

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:
GROUPAMA EUROPE HIGH YIELD 2029

Legal entity identifier:
636700S8REZGK08O8030

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**: ___%

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**: ___%

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 10% 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 Subfund promotes environmental and social characteristics via a managerial approach that values the sustainability of issuers through an analysis of the environmental, social and governance (ESG) criteria of the securities held in the portfolio.

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

- Environmental (biodiversity, waste management etc.);
- Social (employee training, supplier relations etc.);
- Governance (board independence, executive compensation policy etc.).

With this in mind, the Subfund implements a best-in-universe approach in the social pillar and also excludes certain securities. The analysis of these qualities results in a rating from 0 to 100.

With this in mind, the Subfund implements a best-in-universe approach and also excludes certain securities.

The investment universe is then divided into five quintiles, with each quintile representing 20% of the investment universe in terms of number of securities. The securities rated as Quintile 1 represent the best ESG ratings within the investment universe, while those rated Quintile 5 represent the worst ratings. The Subfund will focus on investing in securities belonging to Quintiles 1 to 4.

Furthermore, the Subfund does not have a designated benchmark index tailored to ESG characteristics under the SFDR.

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?**

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

- ESG rating for the social pillar of the Subfund compared with the Subfund's investment universe;
- Minimum share of sustainable investments.

● **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 objectives of the sustainable investments that the financial product partially intends to make are 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 Moody's provider.

Companies are analysed for their activities' positive contribution to 16 of the 17 UN SDGs (the SDG Peace, Justice and Strong Institutions is not applicable to companies).

- The company's contribution to an SDG is 'NEUTRAL' if the turnover of the identified sustainable activities is zero;
- The company's contribution to an SDG is 'POSITIVE' if the turnover of the identified sustainable activities is between 1% and 5%;
- The company's contribution to an SDG is 'VERY POSITIVE' if the turnover of the identified sustainable activities 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 Bond Principles, Social Bond Principles and Sustainable Bond Principles.
- The classification of eligible activities under the Greenfin label for green bonds.

For more information on our internal methodology, please see our ESG methodology here: <https://www.groupama-am.com/en/sustainable-finance>

● **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?**

Sustainable investments in the portfolio shall ensure that they do no significant harm (“DNSH”) to any sustainable investment objective through:

- The application of Groupama AM’s ESG and exclusion policies: the major ESG risks list, the fossil fuel policy (coal and non-conventional fossil fuels), the controversial weapons exclusion policy. Consequently, any company featuring on one of these lists is considered non-compliant with the DNSH requirement.
- The application of sectoral exclusions: companies operating in the alcohol, weapons, gambling, tobacco and pornography sectors are considered to be non-compliant with the DNSH requirement if more than 5% of their turnover comes from these sectors.
- Incorporating indicators for adverse impacts into the calculation of an issuer’s ESG rating.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

The mandatory principal adverse impacts (hereinafter “**PAIs**”) are taken into account at several levels of our sustainable investment approach: the exclusion policy, the engagement policy and the internal ESG analysis methodology.

The indicators for adverse impacts 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, on violations of the principles of the Global Compact and the OECD Guidelines and the lack of a process for monitoring compliance with these principles and guidelines, are taken into account through a Global Compact score. This score is based on an analysis of the controversies of companies in relation to respect for human rights, labour rights, business ethics and respect for the environment.

PAI 7, on activities negatively impacting biodiversity, is evaluated using a proxy of the biodiversity indicator of our supplier Iceberg Data Lab, in order to be consistent with the impact measures featured in our report under Article 29 of the French Energy and Climate Law. This ESG report is available on our website: <https://www.groupama-am.com/en/sustainable-finance/>.

PAI 4 is taken into account in our exclusion and engagement policies. PAI 14 is only taken into account in our exclusion policies. An assessment of the principal adverse impacts is carried out at Subfund level and reported annually as part of the ESG annex to the periodic report.

[1] The PAIs are detailed and defined in Annex I to Commission Delegated Regulation (EU) 2022/1288 (Tables 1, 2 and 3).

— *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 impacts 10 and 11 which relate to violations of the principles of the Global Compact and the OECD Guidelines and the lack of a process for monitoring compliance with these principles and guidelines. These Principal Adverse Impacts are addressed by the Global Compact score calculated by our ESG data provider. This score is based on an analysis of the controversies of companies in relation to respect for human rights, labour rights, business ethics and respect for the environment.

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.

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.

The indicators for adverse impacts 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, on violations of the principles of the Global Compact and the OECD Guidelines and the lack of a process for monitoring compliance with these principles and guidelines, are taken into account through the Global Compact. This score is based on an analysis of the controversies of companies in relation to respect for human rights, labour rights, business ethics and respect for the environment.

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PAI 4 is taken into account in our exclusion and engagement policies. PAI 14 is only taken into account in our exclusion policies. An assessment of the principal adverse impacts will be carried out at Subfund level and will be reported annually as part of the Subfund's periodic report.

No.



What investment strategy does this financial product follow?

The management process uses a best-in-universe ESG approach to the social pillar.

The social criteria include, on the one hand, an analysis of the company's human capital (skills management, training, corporate culture, work environment etc.) with regard to the three transitions and, on the other hand, an analysis of its societal impact (external relations with customers, suppliers and communities), which examines the company's role in society, its “raison d'être”, particularly through its efforts to meet the Sustainable Development Goals.

The analysis of these criteria results in a rating from 0 to 100.

The investment universe is then divided into five quintiles, with each quintile representing 20% of the investment universe in terms of number of securities. The securities rated as Quintile 1 represent the best ratings within the investment universe in terms of the social pillar, while those rated Quintile 5 represent the worst ratings. The Subfund will focus on investing in securities belonging to Quintiles 1 to 4. The selection should result in an average ESG score for the social pillar that is higher than that of its investment universe.

The ESG approach developed by Groupama Asset Management is centred around 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 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 provided by the companies themselves, 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 companies analysed.

For more detailed information on the rating methodology used to assess the Subfund and its limitations, investors are invited to refer to the methodology document available on the website <https://www.groupama-am.com/en/sustainable-finance/>.

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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:

- **Exclusions at the Management Company level:**
 - Application of sectoral exclusions on controversial weapons and fossil fuels in accordance with Groupama Asset Management's exclusion policy, which is available on the Groupama AM website.
 - Exclusion of issuers on the Major ESG Risks list: these are issuers identified as having poor governance or presenting major sustainability risks that could call into question their economic and financial viability, or which could have a significant impact on the company's value, thus resulting in a significant fall in market value or a significant downgrade by rating agencies.
 - Application of the normative exclusions regarding tax non-cooperation, corruption and money laundering in accordance with Groupama AM's AML-CFT policy.

- **Specific portfolio constraints:**
 - Average ESG score for the social pillar of the portfolio higher than its investment universe.
 - A minimum 10% allocation to sustainable investment, in accordance with the definition of sustainable investment indicated above.

The portfolio's securities selection process must result in a minimum screening and monitoring rate for ESG ratings, excluding money market UCIs and cash. This is 90% for the Investment Grade securities and 75% for the High Yield securities in the portfolio.

● **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 the companies invested in comply with good governance practices, the Subfund uses an internal analysis methodology that takes into account good governance criteria through its ESG approach.

The criteria taken into account include:

- The percentage of independent members of the board of directors;
- The integration of ESG criteria within executive compensation;
- The existence of a CSR committee within the board of directors;
- A corruption prevention policy and the existence of controversies;
- Responsible lobbying practices and existence of controversies.

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



What is the asset allocation planned for this financial product?

Within the portfolio:

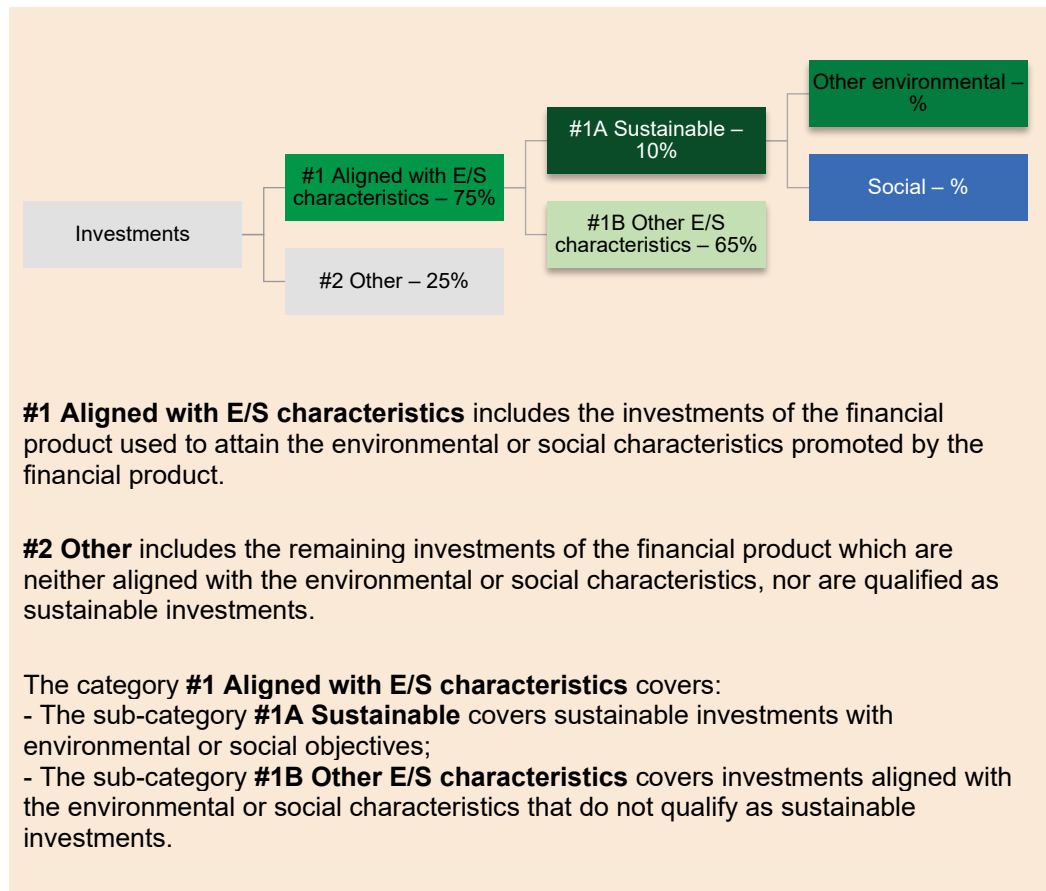
- The minimum proportion of investments contributing to the environmental and social characteristics promoted by the Subfund is 75% (#1 below), excluding money market UCIs and cash.
- The minimum proportion of sustainable investments is 10% (#1A below).
- The minimum proportion of Taxonomy-aligned investments 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.



• 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?

The Subfund promotes social characteristics and is committed to making a minimum of 10% sustainable investments. However, the Subfund is not committed to making a minimum of sustainable investments with an environmental objective aligned with the EU Taxonomy.

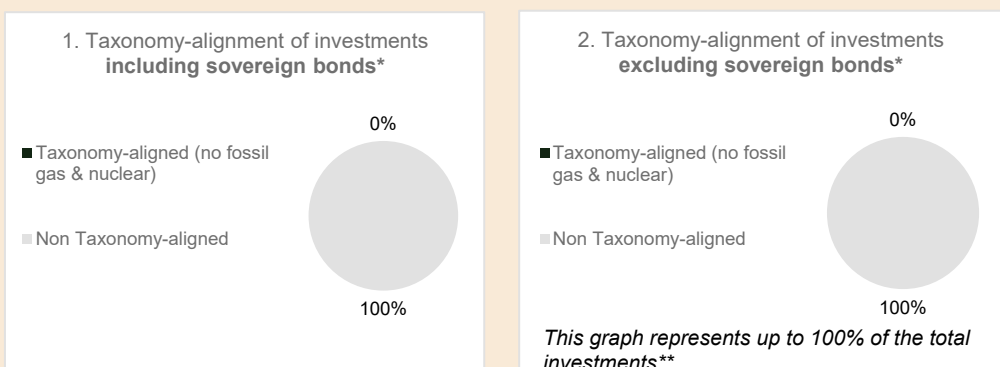
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy³⁶?

- 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 Subfund does not make sustainable investments aligned with the EU Taxonomy, the proportion of sovereign bonds in the Subfund's portfolio will have no impact on 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 Subfund promotes environmental and social characteristics and is committed to making a minimum of 10% sustainable investments. However, the Subfund is not committed to making a minimum of sustainable investments with an environmental objective aligned with the EU Taxonomy, nor is it committed to making a minimum share of investments in transitional and enabling activities.

³⁶ 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.

 are 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 Subfund promotes environmental and social characteristics and is committed to making a minimum of 10% sustainable investments. At this stage, the portfolio allocation specifically addressing an environmental objective is difficult to determine, as part of the SDGs, such as SDG 11 (Sustainable Cities and Communities), identifies activities that contribute to environmental and social issues without distinction.



What is the minimum share of socially sustainable investments?

The Subfund promotes social characteristics and is committed to making a minimum of 10% sustainable investments. At this stage, the portfolio allocation specifically addressing a social or environmental objective is difficult to determine, as part of the SDGs, such as SDG 11 (Sustainable Cities and Communities), identifies 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 consists of issuers or securities without a score due to a lack of sufficient ESG data but for which the fund 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 Subfund does not have a designated reference benchmark which would make it possible to determine whether it is aligned with the environmental or social characteristics that 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.

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/oth/en/institutional/products/lu2695022405>