developments were completed in the first half of 2022: calculations of portfolio temperatures, climate trajectories, calculations of Principle Adverse Impacts (PAIs) and estimation of alignment with the European taxonomy.

Real estate assets ESG strategy

The integration of ESG criteria in the investment and management processes of real estate assets is broken down into four areas:

ENVIRONMENTAL: engagement to reduce the negative externalities of our real estate assets (energy efficiency and reduction of CO2 emissions).

SOCIAL: engagement to maximise the usefulness of our assets by ensuring that they respond to new uses (flexibility, modularity, accessibility, convertibility).

GOVERNANCE: engagement policy aimed at ensuring the sustainability of our entire supply chain by bringing together all the stakeholders involved in the asset (users, property managers⁽²⁾ and employees).

CLIMATE: engagement to strengthen the resilience of our assets (vulnerability analysis and definition of adaptation plans).

(2) The Property Manager is responsible for the day-to-day management of the asset on behalf of the owner

VOTING, ENGAGEMENT AND EXCLUSION POLICY

“ La Française group takes demanding positions aligned with Crédit Mutuel Alliance Fédéral. it is involved in local bodies and initiatives to support its convictions, share its experience and act to protect the climate.

The group supports the Paris Climate Agreement and in 2021 committed to the Net Zero Asset Management initiative (NZAMi).

Voting

“ Our voting policy applies to all of the companies held in the portfolio for which we are aiming for a voting target of 100%. Our policy is based on a responsible voting policy specific to La Française group; a report is published and the results are available on our website.

99%

PERCENTAGE OF PORTFOLIO SECURITIES WE HAVE VOTED ON

Since 2017, La Française group has been updating its specific voting policy each year in relation to:

- 1** **Climate**
votes against companies that do not respond to the CDP questionnaire or those in the energy sectors that do not commit to a science-based CO2 emissions reduction target.
- 2** **Diversity**
requirement of at least 40% women on Boards of Directors.
- 3** **independence**
requirement votes against the election of non-independent members to the committees.
- 4** **Remuneration**
vote to promote a clear and transparent policy on management owning shares.
- 5** **Accumulation of mandates**
vote against the election of members of the Board of Directors if they sit on more than four boards.

”

Engagement

“ Active ownership is a key element of our approach to responsible investing. In 2021, we conducted a dialogue with requests for action with 17 companies presented in the 2021 engagement report.




La Française Asset Management has defined **two priority themes: climate change and human capital**.

The group has notably been involved in the Climate Action 100+ collective since its creation in December 2017. It is also a signatory to the CDP and supports the Non-Disclosure Campaign to encourage companies to be more transparent on climate change.

On the topic of human capital, the group has been a signatory of the Workforce Disclosure Initiative (WDI) since 2017 to demand more transparency from companies on social reporting.

INFORM, TRAIN, COLLABORATE TO TRANSFORM OUR KEY STAKEHOLDERS INTO ECO-ACTORS

La Française Real Estate Managers is a director of the Observatoire de l'Immobilier Durable (OID) and an active member of the SRI Commission of the ASPIM, and in January 2022 joined the “real assets” and “operationalisation and impact measurement” working groups of Finance for Tomorrow.

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

Exclusion

La Française group has taken a new step with the integration of non-conventional fossil fuels into its exclusion policy:

Objective #3 Strengthen the sectoral exclusion policy page 22.

CLIMATE STRATEGY

Real estate focus



A major player in real estate asset management in France, La Française Real Estate Managers has made commitments to limit global warming to 1.5°C.

1

In the operating phase and for its directly managed tertiary assets of more than 1,000 m², La Française Real Estate Managers intends to achieve the energy efficiency targets set by the tertiary eco-energy scheme. The latter sets out obligations for a gradual reduction in the energy consumption of assets, spread out over a long period of time to 2030, 2040 and 2050.

Alignment of CO2 emissions with 1.5°C decarbonisation trajectories

In 13 of its funds totalling €14.1 billion, i.e. 47.6% of outstanding assets under management, La Française Real Estate Managers is committed to aligning the greenhouse gas emissions of its assets with a trajectory limiting global warming to 1.5 °C, thus bringing the GHG emissions of its funds into line with the international objectives of the Paris Agreement.

The entire methodology is described in the [comprehensive Sustainable Investment and Climate report](#).

The emission caps calculated by CRREM* in its 1.5°C decarbonisation trajectories are:						
In kg eq. CO2/m²/year	2021	2025	2030	2040	2050	
France offices	19.1	16.4	13.2	7.5	2.9	
Germany Offices	82.6	69.1	53.8	26.1	2.9	
UK offices	95.5	78.4	57.8	24	3.0	
Hotel France	26.9	23	18.4	10.0	3.4	
Hotel Germany	73.6	61.7	48.2	23.7	3.3	
Healthcare real estate France	47	39.9	31.7	16.5	4.6	

* Carbon Risk Real Estate Monitor

Energy sobriety objectives

The 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.

As a signatory of the Net Zero Asset Management initiative (NZAMi), the group published in 2022, for transferable securities, the first quantified elements making it possible to reach 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.

2

In the construction phase, La Française Real Estate Managers has published an **ESG charter for new construction** in 2021, which aims to improve the environmental standards of selected projects. Before each acquisition, La Française engages in a dialogue with the developer to ensure that it has sought to optimise the sustainable characteristics of the asset to be built. This charter defines the standards to be achieved in terms of energy and environmental performance.

CASE STUDY: LE PRISME IN MONTPELLIER

Project: Improvement of the sustainable features of a mixed asset acquired off-plan (VEFA)



IMPACT:

+ 16 points

ON THE BREEAM* LABELLING SCORE

*Building Research Establishment Environmental Assessment Method

3

In the investment phase, La Française Real Estate Managers audits the sustainable features of its potential investments, paying particular attention to energy and environmental performance. The company carries out an **ESG audit before signing the purchase agreement**, which enables it to include the cost of any investments needed to improve the sustainable characteristics of the assets in the business plans and thus to reflect a "green premium" or "brown discount" in the prices offered.

La Française, a player
committed to
biodiversity

- ◆ Membership in 2022 of the CDP's non-disclosure campaign on forests and water
- ◆ Member of the TNFD Forum to learn and contribute
- ◆ Member of the FAIRR initiative⁽⁴⁾ and active member of two working groups of the Finance for Biodiversity Foundation (assessment of impacts and definition of objectives)

(4) <https://www.fairr.org/about-fairr/network-members/?search=la+Fran>

(3) <https://tnfd.global/the-tnfd-principles/>

BIODIVERSITY STRATEGY



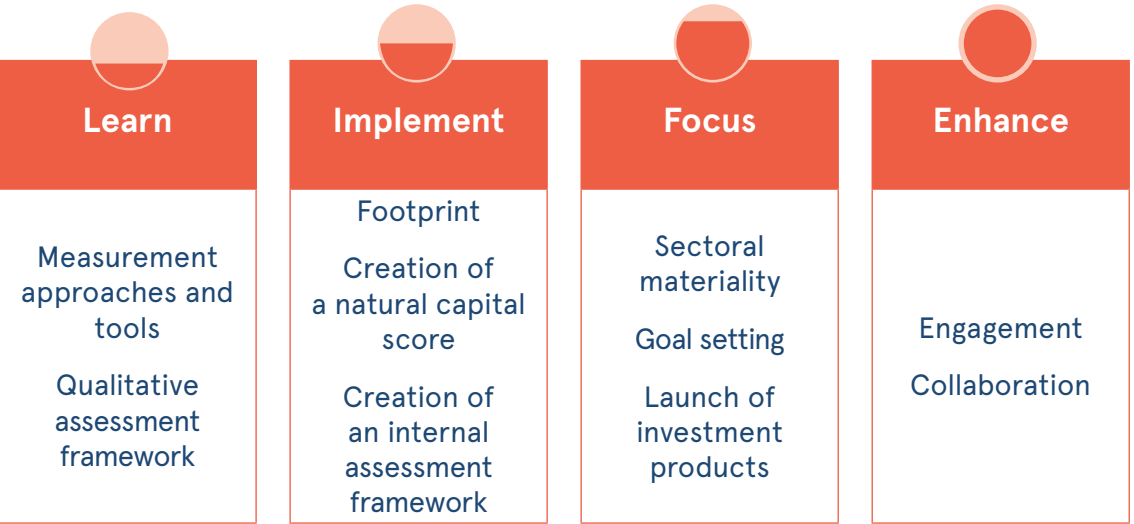
Biodiversity conservation, along with climate change, is one of the pillars of our sustainable investment strategy. Our objective is to have selected a supplier by the end of 2022 and report on at least one KPI in relation to the impact of our portfolios of financial assets on biodiversity from 2023.

La Française's approach to the management and integration of natural capital risks and opportunities will be based on the principles of the Taskforce on Nature-related Financial Disclosures (TNFD)⁽³⁾. Our biodiversity strategy must therefore:

- 1 - have a scientific basis;
- 2 - take into consideration the immediate material financial risks as well as the dependencies and impact on the companies;
- 3 - actively aim to reduce these risks and foster positive action.

The progression is built into four interchangeable phases: "LIFE": Learn, Implement, Focus and Enhance.

LIFE, La Française roadmap for the management of natural capital



Find the entire "LIFE" roadmap explained in the [full Sustainable Investment and Climate report](#) published on the website of La Française group.

Real estate

La Française Real Estate Managers contributes to the reduction of the main pressures and impacts on biodiversity via:

- ◆ The protection of natural areas: exclusion of construction projects in areas recognised for biodiversity;
- ◆ The sustainable management of green spaces; "zero use of herbicides";
- ◆ Greening of areas during the construction or redesign phase: obtaining, measuring and improving the Biotope Area Factor (BAF).

CASE STUDY:
ABEL GANCE IN BOULOGNE

Project: major renovation of the office area



IMPACT:

+ 42%

IMPROVING THE BIOTOPE AREA
FACTOR (BAF) OF THE ASSET



We continuously pay particular attention to controlling CSR-/ESG-related climate risks in order to limit their impact as well as preserve our stakeholders' interests and our image. To this end, we rely on a broad risk anticipation and mitigation system. Large-scale dedicated resources ensure regular control and monitoring both at group level and at the level of its management activities.

ACTIVE RISK MANAGEMENT BASED ON RIGOROUS PROCESSES AND CONTROLS

Corporate risk management of La Française group

Risk management is carried out within the framework of dedicated governance via Audit and Risk Committees and Supervisory Boards. An annual review of CSR/ESG strategies and risks of the group is carried out at company level with regard to its CSR/ESG products and services.

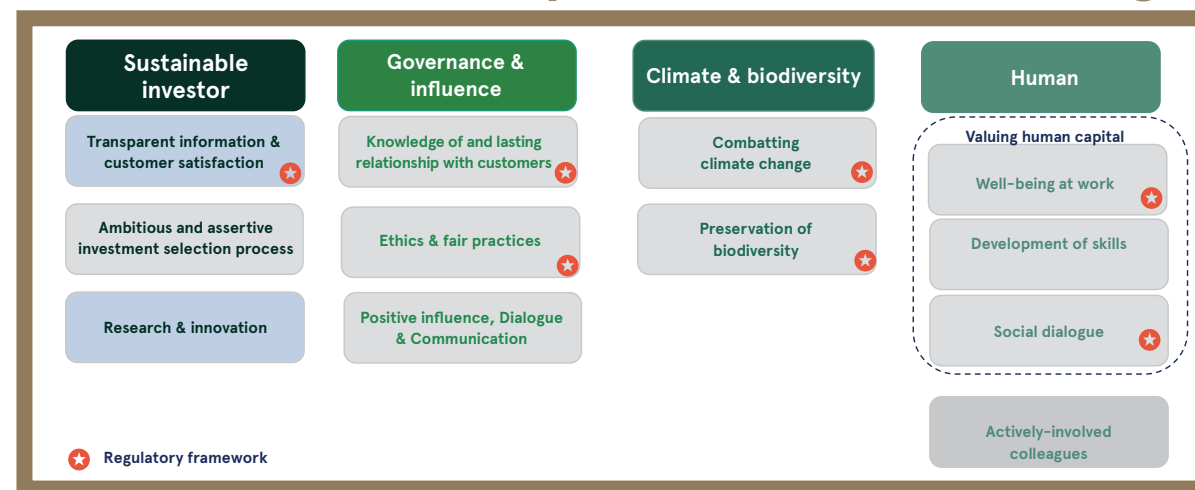
The Supervisory Board is kept informed each quarter by the conclusions of the Audit and Risk Committees on sustainability risks, which are integrated into the Group's major risk mapping just like financial, operational or compliance risks.

Risk monitoring at Group level is carried out through the risk appetite framework as defined by La Française Group in consultation with its shareholder. It is activated by monitoring major risk trends and by applying action plans, the progress of which is subject to summary reporting.

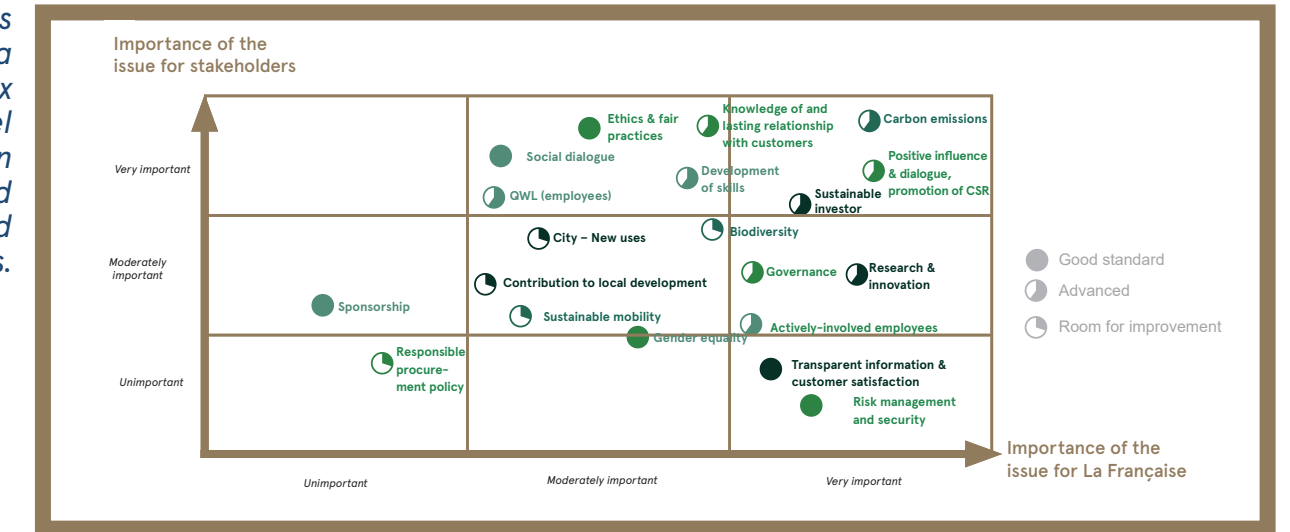
At the level of La Française group, CSR may arise, on the one hand, due to inadequate implementation of the company's CSR issues and, on the other hand, from the so-called ESG sustainability risks attached to the marketed products. At corporate level, CSR risk encompasses image and reputation risks, operational and financial risks and non-compliance risks.

La Française group actively manages the various CSR risks to which it is exposed. Their occurrence and potential impact require ever-increasing vigilance and regulatory changes impose transparency on the consideration of the principal adverse impacts (PAIs) of investments and financial products. It is against this backdrop that **risk mapping work was carried out to organise risk monitoring on:**

4 pillars and 12 challenges



The analysis is presented in a materiality matrix that shows the level of control of the main CSR issues selected and the associated risks.



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.

In addition, La Française group has defined indicators to respond to the monitoring of CSR issues. These will be completed as part of the work ongoing in 2022.

HUMANITY

Valuing human capital

- ◆ Employee training rate excluding regulatory or mandatory training
- ◆ % of positions promoted or internally mobile
- ◆ % of remote working
- ◆ Number of initiatives to raise awareness or training on PSRs
- ◆ Number of CSE requests and agreements

Actively-involved employees

- ◆ Inclusion initiatives
- ◆ Sponsorship activities

GOVERNANCE & INFLUENCE

- ◆ Ongoing legal proceedings*
- ◆ Time periods for reporting suspicious activity*
- ◆ Personal investments*
- ◆ Triggering of PUPA*
- ◆ Data breaches with impact for data subjects*
- ◆ Number of training courses linked to CSR/ESG
- ◆ Participation in professional bodies

CLIMATE AND BIODIVERSITY

BEGES**

- ◆ Energy consumption in kwh/m² corporate
- ◆ CO2 emissions relating to business travel
- ◆ Sustainable Mobility Plan which came into force on 1 January 2022 and includes the sustainable mobility package

Thus, for 2021, on the theme of CSR and Sustainability, several action plans aimed at supporting the deployment of new regulatory obligations or reducing risks have been put in place, as well as action plans aimed at managing the associated operational risks.

”
La Française group applies a methodical and specific process for identifying, evaluating and prioritising the risks of financial assets at all stages of management: research, analysis and investment decision.

Sustainability risk management applied to the management of financial assets

The identification of extra-financial risks and their monitoring are defined by product and are updated to take account of methodological and regulatory changes.

Risk assessment is done using risk indicators (Key Performance Indicators – KPIs) controlled and monitored at several levels.

Two types of risks are monitored for funds promoting extra-financial characteristics: ESG risks and risks linked to climate change.

ESG risk

measures the risk associated with the overall quality of a company through a score. The latter is calculated as a weighted average of the three scores corresponding to the three pillars: Environmental Sustainability, Human Capital and Organisational Capital.

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 according to the proprietary methodology developed by the research centre of La Française.

Climate risk

measures an entity's exposure to climate impacts and their effect on its business. Two indicators are used to measure this risk: physical risk and transition risk. In order to limit this risk, La Française Group has implemented an exclusion policy targeting the sectors most likely to be the source of liability risks linked to environmental factors.

”
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.

Sustainability risk management applied to real estate assets

A real estate asset can be confronted with several major families of sustainability risks, the main risk being climate risk.

Three sustainability risks associated with climate change that could have a negative impact on asset values:

1 Liability risks resulting from any legal action brought against the fund.

2 Physical risks resulting from damage directly caused by meteorological phenomena.

3 Transition risks linked to the effects of the implementation of a low-carbon economic model.

CASE OF TRANSITION RISK ON TERTIARY ASSETS

For tertiary assets, La Française Real Estate Managers believes that the most likely transition risk lies in the possible taxation of CO2 emissions that exceed the emission caps of the decarbonisation trajectory compatible with the international objectives of the Paris Agreement.

To estimate the financial impact of the transition risk, La Française Real Estate Managers uses the CRREM decarbonisation trajectories and applies a carbon tax to emissions above the CRREM decarbonisation trajectories, the price of which increases over time until 2050 and varies depending on the 1.5°C or 2°C climate scenario. The global carbon budgets used by CRREM have been selected in line with the COP21 objectives:

To limit this risk, La Française Real Estate Manager sets:

- ◆ A target of aligning the fund's GHG emissions with a 1.5°C decarbonisation trajectory with Article 9 funds that are pursuing an environmentally sustainable objective;
- ◆ Energy consumption reduction targets in line with the tertiary eco-energy scheme for tertiary assets of over 1,000 m²;
- ◆ Action plans to reduce CO2 emissions in labelled funds.

Funds for the general public: Six funds totalling 10.5 billion euros in outstanding assets		
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 accounting result 1.5°C climate scenario	Financial impact of the creation of a carbon tax on the net accounting result 2°C climate scenario
2030	- 0.8%	- 0.1%
2050	- 9.7%	- 3.4 %



Committed to a process of continuous improvement, La Française Group has set various objectives for the Group and its business expertise in line with the United Nations' SDGs, which are monitored by means of indicators.

OBJECTIVE #1

Net Zero in 2050!

La Française group is a signatory of the NZAMi. It aims to reduce CO2 emissions in line with the Paris Agreement: 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 with intermediate targets for 2025 and 2030.

Year	Temperature rating
2021 the start year	Scope 1 & 2: 1.65°C Scope 1 & 2 & 3: 2.02 °C
2025	Scope 1 & 2: 1.62°C Scope 1 & 2 & 3: 1.96 °C
2030	Scope 1 & 2: 1.58°C Scope 1 & 2 & 3: 1.89 °C



In addition, La Française assesses climate risk using stress tests.

		2030		2050	
		Portfolio	Index	Portfolio	Index
Total Climate Risk (A + B)	Business-as-usual scenario	-0.19%	-0.31%	-0.56%	-0.86%
	SDS scenario (+2 °C)	-0.53%	-1.19%	-1.23%	-3.15%
	NZE scenario (+1.5 °C)	-0.59%	-1.26%	-1.42%	-3.68%

13 MEASURES RELATING to COMBATTING CLIMATE CHANGE



2021 indicators

Scope 1 & 2: **1.65°C**
Scope 1 & 2 & 3: **2.02°C**
on the securities integrated into the objective

OBJECTIVE #2

Mitigate the footprint of our real estate assets and adapt them to climate change

La Française has set ambitious targets for reducing CO2 emissions, committing to aligning average greenhouse gas (GHG) emissions with a 1.5°C decarbonisation trajectory by improving the energy efficiency of real estate assets and decarbonising energy sources.

In 2022, La Française Real Estate Managers encourages its clients to measure greenhouse gas emissions and collect their energy consumption as well as set reduction targets.

In addition, La Française undertakes to carry out a vulnerability analysis of the real estate assets in its portfolio in the face of climate change to assess the level of risk, identify the priority assets and the adaptation actions to be implemented to improve the resilience of the buildings in the face of physical climatic risks.

La Française REM encourages its clients to carry out a physical climate risk analysis.

2021 indicators

Average GHG emissions of the assets of La Française Real Estate Managers

21.3 kg. eq. CO2/m²/year, i.e.
almost **20%** lower than the ceiling defined by the CRREM

Difference between the volume of greenhouse gas emissions measured in kilograms of CO2 equivalents per m² per year from La Française Real Estate Managers' real estate assets and the emissions ceiling associated with a trajectory limiting global warming to 1.5°C as defined by the CRREM.

331 kWhPE/m²/year
out of 12 funds falling within the scope of calculation of the indicator

Average energy consumption per m²

10% of assets were vulnerable to a heat wave
and
12% assets would be vulnerable to flooding

Proportion of assets subject to a vulnerability analysis as at 31 December 2021



OBJECTIVE #3

Strengthen the sectoral exclusion policy

In mid-2022, La Française group updated its sectoral exclusion policy by extending it to unconventional fossil fuels while strengthening the requirements relating to the exclusion of coal.

To implement its exclusion policy, the group relies on both external (ISS, Sustainalytics, Urgewald) and internal research (ESG climate proprietary research) and draws inspiration from the latest conclusions of the Observatoire de la Finance Durable (Observatory of Sustainable Finance).

In 2021, La Française created a Stewardship Committee to review the exclusion policy, deal with specific cases and exceptions.

2021 indicators

Coal
total output
2025
for the Carbon Impact range.
2030 or 2040
(OECD countries) or (emerging countries)
for all assets under management

For all **SIX** categories
of unconventional fossil fuels,
33% of overall production authorised for
all management
and **20%** of overall production
of which **10%** maximum on a single category
in the Carbon Impact range.

OBJECTIVE #4

Work for Biodiversity

Signatory of the Finance for Biodiversity Pledge and member of two working groups of the Finance for Biodiversity Foundation, La Française group has set itself the objective of having selected a data provider by the end of 2022 and published a first indicator for measuring biodiversity in 2023.

La Française is committed to integrating biodiversity preservation issues into its investment and property asset management policies to limit pressure on biodiversity, while also protecting and restoring the latter.

2021 indicators

Financial assets

La Française will develop a specific biodiversity strategy using a natural capital assessment approach based on the directives of the TNFD (Taskforce on Nature-related Financial Disclosures) and will publish an initial biodiversity indicator.

2021 indicators

Real estate assets

In order to limit the pressures on biodiversity, La Française assesses the **surface area in m² of investment projects located in areas sensitive to the development of biodiversity.**

Zero acquisitions located in a sensitive area as stated above.

To contribute to the restoration of biodiversity, La Française uses the Biotope Area Factor (BAF) indicator for all projects under construction or restructuring.

42% of real estate assets, i.e. more than €12 billion in outstanding assets under management, have had a **BAF assessment.**

Finally, the sustainability indicator monitored to judge the progress of biodiversity protection corresponds to the share of green spaces managed in a sustainable manner, i.e. managed without using phytosanitary products.

94% of green spaces were managed sustainably.



OBJECTIVE #5

Provide training in sustainable investment

Since 2021, La Française group has been rolling out a sustainable investment training programme for all of its employees, in French and English. This training is provided by internal experts in each of the activities: transferable securities and real estate.



Between 2021 and 2022, more than 20 modules of 30 minutes on average were presented.

The group is seeking to continue training and raising awareness among its employees to sustainable investment and CSR by repeating these initiatives in 2023.

In addition, the group offers specific training in ESG analysis as part of its Skills Development Plan.

Finally, the group wishes to raise awareness of E, S and G issues among the directors of its Supervisory Board by offering them a training cycle similar to that provided to employees.



OBJECTIVE #6

Target gender equality in the workplace

As part of its agreement to promote gender equality in the workplace, La Française group launched the FurtHer programme at the end of 2020, an initiative in favour of equal opportunities with the aim of promoting female leadership, accelerating the rise of female talent and encouraging cross-functionality and gender diversity at all levels of the company.

With several conferences, workshops, experience-sharing committees and a mentoring programme set up in 2021, this programme contributes to the target parity objective.



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