

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental characteristics but does not have as its objective a sustainable investment.

Cigogne Management S.A. implements and maintains specific binding elements within its investment strategy to select the investments to attain each of the environmental characteristics promoted by this financial product.

Furthermore, the entities in which the investments are made follow good governance practices pursuant to Article 8 of the SFDR.

The financial product also intends to partially invest in a minimum proportion of sustainable investments.

To ensure that the sustainable investments the financial product intends to make do not cause significant harm (DNSH) 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 tCO₂e).

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.

For investments in investee companies
<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>
For investments in sovereigns and supranationals
<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.

For investments in investee companies
<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>
For investments in sovereigns and supranationals
<i>PAI #15 : GHG intensity</i>

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.

C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

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 as Cigogne Management S.A. believes that, in the long run, the securities of issuers who operate responsibly will yield better results.

D. INVESTMENT STRATEGY

The objective of the financial product is to generate regular returns by exploiting a multi-strategy approach. The financial product will seek to achieve its investment objective by primarily using relative value strategies, convertible bonds arbitrage, credit strategies and global macro strategies. The investment strategy will be mainly implemented through the use of debt securities and financial derivatives which can be used for investment purposes, hedging and efficient portfolio management.

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 the environmental characteristics described above. The cornerstones of the extra-financial components of the investment strategy are:

- **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:
 - o 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 ≥ 5 gigawatts;
 - the coal share of revenue is $\geq 10\%$;
 - the coal share of power production is $\geq 10\%$.
 - o 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 ≥ 20 million barrels of oil equivalent (mmboe) and/or ≥ 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 ≥ 20 mmboe of oil and gas resources;
 - the yearly amount spent on exploration between 2020 and 2022 (3-year average) is ≥ 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 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:
 - o the Principles of the UN Global Compact;
 - o the OECD Guidelines for Multinational Enterprises;
 - o 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 proportion of investments with the lowest environmental rating is monitored and subject to limitations.
- A **minimum proportion** of 5% invested in sustainable investments.

These binding elements are implemented throughout the investment process by the portfolio management team who relies on internally developed tools as well as on an external software provided by a third-party (for more information please refer to the section below about “Data Sources and Processing”). The monitoring of portfolios is ensured by the risk management team (for more information please refer to the sections below about “Monitoring of Environmental or Social Characteristics” and “Methodologies”).

Moreover, Cigogne Management S.A. has 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.

The qualitative approach regarding PAIs is based on the extra-financial analysis implemented by Cigogne Management S.A. throughout its investment process that relies 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 selected specific PAI indicators. The quantitative approach regarding PAIs is based on the measurement of selected 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.

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.

E. PROPORTION OF INVESTMENTS

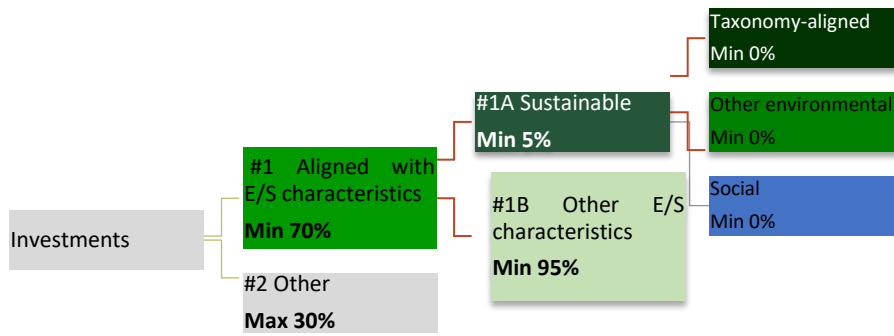
This product promotes environmental characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments with an environmental objective in economic activities that do not qualify or can qualify as environmentally sustainable under the EU Taxonomy. 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:
 - o Sector Policies;
 - o Controversies Monitoring;
 - o 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 section below about “Limitations to the Methodologies and Data”).

Regarding sustainable investments, the financial product intends to invest a minimum of 5% in sustainable investments.

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 above.



#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.

F. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The monitoring and control processes ensure the proper promotion of environmental characteristics of this financial product.

The binding elements of the investment strategy and the minimum commitment of assets aligned with the environmental characteristics promoted by the financial product are monitored by the risk management team of Cigogne Management S.A.. The risk management team relies on both internally developed tools as well as on an external software provided by a third-party (for more information please refer to the section below about “Data Sources and Processing”).

If necessary, an escalation mechanism involving the ESG Committee has been designed. The ESG Committee is composed of the members of the Executive Committee and a representative of all key functions involved (portfolio management, risk management and compliance).

G. METHODOLOGIES

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;
- 4- **PAI Computation** – Cigogne Management S.A. has chosen to consider selected PAIs (principal adverse impacts) on sustainability factors in its investment strategy by implementing a qualitative and quantitative approach described above in the section about “Investment Strategy”.
- 5- Proportion of assets invested in **Sustainable Investments**.

H. DATA SOURCES AND PROCESSING

Data sources used by Cigogne Management S.A. include:

- leading third-party rating agencies such as ISS ESG for Controversies Monitoring for Corporate issuers, ECPI for Sustainability Assessment and Sustainalytics for PAI Computation;
- the Global Oil and Gas Exit List ("GOGEL") and the Global Coal Exit List ("GCEL"), published by the environmental non-governmental organization Urgewald for hydrocarbons and oil and gas Sector Policies;
- the Crédit Mutuel Alliance Fédérale (the mother-company of Cigogne Management S.A.) for Anti-Money Laundering and Counter Terrorist Financing classification, combined with the SDG Index established by the United Nations for Controversies Monitoring for Sovereign issuers;
- other publicly available data.

Cigogne Management S.A. relies solely on leading and recognized external data providers. This selection enables the company to capitalize on synergies with the Crédit Mutuel Alliance Fédérale and its Central Administration.

Data is processed in accordance with Cigogne Management S.A.'s internal policies.

Cigogne Management S.A. does not generally estimate data.

I. LIMITATIONS TO METHODOLOGIES AND DATA

The methodologies and data used are subject to limitations including a lack of data for some issuers, dependency on the data quality provided by investee companies as well as the models used by rating agencies (including challenges relative to the normalization of data, the identification of potential key issues for each sector or the identification of prospective issues). The methodologies may also vary for each data provider.

As Cigogne Management S.A. has developed a multi-strategy approach based on various components regarding sustainability, these limitations should not threaten the environmental characteristics promoted by this financial product.

These challenges may be mitigated by the recourse to multiple data providers described above. Moreover, Cigogne Management S.A. strives to continuously improve its assessment of sustainability risks and principal adverse impacts and will carry on enhancing its sustainability approach to reflect evolving best practices.

J. DUE DILIGENCE

The analysis of underlying assets is carried out both prior to the investment decision, on actual and potential investments, as well as after the investment phase as part of the monitoring.

In the pre-investment phase, the portfolio management team analyses potential investments using widely accepted standards and a variety of data sources that form the basis of the binding elements of the investment strategy detailed above (please see the section about "Investment Strategy").

In the post-investment phase and as long as the investment remains in the portfolio, the risk management team ensures that the binding elements are still complied with and that no significant change has impacted the ability of an investment to remain in the portfolio.

K. ENGAGEMENT POLICIES

Engagement is not part of the environmental or social strategy of this financial product.

L. DESIGNATED REFERENCE BENCHMARK

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