



# CSR

POLICY

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## INTRODUCTION

La Française Group positions itself as a sustainable and committed investor, considering the impacts of its decisions and activities on Society and the Environment. Corporate Social Responsibility (CSR) entails becoming aware and acting at the heart of one's business and strategy, integrating one's externalities, meeting stakeholders' expectations and ensuring respect for the environment. CSR is one of the Group's strategic axes for creating long-term value.

As a recognised actor in the Asset Management industry, La Française Group has the responsibility of the comprehensive implementation of its CSR policy while affirming its ambitions and commitments both in the context of its core business as an investor, as well as in its daily operations as a company. The Group uses its capacity for innovation to design investment solutions that bridge performance and sustainability.

It is thus essential for the Group to align the regulatory sustainability requirements in the selection of its investments with the commitments it has made to itself and the relationship with its stakeholders, first and foremost its employees, but also its customers and suppliers. The analysis of its commitments, presented in this document, demonstrates that human capital and the environment are at the top of its priorities.

This document presents the pillars and stakes that underpin the CSR policy of La Française Group and the associated risks. The many specific elements relating to its business and its positioning as a sustainable investor are available on the Group's website and summarised in the document "[La Française commits](#)". As key actors and representatives of the company, employees must be aware of these commitments. A code of conduct titled "[Ethics and Transparency](#)", available (in French) to employees and stakeholders, has been developed with their help.

We are proud to share with you the CSR policy of La Française Group. It is the result of a broad collaborative effort with the involvement of all our stakeholders, whom we would like to thank.

**LAURENT JACQUIER LAFORGE**  
Global Head of Sustainable Investing  
La Française

## RAISON D'ÊTRE

The Group's raison d'être demonstrates a strong ambition in line with those of the most committed companies in terms of CSR.

La Française relies on its **expertise** and **capacity for innovation to design investment solutions that combine performance and sustainability**, convinced that no investment can be profitable if it is not sustainable.

This raison d'être is based on **4** pillars:

### 1 – VISION

The world is going through a period of disruption marked by ecological, social and, more recently, health crises that act as catalysts for change. Emerging sociological and economic trends have suddenly become dominant. This disruption has partly rendered past levers of performance obsolete, making it necessary to rely on the construction of new scenarios to anticipate future performance.

### 2 – MISSION

Contribute to defining the basis for new benchmarks and activating new levers of performance that must have a positive impact both on profitability and on their social and environmental implications.

### 3 – PROMISE

Use our capacity for innovation to create value on an individual level through the profitability of the investment and on a collective level through its social and environmental impact.

### 4 – MESSAGE

See the world not as it is but as we would like it to be. Transforming this altruistic vision of living well together into a pragmatic investment approach with dual impact (profitability and sustainability).

# CSR STRATEGY

Initiated and supported at the highest level by the Group's management, CSR policy is a strategic issue for La Française. It is reflected in the desire to combine performance, responsibility, ethics and transparency. The Group's Management Board therefore rules on CSR issues as often as necessary.

In this respect, and after having discussed with all its stakeholders, the Group is strengthening both its commitment as a Responsible Company and its objectives as a Sustainable Asset Manager, and is deploying an approach based on **4** pillars:

## 1 – SUSTAINABLE INVESTMENT:

As a responsible company and an asset manager of financial and real estate assets, the Group assumes its responsibility in a clear and committed manner through its decisions, activities and financial products.

## 2 – GOVERNANCE AND POSITIVE INFLUENCE:

The Group guarantees the implementation of its CSR policy and ensures its strategic positioning to achieve and monitor the objectives set. An influential, committed and voluntary player, it supports civil society through its involvement as a responsible asset manager.

## 3 – CLIMATE AND BIODIVERSITY:

The Group ensures through the defined strategy that its actions and investments are in line with efforts to fight climate change and preserve biodiversity. It assesses the impacts of its Asset Manager and Responsible Company approach.

## 4 – HUMAN CAPITAL:

The Group considers employees and the Human Resources (HR) function to be key to anchoring CSR in the company, promoting positive actions and good practices in CSR.

# AMBITIONS AND PRIORITIES

The affirmation of the ambition of La Française Group within the framework of its Medium-Term Plan (MTP) 2023 is combined with the deployment of the European regulatory framework, which has become more demanding as of 2021. This has led La Française Group, in coordination with its internal and external stakeholders, to thoroughly overhaul its CSR policy in order to clarify it and determine the strategic challenges, objectives and rules for measuring the progress made.

## Ambitions and Priorities

LA FRANÇAISE GROUP'S CSR STRATEGY IS BASED ON 4 PILLARS AND 12 STAKES:			
SUSTAINABLE INVESTMENT	GOVERNANCE & POSITIVE INFLUENCE	CLIMATE & BIODIVERSITY	HUMAN CAPITAL
Transparency of information and client satisfaction	Knowledgeable and lasting client relations	The fight against climate change	Wellbeing in the workplace
Ambitious and certified investment selection approach	Ethical and loyal practices	Biodiversity preservation	Skill development
Research & innovation	Positive Influence, Dialogue & Communication		Social dialogue
			Employee-actors

La Française is fully aware of the responsibility of its asset management activities, notably through the creation of innovative "sustainable" financial products and the construction of a development model that meets the expectations of its stakeholders and allows the emergence of new drivers of sustainable growth for its clients.

Because of its maturity in the field of sustainable management and its position as a major real estate player, the Group can positively influence the actions of its profession and play a leading role. This implies a responsibility for transparency, compliance, ethics and respect for regulatory requirements, which are the basis of its Corporate Social Responsibility.

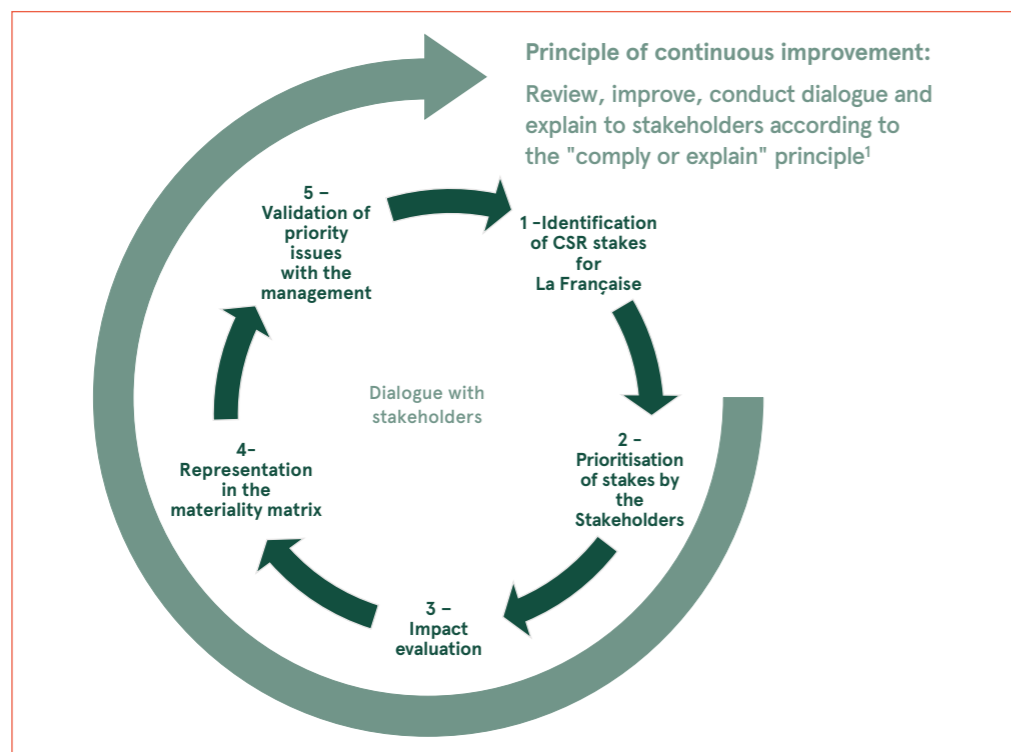
# MATERIALITY MATRIX

As part of the construction of its CSR framework, La Française applies the "Accountability" Principle for the implementation and monitoring of its objectives:

- Principle of stakeholder inclusion (dialogue)
- Principle of materiality (importance)
- Principle of retroactivity (actions taken)

"The materiality matrix makes it possible to determine the relevance and scope of an issue for an organisation and its stakeholders<sup>2</sup>" by selecting CSR issues related to the Group's core business. This approach also makes it possible to identify La Française's capacity to create value in a way that engages both its stakeholders and the company by selecting only the most relevant issues.

### The key stages of this approach were as follows:



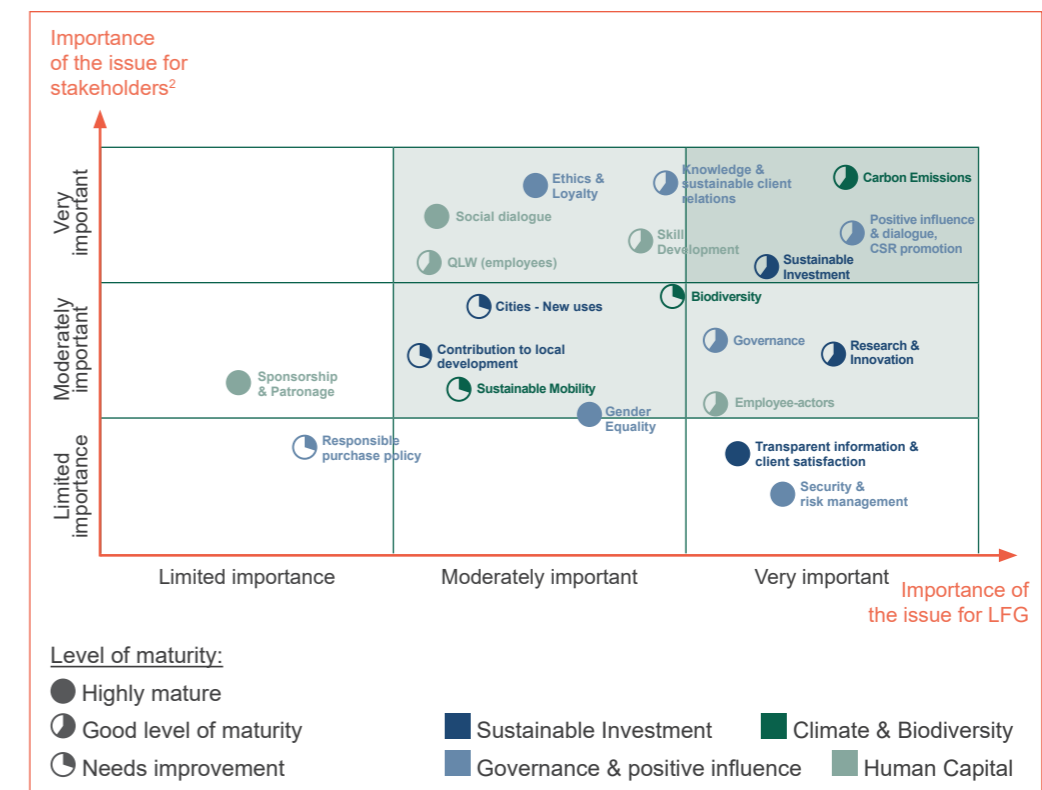
This approach highlights the sustainable development actions that La Française has already implemented and helps determine the future challenges that the Group must meet in order to achieve its objectives.

1 - Accountability - AA1000 standard: "Comply or Explain" - i.e. explain/demonstrate how the CSR approach is compliant, reliable and materially observable through relevant and meaningful indicators for stakeholders.  
 2 - Stakeholders: external stakeholders (customers, suppliers, service providers, civil society, NGOs, professional associations, regulators, etc.) or internal stakeholders (employees).

# MATERIALITY MATRIX

The matrix responds to the "Comply or Explain" principle by making it possible to report on the level of maturity of CSR themes/sub-themes within the La Française Group. Only the main issues are covered here. It also indicates the level of maturity<sup>3</sup> achieved.

### Materiality matrix



3 - Level of maturity of CSR: Good level of maturity, Highly mature, Needs improvement



# CSR GOVERNANCE

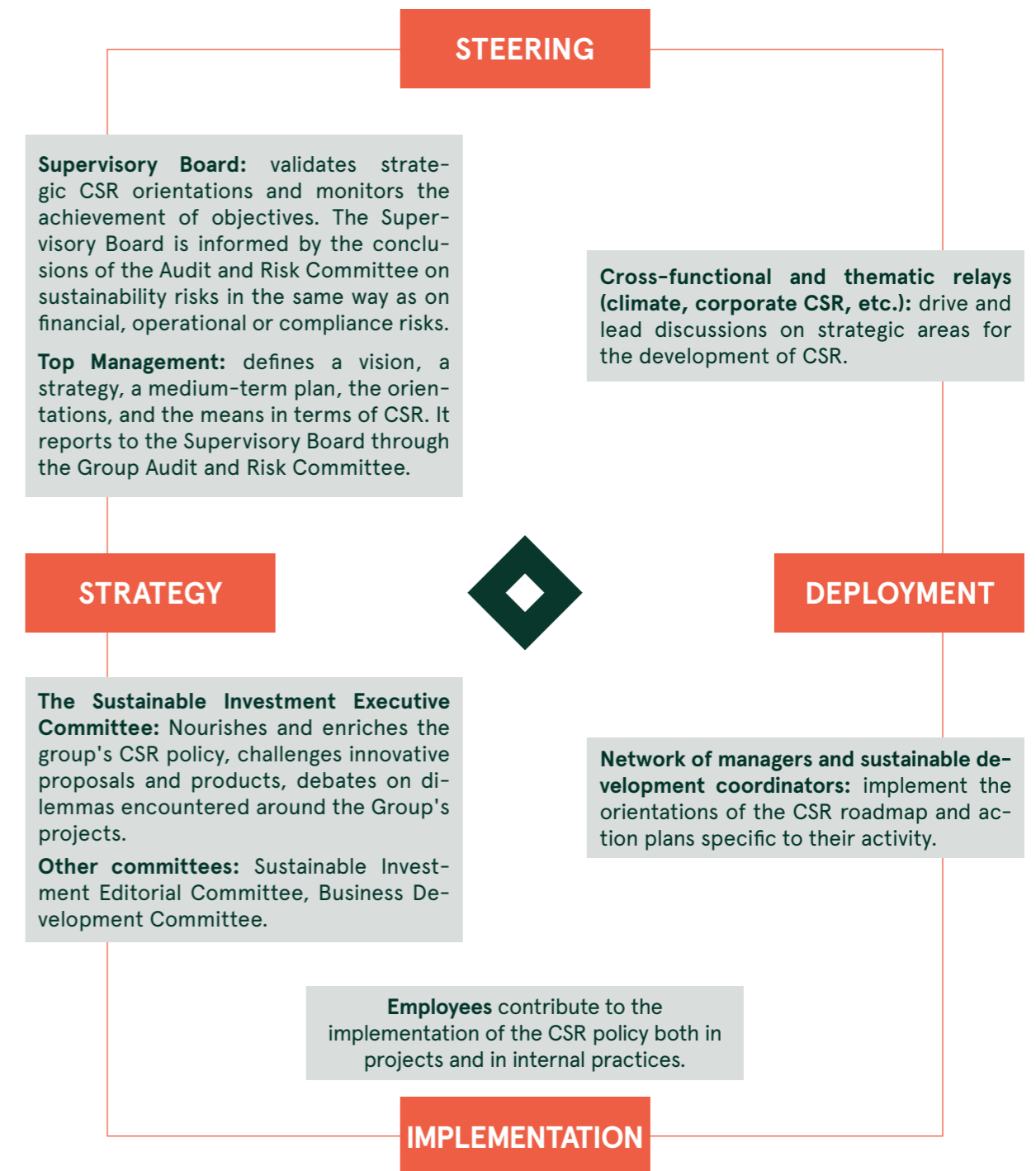
A rigorous governance structure enables the deployment of the strategy to be monitored and guarantees the successful execution of the Group's CSR approach. It oversees the quantifiable medium- and long-term objectives and ensures their appropriation at all levels of the company. The trust on which relations with the various stakeholders are based commits La Française to the effective implementation of its CSR policy.

The governance of the CSR strategy is ensured by a system that includes the Group's own organisation, as well as the changes made to its steering and supervisory bodies to monitor commitments.

**In particular, it relies on:**

- ▶ A Global Head of Sustainable Investing, member of the Executive Committee and reporting to the Corporate Secretary. He is responsible for the deployment of sustainable investment across the asset management divisions and the research teams, and for the coordination of the Group's CSR strategy. He leads a Sustainable Investment Executive Committee, which includes members of the Board of Directors. This Committee defines the development strategy for Sustainable Investment.
- ▶ A proprietary ESG-climate research centre (LF-Sustainable Investment Research) based in London, which disseminates its expertise and proprietary methods to all the asset management divisions as well as to the securities risk monitoring teams. A proprietary research team is dedicated to real estate investments.
- ▶ A Risk Management Department is in charge of aggregating all of the Group's risks through a process that includes monitoring the CSR policy, mapping these risks and their ratings, and defining KPIs to be monitored and risk reduction plans.

# CSR GOVERNANCE



## CSR GOVERNANCE

After having analysed the best governance practices in the financial sector as recognised by the AMF (the French Market Authority) through the TCFD (Task Force on Climate-Related Financial Disclosures), the Group changed the way its governance operates in 2021. Formal reporting on development objectives is now carried out quarterly by the Board of Directors to the members of the Supervisory Boards of each Group entity. Sustainable Investment is one of the five major areas of focus in our Medium-Term Plan (MTP) 2023.

The Group has also appointed a CSR referent to its Supervisory Board. This appointment attests to its commitment and ambition as stated in its MTP. This representative is also a member of the Group's Audit and Risk Committee, which deals with CSR issues as well as those related to climate change and the evolution of biodiversity at the Supervisory Board level. He organises an annual review of the Group's CSR/ESG strategy and risks.

In addition, the [Sustainable Investment Policy](#) is one of the reference documents for the Group's practices in terms of integrating environmental, social and governance (ESG) factors into its third-party management activity.

## CSR RISKS

CSR risks may result from inadequate implementation of the issues related to the company's Corporate Social Responsibility, the financial products marketed to its clients or the expectations of stakeholders.

Implementing and managing Corporate Social Responsibility is a major challenge for La Française Group, which has made it a focus of its development. The main families of risks that may impact La Française Group in terms of CSR are as follows:

Macro-risks	
<b>Strategic risks</b>	Impact on La Française Group's development model by not taking into account stakeholders' expectations (failure to take into account ESG risks or carbon issues in the design/management of sustainable funds compared to competitors).
<b>Non-compliance risks</b>	Non-compliance with professional standards, obligations or rules, product defect, model risk, inaccurate reporting, etc.
<b>Operational risks</b>	Decline in the profitability of La Française Group due to an SRI/ESG product offering that does not meet stakeholder expectations.
<b>Data quality risks</b>	Defects in the performance of a supplier or service provider (e.g. erroneous sustainability related data or analyses).
<b>Regulatory/legal risks</b>	Inaccurate contractual documents, non-compliance with commitments made (claims, PRI commitments, etc.), failure to set up internal rules for exclusions, dispute with a service provider.
<b>Image and reputational risks</b>	Non-compliance with CSR commitments made, failure to follow up on controversies, sanctions, etc.

A CSR risk map completes the work carried out over the period. It reviews the concrete CSR actions already in place, the reduction measures and the actions still to be implemented to uphold the commitments made. This mapping is completed with relevant KPIs for each theme.

Thus, the policies, processes and practices implemented within the Group in terms of CSR or sustainability are accompanied by risk reduction measures to achieve i) the commitments made to stakeholders, and ii) the strategic objectives of La Française Group.

This monitoring is materialised by:

- ▶ A risk appetite framework
- ▶ Indicators to measure the monitoring of commitments made

Reporting to management bodies (Executive Committee, Supervisory Board, Audit Committee, etc.) makes it possible to monitor the commitments and concrete actions taken over time.

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and a Supervisory Board  
with a share capital of €78,836,320  
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