



# Integration of the principal adverse impacts

Article 4 SFDR - Disclosure Regulation  
22/03/2021

Regulation:

Article 4 of the Disclosure Regulation provides that financial market participants publish on their website information about whether or not the principal adverse impacts (PAIs) related to sustainability of their investment decisions are taken into account.

## I - Definition

The sustainability impacts represent the potential impact of investments on external sustainability factors.

These external sustainability factors focus on the climate, and more broadly on environmental issues. They also cover social factors, including the rights of employees, respect for human rights and the fight against corruption.

Crédit Mutuel Asset Management is committed to taking into account the adverse sustainability impacts resulting from its investment decisions.

## II - Implementation steps

### 1) Quantitative approach

Following the publication of the ESMA RTS of 2 February 2021, Crédit Mutuel Asset Management will implement the monitoring of the 14 mandatory indicators relating to the principal adverse impacts on sustainability factors below:

Classification of the indicator	Indicators applicable to investments in beneficiary companies
Greenhouse gases (GHG)	<ul style="list-style-type: none"> <li>✓ Greenhouse gas emissions</li> <li>✓ Carbon footprint</li> <li>✓ GHG intensity of beneficiary companies</li> <li>✓ Exposure to companies active in the fossil fuel sector</li> <li>✓ Proportion of non-renewable energy consumption and production</li> <li>✓ Intensity of energy consumption by climate sector with a high impact</li> </ul>
Biodiversity	<ul style="list-style-type: none"> <li>✓ Activities negatively affecting areas sensitive to biodiversity</li> </ul>
Water	<ul style="list-style-type: none"> <li>✓ Water emissions</li> </ul>
Waste	<ul style="list-style-type: none"> <li>✓ Portion of waste that is hazardous</li> </ul>
Social, human rights and anti-corruption	<ul style="list-style-type: none"> <li>✓ Breaches of the United Nations Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</li> <li>✓ Lack of compliance processes and mechanisms to monitor compliance with the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises</li> <li>✓ The unadjusted pay gap between the sexes</li> <li>✓ Gender diversity on the Board of Directors</li> <li>✓ Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</li> </ul>

Two mandatory indicators will also be monitored more specifically for investments in sovereign and supranational securities:

Classification of the indicator	Indicators applicable to investments in sovereign and supranational
Environment	✓ GHG Intensity
Social	✓ Recipient countries with social violations

Two mandatory indicators will also be monitored more specifically and where applicable for property investments:

Classification of the indicator	Indicators applicable to investments in real estate assets
Fossil fuels	✓ Fossil fuel exposure through real estate assets
Energy efficiency	✓ Exposure to energy inefficient real estate assets

Lastly, a social indicator and an optional environmental indicator will also be monitored as well. The latter will be determined in order to target more specifically the criteria that Crédit Mutuel Asset Management wants to give priority to.

Deadline for implementation:

Crédit Mutuel Asset Management will publish an annual report on the impact of its investments on these criteria and their evolution. The first full year will be 2022 and the first report will be available by 30 June 2023 on the Crédit Mutuel Asset Management website.

Scope:

- discretionary funds or management mandates promoting environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made apply good governance practices (Article 8).
- discretionary funds or management mandates 'having a sustainable investment objective' (Article 9).

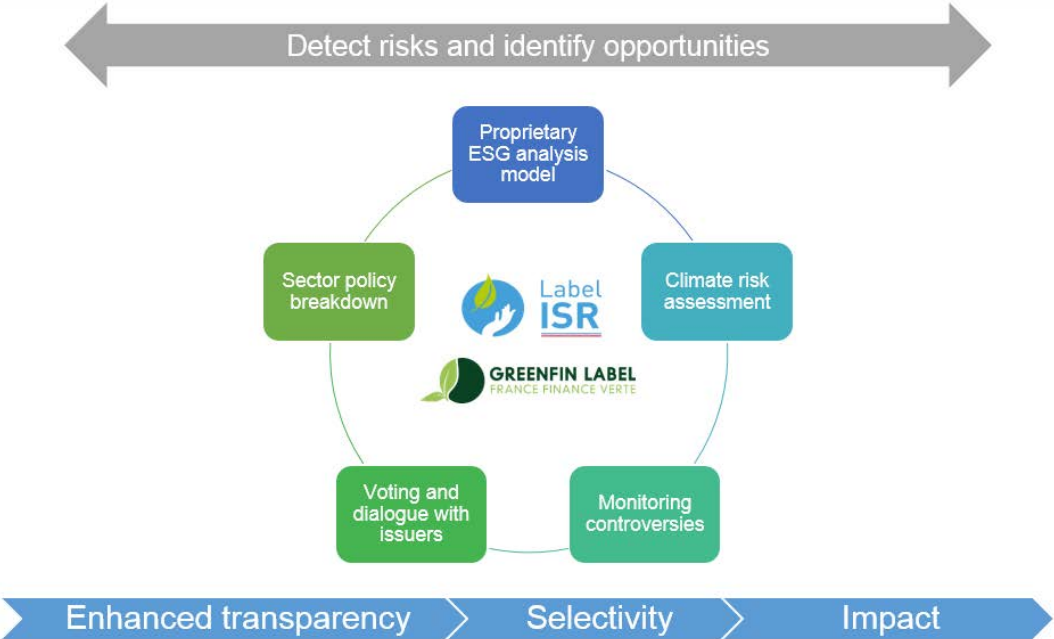
2) Qualitative approach

Pending this first quantitative report, Crédit Mutuel Asset Management will take into account the adverse impact of its investments on sustainability factors through compliance with international codes, selected by the company taking into account the objectives pursued, on the one hand, and its commitment policy on the other.

The company is engaged in the following market initiatives:

- Member of the FIR (Forum de l’investissement responsable, Responsible investment forum) since 2004, of Eurosif (support for academic research receiving the FIR-PRI 2020 prize)
- member of the CDP water programme (formerly the Carbon Disclosure Project) since 2010, associated with its carbon programme since 2011 and its forestry programme since 2013; participation in the SBTi 2020-2021 campaign with issuers on the alignment with net 0 emissions by 2050
- signatory to the Global Investor Statement to Governments on Climate Change
- has adhered to the AFG-FIR transparency code since its creation;
- member of the Green Bonds Principles initiative since 2015;
- signatory of the Paris Pledge for Action since December 2015 within the framework of COP21;
- signatory to Access to Medicine Index since July 2017;
- signatory of the declaration 'Vers une généralisation de la notation extra-financière' (Towards a widespread application of non-financial rating) since 2017
- signatory of Finance for Tomorrow
- signatory of the 30% Club France Investor Group

The commitment policy of Credit Mutuel Asset Management in sustainable finance is reflected in respect of the 5 components below:



These components are available on the policy document for integrating sustainability risks on the Crédit Mutuel Asset Management website.