

La Française Systematic Asset Management GmbH

# Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors



30 June 2024



**LA FRANÇAISE**  
INVESTING TOGETHER



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# Zusammenfassung

**Finanzmarktteilnehmer:** La Française Systematic Asset Management GmbH, LEI: 391200SAJ1O3DRMKXX08.

Die La Française Systematic Asset Management GmbH (LEI: 391200SAJ1O3DRMKXX08) berücksichtigt die wichtigsten negativen Auswirkungen (principal adverse impacts - PAI) ihrer Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Die vorliegende Erklärung ist die konsolidierte Erklärung zu den wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren der La Française Systematic Asset Management GmbH (LFSAM). Diese Erklärung zu den wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren bezieht sich auf den Referenzzeitraum vom 1. Januar 2023 bis zum 31. Dezember 2023.

LFSAM ist Teil der La Française Gruppe (Group) und unterliegt als Finanzmarktteilnehmer der VERORDNUNG (EU) 2019/2088 DES EUROPÄISCHEN PARLAMENTS UND DES RATES vom 27. November 2019 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (SFDR) und der Delegierten Verordnung (EU) 2022/1288 der Kommission vom 6. April 2022 (Delegierte Verordnung).

Die wichtigsten nachteiligen Auswirkungen, die von der LFSAM berücksichtigt werden, sind die folgenden:

PAI		
Investments	Umwelt	1. THG-Emissionen
		2. CO2-Fußabdruck
		3. THG-Emissionsintensität der Unternehmen, in die investiert wird
		4. Engagement in Unternehmen, die im Bereich der fossilen Brennstoffe tätig sind
		5. Anteil des Energieverbrauchs und der Energieerzeugung aus nicht erneuerbaren Energiequellen
		6. Intensität des Energieverbrauchs nach klimaintensiven Sektoren
	Biodiversität	7. Tätigkeiten, die sich nachteilig auf Gebiete mit schutzbedürftiger Biodiversität auswirken
	Wasser	8. Emissionen in Wasser
	Abfall	9. Anteil gefährlicher und radioaktiver Abfälle
	Soziales und Beschäftigung	10. Verstöße gegen die UNGC-Grundsätze und gegen die Leitsätze der Organisation für wirtschaftliche Zusammenarbeit und Entwicklung (OECD) für multinationale Unternehmen
		11. Fehlende Prozesse und Compliance-Mechanismen zur Überwachung der Einhaltung der UNGC-Grundsätze und der OECD-Leitsätze für multinationale Unternehmen
		12. Unbereinigtes geschlechtsspezifisches Verdienstgefälle
		13. Geschlechtervielfalt in den Leitungs- und Kontrollorganen
	Wasser, Abfall und Materialemissionen	14. Engagement in umstrittenen Waffen (Antipersonenminen, Streumunition, chemische und biologische Waffen)
	Bekämpfung von Korruption und Bestechung	15. Natürlich vorkommende Arten und Schutzgebiete
		16. Unzureichende Maßnahmen bei Verstößen gegen die Standards zur Korruptions- und Bestechungsbekämpfung

Die LFSAM achtet besonders auf:

- Kohlenstoff-Fußabdruck
- Exposition gegenüber fossilen Brennstoffen
- Verstöße gegen die Prinzipien des Global Compact und die OECD-Leitsätze für multinationale Unternehmen
- Geschlechtervielfalt im Vorstand
- Exposition gegenüber umstrittenen Waffen

Diesen Indikatoren werden über die von der La Française Group entwickelte Methodik für Umwelt-, Sozial- und Governance-Faktoren (ESG-Faktoren), die Ausschlusspolitik oder die Abstimmungspolitik Ziele zugeordnet. Die LFSAM arbeitet unter dem gemeinsamen ESG-Governance-Rahmen der La Française Group. Gemäß den im letzten Jahr gesetzten Zielen verbessern sich die Indikatoren für 2023, mit Ausnahme der Geschlechtervielfalt im Vorstand, die unserer Meinung nach mittelfristig verbessert werden kann, da wir Instrumente (Abstimmungen und Engagement) einsetzen, die über Jahre hinweg und nicht sofort Früchte tragen.

# Summary

Financial market participant: La Française Systematic Asset Management GmbH , LEI: 391200SAJ1O3DRMKXX08

La Française Systematic Asset Management GmbH (LEI: 391200SAJ1O3DRMKXX08) considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of La Française Systematic Asset Management GmbH (LFSAM). This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

LFSAM is part of the La Française Group (Group), as a financial market participant subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (SFDR) and Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 ("Delegated Regulation").

The principle adverse impacts retained by LFSAM are as follows:

		PAI
Issuers invested	Greenhouse gas emissions	1. Greenhouse gas (GHG) emissions
		2. Carbon footprint
		3. GHG intensity of investee companies
		4. Exposure to companies active in the fossil fuel sector
		5. Share of non-renewable energy consumption and production
		6. Energy consumption intensity per high impact climate sector
	Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas
	Water	8. Emissions to Water
	Waste	9. Hazardous waste and radioactive waste ratio
	Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
		11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
		12. Unadjusted gender pay gap
		13. Board gender diversity
	Water, waste and material emissions	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
	Anti-corruption and anti-bribery	15. Natural species and protected area
		16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery

LFSAM pays specific attention to:

- Carbon footprint
- Exposure to fossil fuels
- Violations of the Global Compact principles as well as the OECD guidelines for Multinational Enterprises
- Board gender diversity
- Exposure to controversial weapons

Objectives are attached to those indicators through the environmental, social and governance (ESG) factors methodology, exclusion policy or voting policy which are developed by the La Française Group. LFSAM operates under the common ESG governance framework of the La Française Group. According to the objectives set last year, indicators for 2023 are improving except for the board gender diversity which is an indicator we think can improve over the medium term as we use tools (voting and engagement) that bear fruit over the years rather than instantaneously.

# Description of the principal adverse impacts on sustainability factors

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator	Metric	Impact 2023 Year n	Impact 2022 Year n-1	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1	752.110	787.708	Coverage: 89,97%  At the issuer level: these indicators are covered through our Carbon Impact analysis for the high emitting sectors and through the Carbon Impact Score for other sectors	In line with our support for the Paris Agreement at the Group level and commitment to reduce our CO2 emissions, the CO2 emissions figures for each of the scopes (1, 2 and 3) have decreased in 2023. The Carbon Impact analysis performed, the exclusion policy in place and the voting policy specific items on climate change all played a role in the reduction of the Carbon emissions in 2023.  The evolution of our exclusion policy with stricter thresholds for coal and non conventional fossil fuels can be observed in form of lower exposure to companies active in the fossil fuel sectors in 2023. On the other side of the coin is the exposure to renewable energy (as well as the share of non-renewable). The share of non-renewable energy has increased in line with the reduction of CO2 emissions and exposure to fossil fuels. Also in line is the reduction observed in energy intensity. Our objective for 2024 and subsequent years remain the same: we are constantly adapting our methodologies and will keep doing so, our exclusion policy on fossil fuels will be reviewed in 2024 as well as our voting policy for mere stringent requirements.
		Scope 2	324.270	416.695		
		Scope 3	7.650.400	12.912.756		
		Total	8.726.780	14.117.159		
	2. Carbon footprint	Carbon footprint	28,53	23,1		
3. GHG intensity of investee companies	GHG intensity of investee companies	77,28	94,7			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2,3%	4,8%	4. Coverage: 96,80% This indicator is covered through our exclusion policy on fossil fuels (that includes coal and non conventional fossil fuels) as well as via the environmental score. It is also factored in the analysis done by our dedicated ESG climate research team SIR (SIR team), a La Francaise Group on ESG matters specialized internal research team.		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	16,10%	18,46%	5. Coverage 57,52% Its coverage is average as this indicator is not covered in cases the issuers does not belong to the fossil fuel sector		

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,04	0,22	Coverage: 76,58% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG climate research team SIR	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,3%	0,0%	Coverage: 96,80% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG climate research team SIR	The share of activities negatively affecting biodiversity-sensitive areas is not meaningful and cannot be interpreted safely. LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicators in its dialogues with issuers.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,005	0,007	Coverage: 6,95% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG - SIR team - Its coverage is Very Poor (less than 10%) but this should change and increase with more data available and the help of the CSRD Directive.	The coverage of this indicator is too low (less than 10%) to be interpreted safely. LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicators in its dialogues with issuers.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	5,8	8,5	Coverage: 10,68% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG climate research team SIR. Its coverage is Very Poor (less than 10%) and is not expected to increase much as the indicator is very sector specific.	The coverage of this indicator is too low (slightly more than 10%) to be interpreted safely. The indicator is not meaningful as the regulation imposes to take into account all issuers including those that do not have to manage hazardous or radioactive waste into account for the calculation. This obligation combined to the very poor coverage tend to lower the result which cannot therefore be interpreted. LFSAM does not set any objective on this issue
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERYMATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,9%	0,7%	Coverage: 99,80% This indicator is included in our controversies analysis	The level of the indicator on the exposure to violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises remains very low. The fact that it is not at zero can be explained by differences in the conclusions drawn by our data providers and our analysts that conduce a more thorough and up to date analysis. The explanation is the same for the exposure to lack of processes and compliance mechanisms to monitor

for Multinational Enterprises					compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. Decisions to keep in our portfolio companies that are identified by our providers as in breach are taken at the Stewardship Committee and duly documented and traceable.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	8,0%	10,1%	Coverage: 96,80% This indicator is included in our controversies analysis	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0,004	0,006	Coverage: 12,19% This indicator is included in the social score and factored in the analysis done by our dedicated ESG climate research team SIR	The coverage of this indicator is too low (slightly more than 10%) to be interpreted safely. LFSAM does not set any objective on this issue but the Group includes reporting on this type of indicators in its dialogues with issuers.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	28%	32%	Coverage: 91,54% This indicator is included in the social score and factored in the analysis done by our dedicated ESG climate research team SIR; the indicator has also been part of our specific voting policy for years with increasing demands over the years. Explanation is also available more detailed in the Group voting policy.	This indicator is factored in the Social score is being scrutinized in our voting policy as well as engagement policy. LFSAM has an objective of a minimum of 40% of women in Boards. Although the evolution is not positive, this year, we view our objective as a medium to long term one in line with the kind of tools used: voting and engagement are bearing fruits in the medium and not short term.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,003%	0,004%	Coverage: 99,82% This indicator is covered by our exclusion policy on controversial weapons	This indicator is very close to 0. The marginal exposure relates to funds of funds which do not apply our Group exclusion policy. As a "direct" investor, LFSAM is not exposed to any controversial weapons in line with the Group exclusion policy.



OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Water, waste and material emission	15. Natural species and protected area	1. Share of investments in investee companies whose operations affect threatened species	0,84%	0,01%	Coverage: 99,80% This indicator is included in the environmental score and factored in the analysis done by our dedicated ESG - Climate research team SIR	The level of this indicator is too low to comment on year on year changes. LFSAM does not set any objective on this issue but the group includes reporting on this type of indicator in its dialogue with issuers.
Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0,0061%	0,0047%	Coverage: 99,80% This indicator is included in the social score and factored in the analysis done by our dedicated ESG - Climate research team SIR	The share of invested issuers that have not taken sufficient action to address breaches of standard of anti-corruption and anti-bribery is close to 0 and its evolution not meaningful and cannot be interpreted.

# Description of policies to identify and prioritise principal adverse impacts on sustainability factors

For the second year in a row, LFSAM has computed 14 compulsory PAI as well as 2 optional in line with the SFDR regulation requirements. Those PAI have been classified by the regulators into two distinct categories: the climate and other environment-related indicators and the social and employee matters.

The La Francaise Group's approach on how we integrate associated risks and opportunities in the investment process, as well as our engagement focus and collaborative activities are implemented in various policies, that have been approved and are kept under review by LFSAM and the Group. The management of LFSAM and the Portfolio Management are responsible for the implementation of these policies. The policies are available on the website at <https://www.la-francaise-systematic-am.com/nachhaltigkeit/richtlinien-offenlegungen>. The methodologies used refer to the La Francaise Group:

- - ESG Methodology (article 29 – LEC report)
- - Carbon Impact Methodology
- - Exclusion Policy
- - Voting Policy vote
- - Engagement Policy

Within the 14 compulsory PAI, LFSAM chose to concentrate its efforts and the monitoring on the indicators which have been retained within the DSNH (Do Not Significantly Harm) analysis, which is systematically performed for all investments, as well as on the carbon footprint which is in line with our support of the Paris Agreement during COP 15 as well as a focus area for the Group to fight climate change. Therefore, our priorities are the following:

- Carbon footprint
- Exposure to companies in the fossil fuel sector
- Violations of the UN Global Compact principles or OECD guidelines on multinational enterprises
- Board gender diversity
- Exposure to controversial weapons

For all these indicators objectives have been set in the Group ESG methodology and/or our exclusion policy, voting policy and these indicators are therefore monitored. They are featured as of "high importance" in the table below, whereas the average importance relates to indicators whose coverage is insufficient for a proper analysis. Both the water and waste thematic remain important for us and is dealt with other quantitative and qualitative indicators focused on some sectors.

To those 14 compulsory PAI, we're adding 2 optional ones that we selected:

- Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
- Natural species and protected area

This choice is based on the importance of the theme for our Group as well as the level of coverage of the indicator. Fighting corruption is key for our Group but also more broadly for the financial industry, as well as an issue that we factor in our investment decisions. Biodiversity is also of utmost importance but an area where too few indicators are available and/or properly covered. With this specific PAI selection we're telling invested issuers that biodiversity is a key issue on which we are demanding -more- indicators. In the same vein, we can only notice that the coverage on additional PAI on social and employee matters is low and the choice of indicator limited.

All the calculations are based on all the funds managed by the LFSAM, which include funds of funds.

This means the interpretation of the PAI indicators is difficult as some of the funds included in the calculation do not factor in ESG objectives nor consideration and their inclusion will mechanically lower the overall result at the LFSAM level. As an example,

although our policy on controversial weapons is very strict, we are still exposed to 0,003% of LFSAM assets under management to controversial weapons because of investments in funds of funds for which our Group exclusion policy does not apply.

Coverage is divided into 4 categories covering ranges as described below:

Coverage	Coverage %	Indicators #	Indicators - %
Very Good	60 - 100%	12	75%
Average	30 - 60%	1	6%
Poor	10 - 30%	2	13%
Very Poor	< 10%	1	6%

Most of the indicators (12 corresponding to 75%) are well covered – including the 2 optional indicators retained- but 3 indicators (or 19%) among the compulsory ones have a coverage below 30% that makes any tentative to interpret them both illusory and not meaningful.

	Adverse sustainability indicator	Importance	Coverage
Greenhouse gas emissions	1. GHG emissions, Scope 1, Scope 2, Scope 3	Very High	Very Good
	2. Carbon footprint	Very High	Very Good
	3. GHG intensity of investee companies	Very High	Very Good
	4. Exposure to companies active in the fossil fuel sector	Very High	Very Good
	5. Share of non-renewable energy consumption and production	High	Average
	6. Energy consumption intensity per high impact climate sector	High	Very Good
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	High	Very Good
Water	8. Emissions to water	Medium	Very Poor
Waste	9. Hazardous waste and radioactive waste ratio	Medium	Poor
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Very High	Very Good
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	High	Very Good
	12. Unadjusted gender pay gap	High	Poor
	13. Board gender diversity	Very High	Very Good
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Very High	Very Good
Water, waste and material emission	15. Natural species and protected area	Medium	Very Good

Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	High	Very Good
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We use ISS ESG by Institutional Shareholder Services Inc. as the source for the vast majority of our data. ISS ESG is a major and historical ESG provider that acquired a few years ago the German ESG provider Oekom to build its ESG capacity. It is a renowned and respected provider that applies the highest standards in terms of control, monitoring and analysis of the data collected. We have been working with ISS since more than 5 years and are happy with the quality level observed.

For climate related data, we source the data from the platform CDP, a non-profit organization where greenhouse gas emissions were disclosed to establish information sharing among companies and stakeholders, such as investors, and complement them with our own internal calculations based on a proprietary methodology for CO2 estimates that has been developed and refined by our data team for 6 years.

On the controversial weapons, we use for our Group exclusion policy Sustainalytics data to monitor the exclusion across the group. However, the calculation on the global portfolio of LFSAM done for the PAI has been done as for the rest of the data using ISS data.

# Engagement Policies

Engagement is one of the most important tools of Stewardship at La Française Group. Through initiating dialogue with companies where we are invested, we can encourage improving ESG practices, sustainability outcomes or public disclosure. We prioritise engagement to alternative strategies – such as divestment – which can leave us with no stake and no potential to help drive responsible corporate practices. Having said that, our exclusion policy does address the most controversial sectors, like controversial weapons, tobacco, unconventional Oil & Gas, coal, etc. through group wide investment restrictions.

Engagement can be done individually or collaboratively. The latter typically involves several investors joining forces to carry our message and questions to one or more companies facing the same industry-specific challenges. We pursue these mostly through our industry associations and memberships with initiatives like Climate Action 100+, WDI, etc. or on an ad-hoc basis with other investors. Engagement can also be carried out to target non-issuer stakeholders, such as policy makers or standard setters to influence top-down change (Public Policy Engagements) and can influence system-wide changes on a sector, government, or supra-national level.

The below figure summarizes our collaborative engagements and industry associations by theme:



We support collaborative actions extensively, while selectively using our capacity to enter individual dialogues with companies where we think our thorough analysis can have influence. In this respect, we pursue shareholder dialogues to fill our analytical gaps, while we also approach companies to achieve specific objectives through formalized letters to company management, followed up by calls, meetings, and other means of communications.

We have defined in our [engagement policy](#) four key steps for our engagement strategy to be successful:

- Select and prioritize engagements, as per our themes.
- Set objectives for our engagements.
- Conduct the engagement and report on outcomes.
- Escalate when appropriate if the engagement target does not deliver on the set objectives.

These steps are iterative in most cases and the SIR team will decide on the next steps as needed and depending on the outcomes of our interactions. As for timeline, we review all engagements annually with a target of documenting outcomes in 3 years, from the date of starting an engagement.

We have also set up an escalation process in our [engagement policy](#). This is key to ensure the credibility of an engagement and is transparent to the issuers identified. Escalation will depend on each engagement, its specific objectives and timeline, keeping the following steps in mind:

- Collaborate with other investors, through our existing associations, or form new ones
- Reinforced dialogue – preferably with Board Level representatives
- Open letter/ Public post about engagement
- AGM voting, questions
- Co-filing of a resolution
- No further investment/underweighting
- Divestment with reinvestment hurdle

During 2023, we had 202 engagements including around 190 company engagements and dialogues, with 146 unique companies, spread across all geographies, sectors and themes. This is up around 1.5 times on all fronts. All our engagements are organized under four thematic pillars as shown below - Climate Change, Natural Capital, Social Capital, and Governance, among which the PAI indicators can be found.



## References to international standards

At the corporate level, to reinforce its engagement as a sustainable investor, La Francaise Group signed the PRI (Principles for Responsible Investment) in October 2010. The Group enforces those principles across its different businesses and asset classes as well as processes. A [public reporting](#) to the PRI is done on a yearly basis and an [assessment](#) of the quality of the reporting and practices is performed by the PRI and a welcome third-party review of our positioning. This report is used to measure adherence to the PRI. It has proven very positive for us.

At the investment level, we do screen our investments based on the 10 principles of the Global Compact of the United Nations. Those principles themselves refer to international norms and standards such as the ILO conventions, the OECD guidelines for multinational enterprises, the universal declaration of human rights, etc. Respecting the principles of the Global Compact is included in our ESG analysis and related controversies are scrutinized on a daily basis. The PAI number 10 is used to measure adherence to these standards.

Moreover, in line with its commitment to fight climate change, the Group is supportive of the Paris Agreement signed at COP 15 and commitment to a well-below 2° target. This means being particularly cautious about climate strategies and CO2 emissions in any investment decision. The GHG related PAIs (Number 1-6) are used to measure adherence to the Paris Agreement. We do use in our Carbon Impact assessments the reference scenarios given by the International Energy Agency: Net zero, SDS, STEPS.

Eventually, the Group has joined many initiatives, signed many engagements that are described in details in the Article 29 report of the Group and in the different reports (engagement, voting, etc) produced and available on the Group website at the [documentation](#) page.

# Historical Comparison

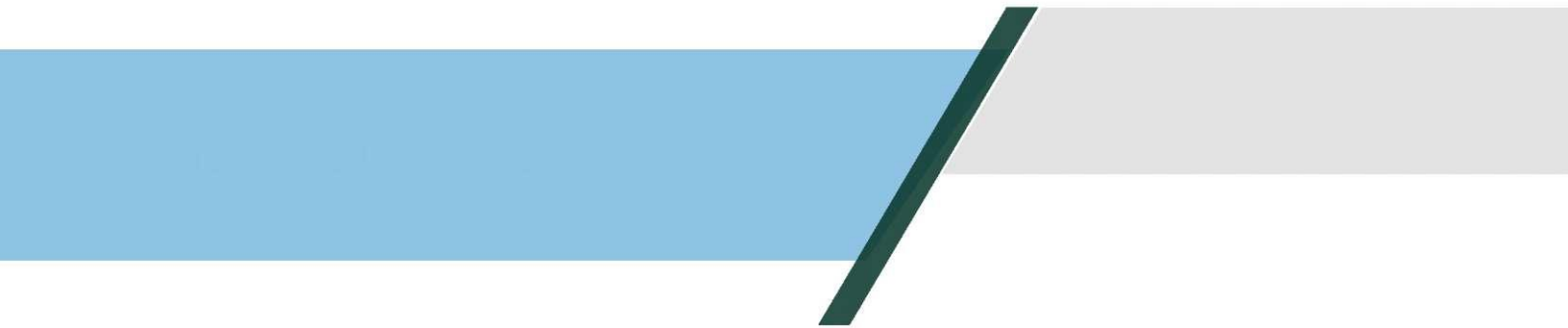
The PAI table under section “Description of the principal adverse impacts on sustainability factors” including the indicators for 2023 as well as 2022 allowing for the first time an historical comparison.

We have not set objectives on all PAI and do not intend to do so in the future. In the above table we give an explanation of how they are computed and of the levels achieved and evolution, but it should be noted that -as for the coverage- the fact that the calculation is being done of all the LFSAM funds, including funds of funds does involve a distortion of the results at the asset manager level. Also, calculations are based on all issuers detained not only on those for which there is a figure which mechanically induce a distortion of the overall result when the coverage is very poor, poor or even average (roughly in 40% of the indicators

In the case where we have set our own objectives i.e. for carbon footprint, exposure to fossil fuel sectors, respect of the Global Compact principles and OECD guidelines, exposure to controversial weapons, those objectives have been reached. Only for the board gender diversity do we observe a small reduction in the %, not meaningful, and that we explain mainly by the fact that this indicator is managed using the voting policy as well as the engagement policy and that those actions are bearing fruits on the medium and not short term.

Eventually, for 2024, we keep the same objective to progress on the indicators that we monitor and for which we have set our own objectives, indicators whose importance is very high.





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