# SUSTAINABLE

**2023**

PUBLISHED IN JUNE 2024

## INVESTMENT AND CLIMATE REPORT

LA FRANÇAISE

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# EDITORIAL

Dear readers,

Following the announcement in September 2022 by Crédit Mutuel Alliance Fédérale of the creation of its asset management division, 2023 was marked by the grouping of asset management companies (*) under La Française group holding company, thus sharing the same governance.

As a result, this eighth report constitutes the ultimate version of Article 29 of the Energy-Climate Act for the entities of La Française group before the regrouping with the asset management companies of Crédit Mutuel Alliance Fédérale in 2024.

This report meets the regulatory transparency requirements regarding the integration of ESG criteria into our investment strategies and the incorporation of these criteria into our management of sustainability risks.

As a responsible investor committed to sustainable finance, it outlines the initiatives taken to ensure that the sustainable dimension remains a priority issue within all asset classes. As well as a key element to ensure the satisfaction of our customers and the safeguarding of their economic and extra-financial interests.

In 2023, one of our priorities was to strengthen our biodiversity analysis and develop the methodology and tools to assess companies in terms of natural capital. This work will make it possible to measure the biodiversity footprint and launch a fund based on this theme in 2024. In addition, we strengthened and increased our stewardship approach through collective actions and specific engagements with companies in all sectors.

The progress we have made and the quality of our sustainable investment actions have been praised, highlighting our position as a benchmark sustainable investor. For example, in 2023, La Française and Crédit Mutuel Asset Management were recognised as "Avant-garde" in the RIBI (Responsible Investment Brand Index) ranking and the PRI assessment.

The merger of La Française Asset Management and Crédit Mutuel Asset Management, which takes effect in 2024, will help us to foster our "sustainable" ambitions in terms of size and diversity of assets under management. Drawing on the skills of each structure, our pooled ESG know-how and expertise will create new sustainable investment opportunities for a diversified French and international client base.

Finally, our commitments will be amplified, supported by the aspirations of Crédit Mutuel Alliance Fédérale and the creation of its Institut Mutualiste pour l'Environnement et la Solidarité - a centre for ESG resources and expertise - on which we will also be able to capitalise to expedite our investments in a low-carbon, solidarity-based economy.

We hope you enjoy reading this report!

**Guillaume Cadiou,**
Chairman of the Executive Board,
La Française Group

** The management companies of Crédit Mutuel Alliance Fédérale: Crédit Mutuel Asset Management, La Française Systematic Asset Management, La Française REM, CIC Private Debt, Crédit Mutuel Impact, Cigogne Management, Crédit Mutuel Gestion, New Alpha Asset Management. BLI activities –Banque de Luxembourg Investments, CIC Market Solutions and Dubly Transatlantique Gestion will continue to report to their current shareholder given their existing quasi-exclusive commercial and operational links.*

# INTRODUCTION

## FOSTERING CLIMATE ACTION IN LINE WITH WELL-INTEGRATED ECONOMIC INTEREST

There are many uncertainties surrounding the potential economic damage that climate change will cause. In fact, this is one of the main questions raised by the calibration of macro-climatic models with the intergenerational discount rate for these damages.

The last time the Earth experienced a warming of 5°C was at the end of the last ice age 12,000 years ago. This event has not been documented, but it is easy to imagine what the Earth might look like if it were to return to an ice age triggered by a 5°C cooling of the Earth. The climatic impact caused by warming of the same magnitude could lead to economic collapse. In any case, it is time to react before all the facts are known.

One of the central questions is how to reconcile climate neutrality with economic growth. So far, the United States has opted for a technological response to the climate emergency that will contribute to economic growth. For its part, Europe has relied more on regulation to reduce carbon dioxide emissions, implying a dose of sobriety and therefore a reduction in growth. Developing countries have reserved the right to preserve their growth at the cost of relaxing climate constraints. The tension between climate neutrality and economic growth cannot be reduced to an economic and rational demonstration that the economic cost of climate inaction far exceeds that of action. Societies also need to be convinced that they cannot choose between the future of the planet and their standard of living.

On this subject, the National Bureau of Economic Research published a working paper in April 2024 that revolutionised the assessment that had hitherto been made of the impact of global warming on the macro-economy. According to its two authors, Adrien Bilal and Diego Känzig, economists at Harvard and Northwestern University respectively, a 1°C rise in global temperature will cause global GDP to fall by 12% after six years. According to their research, the 0.75°C warming experienced between 1960 and 2019 has already reduced global GDP by 37%. The two economists also calculated that a further 2°C increase by 2100 would lead to a 50% fall in global GDP, taking into account the cumulative effects of the damage sustained over time. As a result, emitting one tonne of carbon generates an economic cost of $1,056 in the form of lost production and destruction of capital, whereas the cost of carbon is currently around $100 in Europe and the US Environmental Protection Agency is forecasting $180 to $190.

This impact on growth is six times greater than that shown by the economic analyses carried out to date. For example, William Nordhaus - the winner of the Nobel Prize in Economics in 2018 - estimated the impact of 1°C warming at just one or two points of GDP, as did most of the economic literature that followed.

The difference lies in an innovation in the method of calculation. Unlike other academic researchers, Adrien Bilal and Diego Känzig studied not the impact of local temperature rises in a given country or region, but rather the impact of global average temperatures. This is a huge difference if we look at the temperature anomalies in Europe in May 2024, for example. It was the warmest month on record and yet in France people were shivering from the cold.

As for us, this is the thinking behind La Française group's climate engagement. Our management style must be aligned with the needs of climate transition and our participation in collective actions covering this transition shall be dictated not only by ethics but also by the objectives of financial performance and risk reduction.

This summary report aims to outline the initiatives undertaken by La Française group in terms of climate and sustainable investment.

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 of the Taskforce on Climate-related Financial Disclosures (TCFD), and, as in previous years, follows the recommended guidelines across four sections: Governance, Strategy, Risk Management, Indicators and Objectives.

It is important to point out that this report is the last version of Article 29 of the Energy-Climate Act for the entities of La Française group for the financial year 2023, before the merger with the asset management companies contributed by Crédit Mutuel Alliance Fédérale in 2024.

In addition to its legal dimension, the creation of this new asset management division under the aegis of Crédit Mutuel Alliance Fédérale will extend the sustainable ambitions of La Française group. It implies not only a significant increase in assets under management but also in their diversity (listed, unlisted, real assets, etc.), as well as the expansion of the ESG research and portfolio management teams. The convergence of the sustainable methods and processes that has been underway since the summer of 2023 is leading to new target approaches that will be described in detail in the report under Article 29 of the Energy-Climate Act for the financial year 2024 (to be published in June 2025).

Joining Crédit Mutuel Alliance Fédérale also has consequences for the Group's social base, remuneration policies and, more generally, the human capital represented by all employees.

Finally, as highlighted in the "The editorial" by the Chairman of the Management Board, our engagement activities will be backed by the ambitions of Crédit Mutuel Alliance Fédérale and the creation of its Institut Mutualiste pour l'Environnement et la Solidarité - a centre for ESG resources and expertise - which will provide us with new material and conceptual resources, and with which we are already collaborating in 2024.

All of the reports, transparency codes, voting and engagement policies, 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 (NewAlpha AM – French asset manager – securities) of which La Française group owns more than 49% and which is 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 recommended products.

In the 2023 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) and Banque Fédérative du Crédit Mutuel, 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 NewAlpha 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.

# 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 wholly committed to managing the issues and opportunities relating to the its sustainable investment strategy. The Group's ambitious objectives in terms of Sustainable Investment moving forwards are monitored by the Sustainable Investment, Real Estate and Financial Assets COMEXs on a monthly basis, and 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 before 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). It is applicable to each company in the Group and will, of course, be monitored by the Supervisory Board of La Française Group through the Group Audit and Risks Committee.

Since 2021, the Chairman of La Française group has taken on the role of CSR/ESG specialist on its Supervisory Board, thereby demonstrating how the Group is making this issue a top priority. This appointment to the highest governance body of La Française group stands testimony to its engagement and ambition as stated in its Medium-Term Plan. This contact point is also a member of the Group Audit and Risks Committee. They deal with 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, they organise 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 its shareholders. 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 took part in a training course on the specifics of a CSR policy for an asset management company and sustainability risk management.

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 seven). Two members of the Board have served for more than 15 years, two others for 5 to 8 years and three new members were appointed in 2023. Lastly, the average attendance rate was 92% and the percentage of women on the Supervisory Board was 29%, i.e. 2 women out of 7 members. At the end of 2023, two members were under the age of 60.

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

# B - Remuneration Policy

In 2023, the remuneration policy was fully aligned with La Française group's practices in terms of integrating environmental, social and governance (ESG) factors into its third-party management activity. This policy will change in 2024 as part of the creation of the asset management division of Crédit Mutuel Alliance Fédérale.

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 Sustainable Investment Director** 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.

**Managers** contribute to this 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 Data Management & Modelling 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 (listed) or real estate (unlisted), classifies more than 60% 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 58% of its actively managed assets classified under Article 8 or 9 as of 31 December 2023.

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

### ASSETS UNDER MANAGEMENT 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.

| Asset class<br>figures as at 31/12/23 | Actively managed assets under Articles 8 or 9 of the SFDR (in €M) | Proportion within total assets (%) | Proportion within La Française group total (%) |
|---|---|---|---|
| Financial assets | 8,539 | 59% | 19% |
| of which mandates | 422 | 3% | 1% |
| Real estate assets | 17,605 | 57% | 39% |
| of which mandates | 2,288 | 7% | 5% |
| TOTAL GROUP SUSTAINABLE ASSETS | 26,144 | N/A | 58% |
| of which mandates* | 2,710 | | 6% |

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

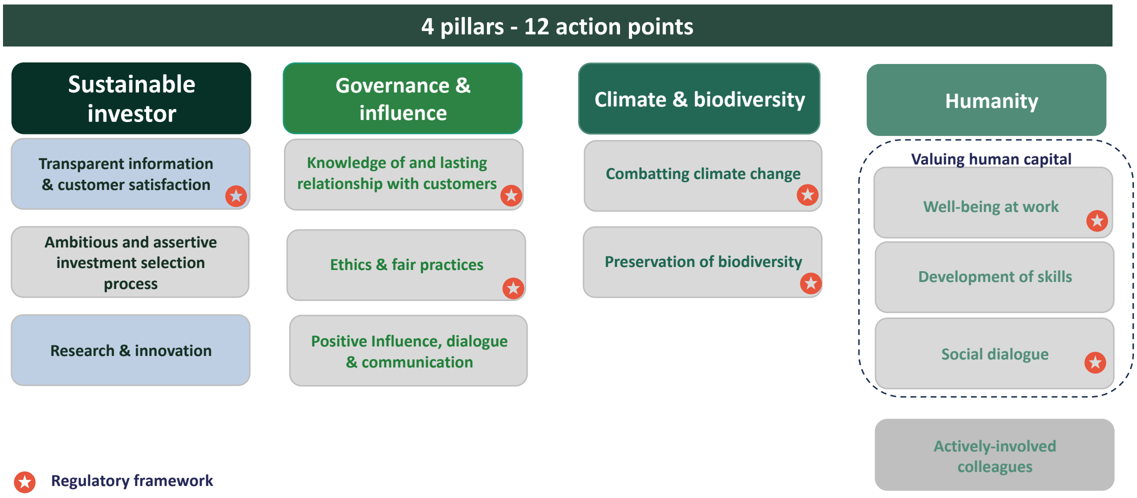
| Categories<br>figures as at 31/12/23 | Actively managed assets under Article 8 or 9 of the SFDR (in €m) | Proportion of the total sustainable listed assets (%) | Proportion within La Française group total (%) |
|---|---|---|---|
| Shares | 808 | 9% | 2% |
| Bonds | 2,356 | 29% | 5% |
| Liquid assets | 3,629 | 43% | 8% |
| Diversified | 1,660 | 19% | 4% |
| TOTAL SUSTAINABLE LISTED ASSETS | 8,453 | 100% | 19% |

**Table 3:** summary of total assets under management in funds classified as Article 8 or 9, in absolute and relative terms, **by unlisted asset category**, in La Française group.

| Categories<br>figures as at 31/12/23 | Actively managed assets under Article 8 or 9 of the SFDR (in €m) | Proportion of the total sustainable unlisted assets (%) | Proportion within La Française group total (%) |
|---|---|---|---|
| Tertiary | 17,477 | 99% | 38% |
| Residential | 0 | 0% | 0% |
| Wine industry | 0 | 0% | 0% |
| Mixed | 0 | 0% | 0% |
| Private equity | 128 | 1% | 0.3% |
| TOTAL SUSTAINABLE UNLISTED ASSETS | 17,605 | 100% | 38.3% |

## 1.1 - Group strategy

The ESG approach of La Française group is part of its Corporate Social Responsibility (CSR) policy, in connection with Mutualist Social Responsibility (MSR) of Crédit Mutuel Alliance Fédérale. The specific elements of La Française group's CSR strategy were formalised with the help of its stakeholders 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 and working conditions (QLWC).

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 2023, 79% of the Group's employees had attended at least one training course (non-statutory training), and 2.96% of the payroll was invested in Continuing Professional Development for 12,072 hours of training.

## Values

### Human, Creative and Reliable

These values, which we have defined in 2022, strengthen our CSR approach and set it apart from the rest. They are unique, authentic and inseparable, and fall in line with La Française's purpose and resonate with the values of the Crédit Mutuel group, the first bank to adopt the status of a benefit corporation.

Our approach was praised in 2023 and 2024 and 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. 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 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. Responsible behaviour 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.

A "Data Management & Modelling" unit was created in 2022 to ensure that extra-financial data is treated with the same rigour as financial data, and a team dedicated to this task has been set up. This unit 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 asset 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.

## 1.2 - 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;

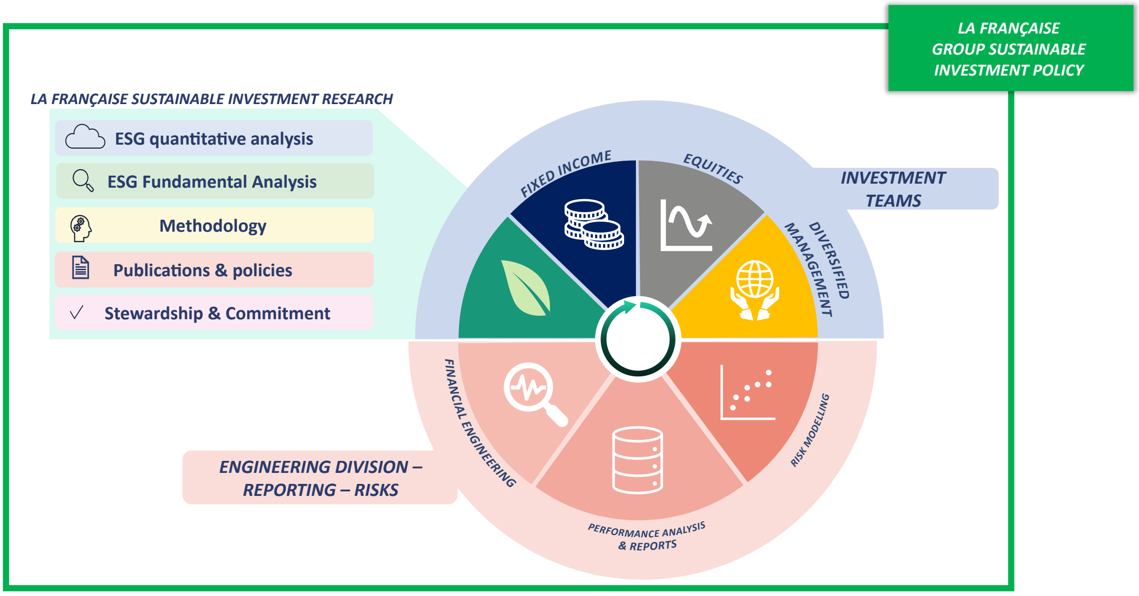
**2 -** Prioritising innovation in mobilising capital flows towards sustainable finance;

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

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

### 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 unit. 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] 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.

- **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

*(2) CDP (formerly the Carbon Disclosure Project): Home - CDP*
*(3) TCFD: Taskforce on Climate related Financial Disclosure*

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 98%[(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).

## 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;

*(4) 99% 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*

- **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 engineering consultant for the assets delivered, or via an analysis of compliance with the sustainable construction charter 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

As a committed actor, La Française group presents its ambitions on CSR and Sustainable Investment on a special section of its website and has a set of relevant documents to view and download.

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

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), provided for informative and/or educational and promotional purposes, 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/Monthly, sent directly to investors;

The Sustainable Research Series;

- 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;
- 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:

- Transparency codes for transferable securities funds (annual);
- Inventory of transferable securities 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 2023, the Group joined new initiatives in line with its convictions. These include the IIGCC, which brings together European investors to work together on the climate, and the Labor Rights Investor Network for social rights aspects.

| International and national initiatives | Date | Objectives |
|---|---|---|
| PRI | 2010 | Support the adoption of ESG criteria in investment |
| CDP (formerly the Carbon Disclosure Project) | 2013 | Encourage companies to be environmentally transparent in order to build a shared database |

| International and national initiatives | Date | Objectives |
|---|---|---|
| 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. |
| IIGCC | 2023 | Coalition of investors to accelerate work on climate change engagement, policy, voting, etc. |
| Global Commission on Mining | 2023 | LFAM is a Commission Investor Supporter, which means that we will be consulted on the Commission's proposals |
| Labor Rights Investor Network | 2023 | Knowledge sharing between the private sector - investors - and researchers/NGOs on labour rights issues |
| 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 General Secretary of the Observatoire de l'Immobilier Durable (OID), sponsor of the OID's European programme (ESREI), Chairman of the SRI Commission of the ASPIM, and in 2023 worked on the real estate impact grid within the Institut de la Finance Durable (formerly 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 MD,** 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. He chairs 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.
- Lastly, in 2022 and 2023, and as part of the construction of the new "Ensemble Gestion", he coordinated joint work with Alliance Fédérale du Crédit Mutuel.

**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. 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).** It brings together method-based input from LF-SIR and the automation and documentation of tasks by the financial engineers and risk analysts in the DIRR and is also in charge of the climate stress tests we conducted 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 were completed 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.** 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. La Française group's risk appetite framework, and the definition of risk indicators organise the review of major risks and escalation processes in the form of alerts/limits to the Supervisory Board.

## 4.1 - Resources

### Human resources

The Group has 25 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 four 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 portfolio.

Finally, within the asset management teams, we currently consider all the managers, i.e. 22 people as at 31 December 2023, 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.

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.

### Developments in 2023

Another internal training programme on Sustainable Investment was rolled out to Group employees (in France and abroad), led by the Global Head of Sustainability with the assistance of all the Group's expert staff and the participation of outside contributors. This webinar-based system, launched in 2021, is made up of around ten modules. It has been renewed in 2024. The aim of this annual programme is to involve all our employees in the move towards sustainable investment.

La Française's Real Estate Research & SRI Department, which is involved in the internal training programme on Sustainable Investment, also designs and runs specific modules for target teams. In 2022, nearly 150 employees took part in training courses, tailored to the business lines, on the strategic priorities of the Group's SRI Real Estate policy. In 2023, a new module was organised on the positioning of La Française Real Estate Managers' range of funds with regard to the SFDR, taxonomy and DEET regulations and our commitment to the Net Zero AM Initiative, bringing together nearly a hundred participants.

As part of the Skills Development Plan, employees can also take the CESGA (Certified ESG Analyst) and the CFA ESG. In 2023, a registration campaign for the AMF's new Sustainable Finance certification was launched for the employees most directly exposed to the issue. 69 employees were certified. In 2024, employees, students on work-study programmes or internships have the opportunity to prepare and take this exam.

An initial Climate Fresk was organised at the end of 2022, with the aim of training all employees in climate issues by 2025 by organising a Climate Fresk workshop led by trained employees.
In 2023, five workshops were organised with 56 participants. Today, the Group has a pool of six employees-freskers who run these workshops in pairs and in turn.
Participants are also invited to identify concrete actions at individual and company level. The latter will feed into the CSR policy of La Française group.
In 2024, the pace will accelerate with the organisation of two Climate Fresk workshops per month, and the call for applications for new employees-freskers.

During 2023, 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 -** A natural capital investment approach that identifies the dependency and impact of our investments on resources and biodiversity;

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

In 2023, La Française REM recruited an SRI manager in charge of tenant relations. The main tasks of this analyst are:

**1 -** Help tenants to improve their environmental performance and adopt more sustainable practices;

**2 -** Monitor and coordinate the actions of property managers and maintenance providers in order to optimise building operation;

**2 -** Create a community of committed actors.

# 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 continued to strengthen its commitment strategy over the course of 2023, 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 2023, La Française group carried out **202 engagement activities, including approximately 190 engagements and dialogues with 146 unique companies,** spread across all geographical areas, sectors and themes. This represents an increase of about 1.5 times on all fronts. We have also supported, co-signed and participated in about ten public policy commitments on plastic, water, labour law, board independence and a range of other topics. These results are presented in the 2023 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, also applicable since 2021 to LF SAM, is updated annually. It was completed at the end of 2023 and addresses five themes applicable to the 2024 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 CO2 emissions; vote against ten 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 - **Management of 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 - **Attendance:** votes against the re-election of members of the Board of Directors if the attendance rate is less than 75%

6 - **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; vote against the remuneration report or policy if the variable remuneration does not include performance indicators relating to environmental, social or governance factors.

With regard to the 2023 season, we are therefore strengthening our requirements, particularly for the exercise of mandates as members of the Board of Directors with a requirement of attendance and in terms of remuneration by requiring that variable elements take into account the achievement of ESG objectives. We also extend the concept of carbon-intensive sectors by using the list of these sectors defined by the Transition Pathway Initiative (TPI).

Finally, LFAM and LF SAM are particularly attentive to external resolutions (shareholder resolutions), in particular those of an environmental - including 'Say on Climate' - or social nature, which will be systematically reviewed internally by our analysts.

## 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.

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).

The topics for engagement in 2023 were varied even within the themes. From a social perspective, we are committed to gender diversity, health and responsible AI. From an environmental perspective, we are committed to carbon emissions, water, the financing of fossil fuels, etc. This engagement can be made to companies both in our equity and credit portfolios.

Banks have been one of the most common areas for both collaborative and individual engagement, particularly in terms of their fossil fuel financing strategy. In this regard, we began a dialogue with some Canadian banks in 2023.

### Case study: Canadian banks and tar sands financing

In 2023, our analysis of the top five Canadian banks concluded that they were relatively exposed to the fossil fuel industry, particularly oil from tar sands. We therefore decided to engage with these banks by sending letters to those we were exposed to, explicitly asking them to strengthen their exclusion policies in order to stop financing expansion – projects and companies alike – into fossil fuels and particularly oil sands. While we have not received any updates to their exclusion policies in response to our request, this work has enabled us to engage in dialogue with some of them, to improve our understanding of their climate strategies and to obtain key information for comparing their performance.

In 2024, our conclusion was reinforced by external research highlighting that Canada's top five banks had increased their exposure to fossil fuel financing from an average of 15.5% in 2020 to 18.4% in 2022 (compared to 6.1% for major US banks and 8.7% for European banks over the same period).* As a result, we are continuing our dialogue with these banks, with follow-up calls already scheduled to reiterate our requests. If we deem it necessary, we may use other tools as part of the escalation process set out by La Française.

** InfluenceMap Canada's top five banks: On the road to carbon neutrality?*

For example, on the theme of climate change, La Française is involved in the ShareAction collective for decarbonisation in the chemicals sector.

In terms of natural capital, La Française has joined the Nature Action 100 coalition and is co-signatory to a letter addressed to the companies targeted by this coalition before taking the lead in 2024 on certain companies that have been allocated to it.

With regard to social issues, La Française joined the 30% Investor Club at the end of 2022 in order to strengthen its commitment to diversity and inclusion. In 2023, we held talks with a number of companies and engaged with three specifically, including Orange, which was particularly successful.

### Case study: Orange

La Française AM became a member of the 30% Investor Club in 2022, in order to strengthen its commitment to diversity and inclusion. The club aims to promote greater diversity within the management teams of the SBF 120. Throughout the year, we engaged in meaningful dialogue with 15 companies and carried out engagement initiatives with three companies, including a particularly successful engagement with Orange. During our conference call, Orange demonstrated its commitment to reducing the gender pay gap and promoting diversity, equity and inclusion initiatives:

- **Gender pay gap:** Orange aims to achieve a 0% pay gap between men and women in equal positions by 2025. Orange uses a standardised methodology to calculate and close the pay gap, applied consistently across all countries since 2018. Please note, the pay gap for France is currently very low, below 1%.
- **Diversity, equality and Inclusion:** Orange has set up a series of initiatives to promote equality between women and men, combat discrimination and promote work-life balance. These efforts include the establishment of a strategic gender equality committee, which oversees key performance indicators and monitors progress regarding gender diversity objectives. Orange is also focusing on increasing representation in technical and digital roles.
- **Transparency and communication:** Orange focuses on transparency and open communication in addressing diversity, equity and inclusion (DEI) issues. The company has strong communication strategies to share information on IED initiatives and progress with internal and external stakeholders.

Overall, Orange embodies a strong commitment to inclusion and the promotion of gender diversity and professional equality. As outlined in the 30% Investor Club's annual report, Orange's efforts bear witness to its commitment.

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<br>Annual report<br>Annual ESG management report<br>Platform for dialogue<br>on the experiences of clients/partners | Associated investors |
| | Annual information<br>Green committee | Tenants/users |
| | Sustainable Investing Training Plan / Instilling Social Responsibility | La Française employees |
| EDUCATE | Sustainable Development Annex | Property Managers |
| | Environmental annex<br>User manual<br>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 / IFO |
| | 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.

### The tenant relationship at the heart of LFREM's strategy

by Jérôme Valade,
Head of Healthcare
Real Estate unit

Implementing a sustainability strategy must necessarily involve users of real estate assets. It is essential to take their needs into account in order to be able to best support their professional activities and provide them with a high level of comfort. While sustainability strategies are not always at the heart of our tenants' day-to-day concerns, they are often aware of environmental issues. Our aim is to inspire them to take action.

La Française REM has recruited an SRI manager dedicated to mobilising tenants on climate issues and energy transition. In addition, we have developed a number of tools that we adapt to the specific context of each company.

We empower occupants to act by writing and distributing user guides, specific to each building. They explain best practices in a way that everyone can understand.

We take advantage of the green committees to highlight the consistency of our strategy and the actions to be implemented. To do this, we take into account the constraints and limitations of occupants in terms of comfort or activity, and jointly look for the best possible alternatives. As such, we are conducting investigations into the acceptability of certain measures.

We are monitoring these committees more regularly to report on the progress of our policy.

We are striving to implement a truly participatory approach. For example, during the sale and leaseback of a portfolio of clinics owned and operated by Elsan, we structured our ESG strategy around three elements:

1 - an agreement on lessor works, the cost of which has resulted in a reduction in price.

2 - a protocol for works to improve the energy performance of the portfolio to be carried out by the occupant (installation of photovoltaic panels, modernisation of rooms, replacement of joinery, installation of BMS, etc.), the cost of which shall be borne by the lessor when they are carried out.

3 - the creation of a modernisation fund, jointly funded by the lessor and the operator to finance the building improvement works on a permanent basis for the entire term of the lease.

This innovative approach has benefits for each of the parties: the tenant will always have buildings that meet its needs and the highest standards, and the lessor will be assured that the value of its assets will be preserved over time.

## 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 partners of our funds to be able to analyse ESG risks and opportunities linked to their 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. 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 Secretary General;
- ESREI, of which La Française REM is a founding member;
- The Sustainable Finance Institute, formerly Finance for Tomorrow.

## 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 turnover, 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: Téléperformance

On 10 November 2022, Téléperformance's share price fell by 34%, following allegations of `union busting, traumatic working conditions and low wages' made by the Colombian Ministry of Labour. We had a meeting with the management of Téléperformance in December 2022 which resulted in some dissatisfaction with their management of the situation. Consequently, following a decision by the responsible management committee in early 2023, the company was excluded from all our credit and equity portfolios.

In 2023, the company made significant progress by successfully signing a global agreement with the UNI Global union, as well as national agreements in countries such as Colombia, Jamaica and Romania, impacting more than 50,000 employees. These efforts have helped to avoid new controversies related to violations of labour rights. Recognising the challenges inherent in operating in regions with high social and governance risks, Téléperformance remains committed to fostering an ongoing dialogue with UNI Global and other stakeholders. By 2024, Téléperformance intends to strengthen its commitment to fair working practices through individual and collaborative engagements to ensure the well-being and rights of its global workforce. These measures are encouraging and we are keeping Téléperformance on our watch-list for review.

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.

Since 2023, the Group has strengthened its coal exclusion criteria and has adopted new exclusion criteria for non-conventional fossil fuels. A further update of the exclusion policy is planned for 2024.

# 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 carbon footprint for 2023 (compared to last year) was 4819 tCO2eq (as calculated with Toovalu Impact), an increase of just over 10% due to the additional work involved in the forthcoming merger with Crédit Mutuel Asset Management and the creation of the Asset Management division under La Française group holding company. Access to detailed data allows us to better understand the origin of both our footprint and the annual discrepancies. It also allows us to refine our action plan.

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/raising awareness** including the Climate Fresk.

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's 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[8] 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 La Française AM 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.

Our objective is to limit the temperature rises to 1.5°C by 2040 for scopes 1 & 2, and 1.75°C (well below 2°C) 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[9].

| Year | Temperature rating |
|---|---|
| 2021 – initial year – 2022 fund scope | Scope 1 & 2: 2.11°C<br>Scope 1 & 2 & 3: 2.56°C |
| 2023 | Scope 1 & 2: 1.86°C<br>Scope 1 & 2 & 3: 2.14°C |
| 2025 | Scope 1 & 2: 1.8°C<br>Scope 1 & 2 & 3: 2.08°C |
| 2030 | Scope 1 & 2: 1.70°C<br>Scope 1 & 2 & 3: 1.97°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 3.1°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.

*(8) https://sciencebasedtargets.org/resources/files/Financial-Sector-Science-Based-Targets-Guidance.pdf -*
*(9) in the 'Search' section, then Carbon Impact at the following address https://www.la-francaise.com/fr/nous-connaitre/nos-expertises/linvestissement-durable/documentation-reglementaire/*

These temperatures are available to portfolio 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.

## Exclusions

In line with our climate strategy, the Group's exclusion policy recognises our gradual exit from coal and introduces thresholds for non-conventional fossil fuels.

This 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.

Full details of the Group's exclusion policy are available here.

## Engagement

### IIGCC

In 2023, we joined IIGCC[(10)], one of the key organisations bringing together the entire financial community in the fight against climate change. More specifically, we have joined two IIGCC working groups: the Bondholder Stewardship Working Group and the Proxy Voting Advisory Group.

The Bondholder Stewardship Group aims to help investors use their influence as bondholders to work with companies on climate change risks and opportunities associated with climate change and the transition to net zero, in order to meet their clients' and their own climate objectives.

In June 2023, the IIGCC published the 'Net Zero Bond Stewardship Guidance'[(11)], a major step towards enabling corporate bond investors to reduce their emissions in the real world by providing:

- Six practical steps for bondholders (via a toolkit that covers debt-specific approaches) for effective management throughout the life of the bond and beyond.
- Guidelines for the responsible management of various forms of corporate debt, including investment grade bonds, high yield bonds, certified bonds, unlisted companies (listed bond issuers), securitised issues and emerging markets.
- Guidelines for the responsible management of the entire debt ecosystem, including banks, credit rating agencies, index providers, professional bodies and regulators.

La Française AM is also a member of the Proxy Advisor Working Group of the IIGCC, which in 2023 sent its first public letter[(12)] to ISS (Institutional Shareholder Services) asking it to provide its clients with a specialised 'net zero' policy and to integrate climate more fully into its voting recommendations. It called for the inclusion of directors' responsibility on climate issues and the

*(10) Institutional Investors Group on Climate Change: IIGCC - The Institutional Investors Group on Climate Change - (11) Net Zero Bond Holder Management Guide (iigcc.org) - (12) Net Zero Policy Letter to ISS*

integration of Climate Action 100+ (CA100+) into the ISS and Glass Lewis reference policies. The IIGCC has published 'Net Zero Voting'[13] guidelines which aim to support institutional investors and asset managers in the development of their own 'net zero' voting policies and practices.

In 2024, we also aim to join the Net Zero Engagement Initiative (NZEI), launched in 2023 by the IIGCC. This will enable La Française AM to strengthen and extend the scope of its engagement: The NZEI will provide us with a platform to better understand the alignment of strategic plans with the Paris Agreement and carry out engagement in a more relevant way with a broader list of companies that use fossil fuels. This may increase as the list of target companies increases.

We supported the CDP Non-Disclosure Campaign for the fourth consecutive year and the CDP Science Based Targets Campaign for the third time. For the first time, we have co-signed all of the more than 1,600 letters sent by the CDP to companies whose impact on climate, water and/or forests is critical, asking them to respond to the CDP questionnaire. More specifically, we led the engagement with two companies – D'Ieteren Group and Charter Communications. This effort proved partially successful, as the D'Ieteren group responded for the first time to the CDP's climate change questionnaire. U.S.-based Charter Communications has announced its intention to await the announcement of the Securities and Exchange Commission (SEC) rules.

**Banking sector**

In 2023, we participated in five collaborative engagements on decarbonisation in the banking sector with ShareAction: Barclays, BNP Paribas, Crédit Agricole, Deutsche Bank and Societe Generale.

Ahead of the 2023 general meeting season, we co-signed a letter asking all these banks to strengthen their exclusion lists and stop financing new oil and gas directly by the end of 2023 at the latest[14].

Of the five banks, four announced updates to their fossil fuel exclusion policies in 2023 or 2024 to incorporate (among other measures) the exclusion of financial services provided to new oil and gas fields. Although Deutsche Bank has not yet updated its policies, and although there may still be gaps in the policies of others, these engagement actions have helped to intensify scrutiny of the financing of new oil and gas fields and can be considered a success.

In 2024, we are continuing our active discussions with the banks and ShareAction on the climate strategies of the major European banks. Our objective is to cover various topics such as their exclusion policies, transition plans, sustainable finance targets and the emissions they have facilitated.

**Chemical industry**

In 2023, we joined the Investor Initiative on Hazardous Chemicals (IIHC), an initiative led by ChemSec. Together with about 50 global institutional investors, the initiative calls on the chemical industry to be more transparent and produce chemicals in a more virtuous way, particularly with regard to persistent chemicals, commonly referred to as "eternal pollutants" (PFAS).

The initiative targets more than 50 companies recognised as having the largest chemical footprint according to the ChemSec methodology (ChemScore). In 2023, the initiative initiated dialogue

*(13) IIGCC publishes Net Zero Voting Guidance - (14) ShareAction | Major investors insist on Europe's top banks clean up.*

with 16 companies and aims to increase this number by 2024. La Française AM co-signed the letters sent to the 50 companies concerned, asking them to commit to respond to the key requests of the initiative[15]:

- Increase transparency on the revenue share and production volume of products that are or contain hazardous chemicals
- Publish a phase-out plan for products that are, or contain, persistent chemicals
- Develop safer alternatives to hazardous chemicals

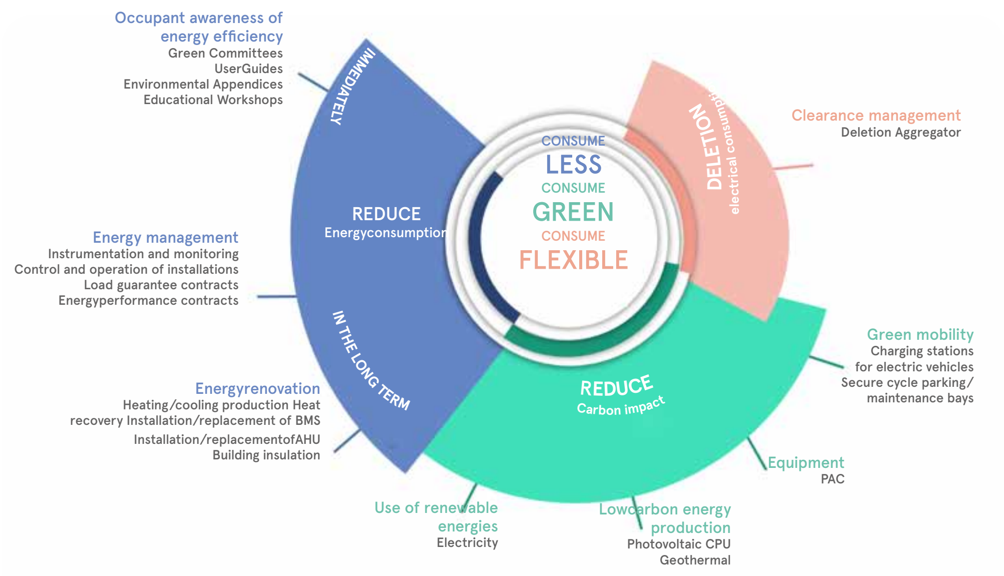
Given the high carbon intensity inherent in the chemicals sector, decarbonisation appears to be a pivotal strategy in the fight against climate change.

## 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°.

### Environmental transition




### 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 $CO_2$ emissions, the Sustainable Construction charter pays particular attention to the preservation of resources and the integration of the building into its immediate surroundings.

*(15) IIHC-investor-letter Extract.pdf (chemsec.org)*

## Analysis of compliance with the Sustainable Construction Charter of the Ruby in Marseille

by Antoine Vincke,
Head of SRI
at La Française REM

La Française REM acquired an off-plan property in the city centre of Marseille. Just a ten-minute walk from the Old Port, this development includes a 237-room hotel, a 950m² co-working space and a pharmacy at the foot of the building.

The project involves the extensive refurbishment of an obsolete building, which is La Française REM's preferred option for limiting the amount of land artificialisation. The cleaning works began in 2023, and delivery is expected in 2025.

In accordance with its investment policy, La Française REM has studied the characteristics of this project in light of its sustainable construction charter. It then initiated a constructive dialogue with the developer, BNP Paribas Immobilier Promotion, in order to further improve the long-term characteristics of this project, which was already very friendly at the outset.

In accordance with the objective of preserving resources, La Française REM is implementing solutions that promote the circular economy. The project will be part of the 'Booster du réemploi' (Reuse Booster), a collective action programme aimed at increasing the use of reused materials during the construction phase, by putting deconstructed materials back on the market.

This building, which will be BREEAM Very Good certified, will be supplied by the Thassalia heat and cold network. This marine geothermal solution, which exploits the temperature difference between warm surface water and cold water from the seabed, supplies the building with sustainable energy and therefore significantly limits greenhouse gas emissions related to energy consumption during the operation phase.

The energy performance, assessed as a gain compared to the thresholds of the applicable thermal regulation (RT2012), which was at the origin of RT2012-14%, was improved thanks to the work of our technical teams to achieve a final gain of RT2012-35%. This level of performance, remarkable for a rehabilitation, is comparable to that required by the RE2020. The improvement process focused on improving energy equipment (in particular by enhancing the ventilation class of air handling units) and optimising lighting methods by creating a zoning system based on natural light.

In addition, in accordance with our sustainable construction charter, actions have been taken to improve biodiversity potential compared to the previous situation. The hotel's surroundings have been planted to include grassy areas, plants and shrubs.

To achieve these improvements, a tripartite conversation was initiated between the developer, La Française REM and the future hotel operator Ruby Hôtels in order to comply with their specifications in terms of comfort and aesthetics. In addition to environmental concerns, La Française REM pays particular attention to preserving the health and improving the comfort and well-being of its occupants. With this in mind, La Française REM asked the developer to use paints with an A+ label, which guarantees a VOC content of less than 5J/L and a low emission rate.

Lastly, La Française REM requested that a minimum of 5% of the building site hours be devoted to professional integration in order to participate in the territorial integration of the project into the local economy.

## 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).

La Française will 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 (Energy Performance Certificate) and, failing that or in the event of a blank DPE, on the basis of benchmarks.

In 2023, the possibility was added, in the event of data not made reliable in year N, of using the data for year N-1, if the data were reliable in N-1 (uncertainty level of 0% or 30%). La Française REM will allocate a 50% degree of uncertainty to these data. This addition corresponds to a change in methodology.

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<br>100% of private areas | 0% |
| Recalculated data (extrapolation) | 100% of shared areas At<br>least 33% of private areas | 30% |
| Approximate data (valid DPE or reliable data for year N-1) | 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 2023, 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 20 billion euros, i.e. 71% of assets under management, La Française REM undertakes to align the greenhouse gas emissions of its portfolio with a decarbonisation trajectory limiting global warming to 1.5°C, thus aligning the GHG emissions of these assets 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.

La Française REM has chosen to carry out its carbon accounting using the following conversion factors for final energy into kgCO2 equivalent:
- those provided by the energy supplier;
- failing that, those defined each year by ADEME;
- and, failing that, those selected by the IEA.

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

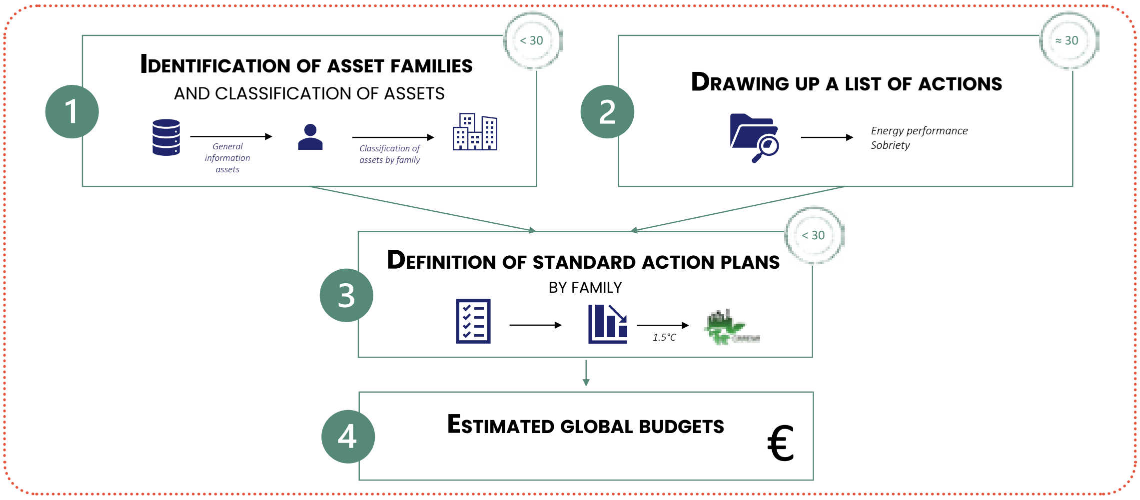
## Action plans

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 stays alert 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.




## Renewal of the SRI label of the LF Grand Paris Patrimoine fund,

by Laurent Adrien,
Head of Asset Management Offices

In December 2020, LF Grand Paris Patrimoine was one of the first real estate funds to obtain the SRI label. Three years later, LF Grand Paris Patrimoine was one of the first real estate funds to have its label renewed by AFNOR, a certification body. The strategy adopted for the labelling of this fund is to support the transition of assets under management towards continuous improvement in their responsible positioning. Three years later, the results are very satisfactory and demonstrate the seriousness and rigour of the SRI approach of this fund, and more broadly of La Française REM.

In three years, LF Grand Paris Patrimoine's energy consumption **decreased from 371 kWhEP/m²/year to 241 kWhEP/m²/year, while the fund's average CO2 emissions fell from 16.1 kgeqCO2/m²/year to 9.5 kgeqCO2/m²/year, with declines of 35% and 41% respectively.** These very positive results would not have been possible without the vigorous mobilisation of all stakeholders: employees of La Française Real Estate Managers, Property Managers, service providers and of course the tenants. For example, our Property Managers have drawn up 51 user guides which were distributed to 205 tenants in order to disseminate the best practices to be implemented on their buildings. Thanks to the governance developed as part of the SRI label, everyone had a clear roadmap and we were able to measure the impact of the actions implemented. In addition, on 82% of the electricity contracts it controls, the fund has subscribed to electricity from renewable energy.

We have also taken measures to reduce scope 3 of the CO2 emissions of our assets by installing solutions that promote soft mobility. Over the course of the past three years, we have installed electric charging stations on 27 new assets and bicycle spaces in 10 new assets. In total, we can offer our tenants solutions favouring soft mobility on 90% of the fund's assets (the remaining 10% being mainly made up of assets that do not have car parks).

The renewal of the SRI label gave rise to new action plans over a period of three years. New levers have been identified: formalisation of tertiary decree action plans, enhanced monitoring of the energy management of buildings and green committees with our tenants. Biodiversity-related actions such as the analysis of the biodiversity potential of our sites, or the use of social and solidarity economy companies (SSEs) to provide services in our buildings have also been planned.

# D - Biodiversity

## 1 - FINANCIAL ASSETS

LFAM is fully aware of the importance of the link and interactions between Nature and Climate, and all our analyses, votes and commitment efforts are anchored in a global approach to the environment. Issues relating to nature and biodiversity have become the dominant theme over the last two years, with significant developments both on the market and in our management company. Thus, at the end of 2022, the Kunming-Montréal agreements made it possible to adopt a global framework on biodiversity. The TNFD[16] published the first recommendations for financial institutions and companies on the consideration of natural capital and in particular the need for dedicated reporting in September 2023. In December 2022, we published[17] an initial summary of its work on natural capital. In 2023, we refined our quantitative approach and structured the foundations of our qualitative assessment. We have also stepped up our engagement efforts in this area, both collaborative and individual, as well as in terms of public policy.

Our general philosophy on Natural Capital is summarised in the Natural Capital Triangle, so the three sides are the three major aspects of an analysis of natural capital: Dependencies and Ecosystems, Negative Impacts and Drivers, Positive Impacts and SDGs[18].

In practice, the Natural Capital approach uses the same triptych that underpins all our research and investment methodologies and our investment philosophy:

*(16) Taskforce on Nature-Related Financial Disclosures - (17) Our approach to natural capital - (18) SDGs: Sustainable development goals*

1 – QUANTITATIVE ANALYSIS
2 – QUALITATIVE ANALYSIS
3 – ENGAGEMENT

## 1 – QUANTITATIVE ANALYSIS

Over the past two years, we have invested a lot of time in identifying all available data (and knowledge), understanding the multifaceted aspects of natural capital and developing a quantitative approach framework on the subject. This is based on three pillars

### (1) The ENCORE Materiality Matrix[19]

We use a proprietary method based on the knowledge provided by the ENCORE database, 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.

### (2) The MSA footprint.km$^2$

The Dependency/Impact matrix provides us with a qualitative assessment of the risk, which we fine-tune in a second 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 km$^2$ (Mean Species Abundance or MSA.km$^2$), which is calculated using GLOBIO[20].

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[21] 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.

### (3) The Natural Capital Score

This score – which links the Materiality Matrix to the MSA Footprint – ranks the companies in our universe on the basis of more than 30 KPIs[22] inspired by the recommendations of the TNFD, SBTN[23] or other leading market players interested in natural capital and biodiversity; it will be the subject of a methodological publication in 2024.
Finally, we are addressing the lack of quantitative data with our qualitative analyses where necessary and are confident that coverage will improve over time as the available data and research on these topics improves.

*(19) ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) – (20) GLOBIO: Global biodiversity model for policy support – (21) CDP – (22) KPIs – (23) Science Based Targets for Nature (SBTN)*

## 2 – QUALITATIVE ANALYSIS

In the same spirit as our "Carbon Impact" climate analysis, which is based on the recommendations of the TCFD[24], we use the recommendations of the TNFD to analyse the risks and opportunities associated with a company's natural capital. governance, strategy, risk & impact, indicators & targets as shown in the graph below.

**TNFD Recommended Disclosures**

| Governance | Strategy | Risk management and impacts | Measurement tools and objectives |
|---|---|---|---|
| Disclose the organisation's governance regarding dependency relationships, impacts, risks and opportunities related to nature. | Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business strategy and financial planning where this information is material. | Describe the processes used by the organisation to identify, analyse, prioritise and control dependency relationships, impacts, risks and opportunities related to nature. | Disclose measurement tools and objectives used to analyse and manage significant nature-related dependency relationships, impacts, risks and opportunities. |

Qualitative analysis allows us to incorporate into our assessments aspects other than quantitative indicators, such as governance, risk management and the initiatives taken by the company, elements whose impact is sometimes measured over the longer term. This analysis also allows us to gauge the alignment between a company's climate and biodiversity objectives and any compromises it has resolved. Finally, it helps us to take into account the elements missing from the quantitative part, such as invasive species or other species.

For a company to take nature-related risks and opportunities seriously and integrate them into its strategy, it is necessary that the responsibility and oversight of these risks are well identified and assigned within the board and senior management. On the strategy pillar, we look for initiatives that will have a significant impact on the nature of a company's dependencies and impacts (both positive and negative) – and details on efforts to develop the capabilities to control and then benefit from or mitigate opportunities and risks.

## 3 – ENGAGEMENT

In 2023, 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.

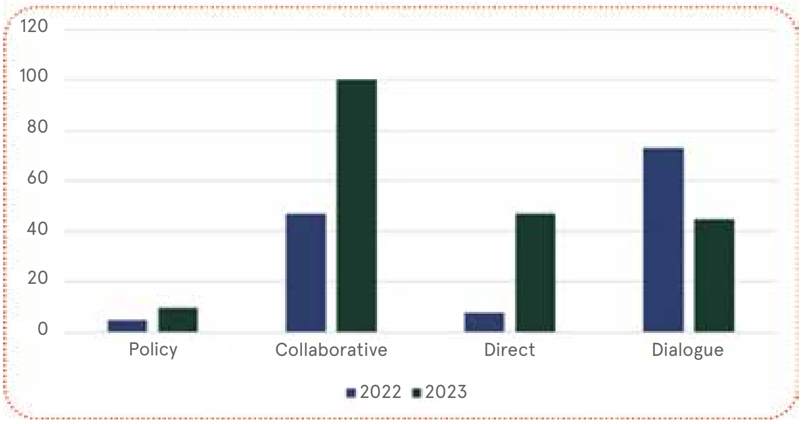
Natural Capital

In 2022, we signed the Finance for Biodiversity pledge and have since been active members of three Impact Assessment, Engagement and Target Setting working groups within the Foundation(25). As a member of the Impact Assessment working group, we co-led a sub-group "Better understanding the link between biodiversity and climate" which published a guide in October 2023 ahead of the 'European Business and Nature Summit 23', in which we attended and participated. This work presents

*(24) Taskforce on Climated-related Financial Disclosures (TCFD)- (25) Finance for Biodiversity Foundation*

recommendations on how to manage interactions between biodiversity and climate through case studies. It addresses the key synergies and trade-offs between biodiversity and climate solutions and provides financial institutions with both specific and strategic recommendations on how to manage these linkages. We have also been members of the Engagement Working Group since 2023 and joined a sub-group in charge of a series of "Sector Information Notes on Investor Engagement with Nature" during the year. As part of the Establishment of Objectives working group, which was set up at the end of 2022, we are active members of the 'Natural Goal Definition Framework for Institutional Investors and Asset Managers' sub-group. The first beta version of this framework was published in November 2023 and proposes four types of objectives related to nature: Implementation targets, to be achieved by 2026 at the latest, as well as Sector, Commitment and Portfolio Coverage targets to be achieved by 2030 at the latest.

In 2023, we also participated in several different engagements on plastics and water. We became an advisory member of the public policy working group of the Business Coalition for Global Plastics Treaty. We also sent letters to 36 companies in the food industry on plastics and packaging in particular, as part of a commitment initiative led by VBDO[26], and took part in several discussions with companies as part of this engagement. We joined Nature Action 100 (NA100)[27] to be part of the first investor group to send letters to 100 target companies and we are more actively engaging with three companies alongside other investors. We have also joined the Nature Action 100 Technical Advisory Group, where we contribute to the development of the engagement group's strategy and trajectory. Finally, we joined the working group on pesticides led by ShareAction[28]. Water and plastics were also important topics in direct engagements and discussions with companies.


*(26) Dutch Association of Investors for Sustainable Development (VDBO) - (27) Nature Action 100 - (28) ShareAction*

With regard to voting, for the first year in 2023, we voted against companies that did not respond to the CDP questionnaire on water and/or forestry issues even though their exposure to these issues was deemed critical by CDP.

For more information, our Stewardship report is available on our website here.

## 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 investment policy 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.

In order to protect 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:

- preservation of local flora and fauna
- zero-phyto management
- control water consumption
- re-use of green waste

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

## 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

Use plants that require little pruning
Reduce 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 surfaces) 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)
- This performance indicator can be used to limit damage by setting a threshold, or to value repairs by performing "before/after comparisons" of the projects

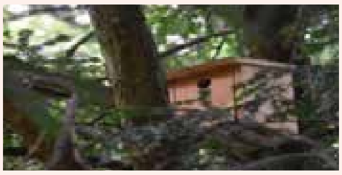
## Biodiversity approach at CRYSTAL PARK in Neuilly-sur-Seine, an EcoJardin-certified building

by Cédrick Becker,
Asset Manager
at La Française REM

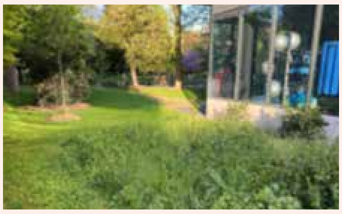
Crystal Park is an office building of more than 44,000 m² designed around a 2 ha private park in the heart of Neuilly sur Seine. It is an truly unique reservoir of biodiversity in the middle of an urban area in the immediate vicinity of Paris. There are six different habitat types, three pools interconnected by a brook, more than 100 varieties of plants, over 25 species of birds, 10 species of remarkable insects and bats and amphibians as well as Koi carp in the pools.

As part of the EcoJardin label, obtained in 2017, an ecologist visits the site every year to identify fauna and flora, and suggests areas for improvement:
Sustainable management measures in favour of the site's flora and fauna have a real impact on biodiversity.
Thus, between 2020 and 2023:
- The number of bird species has increased from 11 to 25
- The number of bats has been multiplied tenfold
- New plant species and amphibians have appeared on the site

In addition, in 2023: new nesting boxes have been installed to better cater for local birds, as well as three bat boxes and dead hedges for insects.



Green space management complies with La Française REM's sustainable green space management charter. As a result, vegetation management varies from one area to another. Since 2021, the lawn areas under differentiated management have increased, allowing for an ever greater development of spontaneous flora in the campus garden. Throughout the park, local, drought-resistant species were selected for the planting. In addition, the plants are watered using a borehole that recovers rainwater from a water table. The automatic watering system is activated by a programmer only during the hours of the lowest levels of evaporation. Lastly, the summer yellowing of certain areas of grassland and meadows is intended and set out in the management plan.



This asset, designed for the comfort and conviviality of tenants, offers bright open offices overlooking nature, two landscaped patios and a fitness area overlooking the park. The lawns accommodate numerous amenities (benches, landscaped terrace, ping pong tables, chairs and tables, petanque court) that help to provide a natural experience for site users. Secure bicycle spaces have been installed in the park to allow tenants to prioritise soft mobility.

03

# RISK MA-NAGE-MENT

# 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

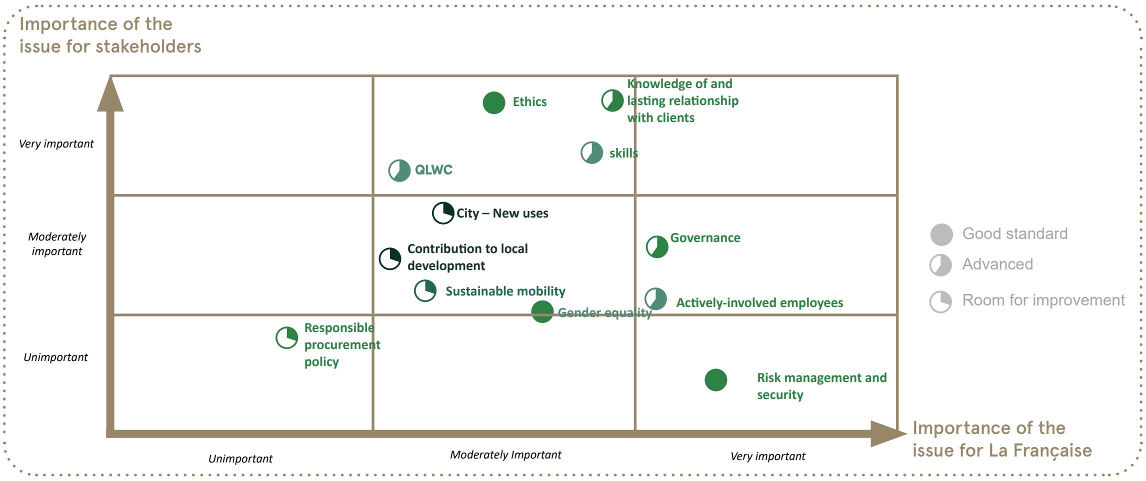
The assessment of these risks is given in the table below and their definition in the code of conduct available here.

**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 (PAI)[1] of investments and financial products on CSR factors.

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.




LFG has developed a risk mapping by pillar and theme. For each of the issues, the actions positioned or remaining open have been identified to achieve commitments and reduce the associated risks. This mapping was completed in 2022 with new KPIs adapted to each topic.

*(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*

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 |
| 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.

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.

The various projects on the **topics of CSR and sustainability** have entered sustainable mode:

- The sustainable mobility plan for our employees, which helps to reduce our impact on the climate and joint work with Crédit Mutuel Alliance Fédéral (reference shareholder).
- "100% green electricity" subscription for the premises housing 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.
- HQE operating certification (analysis of the building's energy consumption) on LFG headquarters.
- Analysis of the carbon footprint of La Française group activities carried out with TOOVALU.
- Inclusion of LFG in the DPEF of Crédit Mutuel Alliance Fédéral (qualitative and quantitative contribution to 104 indicators)

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

- Consolidation of corporate CSR data for France and abroad
- Review of the presentation of La Française group website to meet regulatory expectations around "sustainability preference" and SFDR obligations.
- Ensure the Stewardship Committee meets every quarter to regularly review engagements and controversies, thereby organising governance and ensuring that engagements undertaken are respected.

As part of the implementation of its risk analyses, **La Française group has defined relevant indicators for monitoring CSR issues.** These indicators are supplemented each year to take into account regulatory changes and commitments made by the companies of La Française group or its reference shareholder.

| Theme | Major CSR challenges | Sub-theme challenges | Indicator | Monitoring |
|---|---|---|---|---|
| Governance & influence | Ethics & fair practices | Anti-corruption and fraud | Ongoing legal proceedings | |
| | | Combatting money-laundering and the financing of terrorism | Time periods for reporting suspicions | |
| | | Employee ethics | Personal investments | |
| | Long-lasting relationship with customers & suppliers | Business continuity | PUPA triggers | |
| | | Protection of personal data | Data breaches with impact for data subjects | |

| Theme | Major CSR challenges | Sub-theme challenges | Indicator | Monitoring |
|---|---|---|---|---|
| Governance & influence | 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<br>**SRI real estate:** In-house module to raise awareness on the positioning of La Française Real Estate Managers range of funds with regard to SFDR, taxonomy and DEET regulations and our commitment to Initial Net Zero Asset Management followed by 72% of invited employees.<br>**Professional certification:**<br>**ESG CCFA:** 13 employees successfully passed the exam in 2023<br>**AMF Sustainable finance certification:** 69 employees certified in 2023 |
| | | Influence and networking towards sustainable finance | Participation in professional bodies | Chairman of the SRI Commission of ASPIM (Association Française des Sociétés de Placement Immobilier = French Association of Real Estate Investment Companies)<br>General Secretary of the OID (Observatoire de l'Immobilier Durable - Sustainable Property Observatory) |
| Environment | Combating climate change | Greenhouse gas emissions (transition risk) | Greenhouse gas emissions report (BEGES) | Carbon footprint 2022: 4,819 t CO2eq |
| | | Energy consumption | kWh/m$^2$ corporate | HQE certification for head office operations obtained in December 2023 |
| | | La Française group Sustainable Mobility | CO2 emissions relating to business travel | 221 tCO2eq |
| | | | 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 |

| Theme | Major CSR challenges | Sub-theme challenges | Indicator | Monitoring |
|---|---|---|---|---|
| Humanity | Fostering human capital (top-down) | | | |
| | Skills development | Training policy | Employee training rate excluding regulatory or mandatory training | 79% |
| | | Internal career development | % of positions promoted or internally mobile | 23%*<br>** Rolling years: 2020-2021-2022* |
| | Quality of Work Life (QWL) | Working conditions | % remote working<br>Number of initiatives to raise awareness or training on PSRs(2) | 79%<br>3 training sessions on PSR prevention organised for new Managers<br>1 pilot session on sexist behaviour, sexual and moral harassment organised for the HRD and Harassment officers, members of the CSE |
| | Social dialogue | Organisation of social dialogue & company agreement | Number of CSE requests and agreements | 10 CSE meetings<br>9 specialised committees (4 CSSCT, 2 training, 1 housing, 2 professional equality)<br>3 meetings with union delegates (mandatory annual negotiation)<br>5 group agreements signed (agreements, amendments and memorandums of understanding) |
| Humanity | Actively-involved employees | | Inclusion initiatives | Climate Fresk workshop<br>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.)<br>Mentoring for female employees (Further internal network to promote gender diversity in all professions at every level of the company)<br>Joint interviews (behind the scenes of a career, work/life balance)<br>Presentation/knowledge of the group's professions ("Look at you now" initiative ("t'a mangé du lion"), specialisation week) |

*(2) RPS: psycho-social risks*

| Theme | Major CSR challenges | Sub-theme challenges | Indicator | Monitoring |
|---|---|---|---|---|
| Humanity | Solidarity | Sponsorship | Sponsorship actions | Financial sponsorship: As part of the "Support My Cause" programme<br>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 incorporates 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 45.

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 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 and 2022 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,
- 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.

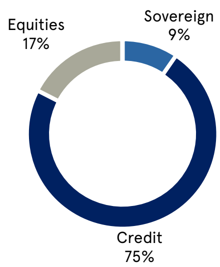
### 1.3 - Quantitative estimates

**A few figures for LFAM:**

The LFAM scope includes all portfolios under management (funds and mandates) as at 30/12/2023. Where possible, external funds have been made transparent.

**CLIMATE RISK GLOBAL PORTFOLIO**

**PORTFOLIO POSITIONING**




| | PTF | Index | *Hedging* |
|---|---|---|---|
| ESG score | **5.9** | 6.2 | *funds 95% index 99%* |
| Carbon Impact score | **5.7** | 6.3 | *funds 92% index 96%* |
| Carbon intensity | **125** | 161 | *funds 95% index 99%* |

*Index: 9% Bloomberg Euro Aggregate Treasury + 75% 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% | -0.03% | -0.01% | -0.01% |
| | SDS scenario (+2°C) | -0.26% | -0.62% | -0.43% | -0.57% |
| | NZE scenario (+1.5°C) | -0.39% | -1.19% | -1.76% | -2.41% |
| Physical risk (B) | Business-as-usual scenario | -0.16% | -0.36% | -0.80% | -1.83% |
| | SDS scenario (+2°C) | -0.09% | -0.15% | -0.25% | -0.43% |
| | NZE scenario (+1.5°C) | -0.07% | -0.13% | -0.19% | -0.42% |
| Total climate risk (A + B) | Business-as-usual scenario | -0.17% | -0.40% | -0.81% | -1.84% |
| | SDS scenario (+2°C) | -0.36% | -0.77% | -0.68% | -0.99% |
| | NZE scenario (+1.5°C) | -0.45% | -1.32% | -1.95% | -2.84% |

For more details on the specific calculations for government and corporate segments, see Annex 2, page 98.

## 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<br>Annual review of the method used and update of exposure data<br>ESG audit prior to any acquisition<br>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<br>Annual review of the method used and update of exposure data<br>ESG audit prior to any acquisition<br>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<br>Annual review of the method used and update of exposure data<br>ESG audit prior to any acquisition<br>Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset |
| Physical risk | Flooding | 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<br>Annual review of the method used and update of exposure data<br>ESG audit prior to any acquisition<br>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 | 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<br>Annual review of the method used and update of exposure data<br>ESG audit prior to any acquisition<br>Calculation of the financial impact of the risk linked to this climate hazard on the valuation of the asset |
| 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<br>Erosion of biodiversity | As Météo France published forward-looking data in spring 2023, Bat'Adapt, the tool selected by La Française REM, postponed the creation of a forest fire risk indicator to 2024. |
| Physical risk | Storms and high winds | Exogenous | Long term | Global warming | As the joint discussions between scientists and Météo France continued in 2023, Bat'Adapt, the tool selected by La Française REM, postponed the creation of a risk indicator for storms and high winds to 2024/2025. |
| Physical risk | Extreme cold | Exogenous | Long term | Global warming | The update of forward-looking data in 2023 forced Bat'Adapt, the tool selected by La Française REM, to postpone the creation of a risk indicator for extreme cold weather to 2024. |
| 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 |

| Category | Risk | Origin | Time horizon | Associated risk factor | Risk reduction measures |
|---|---|---|---|---|---|
| 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 objectives 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 climate change
- **Transition risks** linked to the effects of the implementation of a low-carbon economic model.

### Physical risks linked to climate change

In 2022/2023, 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 using the BAT ADAPT tool from the Observatoire de l'Investissement Durable (OID):

- **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. In 2023 and 2024, in collaboration with the OID, more recent and forward-looking indicators were used to strengthen the predictive ability of the physical risk model, which led to a general deterioration of exposures, which reflects the acceleration of climate deterioration.

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. Work on deepening and broadening the sensitivity factors was carried out with the OID in 2024.

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 2024, La Française should add the following climate hazards to its vulnerability analysis:
- Extreme cold
- Forest fires

The analysis of the climate hazard "Storms and high winds" could be postponed to 2025, due to the lack of forward-looking data to date.

### QUANTITATIVE ESTIMATES

*Analysis of asset vulnerability to physical climate risks*

Scope analysed: 1,451 assets with a total surface area of 4.1 million m² and a total value of €17.3 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 | 9.3% |
| Drought and shrinkage & swelling of soils | 1.1% |
| Flooding | 10.9% |
| Rising sea levels | 1.2% |

*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. Due to the deterioration of exposures resulting from the use of more forward-looking data and the increase in costs related to the occurrence of each event, the financial impact increased significantly compared to the previous year.

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 | -1.19% |
| Cumulative costs until 2050 | -2.79% |

### 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 $CO^2$ 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 $CO_2$ 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 $CO_2$ emissions with a 1.5° decarbonisation trajectory for its assets pursuing a sustainable environmental 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 $CO_2$ emissions in funds.

***Financial impact of the transition risk on the turnover of real estate assets pursuing an environmental sustainable investment objective***

Scope analysed: 995 assets with a total surface area of 4.0 million m² and a total value of €20.0 billion

### Calculation method

The Fund estimates the financial impact of the creation of a carbon tax that would apply to CO2 emissions of financial assets above the emission caps that make up the CRREM/SBTi decarbonisation trajectories. These ceilings have been defined in collaboration with SBTi in order to propose a new global standard, compatible with the international objectives of the Paris Agreement.

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 113 euros in 2023 to 914 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 2023.

In 2023, La Française REM will charge this carbon tax on the turnover from its real estate assets. In the 2022 report, the amount of the carbon tax was deducted from the net accounting income of the funds. It appeared that the change in the financial impact of transition risk depends more on the change in net accounting income - and therefore on financial items unrelated to the operation of real estate assets - rather than on the environmental performance of the assets. **This is a change in method.**

To make it easier for our investors to understand, we have reconstructed a history of the financial impact of the creation of a carbon tax on turnover from real estate assets:

| | Financial impact of the creation of a carbon tax on the turnover of real estate assets | |
|---|---|---|
| | 31/12/2022 | 31/12/2023 |
| In 2030 | 0.70% | 0.30% |
| In 2040 | 4.60% | 3.10% |
| In 2050 | 8.40% | 5.80% |

The reduction in the financial impact of transition risk on tertiary real estate assets is explained by the reduction in CO2 emissions on our existing portfolio, as well as by the inclusion of more virtuous assets, with higher turnover, in the scope of analysis. The change in the price per tonne of carbon is not significant over one year.

### RESIDENTIAL ASSETS

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

It will no longer be possible to rent:
- 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: 668 assets with a total surface area of 73,500 m² and a total value of €416 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 | |
|---|---|---|
| | 31/12/2022 | 31/12/2023 |
| Cumulative costs until 31 December 2024 | 2.00% | 1.30% |
| Cumulative costs until 31 December 2027 | 2.30% | 1.90% |
| Cumulative costs until 31 December 2033 | 3.50% | 3.40% |

The decrease in the financial impact of transition risk on residential real estate assets is explained by the sharp reduction in the proportion of assets with DPE of G. In 2022, 92 life annuities had a DPE of G or were invalid. In 2023, only 21 life annuities still had a DPE of G or were invalid.

First level controls are performed by the ESG team: this team incorporates compliance with non-financial criteria into investment choices made by investment committees. It also produces all ESG indicators that are included in pre-contractual and periodic reports (e.g. PAI on the primary energy consumption of each property). For this purpose, it receives quantitative support from the financial engineering team for the calculation of physical risks.

Risk Management performs a control of the ESG indicators on physical and transition risks produced by the two teams.

In this respect, Risk Management has drafted new sections describing the integration of non-financial criteria in the context of LF REM's risk policy. Second-level controls are performed by Internal Control and Compliance, which verifies compliance with the ESG criteria and their conformity with legal documentation. In addition, the controls are carried out by CCI teams on the organisation of the SRI system, the investment process, the monitoring of SRI constraints and the controls carried out by Risk Management.

# 04

# INDICATORS & OBJECTIVES

In order to firmly support its progress and demonstrate its engagement, the Group has set itself targets and reports on related indicators, whether they concern the Group, financial assets 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 indicators | 2023 indicators | 2025 objectives | 2030 objectives |
|---|---|---|---|---|
| Scope 1 & 2 portfolio temperature | 2.04° | 1.86° | 1.8° | 1.7° |
| Scope 1, 2 & 3 portfolio temperature | 2.56° | 2.14° | 2.08° | 1.97° |

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 35 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. The results to the end of 2023 showed a reduction in Scope 1 & 2 and Scope 1 & 2 & 3 temperature of -3% and -12% respectively, on a like-for-like basis.

**Implicit temperature calculation for a real estate portfolio**

**La Française REM**, which intends to take its part in the fight against climate change, has made an engagement to align, each year, the average greenhouse gas emissions of the assets it manages directly with 1.5° decarbonisation trajectories.

Which indicator should be chosen to reflect this engagement? Initially, La Française REM used a surface intensity indicator, by calculating all greenhouse gas emissions related to energy consumption, all utilities, all uses, private and communal areas, per m². This indicator, if adapted to the specific characteristics of real estate assets, cannot be used as an indicator common to other asset classes (equities, bonds, private equity, etc.).
La Française REM is therefore developing a second indicator based on the implicit temperature of its portfolio to evaluate its engagement.

There is no established approach to determining the temperature of a real estate portfolio. **La Française REM is therefore developing its own methodology. In 2023, the management company worked on an initial version of this project, which should be further developed over time to better take into account the complexity of the relationship between CO2 emissions and global warming.**

La Française REM has adopted the decarbonisation trajectories defined by the CRREM, in partnership with SBTi. These trajectories define annual emission ceilings to contain global warming to 1.5° and 2°, by asset type and by country. La Française REM deducts from these two implicit temperature trajectories for each asset using the hypothesis of a linear function between CO2 emissions and global warming. The nature of this function will be reviewed in 2024. For example, an asset with CO2 emissions for a given year between the 1.5° and 2° caps would have an implied temperature for that year of between 1.5° and 2°.
**La Française REM calculates an implicit temperature of its assets for each year, until 2030. This temperature reflects the deviation from the trajectories defined by the CRREM. Insofar as, in 2023, La Française REM does not use projections of future emissions from its assets, due to the lack of reliable data to calibrate the expected gains in terms of reducing energy consumption,** the temperature of the assets increases over time. **In 2024, La Française REM will work to improve the reliability of the measurement of the impact of decarbonisation action plans, so that they can be included in its temperature indicator for years following the current financial year.**

The temperature indicators for each asset are then aggregated at property portfolio level, weighted by surface area.

**Implied temperature of LF REM portfolio**


For the 2023 financial year, **the implied temperature of the aggregate real estate portfolio by 2030 is +2.1°.** The associated coverage rate is 71% of the assets managed by LF REM.

For assets whose $CO_2$ emissions are calculated using real data, **the implicit temperature aggregated by 2030 is +1.9°C.** The associated coverage rate is 56% of the assets managed by LF REM.

## 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.**

An asset that promotes SDG No. 13 "combating climate change", which aims to combat climate change and its repercussions, is an asset for which the management company has collected or estimated (i) energy consumption data, (ii) greenhouse gas emissions, and (iii) data relating to waste sorting and treatment.
An asset that contributes significantly to SDG 13 "combating climate change" is an asset for which an action plan has been determined in order to align the greenhouse gas emissions related to its use, with a warming trajectory of +1.5°.

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

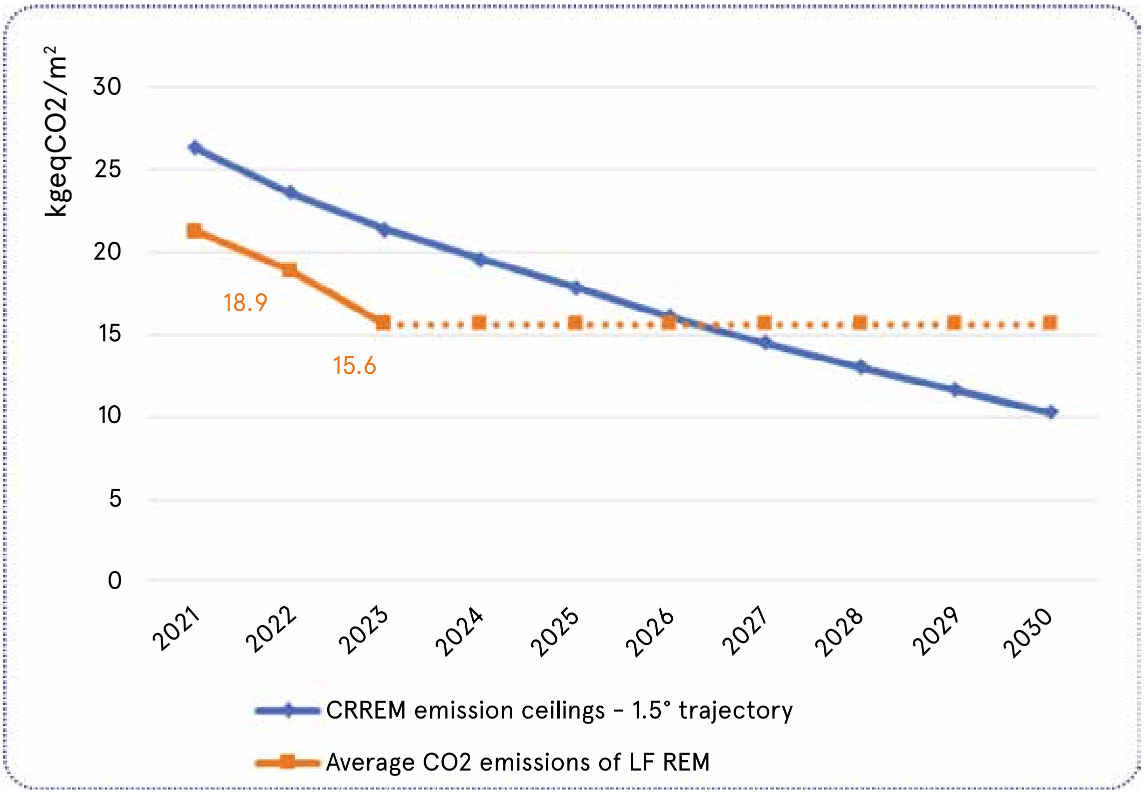
### 1 - Comparison of the average CO2 emissions of real estate assets pursuing an environmental sustainable investment objective with the emissions caps defined by the CRREM using the 1.5° trajectories for a comparable portfolio.

For the 2023 financial year, the environmental performance of real estate assets was **15.6 kgeqCO2/m²/year**, compared with a CREEM threshold value of 21.4 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 | |
|---|---|---|---|---|
| | | | 31/12/2022 | 31/12/2023 |
| Direct measurement (bill/meter) | 100% of shared areas<br>100% of private areas | 0% | 35.0% | 41.9% |
| Recalculated data (extrapolation) | 100% of shared areas<br>At least 33% of private areas | 30% | 9.7% | 12.9% |
| Approximate data (valid DPE or reliable data for year N-1) | N/A | 50% | 18.3% | 20.9% |
| Known data in order of magnitude (in reference to a benchmark) | N/A | 80% | 37.0% | 24.3% |

**Comparison of average LF REM emissions with a 1.5° decarbonisation trajectory**




Over one year, average $CO_2$ emissions from assets pursuing a sustainable environmental investment objective fell by 17%. This good performance comes from the improved reliability of data, the inclusion of ESG criteria in our investment and arbitrage policies, and the implementation of action plans by the Asset Management team.

### 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 2023, action plans were in place for each asset in order to align their greenhouse gas emissions with the CRREM caps by 2030 at the latest. The management company has engaged an external environmental consultancy to set out these action plans, which are reviewed and implemented by the Asset Managers, in collaboration with the technical team, in a schedule that respects the natural life cycles of the asset.

To achieve its objectives, La Française REM systematically pursues a policy of reducing GHG emissions by mobilising all stakeholders. In 2023, the management company notably strengthened its teams by hiring an ESG technical manager, who coordinates all action plans to reduce energy consumption, and an SRI real estate manager, responsible for coordinating actions relating to the mobilisation of our tenants.

The reduction of greenhouse gas emissions can be achieved by taking measures to reduce the energy consumption of the asset and by decarbonising energy sources.

## Reduction of energy consumption

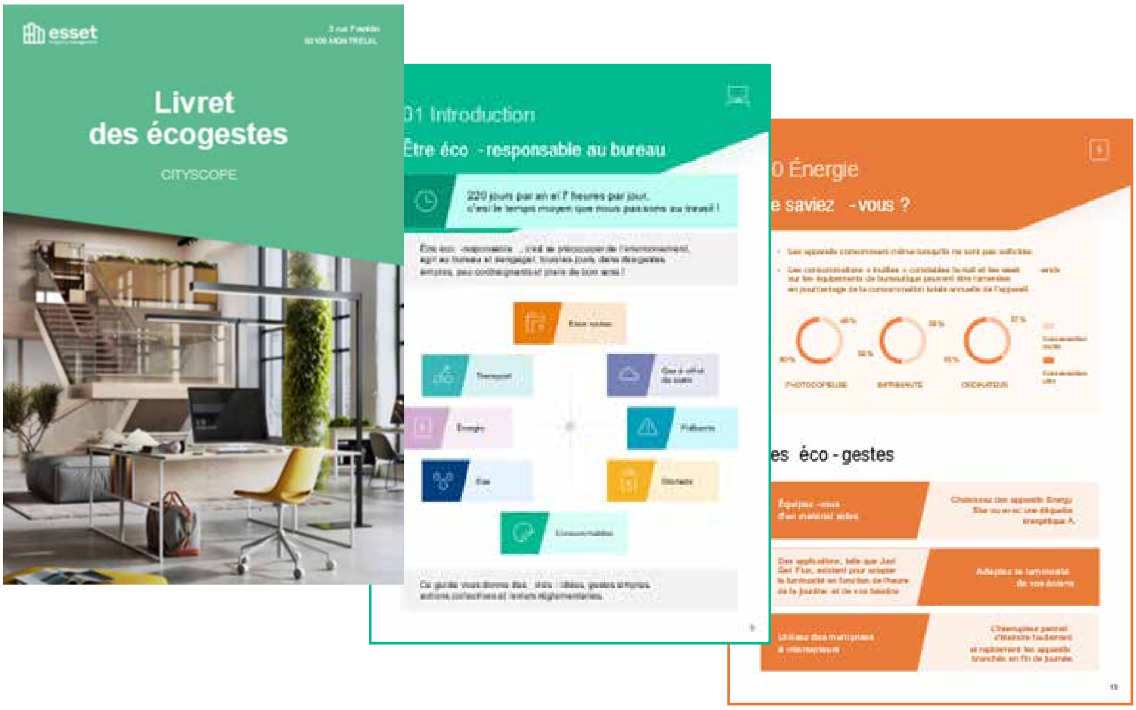
To be able to take effective action, the energy consumption of assets needs to be measured reliably. In 2023, La Française REM renewed its partnership with Deepki, an IT platform that enables it to collect, order and improve the reliability of energy consumption data (all fluids, all uses, private areas and common areas) of its buildings. The close collaboration between our partner, our Property Managers, our Asset Managers and our tenants made it possible to increase the collection of real data from 35% to 42%.

On the most energy-intensive assets, La Française REM has entered into a partnership with IQSpot to install connected meters on our buildings, in order to have a more detailed understanding of consumption by use and/or by batch and to be alerted in the event of a consumption drift. This solution enables optimised management of the energy consumption of our assets in operation. In 2023, 16% of energy savings were achieved compared with 2022 on the installed base before 2022.

In 2023, La Française REM took part in the CUBE FLEX competition, a national challenge aimed at accelerating the electrical flexibility of tertiary buildings, an important lever for managing the balance of the electrical system. This participation enabled us to conduct a real-world test of the engagements we made when we signed up to the Ecowatt charter. Thanks to the fine-tuned management of the technical systems, and the combined efforts of La Française REM, the tenants and our partner AVELTYS, we were able to achieve a reduction of up to 43% in the electricity consumption of our test building during certain peak hours. These positive results enabled our building to receive three awards.

La Française REM adapts its action plans to the specificities of each asset type. 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




These actions enable La Française REM to comply with the tertiary eco-energy system, which aims to reduce energy consumption by 40% by 2030 or reach thresholds defined by decree. In 2023, as part of the tertiary eco-energy scheme, the management company declared 100% of its EFAs, and declared the energy consumption of the EFAs that gave us a mandate to do so.

### Decarbonisation of energy sources

La Française REM has undertaken to modify all the electricity contracts managed by the asset manager to secure a supply of renewable sources. However, for contracts whose switch to renewable energy would result in an excessive additional cost compared to the energy costs of the current contract, the asset manager will wait until the end of the current contract before securing a supply of electricity of renewable origin. This transition to renewable energy will be effective no later than 31 December 2025. In addition, it raises awareness among its tenants about the benefits of using renewable energy contracts: significant reduction in greenhouse gas emissions for a modest additional cost.

In addition, La Française REM 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 2023, 1,451 assets with a total surface area of 4.1 million m² and a total value of €17.4 billion had been analysed for their vulnerability to physical climate risks. This corresponds to 62% 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 | Objectives 2023 | Indicators 2023 | Objectives 2024 |
|---|---|---|---|
| Internal training in sustainable investment | 11 Sustainable investment training modules | 10 modules completed | 10 modules |
| Certifications | AMF-ESG certifications for employees, work-study students and interns | 69 | AMF-ESG certifications |
| Climate Fresk | Initiate the Climate Fresks led by employees and for employees | 5 workshops and 56 participants | All employees trained by the end of 2025; 2 workshops per month except during school holidays |

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 a continuation of the journey initiated in 2021, La Française Real Estate Research & SRI Department was asked to prepare and coordinate a program in 2023 that focused on the positioning of the La Française Real Estate Managers funds range with regard to the SFDR EU, taxonomy and DEET regulations and our commitment to the Net Zero Initiative.

The Group has decided to continue training its employees and raising their awareness of sustainable investment and CSR by renewing these initiatives in 2024. In addition, in 2023, the Group has organised "Climate Fresk" workshops to raise all employees' awareness of climate issues.

Lastly, the Group organised an initiative 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 called on an external consultant to initiate a cycle that the Group would like to run annually.

## C - Gender equality

| Theme | Objectives 2023 | Indicators 2023 | Objectives 2024 |
|---|---|---|---|
| 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 score 85 | 88 | 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.

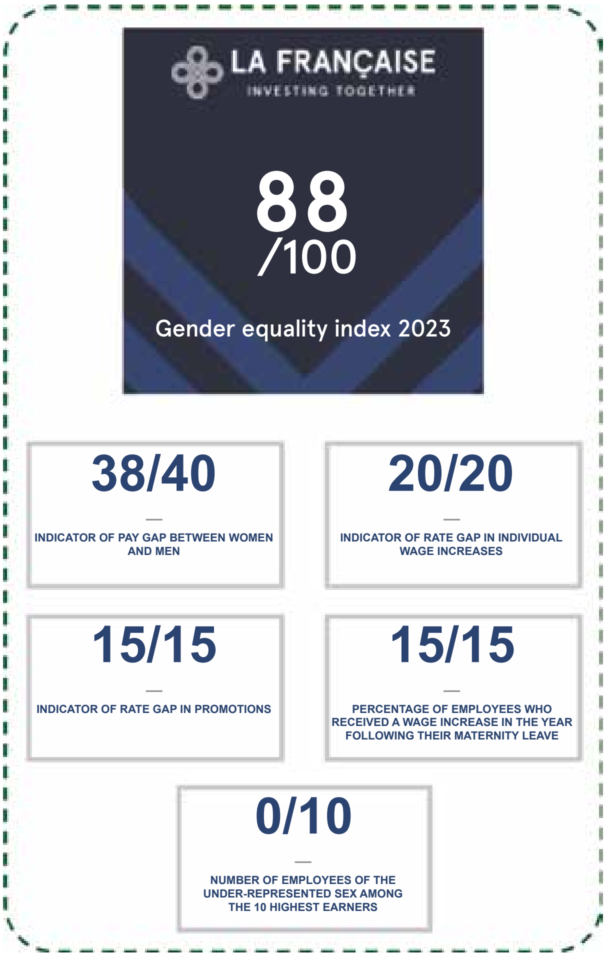
**La Française obtained an overall score of 88 points out of 100 for the year 2023 in the workplace gender equality index.** The Group obtained positive scores on 4 of the 5 key indicators that make up this index: the gender pay gap, the individual pay rise rate gap, which has been reduced slightly this year, allowing the score to rise, 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 | Objectives 2023 | Indicators 2023 | Objectives 2024 |
|---|---|---|---|
| Participation in general meetings | Close to 100% | 95.3% | Close to 100% |
| Developing our own voting positions | Extending specific voting policy | Extensive climate policy and requirement of ESG criteria in variable remuneration | Including elements on biodiversity wherever possible |
| Expressing our views to management | % of votes against management recommendation | 31.4% | % of votes against management recommendation |

**In 2023, La Française AM and La Française SAM voted at 95.3% of General Meetings and on 93.8% 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, on which **La Française AM/La Française SAM voted against the management recommendation was 31.4%, up slightly from 2022.** 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 55%. Finally, at 415 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 2024 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 **10.2%** (47% coverage rate) for financial assets, based on data obtained from our external data provider (ISS).

The alignment percentage with the Taxonomy in the funds was 2.6% of turnover and 3.7% of capex at the end of 2023. This percentage will be adjusted when the calculation of the alignment is clarified and when companies report on these figures. 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 31/12/2023 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 2023 financial year only the real estate assets delivered by 31/12/2022 that it manages directly.

In 2023, 94.0% 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 2023, 14.3% of La Française REM's total assets were Taxonomy-aligned, corresponding to 15.2% of Taxonomy-eligible assets.

In 2023, La Française REM calculated the alignment with the Taxonomy of the Turnover of all the assets it manages directly. Over this financial year, 18.6% of its turnover was aligned with the Taxonomy using the turnover indicator

In 2023, La Française REM was unable to calculate the alignment of its Capex with the Taxonomy.

# G - Exclusion policy for the Group

| Theme | 2024 objectives |
|---|---|
| Exclusion policy - Coal | Reinforcing criteria on coal |
| Exclusion Non-conventional fossil energies | Strengthening the thresholds for non-conventional fossil fuels |
| Deforestation policy | Integrating deforestation into our exclusion policy |

**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 will be published in 2024, which will strengthen the exclusion thresholds for non-conventional fossil fuels.

In addition, discussions are underway on an exclusion policy related to the issue of deforestation and in the spirit of the sector policy adopted in this area by Crédit Mutuel Alliance Fédérale.

14 LIFE BELOW WATER 15 LIFE ON LAND

# H - Biodiversity

## 1 - PRESERVING BIODIVERSITY IN FINANCIAL ASSETS

| Theme | Objectives 2023 | Indicators | Objectives 2024 |
|---|---|---|---|
| Natural Capital Strategy | | | Publish a Biodiversity Policy |
| Indicators | Publish a biodiversity footprint | Biodiversity footprint 2,713 km².MSA<br><br>Hedging of 63% | Publish biodiversity targets |

Thanks to the data collected from our data provider, we were able to carry out a measurement of the biodiversity footprint of our transparent financial asset portfolios. For the 2023 financial year, we have been able to cover 63% of our assets and our footprint stands at -2,713km².MSA.

A breakdown of this footprint shows that a very large proportion, 80%, 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. The banks' footprint in itself has not changed significantly, simply the weightings of the overall portfolio have shifted towards greater exposure to the financial sector in 2023.

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. And finally, we want to set biodiversity targets in 2024.

## 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 2023, **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 drafted 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 2023, 274 real estate assets included green spaces managed directly by La Française REM (37% of the portfolio). This percentage does not include green spaces managed directly by tenants. Within the green spaces managed directly by La Française REM, 69% of green spaces were managed sustainably. Our objective of managing 100% of our green spaces in a sustainable manner is being hampered by delays and difficulties in getting our green space maintenance providers to sign up to the La Française REM charter.

### 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 2023, La Française REM acquired 14 projects off-plan (VEFA). The average CBS[1] of these undelivered projects at the time of acquisition was 0.32.

In 2023, La Française REM selected the BIODI-Bat tool, a decision-making tool developed by the OID. This tool makes it possible to integrate biodiversity-related issues and address the complexity of life, by providing analysis at several levels:

The ecological sensitivity of a site according to the state of biodiversity and the pressures

The biodiversity potential of an existing building

This tool will enable an indicator relating to wildlife conservation to be reported. In 2024, La Française REM aims to test this tool on at least one fund.

*(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

New Alpha Asset Management, referred to in this report as NewAlpha AM, is an asset management company specialising in research, advice and portfolio management, offering and implementing investment solutions to meet the needs of institutional clients. Our research capabilities cover traditional asset classes and alternative investments. As at 31 December 2023, NewAlpha AM manages and advises more than €3.1 billion.

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

## 1 - GENERAL APPROACH OF THE ENTITY

### Our 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. NewAlpha 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 Sustainable Policy, available on its website[1].

As part of its indirect management activities (selecting and investing in investment funds managed by external management companies), NewAlpha AM incorporates ESG criteria into its management processes and works with its partners to raise their awareness of best practice 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.

With regard to its Private Equity activities, NewAlpha AM assists portfolio companies to implement an ambitious CSR policy adapted to their stage of maturity.

In 2023, no new funds were launched. NewAlpha AM's two SFDR Article 8 funds, Emergence Europe and Emergence Techs for Good, represented 11% of the company's total assets under management at 31/12/2023.

### Our methodology

For the multi-management activity, the integration of non-financial criteria was designed in 2019 and has been applied internally since then.

At the start of the pre-investment phase, the funds under consideration must complete a detailed ESG questionnaire. Responses are combined with a detailed analysis of all ESG policies and reports, as well as a meeting with portfolio managers, to establish an ESG Scorecard.

*(1) https://www.newalpha.com/wp-content/uploads/2024/04/Sustainability-Policy-1.pdf*

This internal rating system is applied at two levels: the management company and the investment strategy. A total of 20 general criteria are used, both qualitative and quantitative, each covering several key performance indicators. Specific E, S and G themes are covered, such as the gender balance of management teams, the fund's carbon footprint compared to its peers, alignment with the Paris Agreement, whether or not funds have obtained ESG labels, voting and engagement practices, participation in ESG coalitions and initiatives, etc.

After the investment, funds are asked to complete an annual ESG questionnaire and report on their progress. The ESG Scorecards will then be updated, allowing NewAlpha AM to track the ESG progress of the underlying investments and highlight areas for improvement. The detailed methodology is available on request.

For the Private Equity activity, the methodology was developed with Ethifinance. An evaluation of the performance of the funds and their holdings on ESG issues is carried out annually. It is based on the responses of each holding to the ESG questionnaire established according to a benchmark co-constructed with EthiFinance. Each company obtains an Environmental, Social and Governance rating, as well as an aggregate overall rating of between 0 and 100.

### Means used to inform clients

For multi-management, once the annual extra-financial review has been carried out, the results are presented to institutional investors at investment committee meetings. This extra-financial reporting is based in particular on the updating of the ESG Scorecards, and on an overall assessment of the progress made by the selected management companies in their responsible investment practices, as well as the areas in which NewAlpha AM considers there is room for improvement.

For private equity funds, the ESG performance of the companies' portfolio is monitored annually on the basis of qualitative and quantitative indicators. The annual ESG reporting, supplemented by all companies in which NewAlpha FinTech is a shareholder, is shared with investors.

### Support for initiatives

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 a member of the PRI, we participated in the Hedge Fund Footprint Allocation working group in 2023.

## 2 – INTERNAL RESOURCES DEPLOYED BY THE ENTITY

In 2023, NewAlpha AM chose to strengthen its resources with the recruitment of an additional ESG analyst to apply the processes, deepen ESG research and produce extra-financial reports. The team is therefore made up of one person working full-time on the ESG, supported by two people working 50% of the time. The three employees passed the AMF Sustainable Finance exam during the year and took part in the Climate Fresk workshop.

Furthermore, ESG topics are 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. During the year, all investment and client relations teams received internal training on ESG analysis and relevant regulation (SFDR, Taxonomy, etc.).

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 AM 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 business, NewAlpha has a partnership with Ethifinance, which produces an annual report with ESG scores for the investment funds and for each holding.

## 3 - APPROACH FOR TAKING ENVIRONMENTAL, SOCIAL AND QUALITY OF GOVERNANCE AT THE ENTITY GOVERNANCE LEVEL

### 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 at NewAlpha AM, the committee is made up of the entity's main stakeholders: its Chairman, Chief Executive Officer and representatives from each business line. This committee 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. The Chairman and Chief Executive Officer attended the ESG training sessions held during the year.

### Remuneration policy

NewAlpha AM incorporates ESG criteria into its remuneration policy, such as adherence to ESG policies, contribution to ESG reports and questionnaires, and dissemination of ESG management principles internally and externally. This approach aims to align the company’s remuneration practices with its responsible investment commitments.

## 4 - ENGAGEMENT STRATEGY

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[2].

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.

*(2) https://www.newalpha.com/wp-content/uploads/2022/03/NewAlpha-Politique-de-droits-de-vote-Octobre-2021.pdf*

For the 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 portfolio companies and on the supervisory boards of the above companies.

**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 PRI, UNGC, TNFD, participation in working groups and collective engagement campaigns, etc.).

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)
- Together with the company's management, implement a CSR policy within the companies in which NewAlpha AM 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<br>- Monitoring regulatory developments (Article 8 or 9 classification, SFDR reports)<br>- Monitoring controversies |
| **Multi-management Alternative (private debt and hedge funds)** | 50 | - Signature of UN PRI<br>- Classification Article 8 SFDR<br>- Request for a carbon assessment |
| **Private equity** | 16 | - Annual ESG score review meeting |

In 2023, we asked one of the underlying funds to divest from a company on our controversy list.

## 5 - EUROPEAN TAXONOMY AND FOSSIL FUELS

NewAlpha AM measures its eligibility and alignment with the six pillars of the European taxonomy for its listed equity funds:

The percentage of activity (measured by turnover) eligible for Taxonomy is 21.86% for equity multi-management financial assets (21% of total assets under management), based on data obtained from the Bloomberg data provider, and the percentage of alignment is quantified at 6.31%. The coverage rate for the year is 57%, which is explained in particular by the ownership of companies not concerned by the taxonomy regulations (companies outside the EU or small). The data concerning the alignment of CapEx and OpEx are detailed in the table below:

| | Turnover | CapEx | OpEx |
|---|---|---|---|
| **Eligibility** | 21.86% | 28.90% | 18.07% |
| **Alignment** | 6.31% | 9.12% | 6.5% |

*Source: Bloomberg*

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.

As regards fossil fuels, this sector accounts for 3.42% of equity multi-management assets. Within this, 0.3% of assets are linked to the coal sector and 0.27% to 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.

## 6 - ALIGNMENT STRATEGY WITH THE PARIS AGREEMENT

### 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. For 2023, the figure increased to 383 tCO2eq due to an increase in spending on miscellaneous services.

### 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 fund 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.

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.

This is an important topic where we closely monitor our underlying funds, through metrics such as carbon footprint and intensity (scope 1, 2 and 3), percentage of portfolio companies with SBTi-validated

GHG reduction targets, fossil fuel exposure, climate change policy, etc. For multi-management equity funds, this data has been aggregated and is included in the last section of this document.

Funds and management companies that have committed to Net Zero and with a good performance on the indicators mentioned above, achieve better results in our ESG Scorecards.

Our exclusion policy also aims to help mitigate climate change:
- For multi-management equities, the exclusion policy covers 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.

## 7 – INFORMATION ON THE STRATEGY FOR ALIGNMENT WITH LONG-TERM BIODIVERSITY OBJECTIVES

NewAlpha AM recognises that biodiversity damage, in conjunction with climate change, poses serious risks and that finance has a role to play in redirecting financial flows to companies that reduce negative pressure on biodiversity, use natural resources responsibly, and contribute to the regeneration of ecosystems, habitats and species. As a company and investor, NewAlpha AM is committed to meeting the biodiversity targets set by the Convention on Biological Diversity, ratified on 5 June 1992, and more recently those approved at the UN Biodiversity Conference, COP15, in December 2022.

For now, NewAlpha AM has taken a qualitative approach to biodiversity. NewAlpha AM monitors the exposure of its funds to palm oil, pesticides and GMOs, the involvement of companies in biodiversity controversies and the percentage of companies with activities that negatively affect biodiversity (PAI 7). We also encourage and support managers to develop their biodiversity strategy and policy. Of the 14 equity management companies invested, four have signed the Finance for Biodiversity Pledge, and three have joined the TNFD forum.

NewAlpha AM currently has four qualitative objectives:

**1 –** Develop knowledge and understanding of biodiversity concepts and methodologies through in-house training, and following regulations, publications, and progress in the asset management industry.

**2 –** Interact with underlying asset managers to develop their approaches to biodiversity, encouraging and supporting managers to develop their biodiversity policy and strategy.

**3 –** Assess the materiality and impact of biodiversity as well as portfolio dependencies, carefully monitoring the spaces where standardised biodiversity metrics and reporting frameworks are developed.

**4 –** Collaborate with like-minded investors, including joining the PRI's Spring initiative in early 2024, which aims to generate positive outcomes for nature through stewardship, to work together with other members of the initiative to shape a collaborative approach.

The availability and quality of data needs to improve before we can consider developing a biodiversity strategy and quantitative objectives. In addition, it is important to note that alternative asset classes, such as hedge funds and private debt funds, can present unique biodiversity challenges, requiring a more tailored approach.

## 8 - APPROACH FOR TAKING ENVIRONMENTAL, SOCIAL AND QUALITY OF GOVERNANCE IN 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;

#### 1 - 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 an extra-financial analysis and an ESG scoring according to a methodology developed internally (ESG Scorecard). NewAlpha AM 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.

#### 2 - 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 (ESG Scorecard). At the level of the underlying managers, NewAlpha AM 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 AM has not developed a 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 climate risk, NewAlpha AM 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 monitored - Financial assets**

**Multi-management equities**

Carbon intensity scope 1 and 2 - $tCO_2$/million euro turnover) end 2023:

| Sub-fund | End of 2023 | End of 2022 |
|---|---|---|
| Emergence Actions II | 113 | 135 |
| Emergence Europe | 95 | 151 |
| Emergence Techs For Good | 23 | 29 |

*Source: Morningstar, underlying managers*

**Aggregated ESG ratings 2023:**
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 | 2023 | 2022 |
|---|---|---|
| Emergence Actions II | 71.5/100 | 66.6 / 100 |
| Emergence Europe | 66.2/100 | 63.8 / 100 |
| Emergence Techs For Good | 76.0/100 | 73.8 / 100 |

*Source: NewAlpha AM*

**SBTi validated objectives:**
In 2023, we started tracking the percentage of companies in the portfolio with SBTi-validated GHG reduction targets (or in progress).

| Sub-fund | Approved | Committed | Withdrawn |
|---|---|---|---|
| **Emergence Actions II** | 57.14% | 12.22% | 0% |
| **Emergence Europe** | 47.95% | 13.50% | 0.38% |
| **Emergence Techs For Good** | 33.05% | 20.62% | 1.78% |

*Source: SBTi*

## Private equity

**ESG rating:**

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.

| Sub-fund | 2023 Score | % above benchmark | 2022 Score | % above benchmark |
|---|---|---|---|---|
| **Fintech I** | 65/100 | 80% | 61/100 | 87.5% |
| **Fintech II** | 69/100 | 100% | 69/100 | 88.8% |

*Source: Ethifinance, NewAlpha AM*

# Annex 2

# Quantification of climate risk
# La Française 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

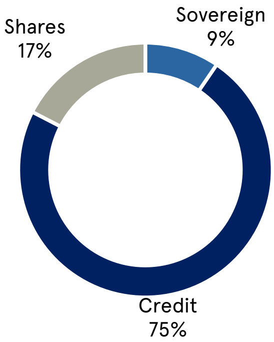
(sources: IEA, Climate Action Tracker, BP and internal modelling)

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, 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 | **5.9** | 6.2 | *funds 95%*<br>*index 99%* |
| Carbon Impact score | **5.7** | 6.3 | *funds 92%*<br>*index 96%* |
| Carbon intensity: | **125** | 161 | *funds 95%*<br>*index 99%* |

*Index: 9% Bloomberg Euro Aggregate Treasury + 75% Bloomberg Euro Aggregate Corporate + 17% MSCI All Country World*

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

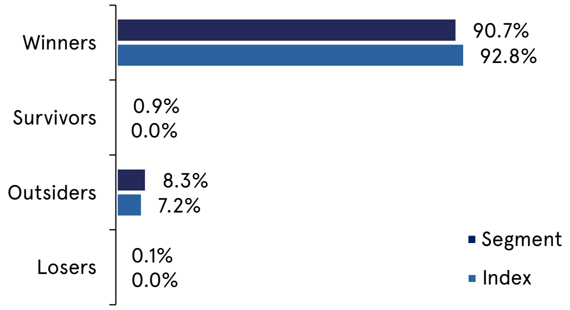
*Carbon intensity: ton eq. CO2 /€ million revenue*

### PORTFOLIO CLIMATIC STRESS-TEST (Impact Valuation)

| | | 2030 | | 2050 | |
|---|---|---|---|---|---|
| | | Portfolio | Index | Portfolio | Index |
| Transition risk (A) | Business-as-usual scenario | -0.02% | -0.03% | -0.01% | -0.01% |
| | SDS scenario (+2°C) | -0.26% | -0.62% | -0.43% | -0.57% |
| | NZE scenario (+1.5°C) | -0.39% | -1.19% | -1.76% | -2.41% |
| Physical risk (B) | Business-as-usual scenario | -0.16% | -0.36% | -0.80% | -1.83% |
| | SDS scenario (+2°C) | -0.09% | -0.15% | -0.25% | -0.43% |
| | NZE scenario (+1.5°C) | -0.07% | -0.13% | -0.19% | -0.42% |
| Total climate risk (A + B) | Business-as-usual scenario | -0.17% | -0.40% | -0.81% | -1.84% |
| | SDS scenario (+2°C) | -0.36% | -0.77% | -0.68% | -0.99% |
| | NZE scenario (+1.5°C) | -0.45% | -1.32% | -1.95% | -2.84% |

## CLIMATE RISK SOVEREIGN ISSUERS

### POSITIONING SOVEREIGN SEGMENT




| | Segment | Index | Hedging |
|---|---|---|---|
| ESG score | **6.9** | 6.9 | *segment 100% index 99%* |
| Carbon Impact score | **6.5** | 6.6 | *segment 100% index 99%* |
| Adaptation score - | **7.3** | 7.4 | *segment 100% index 99%* |
| Transition score | **7.3** | 5.8 | |
| Carbon intensity: | **218** | 210 | *segment 100% index 100%* |

*Index: Bloomgerg Euro Aggregate Treasury*

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

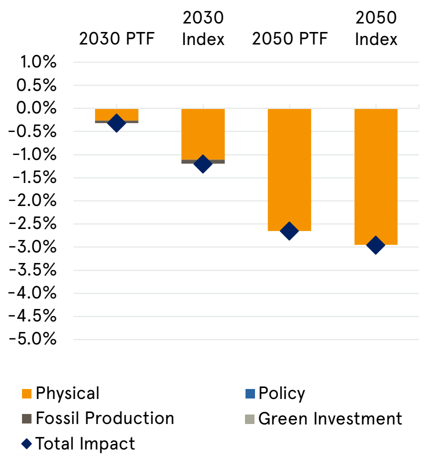
*Carbon intensity: ton eq. CO2 /€ million revenue*

### CLIMATIC STRESS TEST SOVEREIGN SEGMENT (Impact Valuation)

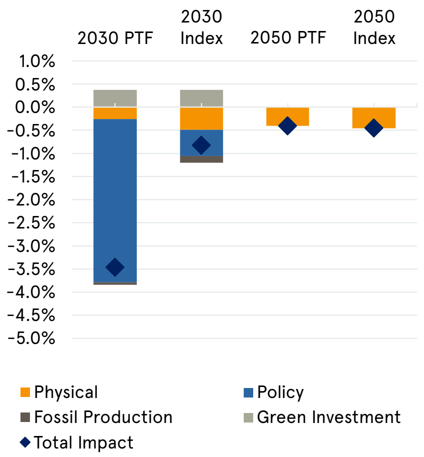
| | | 2030 | | 2050 | |
|---|---|---|---|---|---|
| | | Segment | Index | Segment | Index |
| Transition risk (A) | Business-as-usual scenario | -0.21% | -0.38% | -0.08% | -0.12% |
| | SDS scenario (+2°C) | -1.42% | -4.06% | -0.40% | -1.30% |
| | NZE scenario (+1.5°C) | -1.56% | -4.15% | -0.04% | -0.22% |
| Physical risk (B) | Business-as-usual scenario | -0.50% | -2.11% | -1.06% | -3.35% |
| | SDS scenario (+2°C) | -0.15% | -0.33% | -0.58% | -1.67% |
| | NZE scenario (+1.5°C) | -0.14% | -0.31% | -0.57% | -2.03% |
| Total climate risk (A + B) | Business-as-usual scenario | -0.70% | -2.49% | -1.14% | -3.47% |
| | SDS scenario (+2°C) | -1.57% | -4.39% | -0.98% | -2.96% |
| | NZE scenario (+1.5°C) | -1.69% | -4.46% | -0.61% | -2.26% |

### CLIMATIC RISK OF STATES IN THE PORTFOLIO (GDP impact)

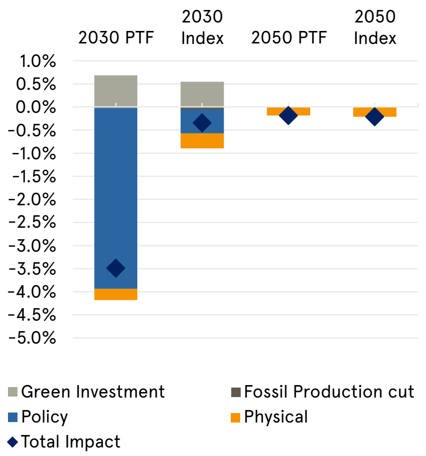
BAU scenario: GDP impact




2.0°C scenario: GDP impact

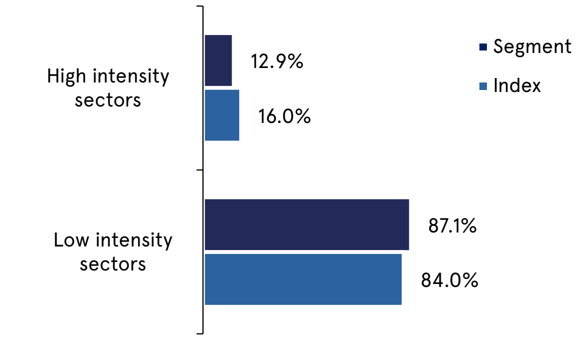



1.5°C scenario: GDP impact



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

### POSITIONING PRIVATE ISSUERS SEGMENT




| | Segment | Index | *Hedging* |
|---|---|---|---|
| ESG score | **5.8** | 6.1 | *94% pocket index 99%* |
| Carbon Impact score | **5.6** | 6.2 | *92% pocket index 96%* |
| Carbon intensity | **116** | 156 | *94% pocket index 99%* |

*Index: 82% Bloomberg Euro Aggregate Corporate + 18% 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) | -0.16% | -0.30% | -0.43% | -0.50% |
| | NZE scenario (+1.5°C) | -0.28% | -0.91% | -1.92% | -2.62% |
| Physical risk (B) | Business-as-usual scenario | -0.12% | -0.20% | -0.78% | -1.68% |
| | SDS scenario (+2°C) | -0.09% | -0.13% | -0.22% | -0.31% |
| | NZE scenario (+1.5°C) | -0.06% | -0.11% | -0.15% | -0.27% |
| Total climate risk (A + B) | Business-as-usual scenario | -0.12% | -0.20% | -0.72% | -1.53% |
| | SDS scenario (+2°C) | -0.24% | -0.40% | -0.63% | -0.74% |
| | NZE scenario (+1.5°C) | -0.33% | -1.01% | -2.01% | -2.85% |

### 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* | 0.5% | 0.2% | 1292 / 826 | 240 | 93 |
| Aluminium* | 0.0% | 0.0% | 0 / 0 | | 1 |
| Automotive* | 5.0% | 3.5% | 32 / 22 | 5 | 1 |
| Raw materials* | 1.9% | 2.6% | 2312 / 178 | 35 | 1 |
| Cement* | 0.1% | 0.3% | 1138 / 938 | 2828 | 455 |
| Communications | 5.6% | 6.8% | 23 / 8 | 35 | 1 |
| Cyclical consumption | 4.7% | 4.7% | 16 / 56 | 35 | 1 |
| Non-cyclical consumption | 6.3% | 16.2% | 44 / 19 | 35 | 1 |
| Diversified | 0.0% | 0.0% | 0 / 0 | | 1 |
| Electricity | 6.4% | 6.6% | 785 / 80 | 133 | 1 |
| Oil and gas energy | 0.9% | 5.4% | 438 / 134 | 101 | 27 |
| Financial | 57.9% | 36.6% | 13 / 5 | 35 | 1 |
| Industrial | 6.8% | 7.9% | 181 / 33 | 35 | 1 |
| Steel* | 0.0% | 0.0% | 0 / 0 | | 1 |
| Technology | 3.7% | 8.6% | 21 / 4 | 35 | 1 |
| Other public services | 0.2% | 0.6% | 516 / 378 | 33 | 1 |

■ Current Carbon Intensity
■ Carbon intensity by 2050

* High intensity sectors

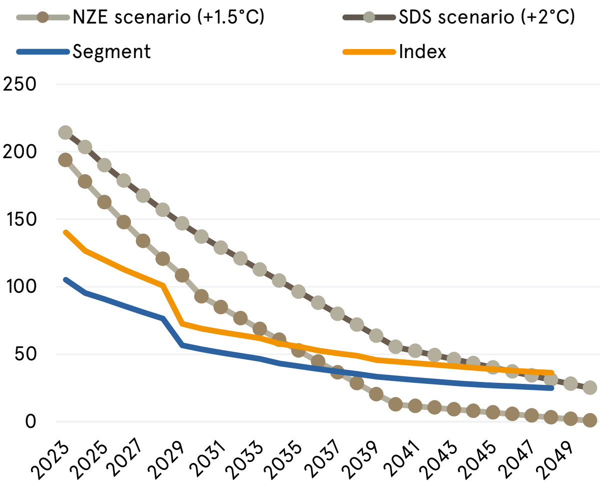
## CLIMATE RISK PRIVATE ISSUERS (Equities/Credit) 2/2

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

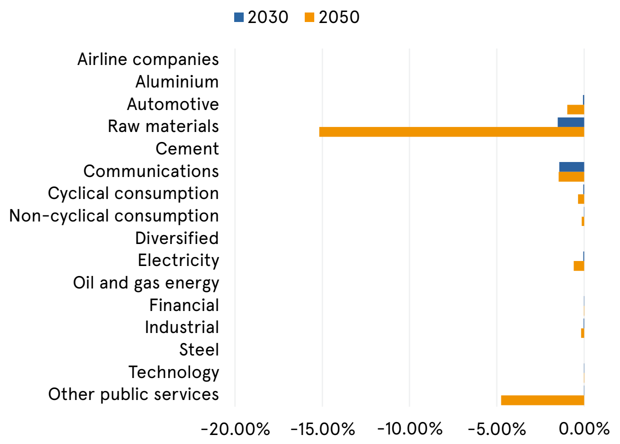
| | Current | 2030 | 2050 |
|---|---|---|---|
| Segment | 116 | 77 | 25 |
| Index | 156 | 101 | 36 |
| Target Scenario 2°C 2050 | 210 | 134 | 24 |
| Target Scenario 1.5°C 2050 | 190 | 91 | 1 |

*Index: 82% Bloomberg Euro Aggregate Corporate + 18% MSCI All Country World*

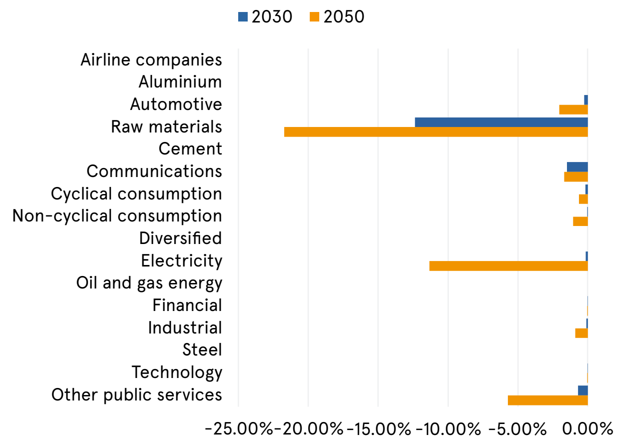
*Carbon intensity: ton eq. CO2 /€ million revenue*




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

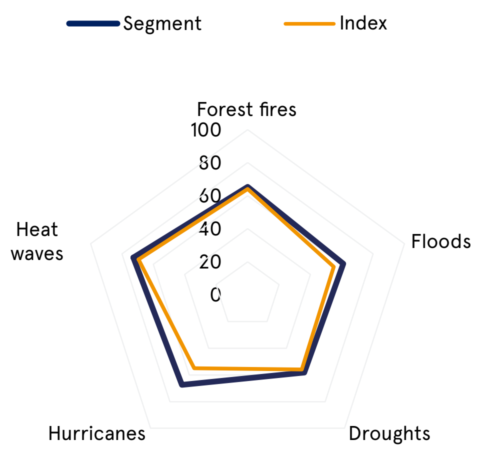



### CARBON TAX SHOCKS (+1.5°C) (Valuation Impact)




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

| | Segment | Index |
|---|---|---|
| All disasters | 66 | 56 |
| Forest fires | 65 | 64 |
| Floods | 61 | 55 |
| Droughts | 58 | 56 |
| Hurricanes | 68 | 55 |
| Heat waves | 73 | 69 |

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## 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 of the two pillars*
- *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 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 3

# Taxonomy Eligibility, Quantitative Indicators and Principal Adverse Impacts of La Française 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 (%) | 10.2% | |
| Share in total assets of exposures to economic activities not eligible for the taxonomy (%) | 89.8% | |
| Share in total assets of exposures to central governments, central banks or supranational issuers (%) | 6.7% | |
| Share of derivatives in total assets (%) | 0.2% | |
| 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 | |

| **ICY** | | **Percentage** |
|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with taxonomy-aligned economic activities, **relative to the total value of assets covered by the KPI**, with the following weightings for investments in companies: | Based on turnover (%) | 2.6% |
| | Based on CapEx (%) | 3.7% |
| Percentage of assets covered by the KPI compared to total investments (total AuM). Excluding investments in sovereign entities. | | 93.3% |
| **ICY** | | **Monetary amount** |
| Weighted average value of all investments that are intended to finance taxonomy-aligned economic activities or are associated to such activities, with the following weightings for investments in relevant companies | Based on turnover | 286,797,555 |
| | Based on CapEx | 401,846,802 |
| Monetary value of assets covered by the KPI. Excluding investments in sovereign entities. | | |

| Additional unaudited information: KPI **denominator** breakdown | | **Percentage** |
|---|---|---|
| Percentage of derivatives to total assets covered by the KPI: | | 0.2% |
| Share of **exposures to Union financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a percentage of total assets covered by the KPI: | For non-financial companies | ND |
| | For non-financial companies | ND |
| Share of **exposures to third country financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a percentage of total assets covered by the KPI: | For non-financial companies | ND |
| | For non-financial companies | ND |
| Share of **exposures to financial and non-financial corporations subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a percentage of total assets covered by the KPI: | For non-financial companies | ND |
| | For non-financial companies | ND |
| Share of **exposures to other counterparties**, in relation to total assets covered by the KPI: | | 93.3% |
| Value of all investments that finance **non-taxonomy eligible economic activities** relative to the total value of assets covered by the KPI: | | 89.8% |
| Value of all investments that finance economic activities eligible for taxonomy, but **not aligned with the taxonomy**, as a proportion of the total value of assets covered by the KPI: | | 97.4% |

| Additional unaudited information: KPI **denominator** breakdown | | **Monetary amount** |
|---|---|---|
| Value of derivatives in monetary amounts: | | 22,838,161, |
| Share of **exposures to Union financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**: | For non-financial companies | ND |
| | For non-financial companies | ND |
| Share of **exposures to non-European financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | For non-financial companies | ND |
| | For non-financial companies | ND |
| Share of **exposures to financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | For non-financial companies | ND |
| | For non-financial companies | ND |
| Value of **expositions on other counterparties:** | | 10,116,086,504, |
| Value of all investments that finance **non-taxonomy eligible economic activities** : | | 9,746,138,549, |
| Value of all investments that finance economic activities eligible for the taxonomy but **not aligned with the taxonomy:** | | 10,561,021,336 |

| Additional unaudited information: KPI **denominator** breakdown | | **Percentage** |
|---|---|---|
| *For non-financial companies* | | |
| Share of **exposures, aligned with the taxonomy, to financial and non-financial subject to Articles 19*a* and 29*a*of Directive 2013/34/EU**, as a proportion of total assets covered by the KPI | Based on turnover | 2.6% |
| | Based on capital expenditure | 3.7% |
| *For non-financial companies* | | |
| Share of **exposures, aligned with the taxonomy, to financial and non-financial subject to Articles19a and 29a of Directive 2013/34/EU**, as a proportion of total assets covered by the KPI | Based on turnover | 0.0% |
| | Based on capital expenditure | 0.0% |

| Additional unaudited information: KPI **denominator** breakdown | | **Monetary value** |
|---|---|---|
| *For non-financial companies* | | |
| Share of **exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | Based on turnover | 286,797,554 |
| | Based on capital expenditure | 401,846,772 |
| *For non-financial companies* | | |
| Share of **exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | Based on turnover | 0 |
| | Based on capital expenditure | 0 |

| Breakdown of the KPI numerator by environmental objective | | | | |
|---|---|---|---|---|
| **Taxonomy-aligned activities** | | | | |
| **Environmental objectives** | **KPI calculation basis** | **Proportion of exposures contributing significantly to the environmental objective** | **of transitional activities** | **of enabling activities** |
| (1) Climate change mitigation | Turnover | 2.4% | 0.4% | 1.0% |
| | CapEx | 3.2% | 0.2% | 1.3% |
| (2) Adaptation to climate change | Turnover | 0.0% | 0.0% | 0.0% |
| | CapEx | 0.1% | 0.0% | 0.0% |
| (3) Sustainable use and protection of aquatic and marine resources | Turnover | | | |
| | CapEx | | | |
| (4) Transition to a circular economy | Turnover | | | |
| | CapEx | | | |
| (5) Pollution prevention and control | Turnover | | | |
| | CapEx | | | |
| (6) Protection and restoration of biodiversity and ecosystems | Turnover | | | |
| | CapEx | | | |

| Proportion of the asset manager's investments that are intended to fund taxonomy aligned activities, or associated with such activities, to its total investments | | Percentage |
|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with taxonomy-aligned economic activities, **relative to the total value of assets covered by the KPI**, with the following weightings for investments in companies: | Based on turnover | 2.6% |
| | Based on capital expenditure | 3.7% |

**Additional information on exclusions from the numerator and the denominator**

| | |
|---|---|
| Share of **exposures to financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a percentage of total assets covered by the KPI: | ND |
| Share of **exposures to central governments, central banks or supranational issuers**, of total assets covered by the KPI. | 6.7% |
| Percentage of **derivatives** to total assets covered by the KPI: | 0.2% |

**Breakdown of the KPI by environmental objective**

| Share of the asset manager's investments that are allocated to activities that significantly contribute to the achievement of climate objectives | | (1) Climate change mitigation | (2) Adaptation to climate change | (3) Sustainable use and protection of aquatic and marine resources | (4) Transition to a circular economy | (5) Pollution prevention and control. | (6) Protection and restoration of biodiversity and ecosystems. |
|---|---|---|---|---|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with economic activities that significantly contribute to the achievement of the environmental objective relative to the total value of assets covered by the KPI | Based on turnover | 2.4% | 0.0% | | | | |
| | Based on capital expenditure | 3.2% | 0.1% | | | | |

**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 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 | % | 59.0% |
| 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 | % | 8.9% |
| | | Dedicated budgets as % of total budget of financial institution | % | 6.0% |
| | | Amounts in € of dedicated budgets | Monetary amount (€) | 7,918,080 |
| | | 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 | % | 27.1% |
| | | 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 |
|---|---|---|---|---|
| | | **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 | 3,702 |
| | | Number of filings on environmental issues | Number | 0 |
| | | Number of votes on environmental issues | Number | 52 |
| | | Number of filings on on social issues | Number | 0 |
| | | Number of votes on on social issues | Number | 157 |
| | | Number of filings on issues of governance quality | Number | 0 |
| | | Number of votes on issues of governance quality | Number | 3,493 |
| | 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 | 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 | % | 44.7% |
| | | % 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 | % | 0.6% |
| | | % 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 | % | 1.9% |
| | | % of filings on governance issues out of the total number of filings made | % | 0.0% |
| | | % of filings on governance issues out of the total number of filings made | % | 42.2% |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| 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 % | % | 2.6% |
| | Percentage of assets invested in companies operating in the **coal sector** (sub-section of indicator 5b above) | Share of assets as a % | % | 0.81% |
| | Share of assets invested in companies operating in the **conventional oil and gas** sector (sub-section of indicator 5b above) | Share of assets as a % | % | 1.2% |
| | Share of assets invested in companies operating in the **non-conventional oil and gas sector** (sub-section of indicator 5b above) | Share of assets as a % | % | 0.55% |
| | 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 (%) | % | 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 |

| 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 (%) | % | N/A |
| | 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 (%) | % | N/A |
| 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 | N/A |
| | | Unit of measurement of the quantitative target for 2030 | Text | N/A |
| | | 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:** = 2023 indicator - 2030 target = 1.86 - 1.8 = 0.06 Implicit temperature rise: **-0.06°C** **Scope 1, 2 & 3:** = 2023 indicator - 2030 target = 2.14 - 2.03 = 0.11 Implicit temperature rise: **-0.11°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: 1.96°C in 2023 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 |
| | | Coal: % of total assets managed or held by the entity | % | 0.81% |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| | 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 non-conventional coal and 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 |
| | | Indicate the definitive coal phase-out date used in your policy for OECD countries | Date | 2030 |
| | | Indicate 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 | % | 0.55% |
| | | 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 | -2,713 |
| | | 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 (€) | 6,781,104,841 |
| | | Share of assets covered by the biodiversity footprint indicator out of the total number of assets | % | 62.51% |

# Annex 4

# Taxonomy Eligibility, Quantitative Indicators and Principal Adverse Impacts of La Française Real Estate 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 (%) | 94.0% | |
| Share in total assets of exposures to economic activities not eligible for the taxonomy (%) | 6.0% | |
| 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/UE and which are therefore not required to publish indicators of eligibility and alignment with the taxonomy. | N/A | |

<table>
<tr><th colspan="2">ICY</th><th>Percentage</th></tr>
<tr><td rowspan="3">Weighted average value of all investments that are intended to finance or are associated with taxonomy-aligned economic activities, relative to the total value of assets covered by the KPI, with the following weightings for investments in companies:</td><td>Added line: On the basis of market values (%)</td><td>15.2%</td></tr>
<tr><td>Based on turnover (%)</td><td>18.6%</td></tr>
<tr><td>Based on CapEx (%)</td><td>NC</td></tr>
<tr><td colspan="2">Percentage of assets covered by the KPI compared to total investments (total AuM). Excluding investments in sovereign entities.</td><td>94.0%</td></tr>
<tr><td colspan="2">Added line:<br>Percentage of assets covered by the KPI compared to total investments (total AuM). Excluding investments in sovereign entities. For KPI: Turnover (%)</td><td>72.8%</td></tr>
<tr><th colspan="2">ICY</th><th>Monetary amount</th></tr>
<tr><td rowspan="3">Weighted average value of all investments that are intended to finance taxonomy-aligned economic activities or are associated to such activities, with the following weightings for investments in relevant companies</td><td>Based on market values</td><td>4,007,342,274</td></tr>
<tr><td>Based on turnover</td><td>180,403,617</td></tr>
<tr><td>Based on CapEx</td><td>NC</td></tr>
<tr><td colspan="2">Monetary value of assets covered by the KPI. Excluding investments in sovereign entities.</td><td>26,375,214,008</td></tr>
<tr><td colspan="2">Added line:<br>Monetary value of assets covered by the KPI. Excluding investments in sovereign entities. For KPI: Turnover (%)</td><td>20,420,109,315</td></tr>
</table>

<table>
<tr><td colspan="2">Additional unaudited information: KPI denominator breakdown</td><td>Percentage</td></tr>
<tr><td colspan="2">Percentage of derivatives to total assets covered by the KPI:</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to Union financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to third country financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to financial and non-financial corporations subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td colspan="2">Share of exposures to other counterparties, in relation to total assets covered by the KPI:</td><td>N/A</td></tr>
<tr><td colspan="2">Value of all investments that finance non-taxonomy eligible economic activities relative to the total value of assets covered by the KPI:</td><td>6.0%</td></tr>
<tr><td colspan="2">Value of all investments that finance economic activities eligible for taxonomy, but not aligned with the taxonomy, as a proportion of the total value of assets covered by the KPI:</td><td>84.8%</td></tr>
</table>

<table>
<tr><td colspan="2">Additional unaudited information: KPI denominator breakdown</td><td>Monetary amount</td></tr>
<tr><td colspan="2">Value of derivatives in monetary amounts:</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to Union financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to non-European financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td rowspan="2">Share of exposures to financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td>For non-financial companies</td><td>N/A</td></tr>
<tr><td colspan="2">Value of expositions on other counterparties:</td><td>N/A</td></tr>
<tr><td colspan="2">Value of all investments that finance non-taxonomy eligible economic activities:</td><td>N/A</td></tr>
<tr><td colspan="2">Value of all investments that finance economic activities eligible for the taxonomy but not aligned with the taxonomy:</td><td>N/A</td></tr>
</table>

<table>
<tr><td colspan="2">Additional unaudited information: KPI denominator breakdown</td><td>Percentage</td></tr>
<tr><td colspan="3"><u>For non-financial companies</u></td></tr>
<tr><td rowspan="2">Share of exposures, aligned with the taxonomy, to financial and non-financial subject to Articles 19a and 29aof Directive 2013/34/EU, as a proportion of total assets covered by the KPI</td><td>Based on turnover</td><td>N/A</td></tr>
<tr><td>Based on capital expenditure</td><td>N/A</td></tr>
<tr><td colspan="3"><u>For non-financial companies</u></td></tr>
<tr><td rowspan="2">Share of exposures, aligned with the taxonomy, to financial and non-financial subject to Articles19a and 29a of Directive 2013/34/EU, as a proportion of total assets covered by the KPI</td><td>Based on turnover</td><td>N/A</td></tr>
<tr><td>Based on capital expenditure</td><td>N/A</td></tr>
</table>

<table>
<tr><td colspan="2">Additional unaudited information: KPI denominator breakdown</td><td>Monetary value</td></tr>
<tr><td colspan="3"><u>For non-financial companies</u></td></tr>
<tr><td rowspan="2">Share of exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>Based on turnover</td><td>N/A</td></tr>
<tr><td>Based on capital expenditure</td><td>N/A</td></tr>
<tr><td colspan="3"><u>For non-financial companies</u></td></tr>
<tr><td rowspan="2">Share of exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>Based on turnover</td><td>N/A</td></tr>
<tr><td>Based on capital expenditure</td><td>N/A</td></tr>
</table>

| Breakdown of the KPI numerator by environmental objective | | | | |
|---|---|---|---|---|
| **Taxonomy-aligned activities** | | | | |
| **Environmental objectives** | **KPI calculation basis** | **Proportion of exposures contributing significantly to the environmental objective** | **of transitional activities** | **of enabling activities** |
| (1) Climate change mitigation | Turnover | 18.6% | 0.0% | 0.0% |
| | CapEx | NC | 0.0% | 0.0% |
| (2) Adaptation to climate change | Turnover | N/A | | |
| | CapEx | N/A | | |
| (3) Sustainable use and protection of aquatic and marine resources | Turnover | N/A | | |
| | CapEx | N/A | | |
| (4) Transition to a circular economy | Turnover | N/A | | |
| | CapEx | N/A | | |
| (5) Pollution prevention and control | Turnover | N/A | | |
| | CapEx | N/A | | |
| (6) Protection and restoration of biodiversity and ecosystems | Turnover | N/A | | |
| | CapEx | N/A | | |

**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 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 | % | 75.0% |
| 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 | % | 8.9% |
| | | Share as % of dedicated budgets out of total budget of financial institution | % | 10.8% |
| | | Amounts in € of dedicated budgets | Monetary amount (€) | 3,548,000 |
| | | Amount invested in research | Monetary amount (€) | 480,000 |
| | | Number of external service providers and data suppliers contacted | Number | 12 |
| 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 | % | N/A |
| | | Specify the denominator of the above indicator | Text | N/A |

| | | | | |
|---|---|---|---|---|
| | | **The indicators below are optional. The actors are of course free to publish others in their 29LEC reports.** | | |
| | 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 | 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 on social issues | Number | N/A |
| | | Number of votes on 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 |

| | | | | |
|---|---|---|---|---|
| | 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 |
| | Share of assets invested in companies operating in the **coal 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 conventional gas** sector (sub-section of indicator 5b above) | Share of assets as a % | % | N/A |
| 5. Information on European taxonomy and fossil fuels | Share of assets invested in companies operating in the **non-conventional oil and 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 real estate assets calculated as the proportion of investments in real estate assets used for the extraction, storage, transport or production of fossil fuels.** | Share of investments (%) | % | 0.16% |
| | This is indicator no. 17 in table 1 of Annex 1 of the SFDR RTS (Delegated Regulation (EU) 2022/1288). | | | |

| | | | | |
|---|---|---|---|---|
| | 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 0.16%. |
| | 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 | | **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 | 10.25 |
| | | Unit of measurement of the quantitative target for 2030 | Text | kgeqCO2/m² |

| | | | | |
|---|---|---|---|---|
| | 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 (€) | 19,970,738,664.4 |
| | | Amount of assets covered by the quantitative alignment target expressed in volume of GHG emissions on total assets | % | 71.2% |
| | | 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 | 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 defined by CRREM in conjunction with SBTi |

| | | | | |
|---|---|---|---|---|
| | 6. b. ii. the coverage level at portfolio level; | the coverage level at portfolio level as a % | % | 71.2% |
| | 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 | Numerical value | 15.6 |
| | | 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 the 2023 financial year |
| | | 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 non-conventional coal and 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 | |
| | | 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 | 0.30 |
| | | 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.<br><br>The average CBS is weighted by the surface area of the sites analysed. |
| | | 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 (€) | 236,863,006 |
| | | Share of assets covered by the biodiversity footprint indicator out of the total number of assets | % | 0.8% |

# Annex 5

# 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 (%) | 21.86% | |
| Share in total assets of exposures to economic activities not eligible for the taxonomy (%) | 78.14% | |
| 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/UE and which are therefore not required to publish indicators of eligibility and alignment with the taxonomy. | N/A | |

| ICY | | Percentage |
|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with taxonomy-aligned economic activities, **relative to the total value of assets covered by the KPI**, with the following weightings for investments in companies: | Based on turnover (%) | 6.31% |
| | Based on CapEx (%) | 9.12% |
| Percentage of assets covered by the KPI compared to total investments (total AuM). Excluding investments in sovereign entities. | | 57.0% |
| **ICY** | | **Monetary amount** |
| Weighted average value of all investments that are intended to finance taxonomy-aligned economic activities or are associated to such activities, with the following weightings for investments in relevant companies | Based on turnover | 41.33 M |
| | Based on CapEx | 59.74 M |
| Monetary value of assets covered by the KPI. Excluding investments in sovereign entities. | | 373.36 M |

<table>
<tr><th colspan="2">Additional unaudited information: KPI denominator breakdown</th><th>Percentage</th></tr>
<tr><td colspan="2">Percentage of derivatives to total assets covered by the KPI:</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to Union financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>ND</td></tr>
<tr><td>For non-financial companies</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to third country financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>ND</td></tr>
<tr><td>For non-financial companies</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to financial and non-financial corporations subject to Articles 19a and 29a of Directive 2013/34/EU, as a percentage of total assets covered by the KPI:</td><td>For non-financial companies</td><td>ND</td></tr>
<tr><td>For non-financial companies</td><td>ND</td></tr>
<tr><td colspan="2">Share of exposures to other counterparties, in relation to total assets covered by the KPI:</td><td>ND</td></tr>
<tr><td colspan="2">Value of all investments that finance non-taxonomy eligible economic activities relative to the total value of assets covered by the KPI:</td><td>ND</td></tr>
<tr><td colspan="2">Value of all investments that finance economic activities eligible for taxonomy, but not aligned with the taxonomy, as a proportion of the total value of assets covered by the KPI:</td><td>ND</td></tr>
</table>

<table>
<tr><th colspan="2">Additional unaudited information: KPI denominator breakdown</th><th>Monetary amount</th></tr>
<tr><td colspan="2">Value of derivatives in monetary amounts:</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to Union financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>ND</td></tr>
<tr><td>For non-financial companies</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to non-European financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>ND</td></tr>
<tr><td>For non-financial companies</td><td>ND</td></tr>
<tr><td rowspan="2">Share of exposures to financial and non-financial corporations not subject to Articles 19a and 29a of Directive 2013/34/EU:</td><td>For non-financial companies</td><td>ND</td></tr>
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<tr><td colspan="2">Value of expositions on other counterparties:</td><td>ND</td></tr>
<tr><td colspan="2">Value of all investments that finance non-taxonomy eligible economic activities:</td><td>ND</td></tr>
<tr><td colspan="2">Value of all investments that finance economic activities eligible for the taxonomy but not aligned with the taxonomy:</td><td>ND</td></tr>
</table>

| Additional unaudited information: KPI **denominator** breakdown | | **Percentage** |
|---|---|---|
| *For non-financial companies* | | |
| Share of **exposures, aligned with the taxonomy, to financial and non-financial subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a proportion of total assets covered by the KPI | Based on turnover | ND |
| | Based on capital expenditure | ND |
| *For non-financial companies* | | |
| Share of **exposures, aligned with the taxonomy, to financial and non-financial subject to Articles19a and 29a of Directive 2013/34/EU**, as a proportion of total assets covered by the KPI | Based on turnover | ND |
| | Based on capital expenditure | ND |

| Additional unaudited information: KPI **denominator** breakdown | | **Monetary value** |
|---|---|---|
| *For non-financial companies* | | |
| Share of **exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | Based on turnover | ND |
| | Based on capital expenditure | ND |
| *For non-financial companies* | | |
| Share of **exposures to taxonomy-aligned financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU:** | Based on turnover | ND |
| | Based on capital expenditure | ND |

| Breakdown of the KPI numerator by environmental objective | | | | |
|---|---|---|---|---|
| **Taxonomy-aligned activities** | | | | |
| **Environmental objectives** | **KPI calculation basis** | **Proportion of exposures contributing significantly to the environmental objective** | **of transitional activities** | **of enabling activities** |
| (1) Climate change mitigation | Turnover | 6.04% | | |
| | CapEx | 8.73% | | |
| (2) Adaptation to climate change | Turnover | 0.00% | | |
| | CapEx | 0.65% | | |
| (3) Sustainable use and protection of aquatic and marine resources | Turnover | 0.00% | | |
| | CapEx | 0.00% | | |
| (4) Transition to a circular economy | Turnover | 0.14% | | |
| | CapEx | 0.10% | | |
| (5) Pollution prevention and control | Turnover | 0.02% | | |
| | CapEx | 0.04% | | |
| (6) Protection and restoration of biodiversity and ecosystems | Turnover | 0.00% | | |
| | CapEx | 0.00% | | |

| **Proportion of the asset manager's investments that are intended to fund taxonomy aligned activities, or associated with such activities, to its total investments** | | **Percentage** |
|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with taxonomy-aligned economic activities, **relative to the total value of assets covered by the KPI**, with the following weightings for investments in companies: | Based on turnover | ND |
| | Based on capital expenditure | ND |

**Additional information on exclusions from the numerator and the denominator**

| | |
|---|---|
| Share of **exposures to financial and non-financial corporations not subject to Articles 19*a* and 29*a* of Directive 2013/34/EU**, as a percentage of total assets covered by the KPI: | ND |
| Share of **exposures to central governments, central banks or supranational issuers**, of total assets covered by the KPI. | 0.0% |
| Percentage of **derivatives** to total assets covered by the KPI: | 0.0% |

**Breakdown of the KPI by environmental objective**

| **Share of the asset manager's investments that are allocated to activities that significantly contribute to the achievement of climate objectives** | | **(1) Climate change mitigation** | **(2) Adaptation to climate change** | **(3) Sustainable use and protection of aquatic and marine resources** | **(4) Transition to a circular economy** | **(5) Pollution prevention and control** | **(6) Protection and restoration of biodiversity and ecosystems** |
|---|---|---|---|---|---|---|---|
| Weighted average value of all investments that are intended to finance or are associated with economic activities that significantly contribute to the achievement of the environmental objective relative to the total value of assets covered by the KPI | Based on turnover | ND | ND | ND | ND | ND | ND |
| | Based on capital expenditure | ND | ND | ND | ND | ND | ND |

**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 | % | 100.0% |
| 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 | % | 7.4% |
| | | Dedicated budgets as % of total budget of financial institution | % | |
| | | Amounts in € of dedicated budgets | Monetary amount (€) | |
| | | Amount invested in research | Monetary amount (€) | |
| | | Number of external service providers and data suppliers contacted | Number | 3 |
| 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 | % | 61.5% |
| | | Specify the denominator of the above indicator | Text | The denominator is the number of companies in which NewAlpha was invested at 31/12/2023. |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| | | **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 on social issues | Number | N/A |
| | | Number of votes on 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 |
| | 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 | 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 |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| 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 % | % | 3.42% |
| | Percentage of assets invested in companies operating in the **coal sector** (sub-section of indicator 5b above) | Share of assets as a % | % | 0.30% |
| | Share of assets invested in companies operating in the **conventional oil and gas** sector (sub-section of indicator 5b above) | Share of assets as a % | % | 3.15% |
| | Share of assets invested in companies operating in the **non-conventional oil and gas sector** (sub-section of indicator 5b above) | Share of assets as a % | % | 0.27% |
| | 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 (%) | % | 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 |

| 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 (%) | % | N/A |
| | 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 (%) | % | N/A |
| 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 | N/A |
| | | Unit of measurement of the quantitative target for 2030 | Text | N/A |
| | | 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 | N/A |
| | | Amount of assets covered by the quantitative alignment target expressed | Monetary amount (€) | N/A |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| | | in terms of implied temperature rise | | |
| | | 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 | N/A |
| | 6. b. ii. the coverage level at portfolio level; | the coverage level at portfolio level as a % | % | N/A |
| | 6. b. iii. the time horizon used for the valuation; | Assessment time frame | Date | N/A |
| | 6. c. Quantification of results using at least one indicator | Free metric | Numerical value | N/A |
| | | Description of the free metric | Text | N/A |
| | | Unit of measurement for the free metric | Text | N/A |
| | 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 non-conventional coal and 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 | % | 0.30% |
| | | 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 | 2030 |

| Indicator category | Detail and number of indicator/ paragraph | Metric | Format | Indicator figures |
|---|---|---|---|---|
| | | Indicate the definitive coal phase-out date used in your policy for non-OECD countries | Date | 2030 |
| | | Non-conventional hydrocarbons: % of total assets managed or held by the entity | % | 0.27% |
| | | 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 | |
| | | 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 | % | |

## DISCLAIMER



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