

Product name: Groupama Ultra Short Term Bond

Legal entity identifier:
969500E9V7Z4AHJJK119

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?



Yes



X 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)

X 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 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.

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 UCITS will report on the following sustainability indicators in order to measure the attainment of each of the environmental or social characteristics it promotes:

- Average ESG rating of the UCITS compared to the UCITS benchmark and the reference universe
- Number of companies invested in with a human rights policy
- Carbon intensity

● ***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 UCI's share of sustainable investments is the percentage of companies that contribute positively to an environmental or social objective, without harming another environmental or social objective, while respecting good governance practices.

Our sustainable investment approach is based on:

1. The positive contribution of companies to the UN Sustainable Development Goals (SDGs). Companies are analysed for their positive contribution to 16 of the 17 SDGs, as SDG 17 (global partnerships) is not applicable to business activities.

Our ESG data provider, Moody's, calculates the contribution to SDGs based on two analyses: Analysis of turnover from business activities (revenue from the supply of sustainable goods/services divided by the company's total revenue). This analysis produces an overall contribution score between 0 and 100%, allowing companies to be categorised into four levels: None/Minor (0–20%)/Significant (20–50%)/Major (50–100%).

This score is supplemented by a controversy score based on analysis of the company's involvement in controversial activities. The level of involvement is calculated using the turnover generated from controversial activities or the stage of involvement (production, sale, distribution). The sale and distribution of products and services that account for less than 10% of the company's revenue is considered a minor involvement. If this is above 10%, the involvement is considered major.

The level of involvement penalises the score obtained by the company to varying degrees: Major (-3)/Minor (-2)/None (0).

These two analyses provide an overall contribution that is categorised into five levels: Very positive, positive, neutral, negative, very negative.

Sustainable investments are considered to be investments with a very positive, positive or neutral score.

2. Investments made in green bonds, social bonds or sustainable bonds validated by an internal methodology are also taken into account in the Fund's sustainable investment share.

Investments made in green bonds, social bonds or sustainable bonds validated by an internal methodology are also taken into account in the Fund's sustainable investment share.

The internal analysis methodology ensures that these bonds meet our internal requirements in this regard. Through this methodology, we systematically analyse four interdependent and complementary criteria, based on two recognised frames of reference:

- The transparency requirements of the Green Bond Principles, Social Bond Principles and Sustainable Bond Principles.
- For green bonds, the classification of eligible activities under the Greenfin Label.

Four criteria are systematically analysed as part of our internal methodology:

- Characteristics of the issue;
- ESG performance of the issuer;
- Environmental and/or social quality of the projects financed;
- Transparency.

If any of the following three criteria—the ESG performance of the issuer, the environmental and/or social quality of the projects financed or the transparency—is categorised as negative on analysis the bond will not be validated. Only investments made in green bonds, social bonds or sustainable bonds validated by our internal methodology are taken into account in the Fund's sustainable investment share.

For more information on our internal methodology, please see our ESG methodology here:

<https://produits.groupama-am.com/fre/content/download/261279/3957779/version/5/file/FRXXXXXX.pdf>

(link to be modified by copying and pasting the link from the right ESG transparency document on the website)

- ***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 that the financial product partially intends to make do not cause significant harm to any other sustainable investment objective because any company that contributes negatively to at least one SDG is not considered to meet the sustainable investment objective.

For green, social and sustainable bonds, this absence of harm is verified through the systematic analysis of the issuer's ESG performance.

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

The mandatory principle adverse impacts (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 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 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.

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

The proprietary ESG analysis methodology incorporates the mandatory principal adverse impacts, 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 the environment.

The EU Taxonomy sets out a “do no significant harm” principle, by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives, and which 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?

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.

☒ Yes,

Certain indicators relating to principal adverse impacts are considered throughout the investment process and form an integral part of the ESG methodology adopted by the UCITS. Potential investments will therefore be examined through the analysis of quantitative and qualitative data, in accordance with the investment strategy of the UCITS as described in the relevant section. An assessment of the principal adverse impacts will be carried out at UCITS level and will be reported annually as part of the UCITS' periodic report.

☐ 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 management process uses a best-in-universe ESG approach. 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 analysis of these ESG criteria results in an ESG score from 1 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.).

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 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 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 once the bottom 20% of the lowest-rated securities in the investment universe are excluded.

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 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.

● ***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: 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).
- A minimum 20% allocation to sustainable investment, in accordance with the definition of sustainable investment indicated above.
- The UCITS must also outperform its benchmark or investment universe for the two following indicators: carbon intensity and human rights policy.

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 the good governance practices of the investee companies?***

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

The criteria taken into account include, for example:

- The percentage of independent members within the board of directors
- Integration of ESG criteria within executive compensation
- Existence of a CSR (Corporate Social Responsibility) committee within the board of directors
- Corruption prevention policy and 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.

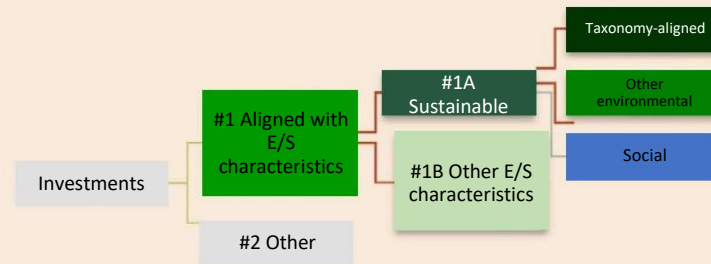


What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Within the portfolio:

- The minimum proportion of investments contributing to the environmental and social characteristics promoted by the UCITS is 90% (#1 below), excluding UCIs and cash.
- The minimum proportion of sustainable investments is 20% (#1A below).
- The minimum proportion of Taxonomy-aligned investments is 0%.
- Investment share #2 Other obtained by the following calculation: Investment (100%) - #1 Aligned with E/S characteristics



#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.

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

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

Not applicable.

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.



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

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

☐ Yes:

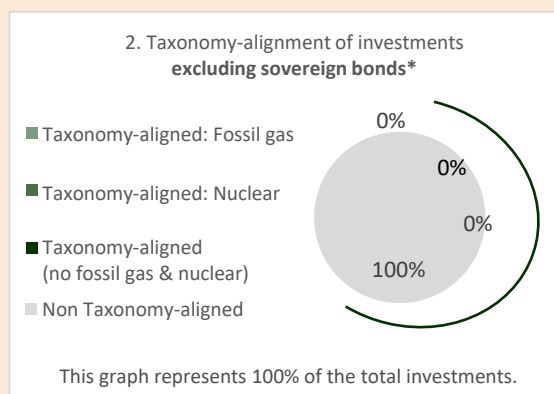
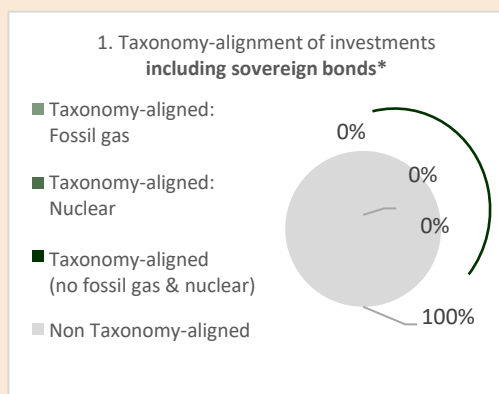
☐ In fossil gas

☐ In nuclear energy

☒ No

Due to the complexity of data collection and the lack of data from companies in target markets for Taxonomy-aligned activities, we are currently unable to communicate this information. Groupama AM does its best to collect the data needed to respond regarding Taxonomy-aligned activities.

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?

The UCITS promotes environmental and social characteristics and is committed to making a minimum of 20% sustainable investments. However, the UCITS 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.

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.

 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 UCITS promotes environmental and social characteristics and is committed to making a minimum of 20% 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 UCITS promotes environmental and social characteristics and is committed to making a minimum of 20% sustainable investments. At this stage, the portfolio allocation specifically addressing a social 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 rating due to a lack of sufficient ESG data but for which the fund’s exclusion policies apply.



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?

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?

Further information on the product can be found on the website:
https://produits.groupama-am.com/fre/content/download/281488/4997847/version/1/file/FRO012599686_GROUPAMA+ULTRA+SHORT+TERM+BOND.pdf