

Template 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Talents UCITS Fund - Descartes Credit Return 2028

Legal entity identifier: 254900851NRR8A6S0W36

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
●● Yes	●○ No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> 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 ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



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

The Sub-Fund invests in European Collateralized Loan Obligations (**CLOs, or CLO Tranches**), which are bonds issued by Special Purpose Entities and backed by a portfolio of loans. The portfolio is constructed by a specialized investment company, called Collateral or CLO Manager.

The Sub-Fund integrates ESG criteria within its portfolio management investment decisions, combining fundamental financial analysis and extra-financial analysis through (i) CLO managers selection and (ii) specific CLO selection.

By investing in this manner, the Sub-Fund invests in CLOs which finance companies contributing to sustainable development in various sectors of activity and promotes E/S characteristics such as Greenhouse gas emissions and investment in human capital.

Moreover, the Sub-Fund's extra-financial analysis will be articulated as follows:

1) Best in Class approach

The Investment Manager employs a Best in Class approach to select the CLOs that are managed by Managers that have a rigorous and comprehensive approach to apply ESG driven investment criteria, guaranteeing a proper ESG selection of the underlying portfolios. Selection will include a due diligence by the Investment Manager on their ESG teams and process and will include quantitative and qualitative criteria. A specific ESG committee composed of the portfolio managers and the Head of Risk and ESG Management at the Investment Manager will maintain the list of authorized CLO managers.

2) Exclusion policy

The Investment Manager applies an exclusion policy by investing in deals that specifically exclude in their offering circulars issuers that are investing their collateral in Loans issued by companies involved in the Controversial Sectors. The assessment of the level of involvement in each activity is based on percentage of revenue. The thresholds are:

- Any involvement in Controversial weapons
- 50% for Prostitution and adult entertainment
- 50% for tobacco producing companies, suppliers or distributors
- 50% for Thermal coal mining

3) ESG score

ESG Score for each CLO is based on the number of ESG prohibition in its rules and the strength of these restrictions, as undertaken in its offering circular. The Sub-Fund uses ESG scores provided by specialized company Dealscribe.

In addition to its own exclusion policy, the Sub-Fund will invest in deals with minimum ESG scores. This minimum threshold is deemed to increase during the life of the Sub-Fund as ESG criteria selection improves in the CLO industry.

The Investment Manager will apply an ESG score to each CLO in which the Sub-Fund invests or is about to invest and, additionally, maintain during the life of the Sub-Fund a satisfactory weighted average consolidated ESG score i.e. a score that corresponds to a CLO that would be in the 1st quartile of the European CLO universe at the time of investment.

The Fund does not seek to invest in sustainable investments within the meaning of article 2(17) of the Sustainable Finance Disclosure Regulation ("SFDR") nor in sustainable investments within the meaning of article 2(1) of the EU Taxonomy Regulation, i.e. the investments do not take into account the EU criteria for environmentally sustainable economic activities.

No benchmark has been designated for the purpose of attaining the environmental or social characteristics.

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

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

The sustainability indicators used are as follows:

- Controversial activities / controversial sectors: The Sub-Fund employs exclusions, driven by revenue thresholds on the following sectors:
 - Controversial Military Weapons
 - Pornography/Prostitution
 - Tobacco
 - Thermal Coal

- **ESG rating:** The Sub-Fund will use ESG scores provided by specialized company Dealscribe, a recognized technology-enabled research firm providing unbiased analysis on CLO documentation and based on both human capabilities and Artificial Intelligence. The first part of Dealscribe analysis is to count the number of activities banned in each CLO, as covenanted in such CLO's offering circular. The second part assigns a weighting to the strength of each restriction. The most restrictive definitions capture borrowers that have any involvement in the restricted activity (score 7), and at the other end of the scale the loosest definitions include companies with a 75% revenue threshold (score 1).

Dealscribe industry definition weightings:

Definition	Weighting
75%+ revenue/concentration limit	1
50% revenue/principal business	2
Rating agency classified industry	3
20-30% revenue	4
10-15% revenue	5
5% revenue	6
Any involvement	7

- ***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 intends to promote environmental and social characteristics but does not pursue to invest in sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***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?***

The financial product intends to promote environmental and social characteristics but does not pursue to invest in sustainable investments.

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

PAIs are taken into account based on several criteria:

- Exclusion policy

The Sub-Fund excludes from the investment universe CLOs which can invest in companies with significant part of their revenues derived from the Controversial Activities.

- ESG Best-in-Class policy

The Sub-Fund follows a Best-in-Class approach by investing in European CLOs whose Dealcribe's ESG Score is greater than or equal to 20.

The Sub-Fund considers the following PAIs:

- 1-Greenhouse Gas Emissions
- 2-Carbon footprint
- 3-GHG intensity of investee companies
- 4-Exposure to companies active in the fossil fuel sector
- 10-Violations of UN Global Compact principles and Organisation for Economic Cooperation and

Development (OECD) Guidelines for Multinational Enterprises

14-Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

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

In accordance with the Société Générale Group's "Defense" sector policy, which meets the obligations of the Ottawa (1999) and Oslo (2008) conventions applicable to all French management companies, companies involved in activities related to prohibited or controversial weapons (antipersonnel mines, cluster bombs, depleted uranium weapons) are excluded from the fund's investment universe.

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

The Sub-Fund considers the PAI described in the table in section “How have the indicators for adverse impacts on sustainability factors been taken into account?”

No



What investment strategy does this financial product follow?

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

The Sub-Fund seeks to achieve performance through investments in diversified portfolio of highly rated tranches of CLOs with a strong ESG profile.

The Sub-Fund combines ESG best-in-class approach with ESG integration, exclusions and engagement. All the CLO Tranches invested in portfolio will also be researched and analyzed from an ESG standpoint.

The investment process is based on qualitative and quantitative analysis. The Qualitative analysis is based on the Due Diligences on the CLO managers, its ESG Policy and its ability to select an ESG compliant collateral. Prior to investment, the Investment Manager reviews all CLO manager's ESG policies and framework, including a detailed ESG Due Diligence Questionnaire promoted and prepared by both the

LSTA (Loan Syndication Trading Association) and the ELFA (European Leverage Finance association). Updates are performed annually.

The consideration of ESG criteria in the selection of securities aims to assess the ability of companies to transform the challenges of sustainable development into vectors of performance. The philosophy of this approach as a socially responsible investor is based on the conviction that taking into account extra-financial criteria beyond traditional financial analysis allows a better assessment of the risks and opportunities for the investor. Extra-financial analysis thus contributes to the creation of value, broadens the selection process and contributes to the robustness of the management process. In addition, ESG analysis makes it possible to assess the companies that are most successful, on the one hand, in limiting the ESG risks they face and, on the other hand, in seizing opportunities related to sustainable development.

- ***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?***

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

All the securities invested in portfolio will be researched and analysed from an ESG standpoint.

The Investment Manager addresses ESG factors throughout the investment process, including research, CLO managers selection and portfolio construction. The Investment Manager incorporates i) an exclusion policy completed by ii) an ESG Integration policy.

- i. Exclusion policy

The Investment Manager strictly excludes the following sectors: Controversial weapons, Prostitution, adult entertainment, Tobacco and Thermal coal by excluding CLOs investing their collateral in Loans issued by companies involved in the Controversial Sectors.

The assessment of the level of involvement in each activity is based on percentage of revenue. The thresholds are:

- Any involvement in Controversial weapons
- 50% for Prostitution and adult entertainment
- 50% for tobacco producing companies, suppliers or distributors
- 50% for Thermal coal mining

- ii. ESG Integration policy

As part of its investment policy, the Sub-Fund adopts a rating upgrade approach. To carry out this analysis, the Investment Manager uses data provided by Dealscribe.

As part of the investment policy, the Sub-Fund follows a Best-in-Class approach by investing only in CLOs whose Dealscribe's ESG Score is greater than or equal to 20.

As of June 2023, CLOs with a Dealscribe ESG rating above 20 are in the top half of the European CLOs.

Furthermore, the Investment Manager will compute on a quarterly basis the Sub-Fund's weighted average ESG Score and will disclose the results in its periodic reports to investors. The Investment Manager commits to keeping the weighted average ESG score above its original level during the life of the Sub-Fund.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Investment Manager addresses ESG factors throughout the investment process, including research, company engagement and portfolio construction. There is no minimum rate of exclusion set as the European CLO market is constantly evolving towards best ESG practice.

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

The good governance is assessed in several steps during investment process.

Firstly, the minimum safeguards regarding governance are included in the exclusion policy. The Sub-Fund cannot invest in CLOs which allow investments in companies having any involvement in Controversial Weapons or with more than 50% of revenues stemming from controversial sectors / activities such as Prostitution / Adult Entertainment, Thermal Coal or Tobacco.

The selection process includes the integration of Dealscribe’s ESG Score where the governance aspects are among the best-in-class in terms of ESG documentation laid out in the CLO’s prospectus.



What is the asset allocation planned for this financial product?

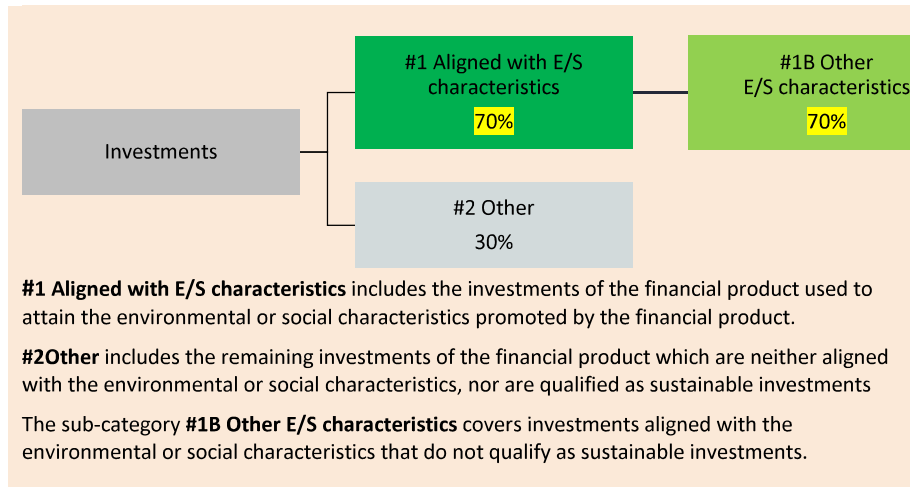
Asset allocation describes the share of investments in specific assets.

[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852

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.

At least 70% of the Sub-Fund investments promote environmental and social characteristics. The Sub-Fund will not make any sustainable investments. The Sub-Fund will not directly invest in sustainable investments that qualify as environmentally sustainable under the Taxonomy, nor in sustainable investments with a social objective.



#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 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?**

Not applicable



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

This financial product does not pursue to invest in sustainable investments as per Art. 2(1) of the Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council. The minimum commitment is 0%.

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

- Yes: In fossil gas In nuclear energy
 No

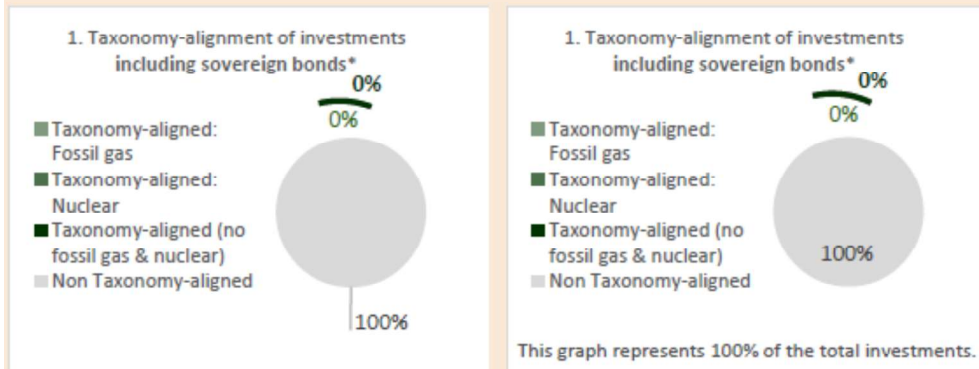
[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

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.

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 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?

This financial product does not pursue to invest in sustainable investments as per Art. 2(1) of the Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council. The minimum share is 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

This financial product does not pursue to invest in sustainable investments as per Art. 2(17) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council. The minimum share is 0%.



What is the minimum share of socially sustainable investments?

This financial product does not pursue to invest in sustainable investments as per Art. 2(17) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council. The minimum share is 0%.

¹ 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.



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

The investments in “#2 other” will include up to 20% of the Sub-Fund’s assets in cash and cash equivalent securities and up to 30% of the Sub-Fund’s assets in CLO tranches from older vintages which did not include in their prospectuses the exclusion provisions as these were not standard at the time.

Cash may be held as ancillary liquidity or for risk balancing purposes. Minimum environmental or social safeguards are not considered for investments included under this category.



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?

This financial product does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the promoted environmental and/or social characteristics

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.sgpwm.societegenerale.com