

ENGAGEMENT **POLICY**

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

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Introduction

Crédit Mutuel Asset Management is convinced that good social, societal, human rights, environmental and governance practices contribute to strengthening the company's financial position, its ability to create long-term value and its valuation. That is why the Management Company is implementing a Stewardship approach, the aim of which is to support companies in adopting more sustainable practices.

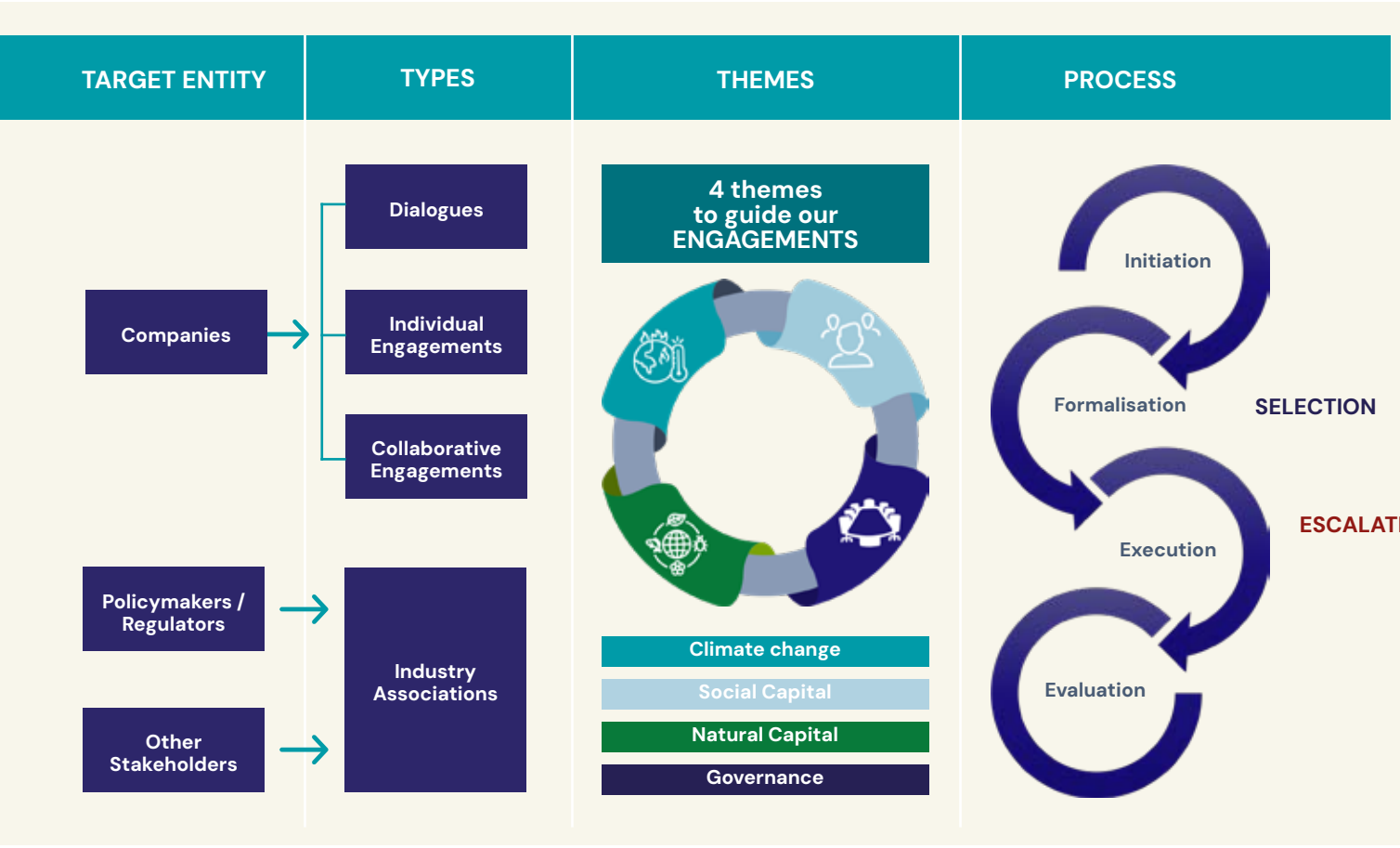
In this respect, Crédit Mutuel Asset Management uses the tools of active shareholding: the management company has published its voting policy. Details of the votes cast at shareholders' meetings are available online. Engagement is the second tool of active shareholding and is the subject of a policy that is reviewed annually; this document provides an overview of that policy. The management company also publishes an annual report on both the voting and engagement activities it has carried out during the year: the Stewardship report. Engagement can be pursued in a variety of settings and contexts. It is based on dialogue on environmental, social and governance issues with the companies in which we invest or may consider investing, or with their stakeholders. It can be practised individually or collaboratively, with several investors joining forces to convey their messages and questions to a company or companies, or to policy makers, governments, regulatory authorities, etc.

Crédit Mutuel Asset Management's ESG engagement strategy is based on four types of engagement:

- **Active dialogue**, which includes regular interactions between portfolio managers, analysts and company representatives
- **Individual engagement** with company management or their representatives to bring about positive change in our portfolio companies
- **Collaborative engagement** with companies and other investors to join forces to change company behavior, share knowledge and develop best practices in the market
- **Knowledge sharing** through consultations and market committees

These actions may be directly linked to the exercise of our voting rights or may occur in a specific context, on a one-off or recurring basis.

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Being a responsible investor means more than integrating ESG issues into investment choices or implementing an exclusion policy. It also means exercising responsibility throughout the investment holding period: a responsibility that makes us an active investor. Crédit Mutuel Asset Management exercises this responsibility in a number of ways when holding its investments:

- **By voting when possible (investment in equities)**
- **Through ESG engagement, regardless of the type of holding: equities, debt or real assets**



Although we are generally a minority investor, we can take certain measures to bring about the changes we wish to see implemented. This is why we support collaborative initiatives, while selectively using our ability to engage in one-on-one dialogue with companies, where we believe our in-depth analysis can make a difference.

SCOPE

The engagement policy set out in this document applies to listed assets managed within La Française Group, through Crédit Mutuel Asset Management and Crédit Mutuel Gestion, as well as Dubly Transatlantique Gestion and La Française Systematic Asset Management, all three of which delegate the implementation of this policy to Crédit Mutuel Asset Management. The application of this policy is the subject of an engagement report published on the websites of the management companies and La Française Group.

Types of engagement



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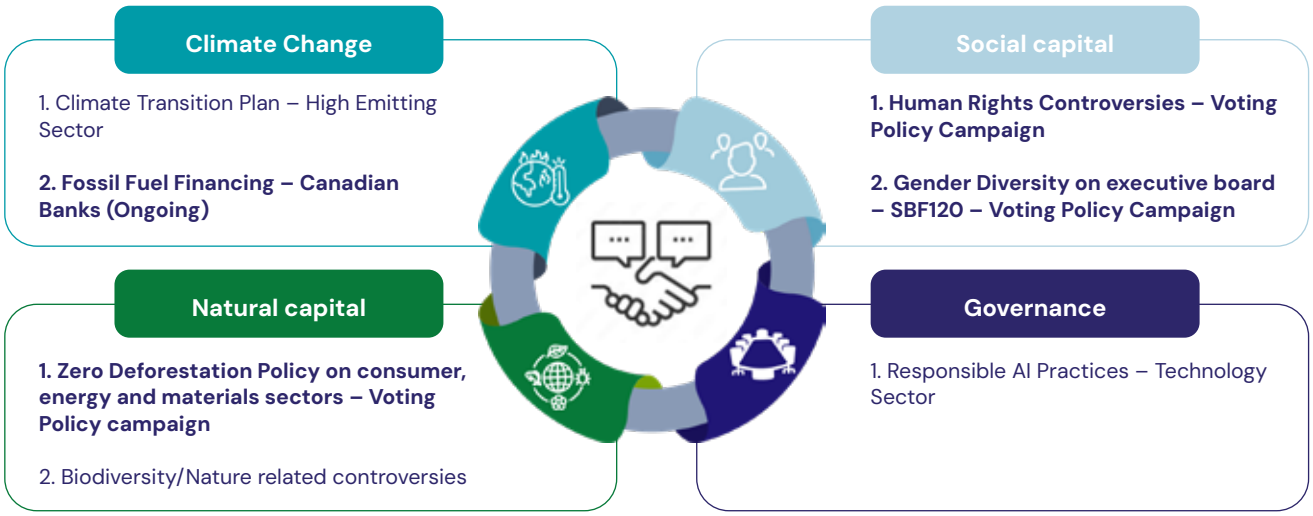
Types of engagement

ACTIVE DIALOGUE

Active dialogue can take the form of individual or group meetings. Our analysts and portfolio managers seek to engage in constructive dialogue with listed and unlisted companies. In these discussions, we focus on specific topics where clarification is needed for our analysis, or on issues that we consider essential to the company's strategy and business model, and which we feel lack clarity or direction.

INDIVIDUAL ENGAGEMENT

Individual engagement is based on the annual themes described in Chapter III.



We use our thematic assessments, based on standard frameworks like TCFD, TNFD, etc. and the issues addressed in the voting policy, to form the basis of our engagements – for example, fossil fuel financing by Canadian banks or the zero deforestation policy. These themes vary not only from one sector to another, but also from one company to another. Through these discussions, we can determine whether a particular topic is one of the company's priorities and ensure that it understands the importance we attach to this key aspect (for example, training opportunities for employees) for its long-term success. During these discussions, we also provide feedback on their disclosure of information and share best practices observed within their business sector. In all cases, we make a point of asking detailed questions following an in-depth analysis.



In addition to these thematic issues, we continue to engage with companies when we have significant concerns about their ESG quality or performance, such as following a controversy or a press report. We also assess potential breaches of the United Nations Global Compact.

The answers to our questions are documented on our internal research platform. Once a year, we summarise our engagement activities in a report. This enables us to review the progress of the engagement and assess the extent to which companies have already made changes to achieve the engagement's objective.

If the milestones are not met in accordance with the agreed timetable, we may consider initiating an escalation process and moving on to the next step. If the objectives of the engagements are not met despite our having escalated the matter, the case is recorded as a failure, which, in certain circumstances, may lead to a controlled divestment.

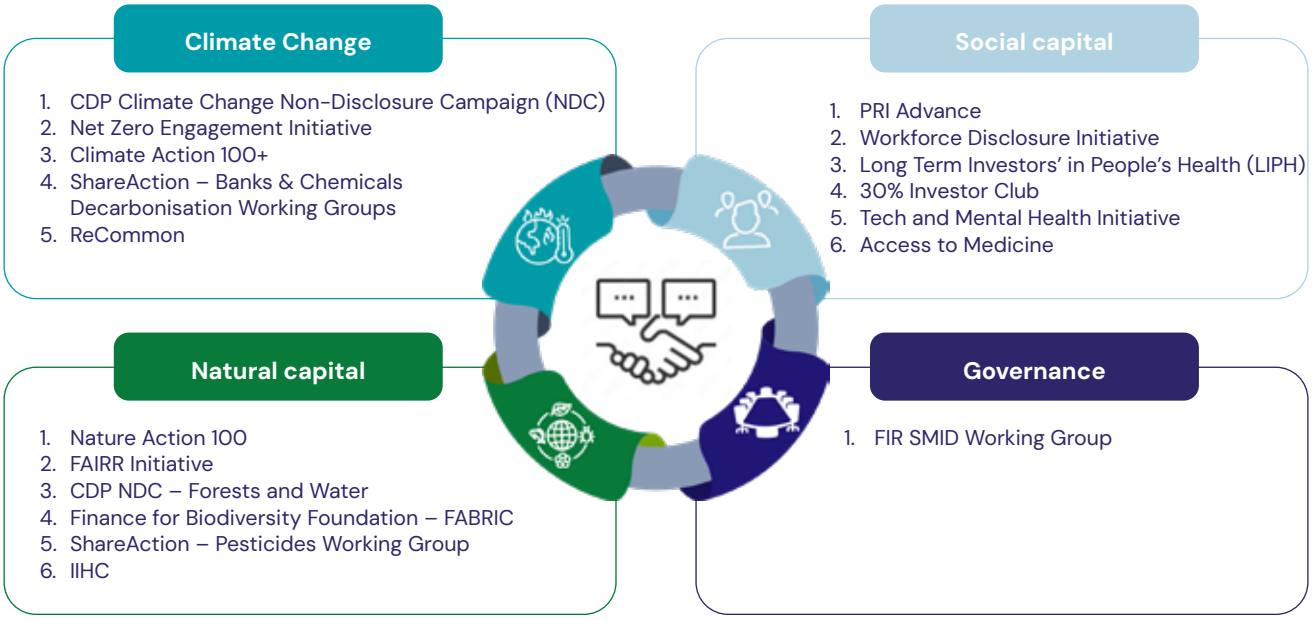
We engage with companies, not only for our equity funds but also our credit funds. From experience, we know that, as a credit fund manager, we can engage in constructive dialogue with the issuers whose securities we hold in our portfolio and exert influence through debt financing. Our experience also shows that when companies are in the process of a roadshow, just before issuing a bond, they are often open to dialogue on a wide range of topics.

We engage **with companies, not only for our equity funds but also our credit funds.**

COLLABORATIVE ENGAGEMENT

Crédit Mutuel Asset Management and La Française Group are actively involved in collaborative engagement initiatives. The Group has joined a number of engagement projects through the PRI's "collaborative platform" and other investor coalitions (for example, Climate Action 100+, ShareAction and others; see the Stewardship Report), focusing on the four themes identified as our priorities.

We encourage agility so that we can join forces with other investors when we believe an issue is important and aligns with our priorities, ensuring we are ready to respond swiftly should the need arise. In this regard, we are willing to work with like-minded investors on selected collaborative engagements.



We also contribute to public policy engagements or consultations through collaborative initiatives. This takes the form of co-signing letters addressed to regulators and government officials, responding to consultations, or engaging with other stakeholders to influence market developments in our key themes of engagement.

CONSULTATIONS AND INDUSTRY ASSOCIATIONS

Public policy is key to the stability and sustainability not only of financial markets but also of the environmental and social systems that underpin them – the "real" economy. We therefore believe that taking part in market consultations and various working groups that bring together investors and public authorities is consistent with an investor's Stewardship activities and fiduciary responsibility. These activities allow for knowledge sharing and development of ESG standards, in the best interests of investors.

La Française Group helps to promote the necessary systemic changes by participating collaboratively in industry associations, primarily in the form of public consultations with policy-makers, standard-setters and regulators in relation to our approach to sustainable investment.

We also believe we can play an active role through awareness-raising and knowledge-sharing initiatives, and we are active members of committees and working groups dedicated to these goals, some examples of which are available below.

In France, our main contributions to industry associations are made through our membership of the AFG and the FIR (French SIF) in France. In Germany, we participate in working groups organised by the German Investment Funds Association (BVI) and influence international policy as active members of the PRI.



Climate Change

1. IIGCC Utilities Decarbonisation Working Group
2. IIGCC Proxy Voting Working Group
3. FIR Climate Working Group
4. Global Commission Mining 2030
5. CDP Green Finance Accelerator

Social capital

1. FIR GT Social – Communities, Workers, Products
2. PRI Advance – Indigenous Communities Working Group
3. Workforce Disclosure Initiative – Advisory Group
4. Labor Rights Investor Network
5. IIGCC Just Transition Working Group

Natural capital

1. NA100 Technical Advisory Group
2. Business Coalition for Global Plastics Treaty
3. Finance for Biodiversity Foundation
   - Target Setting Working Group
   - Impact Assessment Working Group
   - Engagement Working Group

Governance

1. AFG Corporate Governance Working Group
2. AFG Responsible Investment Working Group
3. IIGCC Bondholder Stewardship Working Group
4. UKSIF

Key themes of engagement



Key themes of engagement

Crédit Mutuel Asset Management has adopted a holistic engagement approach covering governance, social and environmental criteria, including climate. As these criteria are interdependent, this approach enables us to gain a comprehensive view of the challenges, risks and opportunities and to incorporate them into a long-term strategy.

The four key themes of engagement we have identified are aligned with our investment strategies and with the issues we consider crucial to the long-term sustainability of our investee companies. They also inform our voting policy, which gives specific consideration to these same four themes. The outcomes of some of our engagement activities also influence our voting decisions[1].



CLIMATE CHANGE

Issuers must **play their part in addressing the challenges of sustainable development** by meeting expectations in terms of limiting the rise in temperature, in line with the Paris Agreement. As part of the climate transition, Crédit Mutuel Asset Management therefore expects issuers to provide solutions in terms of adaptation and mitigation:

- Measure and report GHG emissions using a product- or service-life-cycle approach, taking Scope 3 into account wherever possible
- Set out GHG reduction targets, the strategies implemented (reduction, offsetting, etc.) and a timetable with interim milestones in line with the expectations set out in our sector policies.

Furthermore, **Crédit Mutuel Asset Management has developed various investment strategies centred on the theme of the climate transition**, with funds combining equities, debt, sovereign assets and cross-asset classes, the aim of which is to invest in companies contributing to the transition to a low-carbon economy, in support of the objective of limiting global warming to 1.5 °C. Based on this strategy in particular, climate change is one of the priorities of our engagements.

[1] See our voting policy



SOCIAL CAPITAL

Issuers must preserve and enhance human capital throughout their value chain. Crédit Mutuel Asset Management expects companies to identify, prevent and mitigate the negative impacts of their activities on their employees and other stakeholders (employees of their suppliers and subcontractors, customers, etc.). Companies must also take action to develop their human capital and encourage its contribution to value creation.

We firmly believe that the transition to a low-carbon economy will only be possible if it is inclusive and takes social aspects into account. This is why we consider it essential to further develop the Social pillar among the ESG factors. Social capital is therefore our second engagement priority, with an initial focus on the urgent need to improve corporate disclosure and transparency on this issue. We also address issues relating to diversity, health and well-being at work, and human rights.

NATURAL CAPITAL

More than half of global economic output – amounting to $44 trillion in economic value creation[2] – is moderately or heavily dependent on nature. Issuers must also address the challenges relating to biodiversity, which refers to all living organisms, as well as the ecosystems in which they live, and encompasses the interactions between species and their environments. Abundant biodiversity is vital for many aspects of life, including the provision of food, energy, water and health services. While metrics for calculating greenhouse gas emissions contributing to global warming are simpler, biodiversity is a cross-cutting, local and volatile issue for which historical data is recent and of poor quality. Crédit Mutuel Asset Management expects issuers to assess, as far as possible:

- The contribution and impact of their business on biodiversity
- The way in which biodiversity issues may affect their business (dependencies) and the influence of the scope (sector, geographical area)
- The existence of a zero-deforestation policy for companies in the relevant sectors

[2] Source: World Economic Forum

GOVERNANCE

Governance and transparency are the cornerstones of sound corporate management. Companies must have appropriate governance structures in place to ensure that a suitable strategy is discussed and implemented, and that adequate controls are in place. The disclosure of E, S and G data is essential as it provides an objective basis and paves the way for discussions, target setting, progress monitoring and the implementation of corrective measures.

We expect issuers to be fully transparent about their understanding of ESG issues and how they address and manage them. To this end, companies must provide us with details of their CSR engagements, the programmes they have rolled out, the targets they have set and the results achieved over time. We also endeavour to ask companies, where the indicator is material to them, to focus particularly on disclosing the Principal Adverse Impacts indicators listed in the SFDR Regulation.

We also expect issuers to take into account the corporate governance issues to which we attach particular importance, such as the composition of Boards of Directors and Supervisory Boards, and the specialist committees established under them. We pay particular attention to their skills, independence, length of service on the Board, attendance, the absence of conflicts of interest, diversity and age. The same applies to the compensation policy and, in particular, to the incorporation of ESG criteria when determining the level of variable compensation.

Selection & engagement process



Selection & engagement process

SELECTION OF ENGAGEMENTS

The engagements we pursue are in line with our responsible investment policy and, more specifically, with our voting, exclusion and controversy management policies. They relate to issuers currently in our portfolio or those that may be included in it, or arise from analyses carried out by our teams. There are therefore four scenarios that may give rise to a form of ESG engagement:

→ **Engagements related to our voting policy, e.g.**

- Deforestation
- Human rights
- Diversity on Executive Committees

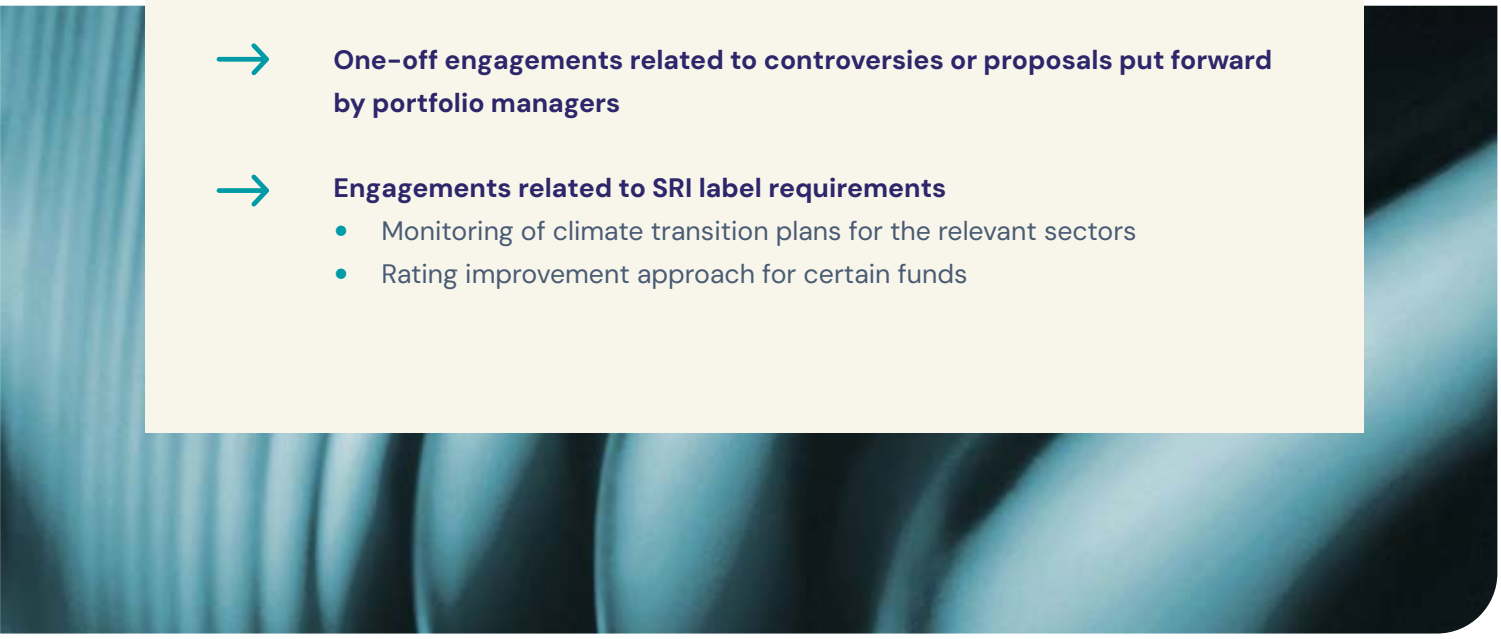
→ **Selected and prioritised multi-year engagements**

- With companies in which we hold a substantial position or in which we have a significant stake through one (or more) of our funds (covering both equities and credit)
- With companies for which our analysis raises significant concerns or questions

→ **One-off engagements related to controversies or proposals put forward by portfolio managers**

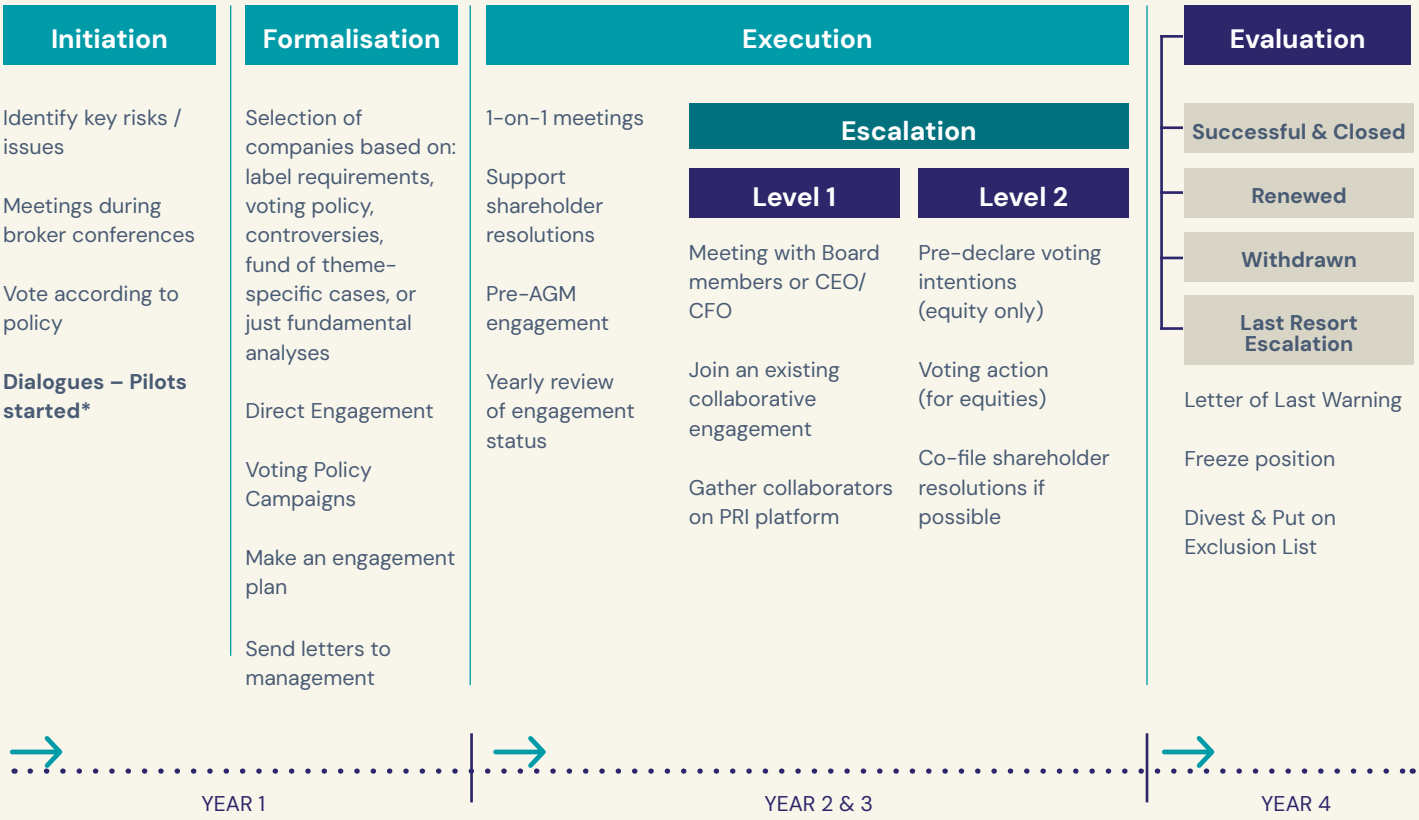
→ **Engagements related to SRI label requirements**

- Monitoring of climate transition plans for the relevant sectors
- Rating improvement approach for certain funds



PROCESS

Our engagements – except in exceptional cases where they arise from a controversy – follow the key steps outlined above.





Initiation

Initiating an engagement is the first step in our process. Every engagement begins with an initiation phase, which enables us to decide whether it is appropriate to proceed to a formalised multi-year engagement. Analysts, working in collaboration with portfolio managers, are responsible for engaging with the targeted organisations and for defining the key engagement objectives, as well as the various issues, challenges, risks and key themes of engagement. During this phase, they attend conferences organised by brokers and investor presentations, which enable them to gather the information needed to formalise the engagement, should it be decided to proceed.

We also use voting to bolster our engagement initiatives, for example by voting against the approval of financial statements for companies that do not meet a minimum percentage of women on their Boards of Directors.

Formalisation

During the first year of the engagement, two steps follow one another: the initiation phase is followed by the formalisation phase, which involves the initial steps to establish contact with the company and the organisation or group with which we are to engage.

It is during this phase that we define:

- The selection of our targets: companies, sectors and themes, which may be based on regulatory considerations, the Group's priorities, controversies or interest expressed by the teams
- The person(s) in our teams who will be in charge of this engagement
- The objectives to be met, quantified where possible, to enable monitoring
- An engagement plan covering the three-year period (as a general rule) of the engagement

Execution

The second and third years cover the execution phases, namely monitoring and follow-up.

During this phase, the research team will use all the tools at its disposal to implement active and tailored engagement that enables it to meet its objectives. This may include meetings with representatives of the organisation or other stakeholders such as trade unions, regulators or academics. The team will also focus on further developing its own research.

During these reviews in the second and, in particular, third years, decisions may be taken to escalate using the tools available, in accordance with the steps described below.

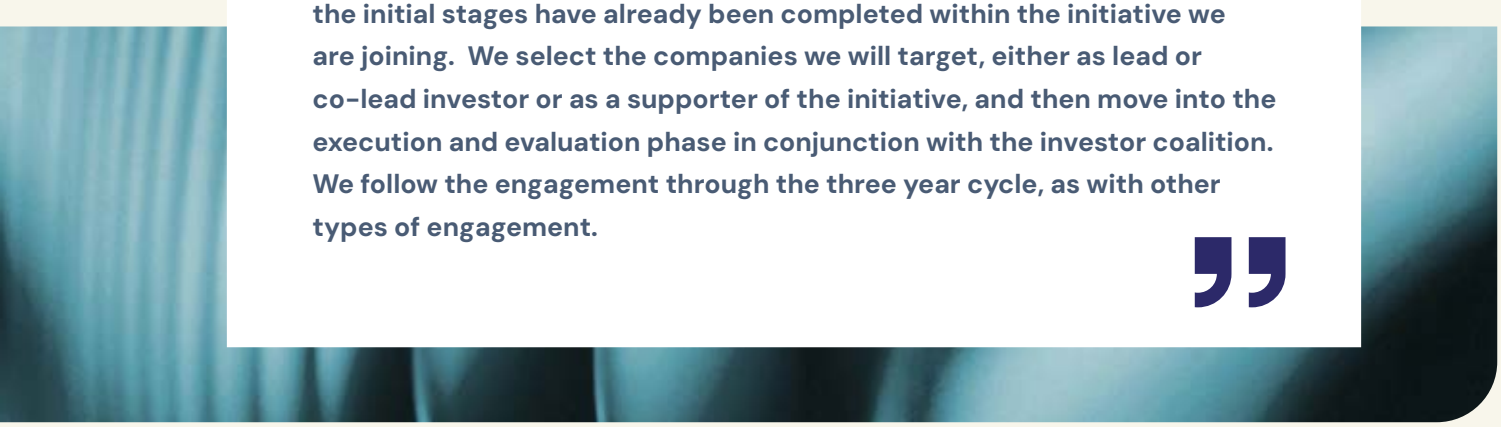
All engagements are reviewed annually and results are generally expected within three years, although the length of the engagement may vary from case to case.

Evaluation

From the end of the third year onwards, the assessment of the engagement allows us to either:

- Bring it to a close because the objectives have been met.
- Renew it for a specified period because the work is ongoing and our input and support remain crucial to ensuring that it is seen through to completion and that the objectives are met.
- Withdraw from the engagement because there is no longer any interest in investing in this company or if the issue is no longer relevant.
- Initiate a "last resort" escalation process if we believe we can still influence the company and support it through the changes it needs to make; this includes the final stage of the escalation process – namely, divestment.

Collaborative engagements generally begin at the execution stage, as the initial stages have already been completed within the initiative we are joining. We select the companies we will target, either as lead or co-lead investor or as a supporter of the initiative, and then move into the execution and evaluation phase in conjunction with the investor coalition. We follow the engagement through the three year cycle, as with other types of engagement.



ESCALATION PROCESS

Establishing an escalation process is essential to ensure the credibility of an engagement project and enables us to be transparent with the identified issuers. Initiating an escalation process is necessary when requests are ignored or when dialogue with issuers is non-existent or inadequate. This requires tracking capabilities and an internal tool to document all our engagements, their objectives, timetables and progress, to share the results – or the lack thereof – and to decide on the actions to be taken.

At Crédit Mutuel Asset Management, we regard the choice of the type of escalation to be implemented as a process that depends on each individual engagement, its specific objectives and its timetable. As illustrated in the graph page 17, we have identified three escalation levels (see captions, first level, second level, Last Resort – with different consequences).

Each formalised engagement will be reviewed annually to determine whether a higher escalation level should be triggered. The first two levels are available and can be triggered during the three-year engagement period. At the end of the three years, the evaluation phase may trigger various actions:

1. Enhanced dialogue – possibly with representatives at Board level
2. Open letter/public article on the engagement
3. Questions and related vote at the shareholders' meeting
4. Filing or co-filing of a resolution
5. Termination of further investments/underweighting of the issuer
6. Divestment, setting a constraint on reinvestment

Not all of these steps will necessarily be implemented in a linear way for each of our engagements, but they form part of the toolbox at our disposal. For most engagements, we will apply step 1, and for those where failure is evident, we may proceed as far as step 6: divestment. In all cases, steps 2 to 6 must be discussed and approved by the members of the Stewardship Committee[3].

[3] The Stewardship Committee (SC) defines, reviews and approves sector, voting, engagement and controversy policies each year. It also ensures that these policies are implemented, decides on exemptions on a case-by-case basis, and publishes exclusion lists and minutes of decisions on a quarterly basis. Its voting members are the Chief Executive Officer (with a decisive vote), the Chief Investment Officer (CIO), the Chief Risk Officer or Chief Compliance Officer, and the Head of Group Sustainability Strategy and Coordination.

MONITORING AND REPORTING

Meetings and discussions with companies are documented, tracked and shared on our internal research management platform. We also track and record all our activities in an internal "Engagement Tracker" tool managed by the financial and extra-financial research. All notes drafted following conferences, meetings and conversations are recorded in this tool, along with the progress made. These notes are then published on our internal research platform and shared with the portfolio managers.

We maintain regular contact with the companies and organisations with which we engage. We conduct an annual review of all our formalised engagements, which enables us to decide on the next steps in the execution process or whether to take escalation measures.

We can therefore ensure effective tracking and assess progress against our objectives.

Each year, we publish *a Stewardship report* that covers all the Stewardship activities carried out during the past year.

RESOURCES

Active dialogue and individual engagement are carried out with portfolio companies or target companies by all our research analysts and by portfolio managers of SFDR Article 8 or 9 funds. As of 31 December 2025, this involved a total of 70 staff members at Crédit Mutuel Asset Management.

Collaborative engagements may target a single company or may include a group of companies if they relate to a sector or an investment theme. They may therefore include companies that we do not hold in our portfolio at the time of the engagement. The collaborative engagement is overseen by dedicated staff, who track our decisions and ensure they are consistent. Crédit Mutuel Asset Management's 14 financial and extra-financial research analysts represent the management companies covered by this policy during specific collaborative engagement initiatives selected by the Group.

SRI LABEL ENGAGEMENT

Our SRI label certification is accompanied by an active approach to dialogue and engagement on sustainability issues. For SRI-labelled funds, Crédit Mutuel Asset Management applies the label's specific requirements in addition to its voting policy. Within this framework, an engagement process is implemented in two clearly pre-defined situations:

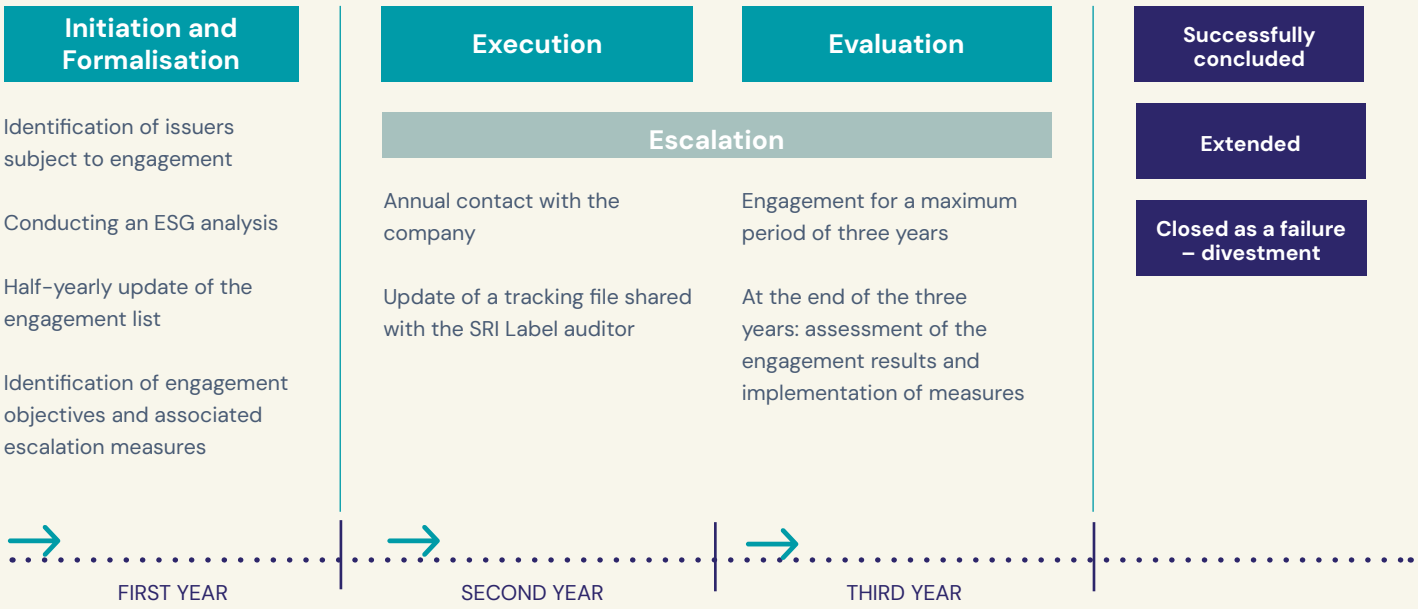
1

Issuers with a high climate impact
20% of issuers subject to enhanced monitoring (NACE codes A to H+L) from 2026 onwards.

2

Rating improvement approach
30% of the lowest-rated companies in the universe represented in the portfolio (25% in 2025)

The engagement process for the SRI label is that defined by the management company under this policy, and its implementation is organised as follows:



Our engagement through the SRI label illustrates our commitment to taking concrete action in support of sustainability and responsibility. Through constructive dialogue and rigorous monitoring, we are strengthening our ability to positively influence the practices of our investee companies. This structured and transparent process, which forms part of the label's requirements, enables us to combine financial performance with environmental, social and governance impact.

Key initiatives supported



Key initiatives supported

Crédit Mutuel Asset Management and the La Française Group support the following international initiatives to work with market participants on common positions towards listed companies. The work focuses primarily on issuers:

CDP Water programme **CDP Carbon programme** **CDP Forests programme**	2010 2011 2013	Promoting sustainable water resource management, reducing greenhouse gas emissions and protecting forest ecosystems.
Principles for Responsible Investment (PRI)	2012	Supporting the adoption of ESG criteria in investment.
Global Investor Statement to Governments on Climate Change (IICGN)	2018	Encouraging governments to adopt ambitious and consistent policies to combat climate change.
Finance for Biodiversity Pledge and Foundation	2021	Engagement to produce a biodiversity strategy and report by 2025; participation in foundation working groups.
Global Impact Investing Network (GIIN)	2022	Promoting investments with a positive social and environmental impact, enhancing the transparency and effectiveness of such investments, and encouraging collaboration between sector stakeholders to maximise sustainable benefits on a global scale.
Sustainable Finance Institute's Impact Charter	2021	The objectives of the Sustainable Finance Institute's Impact Charter are to promote responsible financial practices, to incorporate environmental, social and governance (ESG) criteria into investment decisions, and to foster transparency and collaboration to accelerate the transition to a sustainable economy.
CDP non-disclosure campaign	2013	Encouraging companies to be environmentally transparent in order to build a shared database.
Climate action 100+	2017	Ensuring that the world's major greenhouse gas emitters take the necessary action to combat climate change.
Institutional Investor Group on Climate Change (IIGCC)	2023	Coalition of investors to accelerate work on climate change engagement, policy, voting, etc.
Investor Initiative on Hazardous Chemicals (IIHC)	2023	Aims to encourage the chemical industry to be more transparent and to produce chemicals in a more responsible manner, particularly with regard to persistent chemicals, commonly known as "forever pollutants" (PFAS)
Nature Action 100 (NA100)	2023	Contributing to the development of the engagement group's strategy and trajectory in response to nature loss.
ShareAction Engagement on Pesticides	2023	Aims to encourage companies and investors to reduce the use of hazardous pesticides, promote more sustainable agricultural practices, and incorporate pesticide-related risks into investment decisions.
Net Zero Engagement Initiative (NZEI)	2024	Providing a platform to better understand how companies' strategic plans align with the Paris Agreement and to enable more meaningful engagement, by targeting a greater number of fossil fuel-intensive companies. This list of companies may be extended as new targets are identified.
FAIRR Initiative	2023	Aims to raise investors' awareness of the ESG risks associated with industrial livestock farming and to promote sustainable investment in the food sector.

FIND OUT MORE AT
WWW.LA-FRANCAISE.COM

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