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

Product name: CM-AM CREDIT LOW DURATION

Legal entity identifier: 969500GI3PHDG7DVIK57

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

●● ☐ **Yes**

●○ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: N/A

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ it will make a minimum of **sustainable investments with a social objective**: N/A

☒ It **promotes environmental and social (E/S) characteristics** and although it does not have sustainable investment as its objective, it will have a minimum proportion of 25.0% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☒ with a social objective

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/8 52, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

The percentage of sustainable investment is made on the basis of the fund's net assets.

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

Crédit Mutuel Asset Management's strategy is based on three stages of analysis in order to qualify an issuer as a Sustainable Investment:

1-Assess its contribution to the UN Sustainable Development Goals [SDGs].

**- For private issuers,** the analysis of the contribution to the SDGs is carried out using the elements provided by: the issuers (annual reports, surveys), third-party providers (e.g. ISS ESG) and proprietary research (proprietary ESG database). In addition to the systematic calculation, the extra-financial analysis unit of Crédit Mutuel Asset Management may be asked to provide an additional assessment of an issuer's contribution to the SDGs. Predefined materiality thresholds (10% of revenue or investments for issuers in non-financial sectors and sustainability commitments for financial issuers) are used to qualify an issuer.

**The method for public-sector entities** issuing financial securities is similar to the model used for companies, while adapting the four selectivity criteria. The contribution to the SDGs is analysed through the **SDG Index** published annually in the Sustainable Development Report.

2-Check that the principal adverse impacts associated with the issuer are limited.

Crédit Mutuel Asset Management has established its own methodology for measuring the principal adverse impacts. Issuers that meet all of the five so-called "mandatory" criteria will be considered eligible. There must then be at least four criteria out of the nine additional criteria for an issuer to be selected as a Sustainable Investment.

3-Ensure satisfactory governance.
The extra-financial research unit assesses the governance practices of issuers, in particular on the basis of the following criteria: sound management structure, relations with employees, remuneration of staff, compliance with tax obligations.

These policies are available on the management company's website:

- Sustainable investment policy: Responsible Investment Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)
- Sectoral policy: Sectoral Policy | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)

This financial product promotes environmental and social characteristics by adopting an ESG score improvement approach. The portfolio's ESG score (average weighted by the weight of the asset) must therefore be better than that of its ESG universe.

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

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***
The consideration of non-financial environmental, social and governance criteria is based on a proprietary ESG analysis model; it is based on a combination of data from external data providers (Sustainalytics, ISS ESG, Ethifinance), covering companies and governments. This model is built on around forty non-financial indicators structured around three pillars: Environmental, Social and Governance, for a socially responsible approach. The ESG score thus makes it possible to assess and select companies or issuers in accordance with the environmental and social characteristics sought by the financial product. In addition, the assessment of revenue in connection with one or more Sustainable Development Goals, as well as the analysis of negative impacts and the main social standards are used to qualify the Sustainable Investment segment of the financial product, according to a methodology specific to Crédit Mutuel Asset Management.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***
In addition to promoting environmental and social characteristics, at the heart of the financial product's investment proposal, it focuses on a minimum investment segment with the objective of investing in companies and/or issuers identified as 'sustainable' according to an internal methodology specific to Crédit Mutuel Asset Management. The United Nations Sustainable Development Goals are used as a reference framework to determine investments that can contribute to an environmental or social objective. The financial product thus seeks to encourage the companies and/or issuers that have the best record in terms of environmental, social and governance practices, while promoting and encouraging those that also demonstrate a proven contribution to the achievement of environmental and/or social objectives, in particular through their activities.
The minimum quantitative thresholds that the management company has set for sustainable investment can be consulted in the Responsible Investment Policy available on the Crédit Mutuel Asset Management website.

**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.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmentally or social sustainable investment objective?***
Crédit Mutuel Asset Management has established a framework for identifying the main adverse impacts to enable the assessment of significant harm that may weaken the sustainable investment proposal. It assesses the ability of the selected companies to manage the potential negative impact of their activities on sustainability factors E and S (Do No Significant Harm).

***How were the indicators for adverse impacts on sustainability factors taken into account?***
The PAI indicators taken into account are used to measure the potential negative impact of investments on sustainability. Pending thresholds specified by regulators, as indicated by the European Supervisory

Authorities (ESAs) in their clarification statement of 2 June 2022, Crédit Mutuel Asset Management therefore relies on its internal analysis work and its proprietary ESG database to analyse a company's negative impact on the environment, social and societal issues. Our model thus makes it possible to codify (award of points) each company analysed according to the responses obtained on the selected criteria.
All the PAI indicators in the table of Annex 1 of the RTS are taken into consideration.

***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Detailed description:***
Involvement in a breach of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational companies is grounds for exclusion from issuers that qualify as sustainable.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not significantly harm any environmental or social objectives.



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

☒ Yes, sustainability implications represent the impact that investment decisions may have on sustainability factors. These focus on the climate and, more broadly, environmental issues; social factors are also concerned, including employee rights, respect for human rights and the fight against corruption. These negative sustainability impacts are taken into account by the financial product in three ways: by applying sector exclusion policies, by internal ESG rating and by sustainable investment. Sectoral exclusion policies apply to all actively managed strategies, including this financial product, and controversial arms, tobacco, coal and hydrocarbons. They provide protection against exposure to high sustainability risks inherent in these sectors. The ESG rating is used to measure the overall ESG performance of a company or issuer and is based on a range of environmental, social, societal and governance indicators derived from an analysis of raw PAI data. Raw PAI data is monitored as part of the financial product management activity; this data is made available in the periodic report.
☐ No



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

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

***What are the constraints defined in the investment strategy to select investments in order to attain each of the environmental or social characteristics promoted by this financial product?***
Sectoral exclusions are implemented concerning controversial weapons, tobacco, coal and hydrocarbons. Companies or issuers identified as having severe controversies ("red controversy" according to the internal classification) are also excluded from the investment universe for all of Crédit Mutuel Asset Management's financial products.

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

The policy of assessing good governance practices of investee companies, including sound management structures, employee relations, staff remuneration and compliance with tax obligations, is measured through the Governance pillar of the proprietary methodology through a series of specific criteria that Crédit Mutuel Asset Management examines as part of the overall ESG assessment. A firm exclusion is made when all the criteria have not been met.

For private companies and issuers, the management team relies on an assessment of the minimum social standards implemented and applied in the various entities, notably through the adoption of a number of policies (anti-corruption, respect for human rights, protection of whistleblowers, training, code of conduct, equal opportunities, etc.) and practices (independence of the Board of Directors, composition of committees, balance of powers between management bodies, climate strategy, etc.). These criteria are based on universal texts, such as the United Nations Global Compact, the OECD guidelines on corporate governance and the Paris Agreement.

net assets.

***What is the policy implemented to assess good governance practices of the companies in which the financial product invests?***

The policy of assessing good governance practices of investee companies, including sound management structures, employee relations, staff remuneration and compliance with tax obligations, is measured through the Governance pillar of the proprietary methodology through a series of specific criteria that Crédit Mutuel Asset Management examines as part of the overall ESG assessment. A firm exclusion is made when all the criteria have not been met.

For private companies and issuers, the management team relies on an assessment of the minimum social standards implemented and applied in the various entities, notably through the adoption of a number of policies (anti-corruption, respect for human rights, protection of whistleblowers, training, code of conduct, equal opportunities, etc.) and practices (independence of the Board of Directors, composition of committees, balance of powers between management bodies, climate strategy, etc.). These criteria are based on universal texts, such as the United Nations Global Compact, the OECD guidelines on corporate governance and the Paris Agreement.

## What is the asset allocation planned for this financial product?

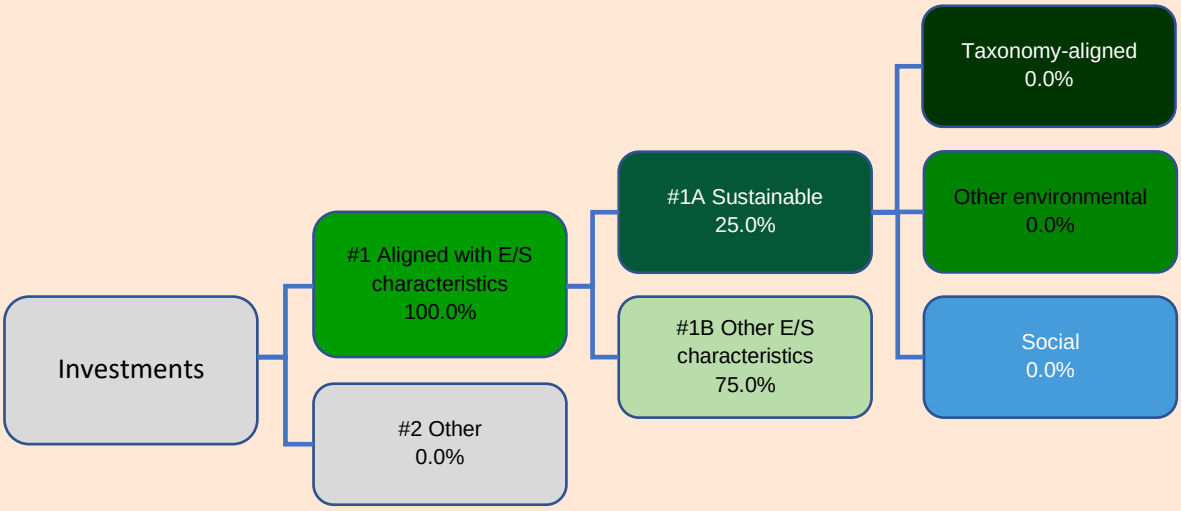
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage:

- **turnover** reflecting the share of revenue from the green activities of companies in which the financial product invests;

- **capital expenditure** (CapEx) showing the green investments made by the companies in which the company invests, e.g. for a transition to a green economy;

- **operational expenditures** (OpEx) reflecting green operational activities of the companies in which the financial product invests.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
**#2 Other** includes the remaining investments in the financial product which are neither aligned with environmental or social characteristics nor are qualified as sustainable investments.
Category **#1 Aligned with E/S characteristics** includes:

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

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

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

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

***Does the financial product invest in fossil fuels and/or nuclear energy activities that comply with the EU Taxonomy?***

☐ Yes

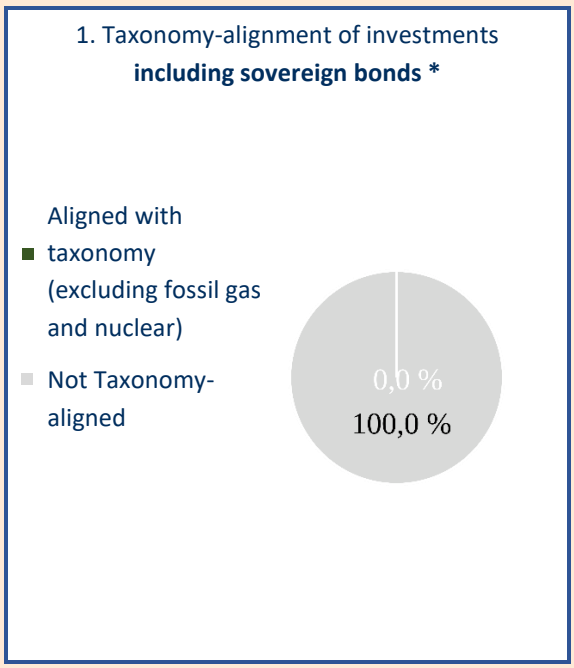
☐ In fossil fuels ☐ In nuclear energy

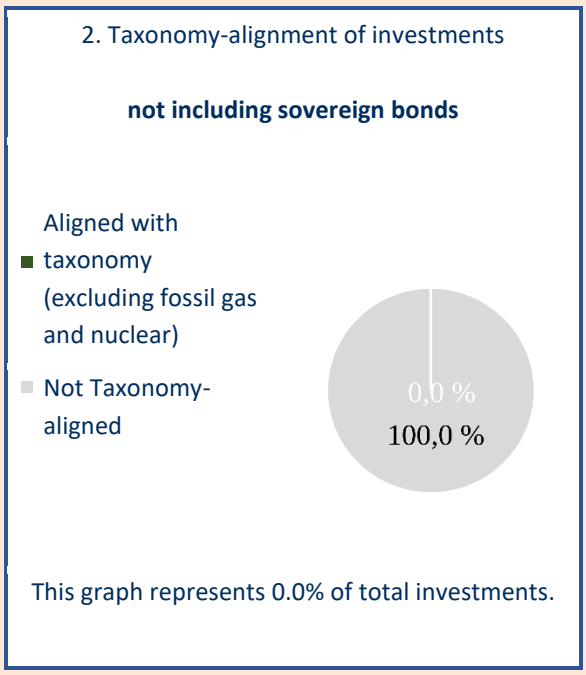
☒ No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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




* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

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

The minimum share in transitional and enabling activities is 0%.

The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

This financial product does not include a commitment to the EU Taxonomy.

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

This financial product does not provide for a minimum proportion of sustainable investment with a social objective.

## What investments are included in the "#2 Other" category, what is their purpose and are there any applicable minimum environmental or social safeguards?

This financial product may invest, within the limit provided for in the prospectus, in French or foreign UCITS. A proportion of cash (via money market funds, for example) ensures a liquidity reserve and anticipates any movements related to subscriptions/redemptions by unitholders.

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

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

***How is the benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

***How does the designated index differ from a relevant broad market index?***

N/A

***Where can the methodology used for the calculation of the designated index be found?***

N/A

## Where can I find more product-specific information online?

Additional information and documents are available on the Crédit Mutuel Asset Management website, and in particular on the pages dedicated to Sustainable Investment and the various products. Our fund selection | Crédit Mutuel Asset Management - Professionals (creditmutuel-am.eu)