

**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) 2020/8 52, 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.

Product name: La Française Trésorerie ISR

Legal entity identifier:  
969500HZG40X186MLQ68

## 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 N/A 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)

This financial product adopts an ESG integration and selectivity approach to management, eliminating 25% of the lowest-rated issuers on the internal ESG score from its investable universe. In addition, it promotes environmental and social characteristics by aiming to outperform two sustainability indicators compared to its ESG universe:

### ***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.

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

**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?**

This financial product does not have a sustainable investment objective.

**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?**

This financial product does not have a sustainable investment objective.

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

The PAI indicators taken into account are used to measure the potential negative impact of investments on sustainability. Pending thresholds specified by regulators, as indicated by the European Supervisory Authorities (ESAs) in their clarification statement of 2 June 2022, Crédit Mutuel Asset Management therefore relies on its internal analysis work and its proprietary ESG database to analyse a company's negative impact on the environment, social and societal issues. Our model thus makes it possible to codify (award of points) each company analysed according to the responses obtained on the selected criteria.

All the PAI indicators in the table of Annex 1 of the RTS are taken into consideration.

**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,

Sustainability implications represent the impact that investment decisions may have on sustainability factors. These focus on the climate and, more broadly, environmental issues; social factors are also concerned, including employee rights, respect for human rights and the fight against corruption. These negative sustainability impacts are taken into account by the financial product in three ways: by applying sector exclusion policies, by internal ESG rating and by sustainable investment. Sectoral exclusion policies apply to all actively managed strategies, including this financial product, and controversial arms, tobacco, coal and hydrocarbons. They provide protection against exposure to high sustainability risks inherent in these sectors. The ESG rating is used to measure the overall ESG performance of a company or issuer and is based on a range of environmental, social, societal and governance indicators derived from an analysis of raw PAI data. Raw PAI data is monitored as part of the financial product management activity; this data is made available in the periodic report.

☐ No



## What is the investment strategy of this financial product?

The UCITS management company establishes an initial investment universe composed of existing known money market issuers and issuers of bond market indices: Bloomberg Global Aggregate Corporate 1-5 year Index and ICE BofA BB Global High Yield BB 1-5 year Index.

This UCITS promotes environmental, social and governance (ESG) criteria within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the Sustainable Finance Disclosure (SFDR).

In its investment decisions, the management team endeavours to take into account the criteria of the European Union in terms of economic activities considered sustainable under the Taxonomy Regulation (EU) 2020/852. Based on the currently available issuer data, the minimum percentage of alignment with the European Union Taxonomy is 0%.

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.

The principal adverse impacts are also taken into account in the investment strategy and are based on policies for monitoring controversies and sector exclusions specific to Crédit Mutuel Asset Management as described below, the ESG and Sustainable Investment rating.

Pre-contractual information on the environmental or social characteristics promoted by the UCITS is available in the appendix.

The investment process is based on an ESG integration and selectivity and is broken down into three stages:

### **Stage 1: Legal and sectoral exclusion policies and controversy management:**

Starting with the initial investment universe, the management team will apply a filter linked to Crédit Mutuel Asset Management's sector exclusion policies that it implements for the management of its funds. In addition to the legal exclusions, sectoral exclusions are implemented concerning controversial weapons, tobacco, coal and hydrocarbons. The controversy management of each security is subject to specific analysis, monitoring and rating. The management company will exclude all companies with major controversies.

### **Stage 2: ESG filter:**

The extra-financial analysis carried out according to the ESG securities selection process leads to at least 25% of the lowest-rated issuers being excluded from the initial investment universe covered. Crédit Mutuel Asset Management's proprietary ESG analysis is based on three complementary pillars: Environment (e.g.: CO2 emissions, electricity consumption, waste recycling), Social (e.g. quality of social dialogue, employment of people with disabilities, employee training) and Governance (e.g. the percentage of women on boards of directors, transparency of executive compensation, and the fight against corruption). A qualitative analysis supplements the extra-financial analysis resulting from the model.

### **Stage 3: Financial analysis and portfolio construction:**

The Fund limits its investment to financial instruments with a maximum residual maturity of 2 years or less in the case of floating or adjustable rate instruments, and with a maximum maturity of 397 days for fixed rate instruments.

For financial instruments with floating or adjustable rates, the reference must be made on the basis of a money market interest rate or index.

The portfolio will invest in signatures rated at least A-2 or P2 (according to rating agencies Standard & Poor's, Moody's, Fitch or equivalent), or deemed equivalent on the basis of an analysis undertaken by the Management Company. The management company will therefore not exclusively or systematically use external ratings. It shall carry out its own credit analysis to establish the creditworthiness of assets at the time of investment or, in the event of a decline in said assets, to decide whether to sell or maintain them.

In accordance with Regulation (EU) 2017/1131, all issuers in the portfolio, their creditworthiness and their ESG rating must receive a positive internal assessment by the management company. This is a prerequisite for IMM investment (excluding governments, central banks, etc.), ABCP, securitisations and for assets received through reverse repurchase transactions. The credit assessment methodology is reviewed once a year at a Risk Committee meeting.

However, issuers with the highest ESG scores will not be automatically retained in the portfolio construction, as inclusion in the final portfolio is subject to the manager's discretion.

**The non-financial analysis rate must be greater than 90%. This rate is defined as the number of UCITS issuers.** At least 90% of the underlying securities selected by the management team include non-financial criteria, and 90% of the UCIs selected by the management team have the French SRI label. The Fund may invest up to 10% of its net assets in units or shares of non SRI-labelled UCIs.

The fund may also invest up to a maximum of 10% of its net assets in sustainable finance instruments. These instruments include the following categories:

- Green bonds;
- Sustainability bonds;
- Social bonds;
- Debt securities linked to performance on one or more sustainability objectives (sustainability-linked bonds).

The analysis of green bonds is carried out along three axes and in addition to the steps described above, namely:

1. Adherence to the four pillars of the “Green Bond Principles”

- Use of funds: the funds are to be used to finance or refinance green projects in line with the taxonomy defined by the GBPs and with the new European taxonomy;
- The project selection and evaluation process: precise selection and description of projects financed by the green bond, governance put in place around the selection, definition of environmental objectives and impact measurements linked to these projects.
- Fund management: detail of funds allocated by project, ability to monitor funds used with a rigorous process
- Transparency and reporting: the issuer must communicate at least annually and transparently on 2 points: the allocation of funds (funds allocated and activities financed) and the impact of the projects, i.e. the direct contribution to the environment such as the reduction of carbon emissions (impact report, objectives)

2. The issuer's energy transition strategy and status

- A cross-analysis is carried out with the fundamental analysis of the issuer described previously.

3. Analysis and measurement of the impact of funded projects

- special attention is paid to the choice of funded projects and their consistency with the issuer's more global energy transition strategy.

Finally, whether public or private, green bond issuers will be subject to the same financial and extra-financial analyses and must pass the exclusion phase (stage 1) and the macro-economic/credit and carbon analysis phase (stage 2).

The share of public/sovereign (State) issuers and companies analysed under the ESG criteria in the portfolio is greater than 90%.

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

***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?***

For funds with significant exposure, the extra-financial analysis carried out according to the ESG stock selection process described below results in the exclusion of at least 25% of the lowest-rated issuers, companies or businesses from the initial investment universe covered.

Up to a maximum of 10% of the assets may be selected companies or issuers not covered by the internal ESG analysis as well as those in the penultimate quintile. In addition, 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.

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

The selectivity mechanism leads to a minimum 25% reduction in the investment scope.

***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**

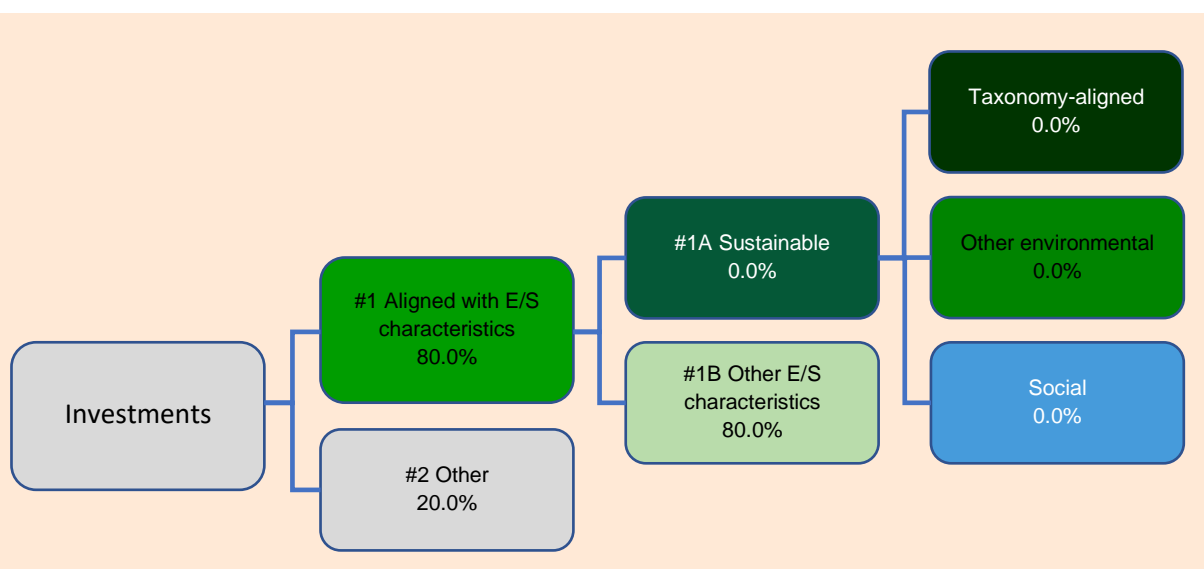
describes the share of investments in specific assets.

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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments in the financial product which are neither aligned with environmental or social characteristics nor are qualified as sustainable investments.

**Category #1 Aligned with E/S characteristics** includes:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives:
- The sub-category **#1B Other E/S characteristics** covers investments aligned with environmental or social characteristics that do not qualify as sustainable investments.

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

The financial product may use derivatives. The use of futures to actively manage the asset allocation of the financial product remains without impact on the ESG profile of the fund.



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

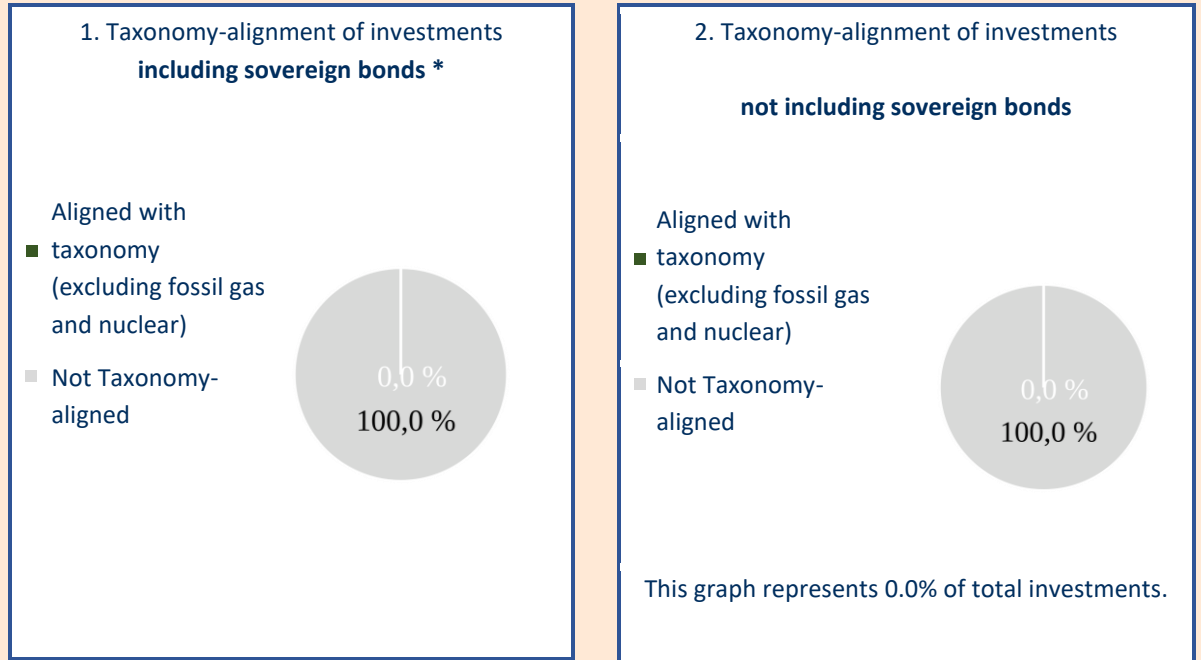
☐ In nuclear energy

☒ No

**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 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.



\* 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%.



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.

For the sake of consistency, the manager selects funds with an SRI label (or equivalent) in order to ensure that environmental, social and governance considerations are taken into account and thus minimise the sustainability risks arising from exposure to the underlying liquidity.

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.



## 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?*

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?

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](https://creditmutuel-am.eu))