

ESG Climate 2020 Report

**RESPONSIBLE
INVESTMENT:
RISK MANAGEMENT,
THE KEY TO TRUST**



INSURING TOMORROW WITH CONFIDENCE

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1 RESPONSIBLE INVESTMENT AT GROUPAMA

1.1 Investing to serve our corporate purpose: the conviction of the Executive Management

2020 was marked by an unprecedented economic and health crisis, which disrupted our lifestyles, working practices and social ties. As an insurer (and as a mutual insurer) Groupama saw its corporate purpose, published in 2018, become very meaningful, at a time when confidence was shaken.



GROUPAMA'S CORPORATE PURPOSE:

“We are here to help as many people as possible build their lives with confidence. To do this, we rely on humane, caring, responsible communities.”

What 2020 shows is that a large number of major risks identified on the planet are now part of our daily lives: pandemic risk and its health and economic impacts, cyber risk rising sharply, and climate risk, a particularly important challenge for Groupama: the damage linked to climate change is becoming more and more significant, as shown by the frost episode in spring 2021. More than ever, we must be ready to face these risks that we are experiencing.

Controlling risks, whether insurance or financial, increasingly requires integrating unpredictable environmental and social risk events. More and more, Groupama is integrating, measuring and managing the risks and opportunities associated with environmental, social and corporate governance challenges in its property and financial asset management.

Groupama's financial management therefore has a dual role:

- Maximise the resilience of the assets entrusted to it, over the long term, by optimising risks and opportunities, particularly those related to the impact of global warming on asset value;
- Contribute to building a more sustainable society, by financing, beyond the energy transition, a post-crisis recovery.

The 2020 crisis and the heralded recovery, both of which are exceptional, are an opportunity to mobilise around a more sustainable economy: preserving the environment, creating jobs, strengthening European industrial tools, making the global supply chain more accountable, and developing a circular economy and more local and environmentally friendly consumption.

Financial asset management is one of the main keys in building a sustainable planet and human, economic and social prosperity.

Cyril ROUX

Deputy Chief Executive Officer,
Groupama Assurances Mutuelles

1.2 Groupama Group at a glance

1.2.1 A strong identity as a mutual insurer

Groupama's sustainable development policy is rooted in the group's identity as a mutual insurance company with its origins in agriculture: the group was created by farmers to meet their own needs and has grown from generation to generation for more than 100 years.

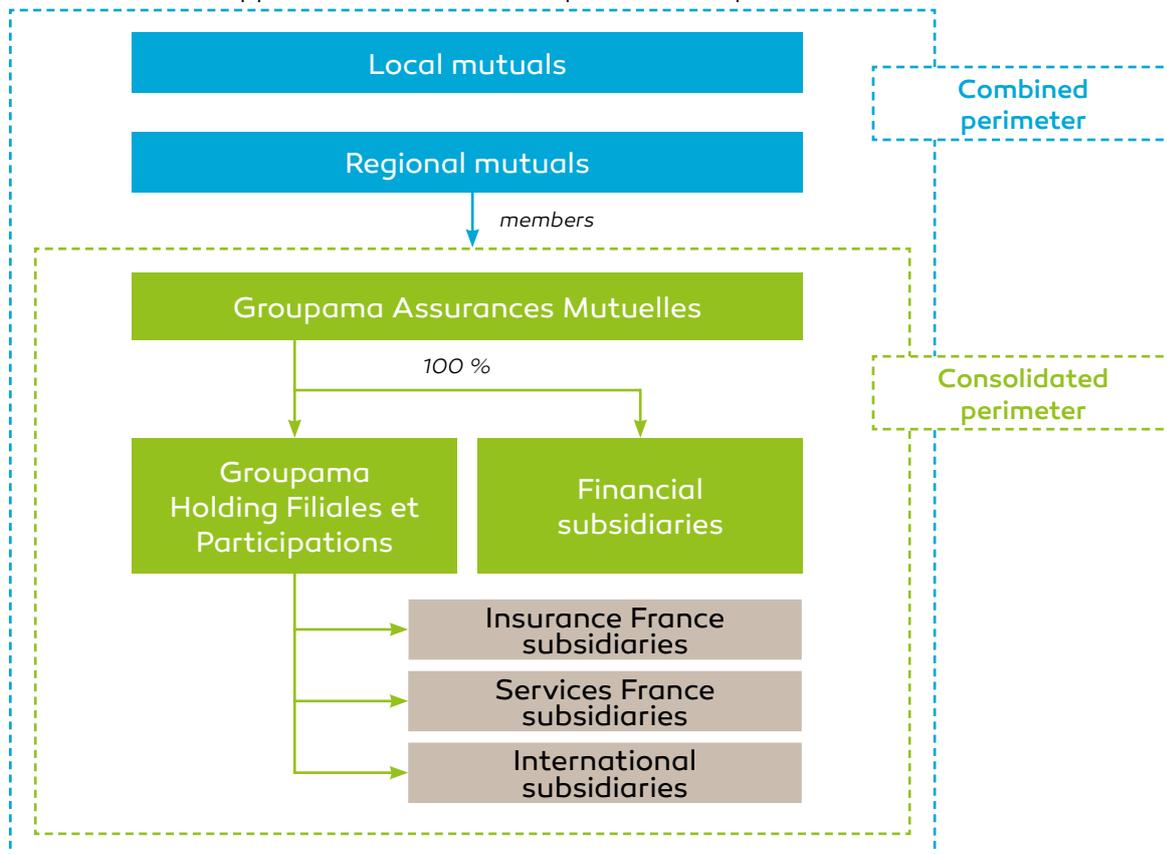
It was therefore constructed by its members for its members. Thanks to this background and the responsibility of its elected representatives and employees, Groupama is fundamentally a partnership. A partnership that has always made people its core focus. A partnership committed to support and to meet the lifelong protection needs of people and property, in a constantly changing world, as again shown by the Covid crisis.

Integrating the issues of sustainable development into its business activities and its relations with stakeholders is part of our daily commitment to responsible business. It is fully integrated into the insurance business – providing solutions in particular to the challenges of today's society, such as demographic transition and accessibility of insurance, climate change and energy transition, the digital revolution, the current pandemic crisis – but also beyond the core business by supporting civil society initiatives, helping to reduce vulnerability and contributing to economic development.

The Group is organised in a way that is consistent with the principles of mutual insurance: proximity, solidarity and responsibility. Its governance structure makes each player accountable within the organisation. Members elect their representatives at the local level (31,500 elected representatives), who in turn elect their representatives at the regional and national levels.

The boards' members are therefore all policyholders. These elected representatives participate in all of the Group's decision-making bodies, whether local (2,750) or regional mutuals (9 regional mutuals in mainland France, 2 overseas regional mutuals and 2 specialised mutuals) or national bodies.

They therefore control all the boards of directors of the Groupama Group's entities and its subsidiaries and appoint the heads of the operational departments.



This report applies to the combined scope, which includes all the Group's entities and all of the regional mutuals' business.

1.2.2 A strong presence in France

Groupama Group operates in 3 main business sectors:

PROPERTY AND CASUALTY INSURANCE (P&C)

Motor, home, specialised services and companies (assistance, remote surveillance, legal protection, credit insurance, personal services), agricultural insurance, businesses, professionals and local authorities.

LIFE AND HEALTH INSURANCE (L&H)

Individual health, individual protection, individual life insurance and pensions savings, group insurances.

FINANCIAL BUSINESSES (FB)

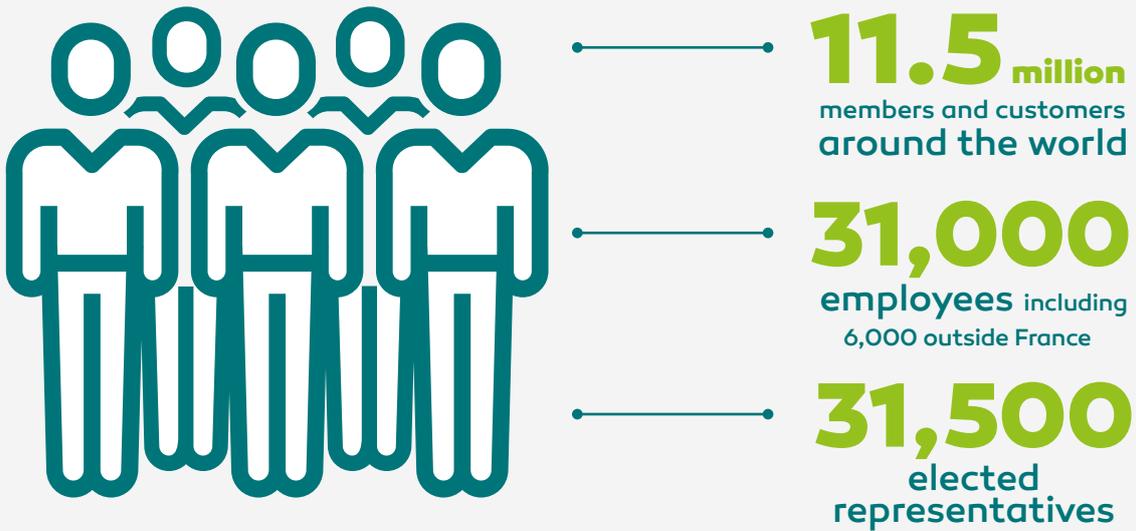
Property management, asset management, employee savings.

The Group operates in France (nearly 85% of its business) as well as in 9 countries abroad. As a multi-line insurer, Groupama Group generated 14.4 billion euros in premium income in 2020 for the combined scope.



1.2.3 Key figures

At 31 December 2020, for the combined scope:



16% OF THE GROUP'S PREMIUM INCOME OUTSIDE FRANCE

NO. 6
foreign P&C
insurer in China

NO. 2
home insurer
In Hungary

NO. 7
motor insurer
in Turkey

NO. 9
non-life insurer
in Italy



IN FRANCE

NO. 1

AGRICULTURAL
INSURER

INDIVIDUAL HEALTH
INSURER

NO. 2
home insurer

NO. 3
individual
protection insurer

NO. 4
motor insurer

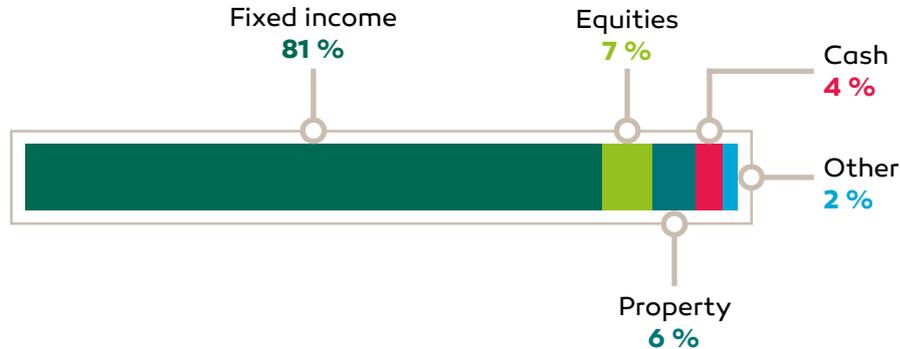


1.3 What amounts and assets are involved?

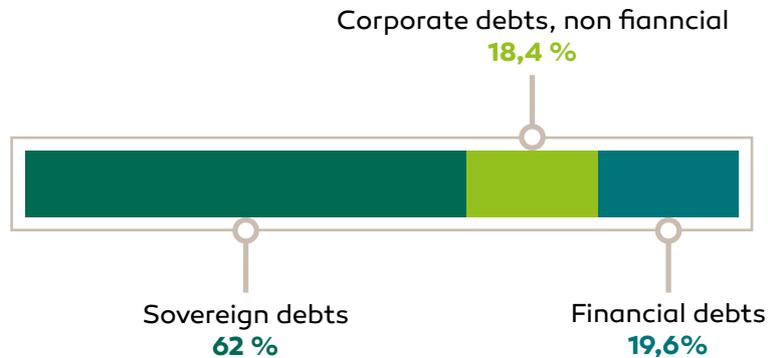
1.3.1 Asset structure

At 31 December 2020, for the combined scope, the market value of all Groupama Group's assets amounted to €78.7 billion:

GROUPAMA GROUP'S ASSET STRUCTURE AT 31/12/2020



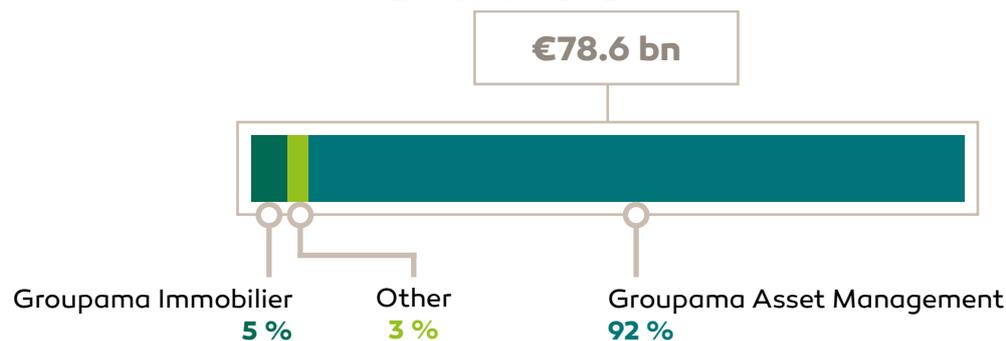
BREAKDOWN OF FIXED INCOME PORTFOLIO BY ISSUER AT 31/12/2020



1.3.2 Asset management organisation

Groupama's assets are managed primarily by its subsidiaries, Groupama Asset Management and Groupama Immobilier:

ASSET MANAGEMENT ORGANISATION



Groupama's property and forestry assets consist mainly of corporate property.

ASSETS MANAGED BY GROUPAMA IMMOBILIER



2 2AN ESG AND CLIMATE STRATEGY ADAPTED FOR GROUPAMA AND ITS SUBSIDIARIES

2.1 CSR at the heart of our business model

2.1.1 2.1.1 Corporate purpose based on Groupama's mutual insurance DNA

Our DNA as a mutual insurer and our way to do business are based on values that correspond to the social expectations of our time: proximity, responsibility, engagement, performance and solidarity. These values serve our core permanent objective: our **corporate purpose**.

“We are here to help as many people as possible build their lives with confidence. To do this, we rely on humane, caring, responsible communities.”

This long-term purpose is shared with our elected representatives and employees, fuelling a collective dynamic that unites and motivates us.

Groupama thus has an inclusive model, with a desire to build and take action to provide all responsible players with efficient, sustainable solutions. The group remains true to the original spirit of the mutual founded by entrepreneurial farmers. It requires civic mobilisation around the drive to take action to address risk events and to create confidence.



2.1.2 Groupama's business model

OUR RESOURCES

RESOURCES

31,100 employees
31,500 elected representatives of members

FINANCIAL

Premiums: **€14,4 billion**
 Investments: **€92,4 billion** in assets under management
 Equity: **€10,7 billion**
 Mutual certificates: **€632 million**
 Balance sheet size: **€104,7 billion**

ORGANISATIONAL AND INTELLECTUAL

- 3-level mutualist organization based on elective membership and the internal reinsurance system:
 - 2,750** local mutuals
 - 13** regional and specialized mutuals
 - 1** national reinsurance mutual, Groupama Assurances Mutuelles, professional agricultural organization
 - Expertise (e.g. actuarial models), know-how (120 different business lines)
 - Economic, academic, and institutional partnerships in all regions
 - Companies and networks using a "phygital" approach:
 - 2** complementary brands
 - 40** companies (regional mutuals, national mutual, and business line-specialized or distribution subsidiaries)
 - 3,000** Groupama and Gan branches: complete multi-channel distribution
 - Regional decision-making centres and information systems, call centres in France
- International retail in 10 countries:** employee networks, agents, brokers
- >> a dense territorial network, human, close-knit, solidarity-focused support communities, as close as possible to the needs of members and customers**

MUTUAL INSURER OF THE TERRITORIES, AIMING TO PROVIDE COMPREHENSIVE, LASTING SUPPORT FOR MEMBERS AND CUSTOMERS

- ▶ INNOVATE
- ▶ BOLSTER OUR MUTUALIST MODEL
- ▶ ACT DIGITALLY AND LOCALLY
- ▶ CULTIVATE PARTNERSHIPS
- ▶ MEMBERS AND CUSTOMERS
- ▶ ELECTED REPRESENTATIVES AND EMPLOYEES
- ▶ TERRITORIES

WE ARE HERE TO HELP AS MANY PEOPLE AS POSSIBLE BUILD THEIR LIVES WITH CONFIDENCE

RESPONSIBILITY ENGAGEMENT
 SOLIDARITY PERFORMANCE PROXIMITY

LIFE AND HEALTH INSURANCE
 PROPERTY AND CASUALTY INSURANCE
 SERVICES (PROTECTION, PREVENTION, ASSISTANCE, FINANCIAL)



OUR VALUE CREATION

RESOURCES

€1,2 billion paid in salaries and benefits
90% of employees trained per year
81% engagement rate (2018 internal survey)

FINANCIAL

Positive net income: **€177 million**
 Positive operating income: **€306 million**
 Combined ratio: **98.7%**
 IFS rating: **A**, Stable Outlook
 Solvency ratio: **244%** (with transitional measure)

SOCIAL AND SOCIETAL

- Protection of as many as possible
 - 12 million** policyholders (members and customers)
 - €11 billion** in benefits paid
 - More than **10 000** prevention missions
- France :
 - Number 1** insurer for agriculture (60% of farmers) and local authorities (18,000 municipalities)
 - Number 1** individual health insurer
 - Number 2** in home insurance (3,5 million homes)
 - Number 4** in motor insurance (3,8 million vehicles)
- Contribution to the territories:
 - 25,000** jobs in France
 - Territorial economic contribution (formerly business tax): **€49,6 million**
 - €11M** paid for philanthropy
- Italy, Hungary, Romania, China, Turkey: **in the top 10**

ENVIRONMENTAL

€80.5 billion in Responsible Investments (ESG criteria, GAM outstanding assets)
€700 million in green bonds
10.5 Mt of CO² absorbed by our **21,570 ha** of sustainably managed forests

Data 31/12/2020

Groupama's business model creates long-term value for its stakeholders: customers/members, employees and partners in different geographical areas.



WHAT IS A BUSINESS MODEL?

A business model describes how the company works and how it creates value.

It generally describes:

- Stakeholders
- Main resources
- Main businesses
- Main achievements
- Elements of strategy and perspective
- Impact generated

Consideration of externalities, other stakeholders' challenges and value creation for these stakeholders helps to increase its own value creation.

The key ESG (Environment, Social and Governance) and Climate challenges for Groupama are included in the EFPS, included in the Universal Registration Document¹:

- **HR challenges**, with regard to Group employees: employability, «working well together», diversity and parity, respect
- **Social challenges**, with regard to customers and policyholders: responsibility during the Covid crisis, «good advice», customer satisfaction, coverage of protection needs, data protection, responsible purchasing, socially responsible investments
- **Environmental challenges**: environmental and climate challenges in investments, in offerings (products and services) and in underwriting policy

The environmental challenge is becoming more and more important, particularly due to climate change and consideration of the environmental impact of our policyholders' business (pollution, carbon emissions).

Weather-driven risks are crucial for insurance: storms, heat waves, drought, precipitation or coastal flooding; storm risks and climate risks for crops are included in the group's «Major Risks» system.

The «financial investment» function, as a resource that generates financial and social impacts, is an essential contributor to Groupama Group's value creation.

2.1.3 A 4-part CSR strategy

Groupama Group's CSR strategy for 2019-2021 defines the areas for improvement that the Group's companies must consider. Its objective is to mobilise the entire group around CSR with high added value to serve the Group's strategic challenges. It is structured around 4 main areas and 12 commitments and was shared in 2018 with Groupama employees via the AGI'RSE platform.



¹ EFPS: Extra-Financial Performance Statement

Practical examples of how it has been deployed into products offered by Groupama or into actions implemented:

- Covid crisis: rapid roll-out of remote-working (97% in April 2020), support for employees and managers, continuation of our actions and commitments to recruitment, parity and employability; support for members and policyholders (maintenance of cover, tariff reduction, payment of daily allowances for vulnerable persons)
- More than €250 million for initiatives to support customers (particularly farmers and professionals) and contributions to the various support funds set up by the government
- Retirement programme, with a focus on needs analysis and advice; Groupama is one of the market leaders focusing on the social challenge of retirement (+55% of new business in 2020)
- “Café Joyeux” in Paris: Groupama Immobilier is lending prestige premises to this association providing support to the disabled, helping increase its visibility
- Home insurance offer including cover for domestic renewable energy-producing equipment
- Groupama-Predict mobile app, Météo France prevention and alert service (anticipating and managing weather-driven event), extended in 2020 to all the Group’s customers (for example, during Storm Alex, 578,000 text messages were sent and 6,500 municipalities were informed)
- 12th Centaure Centre opened in 2020 (road safety centres)
- Exo.Expert: development of drones for agricultural surveys and deployment of new services to farmers
- Motor damage: repair rather than replacement of mechanical parts (33% of shields and bumpers), in order to limit waste
- Climate multi-risk insurance, the main crop protection tool: more than half of the agricultural surface area with climate cover in France is insured by Groupama

Groupama is also active in civil society, through numerous philanthropic initiatives, particularly in the regions.

In 2021, Groupama is already actively preparing its CSR strategy for 2022-2024; many employees are taking part through working groups.

Groupama supports all forms of economic initiative in a number of ways, including through academic partnerships, solidarity initiatives and philanthropy. In 2020, social philanthropy amounted to €11 million, including:



2.1.4 The investment function at the heart of Groupama's CSR strategy

«Developing our role as a responsible investor in its social and environmental dimensions» is one of the 12 commitments in Groupama's CSR strategy.

This commitment is reflected in the activity of all Groupama's entities: the regional mutuals, the insurance subsidiaries (French and international) and the financial subsidiaries, including Groupama Immobilier and Groupama Asset Management.

- Asset management that fully integrates environmental, social and governance (ESG) criteria, with a climate focus, is one of the «sustainable solutions and services» (euro-denominated and UL life insurance, UCI distribution);
- An innovative financial offering, including certified investment vehicles (3 SRI-certified funds, 1 Greenfin-certified fund and 1 Relance-certified fund) and thematic ones, as well as an investment policy that integrates environmental preservation and the fight against global warming. These elements are part of Groupama's role as «a responsible player in the ecological transition»;
- Finally, property asset management is based on a first-class environmental strategy developed by Groupama Immobilier (carbon footprint reduction, environmental preservation, promotion of the circular economy and the reuse of materials)

At 31 December 2020, €80.5bn, or 74% of Groupama Group's financial assets, integrate ESG and climate criteria in their investment process.

2.2 Integrating ESG and climate to help control financial risks

2.2.1 Protecting and enhancing the value of assets

As a responsible insurer, Groupama must anchor its financial investments in a long-term vision, focused on risk control. Risk management is therefore at the heart of Groupama's business; it is holistic and covers the various factors in a global, financial and extra-financial approach.

Groupama's fiduciary responsibility (to protect and increase the value of policyholders' savings and reserves) therefore implies anticipating risks and opportunities, whether economic, social, environmental or purely financial. The business and financial performance thus enabled is achieved for the benefit of Groupama's customers and policyholders.

2.2.2 Managing sustainability risk and adverse impacts

Responsible investment strategies now separate **sustainability risks** (risks to which the investment portfolio is subject linked to extra-financial events) from the **adverse impacts** on sustainability generated by the portfolio².



2

This «double materiality» is explained in the SFDR (Disclosure) Regulation (EU) 2019/2088, implemented in 2021

For Groupama, **sustainability risk management** (extra-financial events that may affect the value of the portfolio) and the strategy to **limit adverse impacts on sustainability** (impacts of the portfolio on sustainability factors: environmental, social and human resources issues, respect for human rights, anti-corruption) are intrinsically linked.

Indeed, increasingly, companies and organisations are being asked to report on the social and environmental impacts they generate, whether through regulation or through pressure from civil society. They are likely to be penalised (fines, damage to reputation, loss of trust, disaffection of consumers and decline in revenue, etc.) in the event of serious breaches of sustainability factors: activities harmful to the environment, human rights scandals, corruption cases, etc.

For example, a company that is unfavourably positioned with regard to combating global warming (the adverse impact may be high carbon intensity) is exposed to transition risk if this unfavourable positioning affects its business model: more difficult financing conditions, loss of customers, etc.

This economic penalty is reflected in an impact on the financial performance of investors who financed these companies.

Thus, managing the sustainability risks of a financial portfolio includes seeking to limit the adverse impacts generated by the portfolio; similarly, limiting the portfolio's adverse impacts on sustainability will reduce the chance of sanctions (regulatory, reputation) on companies owned or even on the investor.

2.2.3 An investment strategy focused on climate risk

Climate risk is at the heart of Groupama's desire to anticipate sustainable risks and opportunities. 2015 was a pivotal year for awareness of the reality of climate change, marked by the signing in Paris at COP21 of the Paris Agreement by 195 countries and the European Union.

Under the Paris Agreement, signatories undertake to carry out the actions required to limit the rise in temperatures to well below 2°C compared to the pre-industrial era (1890).

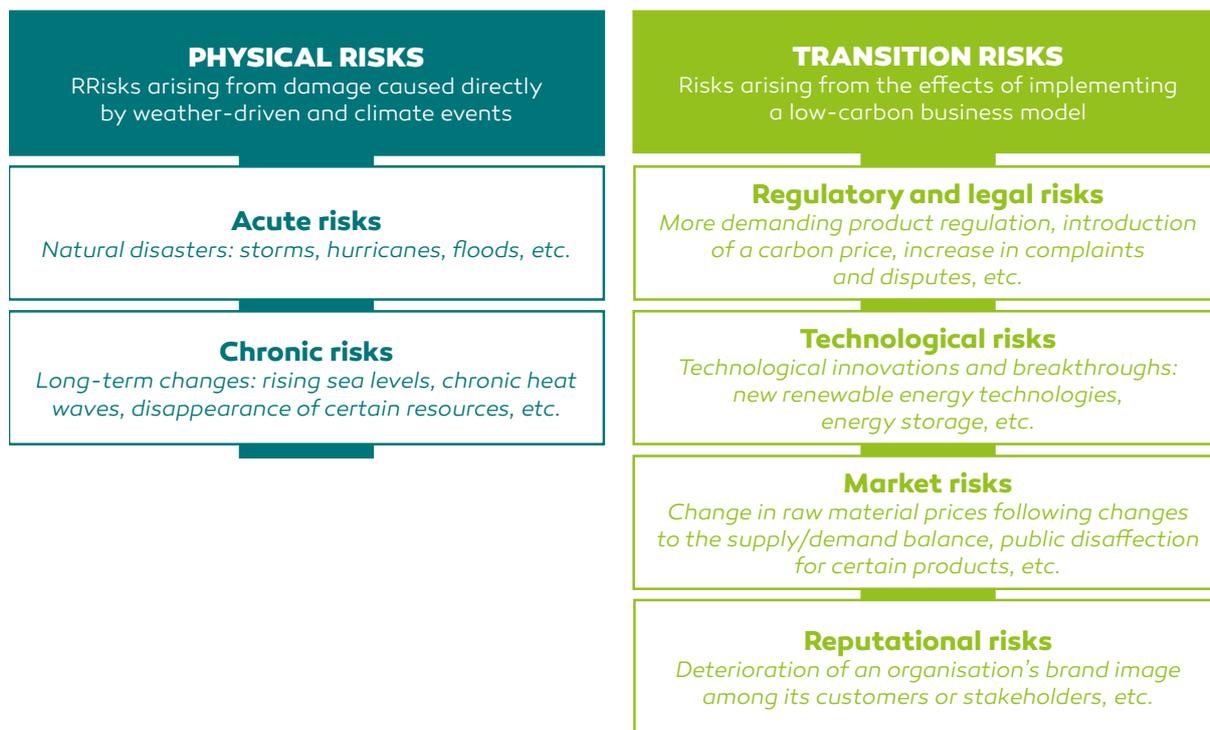
For investors, the challenge is twofold:

- Participate in the fight against global warming and the National Low Carbon Strategy³ undertaken by France, by financing the energy transition to promote the transition from a fossil fuel-based economy to a low-carbon economy
- Protect the value of the assets entrusted to them by limiting the risks associated with climate change and their financial impacts, with climate change becoming a new category of «systemic risk»

Commenting on the remarks of Mark Carney, Chairman of the Financial Stability Board⁴, the Task Force on Climate-related Financial Disclosures (TCFD), defined two categories of climate risk: physical risks and transition risks.

³ The National Low Carbon Strategy was revised in April 2020

⁴ Mark Carney: «Breaking the Tragedy of the Horizon», 2015



When these risks materialise, the impact is significant on the business models of companies, organisations or even governments: destruction of assets or loss of life, loss of revenue, higher cost of resources, production of goods that have become obsolete, etc.

Groupama Group is proactively contributing to the national and international objective of combating global warming and managing the assets entrusted to it by measuring climate risks and opportunities:

- Through specific climate analysis (see 4.2.1.2 - *Analysis focused on environmental challenges*)
- By integrating climate risk into its investment decisions (see 4.2.2.2 - *Integrating climate risk into investment decisions*)
- By measuring and analysing results (see 4.2.2.3 - *What are the results of climate risk management for Groupama's assets?*)

2.2.4 ESG integration: making the portfolio more resilient

In addition to climate risk, Groupama takes all ESG criteria into account in its investment and risk management policy.

In analysis of companies and organisations, extra-financial and financial issues are closely linked. By integrating all environmental, social and governance (ESG) information, the portfolio becomes more resilient and risks can be anticipated, and new opportunities identified.

ESG analysis provides a long-term vision for companies and organisations: it identifies the most advanced players on transition issues as well as the most vulnerable, so that it can invest in sectors with the highest expected growth. By combining these ESG convictions with solid financial fundamentals, the Group, drawing on the proven expertise of its asset manager (Groupama Asset Management), strives to build long-term investment performance.

2.3 Initiatives: Groupama actively participates in sector initiatives

Groupama Group fully subscribes to⁵:

- The 1948 Universal Declaration of Human Rights
- The International Labour Organisation Declaration on Fundamental Principles and Rights at Work
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- As well as the principles of the United Nations Global Compact, which includes commitments on the environment (Groupama is a signatory of the **Global Compact**⁶)



⁵ The Groupama Group's Ethics Charter: https://www.groupama.com/wp-content/uploads/2015/09/ENG_Charte-éthique-2018.pdf

⁶ The Global Compact offers a simple, universal and voluntary engagement framework based on ten principles relating to respect for human rights, international labour standards, the environment and the fight against corruption.

Groupama and its subsidiaries participate in numerous working groups, sector actions and practical initiatives:

ENTITY	INITIATIVE	ROLE
Groupama Assurances Mutuelles	Association des Assureurs Mutualistes (Mutual Insurers Association)	Chair of the association (Thierry Martel, CEO Groupama) Participation in the Climate Finance Working Group Active participation in the ESG and Climate Working Group and the Sustainable Development Committee
	FFA, Fédération Française de l'Assurance (French Insurance Federation)	Signatory of the FFA - MEDEF (French employer federation)- AFG initiative to integrate climate change risks and opportunities into corporate and investor policies and reporting
	ACPR (French Prudential Supervision and Resolution Authority)	Participation in the Climate Risk Working Group
	NEC Initiative	Signatory of the NEC Initiative, a collaborative platform for sustainable finance: https://nec-initiative.org/nec-initiative/sustainable-investors/
	ORSE, Observatoire de la Responsabilité Sociétale des Entreprises (Corporate Social Responsibility Observatory)	Member Member of the Board of Directors
Groupama Asset Management	UN PRI (Principles for Responsible Investment)	Signatory since 2006 Assessment A+ since 2006
	EuroSIF	Member of EuroSIF (European Sustainable Investment Forum) Member
	Finance for Tomorrow	Participation in various working groups: understanding climate risk and creating an ESG competency framework
	FIR, Forum pour l'Investissement Responsable (Responsible Investment Forum)	Member of the Responsible Investment Forum and participation in various working groups
	AFG, Association Française de la Gestion (French Financial Management Association)	Chair of the Responsible Investment Committee
	SFAF, Société Française des Analystes Financiers (French Financial Analysts Society)	Chair of the association (2010-2014) Participation in the Extra-financial Committee
Groupama Immobilier	Circolab Association	Founding member of Circolab, an association aimed at rethinking the economic system into a circular system in order to preserve resources (reduction of natural resources, resource optimisation, ecosystem preservation)
	IFPEB	Board member of IFPEB, Institut Français pour la Performance Énergétique du Bâtiment (French Institute for Building Energy Performance)
	Plan Bâtiment Durable (Sustainable Building Plan) Charter	Signatory of the Charter for the Energy and Environmental Efficiency of Public and Private Service Sector Buildings
	Palladio Foundation	Sponsor of the Palladio Foundation set up in 2008, under the auspices of the Fondation de France, around the challenge of building cities and living environments

3 GOVERNANCE OF THE ESG AND CLIMATE STRATEGY IN THE GROUPAMA GROUP

3.1 Sustainable risks within the risk management system

As a responsible insurer, risk control is at the heart of Groupama's strategy and governance. In order to better manage all the risks to which it is exposed, the Group put in place a set of measures and risk monitoring processes managed within a global framework. Since 2014, the risk management system has also used the ORSA (Own Risk and Solvency Assessment) process, which is reflected in the drafting of an annual report.

Several bodies are responsible for the governance of the risk monitoring system at Group level:

- The Group Risk Committee, made up of the Group Executive Committee members, supplemented by the Head of the Risk Management function
- Risk committees for each risk family (insurance, financial, operational and compliance)
- The Capital Management Committee

The Group Risk, Permanent Control and Compliance functions are responsible for ensuring that all the Group's entities comply with the Solvency II Pillar 2 requirements as well as the Executive Management's requirements in terms of internal control, compliance and risk management systems.

The Group Risk Management Department is therefore active with regard to financial and insurance risks and risks related to the Group's solvency.

«Environmental challenges and associated risks» fall in a specific category identified in the 2020 Extra-Financial Performance Statement, which covers:

- Investments
- Offerings (products and services) and the underwriting policy
 - › On the Group's exposure due to underwriting (storms, natural disasters, etc.)
 - › On the indirect impacts of offerings, namely on our policyholders' business

In 2020, more specifically, certain risks related to weather risk events were integrated into the Group's Major Risks (Key Risk) system: «Climate risk for crops» and «Storm» risk among insurance risks⁷, as well as «Pandemic» risk.

3.2 Oversight of asset management and integration of ESG criteria

3.2.1 Listed assets

The vast majority of listed assets are managed by Groupama Asset Management. The Group has put in place a specific system for monitoring investments and the financial management entrusted to Groupama Asset Management, with oversight of risk management and the ESG and Climate strategy: the ESG Committee.

The ESG Committee is a body in which the ESG and Climate strategy applied to the assets of Groupama's French subsidiaries is defined and monitored by Groupama Asset Management and the Financial Operations and Investments Department.

A specific oversight tool has been created to enable the ESG Committee to monitor the implementation of the ESG and Climate strategy and the achievement of objectives: the ESG Dashboard, a basis for discussion between Groupama Asset Management's managers and analysts and Groupama's Financial Operations and Investments Department.

This ESG Dashboard is used for:

- Monitoring the climate analysis of issuers (categories 1, 2 and 3, *see chapter 4.2.1.2 - Analysis focused on environmental challenges*) and the application of these lists
- Detailed analysis of certain issuers regarding energy transition
- Monitoring the portfolio's S and G scores
- Monitoring changes in the portfolio's carbon footprint
- Monitoring compliance with the coal and oil sands exclusions
- Monitoring green bonds

The ESG strategy is implemented across all Groupama Asset Management management teams. The specific ESG strategy for assets managed on behalf of the Group is monitored using a system integrated into Groupama Asset Management's risk management system. This monitoring (lists of prohibited securities, etc.) comes under Groupama Asset Management's Sustainability Risk Committee, chaired by the Chief Risk Officer.

3.2.2 Assets entrusted to Groupama Immobilier

Groupama Immobilier reports to the Group Chief Financial Officer, and the property investment strategy is defined and overseen with Groupama Immobilier by the Investments Department, also under the responsibility of the Group Chief Financial Officer.

Within Groupama Immobilier, the service sector Green & CSR Management Committee oversees the ESG and climate strategy and meets on a bimonthly basis, bringing together the following functions:

- Asset Management
- Property Management
- Sustainable Development & Innovation
- Purchasing Department
- Control and Audit

The objective of this committee is to centralise the environmental projects and actions of the service sector assets and monitor them, practically and operationally.

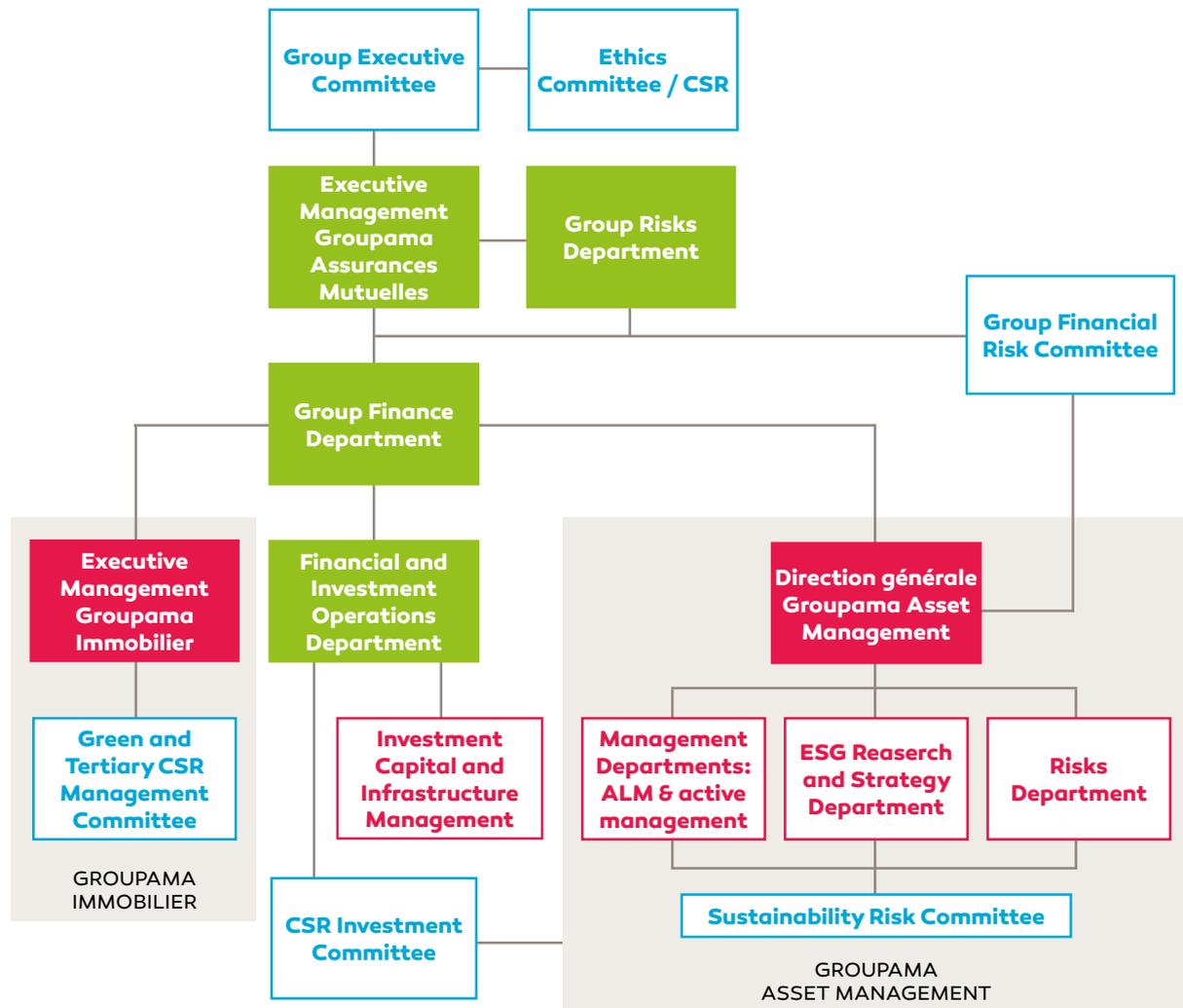
3.2.3 Unlisted assets managed directly by the Investments Department

The Financial Operations and Investments Department is responsible for managing unlisted assets other than property and forests.

Going forward, the majority of Groupama's unlisted assets will be grouped into two companies: Groupama Private Equity Investissements and Groupama Infrastructures Investissement, each with a Strategic Committee, made up of the shareholders of each of the companies. The Strategic Committee exercises control over the companies' directors.

3.3 Governance and oversight system

Groupama's governance system provides oversight of the investment strategy, including risks and opportunities related to ESG and climate information.



Asset oversight structure

4 INVESTMENT AND RISK MANAGEMENT POLICY AND IMPACT MEASURES

Groupama oversees the ESG and climate strategies applied within the different asset classes, via various entities:

OVERSIGHT	ASSET CLASS	SUSTAINABILITY RISK MANAGEMENT			DUE DILIGENCE / ADVERSE IMPACTS			
		Environmental strategy		Other ESG strategies	Environmental strategy			Other ESG strategies
		Climate analysis	Sector exclusions ⁸		Climate analysis	Sector exclusions ⁸	Financing the energy transition	
Groupama Asset Management	Management mandate (listed equities and bonds)	✓	✓	✓	✓	✓	✓	✓
	Dedicated UCIs (listed equities and bonds)	✓	✓	✓	✓	✓	✓	✓
Groupama Assurances Mutuelles	Infrastructure (private debt and capital)	✓	✓	✓	✓	✓	✓	✓
	Corporate private equity	✓		✓	✓	✓		✓
	Corporate private debt	✓		✓	✓	✓		✓
Groupama Immobilier	Property	✓		✓	✓			✓
	Forests	✓		✓	✓			✓

4.1 Climate: Groupama is committed

Being aware of the climate risk related to financial assets and wishing to reaffirm its commitment to support the ecological and energy transition to a lower carbon economy, in late 2018, Groupama made commitments regarding all of its assets:



The group no longer invests in and is gradually withdrawing from any company whose revenue or energy production mix is more than 30% based on coal.



In terms of fossil fuels, Groupama Group will not invest in any company for which oil sands account for more than 15% of total reserves.



At the same time, the Group intends to invest €1 billion over three years (2019-2021) in financing energy transition.

This commitment was strengthened in 2020 by a more restrictive policy on divestment from coal:

No new investment in and a gradual withdrawal from any company:

- ▶ whose revenue or energy production mix is based more than 20% on coal
- ▶ whose annual production of coal exceeds 20 million tonnes
- ▶ whose installed capacity in coal-fired power plants exceeds 10 GW
- ▶ that is developing new coal capacities



These exclusion thresholds will be reduced steadily to reach zero exposure to thermal coal in its investment portfolios:

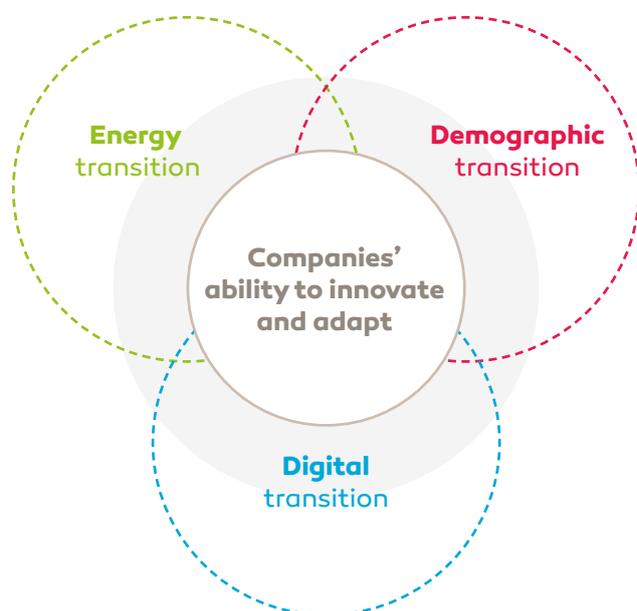
- ▶ by 2030 at the latest for emitting corporate in EU and OECD countries
- ▶ by 2040 for the rest of the world

4.2 Portfolio of listed assets delegated to Groupama Asset Management

4.2.1 ESG and climate analysis of the Group's assets

4.2.1.1 The Group's assets are included in Groupama Asset Management's integrated ESG analysis

Convinced that analysis of ESG elements is an intrinsic part of the financial analysis of issuers, companies, governments and organisations, Groupama Asset Management decided in 2003 to fully integrate ESG issues into its financial analysis, leading to a single recommendation.



In 2016, Groupama Asset Management integrated ESG further into financial analysis by bringing together the two business lines: the analyst carries out a combined extra-financial and financial study, fully integrated into its recommendations and clearly explained to managers. This fully integrated analysis team is a distinctive feature of Groupama.

Integration of ESG criteria: identifying risks and opportunities in a world that is undergoing a threefold change.

Significant human resources are therefore allocated to the Research team:

- 1 Head of ESG Research and Strategy
- 11 financial and ESG analysts, including 2 people specifically dedicated to each of the E and S pillars
- 1 dedicated governance and shareholder engagement analyst
- 3 economists

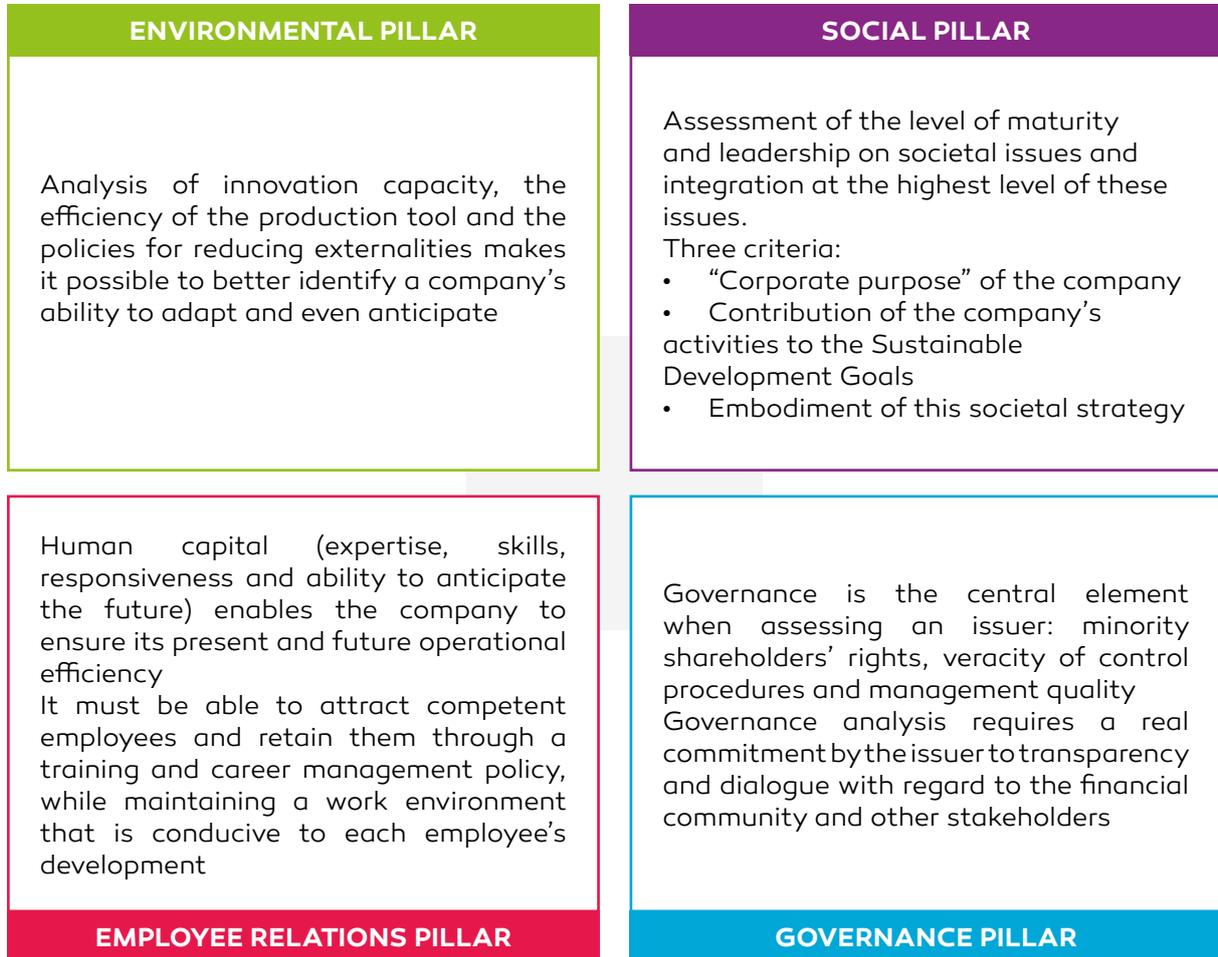
The ESG strategy is deployed by an ESG Integration Manager.

4.2.1.1.1 Integrated analysis - Equities and corporate bonds:

Groupama Asset Management’s integrated financial analysis is based on three strong convictions:

- Integrating ESG criteria is one answer to the challenge of a world that is undergoing a threefold change: ageing populations and rising inequality, the move towards a digital economy and the transition to a low-carbon economy
- Integrating ESG criteria helps identify companies’ growth opportunities; in the medium and long term, it is a means whereby issuers can outperform
- Integrating ESG criteria protects against sustainable risks, resulting in a financial impact on the issuer’s valuation and therefore ultimately on the value of our assets.

The analysis of the risks and opportunities of equities and corporate bonds is based on 4 pillars:



This fully integrated analysis enables the Research team to issue **recommendations** used by Groupama Asset Management’s credit and equity managers.

Groupama Asset Management’s analysts rely on many information sources (see 6.1 - *Data sources*). Based on data from Vigeo Eiris (Employee Relations and Environmental pillars) and MSCI (Governance pillar). Groupama Asset Management builds a **quantitative rating** based on key ESG challenges determined through qualitative analysis: for each sector, criteria considered relevant and material are selected and weighted. This approach makes it possible to have quantitative scores on a broad universe.

4.2.1.1.2 Integrated analysis - Sovereign bonds:

The country risk assessment by Groupama Asset Management takes ESG risks into account. The latter are an integral pillar of the rating in Figure 4: economic factors, ESG factors, financial factors and specific factors.

The new methodology aims to capture the potential impacts of environmental, societal and political factors in a country’s business climate. The ESG score is determined as the sum of the scores of three components: Governance, Social and Environment.

- The “governance” score measures the quality of a country’s power structures. It is composed of six sub-pillars whose data are published by the World Bank: freedom of expression, quality of the regulatory system, government efficiency, control of corruption, political stability and the rule of law.
- The “Social” score measures social and societal performance, including lifestyle, social cohesion, demography and human capital.
- The “environment” score measures performance in terms of carbon footprint, energy efficiency and green growth.

The “social” and “environment” sub-pillars are built by Groupama Asset Management from a selection of available macroeconomic data.

4.2.1.1.3 Major ESG Risks

Groupama Asset Management draws up a list of companies identified by analysts as being heavily exposed to environmental, social and governance factors: the **Major ESG Risks** list. Companies included on the Major ESG Risks list are undertakings or organisations for which ESG risks could call into question their economic and financial viability or which could have a significant impact on the company or brand’s value and therefore lead to a significant loss of market value or a significant downgrading of their rating by the agencies.

This list is made up of issuers:

- With a level 4 or 5 (out of 5) controversy rating according to Sustainalytics, this level needing to be validated by Groupama Asset Management analysts
- Assigned the lowest grade of internal governance rating by Groupama Asset Management’s analysts.

As part of its Engagement Policy (see 4.2.2.4 - *A demanding engagement and voting policy*), a shareholder dialogue is initiated with the issuers on the list during meetings with management.

Sustainalytics category 4 controversy rating:

- High impact on the environment or society, leading to a high economic risk for the company
- Structural and systemic problems, recurrence of incidents and inadequate management by the company

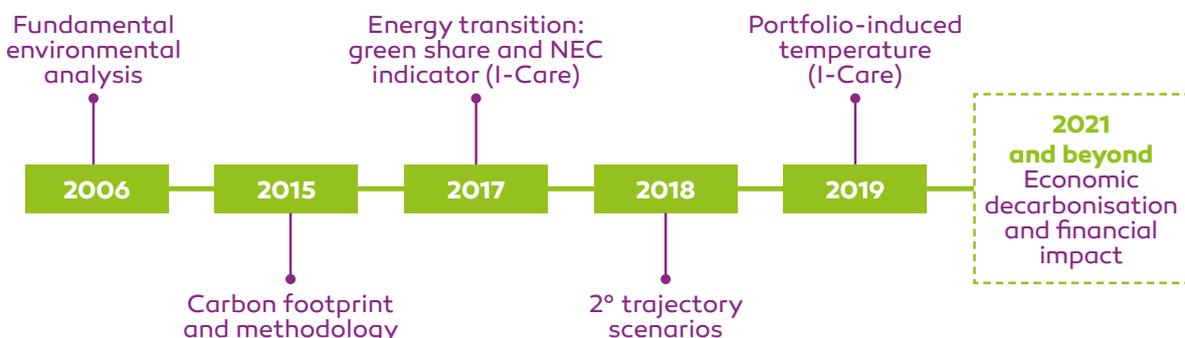
Sustainalytics category 5 controversy rating:

- Severe impact on the environment or society, leading to significant economic risk for the company
- Scandalous and exceptional behaviour, high frequency of incidents and poor management by the company

4.2.1.2 Analysis focused on environmental challenges

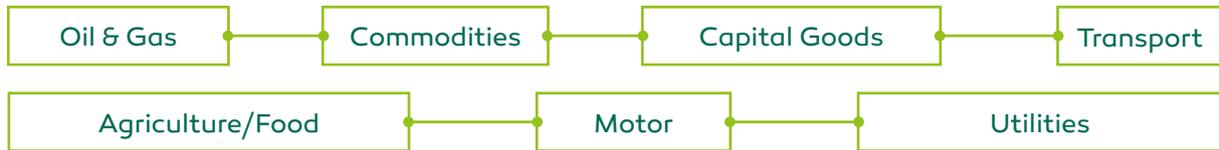
Since 2017, Groupama Asset Management’s Research team has developed and strengthened analysis of specific climate risks and opportunities for securities held in the Group’s portfolios, including the Dedicated UCIs.

Climate is increasingly taken into account by Groupama and Groupama Asset Management:



Groupama, in close collaboration with Groupama Asset Management, has set up a working group whose objective is to identify and study the latest advances in order to actively participate in the decarbonisation of the economy and the achievement of national and international objectives.

The climate analysis focuses on the 7 most carbon-intensive sectors, which are those with the greatest strategic and technological opportunities to combat global warming, by reducing greenhouse gas (GHG) emissions



All issuers in these sectors, the holdings in which exceed €25 million (mandates and dedicated UCIs), are analysed by Groupama Asset Management's Research team using a methodology consisting of:

- Identifying issuers whose business models are most exposed to climate change risks (physical risk and transition risk)
- Identifying the issuers best positioned in terms of energy and ecological transition

Groupama Asset Management uses **quantitative analysis** based on four indicators:

- **Carbon intensity:** measured in tCO₂/€m: carbon intensity measures the amount of GHGs needed to produce 1 million euros of revenue. This carbon intensity is measured for **scope 1** (direct emissions from fixed or mobile installations located within the company's scope of operations), **scope 2** (indirect emissions related to the electricity, heat or steam consumption needed to manufacture the product), **scope 3 upstream** (other indirect emissions linked to the supply chain upstream of production)
- **«Green share»:** the proportion of the company's income from «green» activities, within the meaning of energy and ecological transition. The green share was identified from the provisional version of the «Taxonomy» put out for consultation in March 2020 by the European Commission
- **NEC (Net Environmental Contribution):** this indicator, calculated by I-Care & Consult, is used to assess the issuer's positive or negative contribution to ecological and energy transition. The NEC ranges from -100% (activity that is highly destructive of natural capital) to +100% (activities with an extremely positive net environmental impact)
- The **Environment rating** of the Vigeo-Eiris rating agency based on the internal analysis and complementary elements provided by Vigéo Eiris.



The NEC, Net Environmental Contribution, is based on a series of indicators depending on the company's business. These indicators cover five areas: climate, biodiversity, waste/resources, air quality and water.

The «green share» gives a view from a technology perspective, while the NEC provides a performance-oriented view. In addition, the NEC takes into account the company's overall environmental performance, as it includes the challenges of biodiversity and waste, water and air quality management.

For example, the «green share» of an automotive parts manufacturer corresponds to the proportion of sales involving hybrid or electrical technologies⁹, and the NEC product indicator indicates to what extent the parts have an influence on the environmental performance of the vehicle on which they will be installed.

This quantitative approach is supplemented by **qualitative environmental analysis** carried out by the Research team, which not only integrates the company's climate challenges, but also its **overall environmental performance**, making it **easier to identify the company's ability to adapt or anticipate** (dynamic analysis of the business model and positioning of products and services).

9

For light-duty vehicles: emissions of less than 50g CO₂/km until 31/12/25, then zero emissions from 1/1/26



WHAT IS THE GREEN SHARE?

The green share is based on the Taxonomy, a European green standard currently being developed by the EU, as part of the Sustainable Finance Plan. The taxonomy will be used to classify «green» activities, demonstrating that they bring substantial benefits to at least one of the six environmental objectives, while avoiding negative effects on others.

The six environmental objectives are:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The Taxonomy Delegated Act was published on 21 April 2021.

This dual quantitative and qualitative analysis is used to classify issuers into 3 categories:

CATEGORY 1

Issuers well positioned with regard to energy transition

CATEGORY 2

Issuers with product positioning or implementation of climate policies that are unconvincing in terms of consistency either between objectives and resources or dynamically

CATEGORY 3

Issuers whose positioning harms energy transition

As the Group's dedicated UCI management universe is much broader, the classification of securities is different, and is based mainly on quantitative analysis.

CATEGORY 1

- ▶ The least carbon-intensive 80% of the universe
- ▶ Companies whose NEC is more than -30%

CATEGORY 2

- ▶ The most carbon-intensive 20% of the universe (with carbon intensity greater than 840 tCO₂/€m revenue)
- ▶ Companies whose NEC is less than -30%

CATEGORY 3

- ▶ Issuers whose positioning harms energy transition (list identical to that of management mandates)

These categories are updated half-yearly and in the event of a major change.

Investment decisions are associated with these categories (see *chapter 4.2.2.2.2 - The place of climate analysis in management decisions*).



Implement a specific analysis methodology for Groupama's assets for the S (Social) and then for the G (Governance) pillars.

4.2.2 Integrating ESG and climate analysis into the management process

4.2.2.1 ESG criteria and investment decisions: process and results

4.2.2.1.1 Integrating ESG criteria into the investment process

The analysis of issuers or governments carried out by Groupama Asset Management's Research team, integrating both the ESG and financial dimensions, constitutes a very important foundation for the management process; therefore, ESG information is naturally part of the decision-making process.

These can obviously be investment decisions but can also be decisions to sell. In 2020, corporate bonds were sold for ESG reasons integrated into financial and credit decision-making. These reasons could be:

- Governance and business ethics issues of the issuer
- A car manufacturer lagging behind regulations, with few electric vehicles and too high exposure to diesel
- Doubtful business practices

These disposals can be an opportunity to increase our investments in green bonds.

4.2.2.1.2 Management rules for Major ESG Risks

Very precise management rules apply to those issuers on the Major ESG Risks list:

- Group management mandates: reinvestment or investment is prohibited; the objective is for the portfolio to withdraw from these as soon as possible.
- For all UCIs managed by Groupama Asset Management, investment in these issuers is authorised but must be documented and justified (these issuers are prohibited for SRI UCIs). These justifications are monitored by Risk Control and reviewed by the Risk Committee.

These rules are part of the pre-trade controls of Groupama Asset Management's portfolio management tools.

Since 2018, Groupama has withdrawn from €229 million of securities on the Major ESG Risks list.

4.2.2.2 Integrating climate risk into investment decisions

4.2.2.2.1 Focus on exclusions

Coal policy:

- Coal plays a key role in global warming because it is the principal source of greenhouse gases (GHGs¹⁰). The aim of excluding the entire thermal coal value chain is to reduce the exposure of investments to climate risk (transition risk)
- Groupama no longer invests and is gradually withdrawing from all companies whose revenue or electricity production mix relies more than 20% on thermal coal or whose installed capacity of coal-fired power plants exceeds 10m GW (see **4.1 - Climate: Groupama is committed**). Groupama uses the Global Coal Exit List, provided by the German NGO Urgewald (<https://coalexit.org/>).

This rule is part of the pre-trade controls of Groupama Asset Management's portfolio management tools.

4.2.2.2.2 The place of climate analysis in management decisions

Climate analysis (see chapter **4.2.1.2 - Analysis focused on environmental challenges**) is used to classify issuers held by Groupama into 3 categories with which management decisions are associated:

¹⁰ 39% of GHGs are attributable to coal, 31% to oil and 18% to natural gas («Key climate figures for France, Europe and the World» 2020, French General Commission for Sustainable Development)

CATEGORY	MANAGEMENT MANDATES (equities and corporate bonds)	DEDICATED UCIS (equities and corporate bonds)	ASSOCIATED MANAGEMENT DECISION
Category 1	ISSUERS WELL POSITIONED WITH REGARD TO ENERGY TRANSITION	The most carbon-intensive 80% of the universe or companies whose NEC is above -30%	Retain or strengthen positions
Category 2	Issuers with product positioning or implementation of climate policies that are unconvincing in terms of consistency either between objectives and resources or dynamically	The most carbon-intensive 20% of the universe + companies whose NEC is less than -30%	Place "under surveillance" (position that can be retained but not reinvested)
Category 3	Issuers whose positioning harms energy transition		No reinvestment; withdrawal from the position in time

At 31 December 2020, Groupama Group held no category 3 securities.

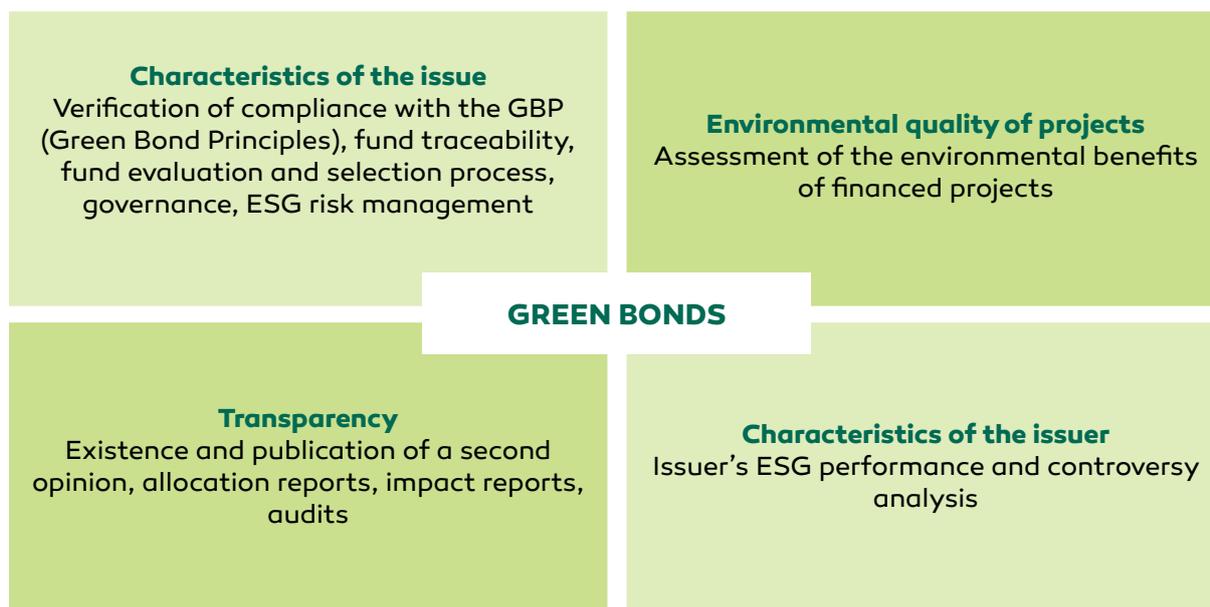
4.2.2.2.3 Investment in green bonds

What is a green bond?

A green bond is a loan issued on the market by a company or public entity to enable it to finance projects contributing to ecological transition (renewable energy, energy efficiency, climate change adaptation, etc.).

It differs from a traditional bond through detailed reporting on the investments it finances and the «green» nature of the projects financed.

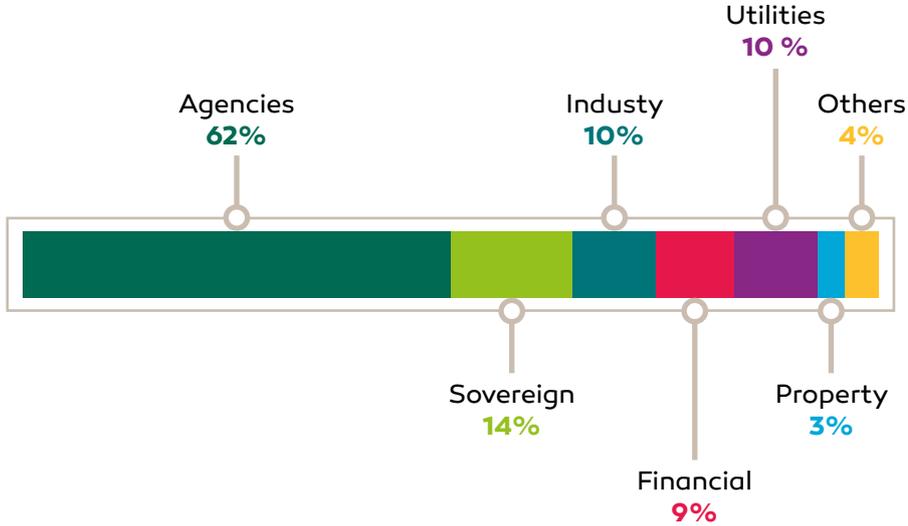
Groupama Asset Management has developed a specific analysis methodology for green bonds, in order to verify their characteristics and in particular the positive impact on ecological transition.



Thus, 277 green bonds were analysed in 2020 by Groupama Asset Management’s Research team with this methodology, which confirmed the “green bond” nature of 221 bonds and invalidated 56 bonds, or 20% of the universe analysed.

Groupama made €192m of investments in 2020 (net purchases), bringing the stock of green bonds to €810m.

BREAKDOWN OF GREEN BONDS BY TYPE - GROUPAMA FRANCE MANAGEMENT MANDATES



implement an equivalent methodology for social bonds, derived from the “green bond” framework with the same level of requirement

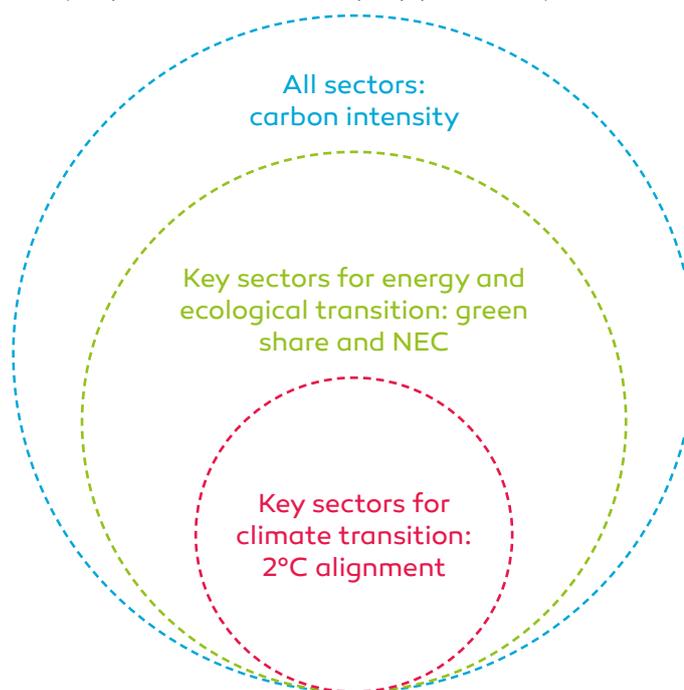
4.2.2.3 What are the results of climate risk management for Groupama's assets?

Groupama Group uses Iceberg Data Lab to measure 4 indicators, with 3 levels of analysis depending on the company's business sector (corporate bond and equity portfolios)

- Carbon intensity (scopes 1+2+3 upstream), across all sectors
- Green share (based on the European taxonomy¹¹) and the NEC indicator, for the key sectors for energy and ecological transition¹²
- Alignment of portfolios with the objective of maintaining the temperature rise below 2°C (Paris Agreement, SB2A method) for key sectors for climate transition¹³

For sovereign assets, the analysis is performed on:

- Carbon intensity
- Green share
- Alignment with the Paris Agreement (CLAIM method developed by Beyond Ratings)



I-Care & Consult SB2A / 2° Alignment method

The key methodological approach used is the SDA (Sectoral Decarbonisation Approach), which is the main 2°C objective methodology recommended by the Science-Based Targets (SBT) initiative. SBT is an initiative led by WWF, UN Global Compact, WRI, and CDP to engage companies in 2°C alignment.

The SDA methodology is based on the implementation of a specific 2°C scenario: the IEA scenario called ETP 2014, which is compatible with the IPCC RCP2.6. scenario. SDA proposes “2°C trajectories” between 2010 and 2050 for 13 business sectors, including target absolute levels of carbon intensity in 2050 (tCO₂/unit of activity) as well as annual carbon intensity reduction rates.

Based on this approach, I Care & Consult calculates two 2°C alignment indicators for issuers in the SDA sectors

- A static 2°C alignment indicator, which compares the issuer's current carbon intensity to what it should be if it were located on the 2°C trajectory.
- A dynamic 2°C alignment indicator, which compares the issuer's annual carbon intensity trend between 2010 and today, with the reduction rate that it needs to adopt to converge with the carbon intensity target in 2050.

Combining these two indicators makes it possible to obtain the “portfolio's equivalent temperature”: determining an equivalent temperature increase by 2100 and comparing it with the 2° objectives.

¹¹ The green share was calculated using the provisional version of the “Green Taxonomy” put out for consultation in March 2020 by the European Commission. In H2 2020, Iceberg Data Lab carried out a first implementation of this “Green Taxonomy”, using public information available from listed companies.

¹² Key sectors for energy and ecological transition determined by Iceberg Data Lab: Oil & Gas, Metals & Mining, Chemicals, Construction Materials, Paper and Forestry, Packaging, Energy Equipment, Capital Goods, Electrical Equipment, Construction, Industrial Conglomerates, Transport, Automotive, Textiles, Leisure, Non-Food Distribution, Agri-Food, Food Distribution, Household Products, IT Telecom & Media, Electricity Companies, Utilities and Waste, Property

¹³ Key sectors for climate transition determined by Iceberg Data Lab: Oil & Gas, Metals & Mining, Cement, Electrical Equipment, Transport, Industrial Conglomerates, Automotive, Agri-Food, Electricity Companies

4.2.2.3.1 Sovereign bond portfolio

Summary of results:

Coverage rate	NATIONAL CARBON INTENSITY		GREEN SHARE	PORTFOLIO'S EQUIVALENT TEMPERATURE
	National GHG emissions / GDP (territorial + imported)	National GHG emissions / public sector (territorial + imported)	Share of low-carbon energy (including nuclear)	
%	tCO ₂ e/€m GDP	tCO ₂ e/€m debt	%	°C
96%	354	27	32%	2

Source: Iceberg Data Lab analysis based on Iceberg Data Lab and Beyond Ratings data

The climate analysis of the portfolio covers a universe of 170 countries. The portfolio's coverage reaches 96%.

French and Italian bonds account for more than 80% of the portfolio and mainly explain the portfolio's performance.

The carbon intensity per unit of GDP of the portfolio is low and is at the same level as the 15% of countries with the lowest carbon intensity. **Carbon intensity linked to public sector consumption** is at the same level as the 7% of countries with the lowest carbon intensity.

This good performance can be correlated to the **green share** or share of low-carbon energy in primary consumption (including nuclear), which places the portfolio at the same level as the 7% of countries with the highest green shares.

The portfolio's **equivalent temperature** reaches the 2°C target.

4.2.2.3.2 Corporate bond portfolio

Summary of results:

Corporate Bond Portfolio Summary	CARBON INTENSITY (SCOPES 1 2 3 UPSTREAM)	GREEN SHARE (TAXONOMY)	NEC	EQUIVALENT TEMPERATURE (SB2A)
	tCO ₂ /€m revenue	% scope	% scope	°C
Scope	All sectors	Significant sectors for energy and ecological transition		Significant sectors for climate
Portfolio	212	10%	4%	2.5
Benchmark: Barclays Eur Agg	282	8%	1%	2.5
Portfolio/ benchmark gap	-24.9%	2%	3%	

Source: Iceberg Data Lab analysis based on Iceberg Data Lab and Beyond Ratings data

The portfolio and benchmark are covered more than 90% in the significant sectors.

The climate and environmental performance is significantly better than that of the benchmark:

- **Lower carbon intensity** than the benchmark (see below)
- A **higher green share** than the benchmark (favourable over-weighting of electricity companies and under-weighting of the oil and chemicals sectors)
- A **positive NEC indicator** higher than the benchmark (over-weighting of utilities and property sectors and under-weighting of the oil sector)
- An **equivalent temperature** of the portfolio of 2.5°C, comparable to that of the benchmark.

As the chart below shows, the better performance of Groupama’s portfolio compared to its benchmark in terms of carbon intensity is explained by a favourable sector allocation (underweighting of the most carbon-intensive sectors and vice versa), as well as a selection of issuers that is also more favourable, particularly in the most carbon-intensive sectors.

**CARBON INTENSITY
CONTRIBUTION TO OUTPERFORMANCE / BENCHMARK
CORPORATE BOND PORTFOLIO**



4.2.2.3.3 Equity portfolio

Summary of results:

Equity portfolio summary	CARBON INTENSITY (SCOPES 1 2 3 UPSTREAM)	GREEN SHARE (TAXONOMY)	NEC	EQUIVALENT TEMPERATURE (SB2A)
	tCO ₂ /€m revenue	%	%	°C
Scope	All sectors	Significant sectors for energy and ecological transition		Significant sectors for climate
Portfolio	235	14%	6%	2.3
Benchmark: MSCI Europe	325	10%	-1%	2.5
Portfolio/ benchmark gap	-27.6%	4%	7%	

Source: Iceberg Data Lab analysis based on Iceberg Data Lab and Beyond Ratings data

The portfolio and benchmark are covered more than 90% in the significant sectors.

The climate and environmental performance of the equity portfolio is significantly better than that of the benchmark for all indicators:

- **Lower carbon intensity** than the benchmark
 - › Favourable sector allocation: under-weighting of carbon-intensive sectors (cement, metals and mining, electricity companies) and over-weighting of low-carbon intensive sectors (finance, IT telecom & media)
 - › Partially offset by a slightly less favourable stock selection, particularly in the chemical and financial sectors
- A **higher “green share”** than the benchmark, particularly due to the components of the electricity companies sector
- A **positive NEC indicator**, while that of the benchmark is negative, thanks to an over-weighting of the best-performing sectors in terms of environmental transition
- An **equivalent temperature** of the portfolio of 2.3°C, lower than that of the benchmark.

4.2.2.4 A demanding engagement and voting policy

For Groupama, its engagement reflects a desire to assume its full responsibility as a long-term asset holder. Using Groupama Asset Management, the Group is also committed to strengthening dialogue with companies on ESG topics. Its engagement is designed, on the one hand, as a source of value creation and, on the other hand, as a means of reducing risks.

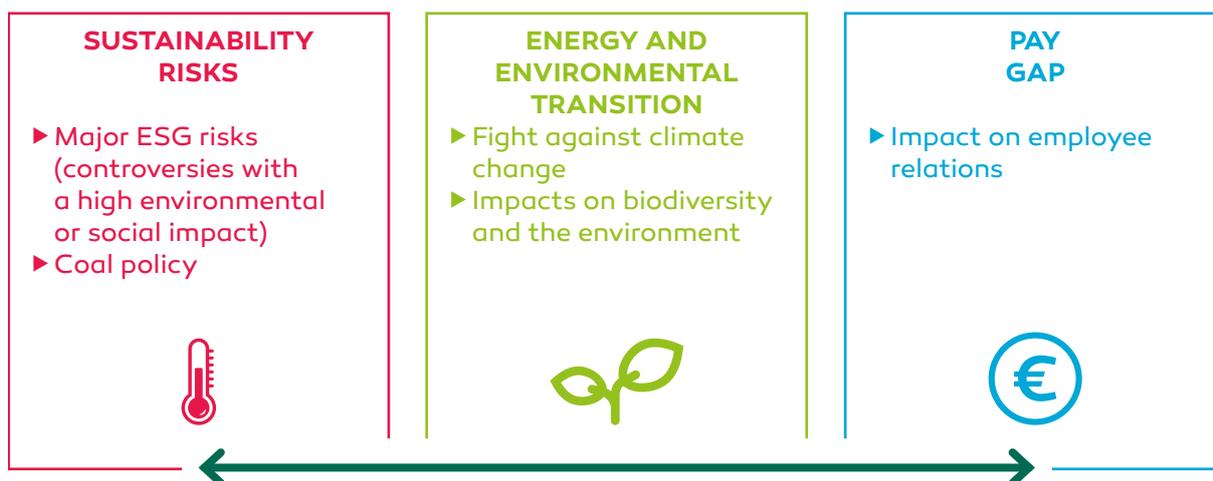
The engagement policy has three objectives:

- Identify and limit ESG risks in the companies in which it has a holding
- Improve ESG data quality
- Identify and share industry best practices among companies in which it has a holding.

In the context of the health crisis of 2020, the commitment policy has been particularly reactive: participation in collaborative initiatives (in particular calls for a sustainable recovery and adequate responses to the health crisis), tightening of the voting policy on dividend distribution and remuneration policies. The votes were guided by the analysis of the particular situations of companies in terms of state aid and employee wage reductions.



The priority areas on which to target Groupama's engagement activities in order to limit ESG risks are:



This engagement policy results in:

- **A demanding voting policy**, in place since 2001, accompanied by the possibility of discussing with companies draft resolutions presented to General Meetings
- **Direct and recurring dialogue** with issuers via:
 - › Meetings with the directors of major European companies
 - › Engagement with companies with high controversy ratings
- **Participation in collaborative initiatives**
 - › Led by the PRI as part of the collaborative engagement platform
 - › Submission of external resolutions

Votes at general meetings are often preceded by discussions with issuers aimed at gaining a better understanding of the motivations and nature of the draft resolutions, on the one hand, and explaining the voting policy on the other.

The voting policy and review of the actions of Groupama Asset Management's engagement policy are published on the asset manager's website.

4.2.2.4.1 Individual engagement and dialogue

Analysts regularly participate in meetings with company management, alone or with asset managers. As a result of a structure focused on the overall integration of ESG analysis into financial analysis, the ESG challenges identified for each sector are systematically addressed. Companies identified as "Major ESG Risks" (see 4.2.1.1.3 - Major ESG Risks) are systematically informed that they have been placed on this list and invited to discuss their controversy rating. In 2020, Groupama Asset Management's teams met 77 companies. The topics most addressed were energy transition, human capital and the duty of vigilance.

4.2.2.4.2 Specific dialogue

Specific dialogue is held with certain companies in the portfolios and identified by analysts as having the potential to improve ESG practices. All shareholder dialogue initiatives are aligned with at least one of the three objectives mentioned above. The engagement is monitored and its impact is measured regularly.

In 2020, Groupama AM's analysts initiated or continued individual shareholder dialogue with four companies on three specific topics: human capital, energy transition and duty of vigilance.

4.2.2.4.3 Votes at General Meetings:

Groupama Asset Management applies a demanding voting policy, available on the company's website. These votes at general meetings are often preceded by discussions with issuers aimed at gaining a better understanding the motivations and nature of the draft resolutions, on the one hand, and explaining the voting policy on the other.

In 2020, Groupama Asset Management took part in 333 general meetings, which included 6,604 resolutions, on 14% of which it voted against or abstained. The largest proportion of “no” votes concerned compensation matters: 25%.

4.2.2.4.4 Participation in common initiatives

As a signatory of the PRI¹⁴ since 2006, Groupama AM is actively involved in initiatives carried out by the PRI via the collaborative platform. Furthermore, in 2020, Groupama AM took part in 4 new collaborative initiatives:

Need for biodiversity metrics

- ▶ Request for companies to publish indicators of impacts related to the preservation of biodiversity
- ▶ Led by Mirova via the PRI platform

EU Alliance for a green recovery

- ▶ Call by MEP Pascal Canfin, Chair of the Environment Committee, for a pan-European coalition to work towards recovery focused on energy transition
- ▶ Manifesto signed by Mirela Agache, CEO of Groupama AM, and 270 MEPs, company directors and unions

Covid 19 and pharma sector

- ▶ Call on the main pharmaceutical companies to communicate transparently on their responses to the health crisis
- ▶ Led by Achmea and supported by the Access to Medicine Foundation

Open letter to European Leaders for a sustainable recovery

- ▶ Call for European investors addressed to their respective governments to conduct a sustainable post-Covid-19 recovery in line with the Paris Agreement
- ▶ Led by the PRI, CDP and IIGCC ahead of the European Council meeting on 18-19 June 2020

These new initiatives are in addition to previously supported collaborative engagement initiatives:

INITIATIVE	OBJECTIVE	TARGETED AREAS	INVOLVEMENT OF GROUPAMA AM
Global Investor Statement to Governments on Climate Change	<ul style="list-style-type: none"> ▶ Call on governments to achieve the objectives set out in the Paris Agreement ▶ Accelerate private-sector investments in favour of the low-carbon transition ▶ Contribute to improving climate-related financial reporting. 	Energy transition	Signing the letter

14 PRI: Principles for Responsible Investment, an initiative launched in 2006 by the United Nations to encourage investors to integrate ESG issues into asset management

INITIATIVE	OBJECTIVE	TARGETED AREAS	INVOLVEMENT OF GROUPAMA AM
Climate Action 100+	<ul style="list-style-type: none"> ▶ GHG (greenhouse gas) emitters (more than 100 targeted companies): incentive to take practical action to align themselves with the Paris Agreement objectives ▶ Investors: ensure that companies held in portfolios act in this way 	Energy transition	Signing the commitment letter
Investor Statement on Access to Medicine	<ul style="list-style-type: none"> ▶ Monitor the progress of pharmaceutical companies in connection with SDG¹⁵ 3 (Health and Well-being). Target expected to be achieved by 2030 	Inequality	Signing the Joint Declaration Participation in engagement with one of the target companies

4.3 Property and forestry assets

Groupama Immobilier has integrated a strong environmental and climate dimension into its development strategy. Buildings account for nearly 30% of French CO₂ emissions: energy renovation and green building and operation criteria are key challenges for French public authorities (environmental standards, 2012 RT (energy efficiency standards), future 2020 RE (environmental standards) applicable in January 2022, anti-waste law for a circular economy and decree on service sector property) as they are for Groupama, whose commitment is reflected in numerous innovations and practical actions in the context of its property asset management. The assets entrusted to Groupama Immobilier consist mainly of service sector property and of forests.

4.3.1 4.3.1 Groupama Immobilier: an environmental strategy broken down into practical actions

4.3.1.1 Groupama Immobilier's strategy to strengthen the resilience of its property assets

Resilience is the ability to withstand and adapt to external shocks or disasters. As a responsible asset manager, Groupama Immobilier attaches great importance to the concept of property resilience.

Groupama Immobilier has a number of objectives: to structure and develop its business, improve its long-term profitability and meet the expectations of Groupama Group and its Relevant Interested Parties.

With qualitative, environmental, social and financial performance as a guideline, there are 4 parts to Groupama Immobilier's strategy:

- Optimising the performance of its customers' property investments
- Enhancing the value of the assets managed through optimised financial engineering and dynamic, agile and 360° management of each asset, taking into account its environmental impact
- Buying, selling, designing and managing new types of high-performance, certified and innovative service sector assets controlling their environmental impact and meeting end users' needs
- Developing a range of services for the Group and externally

Groupama Immobilier's actions are notably reflected in the increasing number of HQE, BREEAM and BREAM In-use certifications obtained for its service sector assets. This exemplary environmental approach was rewarded in 2018 by ISO 14001 certification (renewed in 2019). ISO 14001 is the reference tool for taking into account an organisation's environmental challenges and improving its overall environmental performance.

These certifications contribute significantly to increasing the value of the properties held.



4.3.1.2 Using data to improve the environmental performance of property assets

In order to ensure the good environmental performance of its assets, in 2015 the Group embarked on an ambitious plan to renovate its service sector properties with an investment programme of more than €600 million over the period 2014-2025.

As part of this, Groupama Immobilier carries out life cycle analysis (LCA) of buildings undergoing renovation work (for works costing more than €3m). This LCA makes it possible to consolidate the carbon emissions generated by the materials used during the construction or renovation of a building. Using this methodology, Groupama Immobilier is ahead of future regulations and is developing new expertise on selecting the lowest-carbon materials to be used in its operations.

To measure the carbon footprint of its activities, Groupama Immobilier is supported by Carbone 4, an independent advisory firm specialising in energy transition and climate transition. Since 2018, Carbone 4 has carried out the carbon assessment of the assets managed using the GHG Protocol classification. This methodology shows Groupama Immobilier the best ways to limit its environmental impact.

Since 2016, Groupama Immobilier has consolidated the energy and water data of the buildings that it manages thanks to the start-up Deepki. Deepki is an innovative company that uses its customers' existing data in a low-tech manner to optimise management of property assets' energy and water resources in order to embark on digital energy transition. Thanks to the Deepki data, energy and water usage data is collected automatically, optimising the management and oversight of fluid consumption.

This data will enable regulatory compliance with the "service sector decree", via the contribution of energy data to the Operat platform.

Groupama Immobilier has built an "Environmental Data Sheet", a tool for overseeing the environmental quality of an asset, covering all services. This data sheet provides an overview of all the actions carried out on the assets and details of each asset: energy performance, tenants, ESG score, usage indicators, histogram of usage and environmental investment plan.

4.3.1.3 Environmental indicators used for property assets

Groupama Immobilier has developed a series of environmental indicators around seven main themes:

THEMES	INDICATORS	2019 RESULTS	2020 RESULTS
Certifications travaux et exploitation	Proportion of assets with environmental certification for construction or renovation work	43%	53%
Maîtrise des consommations	Consolidation of energy data (% of PADD assets ¹⁶)	83%	83%
	Consolidation of water data (% of PADD assets)	52%	58%
	Assessment of energy performance (% of PADD assets assessed)		41%
	Assessment of water performance (% of PADD assets assessed)		19%
Démarche bas carbone	Assessment of CO ₂ emissions of all PADD assets	8,850 teqCO ₂	6,740 teqCO ₂
	Assessment of CO ₂ emissions of forest assets		336 teqCO ₂
Mobilité douce	Connectivity and transport: % of assets accessible by public transport at a distance of less than 500m	90%	87%
Sensibilisation et satisfaction des locataires	Green leases: asset coverage rate (% of surface area of "green" leases signed, with environmental appendix)	55%	58%
	Green leases: rate of new "green" leases signed	100%	100%
	Green committees (committee facilitating dialogue and knowledge of the property): asset coverage rate (% of assets with a green committee)	71%	ND ¹⁷ %
	Green savings accounts: asset coverage rate (% of assets with a green savings account)	39%	43%
Achats responsables	Proportion of purchases of sustainable development works	72%	67%
Valorisation des déchets, réemploi, biodiversité	Number of reuse diagnostics carried out	5	2
	Treatment of waste resulting from works (% tonnage of waste recovered out of tonnage of total waste generated) (commitment ¹⁸)	80%	80%

¹⁶ PADD: Scope of buildings monitored in the Deepki platform

¹⁷ In 2020, due to the health situation, no assets had a green committee

¹⁸ Groupama Immobilier has committed to a figure of 80%; however, data is particularly difficult to collect in view of current practices. To overcome operational difficulties in collecting information, Groupama Immobilier plans to adapt its procedures in order to provide input for this indicator as the work is carried out and not at the end.

THEMES	INDICATORS	2019 RESULTS	2020 RESULTS
	Selective sorting of waste from property for service sector assets		ND ¹⁹
	Number of actions taken to promote biodiversity	35	35
	Number of environmental actions included in the environmental quality action plan	ND	26

4.3.1.4 Groupama Immobilier's actions in the circular economy

Groupama Immobilier is one of the pioneers of the circular economy in property, particularly as a founding member of the Circolab Association, and is particularly active in mobilising the ecosystem and stakeholders. Several of its pilot restructuring operations have shown that buildings can be renovated using a simple methodology for reuse or recovery of materials, in order to reduce the environmental impact and the production of construction waste sent to landfill.

In 2020, Groupama Immobilier launched the **Reuse Booster**, an initially entrepreneurial then community project, whose objective is to promote the **reuse of property construction materials** (currently only 1% of the 42 million tonnes of annual waste is reused), by creating mass demand. The mass use of reused materials should reduce the carbon impact of the building sector by 20 to 30%.

The Reuse Booster's aims are as follows:

- Help and support public and private contractors and designers to require reuse by facilitating exchanges with stakeholders (architects, construction companies, suppliers, insurers, environmental and reuse project management assistance, etc.) and research partners involved in innovation in construction, buildings and reuse.
- Coordinate public and private contractors around a positive collective dynamic to use the strength of a group of instructing parties to make the reuse market a mass market.
- Make requests for materials visible via the Looping digital platform financed by Groupama Immobilier and made available by the Reuse Booster, in the context of the general interest of its ecosystem. This platform will make it possible to bring together demand for reuse materials from contractors with the supply of materials fragmented across at least 50 digital platforms. Looping calculates the associated carbon and environmental benefits and issues certificates for water savings, carbon and waste avoided.

4.3.2 Sustainable forest management

For Groupama Immobilier, forests provide many services to society, of an economic, ecological and social nature, referred to as "multifunctionality":

- Production of timber, a natural, ecological and renewable material,
- Job creation in rural areas,
- Air purification, water filtering, soil fixing,
- Preservation of biodiversity,
- Spaces for relaxation and tourism

These functions, which seem to be self-evident, require the intervention of foresters and appropriate management: opening paths and making them safe, tree maintenance, etc.

The forests sought by Groupama Immobilier in its investment programme must fulfil these various functions.

Groupama Immobilier manages forest assets covering nearly 22,000 hectares or twice the area of Paris - which makes it one of the biggest French institutional managers - comprising around thirty forests mainly located in the south-west, east, centre and west of France.

¹⁹ No result for "Selective sorting of waste from property for service sector assets" in 2020

Being aware of the long-term ecological, sustainable and financial value of forest investment, Groupama wants to develop these assets and has undertaken a regular investment process.

Investment is highly selective; targets must meet size, agronomic (potential of the land, climate risk, trees) and geographical criteria.



4.3.2.1 Risk prevention for forest assets

Forest assets are highly exposed to sustainability risks²⁰. The main risks identified by Groupama Immobilier are:

- Storm risk: two major storms in recent years, Lothar and Martin (176 million m³ of damaged woodland in France in 1999) and Klaus (42 million m³ of woodland destroyed in south-west France in 2009)
- Fire risk
- Phytosanitary risk: currently an epidemic of scolytus (insects) is affecting almost all French spruce forests, leading to die-back

Climate change increases these risks: more frequent and more violent extreme weather events (including storms); drought that increases fire risk, particularly in areas that did not use to be affected and are therefore poorly prepared; proliferation of parasites, insects and fungi during exceptionally hot and dry seasons. Climate change also leads to a change in the distribution of plant species: some species are no longer suited to their environment.

Groupama is deploying some solutions to prevent these risks or limit their impact:

- **Prevention of the impact of storms:**
 - › Shortening the forest production cycle (from 60-65 years to 45 years) in order to reduce risk exposure (decrease in the stock of woodland concerned)
 - › Adaptation of species (example: maritime pine with a well-developed root system)
- **Fire risk prevention:** Groupama Immobilier uses associations such as La Défense de la Forêt Française Contre les Incendies (DFCI - Defence of French Forests Against Fires)
 - › Maintenance of roads and verges (clearing undergrowth, felling), in order to create natural barriers to the spread of fires and avoid fires starting accidentally
 - › Maintenance and creation of ditches
 - › Creation and maintenance of boreholes, maintenance of water reserves
 - › Organisation of surveillance
- **Phytosanitary risk prevention:** adaptation of species during reforestation, after precise diagnosis of the plot according to a 2° warming by 2050 scenario

²⁰ Sustainability risks: environmental, social or governance-related event or situation which, if it occurs, could have a significant, real or potential, adverse impact on the value of the investment (SFDR Regulation)

4.3.2.2 The role of forests in reducing CO₂

Groupama's forests have a role in reducing atmospheric CO₂ by how the timber sold is used and by their role as carbon sinks, contributing generally to atmospheric regulation and environmental protection. The carbon assessments carried out by Groupama Immobilier aim to maximise carbon storage by optimising forest management.

4.3.2.3 A pioneer in forest carbon assessment

Groupama Group is a pioneer in assessing carbon storage in forests, using IF Consultants and available research and analysis (e.g. ADEME – French Environment and Energy Agency - reports).

Forest carbon includes carbon:

- Resulting from the annual increase of the wood mass²¹ of forests
- Stored in the timber, humus and forest soil
- Avoided by injecting into the economy timber material in all its forms, generating carbon savings by replacing other energy-intensive materials (metals, fossil fuels, PVC, etc.)
- Stored in processed products resulting from felling

INDICATOR	DESCRIPTION	2019 RESULT	2020 RESULT
Carbon sequestered / annual increase	Annual increase in the mass of CO ₂ resulting from the annual increase of the wood mass of forests ²² (tCO ₂ /year)	353,162	185,583
Total carbon stored	Carbon stored in timber, humus and forest soil (tCO ₂)	10,063,693	10,513,512
Carbon avoided	Carbon avoided by injecting into the economy timber material in all its forms and a source of carbon savings by replacing other energy-intensive materials (metals, fossil fuels, PVC, etc.) (tCO ₂ avoided)	75,570	79,471
CO₂ stored in timber products	Carbon stored in processed products resulting from felling	ND	46,172

4.3.2.4 Forests: Measures to protect biodiversity

Groupama Immobilier has a team of forest managers, most of whom carry out day-to-day forestry work. The aim is to focus on the long-term quality of forests: to enhance the value of forest assets through management focused on the production of high-quality timber (regular, selective but moderate clearing).

While developing timber production, this forest management policy takes into account the environment and biodiversity, thus preserving the diversity of habitats, wildlife and flora and the natural regeneration of the species growing there. All forests managed by Groupama Immobilier are PEFC²³-certified (a label guaranteeing sustainable management of timber resources in forests).

²¹ Mass of the woody part (trunk, bark, branches, twigs) of trees, whether living or not, shrubs and bushes.

²² The sharp decrease between 2019 and 2020 was mainly due to a change in the calculation method, which no longer takes into account the annual increase in soil carbon.

²³ PEFC (Programme for the Endorsement of Forest Certification) is an international NGO that aims to preserve forests, ensure respect for those who live, work and walk there, as well as sustain the forest resource to meet people's timber needs today and in the future.

With a heterogeneous distribution of its assets under management throughout the country, Groupama Immobilier pays particular attention to ensuring that the planted species are in line with local biodiversity. Thus, its commitment to an ecological approach is illustrated by a balance between cutting down trees and preserving environmental riches.



Actions to encourage biodiversity take different forms. Among them, forest amenities, which are still unknown to the general public, are an integral part of Groupama Group's CSR strategy. They include, for example, installing more than 250 hives in the managed forests, which amounts to one hive for every hundred hectares.

Indeed, the forest environment is a protected habitat for a number of species such as bees. In addition to their use for honey production, these insects play a significant part in the renewal of species through pollination.

In general, thanks to insects that spread seeds, forest ecosystems maintain sufficient genetic diversity, which is essential for the sustainability of production forests.

4.4 Tangible assets: financing to encourage innovation and sustainable development

As part of the diversification of its investments, Groupama is committed to financing the real economy; these loans are focused in particular on growing SMEs and mid-caps and assets contributing to sustainable development (financing of renewable energy infrastructure, technological infrastructure to make areas more accessible, etc.).

Groupama's tangible assets are financed through unlisted equities (private equity), a large part of which are in infrastructure, and private debt.

In total, nearly €2bn is invested by Groupama in tangible assets.

Sustainable risks are essential in managing unlisted assets (corporate private equity, infrastructure, private debt). More and more specialised management companies integrate these criteria as they are aware of their benefits: better risk control, potential savings, brand enhancement, employee engagement, anticipating major changes, etc.

The unlisted assets covered by Groupama's Financial Operations and Investments Department are managed by specialised management companies and the integration of ESG criteria is an important part of the due diligence questionnaire sent to them during their selection process. The integration of ESG criteria is now systematically examined.

Thus, the Financial Operations and Investments Department collects information from management companies such as:

- Signing of the UNPRI
- Existence of an ESG Charter
- Establishment of an ESG analysis and/or decision-making process
- Existence of ESG scoring
- ESG reporting
- Carbon assessment calculation
- Certification
- Standards and certifications

Groupama's Financial Operations and Investments Department has initiated a process for revising these questionnaires, which are currently very qualitative, so that ESG criteria are covered in a quantitative, consistent and structured manner, which will enable them to compile and strengthen their analysis.

4.4.1 Participation in FFA recovery funds - Caisse des Dépôts

In 2020, Groupama Gan Vie joined the movement launched by the FFA (French Insurance Federation) to support the French economy affected by the health crisis.

- Support for the NOV, NOVO, NOVI and NOVA market funds to finance SMEs and mid-caps
- Contribution to tourism recovery (NOV Tourism fund)
- Strengthening of health sovereignty (the NOV Health fund)

The FFA wants to measure the impact of these investments in order to report, among other things, on job creation, the proportion of women in management, carbon footprint and relocated production.

Groupama has committed €77m to eight of these recovery funds.

4.4.2 Infrastructure Finance

Groupama finances many infrastructure projects via specialised funds; this infrastructure contributes to the fight against global warming or has a significant social role:

COUNTRY	SECTOR	DESCRIPTION	OBJECTIVE
Italy	Hospital	Niguarda Hospital north of Milan - building upkeep and maintenance	Social/health
Spain	Hospital	Toledo Hospital - building upkeep and maintenance	Social/health
UNITED STATES	RENEWABLE ENERGY	BlueEarth: development and operation of solar and wind production capacity in North America	Environment/Climate
France	Urban mobility	Métropolis - call for private initiative for the deployment of electric vehicle charging stations in Ile de France	Environment/Climate
France	Fibre optic network	Roll-out of optical fibre networks in low and medium-density areas	Social/territorial inclusion, fight against "white areas"
France	Fibre optic network	Joint enterprise with the operator Free with a view to deploying the fibre optic network in medium-density areas	Social/territorial inclusion, fight against "white areas"
OECD	RENEWABLE ENERGY	Development and construction of new renewable energy production capacity, primarily wind power	Environment/Climate
Portugal	Hydroelectric dam	Completion of the acquisition of 6 dams in Portugal with Engie	Environment/Climate

5 SAVINGS/PENSIONS OFFER: PRODUCT RANGE WITH AN INCREASING FOCUS ON ESG AND CLIMATE

The savings products offered are single-vehicle (euro-denominated funds) or multi-vehicle contracts using open architecture, either under “independent management” or “delegated management”:

- Under “independent management”, investment decisions are made by the customer, who chooses unit-linked products from a range of investment options determined by Groupama Gan Vie with the support of Groupama Asset Management and the Financial Operations and Investments Department.
- Under “recommended management”, Groupama offers its customers different allocation profiles that meet their risk profile in the form of Delegated Management, which changes depending on the financial environment and the convictions of the Groupama teams. Depending on the chosen profile, these Delegated Management portfolios combine the euro fund with UCIs (mutual funds or AIFs) managed by Groupama Asset Management or other management companies. They are supplemented by property investment vehicles and unlisted, thematic or structured products issued by partner banks.

Groupama Gan Vie has developed its product range so that it is more focused on responsible investment:

- Increasing integration of ESG criteria in the management of the euro fund
- Growth in long-term unit-linked products
- Launch of the “Sustainable Balanced” profile at the end of 2019, offering ESG mutual funds or AIFs
- Launch of several structured unit-linked products, including “green” bond envelopes and supported by “green” indices (low carbon indices, ESG indices, etc.)

5.1 The “sustainable balanced” delegated management profile: an innovative way to save

The objective of the “**Sustainable Balanced Management**” profile is to build a sustainable and resilient portfolio, with savings directed towards companies that behave responsibly, generating medium-term financial performance. The proposed vehicles integrate ESG criteria fully into their investment strategy. They can take the form of SRI funds, impact funds, thematic ESG funds or green bond funds (financing green projects).

Launched in October 2019, the “Sustainable Balanced Management” profile reached €348m of assets under management at 31/12/2020.

5.2 Creation of “green” structured products

Groupama offers “sustainable” structured products issued by partner banks, constituting unit-linked vehicles for life insurance policies. The value of the vehicles depends on the movements of an underlying index, which is itself “sustainable”.

Most of these products are “green” debt securities: bonds intended to finance or refinance exclusively green projects, with a positive environmental impact. The different formulas depend on the movements of equity indices made up of securities selected for example for their climate performance (best practices in reducing their carbon footprint or developing energy transition solutions).

The following “green” structured products were marketed in 2020:

PRODUCT	INDEX	BOND ENVELOPE	CHARITABLE PROJECT
Heliopse Transition Mai 2020	Euronext® France Energy Transition Leaders 40 EW Decrement 5%	Classic	Reforest'Action
Porphyre Climat Mai 2020	Euronext Climate Objective 50 Euro EWD5	Green Bond	NA
Heliopse Durable Septembre 2020	Euronext® CDP Environment France EW Decrement 5%	Classic	Bleu Blan Cœur/ PUR Projet
Porphyre Territoires Septembre 2020	Euronext Climate Objective 50 Euro EWD5	Corporate Social Bond	NA
Hanami Janvier 2021	MSCI Europe Select Green 50 5% Decrement	Green Bond	NA
Porphyre Vert Janvier 2021	MSCI Europe Select Green 50 5% Decrement	Green Bond	NA

Porphyre Territoires Septembre 2020, launched during the health crisis, is a particularly innovative product, consisting of social bonds (“social debt securities”²⁴), financing or refinancing social loans eligible for the “Territorial Development” programme. Loans are granted to small businesses, SMEs or non-profit organisations located in economically and/or socially disadvantaged areas.

24 Social bonds comply with the Social Bond Principles developed by the International Capital Market Association

6 APPENDICES

6.1 Data sources

PROVIDER	USE
Iceberg Data Lab	<ul style="list-style-type: none">▶ Carbon footprint▶ Green share▶ Energy transition contribution indicator: NEC▶ 2° trajectory alignment (induced temperature)
Vigeo Eiris	<ul style="list-style-type: none">▶ Social and environmental analysis of companies▶ Analysis of the governance of public authorities and unlisted companies
MSCI ESG Research	<ul style="list-style-type: none">▶ Analysis of the governance of listed companies
Eurostat	<ul style="list-style-type: none">▶ Government economic and ESG data
World Bank	<ul style="list-style-type: none">▶ Government economic and ESG data
Sustainalytics	<ul style="list-style-type: none">▶ Controversy analysis and monitoring
ISS Ethix	<ul style="list-style-type: none">▶ Tracking and monitoring of companies involved in the production, marketing and distribution of anti-personnel mines (AP mines) and cluster bombs▶ Analysis of General Meeting resolutions and assistance in implementing the voting policy
ECGS / Proxinvest	<ul style="list-style-type: none">▶ Analysis of General Meeting resolutions and assistance in implementing the voting policy

6.2 Regulatory exclusions

In accordance with the 1997 Ottawa Convention and the 2010 Oslo Treaty, which prohibit the use, production, storage and transfer of cluster bombs and anti-personnel mines (AP mines), Groupama Asset Management has had an exclusion policy applicable to all its portfolios under management since 1 May 2009.

In addition to the simple exclusion of companies subject to serious controversies, Groupama Asset Management regularly identifies companies involved in cluster bombs and AP mines. Based on information provided by external service provider ISS Ethix, an internal exclusion list is drawn up and communicated to all managers and risk teams for effective exclusion control, as well as to the compliance department. Companies are divided into two categories:

- “Red”: the company’s involvement is confirmed
- “Orange”: strong presumptions of involvement exist for the company

Companies classified as “red” are excluded from Groupama Asset Management’s investments, while those in the “orange” category are placed there on a preventive basis and remain within the investment scope.

In addition, Groupama Asset Management manages lists related to tax evasion (EU list of tax jurisdictions) and anti-money laundering and combating the financing of terrorism (FATF), with associated management rules:

- “Red” list: contact the Compliance team before carrying out any transaction
- “Black” list: prohibited transaction, dispose of the security as soon as possible.

6.3 Cross-references to Article 173-VI of the Energy Transition and Green Growth Act

ARTICLE 173-VI	GROUPAMA REPORT	PAGE
General approach	2.2 - Integrating ESG and climate to help control financial risks	13
Procedures for informing customers		NP
Assets under management taking ESG criteria into account	1.3.2 - Asset management organisation	8
Adherence to charters, codes, initiatives or labels	2.3 - Initiatives: Groupama actively participates in sector initiatives	16
Description of ESG risks		
Nature of ESG criteria taken into account	4.2.1.1 - The Group's assets are included in Groupama Asset Management's integrated ESG analysis	22
Information used to analyse ESG criteria		
Description of climate risks		
Nature of climate indicators taken into account	4.2.1.2 - Analysis focused on environmental challenges	24
Information used to analyse climate indicators		
Integration of ESG analysis results in investment policy	4.2.2.1 - ESG criteria and investment decisions: process and results	27
Integration of climate analysis results in investment policy	4.2.2.2 - Integrating climate risk into investment decisions	27



INSURING TOMORROW WITH CONFIDENCE