

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a **minimum proportion of sustainable investments with an environmental objective:**

\_\_\_\_\_ %  
 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 Taxonomie de l'UE

It will make a **minimum proportion of sustainable investments with a social objective:** \_\_\_\_\_ %

**It promotes environmental and social (E/S) characteristics** and, although it does not have a sustainable investment objective, it will include a minimum of 10% sustainable investments

with an environmental objective and carried out in economic activities that qualify as environmentally sustainable under the EU Taxonomie de l'UE

with an environmental objective and carried out in economic activities that do not qualify as environmentally sustainable under the EU Taxonomie de l'UE

with a social objective

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

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

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



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

The Compass Mandate invests in a selection of undertakings for collective investment in transferable securities (UCITS) that are mainly passive in nature, including, but not limited to those of the Crédit Agricole Group. It promotes environmental and/or social ("E/S") characteristics through a rigorous methodology with the following objectives:

- Not to finance companies in targeted business sectors
- Not to finance companies that do not comply with certain international standards, principally/in particular those relating to fundamental rights (human rights, labour laws, prevention of corruption and protection of the environment)
- Not to finance controversial behaviour that could affect the long-term reputation of the investments
- To promote best environmental, social and governance practices at companies applying a "best-in-class" approach based on an assessment of the social and environmental profile.

In addition, the Agent draws on the analysis of external providers, which have dedicated resources and teams with ESG-related experience. The ESG scores given to target investments are based on an analysis of environmental, social and governance criteria.

Accordingly, the Agent identifies companies performing best relative to their peers in their sector in terms of environmental or social characteristics and that are no worse than their peers in the sector on the other criterion. In relation to sovereign issuers, the same approach is applied with a focus on managing environmental issues relative to the risk inherent in their existence.

Where the Mandate makes an investment, a look-through analysis is carried out on the underlying investments to ensure that the selected UCITSs meet the agent's standards in relation to environmental and social promotion.

No benchmark index has been designated for the purpose of achieving the E/S characteristics promoted by the Mandate within the meaning of Article 8 of Regulation (EU) 2019/2088.

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

The sustainability indicators used to measure the achievement of all the environmental and social characteristics promoted by the Mandate correspond to the binding investment restrictions:

- Exposure to UCIs that promote, inter alia, environmental or social characteristics within the meaning of Regulation 2019/2088 and/or sub-funds of UCIs that have a sustainable investment objective within the meaning of Regulation 2019/2088 and/or UCIs that, following a look-through analysis, meet the Agent's standards in relation to promoting environmental and social characteristics.
- The Agent's standards require limited exposure to companies that are considered to breach Global Standards, companies involved in controversial businesses based on the definitions and thresholds set out in the controversial activities policy, or companies that are the subject of ESG controversies of the highest severity.

The Agent's Global Sustainable Investment Policy is available on the Indosuez Group's website, at <https://luxembourg.ca-indosuez.com/indosuez-au-luxembourg/notre-politique-sfdr>

- ***What are the objectives of the sustainable investments that the financial product intends to make, and how do the investments contribute to these objectives?***

The Mandate promotes environmental or social characteristics but does not have sustainable investment as its main objective. Nevertheless, the Mandate partially invests in sustainable investments that contribute positively to environmental and/or social objectives.

These sustainable investments are identified and measured through an analysis of issuers whose main activity is the development of products and services that contribute to the achievement of one or more of the 17 environmental or social Sustainable Development Goals ("SDGs") defined by the United Nations (UN). These SDGs cover, for example, health products and services, services relating to education, solutions for saving and providing access to water, solutions to energy efficiency, services promoting digitisation, sustainable mobility services, etc.

The Mandate targets a minimum exposure to these sustainable investments of 10%.

The sustainability of a company will be assessed based on the positive net contribution it makes to the SDGs. The net positive contribution is the difference between positive and negative contributions in terms of impact. Based on the United Nations SDG framework, the net positive contribution factors in (1) the extent to which the investee company's products and services contribute to the achievement of the SDGs and (2) the negative impacts of their activities along the value chain.

**Sustainability indicators** are used to measure the extent to which the environmental or social characteristics promoted by the financial product are met.

- ***How do the sustainable investments that the financial product intends to make not cause significant harm to any environmental or social sustainable investment objective?***

The Agent ensures that the Mandate's sustainable investments do not cause significant harm to a sustainable investment objective from an environmental and/or social point of view by carrying out an analysis of issuers in several stages.

1. Taking account of the principal adverse impacts on the sustainability factors (hereinafter "PAIs") listed in table 1 of Annex 1 of Delegated Regulation (EU) 2022/1288, which reduce the adverse impacts of the investment, including:

- by combining several components to avoid and/or reduce its exposure to activities or behaviours that could affect another environmental or social objective (such as the Global Standards compliance filter and the exclusion of ESG controversies of the highest severity or activities that are the most damaging to other environmental and/or social objectives).
- via an impact calculation methodology based on an assessment of the positive and negative contributions made by the company's products and services to the Sustainable Development Goals (SDGs), in order to optimise the net positive (resulting) contribution.

2. In the case of investments in UCIs, a look-through analysis is carried out in order to identify the underlying assets that could cause harm or breach the Indosuez Wealth Management Group's standards. If necessary, dialogue will be initiated with the manager of this UCI.

- *How have the indicators of adverse impacts been taken into account?*

As detailed above, the adverse impact indicators have been taken into account in the first do no significant harm/DNSH filter: This is based on the monitoring of the mandatory indicators of the Principal Adverse Impacts in table 1 of Annex 1 to Delegated Regulation (EU) 2022/1288 where reliable data is available.

In concrete terms, PAIs are integrated at various upstream stages in the construction of managed portfolios through exclusions and through the investment process via analysis of issuers and the monitoring of controversies. Similarly, environmental and social indicators are included in the analysis of companies' ESG profiles and affect their "best-in-class" ranking.

The way in which external UCITSs take these indicators into account depends on the due diligence carried out by their management company. The analysis, carried out on a look-through basis, serves to identify the underlying assets that could cause harm or breach the Indosuez Wealth Management Group's standards. If necessary, dialogue will be initiated with the manager of this UCITS.

- *To what extent do the sustainable investments comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights? Detailed description:*

For internal UCIs for which a look-through sustainability analysis has been carried out, the compliance of sustainable investments with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights is tested and ensured as part of the sustainable investment identification process. These guidelines are incorporated into the Agent's exclusion policy and into the frames of reference used by the various rating agencies engaged by the Agent. The first step in the Mandate's investment process is normative screening based on these Global Standards: companies that do not meet these standards are excluded from the investment universe.

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

The extent to which External UCIs comply with the OECD Guidelines for Multinational Enterprises companies and the United Nations Guiding Principles on Business and Human Rights depends on the due diligence carried out by their management company and can only be monitored on a best efforts basis by analysing their ESG practices and performance, taking account of the limits of the approach adopted, namely that it will depend on the methodologies developed by the management companies of these UCIs with regard to this principle. If necessary, dialogue will be initiated with the manager of this UCI.



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

Yes, the Mandate considers the Principal Adverse Impacts (PAIs) on sustainability factors as follows:

Adverse impacts that affect investments can take all forms, and can be both environmental and social in nature. There are numerous examples: high carbon footprint, significant use of water, discharge of toxic materials, poor treatment of suppliers, working conditions, etc.

The principal adverse impacts are monitored at the level of the portfolio as a whole through the PIAs. PAIs are environmental and social indicators that seeks to minimise adverse impacts on sustainability factors.

For more information on the PAIs associated with this Mandate, please refer to the question "How have the indicators of adverse impacts been taken into account?" detailed above.

No



### What investment strategy does this financial product follow?

The Mandate will mainly invest in UCITSs, including, but not limited to, funds of the Crédit Agricole Group, including listed index funds and/or Exchange-traded Funds (ETFs). Alternatively, it may carry out spot or forward foreign currency transactions, which may or may not be structured.

The Mandate is split into three distinct strategies based on the Investor's investment profile.

**Balanced Strategy:** Moderate level of risk

The objective is capital growth over the medium or long term (five years or more), through a balanced allocation of investments between the different asset classes, with a particular focus on environmental and social themes. This investment strategy is intended for investors seeking to combine potential returns and a moderate level of risk. Exposure to equity or similar asset classes for this strategy may not exceed 50% of the Mandate's assets. This is an international investment strategy and, as a result, it may generate significant foreign exchange risk.

**Growth Strategy:** High level of risk

The Mandate seeks to generate strong capital growth over the medium to long term (six or more years), mainly through investment in equity markets, with a particular focus on environmental and social themes. This investment strategy is intended for investors seeking high potential returns in exchange for a high level of risk. Exposure to equity or similar asset classes for this strategy may not exceed 80% of the Mandate's assets. This is an international investment strategy and, as a result, it may generate significant foreign exchange risk.

**Dynamic Strategy:** Very high level of risk

The Mandate seeks to generate significant capital growth over the long term (eight or more years), primarily through investments in equity markets, with a particular focus on environmental and social themes. This investment strategy is intended for investors seeking high potential returns in exchange for a very high level of risk. Exposure to equity or similar asset classes may constitute 100% of the Mandate's assets. This is an international investment strategy and, as a result, it may generate significant foreign exchange risk.

The **investment strategy** guides investment decisions according to factors including investment objectives and risk tolerance.  
tolérance au risque.

Environmental, social and governance (ESG) factors are considered in the selection of instruments so as to assess the ability of the selected UCITSs to take into account the risks and opportunities related to sustainable development. The Agent undertakes to maintaining a minimum proportion of sustainable investments by investing, via UCITSs, in companies whose main activity is the development of products and services that contribute to the achievement of the 17 environmental or social Sustainable Development Goals (SDGs) defined by the United Nations (such as health products and services, services relating to education, solutions for saving and providing access to water, solutions to energy efficiency, services promoting digitisation, sustainable mobility services, etc.).

The Mandate may also be invested in all other types of financial instruments such as money market funds, structured products and spot or forward currency transactions, structured or otherwise.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

As a priority, the Agent selects the indices to be replicated, taking into account the extent to which they themselves incorporate ESG characteristics. An additional constraint concerns exclusion rules based on the exclusion and controversial activities policy and rules on the minimum proportion of instruments with best-in-class ESG integration.

Mandatory investment restrictions apply to:

- companies that do not comply with the principles set out in the Global Standards,
- companies involved in controversial business activities, and
- companies involved in ESG controversies of the highest severity.

The Agent will assess the extent to which the indices replicated by the UCITSs comply with the minimum constraints described in the Agent's Global Investment Policy, available at: <https://luxembourg.ca-indosuez.com/indosuez-au-luxembourg/notre-politique-sfdr>

The Agent also sets rules concerning the minimum proportions of instruments with best-in-class ESG integration (categorised as "ESG" investments), i.e. categorised as the best performers in their sector based on environmental and/or social characteristics. This minimum proportion is 33.5% of the assets in the portfolio.

Conversely, the Mandate is limited to investing a maximum of 10% of assets in companies or issuers with a low level of ESG integration (categorised as "non-ESG" investments under the Global Sustainable Investment Policy).

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable (N/A).

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

For internal UCIs:

The governance criteria considered in the best-in-class approach as well as the exclusions and analysis of controversies help to ensure that the target issuers of the internal UCIs apply good governance practices. These criteria make it possible to ensure, in particular, that the internal UCIs in which the Mandate invests do not contribute to the violation of human or labour rights, corruption or other actions that could be considered unethical. This approach is based on global standards and principles, which include (but are not limited to) the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights. The quality of an issuer’s governance will be used to categorise it as ESG, neutral or non-ESG in terms of ESG integration, bearing in mind that the agent undertakes to prioritise ESG investments and limit non-ESG investments.

**Best governance** practices concern sound management structures, staff relations, staff remuneration and compliance with tax obligations.  
respect des obligations fiscales.

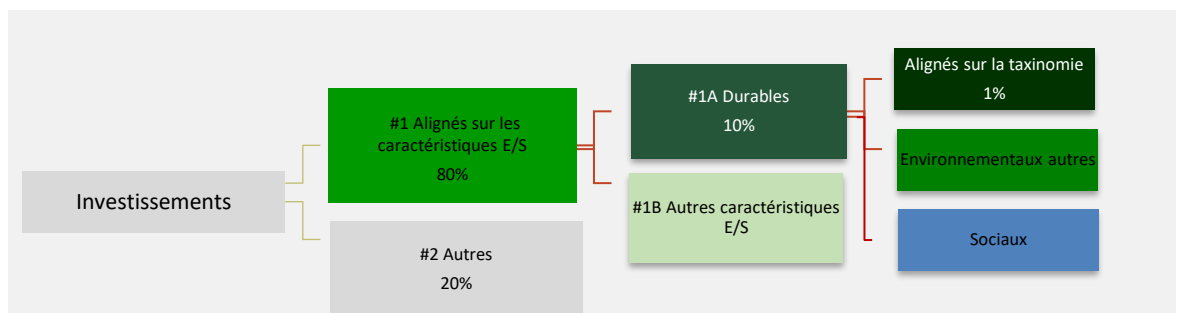
For external UCIs:

The assessment of good governance practices by companies that have received investments from External UCIs and in which the Mandate has invested depends on the policies put in place by the management companies of these UCIs and can only be monitored on a best efforts basis by analysing their ESG practices and performance, taking account of the limits of the approach adopted, namely that it will depend on the methodologies developed by the management companies of these UCIs with regard to this principle.

**What is the proposed asset allocation for this financial product?**

A minimum of 80% of the Mandate will be invested in UCITSs that are aligned with the E/S characteristics promoted (#1 Aligned with the E/S characteristics); among these investments, those considered sustainable investments will represent at least 10% of the assets (#1A Sustainable). The rest will consist of cash, cash equivalents as well as unscreened investments and will not be aligned with the E/S characteristics promoted (#2 Other), and will be limited to 20%.

**Asset allocation** describes the share of investments in specific assets. dans des actifs spécifiques.



**#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 of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

the **#1A Sustainable** sub-category covering sustainable investments with environmental objectives;

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

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

encore de solutions de remplacement sobres en carbone et, entre autres, dont les niveaux d'émission de gaz à effet de serre correspondent aux meilleures performances réalisables.

Activities aligned with the Taxonomy are expressed as a %:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, for a transition to a green economy, for example;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.
- **des dépenses d'exploitation** (OpEx) pour refléter les activités opérationnelles vertes des sociétés bénéficiaires des investissements.

● **How does the use of derivatives allow for the attainment of the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to achieve the Mandate's ESG objective.

The Mandate's ESG rating or percentage of sustainable investments do not include any contribution from derivatives.

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

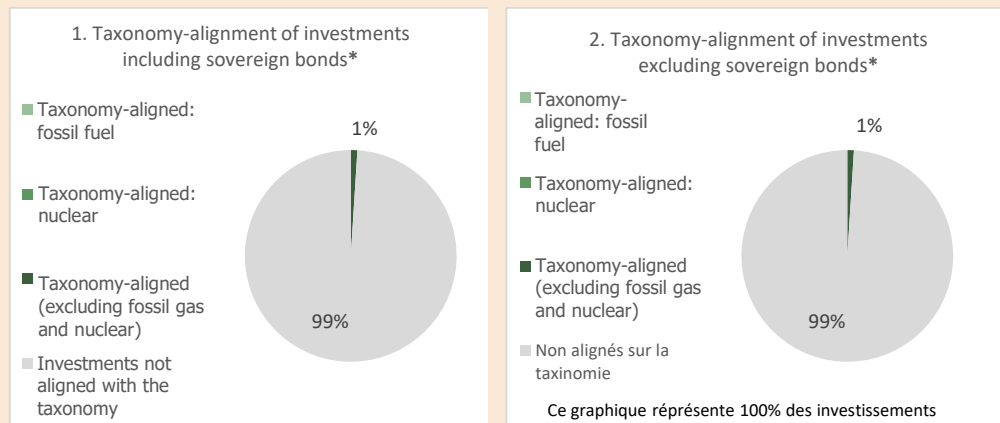
The methodology used by the Agent to assess investee companies' alignment with the EU Taxonomy is based on data provided either by the investee companies or by third-party providers. As this data is currently limited, the manager commits to 1% of the portfolio's investments being aligned with the EU taxonomy.

Sustainable investments that are aligned with the EU Taxonomy (referred to in the table as "taxonomy-aligned") comprise investments in companies whose economic activities contribute substantially to one or more of the six environmental objectives defined by the EU Taxonomy in accordance with the eligibility and technical screening criteria ("EU Taxonomy Technical Screening Criteria").

● **Does the financial product invest in activities linked to fossil gas and/or nuclear energy that are aligned with the EU Taxonomy<sup>1</sup>?**

- Yes:
- In fossil gas
  - In nuclear energy
- No

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



\* For the purposes of these graphs, "sovereign bonds" include all sovereign exposures.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. All criteria applicable to economic activities in the fossil gas and nuclear energy sectors that comply with the EU Taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214.

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

The Mandate does not commit to investing in enabling and/or transitional activities.



**What is the minimum proportion of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The Agent undertakes that at least 10% of its investments shall be sustainable investments. These investments may be aligned with the EU taxonomy, or with another environmental or social objective, but the Agent does not currently commit to specifying the exact proportion of the underlying investments that take into account the EU criteria for environmentally sustainable economic activities.



**What is the minimum share of socially sustainable investments?**

The Agent undertakes that at least 10% of its investments shall be sustainable investments. These investments may be aligned with a social objective, but the Agent does not currently commit to specifying the exact proportion of the underlying investments that will contribute to achieving the socially sustainable objective.



**What investments are included under “#2 Other”, what is their purpose and do any minimum environmental or social safeguards apply to them?**

Category “#2 Other” consists of unscreened investments used for diversification purposes, and investments for which all data is not available or cash held in the form of ancillary assets. There are no minimum environmental or social guarantees for such investments.



**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?**

Not applicable (N/A).



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

More product-specific information can be found on the website:

<https://luxembourg.ca-indosuez.com/indosuez-au-luxembourg/notre-politique-sfdr>

are sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under the EU taxonomy.

durables sur le plan environnemental au titre de la taxinomie de l'UE.