

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that it does not cause significant harm to either of these objectives and that the companies in which the financial product has invested apply 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:
GROUPAMA EUROPE CONVERTIBLE

Legal entity identifier:
549300ZU1JS3OLG73Y93

Environmental characteristics and/or social

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: __%

in economic activities which qualify as environmentally sustainable under EU Taxonomy

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

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 20% of sustainable investments

with an environmental objective and carried out in economic activities that are considered environmentally sustainable under the EU Taxonomy

with an environmental objective and carried out in economic activities that are not considered environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments 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 Sub-Fund promotes environmental and social characteristics through management that emphasizes the sustainability of issuers by analysing the Environmental, Social and Governance ("ESG") criteria of the securities held in the portfolio.

The analysis of these ESG criteria results in an ESG score ranging from 0 to 100, based on various indicators, including:

- Environment (biodiversity, waste management, etc.).
- Social (employee training, supplier relations, etc.).
- Governance (board independence, executive remuneration policies, etc.).

In this regard, the Sub-Fund implements a "Best-in-Universe" approach and also excludes certain securities.

Additionally, the Sub-Fund has not designated a benchmark aligned with ESG characteristics for the purposes of the SFDR Regulation.

Sustainability indicators are used to verify whether the financial product complies with the environmental or social characteristics promoted by the financial product.

● **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 Sub-Fund will report on the following sustainability indicators to measure the achievement of each of the environmental or social attributes it promotes:

- The ESG rating of the sub-fund compared with the investment universe of the Sub-Fund.
- Minimum sustainable investment.

● **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 sustainable investment objectives that the financial product intends to pursue include environmental or social objectives.

The investments made contribute to these objectives:

1) by selecting companies whose activities contribute positively or very positively to at least one of the 16 Sustainable Development Goals as defined by the UN (“SDGs”) according to the proprietary approach developed by Groupama AM. This approach is based on data from our provider MSCI.

Companies are analysed on the basis of the positive contribution of their activities to 16 of the 17 UN SDGs (the SDG on peace, justice and effective institutions not being applicable to companies):

- The company’s contribution to an SDG is “NEUTRAL” if the turnover of the sustainable activities identified is zero;
- The company’s contribution to an SDG is “POSITIVE” if the turnover of the sustainable activities identified is between 1% and 5%;
- The company’s contribution to an SDG is “VERY POSITIVE” if the turnover of the sustainable activities identified is strictly greater than 5%.

2) by holding green bonds, social bonds or sustainable bonds, validated by an internal methodology based on two recognised benchmarks:

- The transparency requirements of the Green Bonds Principles, Social Bonds Principles and Sustainable Bonds Principles.
- The nomenclature of activities eligible for the Greenfin Label for green bonds.

For more information on our internal methodology, please consult our ESG methodology via the following link: <https://www.groupama-am.com/fra/fr/particulier/finance-durable>

● **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 sustainable investments made in the portfolio ensure that they do not cause significant harm (“DNSH”) to a sustainable investment objective, through:

- Application of Groupama AM's ESG and exclusion policies: the list of major ESG risks, the Fossil Energy policy (Coal and EFNC), the policy of excluding controversial weapons. Any company appearing on one of these lists is therefore considered not in compliance with the DNSH requirement.
- The application of sector exclusions: companies operating in the alcohol, gambling, tobacco or pornography sectors are considered not to comply with the DNSH requirement if they generate more than 5% of their turnover in these sectors.
- The inclusion of negative impact indicators in the calculation of the issuer's ESG rating.

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 were the indicators for adverse impacts taken into account?*

The mandatory Principal Adverse Impacts (hereinafter referred to as “PAIs”) are taken into account at several levels of our sustainable investment approach: the exclusion policy, the commitment policy and the internal ESG analysis methodology. Adverse impact indicators 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13[1] are integrated into our proprietary ESG analysis methodology. PAIs 10 and 11, which relate to violations of UN Global Compact principles and OECD guidelines and the absence of a mechanism for monitoring compliance with these principles, are taken into account through a score, the Global Compact. This score is based on an analysis of companies’ controversies relating to respect for human rights, labour rights, business ethics and respect for the environment.

PAI 7 - activities negatively affecting biodiversity sensitive areas - is assessed using a proxy for the biodiversity indicator provided by our supplier Iceberg Data Lab, to ensure consistency with the impact measures reported in our Article 29 of the Energy-Climate Law Report. This ESG reporting document is available on our website:

<https://www.groupama-am.com/fr/finance-durable/>.

PAI 4 is taken into account in our exclusion policy and our commitment policy. PAI 14 is only taken into account in our exclusion policies. An assessment of the principal adverse impacts is carried out at Sub-Fund level and reported annually in the ESG appendix to the periodic report.

[1] For details of the PAIs, see the definitions in Appendix I of Delegated Regulation (EU) 2022/1288 (Tables I, II and III).

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

The proprietary ESG analysis methodology incorporates the mandatory PAIs, including PAIs 10 and 11, which relate to violations of Global Compact principles and OECD guidelines, and the absence of a mechanism for monitoring compliance with these principles. These Principal Adverse Impacts are addressed using the Global Compact score calculated by our ESG data provider. This score is based on an analysis of companies’ controversies relating to respect for human rights, labour rights, business ethics and respect for the environment.

The EU Taxonomy establishes a “do no significant harm” principle, whereby taxonomy-aligned investments should not cause significant harm to the objectives of the EU Taxonomy, and is accompanied by specific EU criteria.

The principle of “do no significant harm” only applies to investments underlying the financial product that take into account the European Union’s criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the European Union’s criteria for environmentally sustainable economic activities.



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

Yes,

Adverse impact indicators 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13 are integrated into our proprietary ESG analysis methodology. PAIs 10 and 11, which relate to violations of UN Global Compact principles and OECD guidelines and the absence of a mechanism for monitoring compliance with these principles, are taken into account through the Global Compact. This score is based on an analysis of companies’ controversies relating to respect for human rights, labour rights, business ethics and respect for the environment. PAI 7 - activities negatively affecting biodiversity sensitive areas - is assessed using a proxy for the biodiversity indicator provided by our supplier Iceberg Data Lab, to ensure consistency with the impact measures reported in our Article 29 of the Energy-Climate

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No



What investment strategy does this financial product follow?

The ESG approach used in the management process is a "Best-In-Universe" approach. The analysis of these ESG criteria results in an ESG score ranging from 0 to 100, based on various indicators, including:

- Environment (biodiversity, waste management, etc.).
- Social (employee training, supplier relations, etc.).
- Governance (board independence, executive remuneration policies, etc.).

The investment universe is divided into five quintiles, each representing 20% of the investment universe in terms of the number of securities. Securities rated Quintile 1 represent the best ESG scores within the investment universe, while securities rated Quintile 5 represent the worst ESG scores. The Sub-Fund will predominantly invest in securities within Quintiles 1 to 4. The selection must result in an average ESG score of the portfolio significantly exceeding that of its investment universe. The weighted average ESG rating of the portfolio will be higher than the average ESG rating of the investment universe after eliminating the 20% of the lowest-rated securities in the latter.

The ESG approach developed by Groupama Asset Management is based on a quantitative and qualitative analysis of the environmental, social, and governance practices of the securities in which it invests. The main limitation of this analysis lies in the quality of the available information. ESG data is not yet standardised, and Groupama Asset Management's analysis ultimately relies on qualitative and quantitative data provided by companies themselves, some of which may still be incomplete or heterogeneous. To address this limitation, Groupama Asset Management focuses its analysis on the most material aspects of the sectors and companies it reviews.

For more detailed information on the rating methodology used in the Sub-Fund and its limitations, investors can refer to the methodology document available on the website <https://www.groupama-am.com/fr/finance-durable/>

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?

To achieve the promoted environmental and social characteristics, the investment strategy relies on the following binding elements:

- **Exclusions at the level of the management company:**
 - Application of sector exclusions on controversial weapons and fossil fuels in accordance with Groupama AM's exclusion policy, available on the Groupama AM website.
 - Exclusion of issuers from the List of Major ESG Risks: issuers identified as presenting poor governance or significant sustainability risks that could jeopardise their economic and financial viability or could have a significant impact on the value of the company and therefore lead to a significant loss of market value or a significant downgrade by the rating agencies.
 - Application of regulatory exclusions in relation to non-cooperation for tax purposes, corruption and money laundering in accordance with Groupama AM's AML/CFT policy.

- **Constraints specific to the portfolio:**
 - Average ESG rating of the portfolio significantly higher than that of its investment universe: the weighted average ESG rating of the portfolio will be higher than the average ESG rating of the investment universe after eliminating the 20% of the lowest-rated securities in the latter.
 - Minimum sustainable investment content of 20%, in line with the definition of sustainable investment given above.

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 money market UCIs, index derivatives, derivatives used for hedging and cash.

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

Not applicable.

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

- **What policy is implemented to evaluate the good governance practices of the companies in which the financial product invests?**

In order to ensure that the companies invested in comply with good governance practices, the Sub-Fund uses an internal analysis methodology that takes into account good governance criteria through its ESG approach.

The criteria considered are:

- Percentage of independent board members
- Integration of ESG criteria in executives' remuneration
- Existence of a CSR committee within the Board of Directors
- Anti-corruption policies and the existence of controversies
- Responsible lobbying practices and the existence of controversies



What is the asset allocation planned for this financial product?

Within the portfolio:

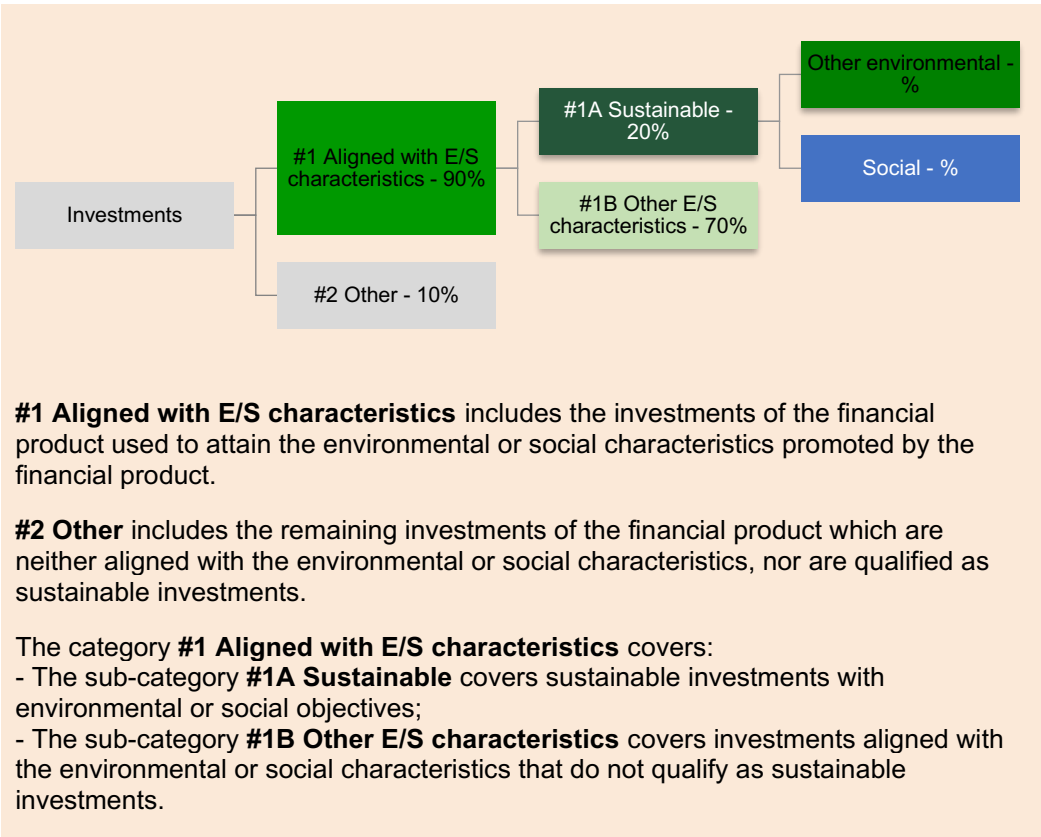
- The minimum proportion of investments contributing to the environmental and social characteristics promoted by the Sub-Fund is 90% (#1 below), excluding money market funds, index derivatives, derivatives used for hedging and cash.
- The minimum proportion of sustainable investments is 20% (#1A below).
- The minimum proportion of Taxonomy-aligned investments is 0%.

The calculation base for the share of sustainable investment is the total net assets.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a %:

- **turnover** reflecting the share of revenue derived from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made investee companies, e.g. For a transition to a green economy.
- **operating expenditure (OpEx)** reflecting the green operational activities of investee companies.



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

The use of derivatives achieves the environmental or social characteristics promoted by the financial product when the underlying of the derivative is subject to ESG analysis and is used for exposure purposes. In effect, the ESG analysis is exclusively carried out at the level of the underlying asset, regardless of the type of asset held in the portfolio (convertible bonds, traditional bonds, options, etc.). On the other hand, derivatives relating to an index and derivatives used for hedging purposes are not intended to contribute to the achievement of the environmental or social characteristics promoted.

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

The Sub-Fund promotes social characteristics and is committed to making a minimum of 20% sustainable investments. However, the Sub-Fund does not undertake to make a minimum number of sustainable investments with an environmental objective in line with the EU Taxonomy.

To comply with the EU taxonomy, the criteria for **fossil gas** include emission limits and a switch to renewable electricity or low-carbon fuels by the end of 2035. As far as **nuclear energy** is concerned, the criteria include comprehensive rules on nuclear safety and waste management.

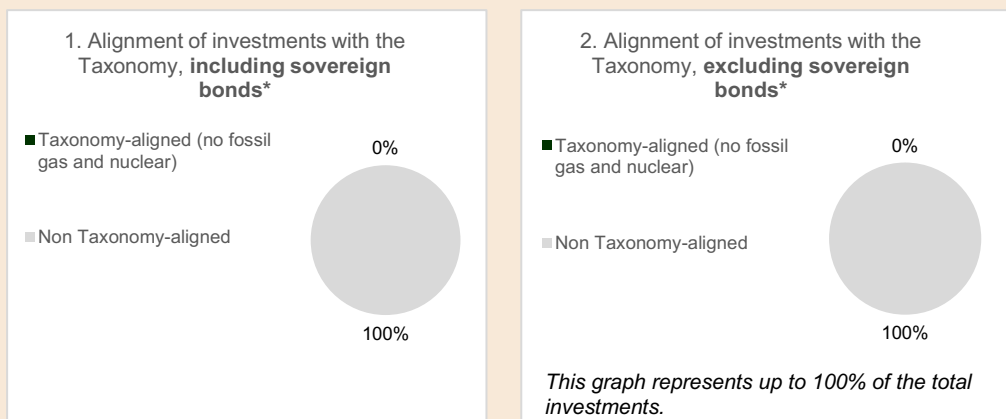
● **Does the financial product invest in fossil gas and/or nuclear energy activities in accordance with the EU taxonomy¹?**

Yes:
 In fossil gas In nuclear energy

No

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
 **As the Sub-Fund does not make sustainable investments aligned with the EU Taxonomy, the proportion of sovereign bonds in the Sub-Fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund promotes environmental and social characteristics and is committed to a minimum of 20% sustainable investments. However, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy, nor to a minimum share of investments in transitional and enabling activities.

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

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

The Sub-Fund promotes environmental and social characteristics and is committed to a minimum of 20% sustainable investments. At this stage, it is difficult to identify the distribution of the portfolio specifically responding to an environmental objective, insofar as some of the SDGs, such as SDG 11 - Sustainable cities and communities, identify activities that contribute to environmental and social issues without distinction.

¹ Fossil gas and/or nuclear activities will only comply with the EU taxonomy if they contribute to limiting climate change ("climate change mitigation") and do not cause significant harm to any objective of the EU taxonomy – see explanatory note in the left margin. All the criteria applicable to economic activities in the fossil gas and nuclear energy sectors that comply with the EU taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214.



What is the minimum share of socially sustainable investments?

The Sub-Fund promotes environmental and social characteristics and is committed to a minimum of 20% sustainable investments. At this stage, it is difficult to identify the distribution of the portfolio specifically responding to a social objective, insofar as some of the SDGs, such as SDG 11 - Sustainable cities and communities, identify activities that contribute to environmental and social issues without distinction.



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

The "#2 Other" category is made up of issuers or securities that are not rated due to the lack of sufficient ESG data, but for which the fund's exclusion policies apply.

These investments are part of a portfolio diversification strategy.

This category also includes money market funds and cash held as ancillary liquid assets.

With the exception of SRI-labelled money market funds managed directly by Groupama Asset Management, no minimum environmental or social guarantee is implemented for investments included in the "#2 Other" category.



Is a specific index designated as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Sub-Fund has not designated a benchmark to determine whether it is aligned with the environmental or social characteristics it promotes.

- **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.



Where can I find more product-specific information online?

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

<https://www.groupama-am.com/fra/fr/particulier/products/lu0571100824>

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