

**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.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: N/A

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: N/A

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 N/A of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

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 UCITS promotes environmental and social characteristics via a managerial approach that promotes the sustainability of issuers through an analysis of the environmental, social and governance (ESG) criteria of the securities held in the portfolio. With this in mind, the UCITS implements a best-in-universe approach and also excludes certain securities.

Furthermore, the UCITS does not have a designated reference benchmark tailored to ESG characteristics under the SFDR Regulation.

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

As part of its investment policy, the UCITS will report on the following sustainability indicator in order to measure the attainment of each of the environmental or social characteristics it promotes:

- Average ESG rating of the UCITS compared with its benchmark universe.

### 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?

Not applicable

**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?**

Not applicable

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

Not applicable

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

Not applicable

*The EU Taxonomy sets out a “do no 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.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes,

This financial product takes into account the 14 mandatory indicators set out in Table 1 of Annex I to European Commission Delegated Regulation (EU) 2022/1288. It also takes into account two additional indicators: the number of days lost to injuries, accidents, fatalities or illness, and water usage and recycling. The principal adverse impact indicators are taken into account qualitatively or quantitatively at various levels of our sustainable investment approach: the exclusion policy, the analysis of controversies, the engagement policy and the internal ESG analysis methodology. The indicators for adverse impacts 1 to 14, as well as the two additional indicators, are qualitatively taken into account during our ongoing monitoring of controversies. The indicators for adverse impacts 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13 are qualitatively integrated into the proprietary ESG analysis methodology. PAI 10 on violations of United Nations Global Compact principles and OECD Guidelines for Multinational Enterprises is taken into account through the normative exclusion policy applied to the financial product. PAI 4 is taken into account in our sectoral exclusion and engagement policies. PAI 14 is taken into account in our exclusion policies.

No



**What investment strategy does this financial product follow?**

The management process uses a best-in-universe ESG approach.

The ESG analysis of sovereign issuers utilises the proprietary country rating methodology developed by Groupama AM, which is based on the sustainable development indicators published mainly by the World

Bank and Eurostat.

These ESG criteria are analysed on the basis of various indicators, including:

- Environment: Carbon intensity corresponds to the total national emissions, plus the emissions corresponding to the production of all the goods and services imported into the country, as a ratio of GDP;
- Social: Long-term unemployment rate: Percentage of the working population aged 15 to 74 who have been unemployed for 12 months or more;
- Human rights: Freedom of expression and citizenship: Perception of democracy (people's ability to choose their government), freedom of expression, freedom of association and freedom of the media.

Our internal analysis seeks to summarise a country's performance in terms of sustainable development. It ranks and rates the states' ability to establish sustainable growth over the long term.

The ESG analysis results in a score of 1 to 100 for all countries belonging to this investment universe (with 100 being the best). The ESG investment universe is selected from a range of sovereign issuers with an ESG rating.

The UCITS will focus on investing in securities belonging to Quintiles 1 to 4.

The selection should result in an average ESG rating for the portfolio that is higher than that of its investment universe.

The main limitation of this analysis relates to the quality of the available information. ESG data is not yet standardised and Groupama Asset Management's analysis is ultimately based on qualitative and quantitative data, some of which may still be incomplete and heterogeneous.

To overcome this limitation, Groupama Asset Management focuses its analysis on the most important aspects of the sectors and countries analysed.

For more detailed information on the rating methodology implemented in the UCITS and its limitations, investors are invited to read the methodology document, which is available on the website [www.groupama-am.com](http://www.groupama-am.com)

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

***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?***

In order to attain the environmental and social characteristics promoted, the investment strategy is based on the following:

- Exclusion of securities belonging to the "Major ESG Risks" list: Groupama Asset Management tracks a list of securities considered to carry significant ESG risks (the "Major ESG Risks" list). These are companies whose ESG risks could call into question their economic and financial viability or could have a significant impact on the value of the company and thus lead to a substantial loss in the value of their stock or a significant downgrade by the rating agencies;
- Exclusion of sectors deemed to be incompatible with Groupama Asset Management's engagement policy: both companies involved in coal mining and coal-related energy production and companies known to be involved in controversial weapons activities (cluster bombs and anti-personnel mines) are excluded from the UCITS' investment scope.
- Application of Groupama Asset Management's fossil fuel policy: exclusion of companies involved in coal mining and coal-related energy production, and non-reinvestment in unconventional fossil fuels (UFF).
- Exclusion of securities belonging to Quintile 5 of the investment universe (representing 20% of the lowest-rated companies).

The process of selecting securities in the portfolio must result in a minimum screening and monitoring rate of 90% of the portfolio's ESG ratings, excluding cash and money-market UCIs.

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

Not applicable

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

To ensure that countries invested in comply with good governance practices, the UCITS uses an internal analysis methodology that takes into account good governance criteria through its ESG approach, as described in the section on its investment strategy.

The criteria taken into account include, for example:

- government efficiency;
- regulatory quality;
- rule of law;
- corruption control;
- freedom of expression; and
- gender equality.



**What is the asset allocation planned for this financial product?**

Within the portfolio:

- The minimum proportion of investments contributing to the environmental and social characteristics promoted by the UCITS is 90% (#1 below), excluding money-market UCIs and cash.
- The minimum proportion of Taxonomy-aligned investments is 0%.

The total net assets are used as the basis for calculating the share of sustainable investments.

**Asset allocation**

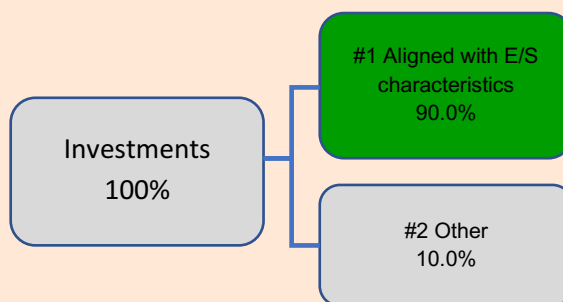
describes the share of investments in specific assets.

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.



**#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.

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not intended to contribute to the environmental or social characteristics promoted by the financial product.



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

Not applicable

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

Yes

In fossil gas

In nuclear energy

No

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.

**Enabling activities**

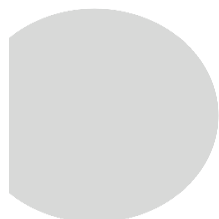
directly enable other activities to make a substantial contribution to an environmental objective.

**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.

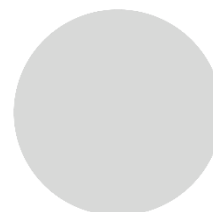
**1. Taxonomy-alignment of investments including sovereign bonds\***

- Taxonomy-aligned (no fossil gas & nuclear): 0.0%
- Non Taxonomy-aligned: 100.0%



**2. Taxonomy-alignment of investments excluding sovereign bonds\***

- Taxonomy-aligned (no fossil gas & nuclear): 0.0%
- Non Taxonomy-aligned: 100.0%



This graph represents 100.0% of the total investments.

\* 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?**

The financial product is not committed to making a minimum share of investments in transitional and enabling activities.



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

The UCITS promotes environmental and social characteristics. However, it is not committed to making a minimum of sustainable investments.



What is the minimum share of socially sustainable investments?

The UCITS promotes environmental and social characteristics. However, it is not committed to making a minimum of sustainable investments.



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

The “#2 Other” category consists of issuers or securities without a rating due to a lack of sufficient ESG data but for which the financial product’s exclusion policies apply. These investments are part of a portfolio diversification strategy. This category also includes money-market UCIs and cash held as ancillary liquidity. With the exception of SRI money-market UCIs managed directly by Groupama Asset Management, no minimum environmental or social safeguards are implemented for investments included in the “#2 Other” 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?**

The fund does not have a designated reference benchmark tailored to ESG characteristics under the SFDR.

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

***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

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**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:**

<https://www.groupama-am.com/en/sustainable-finance/>