

SFDR PRODUCT DISCLOSURES GROUPAMA-AXIOM LEGACY

(a) Summary

ESG strategy. The objective of this fund is to obtain, over the minimum recommended investment horizon of 4 years, an annualized return equal to or greater than that of the 3-month Euribor index +3%, after deduction of management fees. The Fund considers companies with good Environmental, Social and Governance (ESG) or climate performance and does have a minimum share of investments on Sustainable Investments.

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment. The ESG score of the Fund has to be higher than the score of the universe. At least 75% of the fund's investments are in companies for which Environmental and Social characteristics are considered in the selection. The ESG analysis covers at least 90% of the fund's investments in the case of "Investment Grade" quality instruments and at least 75% in the case of "High Yield" quality instruments¹.

In addition, the fund follows the Thematic and Sectoral exclusions policies, which include policies around controversial and conventional weapons, fossil fuels, and sin stocks. Most important to the fund are the exclusions related to violations of the United Nation Global Compact principles and the OECD guidelines for multinational enterprises.

Other indicators are monitored to support the Environmental and Social credentials of the fund. These include:

- i. the Axiom Climate Readiness Score (ACRS)²;
- ii. the Implied Temperature Rise (ITR);
- iii. the gender diversity ratio; and
- iv. the exposure to companies involved in social litigation cases.

Monitoring. The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system control for breaches regarding our exclusion list and the ESG thresholds of the fund (ESG performance and coverage). The portfolio manager has an internal tool to simulate portfolio changes on these ESG constraints before the trading order is sent.

In addition, bi-annual stock takes are carried out to monitor the fund's performance on the four indicators mentioned above. The fund's performance on these indicators is compared against that of the universe. When its performance is lower or has decreased, the specific indicator(s) are discussed at the ESG committee and corrective measures taken when deemed relevant.

Data and data quality. The ESG scores and the social indicator on board gender diversity are sourced from our data provider S&P. The ITR is estimated using company level ITRs from data provider Iceberg Data Lab and financial data from data provider Dealogic, and when required,

¹ Issuers in the "Investment Grade" category are those whose rating by the three main rating agencies (Moody's, S&P and Fitch) is strictly higher than BB+, and issuers in the "High Yield" category are those whose rating, by the three main rating agencies, is strictly lower than BBB-. The rating used applies the "second best" rule, which means that the rating used is the second best if there are two or three ratings available. Issuers without a credit rating are considered high yield or "High Yield" issuers.

² More information can be found here: <https://axiom-ai.com/web/data/documentation/Axiom-Climate-Rediness-Score-note.pdf>

sectoral data from the European Banking Authority. Insurer's ITRs are sourced directly from the issuer, and when the data is not available, the sector average is used. In the case of the ACRS the quantitative data sources are the same as for the ITR, while the qualitative data sources include company's own disclosures, CDP and NGO reports, among others.

Consistency checks are carried out to identify potential data issues, this includes looking at outliers and changes from one reporting year to another. Despite these, there are several limitations on the methodologies used these include: i. reliance of self-reported data; ii. data gaps regarding banks corporate lending portfolios; iii. high dependence of assumptions to estimate the climate data of banks clients'; iv. difficulties in the data allocation from subsidiary to parents; and v. challenges in the aggregation ITR at portfolio level.

Engagement. This fund does not have a specific engagement policy, engagement with the issuers of this fund can take place as part of company-wide engagements or on an ad-hoc basis as a result of monitoring exercises.

Benchmark. No ESG reference benchmark has been designated to meet the Environmental and Social characteristics of the fund.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

The Fund promotes the following environmental and social characteristics:

Environmental:

Factors relating to both the direct and indirect impact of banks activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score which provides a much more robust assessment of banks' climate performance (see box below).

The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a need to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

Social:

The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.

Axiom's Climate Readiness Score

The Axiom Climate Readiness Score (ACRS) uses both quantitative and qualitative analysis to assess financial institutions' climate performance based on three pillars:

1. **Corporate engagement.** This pillar seeks to identify the level of priority given to climate change by a company by looking at its governance (e.g., involvement of the board and top management on the decision-making), its climate strategy and related targets, and its disclosure on the activities and means deployed to better integrate climate change.
2. **Climate risk and opportunities management.** This pillar assesses the issuers' processes and tools used to identify, measure and mitigate their exposure to climate related risks as well as their approach to seize the opportunities arising from the energy transition. In addition, a methodology is applied to assess the exposure to physical and transition risks of banks' corporate lending portfolios based on company level syndicated loan data.
3. **Contribution to the low-carbon transition.** This pillar seeks to understand the contribution the issuer may have to the energy transition through their investments or lending activities with corporates, as well as through thematic products. A methodology is applied to assess the compatibility of their corporate lending portfolio temperature (Implied Temperature Rise) with the well below 2°C temperature objective of the Paris Agreement.

(d) Investment strategy

The objective of this fund is to obtain, over the minimum recommended investment horizon of 4 years, an annualized return equal to or greater than that of the 3-month Euribor index +3%, after deduction of management fees. The Fund considers companies with good Environmental, Social and Governance (ESG) or climate performance and does have a minimum share of investments on Sustainable Investments.

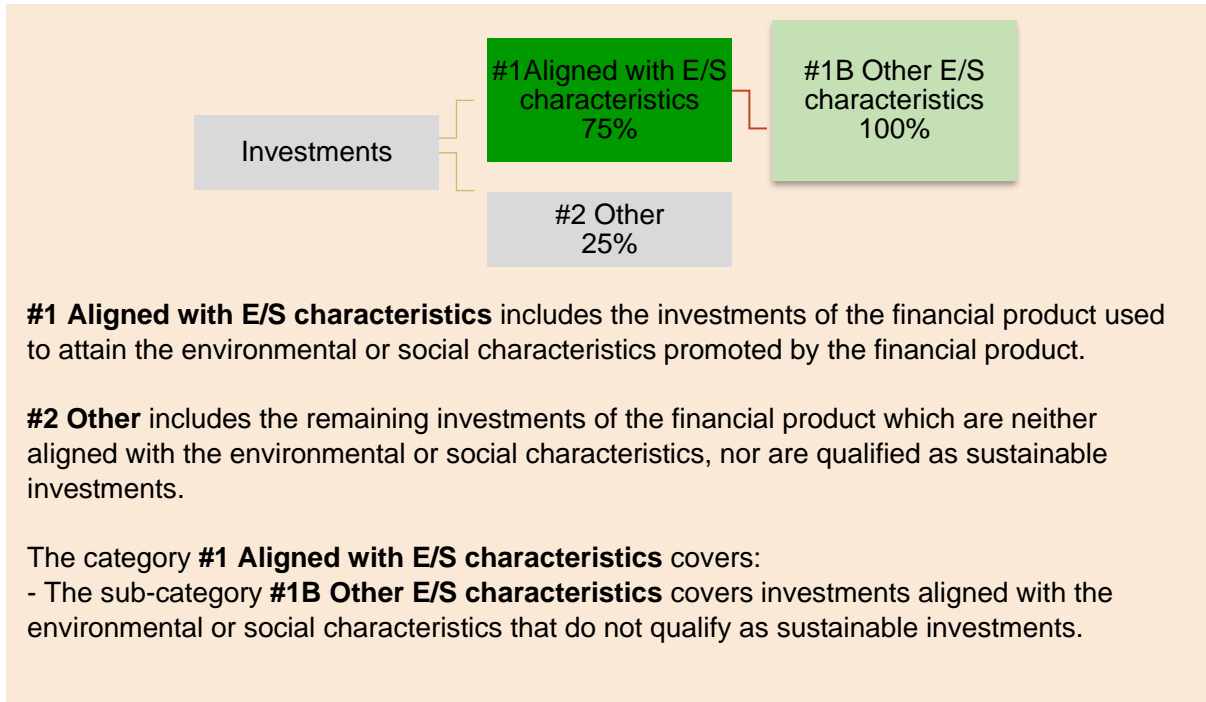
This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The ESG score of the Fund has to be higher than the score of the universe. At least 75% of the fund's investments are in companies for which Environmental and Social characteristics are considered in the selection. The ESG analysis covers at least 90% of the fund's investments in the case of "Investment Grade" quality instruments and at least 75% in the case of "High Yield" quality instruments.

Issuers in the "Investment Grade" category are those whose rating by the three main rating agencies (Moody's, S&P and Fitch) is strictly higher than BB+, and issuers in the "High Yield" category are those whose rating, by the three main rating agencies, is strictly lower than BBB-. The rating used applies the "second best" rule, which means that the rating used is the second best if there are two or three ratings available. Issuers without a credit rating are considered high yield or "High Yield" issuers.

In addition to the Environmental and Social characteristics described above, Governance practices are considered through the ESG ratings in different levels, including: i. at management level looking at the board (e.g. gender diversity, structure (executive/non-executive), effectiveness, diversity policy, average tenure, industry experience) and the executive management (e.g. CEO to Employee Pay Ratio, CEO compensation, management

ownership); ii. at policy level as well as systems in place to enforce those policies, for example code of business conduct, anti-corruption and bribery policy; and iii. Actual practices, looking at the fines and settlements arising from anti-competitive practices, their involvement in corruption & bribery cases, and their disclosure on breaches to the different good governance policies.

(e) Proportion of investments



At least 75% of the Fund’s investment (excluding derivatives used for non ESG related hedging purposes, cash and cash equivalents) are used to attain the environmental and social characteristics promoted by the Fund. The remaining 25% investment is in companies for which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies.

(f) Monitoring of environmental or social characteristics

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system control for breaches regarding our exclusion list and the ESG thresholds of the fund (ESG performance and coverage). The portfolio manager has an internal tool to simulate portfolio changes on these ESG constraints before the trading order is sent.

To complement the monitoring of the fund’s environmental and social performance, at least a bi-annual stock take of the environmental and social indicators listed below is carried out.

- Environmental:
 - Axiom Climate Readiness Score (ACRS). Score from 0 to 100%, the higher the score the better the climate performance of the Fund.
 - Implied Temperature Rise (ITR): The ITR provides an indication of how the Fund aligns to global climate targets. Banks’ corporate lending portfolio temperature is estimated by Axiom through the use of syndicated loan data. The lower the ITR the

better the climate performance of the Fund.

- Social:
 - Average ratio of female to male board members in investee companies. A higher ratio indicates higher diversity.
 - Number of social litigation cases: the indicator includes both confirmed litigation cases and controversies that could result in a litigation case. The lower the indicator the better.

(g) Methodologies

The ESG score of the fund is compared against the ESG Score of the universe, and it must always be superior to that of its universe. The same comparison is carried out to the other environmental and social indicators, with the difference that the fund is not constraint to have a superior performance against its universe. When its performance is lower or has decreased, the specific indicator(s) are discussed at the ESG committee and corrective measures taken when deemed relevant.

The methodologies of the ESG score can be found [here](#), while the methodology of the climate performance indicators can be found [here](#).

(h) Data sources and processing

i. Data sources

The ESG scores and the social indicator on board gender diversity are sourced from our data provider S&P. The other indicators are estimated by Axiom AI and the sources of information are multiple.

The ITR is estimated using company level ITRs from data provider Iceberg Data Lab and financial data from data provider Dealogic, and when required, sectoral data from the European Banking Authority.

The ACRS uses both quantitative and qualitative data sources, the quantitative data sources are the same as for the ITR, the qualitative data sources include company's own disclosures, CDP and NGO reports, among others.

Finally, the indicator on social litigation cases sources data from media outlets, brokers, sell side analysts and/or financial supervisory authorities, among others.

ii. Data quality and processing

Consistency checks are carried out to identify potential data issues, this includes looking at outliers and changes from one reporting year to another. Axiom AI's abstains from using sector averages to allocate missing ESG/Climate data points to an issuer.

Data processing differs according to the type data. In the case of the ESG scores, these are updated monthly in our internal IT system using S&P's XpressFeed. The process is fully automated. In the case of the climate data, the data is processed by Risk Department updates our internal database and the IT departments makes in available to all portfolio managers and sales colleagues.

(i) Limitations to methodologies and data

- **Self-reported data:** Data disclosed directly by financial institutions, which is generally not audited, although this practice is becoming more common. The data provided is most of the time qualitative. Even if quantitative estimates are given, their use for comparisons with other financial institutions is very limited either because methodologies differ or because the disclosure on the scope and assumptions used is poor. This is particularly important for the ESG scores and the qualitative analysis of the ACRS.
- **Financial data providers:** Investee level data is needed to carry out a more accurate bottom-up analysis on financial institutions' climate performance. Our methodology focuses on corporates as main contributors to global GHG emissions. Thus, in the case of banks, we are interested in having better visibility on their corporate lending portfolio. The only data at the corporate level that can be sourced is syndicated credit data. Thus the coverage of the loan book is partial as corporate level data on other types of credit (e.g. revolving, instalment, open) cannot be sourced.
- **Climate data:** The shortcomings of the data varies depending on the type of assessment, however, among the common points we find are: reliance on self-reported data, use of sector averages when company disclosure is non-existent or insufficient, lack of forward looking data that is reliant on more than company commitments, and uncertainties related to the climate/scenario data modelled and related assumptions.
- **ESG/Climate data allocation:** ESG/Climate data is allocated to parent companies, this means that in the case of an investment in a subsidiary, the data used for the analysis would be that of its parent companies. Depending on the type of indicator, this can have a negative or a positive impact in the score. The impact at fund level is generally quite low as positions in subsidiaries are rather rare.

Despite these shortcomings, we believe that there is no need to wait to have the “perfect data” as the data available today can be already used to drive asset allocation. In parallel, we will continue to identify and integrate other potential data sources that help improve our analysis.

(j) Due diligence

As mentioned in point f. and h.) Axiom AI has processes in place to ensure that the asset allocation at fund level and at issuer level companies with the fund's minimum standards.

(k) Engagement policies

This fund does not have a specific engagement policy, engagement with the issuers of this fund can take place as part of company-wide engagements or on an ad-hoc basis as a result of the monitoring exercises explained.

(l) Designated reference benchmark

No ESG reference benchmark has been designated to meet the Environmental and Social characteristics of the fund.