

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**:
N/A

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

it will make a minimum of **sustainable investments with a social objective**: N/A

It promotes environmental and social (E/S) characteristics and while it does not have as its objective sustainable investment, it will have a minimum proportion of 30.0% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but will not make sustainable investments

The percentage of sustainable investment is made on the basis of the fund's net assets.



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

Crédit Mutuel Asset Management's strategy is based on three stages of analysis in order to qualify an issuer as a Sustainable Investment:

1- Assess its contribution to the UN Sustainable Development Goals [SDGs].

- **For private issuers**, the analysis of the contribution to the SDGs is carried out using the elements provided by: the issuers (annual reports, surveys), third-party providers (e.g. ISS ESG) and proprietary research (proprietary ESG database). In addition to the systematic calculation, the extra-financial analysis unit of Crédit Mutuel Asset Management may be asked to provide an additional assessment of an issuer's contribution to the SDGs. Predefined materiality thresholds (10% of revenue or investments for issuers in non-financial sectors and sustainability commitments for financial issuers) are used to qualify an issuer.

The method for public-sector entities issuing financial securities is similar to the model used for companies, while adapting the four selectivity criteria. The contribution to the SDGs is analysed through the **SDG Index** published annually in the Sustainable Development Report.

2- Check that the principal adverse impacts associated with the issuer are limited.

Crédit Mutuel Asset Management has established its own methodology for measuring the principal adverse impacts. Issuers that meet all of the five so-called "mandatory" criteria will be considered eligible. There must

then be at least four criteria out of the nine additional criteria for an issuer to be selected as a Sustainable Investment.

3-Ensure satisfactory governance.

The extra-financial research unit assesses the governance practices of issuers, in particular on the basis of the following criteria: sound management structure, relations with employees, remuneration of staff, compliance with tax obligations.

These policies are available on the management company's website:

- Sustainable investment policy: Responsible Investment Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)
- Sectoral policy: Sectoral Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)

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

The consideration of non-financial environmental, social and governance criteria is based on a proprietary ESG analysis model; it is based on a combination of data from external data providers (Sustainalytics, ISS ESG, Ethifinance), covering companies and governments. This model is built on around forty non-financial indicators structured around three pillars: Environmental, Social and Governance, for a socially responsible approach. The ESG score thus makes it possible to assess and select companies or issuers in accordance with the environmental and social characteristics sought by the financial product. In addition, the assessment of revenue in connection with one or more Sustainable Development Goals, as well as the analysis of negative impacts and the main social standards are used to qualify the Sustainable Investment segment of the financial product, according to a methodology specific to Crédit Mutuel Asset Management.

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

In addition to promoting environmental and social characteristics, at the heart of the financial product's investment proposal, it focuses on a minimum investment segment with the objective of investing in companies and/or issuers identified as 'sustainable' according to an internal methodology specific to Crédit Mutuel Asset Management. The United Nations Sustainable Development Goals are used as a reference framework to determine investments that can contribute to an environmental or social objective. The financial product thus seeks to encourage the companies and/or issuers that have the best record in terms of environmental, social and governance practices, while promoting and encouraging those that also demonstrate a proven contribution to the achievement of environmental and/or social objectives, in particular through their activities.

The minimum quantitative thresholds that the management company has set for sustainable investment can be consulted in the Responsible Investment Policy available on the Crédit Mutuel Asset Management website.

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

Crédit Mutuel Asset Management has established a framework for identifying the main adverse impacts to enable the assessment of significant harm that may weaken the sustainable investment proposal. It assesses the ability of the selected companies to manage the potential negative impact of their activities on sustainability factors E and S (Do No Significant Harm).

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

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

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

Not applicable

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

Involvement in a breach of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational companies is grounds for exclusion from issuers that qualify as sustainable.

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

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

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



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

Yes, This financial product does not consider principal adverse impacts on sustainability factors.

No

This financial product does not consider principal adverse impacts on sustainability factors.



What is the investment strategy of this financial product?

The sub-fund's investment strategy involves the discretionary management of a portfolio of senior and subordinated debt instruments issued mainly by financial institutions and of conventional negotiable bonds and debt securities.

The initial investment universe of the sub-fund is constructed from issuers belonging to the following indices:

- Bloomberg EuroAgg Financials Total Return Index Value Unhedged EUR (LEEFTREU);
- ICE BofA Euro Financial High Yield Index (HEBO);
- ICE BofA Global Financial Services Index (GFFS);
- ICE BOFA Fixed Rate Preferred Securities (POP1 Index);
- JP Morgan Hedged Eur Unit GBI Global (JHUCGBIG Index).

Securities are selected within this universe but may also be selected outside this universe up to a limit of 10%.

The financial analysis applies to issuers in the investment universe where the selection of securities and portfolio construction will be carried out on a discretionary basis according to an analysis of the issuers' financial statements, as well as the analysis of their solvency and liquidity situation, as well as related regulatory and sectoral changes. The monitoring of credit institutions and their solvency is subject to special monitoring using proprietary tools and particular attention is paid to the subordination ranking of securities that can be included in the portfolio.

In order to achieve the management objective, the Compartment may invest up to 100% of its net assets in issues rated "investment grade" (rating of at least BBB- by Standard & Poor's or Fitch, or Baa3 by Moody's)

and/or "high-yield" (rating below BBB- or Baa3) and/or considered equivalent according to the analysis of the management company.

It should be noted that issues with a rating of CCC or lower will be prohibited for purchase but the sub-fund may hold up to 5% of the net assets in issues with a rating CCC (by Standard & Poor's or Fitch or Caa2 by Moody's) or deemed equivalent in the event of a downgrade of the issue's rating.

The management company shall not exclusively or automatically rely on external ratings but may, upon the issuance of such a rating, take it into consideration for its credit analysis.

The manager may invest in securities denominated in currencies other than the euro (GBP and USD), but will always hedge against currency risk. There may however be a residual currency exchange risk due to imperfect hedging.

The selection of securities is based on the quality of the issuers and the evaluation of the technical characteristics of the bonds. To evaluate the quality of the issuers, the manager shall be particularly attentive to the quality and composition of assets, financing and solvency. The assessment of the technical characteristics of the bonds depends on the rank of subordinations, the structure of the coupons, the recall dates and the liquidity of the latter.

The sub-fund cannot purchase shares directly, but it may be exposed to equity risk indirectly through the holding of convertible bonds and/or contingent convertible bonds (CoCos) up to a maximum of 10%, and may be directly invested in shares up to 5% of net assets, but only in the case of a bond restructuring – whether standard or convertible – by the issuer.

The sub-fund may invest up to 100% of its assets in fixed or floating rate bonds, subordinated bonds (including a maximum of 20% of net assets in contingent convertible bonds), other negotiable debt securities and money market instruments (such as Treasury bills, commercial paper and certificates of deposit) from all economic sectors (with at least 70% of net assets in the financial sector as defined by Bloomberg: Industry Sector, INDUSTRY_SECTOR (DS 199), and with an "investment grade" rating (rating of at least BBB- by Standard & Poor's or Fitch, or Baa3 by Moody's) and/or "high-yield" (rating below BBB- or Baa3) and/or considered equivalent according to the analysis of the management company. It should be noted that issues with a rating of CCC or lower will be prohibited for purchase but the sub-fund may hold up to 5% of the net assets in issues with a rating CCC or lower (by Standard & Poor's or Fitch or Caa2 by Moody's) or deemed equivalent in the event of a downgrade of the issue's rating.

The sub-fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law.

The sub-fund may invest in futures traded on French and foreign regulated markets or OTC.

In this context, the manager may take positions with a view to hedging and/or exposing the portfolio to market risks such as interest rate, credit, index and/or equity (the exposure to equities is limited to 10% of the net assets) via futures, options, swaps and CDS options (within the limit of 15% of the net assets). The sub-fund may use total return swaps (TRS) up to a limit of 25% of the net assets.

The expected proportion of assets under management that will be subject to TRS may represent up to 5% of the net assets.

The consolidated exposure to the interest rate and credit market, including the exposure induced by the use of derivatives, will maintain the sensitivity of the portfolio in a range between 0 and 8.

The overexposure by derivative financial instruments will not exceed 400% of the net assets. Finally, the sub-fund may engage in transactions involving the temporary purchase and sale of securities.

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

Sectoral exclusions are implemented concerning controversial weapons, tobacco, coal and hydrocarbons. Companies or issuers identified as having severe controversies ("red controversy" according to the internal classification) are also excluded from the investment universe for all of Crédit Mutuel Asset Management's financial products.

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

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

This product has no commitment to reduce its investment scope outside the exclusion policies.

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

The policy of assessing good governance practices of investee companies, including sound management structures, employee relations, staff remuneration and compliance with tax obligations, is measured through the Governance pillar of the proprietary methodology through a series of specific criteria that Crédit Mutuel Asset Management examines as part of the overall ESG assessment. A firm exclusion is made when all the criteria have not been met.

For private companies and issuers, the management team relies on an assessment of the minimum social standards implemented and applied in the various entities, notably through the adoption of a number of policies (anti-corruption, respect for human rights, protection of whistleblowers, training, code of conduct, equal opportunities, etc.) and practices (independence of the Board of Directors, composition of committees, balance of powers between management bodies, climate strategy, etc.). These criteria are based on universal texts, such as the United Nations Global Compact, the OECD guidelines on corporate governance and the Paris Agreement.



What is the asset allocation planned for this financial product?

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

Asset allocation

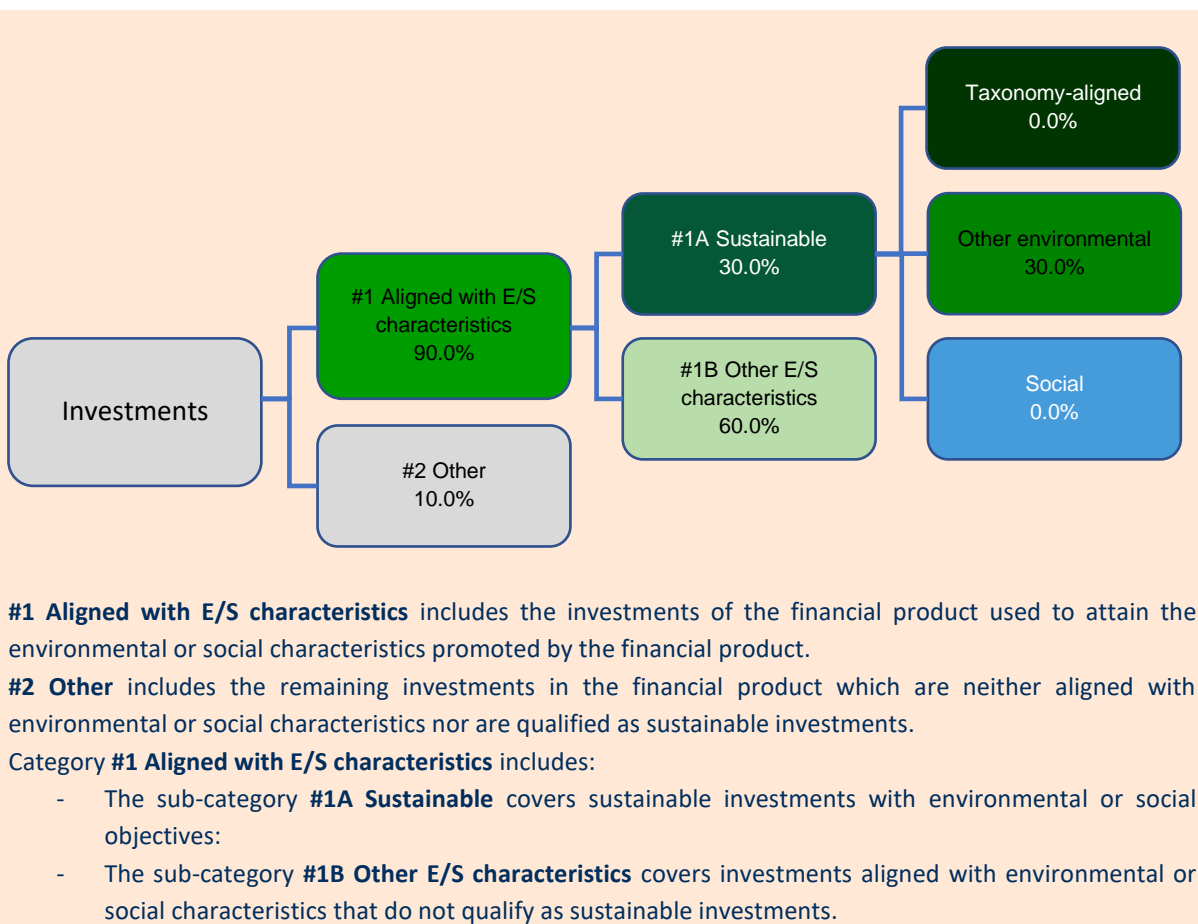
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage:

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

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

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



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

The financial product may use derivatives.



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

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

Yes

In fossil fuels

In nuclear energy

No

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

Enabling activities

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

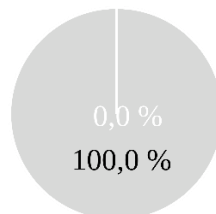
Transitional activities

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

1. Taxonomy-alignment of investments including sovereign bonds *

Aligned with

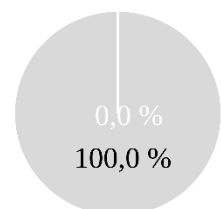
- taxonomy (excluding fossil gas and nuclear)
- Not Taxonomy-aligned



2. Taxonomy-alignment of investments not including sovereign bonds

Aligned with

- taxonomy (excluding fossil gas and nuclear)
- Not Taxonomy-aligned



This graph represents 50.0% of 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 in transitional and enabling activities is 0%.



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



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

This financial product does not include a commitment to the EU Taxonomy.



What is the minimum share of socially sustainable investments?

This financial product does not provide for a minimum proportion of sustainable investment with a social objective.



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

This financial product may invest, within the limit provided for in the prospectus, in French or foreign UCITS. A proportion of cash (via money market funds, for example) ensures a liquidity reserve and anticipates any movements related to subscriptions/redemptions by unitholders.



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

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

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

The specific indices designated are as follows:

- Bloomberg EuroAgg Financials Total Return Index Value Unhedged EUR (LEEFTRU);
- ICE BofA Euro Financial High Yield Index (HEB0);
- ICE BofA Global Financial Services Index (GFFS);
- ICE BOFA Fixed Rate Preferred Securities (POP1 Index);
- JP Morgan Hedged Eur Unit GBI Global (JHUCGBIG Index).

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

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

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

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

This composite of market indices is traditional and representative of the profile of the strategy.

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

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



Where can I find more product-specific information online?

Additional information and documents are available on the Crédit Mutuel Asset Management website, and in particular on the pages dedicated to Sustainable Investment and the various products. Our fund selection | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)