Product Name : La Française LUX – Inflection Point Carbon Impact Global

Legal entity identifier: 54930047GP13I413CC79

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

# Sustainable investment objective

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

Does this financial product have a sustainable investment objective?

| ☒ Yes | ☐ No |
| --- | --- |
| ☒ It will make a minimum of **sustainable investments with an environmental objective: 90.0%**<br>☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br>☐ It will make a minimum of **sustainable investments with a social objective: 0.0%** | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of N/A of sustainable investments<br>☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br>☐ with a social objective<br>☐ It promotes E/S characteristics, but **will not make any sustainable investments** |

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities.Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## What is the sustainable investment objective of this financial product?

The measurable sustainable investment objective is to reduce the carbon footprint by at least 50%, at any point in time, compared to the investment universe MSCI ACWI.

Climate transition is at the heart of our strategy. We aim to invest in three kinds of companies. First of all, we are convinced that transitioning companies play key role in the decarbonization. Thus we invest in ‘transitioners” that are well established companies that have ambitious CO2 target reduction. Then we invest in “enablers” that offer products and services that help transitioners in their carbon reduction objectives through digitalization, automation, energy efficiency. Finally, solution providers are also part of our investment strategy since climate transition won’t be possible without renewable energy. We automatically exclude companies that have not begun their transition. Our portfolio construction allow us to reduce the carbon footprint by at least 50% at any point in time compared to the investment universe.

The environmental objectives to which the sustainable investment underlying the financial product contributes are:

- Climate change mitigation ; and
- Pollution prevention.

The measurable sustainable investment objective is to reduce the carbon footprint by at least 50%, at any point in time, compared to the investment universe. The reference benchmark for the investment universe is traditionnal. However our reduction objective has been set at the creation of the fund on the basis of IEA's recommendation as for the carbon budget reduction. This 50% reduction compares with the EU reduction level set for Paris Aligned Benchmarks.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- Indicator 1: Corporate carbon footprint measured by the CO2 emissions of a company divided by its enterprise value, expressed in tons of CO2 per million Euro Invested.
- Indicator 2: Carbon intensity measured by the CO2 emissions of a company divided by its Revenue, expressed in tons of CO2 per million Euro Invested.
- Indicator 3: ESG linked remuneration. This indicator allows us to verify that financial and ESG performances are linked and that management won’t take any decisions that won’t be aligned with company’s ESG targets.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

To assess DNSH, that could potentially disqualify issuers, the Asset Manager combines :

- A relevant selection of « Principal Adverse Impact » (PAI’s) criteria
- Its Exclusion Policy: Specific sector involvement thresholds on coal, tobacco, controversial weapons, unconventional oil & gas.
- Its controversy policy: exclusion of major controversies, without remediation, from investment portfolios
- Its voting and engagement policy.

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

The indicators for adverse impacts on sustainability factors have been taken into account by the external provider ISS. A monthly report is producted and sent to portfolio managers.

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

We do include OECD Guidelines and UN Guiding principles in our fundamental ESG analysis, notably through the exclusion of the major controversies based on the UN Global Compact.

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

☒ Yes, The indicators for adverse impacts on sustainability factors have been taken into account by the external provider ISS. We follow the 14 required + 2 optional PAI as defined by the regulation (EU) 2019/2088.

A monthly report is produced and sent to portfolio managers who used the information to manage.

The information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088 is available on:

Nos produits - Groupe La Française (la-francaise.com)

☐ No

## What investment strategy does this financial product follow?

The investment strategy first aims at limiting the exposure to the ESG downside risk through its bottom 20% exclusion of the universe (MSCI ACWI Index). The core component of the strategy is notably to focus on the energy transition, and global efforts to reduce GHG emissions. This is why we have committed to a GHG footprint reduction of -50% compared to the universe. In order to achieve this strategy, we invest into ‘transitioners', that are well established companies that aim to reduce their emissions through ambitious targets. We also invest in ‘enablers’, companies that offer technical and technological solutions to ‘transitioners’ to reduce their carbon emissions. And finally, ‘solution providers’, the companies bringing clean technologies to the market.

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

***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental characteristics promoted by this financial product are:

- Group exclusion policy: The Group La Française is implementing three types of exclusions.

Exclusions that we call normative: they share common features which have acquired a level of universality and may even be embodied in regulations in certain countries. This is the case for controversial weapons whose exclusion is generally based on conventions signed by many countries, including France.

The Group has also decided to implement public interest exclusions. These exclusions relate to products whose use – despite being a matter of personal freedom - is nevertheless generally not in the public interest due to their negative effects on health and the environment. Therefore, the Group has decided to exclude tobacco as a public health issue.

Finally, we are applying exclusions necessary to meet the Group’s commitment to the Paris Agreement to decarbonise the economy as well as the commitment we made by signing the Net Zero Asset Managers Initiative(4) (NZAMi) to achieve zero net carbon emissions by 2050.

Those exclusions are related to unconventional Oil and Gas production and Coal share of production or capacity.

- 20% ESG selectivity threshold (out of what is covered from an ESG standpoint)
- Only 10% of companies investible outside of the predefined ESG investment universe (provided they are ESG eligible)
- Financial and sustainability assessment of companies
- Carbon Impact assessment
- 50% Carbon footprint reduction objective

Daily controls are made at 1st levels followed by 2nd and 3rd level of control.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

***What is the policy to assess good governance practices of the investee companies?***

Good governance practices are assessed through our 'G' pillar where we analyze board composition, independance and diversity, risk management processes and controversies.

Our carbon impact analysis adds a layer of governance practices assessment with regards to the emission reduction objective of the company. We follow the TCFD recommendation for the framework of our analysis.

For controversies, our Stewardship committee reviews quarterly new NBR 7 to 10 companies related controversies which can't be invested in.

## What is the asset allocation and the minimum share of sustainable investments?

Our minimum share of sustainable investment is of 90% of the invested assets in companies. As this strategy follows an environmental objective, the allocation will essentially be in sustainable activities that have a positive impact on the environment. With the enforcement of CSRD and related improvement of the data, we will be able to review our minimum commitment to taxonomy aligned activities in our asset allocation.

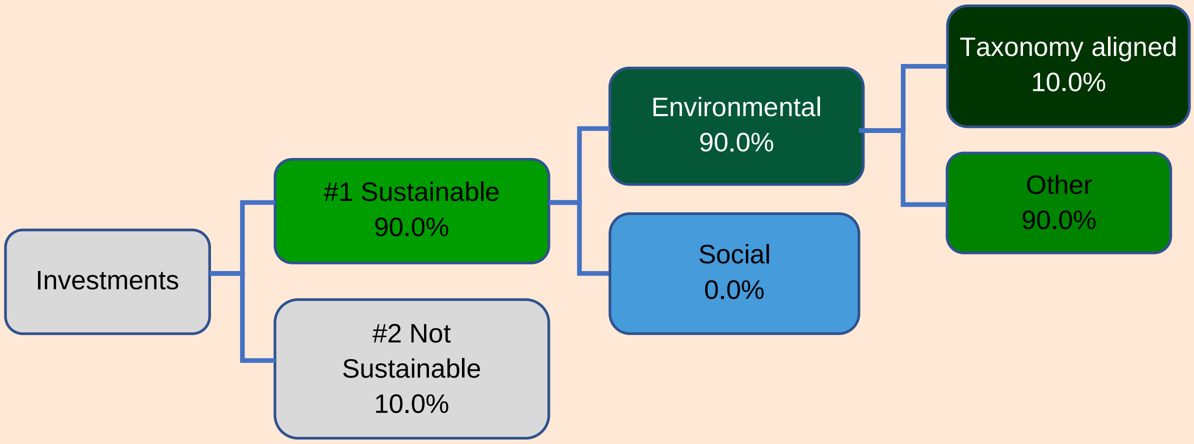
**Asset Allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Sustainable** covers sustainable investments with environmental or social objectives.
**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

***How does the use of derivatives attain the sustainable investment objective?***
Derivatives are only used as a temporary hedging instrument for efficient portfolio management.

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

At least 10% of the sustainable investments with an environmental objective are aligned with the EU Taxonomy.
Sustainable investments as defined by activities that have a positive impact on the environment, we measure alignment with the EU taxonomy through the share of revenues that is aligned with the taxonomy thresholds. Before ethe full enforcement of CSRD, we will use estimates from third party providers.
Group auditors realize a review of the processes, sources and results of the sustainable policy applied to financial products.

***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the UE Taxonomy?***

☐ Yes

☐ In fossil gas ☐ In nuclear energy

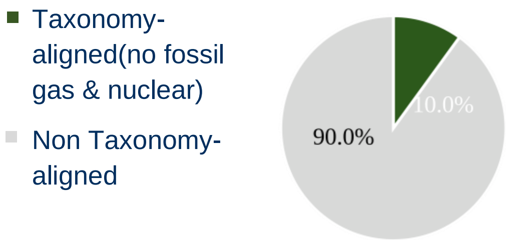
☒ No

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

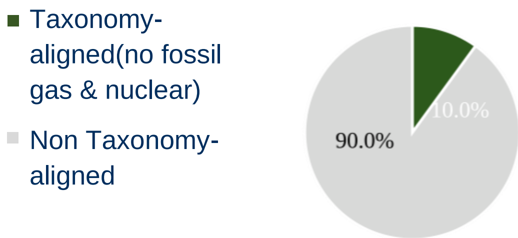
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

1. Taxonomy-alignment of investments **including sovereign bonds***




2. Taxonomy-alignment of investments **excluding sovereign bonds***




This graph represents 100.0% of the total investments.

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

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

The minimum share of investment in transitional and enabling activities is 0%. Please note that we use the discretionary denominations 'transitioners', 'enablers' and 'solution providers' in our investment philosophy. The internal definition of these terms is different from the one provided by the Taxonomy Regulation.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 80%.

### What is the minimum share of sustainable investments with a social objective?

The minimum share of sustainable investments with a social objective is 0%

### What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Others would include cash which would be used to preserve the liquidity of the fund and adjust for its risk exposure to the market. Derivatives would also be in others and only be used for temporary hedging purposes for efficient portfolio management.

## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

While the sub fund uses MSCI All Country World Index (MSCI ACWI) to define the eligible investment universe with the objective of reducing carbon footprint by 50% at least, the index is not used to meet sustainable investment objective.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***
N/A

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

***How does the designated index differ from a relevant broad market index?***
N/A

***Where can the methodology used for the calculation of the designated index be found?***
N/A

## Where can I find more product specific information online?

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