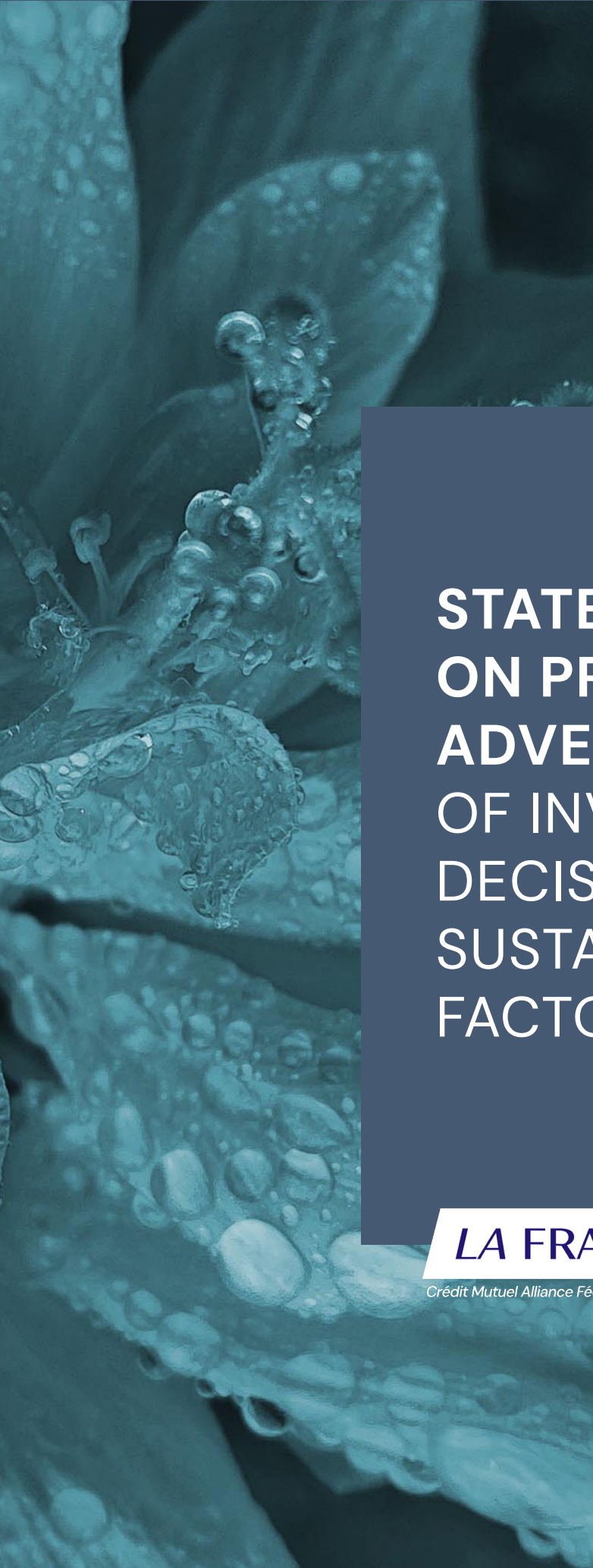




STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

LA FRANÇAISE SAM

Crédit Mutuel Alliance Fédérale

30 JUNE
2026

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Zusammenfassung



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Zusammenfassung

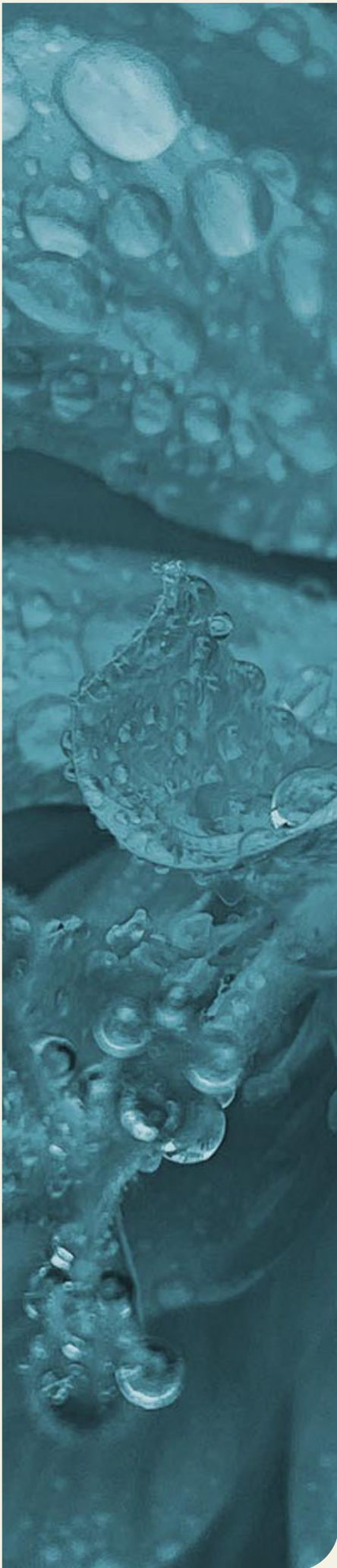
Finanzmarktteilnehmer: La Française Systematic Asset Management GmbH, LEI: 391200SAJ1O3DRMKXX08

Die La Française Systematic Asset Management GmbH (LEI: 391200SAJ1O3DRMKXX08) berücksichtigt die wichtigsten negativen Auswirkungen (principal adverse impacts – PAI) ihrer Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Die vorliegende Erklärung ist die konsolidierte Erklärung zu den wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren der La Française Systematic Asset Management GmbH (LFSAM). Diese Erklärung zu den wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren bezieht sich auf den Referenzzeitraum vom 1. Januar 2025 bis zum 31. Dezember 2025.

LFSAM ist Teil der La Française Gruppe (Group) und unterliegt als Finanzmarktteilnehmer der VERORDNUNG (EU) 2019/2088 DES EUROPÄISCHEN PARLAMENTS UND DES RATES vom 27. November 2019 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (SFDR) und der Delegierten Verordnung (EU) 2022/1288 der Kommission vom 6. April 2022 (Delegierte Verordnung).

Die wichtigsten nachteiligen Auswirkungen, die von der LFSAM berücksichtigt werden, sind die folgenden:

PAI		
INVESTMENTS	Umwelt	1. THG-Emissionen 2. CO ₂ -Fußabdruck 3. THG-Emissionsintensität der Unternehmen, in die investiert wird 4. Engagement in Unternehmen, die im Bereich der fossilen Brennstoffe tätig sind 5. Anteil des Energieverbrauchs und der Energieerzeugung aus nicht erneuerbaren Energiequellen 6. Intensität des Energieverbrauchs nach klimaintensiven Sektoren
	Biodiversität	7. Tätigkeiten, die sich nachteilig auf Gebiete mit schutzbedürftiger Biodiversität auswirken
	Wasser	8. Emissionen in Wasser
	Abfall	9. Anteil gefährlicher und radioaktiver Abfälle
	Soziales und Beschäftigung	10. Verstöße gegen die UNGC-Grundsätze und gegen die Leitsätze der Organisation für wirtschaftliche Zusammenarbeit und Entwicklung (OECD) für multinationale Unternehmen
		11. Fehlende Prozesse und Compliance-Mechanismen zur Überwachung der Einhaltung der UNGC-Grundsätze und der OECD-Leitsätze für multinationale Unternehmen
		12. Unbereinigtes geschlechtsspezifisches Verdienstgefälle
		13. Geschlechtervielfalt in den Leitungs- und Kontrollorganen
		14. Engagement in umstrittenen Waffen (Antipersonenminen, Streumunition, chemische und biologische Waffen)
	Wasser, Abfall und Materialemissionen	15. Natürlich vorkommende Arten und Schutzgebiete
	Bekämpfung von Korruption und Bestechung	16. Unzureichende Maßnahmen bei Verstößen gegen die Standards zur Korruptions- und Bestechungsbekämpfung



Die LFSAM achtet besonders auf:

- Kohlenstoff-Fußabdruck
- Exposition gegenüber fossilen Brennstoffen
- Verstöße gegen die Prinzipien des Global Compact und die OECD-Leitsätze für multinationale Unternehmen
- Geschlechtervielfalt im Vorstand
- Exposition gegenüber umstrittenen Waffen

Diesen Indikatoren werden Ziele über die *Methodik zu Umwelt-, Sozial- und Governance-Faktoren (ESG)*, die **Ausschlussrichtlinie (Exclusion Policy) oder die **Abstimmungsrichtlinie (Voting Policy)** die von der La Française Gruppe entwickelt wurden, zugeordnet. LFSAM agiert im Rahmen des gemeinsamen ESG-Governance-Systems der La Française Gruppe.**



Im Rahmen dieser Erklärung werden die wesentlichen nachteiligen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsfaktoren für die von LFSAM verwalteten Fonds berücksichtigt. Fonds, die aufgrund ihrer spezifischen Anlagestrategie die wesentlichen nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren nicht explizit in ihren Investitionsentscheidungen berücksichtigen, werden daher in die in dieser Erklärung dargestellten Berechnungen einbezogen. Wir setzen uns für Transparenz hinsichtlich der Auswirkungen unserer Investitionen ein und fördern damit fundierte Entscheidungen und verantwortungsbewusstes Investieren.



Summary



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Summary

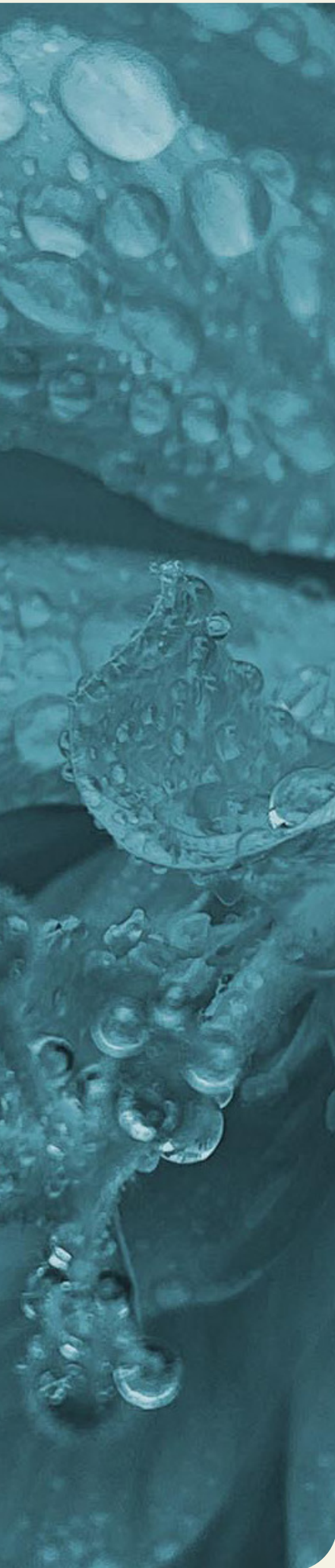
Financial market participant: La Française Systematic Asset Management GmbH , LEI: 391200SAJ1O3DRMKXX08

La Française Systematic Asset Management GmbH (LEI: 391200SAJ1O3DRMKXX08) considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of La Française Systematic Asset Management GmbH (LFSAM). This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

LFSAM is part of the La Française Group (Group), as a financial market participant subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (SFDR) and Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 («Delegated Regulation»).

The principle adverse impacts retained by LFSAM are as follows:

PAI		
ISSUERS INVESTED	Greenhouse gas emissions	1. Greenhouse gas (GHG) emissions 2. Carbon footprint 3. GHG intensity of investee companies 4. Exposure to companies active in the fossil fuel sector 5. Share of non-renewable energy consumption and production 6. Energy consumption intensity per high impact climate sector
	Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas
	Water	8. Emissions to Water
	Waste	9. Hazardous waste and radioactive waste ratio
	Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
		11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
		12. Unadjusted gender pay gap
		13. Board gender diversity
	Water, waste and material emissions	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
		15. Natural species and protected area
	Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery



LFSAM pays specific attention to:

- Carbon footprint
- Exposure to fossil fuels
- Violations of the Global Compact principles as well as the OECD guidelines for Multinational Enterprises
- Board gender diversity
- Exposure to controversial weapons

Objectives are attached to those indicators through *the environmental, social and governance (ESG) factors methodology*, exclusion policy or voting policy which are developed by the La Française Group. LFSAM operates under the common ESG governance framework of the La Française Group.



In the context of this statement, the principal adverse impacts of investment decisions on sustainability factors for the funds managed by LFSAM are considered. Funds that, due to their specific investment strategy, do not explicitly consider principal adverse impacts on sustainability factors in their investment decisions, are therefore considered in the calculations presented in this statement. We are committed to ensuring transparency regarding the effects of our investments, thereby promoting informed decision-making and responsible investing.



Description

of the principal adverse impacts
on sustainability factors



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Description of the principal adverse impacts on sustainability factors

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES*

Climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact 2025 Year n	Impact 2024 Year n-1	Impact 2023 Year n-2	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	1 GHG emissions	Scope 1 Scope 2 Scope 3 Total	4110,7 1423,0 111995,8 117529,5	4740,3 1031,3 202446,9 208218,7	752.110 324.270 7.650.400 8.726.780	Coverage: 62,8% GHG emissions and therefore carbon footprint and intensity are integrated through various tools available to us as investor i.e. our sector policies on coal and fossil fuels, our Carbon Impact analysis for the high emitting sectors and Carbon Impact Score for other sectors and our voting and engagement policy, both of which have climate components.	Emissions have decreased in 2025 compared to 2024 but this change should not be interpreted as the CO2 data changed from internal calculations and estimates in 2024 to an external provider in 2025 (ISS ESG). Moreover, due to the previous change in 2024 of the calculation methods, a comparison to 2023 indicators is not possible. All elements related to GHG emissions and fossil fuels are a key component of the environmental analysis and score in our internal ESG methodology, they are as well monitored through our votings at General Assembly and the basis of one of our engagement thematic.
	2 Carbon footprint		34,4	466,9	28,53		
	3 GHG intensity of investee companies		642,4	986,6	77,28		
	4 Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8,4%	6,7%	2,3%	Coverage: 62,7% This indicator is covered through our exclusion policy on fossil fuels (that includes coal and non conventional fossil fuels) as well as via the environmental score. It is also included in our voting policy and engagement policy, both of which have climate components.	
	5 Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption 27,2% Production 3,4%	Consumption 22,6% Production 1,7%	16,1%	Coverage: Production 60,5% Consumption 52,3% It is included in the ESG rating which for its environmental part incorporates elements related to climate and energy in particular: Energy management – energy mix, % of renewables. It is mainly covered through the sectoral policies on coal and hydrocarbons. The production indicator is specific to the electricity generation sector. This results in very low coverage as compared to the total amount of assets under management invested in all economic sectors but does not mean coverage is poor.	

* Due to a change in the calculation basis (from eligible assets in 2023 to net assets in 2024) a direct year-on-year comparison is not feasible.



→ Climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact 2025 Year n	Impact 2024 Year n-1	Impact 2023 Year n-2	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Greenhouse gas emissions	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,189GWh/ M€	0,015GWh/ M€	0,04	Coverage: 58,5% The energy consumption intensity indicator is specific to sectors with a high climate impact. This indicator is included in the ESG rating which for its environmental part incorporates elements related to climate and energy in particular: Energy Management – Energy Intensity. This calculation is carried out on the sector NACE C with the highest impact, namely Manufacturing.	LFSAM does not set any objective on this issue. A much better coverage of the indicator has led to an increase in the energy consumption intensity in 2025.
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,82%	0,6%	0,3%	Coverage: 62,7% This indicator is included in the ESG rating, which for its environmental part incorporates elements related to biodiversity in particular: Protecting biodiversity – Protected Areas Since 2025, our sectoral policy also includes an aspect on deforestation and since early 2026 we have included palm oil and hazardous pesticides in an engagement campaign that can lead to voting actions in General Assembly if an escalation is needed.	The share of activities negatively affecting biodiversity-sensitive areas is not meaningful and cannot be interpreted safely. LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicators in its dialogues with issuers and since early 2026 we have included palm oil and hazardous pesticides in an engagement campaign that can lead to voting actions in General Assembly if an escalation is needed.
Water	8	Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,003t/M€	0,004t/M€	0,005t/M€	Coverage: 4% The coverage is Very Poor (less than 10%). This indicator, Water Pollution – COD Emissions EVIC (COD = collision damage, parameter used to measure water pollution) has a very low coverage and therefore is not included in the ESG rating.	LFSAM does not set any objective on this issue. Given the poor coverage and the low figures, no meaningful analysis can be done of the evolution between 2024 and 2025.
Waste	9	Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,220t/M€	0,21004t/M€	5,8t/M€	Coverage: 34,1% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG climate research team. Its coverage is Poor (around 30%) and is not expected to increase much as the indicator is very sector specific. This indicator is included in the ESG rating, which for its environmental part and for the high materiality sectors, incorporates elements related to waste management in particular: Waste Management and Impact – Hazardous Waste	LFSAM does not set any objective on this issue. The low coverage does not allow a real interpretation at a global portfolio level nor any comparison to the previous year.

Indicators for social and employee, respect for human rights, anti-corruption and anti-briberymatters

Adverse sustainability indicator		Metric	Impact 2025 Year n	Impact 2024 Year n-1	Impact 2023 Year n-2	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0,4%	0,9%	Coverage: 62,7% It is addressed through our sector policy on controversy analysis in relation to the UN Global Compact and the OCDE Guiding Principles. The most serious violations are subject to exclusions, while those deemed less severe may be subject to recognizance.	The level of the indicator on the exposure to violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises remains very low. The fact that it is not at zero for the exposure to lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises can be explained by differences in the conclusions drawn by our data providers and our analysts that conduce a more thorough and up to date analysis. Decisions to keep in our portfolio companies that are identified by our providers as in breach are taken at the Stewardship Committee and duly documented and traceable.
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	3,1%	4,4%	8,0%	Coverage: 62,2% This indicator is included in our controversies analysis.	
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2,7%	0,9%	0,004%	Coverage: 26,3% This indicator is not included in the ESG rating due to its still low coverage although the coverage has remarkably improved over last year.	This low coverage does not allow a meaningful interpretation. However, the improvement of the coverage does explain the change in the gender pay gap.
	13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	25,8%	23,2%	28%	Coverage: 62,2% This indicator is integrated into our voting policy through gender diversity in the Boards (40% minimum). It is also a matter of engagement within the 30% Investors Club France where we work on gender diversity in the Executive Committees. Finally, it is included in the ESG rating, which for its part incorporates elements related to governance bodies: Board Quality and Diversity – Gender Diversity.	LFSAM has an objective of a minimum of 40% of women in Boards. The increase in average ratio of female to male board members is encouraging.

→ Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2025 Year n	Impact 2024 Year n-1	Impact 2023 Year n-2	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	0,003%	Coverage: 62,7% This indicator is dealt with through our sectoral policy on Defense and Security.	LFSAM, as part of the Group La Française, has banned any investment in excluded weapons in line with the Group exclusion policy.

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impact 2024 Year n	Impact 2024 Year n	Impact 2023 Year n-1	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Water, waste and material emission	15	Natural species and protected area	Share of investments in investee companies whose operations affect threatened species	0%	0%	0,84%	Coverage: 62,7% This indicator is included in the ESG rating, which for its environmental part incorporates elements related to biodiversity in particular: Protection of biodiversity – Controversies Affecting Threatened Species. Since 2025, our sectoral policy also includes an aspect on deforestation and since early 2026 we have included palm oil and hazardous pesticides in an engagement campaign that can lead to voting actions in General Assembly if an escalation is needed.	LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicator in its dialogue with issuers.
Anti- corruption and anti- bribery	16	Cases of insufficient action taken to address breaches of standards of anti- corruption and anti- bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti- corruption and anti- bribery	0%	0%	0,0061%	Coverage: 62,7% This indicator is included in the ESG rating, which for its social part incorporates elements related to equity: Insufficient Action Against Corruption Breaches.	LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicator in its dialogue with issuers.



Description

of policies to identify and prioritize principal adverse impacts on sustainability factors

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Description of policies to identify and prioritize principal adverse impacts on sustainability factors

For the fourth year in a row, LFSAM has computed 14 compulsory PAI as well as 2 optional in line with the SFDR regulation requirements. Those PAI have been classified by the regulators into two distinct categories: the climate and other environment- related indicators and the social and employee matters.

The La Francaise Group's approach on how all group companies integrate associated risks and opportunities in the investment process, as well as the Group's engagement focuses and collaborative activities are implemented in various policies that have been approved and are kept under review by LFSAM and the Group. The management of LFSAM and Portfolio Management are responsible for the implementation of these policies.

The policies are available on the website at <https://www.la-francaise-systematic-am.com/nachhaltigkeit/richtlinien-offenlegungen>. The methodologies used refer to the La Francaise Group:

- ESG Methodology (article 29 – LEC report)
- Exclusion Policy including controversies
- Voting Policy
- Engagement Policy

Within the 14 compulsory PAI, LFSAM chose to concentrate its efforts and the monitoring on the indicators which have been retained within the DSNH (Do Not Significantly Harm) analysis, which is systematically performed for all investments, as well as on the carbon footprint which is in line with our support of the Paris Agreement during COP 15 as well as a focus area for the Group to fight climate change. Therefore, our priorities are the following:

- Carbon footprint
- Exposure to companies in the fossil fuel sector
- Violations of the UN Global Compact principles or OECD guidelines on multinational enterprises
- Board gender diversity
- Exposure to controversial weapons

For all these indicators objectives have been set in the Group ESG methodology and/or our exclusion policy, voting policy and these indicators are therefore monitored. They are featured as of “high importance” in the table below, whereas the average importance relates to indicators whose coverage is insufficient for a proper analysis. Both the water and waste thematic remain important for us and are dealt with other quantitative and qualitative indicators focused on some sectors.

To those 14 compulsory PAI, we’re adding 2 optional ones that we selected:

- Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
- Natural species and protected area

This choice is based on the importance of the theme for our Group as well as the level of coverage of the indicator. Fighting corruption is key for our Group but also more broadly for the financial industry, as well as an issue that we factor in our investment decisions. Biodiversity is also of utmost importance but an area where too few indicators are available and/or properly covered. With this specific PAI selection we’re telling invested issuers that biodiversity is a key issue on which we are demanding –more– indicators. In the same vein, we can only notice that the coverage on additional PAI on social and employee matters is low and the choice of indicator limited.

All the calculations are based on all the funds managed by the LFSAM, which include funds of funds.

This means the interpretation of the PAI indicators is difficult as some of the funds included in the calculation do not factor in ESG objectives nor consideration and their inclusion will mechanically lower the overall result at the LFSAM level.

Coverage is divided into 4 categories covering ranges as described below:

Coverage	Coverage %	Indicators #	Indicators %
Very Good	55 – 100%	14	82%
Average	30 – 55%	1	6%
Poor	10 – 30%	1	6%
Very Poor	< 10%	1	6%

The coverage is calculated on LF SAM’s net assets. Eligible assets account for 62,8% of the net assets. Most of the indicators (14 corresponding to ~82%) are well covered – including the 2 optional indicators retained, and 2 indicators (or ~12%) –all compulsory ones– have a coverage below 30%.

The indicator on unadjusted gender gap pay still has a relatively poor coverage at ~26% but this is a dramatic improvement from last year 8%. It is to be noted that the total of PAI sums up to 17 because PAI 5 has been divided into two different figures (consumption and production).

Adverse sustainability indicator		Importance	Coverage
Greenhouse gas emissions	1 GHG emissions, Scope 1, Scope 2, Scope 3	Very Good	62,8%
	2 Carbon footprint	Very Good	62,7%
	3 GHG intensity of investee companies	Very Good	62,7%
	4 Exposure to companies active in the fossil fuel sector	Very Good	62,7%
	5 Share of non-renewable energy, consumption and production	Consumption: Very Good Production: Very Good	Consumption: 52,3% Production: 60,5%
	6 Energy consumption intensity per high impact climate sector	Very Good	58,5%
Biodiversity	7 Activities negatively affecting biodiversity-sensitive areas	Very Good	62,7%
Water	8 Emissions to water	Very Poor	4%
Waste	9 Hazardous waste and radioactive waste ratio	Average	34,1%
Social and employee matters	10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Very Good	62,7%
	11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Very Good	62,2%
	12 Unadjusted gender pay gap	Poor	26,3%
	13 Board gender diversity	Very Good	62,2%
	14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Very Good	62,7%
Water, waste and material emission	15 .Natural species and protected area	Very Good	62,7%
Anti- corruption and anti- bribery	16 Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Very Good	62,7%

We use ISS ESG by Institutional Shareholder

Services Inc. as the source for our data. ISS ESG is a major and historical ESG provider that acquired a few years ago the German ESG provider Oekom to build its ESG capacity. It is a renown and respected provider that applies the highest standards in terms of control, monitoring and analysis of the data collected. We have been working successfully with ISS for over five years and are very satisfied with the quality of their services. Subsequent calculations based on the retrieved data are carried out internally by our dedicated Data Team within the Group.





Engagement Policies



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Engagement Policies

LFSAM, as a financial market participant that considers the principal adverse impacts of investment decisions on sustainability factors at a product level, should disclose in the precontractual information for each financial product, concisely in qualitative or quantitative terms, how such impacts are considered as well as a statement that information on the principal adverse impacts on sustainability factors is available in the periodic reporting. Please refer to products’ precontractual documentation and periodic reports for product-level information. At entity level, LFSAM considers PAIs via a combination of approaches that can vary.

Being a responsible investor is not only about integrating ESG considerations into investment choices, but also about exercising responsibility throughout the length of the investment holding period – a responsibility that makes us an active investor.

ESG engagement is an essential tool for active shareholding and has been the subject of a policy review annually since 2019. The Group also publishes an annual ‘Stewardship Report’ on the Group’s engagement actions. In 2025, we continued to integrate engagement into all aspects of our approach to sustainable investment. Guided by the PRI principles, we focused on engaging with companies in which we had equity or bond positions, linking voting to engagement and working with stakeholders to promote sustainable outcomes. Our Group’s engagement strategy (linked to our voting policy) has been organized around four key themes: climate change, natural capital, social capital and governance.

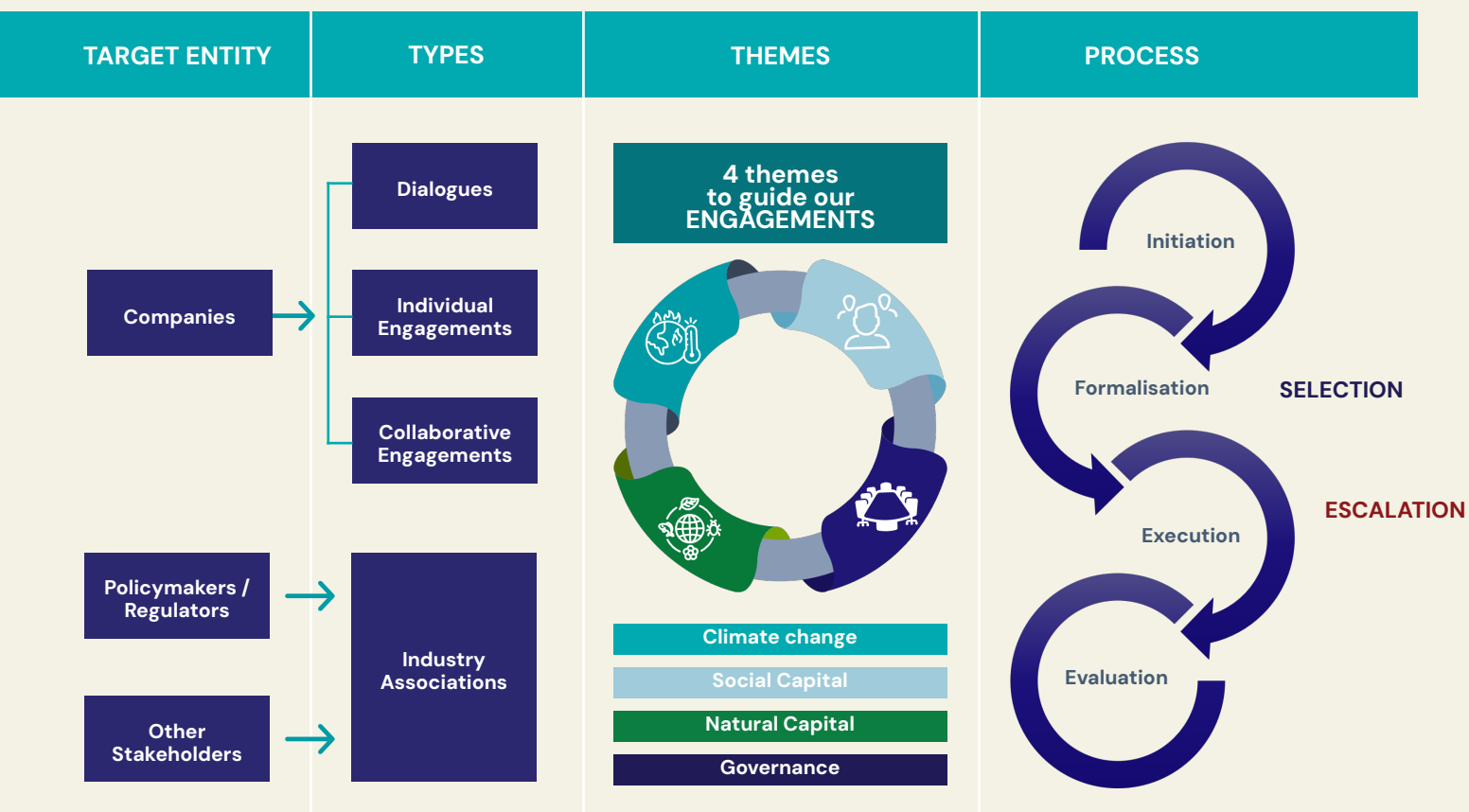


Actions taken aim to mitigate environmental impacts, promote fair opportunities and promote transparency and accountability in corporate practices. These actions on different themes are divided into criteria and objectives, some of which are related to the PAIs.

Theme	Related PAI
Climate Change	PAI 1 to 6
Natural Capital	PAI 7, 8, 9 and 15
Social Capital	PAI 10, 11, 12 and 14
Governance	PAI 13 and 16

PROCESS

Our engagements, unless exceptional cases of controversial engagement, follow the key steps outlined below.



ESCALATION PROCESS

The establishment of an escalation process is essential to ensure the credibility of an engagement mission and allows for transparency with identified issuers. A process of escalation is necessary when requests are not taken into account, when dialog with issuers is non-existent or poor. This requires a monitoring capacity and an internal tool to identify all of our engagements, their objectives, timelines and progress, share results or lack of results, and decide on actions to take.

Within Group, we view the choice of escalation as a process that depends on each engagement, its specific objectives, and its timing. As shown in the graph, we identified three levels of escalation (see labels first level, second level, evaluation – with different consequences –).

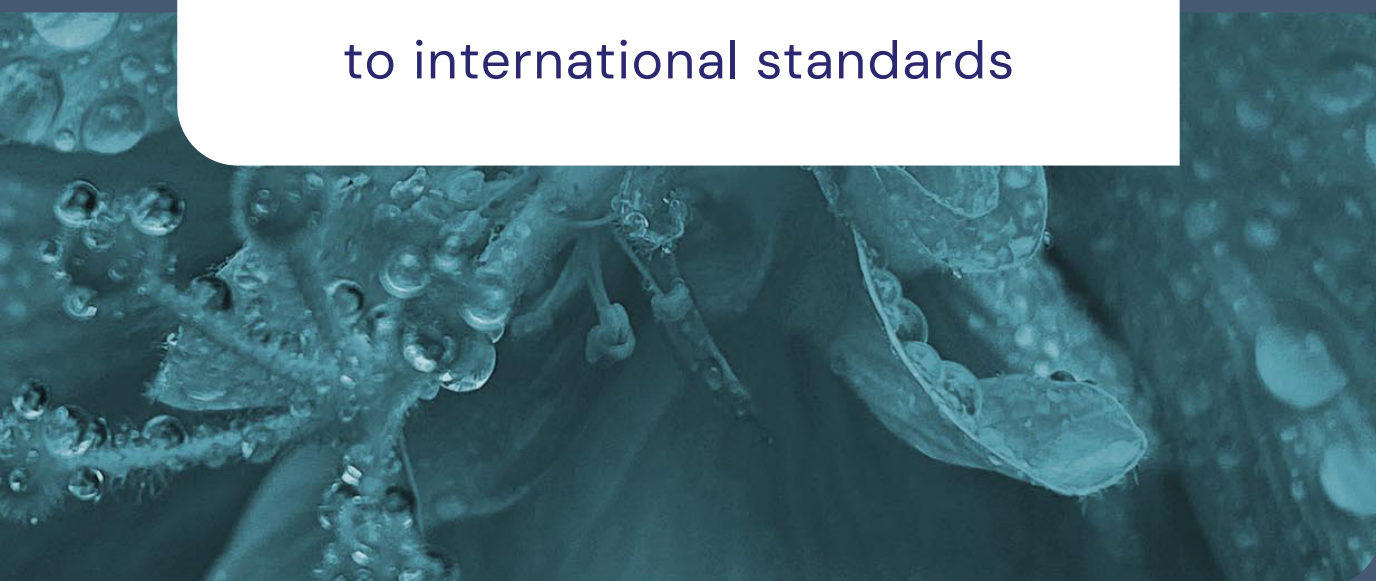
Each formalized engagement will be reviewed on an annual basis to determine if a level of escalation is required. The first two levels are available and actionable during the 3-year engagement period. At the end of the three years, the evaluation phase can lead to different actions:

1. The first two levels are available and actionable during the 3-year engagement period. At the end of the three years, the evaluation phase can lead to different actions:
2. Open Letter/Public Article on Engagement
3. Questions and vote associated with the Annual Meetings
4. Filing or co-filing of a resolution
5. Stopping investments/issuer underweight
6. Divestment and setting a constraint on reinvestment



References

to international standards



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References to international standards

Moreover, in line with its commitment to fight climate change, the Group is supportive of the **Paris Agreement signed at COP 15** and commitment to a well-below 2° target. This means being particularly cautious about climate strategies and CO2 emissions in any investment decision. The GHG related PAIs (Number 1-6) are used to measure adherence to the Paris Agreement. We do use in our Carbon Impact assessments the reference scenarios given by the International Energy Agency: Net zero, SDS, STEPS.

As early as October 2010, Groupe La Française signed the “**Principles for Responsible Investment**” to reinforce its engagement as a sustainable investor. The La Française Group enforces those principles across its different businesses and asset classes as well as processes. A public reporting to the PRI is done on a yearly basis and an [assessment](#) of the quality of the reporting and practices is performed by the PRI and a welcome third-party review of the Group’s positioning. This report is used to measure adherence to the PRI. It has proven very positive for the La Française Group.

In terms of investment, we strive to analyse our investments on the basis of the principles developed by the **United Nations Global Compact**. These 10 principles themselves refer to recognized international standards such as the ILO conventions, the Universal Declaration of Human Rights, the OCDE Guidelines for Responsible Business Conduct for Multinational Enterprises, etc. Adherence to Global Compact principles is integrated into our ESG analysis as well as the systematic analysis of controversies that is reviewed and approved by the Stewardship Committee.

Furthermore, in line with its climate commitment, the group supports the **Paris Climate Agreement signed at COP21**.

→ **LF SAM is using international benchmark standards more broadly to address the negative impacts of issuers in portfolios, including for all PAI:**

- OCDE Guidelines for Multinational Enterprises
- OCDE'S Due Diligence Guidance for Responsible Business Conduct

→ **More specifically on environmental aspects (PAI 1 to 9 and optional 15)**

- The Kyoto Protocol (1997)
- The Paris Climate Agreement (2015)
- United Nations Convention on Biological Diversity (1992)
- All the environmental protection conventions ratified by France (such as the Ramsar Convention on the Protection of Wetlands, the Basel Convention on Hazardous Waste, the Vienna Convention for the Protection of the Ozone Layer, etc.)
- The Global Biodiversity Framework Kunming Montréal (2022)

→ **On fundamental and social rights (PAI 10 to 12 and optional 17)**

- United Nations Guiding Principles on Business and Human Rights (2011),
- The Universal Declaration of Human Rights (1948)
- The eight core Conventions of the International Labor Organization

→ **On controversial weapons (PAI 14)**

- The Oslo and Ottawa Conventions on Cluster Munitions and Landmines
- Chemical Weapons and Biological Weapons Conventions (BWC-1972)
- Convention on Conventional Weapons of 10 October 1980

→ **On corporate governance and business ethics (PAI 13 and optional 16)**

- G20 and OCDE Corporate Governance Principles
- United Nations Convention against Corruption

Finally, the many initiatives, charters or commitments that the group has signed and/or joined in 2025 are described in the Group's article 29 LEC report available [here](#).

We have not set objectives on all PAI and do not intend to do so in the future. In the above table we give an explanation of how they are computed and of the levels achieved, but it should be noted that –as for the coverage– the fact that the calculation is being done of all the LFSAM funds, including funds of funds does involve a distortion of the results at the asset manager level. Also, calculations are based on all issuers detained not only on those for which there is a figure which mechanically induce a distortion of the overall result when the coverage is very poor, poor or even average.

Eventually, for 2026, we keep the same objective to progress on the indicators that we monitor and for which we have set our own objectives, indicators whose importance is very high.



Amendment history

30.06.2026

Yearly update in accordance with the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022.

30.06.2025

Yearly update in accordance with the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022. Change in calculation methodology: denominator used to be eligible assets and now moved to net assets.

30.06.2024

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