OUR **SECTOR** POLICIES

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

2026

Sommaire

Introduction

La Française Group has chosen a responsible investment policy in line with the values of its shareholder and with the expertise of the 'Institut Mutualiste pour l'Environnement et la Solidarité'. Its ambition is to support its clients in their investments in line with its « raison d'être »: 'Our collective energy drives efficient and sustainable investment solutions, anchored in a sincere and singular CSR approach'

Sector policies are part of the risk management framework for these investments, thus helping to take into account and fight social inequalities, climate change, deforestation, biodiversity loss and environmental degradation.

Through these sector policies, La Française Group, which encompasses Crédit Mutuel Alliance Fédérale's "Asset Management" business line, reaffirms its role as an investor committed to a more environmentally friendly and socially just economy.

This policy is the responsibility of the Executive Management of La Française Group, it is applicable at the date of publication and is subject to a minimum annual update. Unless otherwise stated, this exclusion policy applies to all assets under the management of Crédit Mutuel Asset Management, La Francaise Systematic Asset Management, Crédit Mutuel Gestion and Dubly Transaltantique Gestion, hereinafter referred to as the Asset Management Companies.

Our collective energy **drives efficient and sustainable investment solutions, anchored in a** *sincere and singular CSR approach*

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Values, *dialogue* and exclusions

La Française Group draws its sector policies from on the group's mutual values. Its policy combines exclusions of companies that do not meet minimum requirements on the one hand and an active dialog with issuers that aims for a just transition on the other.

VALUES

La Française Group is committed to offer sustainable finance serving investors. Our goal is to identify and value economic actors that serve the common good.

EXCLUSIONS

The exclusions put in place are the result of an **in-depth analysis of the social and environmental impacts of companies' business activities.** They reflect our minimum requirements for each sector or activity concerned.

DIALOG

Shareholder engagement is an important tool for any climate-conscious investor and more broadly for investors concerned by environmental and social issues. At La Française Group, it unfolds through sophisticated voting and shareholder engagement policies. These policies include an escalation process detailing the sanctions (including issuers exclusion) in case the dialog does not deliver or if it overruns specified deadlines[1].

1. The voting and engagement policies are available on the management company website, they do not apply to mandates for which the client detains the voting rights

Summary of the *exclusions*

The table below summarizes the exclusions applied by Management Companies.

	EXCLUSION CRITERIA
DEFENCE & SECURITY	Involvement in the following activities: • Anti-personnel land mines • Cluster munitions • Biological & chemical weapons • Nuclear weapons from non-nuclear weapon states • Delivery systems for weapons of mass destruction

	EXCLUSION CRITERIA	APPLICABLE THRESHOLD FOR EXCLUSION
TOBACCO	• Share of turnover from traditional tobacco production	**> 0%**
	• Share of turnover from traditional tobacco distribution	**> 15%**

	EXCLUSION CRITERIA
DEFORESTATION	• Exclusion list from the 'Institut Mutualiste pour l'Environnement et la Solidarité'

	EXCLUSION CRITERIA	APPLICABLE THRESHOLD FOR EXCLUSION
COAL	• Coal annual production	**10M tons**
	• Electricity generation capacity based on coal	**> 5 GW**
	• Share of turnover from coal	**> 10%**
	• Share of coal in the energy production mix	**> 10%**
	• No new capacity development	

	EXCLUSION CRITERIA	STRICT APPROACH	ALTERNATIVE APPROACH
FOSSIL FUELS	• Share of non conventional fossil fuels production (% of production)	**> 20%**	**> 30%**
	• New fossil fuels projects development (mmboe)	**Forbidden**	N/A
	• Analysis of a credible transition plan and reinforced shareholder dialogue → Climate governance → Transition ambition → Credible measures (% CAPEX and capacity)	N/A	**Each of the three pillars must be independently validated**

	EXCLUSION CRITERIA
CONTROVERSIES	Severe controversies identified, analysed and validated

SECTOR POLICY

DEFENCE & SECURITY

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

General *Principles*

In compliance with the Crédit Mutuel Alliance Fédérale Group's Sector Policy on Defence and Security*, Management Companies rely on "normative" exclusions that are based on shared elements and have acquired a universal dimension, sometimes even regulatory in certain countries. This is the case for armaments, the exclusion of which is generally based on conventions signed by many countries, including France. For example, the Ottawa Convention on Landmines and the Oslo Convention on Cluster Munitions. Management Companies exclude these arms from all their activities.

Exclusion Criteria

Companies involved in the following activities are excluded from portfolios:

- Anti-personnel landmines
- Cluster munitions
- Biological weapons
- Chemical weapons
- Nuclear weapons from non-nuclear weapon States
- Delivery systems for weapons of mass destruction

Corporate involvement means development, production, use, maintenance, distribution, import or export, storage and transport.

The scope also covers **key component suppliers** defined as:

1. An element specifically developed or designed for use in the weapons system; **AND...**
2. ... directly contributing to the lethality of the weapons system.

Data *provider*

Management Companies use data from **ISS ESG** for the implementation of their defence and security sector policy.

* available **HERE.**

SECTOR POLICY
TOBACCO

Background

The United Nations Global Compact has excluded tobacco producers from signing on to the **Global Compact** just as it did initially for companies producing or selling antipersonnel mines or cluster munitions. This decision was made in 2017 following several WHO reports highlighting the impact of tobacco use on mortality and public health, including the **"Global Tobacco Epidemic Report, 2017".**

In May 2022, WHO highlighted the disastrous environmental impact of tobacco in a report entitled **"tobacco: poisoning our planet".**

Crédit Mutuel Alliance Fédérale has joined the worldwide pact for tobacco-free finance by joining the **Tobacco-Free Finance Pledge.**

The management companies enforce this commitment to the asset management business line by excluding traditional tobacco producers from their portfolios.

Exclusion Criteria

Companies involved in the following activities are excluded from portfolios:

- Share of turnover from traditional tobacco **PRODUCTION** higher than 0%
- Share of turnover from traditional tobacco **DISTRIBUTION** higher than 15%

Data *provider*

Management Compagnies use data from **ISS ESG.**

SECTOR POLICY
DEFORESTATION

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

Background

Forests have a major environmental role. They contribute to climate change mitigation by sequestering one-third of anthropogenic greenhouse gas (GHG) emissions annually[1] and also represent reservoirs of biodiversity, for example housing more than 80% of terrestrial species of amphibians[2]. Deforestation accounts for about 11% of global greenhouse gas emissions[3]. It is also accelerating biodiversity loss and threatening the rights of indigenous peoples. Financial actors have a crucial role to play in halting deforestation, which is the aim of this policy.

Deforestation is understood to mean "the reduction of forest area[4] in favor of other forms of land use or a significant reduction in forest cover[5]. As such, Management Companies are developing means to control interventions that could contribute, directly or indirectly, to deforestation.

Exclusion Criteria

L'Institut Mutualiste pour l'Environnement et la Solidarité draws up a watch list of companies for which a significant controversy has been identified in relation to deforestation issues. This list relies on the services of two extra-financial data providers and is based on the data availabilty from the providers, data which are reviewed by the Institute's experts.

For investment activities on behalf of third parties of Management Companies, the Institut defines an exclusion list derived from the watch list. This exclusion list includes the most controversial companies from the watch list and with which investment is banned.

The Deforestation exclusion list is validated by the Management Committee of the Institut Mutualiste pour l'Environnement et la Solidarité prior to its distribution, on a quarterly basis, for implementation by Management Companies.

Data *provider*

Management Companies use the data provided by **the Institut Mutualiste pour l'Environnement et la Solidarité of Crédit Mutuel Alliance Fédérale** for the implementation of their Deforestation policy.

1. World Bank. (2023). Atlas du développement durable 2023. Accessed on 18 mars 2025 HERE.
2. FAO and UNEP. (2020). La situation des forêts du monde 2020. Forêts, biodiversité et activité humaine. Accessed on 18 mars 2025 HERE
3. European Union. (2023). Règlement (UE) 2023/1115 du Parlement européen et du Conseil du 31 mai 2023 relatif à la mise à disposition sur le marché de l'Union et à l'exportation à partir de l'Union de certains produits de base et produits associés à la déforestation et à la dégradation des forêts. Accessed on 18/03/2025 HERE.
4. Forest area means forest or wooded land in accordance with the definitions laid down in European Regulation 2023/1115
5. WWF (2021). Lutter contre la déforestation. Accessed on 18 mars 2025 HERE.

SECTOR POLICY
COAL

Background & risks

According to **the International Energy Agency (IEA)**, "Coal-fired power plants account for 73% of CO2 emissions from electricity generation and 30 percent of total energy-related CO2 emissions." ESG risks identified include air and water pollution, greenhouse gas emissions leading to global warming, biodiversity loss, health and safety of employees, respect for human rights and local communities.

Objective

The objective of this sectoral policy is to **contribute to the energy transition by excluding companies from the most carbon-intensive sector** (mining and energy) and aiming for a complete phase-out of coal by 2030. It also contributes to the group's environmental impact reduction objective.

Exclusion Criteria

Management companies exclude from their investment universe companies that do not meet **one or more of the following criteria:**

- Total annual production of coal < 10 millions de tonnes
- Coal-based power generation capacity < 5 GW
- Share of coal in turnover < 10%
- Share of coal in the energy production mix < 10%
- No deployment of new capacities

Exemption

Companies with **a credible, quantified and verifiable coal exit plan by 2030** can be reintegrated into the investment universe after approval by the Stewardship Committee.

Issuers benefiting from an exemption are subject to enhanced monitoring and strict control. If the conditions required by the exemption are no longer met by the issuer, a divestment of the portfolios is required within 1 month.

Activities encompassed

This policy applies to companies in the mining and power generation sectors (thermal coal). It does not apply to metallurgical coal.

Data *provider*

The Management Companies use data from **the Global Coal Exit List (GCEL)** updated annually by the NGO Urgewald.

***This policy* applies to companies in the mining and power generation sectors**

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SECTOR POLICY
FOSSIL FUELS
(OIL & GAS)

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

Crédit Mutuel Alliance Fédérale has committed as early as October 2021 to stop funding new oil and gas exploration, production, infrastructure or processing projects.

The Management Companies fully subscribe to the ambitions of the Social and Mutual Responsibility of Crédit Mutuel Alliance Fédérale, its shareholder, and implement this commitment in a sector policy adapted to the asset management business line.

In order to contribute to the fight against climate change, Management Companies aim to invest in securities issued by companies committed to the transition to a low carbon economy. The goal is to finance companies that will help accelerate the transition to a low-carbon, energy-efficient economy. The challenge being to enable emitters that have a negative impact on the environment and the climate, succeeding in their energy transition while offering investors who would like to support them attractive growth opportunities.

A sector policy **adapted to the asset management business line**

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Scientific Context *and definition*

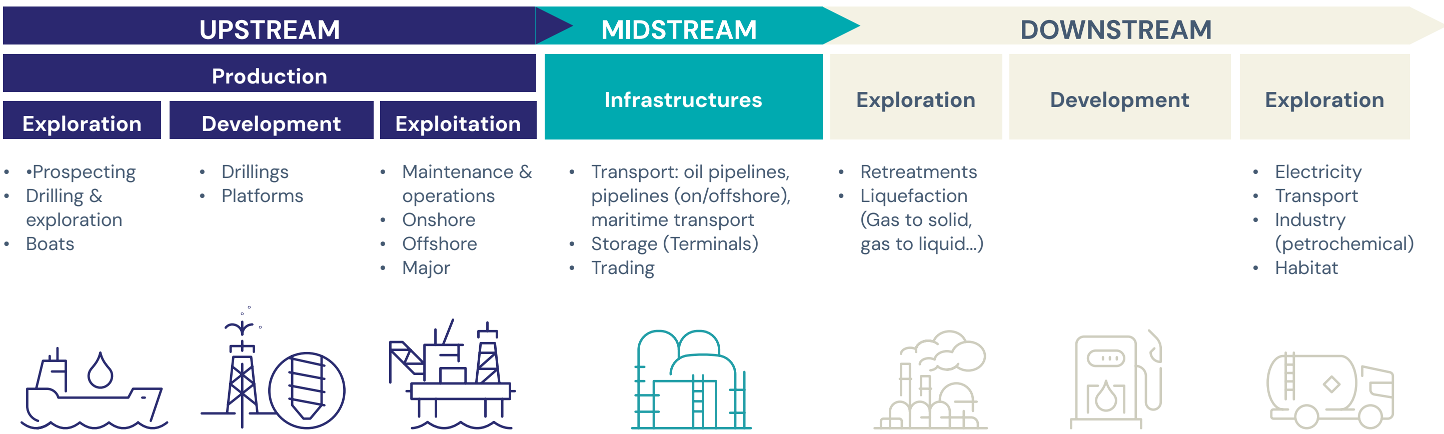
The International Energy Agency (IEA) **carbon neutrality scenarios** and the Intergovernmental Panel on Climate Change (IPCC) recommend massive emissions reductions across the entire oil and gas value chain to limit the average temperature increase to 1.5°C by 2100.

In addition, in its **World Energy Outlook 2025 report** the IEA justifies continued investment in upstream fossil fuels to maintain production levels at existing fields in order to avoid a precipitous decline in supply that would far exceed the rapid in demand under the net-zero scenario (NZE), but emphasizes the importance of significantly increasing investment in all so-called clean energy technologies to meet this growing demand in a sustainable manner by 2030.

Unconventional fossil fuels, as defined by the NGO Urgewald, subject to the application of thresholds under this policy are:

- Shale oil or gas,
- Oil sands,
- Heavy and extra-heavy oil,
- Deep-sea oil or gas,
- Oil or gas extracted in the Arctic,
- Coal methane.

The value chain of the fossil fuels sector is defined as follows:



Source : Groupe de travail AFG sur les énergies fossiles

This sector policy covers the upstream issuers active in fossil fuels production activities (exploration, development, exploitation). Issuers whose primary business is not directly related to the exploration, development or exploitation of fossil fuels (source "Primary business sector" on the GOGEL) are not included in the sector policy.

Sector policy *implementation*

Management Companies implement two approaches within their fossil fuels sector policy according to the profile of their funds and mandates. The list of funds and mandates covered by each of these approaches is available upon request.

STRICT APPROACH SIGNIFICANTLY LIMITING THE EXPOSURE OF THE MUTUAL FUNDS AND RELEVANT MANDATES TO THE OIL AND GAS SECTOR

This approach excludes issuers displaying the following characteristics[1]:

- **Development of new** conventional and unconventional fossil fuels exploration and extraction **projects**
- And those with **more than 20 percent of the total fossil fuels production** coming from unconventional exploitation

ALTERNATIVE APPROACH ALLOWING INVESTMENT IN COMPANIES ACTIVE IN THE TRANSITION TO A LOW CARBON ECONOMY

For selected mutual funds and investment mandates, this approach involves authorizing the development of new exploration and extraction projects for conventional or unconventional fossil fuels and raising the threshold to 30% of total unconventional fossil fuels production (up from 20% previously), only if issuers demonstrate of a credible transition plan[2] defined according to the following pillars:

i. **A robust and credible climate governance,** aligned with industry standards for transparency and climate risk management[3];
   This is based on a qualitative assessment of governance practices within the framework of our corporate analysis methodology, which reflects a minimum set of requirements. These include five criteria:
   - Consideration of climate issues within the governance framework
   - Integration of climate strategy execution targets into variable compensation
   - Measurement and transparency of emissions reporting
   - Implementation of credible transition levers
   - Clarity and consistency in the articulation of the transition strategy.

→ These criteria for sound climate governance are evaluated using a scoring system. To meet this pillar, an aggregate score across the five criteria that is at least equal to the average is required.

1. Source : GOGEL – Global Oil & Gas Exit List – published by the NGO Urgewald, annual update
2. Sources : annual reports and public documentation from the issuer, leading organizations and initiatives in the field of climate transition
3. Reference to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which defines best practices for governance, strategy, risk management, and metrics related to climate issues.

ii. **Meaningful transition commitments,** based on recognized scientific approaches and supported by a methodological framework for transition analysis formalized in our climate policy[4].

These are based on:

- A public commitment to carbon neutrality for Scope 1 and 2 emissions by 2050 or earlier
- Accompanied by Scope 3 emissions reduction targets for material categories, OR, alternatively, carbon intensity reduction targets covering all of Scopes 1, 2, and 3[5]
- The establishment of intermediate milestones
- An analysis of the progress trajectory—both explicit and measurable—to assess the consistency of these ambitions.

→ Each of the four criteria must be met to validate this pillar.

iii. And supported by **credible measures** aimed at increasing the positive environmental contribution of products and services to the real economy[6]

The credibility of the measures implemented rests on demonstrable and verifiable commitments, resulting in a capital allocation consistent with climate objectives aiming at achieving a net-zero emissions (NZE) trajectory, while balancing energy security, European sovereignty, and energy affordability for a just transition.

→ This assessment is conducted in a dynamic and forward-looking manner, through the validation of one of the following two criteria:

- The three-year average share of investments allocated to low-carbon activities must be at least equal to that allocated to new fossil fuels projects; or
- The investment plan must allocate an average share to low-carbon activities that is at least equal to that allocated to new fossil fuels projects. Validation of this criterion is contingent upon a mid-term evaluation of the plan to verify that the investments actually made during the period are in line with the initial projections.

→ This assessment of allocated resources is contingent on the long-term maintenance of installed capacity, production volumes, or low-carbon infrastructure.

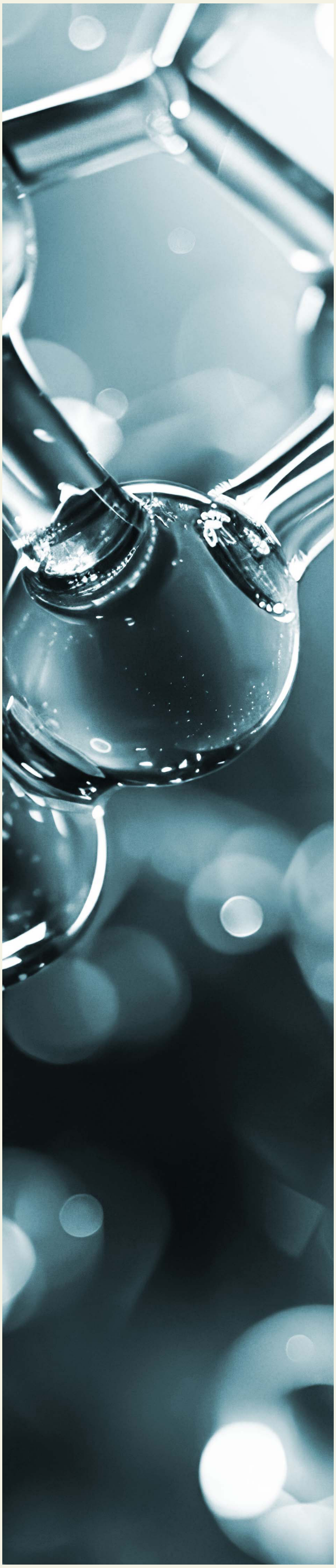
4. An approach aligned with the principles of the Net Zero Investment Framework (NZIF), based on recognized industry benchmarks, including the Climate Action 100+ Net-Zero Company Benchmark, the Transition Pathway Initiative (TPI), the Science Based Targets Initiative (SBTi), and CDP Climate Change.
5. In line with international frameworks for setting climate targets, which recommend covering material emissions across the entire value chain.
6. Achieving carbon neutrality goals requires a tangible impact on the real economy through the effective transformation of activities, technologies, and practices. This approach is reflected in particular in frameworks such as the Net Zero Investment Framework (NZIF), which emphasize the need to direct financial flows toward real and measurable emissions reductions.

Thus, we will assess the growth in the share of investments allocated to transition activities, as well as the expansion of low-carbon capacity and energy transition infrastructure[7] in operation, in order to evaluate the structural reallocation of capital toward the transition. Capital allocation must also reflect a shift away from new hydrocarbon projects beyond 2030, consistent with the IEA's Net Zero scenario.

This assessment is set against a backdrop marked by constraints on the electricity system, notably capacity pressures linked to growing energy demand, physical and industrial constraints, and challenges related to dependence on external supplies. In this environment, a credible transition requires measures that are both ambitious and realistic, balancing decarbonization goals with the imperatives of European energy resilience and security of supply.

Occasional fluctuations in capital allocation may thus occur, particularly during periods of tension in energy markets or during phases of intensive investment. These do not call into question the credibility of the trajectory as long as they do not reflect a structural decline in the low-carbon capacities developed by the company, and as long as the company continues to strengthen, over the long term, its effective contribution to the decarbonization of the real economy (installed capacity, production volumes, commissioned infrastructure).

7. For example, renewable energy, low-carbon molecules, biofuels, nuclear power, power grids, electric vehicle charging stations, batteries...



In the case of several fossil fuels producers in the same group, the production of non-conventional fossil fuels from subsidiaries that would not be consolidated may be reintegrated at group level.

The exclusion of an issuer as a result of applying these criteria involves the exclusion of all financial subsidiaries belonging to the same group. Management Companies will also be able to exclude issuers based on an additional qualitative analysis in the case of subsidiaries not identified by the supplier.

Each company's transition analysis is assessed by the Financial and ESG Research team and is reviewed as part of the Stewardship Committee's governance and validation process.

The company under review is subject to systematic engagement regarding its transition plan and its medium- and long-term objectives, in accordance with our engagement policy framework. Its eligibility is reviewed annually.

An enhanced *shareholder dialog* is conducted ”

A controversy is defined as a materialization of an ESG risk. It bears a reputational risk and may lead to direct or indirect financial costs.

CONTROVERSIES
SEVERE CONTROVERSES IDENTIFIED, ANALYSED AND VALIDATED

Procedure

Using data from providers as well as public data, the Financial Analysis and ESG team categorizes any controversy into one or more of the following four categories:

- **Humain rigths:** controversies related to violations of fundamental freedoms and rights (dignity, equality, freedom, security), as defined by the UN Global Compact
- **Social rights:** controversies related to violations of fundamental labor rights (freedom of association, forced labor...), according to the International Labour Organization
- **Environment:** controversies related to practices by the company or its suppliers that cause environmental damage (pollution, deforestation...)
- **Governance:** controversies related to business ethics (corruption, anti-competitive practices, deceptive business practices, ...), the quality of products and services, or corporate governance

The Financial Analysis and ESG team makes a recommendation, depending on the severity of the controversy and the level of involvement of the company

The recommendation is shared with the Risk and Compliance Department, which may approve it or, if necessary, reject it. The Stewardship Committee does decide on the controversy status by vote based on the analysis of the Financial and ESG analysis team and the opinion of the Risk and Compliance Department.

The implications of a company's inclusion are as follows:

- **Yellow List:** securities may be bought or sold freely, without formal restrictions. It is recommended to consult analysts before investing
- **Orange List:**
  - **For Article 9 funds and/or SRI-labeled funds and/or CIES-labeled funds,** securities already held must be sold within one month, and any new purchases are prohibited
  - **For other funds,** buying and selling remain permitted
- **Red List:** if securities are held in the funds, they must be sold within one month, with a total ban on purchases

RED	ORANGE	YELLOW	GREEN
Strict exclusion of all funds	Exclusion of funds under Article 9, SRI- and CIES-labeled funds Eligible for investment in other funds	Watchlist Suitable for investment	Suitable for investment
Violation of an established norm, without corrective action, associated with moderate to high financial materiality	Violation of an established norm, without corrective action	Alleged violation of an established norm or confirmed violation with corrective actions underway	No violation of an established norm
ISS NBR score 9-10 or Sustainalytics Category 5 Ad Hoc names	ISS NBR score 9-10 or Sustainalytics Category 5 Ad Hoc names	ISS NBR score 7-8 or Sustainalytics Category 4 Ad Hoc names	ISS NBR score ≤ 6 or Sustainalytics Category ≤ 3
Decision by the Stewardship Committee	Decision by the Stewardship Committee	No investment restrictions Recommendation: consult analysts before investing	Fully investable

INVOLVEMENT OF THE COMPANY

The analysis of the involvement level of a company determines the review by the Stewardship Committee. The company's involvement in the controversy is considered "indirect" if the controversy is caused by an entity whose company owns less than 10% of the capital. On the contrary, if the controversy results from the company's activity, a third party acting for the company, a direct supplier to the company, or a third-party entity more than 10% owned by the company, then the level of involvement is considered "direct" and the controversy is referred to the Committee.

Stewardship Committee meetings

The Stewardship Committee meets quarterly. However, it can be called upon in the event of a serious controversy to provide a rapid response.

Data *provider*

Management Companies use the **"Normed-Based Research"** service of ISS ESG and **"Controversies Research"** of Sustainalytics to supply the ESG Controversies database.

The analysis of the involvement level **determines the review by the Stewardship Committee**

SECTOR POLICIES
IMPLEMENTATION

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

Stewardship Committee

STEWARDSHIP PHILOSOPHY

Stewardship is one of the main pillars of La Française Group's sustainable investment philosophy. As active investors, it is our responsibility to act as partners of the companies we invest in to drive change and have a positive impact on society and our portfolios, both financially and on environmental, social or governance criteria. Our Financial and ESG research and analysis team is at the heart of this approach. It is responsible for implementing our principles of active shareholding through voting, engagement and exclusions. It relies on the data collected by the selected providers while applying a precautionary principle to the data used (checking industry classification, data update, etc.) involving a qualitative review submitted for vote to the Stewardship Committee.

OBJECTIVES

Group La Française's objective is to use all available tools to achieve its sustainability ambitions. Using them in combination does multiply their effects and leverage their respective potential.

The financial sector is facing increased scrutiny on its accounting of climate change, biodiversity, and other global challenges. Our exclusion policy sets a red line and sends a strong message to businesses about what we consider as unsustainable activities. Exclusions are a means of ensuring that our values are respected when making investment decisions.

Exclusions are also powerful tools in the asset holding phase, as they can be the final step in an escalation process in the context of a dialog with companies (engagement) aiming to bring changes. Finally, our voting policy incorporates the companies transition challenges in selected sectors targeted by the exclusion policy (for example activities related to fossil fuels).

For more details, you can find on the Group's website **Publications page** links to:

- the latest voting policy & engagement policy
- the latest Stewardship report

STEWARDSHIP COMMITTEE

The Stewardship Committee defines / review and approve each year the following policies:

- Sector policy / exclusions
- Voting policy
- Engagement policy
- Controversies related policy

It also monitors the implementation of these policies, decides on potential exemptions on the basis of the specific cases discussed and provides on a quaterly basis, exclusion lists as well as minutes of meetings held.

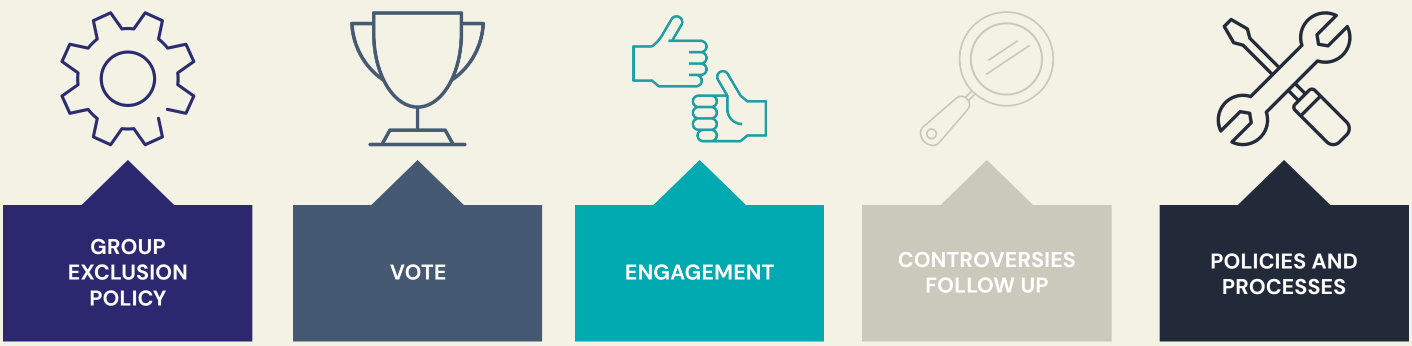
It includes the following members:

- CIO of the management companies included
- Portfolio Managers
- Head of Financial and ESG analysis
- Financial and ESG analysts
- Head of Internal Risk Control
- Head of Compliance
- Group Head of Strategy and Sustainability

In addition, members of the Stewardship Committee holding voting rights are:

- Executive Director (decisive vote)
- Chief Investment Officers (CIOs)
- Head of Risk or Head of Compliance
- Head of Group Strategy and Sustainability

The Committee approves the participation of management companies in international initiatives and ensures their consistency with the policies in place and the sustainable strategy of La Française Group and its shareholder Crédit Mutuel Alliance Fédérale.



Exclusions stakeholders

CRÉDIT MUTUEL ASSET MANAGEMENT EXECUTIVE MANAGEMENT is responsible towards the regulator, the shareholder members ('sociétaires'), customers and other stakeholders of the management company.

INVESTMENT MANAGEMENT DEPARTMENTS integrate sustainability criteria into all investment decisions: managed portfolios factor in the availability of ESG data as well as their performance, sector exclusions, sustainability regulatory constraints (SFDR, AMF position 2020-03...) and sustainable label guidelines (Greenfin, ISR...). Investment Management Departments can request a qualitative assessment of a company (ESG rating change), or a waiver of a company's exclusion based on quantitative analysis. Finally, they undertake first-level controls related to the management of non-financial risks in the portfolios.

FINANCIAL AND ESG ANALYSIS TEAM of Crédit Mutuel Asset Management is responsible for ensuring that the shareholder's mission is spread across all the group's businesses. The team is responsible for assessing the financial and extra-financial performance of companies. Additionally, it is also responsible for defining the voting policy and engagement actions. The team prioritizes actions based on data received and company news. The team identifies extra-financial risks that could impact the financial performance of companies and can re-evaluate the ESG score from the quantitative analysis, at the request of the different investment management departments. It initiates recommendations on exclusions and co-produce reports on how sustainability criteria are factored in the management company.

RISKS DEPARTMENT is responsible for defining the non-financial risks to which the management company is exposed and for implementing measures to manage those risks. It maps sustainability risks and implements pre-trade & post-trade controls to ensure their coverage. These controls cover ESG data, implementation of the sector and controversies related exclusions, application of regulatory or label related constraints, qualitative analysis linked to ESG rating changes or requests for exemptions from the exclusions.

DATA MANAGEMENT HUB OF CREDIT MUTUEL ASSET MANAGEMENT is responsible for the selection and verification of ESG and climate data acquired from suppliers and/or completed by the financial and ESG analysis team. The Data Hub is in charge of the implementation of methodologies and ratios, as well as their calculation and dissemination into the "front office" tools used by the portfolios managers for their investment decisions and by the financial analysis and ESG team.

STRATEGY AND SUSTAINABILITY DEPARTMENT, whose manager is responsible for Crédit Mutuel Asset Management shareholder's (Groupe La Francaise) sustainable strategy and its cross-cutting application to all businesses and functions within the asset management business line.

Sector policies *scope*

This sector policy is applicable to the management companies. It applies to shares and bonds directly held in open ended funds or dedicated ones, as well as in securities accounts, PEA or life insurance subject to a management contract or an advisory convention.

Funds will have to implement the updated exclusion lists derived from this policy within one month. Quantitative management at La Francaise Systematic Asset Management will specifically be granted up to three months to divest from a newly excluded issuer.

Due to their technical specificities, some funds or mandates are excluded from the scope of this policy:

- Funds that use index replication in their structuring (for example: formula funds, index funds)
- Selected employee savings equity funds invested in their own company shares
- Mandates where the client has clearly demonstrated its willingness to retain one or more securities targeted by the implementation of the sector policy

As at 31/12/2024, the share of assets under management of the management companies covered by the sectoral policies is 98.5%.

Controls

SUSTAINABILTY RISK

Sustainability risk is defined as any environmental, social or governance event or situation that, if occurring, could have a significant negative impact, actual or potential, on the value of an investment, or on the reputation of the management company.

SUSTAINABILTY RISK INTEGRATION

Management of controversies and exclusions is integrated into the sustainability risk mitigation framework. This framework is structured around three lines of defence: the operational line (first level), the risk management function line (second level) and the internal audit function line (third level).

MULTIPLE LEVELS OF CONTROLS

First level, operational controls: continuous and operational monitoring is carried out by managers and staff.

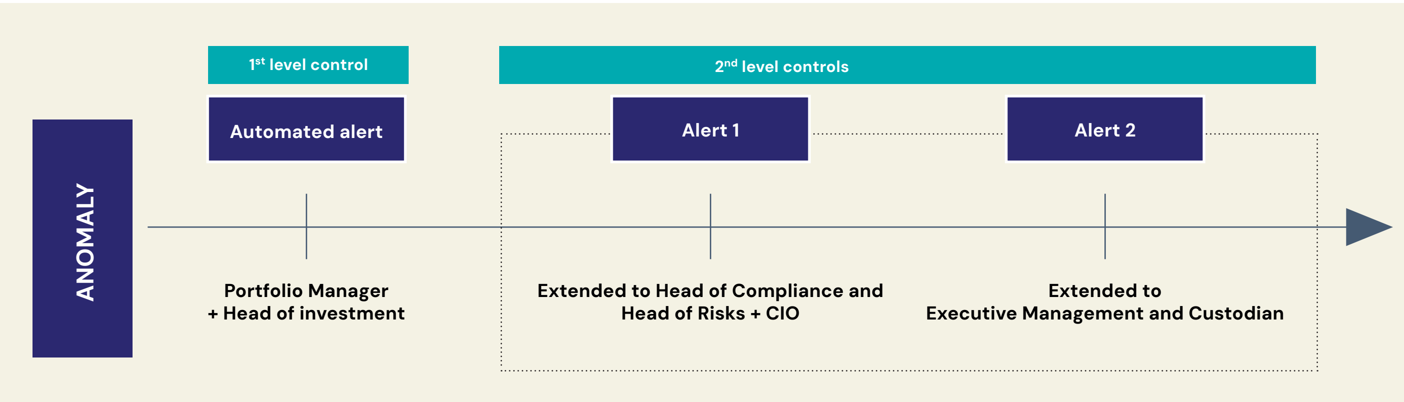
2nd level controls carried out by the internal auditors dedicated to this function within the management companies; supervision of the first level controls is also ensured at this level.

3rd level is provided by the General Inspectorate of the Group (Delegation of this function for Management Companies).

Control system for controversies & sector exclusions

The control system does cover:

- Implementation of the Stewardship Committee's decisions, distribution of exclusion lists and configuration of the blocking of purchase on excluded companies' securities
- Post-trade monitoring of exposure to companies being part of the exclusion lists
- Monitoring of exemptions
- Quality & completeness of the data used
- Respect of the process in implementing the exclusion policy
- Compliance with Crédit Mutuel Asset Management voting policy when applicable



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MAY 2026

LA FRANÇAISE
Crédit Mutuel Alliance Fédérale

Crédit Mutuel
Asset Management

PEFC FSC