

## PRE-CONTRACTUAL DISCLOSURE

### FOR THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8, PARAGRAPHS 1, 2 AND 2A, OF REGULATION (EU) 2019/2088 AND ARTICLE 6, FIRST PARAGRAPH, OF REGULATION (EU) 2020/852

**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**. 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.

**Product name:** CIGOGNE UCITS – CREDIT OPPORTUNITIES

**Legal entity identifier:** 549300015KDQ1C2EL602

#### 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**: \_\_\_\_%



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**: \_\_\_\_%



It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% 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 any sustainable investments**



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

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

This financial product promotes **climate change mitigation** by reducing its investments in companies with high greenhouse gas emissions, namely in industries where greenhouse gas emissions are known to be the highest (coal, oil and gas), and excluding issuers with a particularly detrimental approach regarding the environment. This thematic is part of a long-term transition to a more sustainable finance and society.

No reference benchmark has been designated for the purpose of attaining the environmental characteristics promoted by this financial product.

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

The following sustainability indicators are used to measure the attainment of the environmental characteristics described above:

- 1- Compliance with Cigogne Management S.A.'s **Sector Policies** serves as an indicator for the extent to which the portfolio is exposed to issuers with high greenhouse gas emissions in sectors where greenhouse gas emissions are known to be the highest.

The proportion of investments in companies developing their activities in the coal and the oil and gas sector is limited and subject to restrictions.

- 2- Compliance with Cigogne Management S.A.'s **Controversies Monitoring** serves as an indicator for the extent to which the portfolio is exposed to controversies that impact or may arise in an issuer throughout the investment period. The proportion of investments into issuers that display a verified failure to respect established norms is monitored and subject to limitations. Environmentally focused controversies are covered by this approach;

- 3- **Sustainability Assessment** – at all stages of the investment process, Cigogne Management S.A. ensures that its investments respect the internal restrictions and limitations based on third-party rating. Thus, the proportion of investments with the lowest environmental rating is monitored and subject to limitations.

More information about the data providers and investment restrictions relative to the three indicators described above is provided in the section *“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?”*;

- 4- **PAI Computation** – Cigogne Management S.A. has chosen to consider selected PAIs (principal adverse impacts) on sustainability factors by implementing a qualitative and quantitative approach described in the section below *“Does this financial product consider principal adverse impacts on sustainability factors ?”*;

- 5- Proportion of assets invested in **Sustainable Investments**.

● ***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?***

The financial product focuses on debt securities issued by public and private issuers. Thanks to this investment policy, the investment universe for the minimum proportion of 5% of sustainable investments is restricted to the following labelled sustainable debt instruments :

- Green bonds used to finance environmental projects;
- Sustainability bonds used to finance environmental projects;
- Sustainability-linked bonds with general purpose where the issuer commits to achieve predefined environmental objectives;
- Transition bonds used to implement climate transition (reduced environmental impact or carbon emissions).

Hence, to assess whether an investment constitutes a suitable sustainable investment, Cigogne Management S.A. uses one of the aforementioned external classifications. Such classifications are based on the guidelines published by the International Capital Markets Association (ICMA), in particular the Green Bond Principles (GBP), the Sustainability Bond Guidelines (SBG), the Sustainability-Linked Bond Principles (SLBP) and the Climate Transition Handbook (CTFH). Plus the investment must be subject to independent external review (e.g.; ISS-Oekom, Moody's Investor Services).

Moreover, Cigogne Management S.A does an analysis of the pre-issuance documents linked to the labelled sustainable debt instruments including checking that the use of proceeds of the sustainable debt instruments is allocated towards projects that bring environmental benefits, consistently with the climate change mitigation characteristic promoted by the financial product.

These objectives concern notably renewable energy, energy efficiency, pollution prevention and control, clean transportation, climate change adaptation and green buildings.

Finally, Cigogne Management S.A ensures that the issuer follows good governance principles. For private issuers, the monitoring is based on third-party data and covers controversial practices that have adverse impacts on society and the environment. For public issuers, the assessment of good governance practices is based on the Sustainable Development Goals (SDGs) Index and the compliance with the anti-money laundering and anti-terrorist financing classification of Cigogne Management S.A.'s parent company, Crédit Mutuel Alliance Fédérale. Investments in issuers displaying a verified failure to respect established norms are prohibited.

The minimum proportion of 5% of sustainable investments in which the financial product invests is monitored at each Valuation Day and is determined as follows:

$$\% \text{ sustainable investments} = \frac{\text{Market value of all sustainable investments}}{\text{Market value of all investments of the financial product}}$$

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

Cigogne Management S.A. uses PAIs to ensure that sustainable investments do not cause significant harm to any environmental or social sustainable investment objective. The assessment carried out on the PAI indicators uses data from multiple sources (external third-party providers such as, but not limited to, ISS ESG, NGOs, and academic institutions) which helps to identify issuers that demonstrate weak sustainability attributes / adverse impacts as measured by the reference to PAI indicators. This enables Cigogne Management S.A. to invest in issuers which align with the PAI indicators while avoiding issuers which do not align.

Furthermore, a number of exclusions are applied to the financial product to preclude issuers that cause significant harm. More information about the data providers and investment restrictions relative to the binding exclusion criteria is provided in the section “*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?*”.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

Cigogne Management S.A. has developed a PAI methodology which takes into account all mandatory PAIs. The PAI methodology identifies issuers which may be causing a significant harm by separating two types of assessments carried out on the investments for the PAI indicators outlined in Annex I of Delegated Regulation (EU) 2020/1288:

- (1) binary PAI indicators which are assessed on a pass / fail logic and
- (2) numeric PAI indicators which are expressed as an absolute value (e.g. PAI #1 measured by tonnes of CO2 equivalent).

For the purposes of the assessment of binary PAI indicators, Cigogne Management S.A. ensures that all issuers are compliant with the requirements of those PAI indicators. The below table

summarizes the PAI indicators from Annex I of Delegated Regulation (EU) 2020/1288 that Cigogne Management S.A. has categorized as binary PAI indicators within its PAI assessment methodology.

|                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>For investments in investee companies</b>                                                                                                                           |
| <i>PAI #4 : Exposure to companies active in the fossil fuel sector</i>                                                                                                 |
| <i>PAI #7 : Activities negatively affecting biodiversity-sensitive areas</i>                                                                                           |
| <i>PAI #10 : Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</i>  |
| <i>PAI #11 : Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</i> |
| <i>PAI #14 : Exposure to controversial weapons</i>                                                                                                                     |
| <b>For investments in sovereigns and supranationals</b>                                                                                                                |
| <i>PAI #16 : Investee countries subject to social violations</i>                                                                                                       |

For the purposes of the assessment of numeric PAI indicators, Cigogne Management S.A. regularly monitors all issuers against their peers to identify any severe outliers. However, due to the current lack of global consensus and the difficulty to set specific thresholds to determine at which point an issuer causes a significant harm when it comes to numeric PAI indicators, specific thresholds are currently not applied. Cigogne Management S.A. will regularly reevaluate its position regarding the use of thresholds for numeric PAI indicators within the context of the DNSH assessment in adequation with upcoming regulatory and market developments and update its website disclosures accordingly. The below table summarizes the PAI indicators from Annex I of Delegated Regulation (EU) 2020/1288 that Cigogne Management S.A. has categorized as numeric PAI indicators within its PAI assessment methodology.

|                                                                             |
|-----------------------------------------------------------------------------|
| <b>For investments in investee companies</b>                                |
| <i>PAI #1 : GHG emissions</i>                                               |
| <i>PAI #2 : Carbon footprint</i>                                            |
| <i>PAI #3 : GHG intensity of investee companies</i>                         |
| <i>PAI #5 : Share of non-renewable energy consumption and production</i>    |
| <i>PAI #6 : Energy consumption intensity per high impact climate sector</i> |
| <i>PAI #8 : Emissions to water</i>                                          |
| <i>PAI #9 : Hazardous waste ratio</i>                                       |
| <i>PAI #12 : Unadjusted gender pay gap</i>                                  |
| <i>PAI #13 : Board gender diversity</i>                                     |
| <b>For investments in sovereigns and supranationals</b>                     |
| <i>PAI #15 : GHG intensity</i>                                              |

— — — How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The financial product doesn't invest in companies that fail to respect major international norms. To check and monitor the status of its investments, Cigogne Management S.A. relies on third-party screening (norm-based research), whose normative framework includes notably the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles for Business and Human Rights (UNGPs), International Labor Organization's (ILO) Conventions and the International Bill of Human Rights.

*The EU Taxonomy sets out a "do not 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 investments must also not significantly harm any environmental or social objectives.*



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

- ☒ Yes  
☐ No

The financial product considers principal adverse impacts (PAIs) on sustainability factors both through a qualitative and quantitative approach.

- The qualitative approach regarding PAIs is based on the extra-financial analysis implemented by Cigogne Management S.A. throughout its investment process. This extra-financial analysis relies notably on Sector Policies leading to exclusions, Controversies Monitoring and a Sustainability Assessment. This framework enables the company to mitigate and take into consideration impacts on the following specific PAI indicators. The most relevant mitigation features are shown in the table below:

| PAI indicator                                                  | Mitigation                                    |
|----------------------------------------------------------------|-----------------------------------------------|
| PAI 2 : Carbon footprint                                       | Sector Policies;<br>Sustainability Assessment |
| PAI 3 : GHG intensity of investee companies                    | Sector Policies;<br>Sustainability Assessment |
| PAI 4 : Exposure to companies active in the fossil fuel sector | Sector Policies;<br>Sustainability Assessment |

- The quantitative approach regarding PAIs is based on the measurement of the above PAI indicators reported annually in the SFDR annex in the periodic reporting. With this approach, Cigogne Management S.A. strives to provide a maximum level of transparency to investors. Moreover, as specified above for the sustainable investments the financial product intends to make, Cigogne Management S.A. monitors the mandatory PAI indicators defined in Annex 1, Table 1 of the RTS.



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

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

On top of a regular financial analysis of investment opportunities, Cigogne Management S.A. selects the investments of this financial product by implementing an extra-financial approach. This extra-financial approach enables the financial product to promote climate change mitigation by reducing its investments in companies with high greenhouse gas emissions, namely in industries where greenhouse gas emissions are known to be the highest (coal, oil and gas), and excluding issuers with a particularly detrimental approach regarding the environment.

The cornerstones of the extra-financial components of the investment strategy include the implementation of sector policies, the monitoring of controversies, a sustainability assessment and

a minimum proportion of 5% invested in sustainable investments further described in the section below “*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?*”.

Cigogne Management S.A. has also chosen to consider selected PAIs (principal adverse impacts) on sustainability factors by implementing a qualitative and quantitative approach. Although these PAIs are computed and mitigated, they don’t belong to the binding elements of the investment strategy.

However, for the sustainable investments the financial product intends to make, the monitoring of the mandatory PAI indicators defined in Annex 1, Table 1 of the RTS is binding.

● ***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?***

To promote the environmental characteristics described above, Cigogne Management S.A. implements the following binding elements into its investment strategy:

- **Sector Policies** - The investments made by the financial product comply with Cigogne Management S.A.’s Sector Policies which implement exclusion criteria in sensitive sectors, including industries where greenhouse gas emissions are the highest. These Sector Policies and the associated exclusions are in line with the policies of the mother-company of Cigogne Management S.A., the Crédit Mutuel Alliance Fédérale. In concrete terms, with regard to the financial product, the following restrictions are applied in the coal industry and the oil and gas industry:
  - In the coal industry, Cigogne Management uses the GCEL list (Global Coal Exit List) compiled by Urgewald e.V., a German environment and human rights non-governmental organization. The financial product does not invest in issuers developing new coal capacity (referred to as “Coal Developers”), or exceeding one of the specific thresholds set by Urgewald e.V., unless the issuer displays a detailed plan for the closure of all its coal assets by 2030. The thresholds applicable to the GCEL 2023 list are as follows:
    - the annual thermal coal production is  $\geq 10$  million tons;
    - the coal-fired generation capacity is  $\geq 5$  gigawatts;
    - the coal share of revenue is  $\geq 10\%$ ;
    - the coal share of power production is  $\geq 10\%$ .
  - In the oil and gas industry, Cigogne Management uses the GOGEL list (Global Oil and Gas Exit List) compiled by Urgewald e.V.. The financial product does not invest in oil and gas companies involved in production, expansion or exploration activities. The thresholds set by Urgewald e.V. and applicable to the GOGEL 2023 list are as follows:
    - the 2021 oil and gas production is  $\geq 20$  millions barrels of oil equivalent (mmboe) and/or  $\geq 2$  mmboe in one of 6 unconventional categories (tar sands oil, coalbed methane, extra heavy oil and Arctic oil and gas, oil and gas from fracking or ultra deep drilling);
    - the planned expansion of the production portfolio is  $\geq 20$  mmboe of oil and gas resources;
    - the yearly amount spent on exploration between 2020 and 2022 (3-year average) is  $\geq 10$  million USD.
- **Controversies Monitoring** - Cigogne Management S.A. pays attention to controversies that impact or may arise in an issuer throughout the investment period. The monitoring is based on third-party data and covers controversial practices that have adverse impacts on society and the environment. The core normative framework is embedded in the Sustainable Development Goals – 17 goals adopted by all UN Member States in 2015 – and consists notably of:
  - the Principles of the UN Global Compact;
  - the OECD Guidelines for Multinational Enterprises;
  - the UN Guiding Principles for Business and Human Rights.

Investments in issuers displaying a verified failure to respect established norms are prohibited.

- **Sustainability Assessment** - Cigogne Management S.A. monitors and limits its investments in issuers displaying a high sustainability risk. To assess the sustainability profile of its investments, Cigogne Management S.A. relies on recognized data providers in the industry and each investment gets a specific rating. The major data provider used currently by the management company is ISS ESG. Investments in issuers displaying the worst environmental rating (rating “D-” according to the ISS ESG methodology ranging from A+ to D-) are prohibited. Those issuers are characterized by a poor long-term strategic attitude, weak operational management and ineffective/negative contribution towards environment.
- A minimum proportion of 5% invested in sustainable investments.
  - ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

To assess good governance practices, Cigogne Management S.A. relies on its Controversies Monitoring which incorporates the Sustainable Development Goals adopted by all UN Member States in 2015. For investee companies, the norm-based research covers notably management structures, employee relations, pay practices and tax compliance through a normative framework including:

- the Principles of the UN Global Compact;
- the OECD Guidelines for Multinational Enterprises;
- International Labor Organization’s (ILO) Conventions.



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

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

The financial product aims to implement the environmental characteristics described above. To achieve this goal, it intends to invest:

- A minimum of 70% of its assets in investments aligned with the environmental characteristics promoted by the financial product. The assets set out in this category are subject to the following binding elements:
  - Sector Policies;
  - Controversies Monitoring;
  - Sustainability Assessment.
- A maximum of 30% of its assets in investments that are not aligned with the environmental characteristics promoted by the financial product (for more information please refer to the question below about investments in the “#2 Other” category).

Regarding sustainable investments, the financial product intends to invest a minimum of 5% in sustainable investments pursuant to the definition set out in the section “*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?*”.

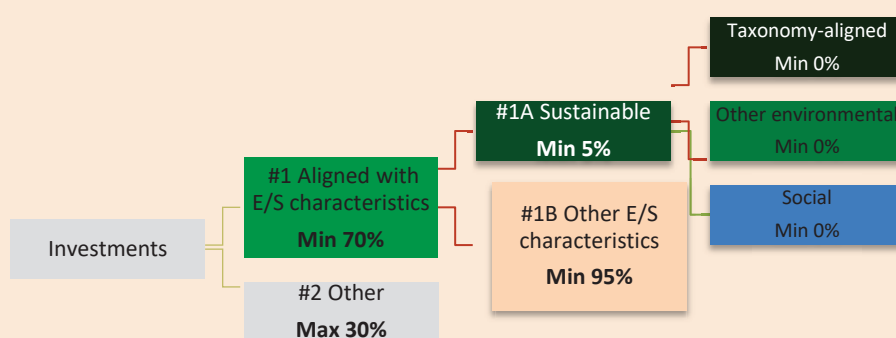
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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.



**#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 sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the 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 derivative instruments for hedging, investment purposes and efficient portfolio management. Thus, derivatives form an integral part of the investment process and are used to attain the environmental characteristics promoted by the financial product.

Derivative instruments are subject to the binding elements described in the section “*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?*”.



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

There is no commitment to invest in economic activities aligned as environmentally sustainable under the EU Taxonomy (no minimum target). However, it cannot be excluded that among the holdings certain investments are Taxonomy aligned.

### **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ In fossil gas

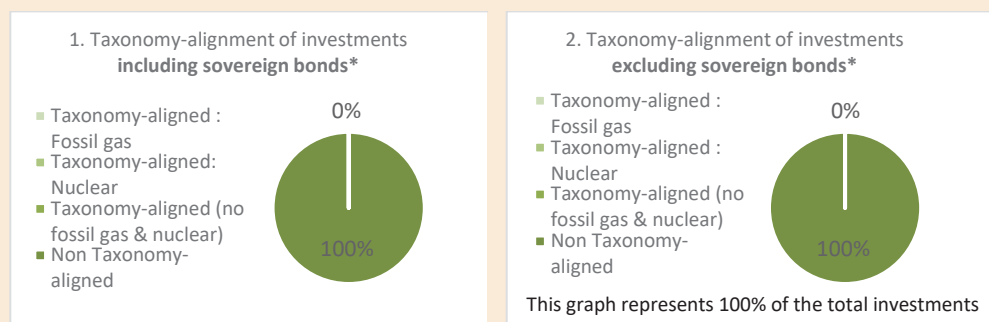
☐ In nuclear energy

☒ No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign*

<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. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product 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?

There is no minimum proportion of investments in transitional and enabling activities as there is no minimum commitment of investment in EU Taxonomy aligned assets.

are 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?

The financial product will have a minimum commitment of 5% of sustainable investments with an environmental objective with no commitment on their alignment with the EU Taxonomy.

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

There is no commitment to a minimum share of sustainable investments with a social objective.

### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The **#2 Other** category corresponds to:

- Cash;
- Investments in indexes, UCITS and/or UCIs;
- Other instruments eligible to the financial product and that do not meet the environmental characteristics described above including investments for which Cigogne Management S.A. is not able to gather information about environmental characteristics, even with the assistance of its third-party suppliers.

The purpose of these investments is not to promote environmental characteristics and they are used to attain the financial objective of the product and/or for diversification, hedging, or liquidity management purposes. There are no minimum environmental or social safeguards guaranteed for those 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. No specific index has been designated.



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

More product-specific information can be found on the website: <https://www.cigogne-management.com/fr/bank/guest/communications>