



**DISCLOSURE ON THE CONSIDERATION
OF PRINCIPAL ADVERSE IMPACTS OF
INVESTMENT DECISIONS ON
SUSTAINABILITY FACTORS**

2022

Article 4 of the SFDR Regulation - Disclosure Regulation



LA FRANÇAISE

INVESTING TOGETHER

Introduction

Under the terms of Article 4 of the SFDR Regulation (EU Regulation 2019/2088), financial market participants and financial advisors, must publish information on their website as to whether or not they have taken into account principal adverse impacts (PAI) regarding sustainability which may arise from their investment decisions or from the financial products on which they provide advice.

Sustainability implications represent the impact that investments may have on external sustainability factors.

These external sustainability factors focus on the climate and on broader environmental issues. These will also include societal factors such as employee rights, respect for human rights and the anti-corruption issues.

Scope of the disclosure

The information contained in this document applies to the following legal entities of La Française Group, in accordance with the SFDR regulation:

Financial market participants	Financial advisors
La Française Asset Management (Financial asset management company)	La Française AM Finance Services (Investment company)
La Française Systematic Asset Management GmbH (Asset management company)	
New Alpha Asset Management (Asset management company)	
La Française Real Estate Managers (Real estate product management company)	

Consideration of the principal adverse impacts in terms of sustainability

Following the ESMA's publication of its regulatory technical standards (RTS) on 2 February 2021, La Française Group is to begin monitoring the 14 mandatory indicators relating to the principal negative impacts on sustainability factors.

Two specific indicators should also be monitored for investments in sovereign and supranational securities and for investments in real estate assets.

Additionally, and depending on the underlying fund, an optional environmental indicator will be tracked for each of our corporate and third-party securities and real estate activities, as well as an optional social indicator.

As an extension of this work, La Française Group will publish an annual report on the impact of its investments on these criteria and their development. The first report will cover the second half of 2022 and will be available on the group's website by 30 June 2023.

As an investment firm providing financial investment advice through its Moniwan business, La Française AM Finance Services (LFFS) incorporates the objectives and/or preferences of its clients and potential clients into its procedures, as gathered through their investor profiles. Once its clients have stated their preferences in terms of sustainability, LFFS is able to match these preferences with their recommended products.

Engagement

Engagement comes as a part of an active shareholder ownership and one of the crucial aspects of our approach to sustainable investment. This consists of initiating and maintaining a dialogue focused on environmental, social or governance issues with the companies we invest in, or in which we may consider investing. Engagement can come into play either individually or jointly among investors. Collaborative engagement typically involves a number of investors joining forces to bring their message(s) and question(s) to one or more companies facing similar, sector-specific challenges.

Although we are usually only a small, minority investor, we can act to bring about the changes we want to see being implemented. This is why we support joint initiatives, while selectively using our ability to engage in one-on-one dialogue with companies, where we believe our in-depth analysis can make a difference.

Key areas of engagement

We have defined areas of engagement consistent with our investment strategies, focusing primarily on climate change and human capital, but also on access to certain key data.

La Française Group has developed a "Carbon Impact" strategy with theme-based funds in both equities and credit, the aim of which is to invest in companies participating in the transition to a low-carbon economy, supporting the objective of limiting global warming to 1.5°C. Based on this strategy, climate change is our priority engagement.

The transition to a low-carbon economy will only be possible if this transition is inclusive and if social aspects are taken into account. This is why we consider it essential to further develop the social aspect of ESG factors. Human capital is therefore our second engagement priority, with a first step being the urgent need to improve corporate reporting and transparency.

Finally, the Group has defined four key steps to ensure the success of its engagement strategy:

- ◆ Establishing and maintaining a process for selecting and prioritising engagements.
- ◆ Setting targets for our engagements.
- ◆ Implementing our engagements and reporting on the results.
- ◆ If necessary, providing feedback if the engagement target is not met.

For more information, please refer to our engagement policy at the following link: [La Française engagement policy](#)

International codes and standards - degree of alignment with the Paris Agreement

La Française Group's consideration of negative impacts is linked to the United Nations Sustainable Development Goals (SDGs) and to a series of international conventions and standards, including:

- ◆ The ten principles of the United Nations Global Compact,
- ◆ The OECD Principles of Corporate Governance,
- ◆ The OECD Guidelines for Multinational Enterprises,
- ◆ The Universal Declaration of Human Rights,
- ◆ The UN Guiding Principles on Business and Human Rights,
- ◆ The guiding principles of children's rights and business,
- ◆ The fundamental conventions of the International Labour Organisation,
- ◆ The United Nations Declaration on the Environment and Development,
- ◆ The United Nations Convention on Corruption,
- ◆ The Oslo and Ottawa Conventions on cluster munitions and anti-personnel mines.
- ◆ The Paris Climate Agreement.

In addition to its adherence to these international standards, La Française Group is involved in a number of national and international initiatives:

Initiative	Since	Objective
International level		
PRI	2010	Support the adoption of ESG criteria in investment.
UNEP FI	2015	Share experience in sustainable finance among major asset managers.
CDP (formerly the Carbon Disclosure Project)	2013	Encourage companies to be environmentally transparent in order to build a shared database.
Workforce Disclosure Initiative (PRI - Share action)	2017	Support transparency in Human Capital.
Climate action 100+	2017	Ensure that the world's largest emitters of greenhouse gases take the necessary action to combat climate change.

Member of the Science Based Target initiative (SBTi)	2019	Define a set of methods used to measure the trajectory alignment of a portfolio with the objectives of the Paris Agreement.
Net Zero Asset Manager Alliance	2021	Engagement to support the goal of net zero CO2 emissions by 2050 or earlier.
National level		
FIR – Sustainable Investment Forum - France	2007	Support the adoption of ESG in France.
FFS – Sustainable Investment Forum - Italy	2017	Support the adoption of ESG in Italy.
AFG – Responsible Investment Committee	2017	Reflect on and lead the way on responsible investment among peers within the trade federation. Laurent Jacquier Laforge, Global Head of Sustainable Investing at La Française Group is Vice-Chairman of the Responsible Investment Committee of AFG.

In real estate, La Française REM is a director of the Observatoire de l'Immobilier Durable (OID), a sponsor of the OID's European programme, and an active member of the SRI Commission of the ASPIM. In January 2022, it joined the "real assets" and "operationalisation and impact measurement" working groups of Finance for Tomorrow.

La Française Group has defined a CO2 emissions reduction target in line with the Paris Agreement to limit the rise in average global temperature to below 2°C in connection with its membership of the Net Zero Asset Manager Initiative in July 2021.

To find out more: see our publication
[La Française Commits](#)

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