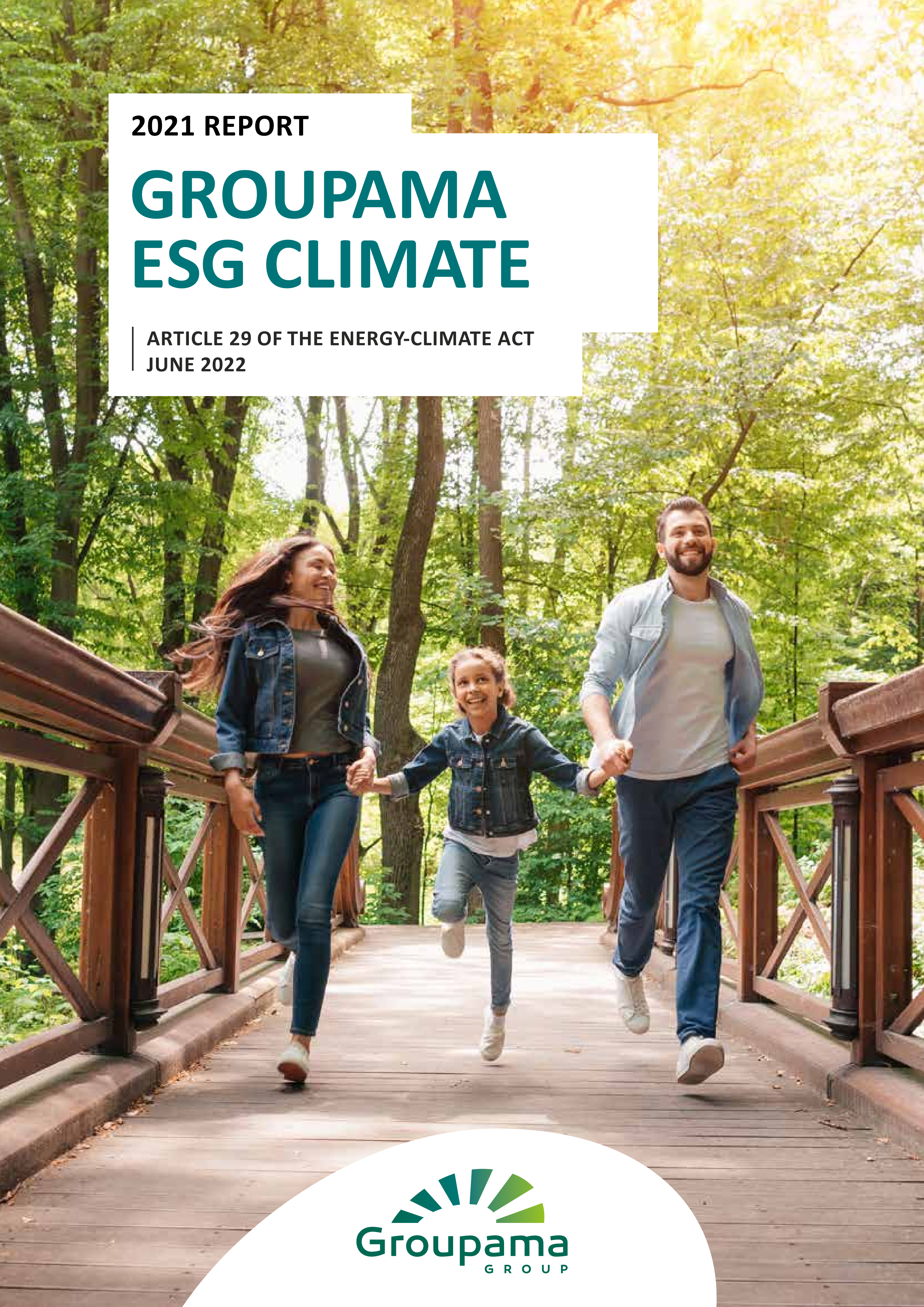

2021 REPORT

GROUPAMA ESG CLIMATE

ARTICLE 29 OF THE ENERGY-CLIMATE ACT
JUNE 2022

Groupama
GROUP

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FOREWORD

2021, A YEAR OF STRONG ECONOMIC RECOVERY

Despite the uncertainties associated with the health crisis, 2021 was a year of strong economic recovery. The major economies saw a return to high growth rates. The growth, nearly 6% globally, reflected a recovery in demand following a year of sharp contraction in consumption. In a deeply disrupted context, Groupama continued to record a solid performance.

The Russian invasion of Ukraine will have very serious consequences through 2022. We are deeply concerned by the very serious impact of this on civilian populations and global food security. We are also watching out for its macroeconomic consequences, in particular the upsurge in inflation. The degree of uncertainty in the evolution of the environment has convinced us to reaffirm our commitments and our beliefs as a responsible company through our CSR strategy for the period 2022-2024 and in particular our strategic orientations in terms of the climate at the Group level.

At Groupama we are making insurance ever easier to access, to give more people the confidence to build their lives, to look forward to the future and realise their projects, as we adapt to changing behaviour among our members and customers. Our members and customer, and most notably the younger generations, want to integrate the impact of their decisions in their consumption behaviour.

GROUPAMA, FINANCING THE ECOLOGICAL TRANSITION

As an institutional investor, an economic financial force, we have developed an investment policy over the years that integrates all environmental, social and governance criteria. We have accelerated our actions in protecting the climate by incorporating low carbon objectives for our assets. This means we are focussing our long-term investments on sustainability products. We are also offering our members and customers an increased range of green and sustainable savings products.

GROUPAMA, WORKING TO PROTECT AND BUILD RESILIENCE

Drawing on our understanding of long-term timescales for natural events and our experience in terms of assessing and managing these, we are also playing our part in the deployment of prevention tools. We ensure the resilience of the assets we manage by optimising the risks and opportunities, and in particular those relating to the impact of climate warming on their values.

Thanks to our unique mutual model, we are particularly well positioned to respond to this transformation. With our 31,000 staff members, we are working to invent, together with our partners and our members and customers, new ways of making insurance more accessible. I can confirm our complete confidence in our strategic orientations and in our capacity to implement these through the coming years. With the support of its members, elected members and employees, Groupama intends to be a driving force in the service of an inclusive and sustainable economy.

CYRIL ROUX
Group Financial Director - Deputy Chief Executif Officer

A BUSINESS MODEL WITH RESILIENCE, RISK MANAGEMENT AND PREVENTION AT THE CORE OF PERFORMANCE

> GROUPAMA IN FRANCE AND ABROAD

> GROUPAMA – KEY FIGURES[1]

A mutual Group based principally in France with 6.5 million customers and members...

31,000
Employees around the world

12 million
Members and customers

30,000
Elected members

IN FRANCE

No.1 Agricultural insurer

No.2 Individual health insurer

No.3 Home insurer

No.4 Motor insurer

No.5 Individual protection insurer

... as well as internationally in 3 main markets (Italy, Hungary, Romania) and in 7 others countries (Turkey, Greece, Bulgaria, Slovakia, Croatia, Tunisia, China)

3 main markets

ITALY
Groupama Assicurazioni
No.10
Non-life insurer
€1,2 Bn
revenue

HUNGARY*
Groupama Biztosító
No.4
Non-life insurer
€394 M
revenue

ROMANIA
Groupama Asigurari
No.5
Non-life insurer
€331 M
revenue

**Including Croatia and Slovakia*

16% of our revenue is earned outside France

[1] *As at 31 December 2021*

> A MUTUAL INSURANCE GROUP

Since its founding in 1900, Groupama has been a mutual insurance company, continuously committed to the values of solidarity. In France our members are democratically involved in the institutional life of Groupama through the election of 30,000 members in the governing and decision-making bodies of the Group. This model,without shareholders and closely connected to its members, has been at the heart of our strength for over a century. It guarantees proximity through its 2,700 local mutuals and 13 regional mutuals, solidarity through its risk sharing mechanisms and mutual assistance and responsability through the managing of economic as well as extra-financial performances.

Mutualism, an answer to the challenges of tomorrow?

The Covid-19 crisis threw into doubt all our accepted ideas and certainties and once again demonstrated how in a rapidly changing world clear and constant values are needed in overcoming major health challenges, not to mention climate change and the digital revolution, and population ageing, all including as many risks as opportunities.

The mutual movement was born out of individuals' need for protection against the hazards of life. It has been able to reinvent itself and evolve to match the changing nature of society by building on the solidarity it provides for the millions of men and women who are its members today. The mutual insurer model, without shareholders to pay, means that all our resources can be used to serve our customers/members.

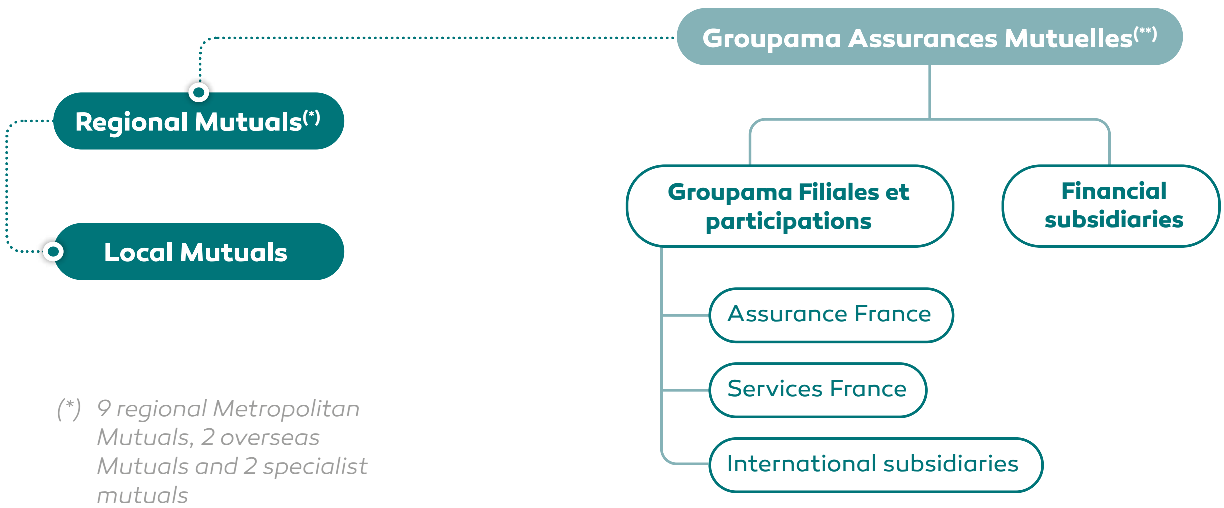
In addition, like all social and solidarity economy (SSE) players, mutuals are firmly rooted in their localities, with a strong regional history, and naturally keeping jobs in France.

Already with a long history, mutuals are also a model for the future. Whilst 85% of 18-35 year olds surveyed say they don't really know much about it and are more likely than their elders to look to individual commitment, very many of them (70%) trust it and acknowledge its human values and even more (84%) believe it is useful for society[2].

Increasing extra-financial challenges in company and social expectations in the fields they cover are only further strengthening the role and prospects for the mutual model as an economic model.

> A HIGHLY DIVERSIFIED GROUP

This report covers 100% of the business operations of all entities within the Group and the regional mutuals.



(*) 9 regional Metropolitan Mutuals, 2 overseas Mutuals and 2 specialist mutuals

...... Reinsurance link

(**) As the reinsurer of the regional mutuals, under a quota-share treaty GMA bears around 30% of the portfolios of the regional mutuals

[2] Survey carried out by Groupama with Odoxa: The mutual model as seen by younger generations

The Groupama Group operates in three main business sectors:

1. Real estate and casualty insurance: Motor, Home, agriculture insurance,services, business,professionals and local authorities
2. Personal insurance, individual health, individual protection, individual life insurance and pensions savings, group insurances
3. Financial services: asset management, real estate management, employee savings

In the French market the group has two leading insurance brands, each with a very different and complementary positioning:

- Groupama – the general and local insurer in France
- Gan – Gan's "Suivi Expert" position delivers the promise to bring to life the commitment to customers and is characterised by four fundamental pillars: Advice, Availability and responsiveness providing quick solutions, Tailored solutions, Monitoring overtime, the basis of a relationship of trust.

Abroad, it is the Groupama brand that is exclusively represented through the subsidiaries.

GROUPAMA, OUR BUSINESS MODEL

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

OUR RESOURCES

RESOURCES

31,000 employees
30,000 elected representatives of members

FINANCIAL

Premiums: **€15.5 billion**
Investments: **€91.7 billion** in assets under management
Group's IFRS Equity: **€10.7 billion**
Mutual certificates: **€638 million**
Balance sheet size: **€104.5 billion**

ORGANISATIONAL AND INTELLECTUAL

- 3-level mutualist organisation based on elective membership and the internal reinsurance system:
2,700 local mutuals
13 regional and specialised mutuals
1 national reinsurance mutual, Groupama Assurances Mutuelles, professional agricultural organisation
- 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-specialised or distribution subsidiaries)
3,000 Groupama and Gan branches; complete multi-channel distribution
Regional decision-making centres and information systems, call centres in France
In 10 countries abroad : 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**

Data 2021

OUR VALUE CREATION

RESOURCES

€1.5 billion paid in salaries and benefits
9 out of 10 employees trained per year
81% engagement rate (2021 internal survey)

FINANCIAL

Positive net income: **€493 million**
Positive operating income: **€461 million**
Combined ratio: **98.3%**
IFS rating: **A**, Positive Outlook
Solvency ratio: **271%** (with transitional measure)

SOCIAL AND SOCIETAL

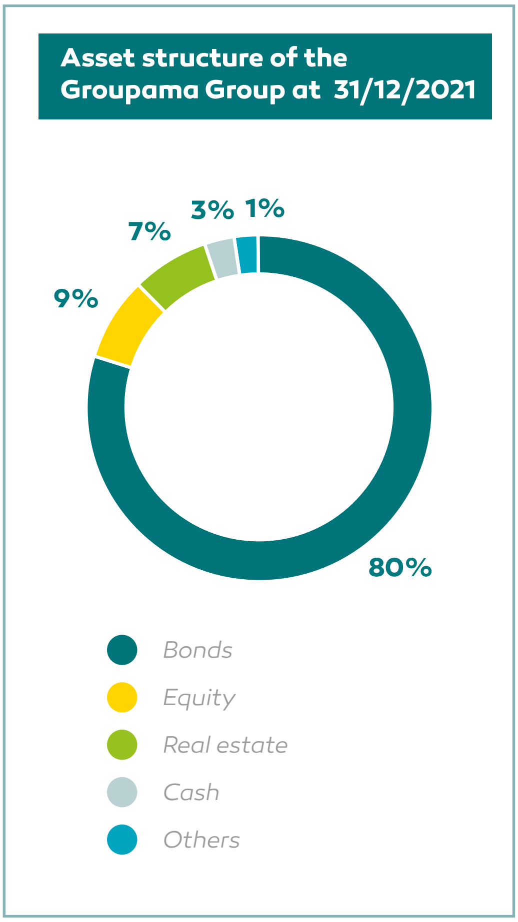
- Protection of as many as possible
12 million policyholders (members and customers)
€11.3 billion in benefits paid
More than **14,000** prevention missions
- France :
Number 1 insurer for agriculture and municipalities (18,000 municipalities)
Number 2 in individual health insurer
Number 3 in home insurance (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): **€40 million**
€11M paid for philanthropy
- Italy, Turkey, China, Hungary, Romania : **in the top 10**

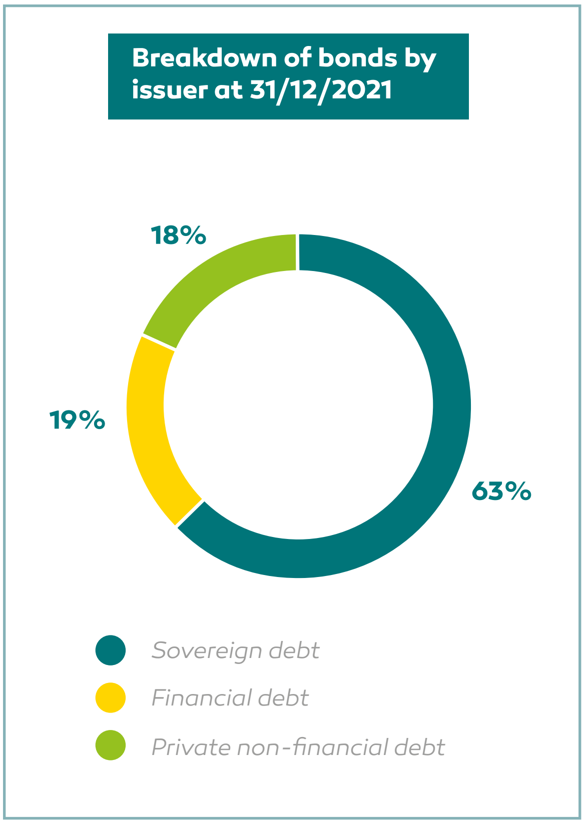
ENVIRONMENTAL

€91 billion managed in Responsible Investments (ESG criteria, GAM outstanding assets)
€1,040 million in green bonds (French subsidiaries)
10.4 Mt of CO^2 stored in **21,570 ha** of sustainably managed forests

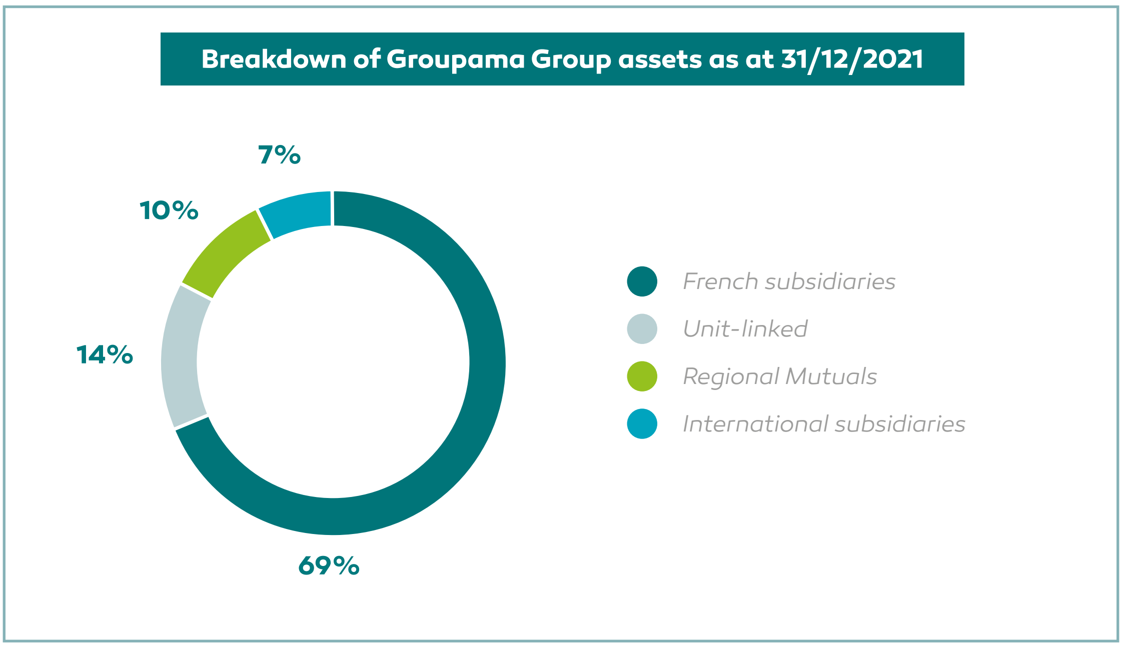
> FINANCIAL ASSETS OF THE GROUPAMA GROUP

As at 31 December 2021, the total market value of the assets under management by Groupama Group amounted to €76.8 billion:





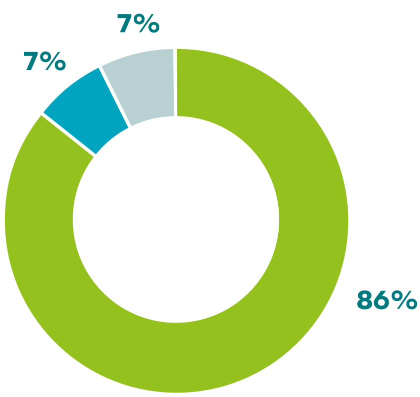
With the integration of unit-linked investments, the assets are organised as follows:



ASSET MANAGEMENT STRUCTURE (FINANCIAL DELEGATION)

Groupama's assets are mainly managed by its subsidiaries Groupama Asset Management and Groupma Immobilier:

Allocation of assets under management (€76.8 Bn)



- *Groupama Asset Management*
- *Groupama Immobilier*
- *Others*

Groupama re-affirmed its
Corporate Purpose in 2018

> **We are here to help as many people as possible build their lives with confidence.**
> **To do this, we are founded on humane, close and responsible communities of mutual aid.**

> GROUPAMA'S CSR STRATEGY

This corporate purpose is and has always been at the heart of our CSR strategy. This is shared with our elected members and employees, feeding the collective dynamic that unites and motivates us.

Groupama operates as an inclusive model, based around the desire to build and act to provide efficient, effective and sustainable solutions for every stakeholder. The group remains true to the original spirit of the mutual principles of its entrepreneurial founding farmers. This is about civic mobilisation focussed on the need to act in the face of risk events and to establish and build confidence.

The ESG (Environment, Social and Governance), and priority Climate challenges for Groupama are defined in its Non-Financial Performance Declaration (Déclaration de Performance Extra Financière (DPEF), included within the Universal Registration Document:

- Social challenges, with regard to the Group's employees: employability, "working welltogether", diversity and parity, respect;
- Societal challenges, with regard to members and customers: "good advice", customer satisfaction, coverage of protection needs, including prevention, data protection, responsible purchasing, socially responsible investments;
- Environmental and climate challenges in investments and, in offerings (products and services) and in underwriting policy. The DPEF also contains initiatives to reduce the ecological footprint of the Groupama organisation.

As the environmental challenge becomes increasingly urgent, driven by climate change; mitigation and adaptation to climate change, the Group includes all of these factors for its policies.

Weather-driven risks are critical in risk insurance: storms, heatwaves, drought, precipitation and coastal flooding; storm risks and climate risks for crops are all covered by 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.

THE CSR STRATEGY FOR 2022-2024

The Group's CSR policy is focussed around 3 areas and 2 bases in building a specific and differentiating strategy.

01 **A strategy that unites us and draws on our strengths**

02 **A strategy that differentiates us**

03 **A strategy that enables us to take shared CSR actions to promote sustainable growth**

OUR CORPORATE PURPOSE

We are here to help as many people as possible build their lives with confidence . To do this, we are founded on humane, close and responsible communities of mutual aid

This is why, at Groupama, we have developed:

1 A human, proactive and responsive customer relationship

2 Protection solutions aligned with the changing environment and life-styles

3 An active contribution to the development of sustainable local lives

Our savings and investment policies are based on sustainable, transparent and public investments and common to the whole of the Group

As a Group we are commited and everyone is proud to work in application of our stated values

... based on an economic model of sustainable growth

Resulting from work carried out in 2021 as part of the Group's Strategic Plan for 2022-2024, the drawing up the CSR strategy involved a large number of colleagues, elected members and stakeholders. Through more than 120 interviews and very many sharing and briefing session, this work revealed an alignment between the priorities of both external and internal stakeholders.

The general outline of the CSR strategy for 2022-2024 was approved by the Board of Directors of Groupama Assurances Mutuelles on 16 December 2021.

Based on Groupama's corporate purpose and strengths, and on a business model of sustainable growth, the CSR strategy contains five commitments:

1. A human, listening and responsible customer relationship
2. Protection solutions that reflect changes in the environment and in life styles
3. An active contribution to the sustainable development of local life
4. Savings and investment policies based on sustainability, that are transparent, public and common to the whole Group
5. A committed group in which everyone is acting proudly in line with our values (reduced carbon footprint, responsible management, "native" CSR approach)

CSR governance will be further intensified as of 2022: the monitoring of CSR actions and indicators will be based on the Group's current strategic project management, supervised by the CEOs and members of the Group Executive Committee.

The sustainable investment policy, which must be "transparent, public and common to the whole Group", is the subject of this report.

OVERVIEW OF OUR RESPONSIBLE INVESTMENT STRATEGY

Details of the whole portfolio:
Key investment indicators[3]

A committed ESG approach

87%
Percentage of assets applying **ESG filter** at the Group level

48%
Percentage of **certified building assets** (by area)

83.6%
Percentage of AGMs of **companies invested** in which **at least one resolution was rejected**

Managing our exposure to risks and opportunities linked with climate change

2.8°c
Estimated **temperature** induced by our equity and corporate bond portfolio (SB2A)

39%
Percentage of **dialogues** with companies concerning climate related challenges

171 teqCO_2/€M revenue
Carbon intensity (scope 1 and 2) of the equity and corporate bond portfolio (Group)

28%
Of companies in the global portfolio with exposure to **physical risks**

34%
Of companies in the global portfolio with exposure to **transition risks**

13.9 kgeqCO_2/m2
Average carbon intensity of offices monitored by Deepki[4]

Measuring our biodiversity footprint

-0,16 km².MSA/€M REVENUE
Monetary intensity of biodiversity in the equity portfolio

76%
Land use

14%
Air pollution

3%
Water pollution

7%
Climate warming

Analysis of the CBF biodiversity footprint of the global corporate portfolio by pressure

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[3] All the above indicators are detailed within the Report
[4] Deepki: A start-up that makes it possible to consolidate the energy and water data from buildings

> OUR CLIMATE COMMITMENTS

At the end of 2018, Groupama made a public commitment to invest €1 bn between 2019 and 2021 in favour of the energy transition. This commitment was achieved by the end of 2021 with over half invested in green bonds and the rest in real estate assets (renovation and/or construction, purchase of certified assets) and energy infrastructure.

Objectives

€1 Bn

Between 2019 and 2021
Directs additional investments to finance the transition towards a low-carbon economy

Achieved rate

End 2021

100 %

In 2021, Groupama committed to new quantitative objectives to contribute to achieving the targets of the Paris Agreement, both with a reduction in emissions generated by its financial operations and in a positive contribution to the low carbon transition.

New objectives

€1,2 Bn

Between 2022 and 2024
additionnal sustainable Investment in infrastructure, real estate, green bonds

-50%

Between 2021 and 2030
of the carbon intensity (tCOeq/€M of turnover) scope 1 and 2 of the equity and corporate bond portfolios (Group level), on a trajectory aligned with the Paris Agreement

To achieve our objectives, we have worked to define a map of sustainable investments, for pillar E and S and per asset class. The purpose of this classification is to guide our internal investors towards economic activities with a positive ESG contribution. Companies that are notably committed to the fight against climate change, or supplying clean and affordable energy fit with this definition.

Map of sustainable investments

	Environment	**Social**
Equity	Strategic holdings aligned with EU green taxonomy	Covered by a specific analysis
Private bonds	Green Bonds aligned with the Green Bond Principles or the European Green Bond Standard validated by GAM methodology	Social bonds aligned with the Social Bonds Principles validated by GAM methodology
Sovereign bonds	Green Bonds aligned with the Green Bond Principles	Social bonds aligned with the Social Bonds Principles
Private Equity	Environmental focus assets part of an Article 9 fund	Social focus assets part of an Article 9 fund
Infrastructure	Environment focussed infrastructure linked with taxonomy eligible activities (no technical criteria)	Covered by a specific analysis
Real estate	• Low carbon labelled • Projects aligned with the EU taxonomy	Covered by a specific analysis
Real estate funds	Real estate assets part of an Article 9 fund	Covered by a specific analysis

Commitments on fossil fuels

Groupama is also committed to fully divest from heating coal by 2030 at the latest for European Union and OECD countries and at the latest 2040 for the rest of the world.

In terms of non-conventional fossil fuels, Groupama has toughened its policy with a commitment not to finance any direct investment in companies involved in the development of new unconventional fossil energy projects projects, in accordance with the recommendations of the IEA scenarios (see part 3.b Climate related exclusions).

1 - OUR COMMITMENT AS AN INSURER

A. GROUPAMA'S ESG-CLIMATE POLICY SUPPORTING THE STRATEGIC AMBITION

The operational implementation of the **sustainable investment strategy has been defined in the context** of the global investment strategy approved by the Boards of Directors of the Entities.

Upstream, in order to comply with the objective to operate sustainability focused savings and investment policies that are transparent, public and common to the whole of the Group, a dedicated sustainable investment governance has been set up in order to define the level of the global ambition, the data, tools and methodologies to be deployed and used and thereby enable, firstly the investment teams to integrate ESG issues into their decision-making and operational processes, and secondly to fully integrate these challenges within all investment policy and financial risks governance bodies and committees. The Group's sustainable investment strategy, its objectives and implementation are presented each year to the Group's Ethics and Sustainability Committee.

The Group's sustainable investment strategy, its objectives and implementation are presented each year to the Group's Ethics and Sustainability Committee.

The operational and effective implementation of the sustainable investment process of the French subsidiaries comes within the remit of the Group Investment Department, which:

- Monitors the inclusion of ESG criteria into asset management practice for all assets;
- Suggests changes to the sustainable investment strategy;
- Presents the sustainable investment strategy results to the Financial Committee of each subsidiary, which is responsible for defining the investment strategy directions for the entity.

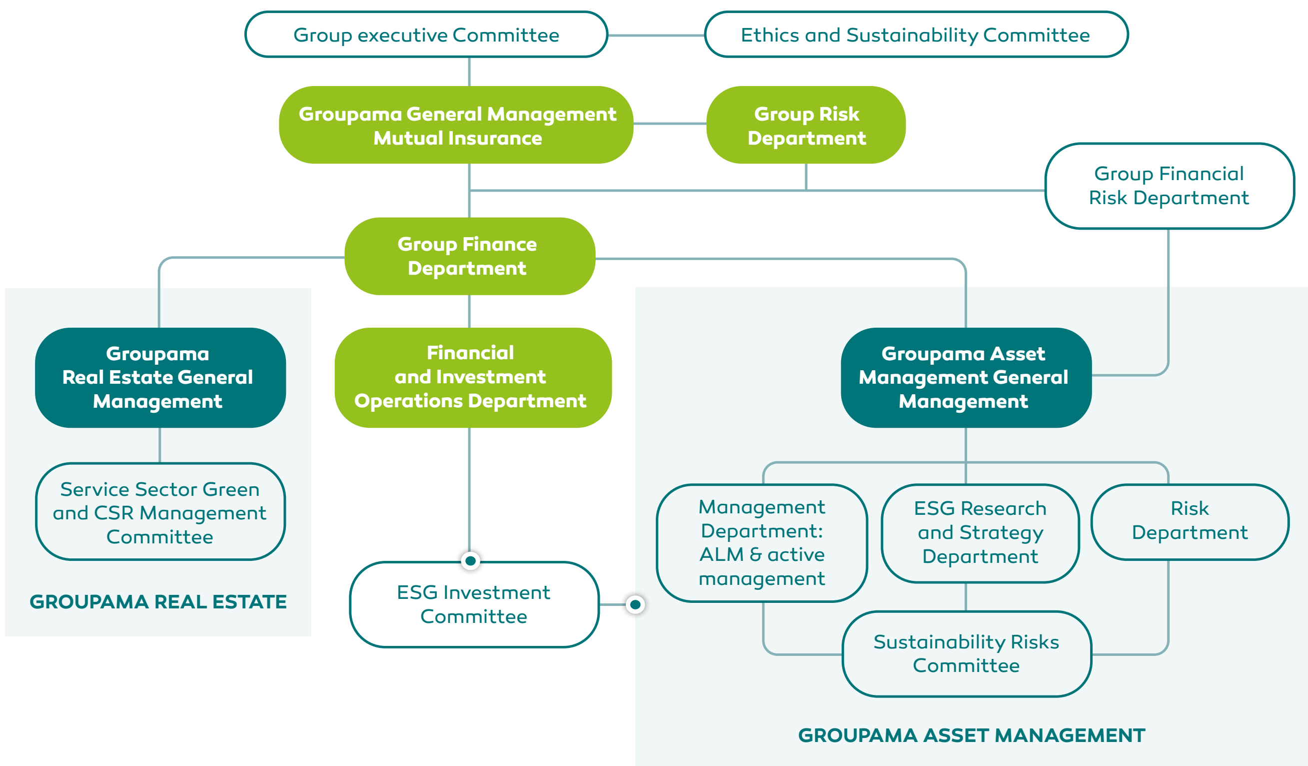
In addition, the Investment Department:

- Manages and expands for the non-listed asset classes, the **ESG reference data**, which will be gradually distributed to all entities in the Group
- Calculates the **regulatory indicators at the Group level**
- Integrates the ESG indicators into the Group reporting and supplies the dedicated reporting

The Group Risk Management Department supervises *a posteriori* the correct application of the exclusion and disinvestment rules in the asset portfolios.

The commitment policy and voting are delegated to GAM as part of its management delegation. GAM is responsible for exercising the voting rights at the Annual General Meetings in the context of a predefined voting policy, shareholder engagement and dialogue with companies.

In addition, Investment Department :



INTEGRATION OF SUSTAINABILITY WITHIN GOVERNANCE

As a responsible insurer, managing risk is at the very core of the strategy and of governance at Groupama. In order to ensure the optimum management of all the risks to which it is exposed, the Group has implemented a range of measures and risk monitoring that are managed within a global process.

Since 2014, the risk management system has also focused on the ORSA (Own Risk and Solvency Assessment) process, materialised with the compilation of an Annual Report.

The governance of the risk monitoring process is provided at the Group level by a number of bodies, including namely:

- **The Group Risk Committee,** formed by members of the Group Executive Committee together with the Head of Risk Management key function
- **The Risk Committees for eachrisk family** (insurance,financial, operational and compliance)

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 Department therefore acts in particular with regard to financial, insurance risks and those associated with the solvency of the Group. In this context:

- It compiles a mapping of risks in which risks associated with climate change play a large part (climate risk for crop harvests, risks of natural disasters, storms, accumulation in a specific geographic zone, etc.)
- It defines a series of financial and insurance stress tests, in particular climatic (such as the occurrence in an infra-annual period of recent climatic events) with the aim of simulating the impacts on the solvency of the Group.
- Each of these risks is documented, quantified and analysed in the specialist insurance risks committees and then summarised for analysis by the Group Risk Committee and the Audit and Risk Committee.

More specifically, relating to the monitoring of Sustainability Risks on assets, the Risk Department draws on the reports and conclusions of the Committees:

- Sustainability Risks (Groupama AM)
- Green management and service sector CSR (Groupama Immobilier)
- ESG Investment (Investment Department)

A summary dashboard is analysed in the dedicated financial risks Committee. This dashboard highlights the trajectory of Groupama's exposure in terms of the selected indicators (Carbon intensity, green proportion, ND-Gain score, etc.).

This is forwarded to the GEC / Ethics and Sustainability Committee then signed off by the Audit and Risks Committee each year.

MANAGING RISKS AND OPPORTUNITIES AND INTEGRATION OF THE ESG CRITERIA

Within Groupama, there are 28 employees (ETP) dedicated to the integration of ESG criteria and the inclusion of CSR themes at the Group level.

Listed assets - Groupama Asset Management

The management of the vast majority of listed assets is delegated to Groupama Asset Management. The Group has created a specific mechanism for monitoring investments and the financial management assigned to Groupama Asset Management, with the risk management and the ESG Climate strategy overseen **by an ESG Committee.** The ESG Committee is a body in which the **ESG Climate strategy applied to the assets of all Groupama subsidiaries** is defined and monitored by Groupama Asset Management and the Investment 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 Investment Department.

The ESG strategy is implemented across all GAM 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.**

Assets entrusted to Groupama Immobilier

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

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

- Asset Management
- Real estate Management
- Sustainable Development & Innovation
- Purchasing Department
- **Control and Audit**

The role of this committee is to centralise environmental projects and initiatives relating to service sector assets, as well as the monitoring of these, in practical and operational terms.

Unlisted assets – Financial Operations and Investments Department

The **Investment Department** is responsible for managing unlisted assets, other than real estate and forests.

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

INTEGRATION OF SUSTAINABILITY RISKS IN REMUNERATION POLICIES

As of 01 January 2020, GMA's remuneration policy has included qualitative criteria covering the variable individual remuneration of salaried Portfolio Advisors (CGP) and Financial Advisors (FI). A percentage of the variable remuneration is thus paid when these latter satisfy a minimum rate of "Gestion Préconisée" in the context of the marketing of Unit-Linked life assurance policies to customers.

In 2021, Groupama Gan Vie included the concept of sustainability in the "Gestion Préconisée" profiles. A dedicated indicator was created to manage the process. In application of the regulatory requirements, the work on integrating Sustainability Risks within remuneration policies will be continued.

B. THE DYNAMIC: SETTING OUR APPROACH FOR THE LONG-TERM

Insurers are directly impacted by the consequences of climate change.

In charge of paying claims caused by natural events, they have valuable data on the real-time evolution of these phenomena. Insurers also receive feedback, acquired in the field and listening to people experiencing the losses. Through their roles in terms of **protection and prevention,** insurers are witnesses of the failures to adapt in those areas suffering the consequences of natural disasters. Taking into account long-term risks, prevention and **adaptation are essential to improve the resilience** of both territories and the activities of business.

Climate Lab : The creation of a dedicated climate-change lab

Understanding the nature of these challenges, the Groupama Group launched a climate change adaptation initiative in 2020 based on its in-the-field experiences. With increasing levels of flooding, the Group launched a working group aimed at identifying those underwriting areas requiring greater analysis.

This initiative was augmented and extended to all sectors in 2021: **The Group created the Climate Lab.** Its aim is is to coordinate and boost the climate change adaptation work, and initiate the necessary action plans. The Lab consists of a **team of specialist experts**, supported by a far-reaching network, involving all the business Departments and entities within the Group, and acting as the link to the Risks, Finance and Actuarial Functions. This initiative covers the whole of the Group, i.e., the Regional Mutuals (continental France and Overseas), Gan Assurances and the international subsidiaries.

The Climate Lab has a **real forward looking approach,** the aim of which is to survey all the scientific output on the issue for inclusion in the forecasts, develop diagnostics and identify appropriate solutions. With this wide ranging knowledge, the various segments can see how to implement the **prevention, protection, compensation** and the changes needed to deal with the identified challenges: the approach is highly pragmatic.

Priority areas for the Climate Lab

- Improve and build reliability of our risk knowledge
- Establish forecast of future impacts of climate change
- Watch on the actions of stakeholders linked with climate change
- Extend the prevention approach

Short-term goals

- Define for each market and sector actions needed for 2022 and prepare the IT needs for the 2023 IT Project Plan
- Set the framework to ensure prevention
- Estimate the cost of claims levels by peril and sector
- Framework for prevention work
- Identify the macro-impacts linked with climate change, by establishing initial contacts with scientific experts

Applying this same **dynamic and continuous improvement logic,** all the work undertaken within the Group to integrate climate change, into our insurance products, as well as our operations and investments, are viewed in this same pragmatic way. These will be revised annually to ensure they respond as best as possible to the challenges and to be more ambitious as our knowledge and understanding evolves.

C. CREDIBILITY

Expectations around responsible finance are increasing rapidly, driven by investor demand, and further boosted as well as by many of the players in the market.

This transition is one of conviction as well as a response to growing demand from customers, regulators and NGOs. To speed up this process given the climate emergency, **stakeholders in the financial markets need to work together.** The **credibility of a significant player like Groupama is based on its active commitment to the ongoing work.**

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

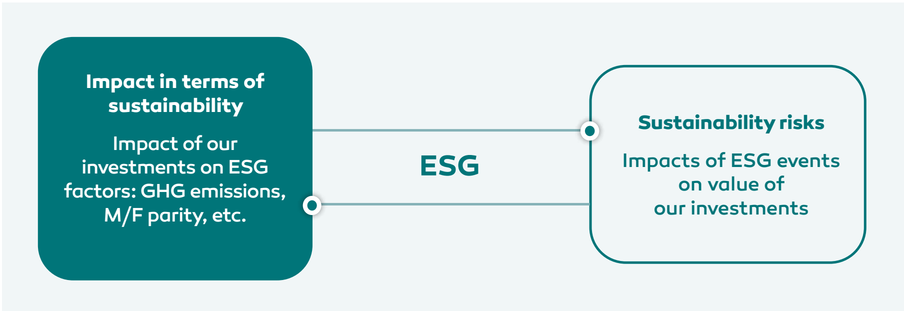
ENTITIES	INITIATIVES	ROLES
GROUPAMA ASSURANCES MUTUELLES	**Association des Assureurs Mutualistes**	Chair of the association (Thierry Martel, CEO Groupama) Participation in the Climate Finance Working Group
	France Assureurs (FA)	Participation in the France Assureurs dedicated WG (GT ESG Climate, Sustainable Development, non-financial standardisations, climate risks) Non-conventional Oil & Gas Commitment in 2022
	ACPR	Participation in the Climate Risk Working Group
	NEC Initiative	Signatory of the NEC Initiative, a collaborative platform for sustainable finance: *https://nec-initiative.org/*
GROUPAMA ASSET MANAGEMENT	**Principles for Responsible Investment (PRI)**	Signatory since 2006 Assessment A+ in 2020
	EuroSIF	As a Member of the Responsible Investment Forum, Groupama AM has an active role in work on European convergence on the ISR. EUROSIF is the body the promotes sustainable finance at the European level
	Finance for Tomorrow	Member Participation in various working groups: Fair transition, biodiversity, impact
	Responsible Investment Forum	Member of the Responsible Investment Forum and participation in various working groups Groupama Asset Management is a member of Say on Climate of SBF 120 Participation in the General Public Commission
	EFRAG	Member of the European Sustainability Reporting Standards Project Task Force since September 2020 (season 1) and June 2021 (Season 2) working on the standardisation of sustainable data
	Association Française de la Gestion (AFG)	Chair of the Responsible Investment Committee Contributions to various subjects such as labels, regulations and impact
	Société Française des Analystes Financiers (SFAF)	Groupama AM is a participant on the Extra-Financial Committee. It actively contributes to the provision of training on sustainable finance and regularly leads this training provision
	ORSE	Contribution since 2022 to the work of the ORSF Finance Club and participation in publication of several guides relating to the promotion of the ISR
GROUPAMA IMMOBILIER	**Association Circolab**	Founding member of Circolab, an association aimed at rethinking the economic system as a circular system in order to protect resources (reduced use of natural resources, resource optimisation, ecosystem preservation)
	IFPEB	Board member of IFPEB, (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
	Biodiversity Impulsion group	Participation in launch of research programme into the biodiversity footprint of building projects
	Fondation Palladio	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

2 - INTEGRATING DOUBLE MATERIALITY: EXPANDING OUR VALUE CREATION

The notion of double materiality, at the heart of the European strategy for guiding finance towards the ecological transition, makes it possible to include all stakeholders and aims to clarify the integration of the elements of sustainability within the investment process. The Regulations came into force as March 2021 - the «Sustainable Finance Disclosure Regulation» (SFDR) - and requires investors to supply information by financial product concerning the sustainability of all their investments.

This definition makes it possible to cover:

- The impact of events relating to ESG factors on the value of the investments
- The impact of investments on the sustainability factors. These are the positive and negative impacts in terms of sustainability, known as "Principal Adverse Impacts" in the Regulations



However, **national regulations (Article 29 of the Energy Climate Act)**, go further than the European regulations with an emphasis on the risks relating to **climate change and biodiversity** and providing details on the means of publication of the information relating to the integration of risks in terms of sustainability into the investment decision making process.

For Groupama, **managing the risks relating to sustainability** and the strategy of **limiting the adverse impacts on sustainability** are intimately linked. As an insurer and investor, the Group is triply exposed to the Sustainability Risks in terms of its assets, its liabilities and its business model. **Traditionally focused on the first element of the materiality, Groupama aims to integrate more tools to identify the impacts generated by its global portfolio, in order to limit the adverse impacts and improve the positive impacts.**

The eventual aim is to measure the impact of the sustainability Risks on the value of its investments.

In compliance with the requirements of the European SFDR regulation, Groupama classifies its funds:

22 % **Of funds are "Article 8" products,** promoting among other characteristics, environmental or social characteristics, or a combination of these characteristics

11 % **Of funds are "Article 9" products,** with a sustainable investment objective (i.e., investment in economic activities that contribute to an environmental or social objective)

The breakdown of these funds is given in the Appendix by asset class.

> ESG APPROACH BY ASSET CLASS

Building a shared reference: analysis of investments of the entities applying the ESG criteria common to the whole Group

One of the **objectives of the CSR approach** of Groupama is to develop a strategic framework and a sustainable savings and investment policy that is **transparent, public and common** by the whole of the Group. To achieve this, Groupama launched its action plan for 2022 including the construction of a common **ESG repository system** at the Group level.

This reference system, based on the methodology of Groupama Asset Management, is being supplemented for the various asset classes for distribution to the entire Group through the traditional financial channels. The objective is to **obtain an ESG due diligence questionnaire for all fund typologies** (Listed assets, Real Estate, Private Equity Corporate, infrastructure, corporate loans), covering the shared ESG criteria.

This work will ensure the maintenance of a strict consistency of analysis at the Group level. These questionnaires make it possible to assign a score to every fund analysed, but do not set a discriminant threshold. However, two of the criteria are barring for any investment: compliance of the fossil fuel and weapons policies with those of the Group (either that of the management company or of the fund prospectus). The questionnaires are intended for integration into a comprehensive due diligence questionnaire covering the financial and non-financial aspects with a specific weighting for the ESG criteria.

ESG APPROACH BY ASSET CLASS

Groupama oversees the ESG Climate strategies applied within the various asset classes, through a number of entities:

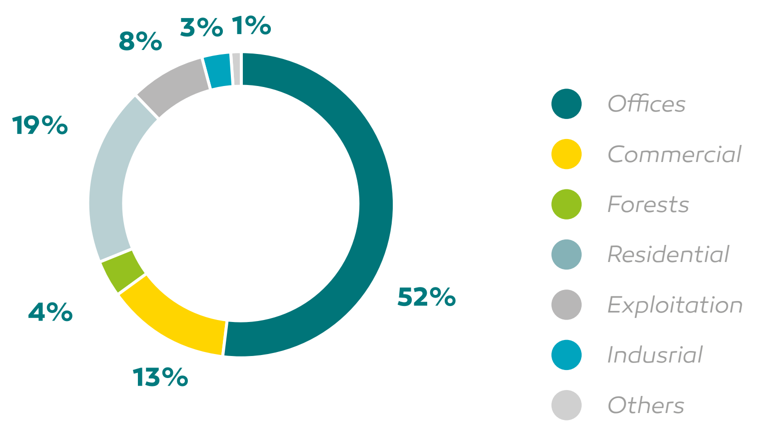
Perimeter	Responsible	Asset class	Sustainability risk management			Adverse impact management			
			Environmental strategy			Environmental strategy			
			Climate Analysis	Sector exclusions*	Other ESG strategies	Climate Analysis	Sector exclusions*	Financing the energy transition	Other ESG strategies
French subsidiaries investment strategy	Groupama Asset Management	Mandate listed Shares and bonds	X	X	X	X	X	X	X
		Dedicated funds	X	X	X	X	X	X	
	Groupama Assurances Mutuelles (DOFI)	Infrastructure (private debt and equity)	X	X	X	X	X	X	X
		Corporate private equity		X	X		X		X
		Corporate Private debt		X	X				X
	Groupama Immobilier	Real estate	X		X	X			X
		Forests	X		X	X			X
UC	Asset managers / GGVIE	All asset classes/ allocation			X				X
				X	X				

A. OUR ESG APPROACH AND THE INTEGRATION OF SUSTAINABILITY BY ASSET CLASS

> REAL ESTATE AND FORESTRY ASSETS

ASSETS MANAGED BY GROUPAMA IMMOBILIER

Distribution of assets managed by Groupama Immobilier (appraised value)



THE ROLE OF THE BUILDING SECTOR IN THE NATIONAL DECARBONISATION TRAJECTORY

In France, buildings (residential and services sector) are the leading sector in terms of final energy consumption, accounting for 44% of consumption. The sector also accounts for 19% of national direct greenhouse effect gas emissions (scope 1), mainly from heating, and this figure is increased to 27% if emissions relating to the generation of energy consumed in buildings are included (scope 2).

The National Low Carbon Strategy (2020) sets ambitious objectives for reducing the sector's emissions in the medium and long terms: by 49% in 2030 compared to 2015 and the complete decarbonisation of the sector. The emissions associated with the buildings sector are on a downwards path but at a rate that is too slow relative to the national objectives: Between 2015 and 2018, the consumed carbon budget was still 16% above the level allowed in the first trajectory of the National Low Carbon Strategy.

RESPONSIBLE MANAGEMENT BY GROUPAMA IMMOBILIER

Groupama Immobilier is committed to a process of continuous progress and innovation with objectives aimed at structuring and improving its performances, to protect the environment and natural resources.

As a responsible investor, Groupama Immobilier carries out a prior audit of all investment opportunities, as part of the due diligences for the asset itself and the company to be invested in. In 2021, the due diligence charter was revised to make it more thorough. Particular attention is also paid to the possibility of improving the environmental performances of the assets, eco-responsible construction methods and the levels of certifications obtained.

The **social characteristics** are also analysed, such as the proximity of the real estate to public transport, its suitability for access by persons of limited mobility or the use of the building (retirement homes, crèches, schools, etc.).

In its capacity as a **responsible asset manager,** Groupama Immobilier's strategy includes a strong focus on the environmental dimension: measure, reduce and reuse are key words in the low carbon strategy for the entire life cycle of its buildings. This covers all the materials and the processes used in the construction or the renovation as well as consumption incurred during the operational phase.

Measure

In order to measure the carbon footprint of its operations, Groupama Immobilier is supported by Carbone 4, which has, since 2018, **performed the carbon audit** (GHG Protocol) of the managed assets. Since 2016, Groupama Immobilier has consolidated the energy and water data for the buildings thanks to the Deepki start-up. **Deepki** uses existing customer data to produce a global overview of the ESG performance of the assets, applying a Low-tech solution. The collecting of the data makes it possible to comply with the tertiary Decree, by inputting the energy data to the OPERAT Platform, on which the annual consumption declarations have to be submitted prior to 30 September each year.

For the purposes of managing the environmental quality of its assets, Groupama Immobilier has created an "**environmental form**", which consolidates all the actions relating to the assets and the results achieved: Energy efficiency performance, ESG scores, tenants, indicators and monitoring of consumption, and environmental investments plans.

Reduce

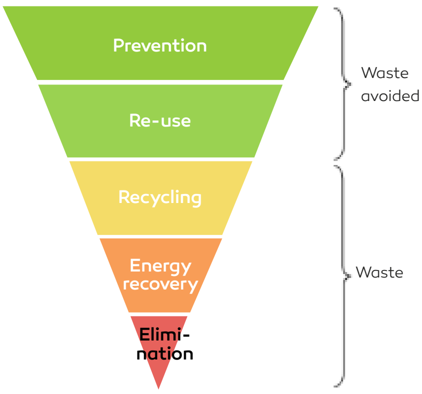
To ensure the best environmental performance by its assets, the Group has been implementing its **ambitious renovation plan,** since 2015, for its tertiary properties including an investment programme of over €600M for the period 2014-2025. In this context, Groupama Immobilier is undertaking in particular life cycle analyses (ACV) of its assets[5], to consolidate the carbon emissions generated for the entire lifetime of the building (from construction to use). This method notably makes it possible to select low carbon materials with lower emissions than traditional materials.

In 2021, Groupama Immobilier also launched a **plan to obtain "BREEAM In Use" certification for its assets** covering the certification of the environmental performance of a building in operation. This initiative will extend until 2024.

With its desire for continuous improvement, Groupama has commissioned a specialist firm to help improve its DPE scores in 2022.

Re-use

Groupama Immobilier is a committed circular economy player for its real estate, in particular as a founder member of the Circolab association and in the mobilisation of the ecosystem. In 2020, Groupama Immobilier launched "Booster du réemploi"[6], initially intrapreneurial and then collective, with an objective to promote the **re-use of materials in construction. The Booster covers the various structures involved for re-use** (MOE, MOA, manufacturers, industry, construction companies, etc.) and creates a community of operational partners with clear commitments.



The re-use of materials can produce a significant improvement in the environmental footprint of buildings. The supply of materials for re-use is currently well organised but the level if demand is not there. The objective of this programme is to massively foster demand to achieve a threshold effect, that will make demand visible and collective. This approach was awarded the **«Trophée de l'innovation» by the Association des Directeurs Immobilier in June 2021.**

Groupama Immobilier monitors the processing of waste generated during work. Currently, only 1% of the 42 M tonnes of annual wastes is re-used.

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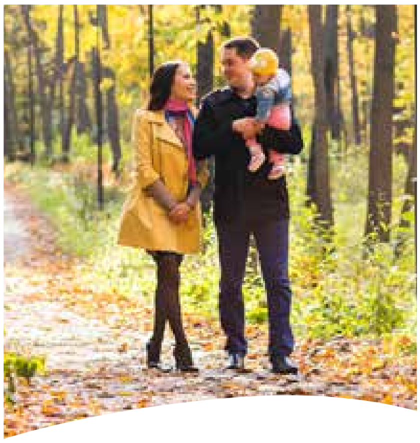
[5] For restructuring operations in excess of 3 million euros

[6] Project website: https://boosterdureemploi.immo/

Increasing awareness

The responsible management of assets also include increasing the **awareness of tenants to best practice**. Every year we carry out a campaign to increase awareness among leaseholders to maintain dialogue, understand their needs and improve our practices. We now always include a signed environmental appendix in the leases, and we hold annual Green Committee meetings, providing a real tool for dialogue with our leaseholders.



Protecting biodiversity: "Biodiversity Impulsion Group (BIG)

Together with the Observatoire de l'Immobilier Durable and 15 other companies, in November 2021, Groupama Immobilier launched a **research programme into the biodiversity footprint of buildings.** This initiative aims to develop a common set of reference measuring tools for defining the biodiversity footprint of building projects, simplify the choices for stakeholders and provide improved advice to the town planning and ecological services in the regions. BIG is focused on three areas: The creation of the **tools for measuring the benefits of biodiversity** at the scale of a building project, developing a **mapping platform of local contributions to biodiversity and the implementation of system enabling the appropriation of these tools by the players in the buildings sector.**

SUSTAINABLE FOREST MANAGEMENT

Groupama Immobilier manages more than 20,000 hectares of forest, making it one of France's leading institutional forest managers, with 50% located in the Southwest. The forest management policy of Groupama Immobilier aims to optimise the value of these assets with the inclusion of biodiversity. All of the managed forests are PEFC (Programme for the Endorsement of Forest Certification) certified, an environmental quality label.

The forest assets are very exposed to physical risks. The principal risks identified by Groupama are:

- Storm risks
- Fire risks
- Phytosanitary risks

Climate change increases these risks: more frequent and more violent extreme weather events (including storms; drought that increases fire risk, particularly in areas that were previously not 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 manages solutions that are designed to prevent these risks or to limit the impact of these:

- Preventing the impact of storms:
  - Shortening the production cycle of the forests (from 60-65 to 45 years) to reduce exposure to the risk (reduction in stock of wood effected)
  - 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 ForestsAgainst 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.

> PORTFOLIO OF LISTED ASSETS DELEGATED TO GROUPAMA ASSET MANAGEMENT

The Group's assets benefit from the integrated ESG analysis of Groupama Asset Management. Since 2003, Groupama Asset Management has fully integrated ESG within its financial analysis, with a dedicated analytical team. The methodology and the internal integration of ESG has been constantly intensified to create a comprehensive corporate strategy.

A dedicated ESG team, answering directly to the Management Department has been created to ensure the distribution of the ESG strategy without distinction to the level of the research and management teams. This team is also charged with developing the products with greater integration and a range of ESG oriented products.

Effect in terms of the research and management teams

Research: 13 financial and extra-financial analysts

Management: ESG managers within every area of expertise

INTEGRATION OF ESG INTO THE MANDATES MANAGED FOR THE GROUP

The specificity of insurance asset management is that it is long-term with the aim of optimising the match between asset flows and liabilities. The management of risks and in particular ESG risks is essential within this type of management. This integration relies on the use of three tools:

- An **ESG exclusion filter**: list of Major ESG Risks and application of sector based policies
- Integration of **ESG analyses by asset class**
- **The integration of a quantitative environmental element** applied to the 7 most carbon intensive sectors, with the aim of identifying the issuers best positioned to deal with the challenges of climate change.

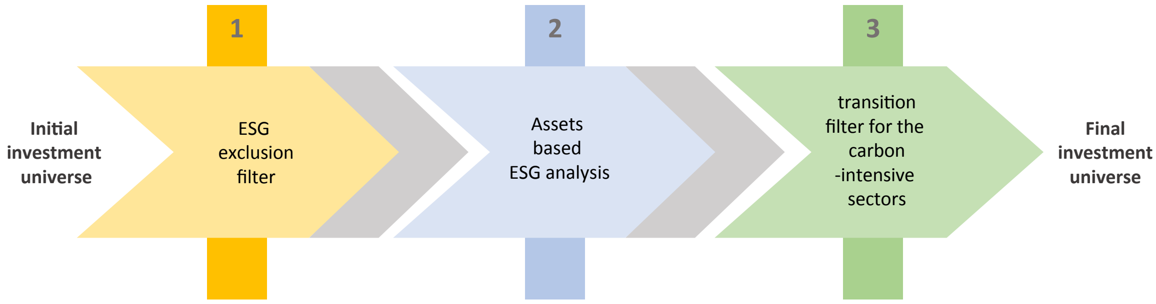


Figure 1 - The extra-financial analysis process for the Group's equity and bond holdings

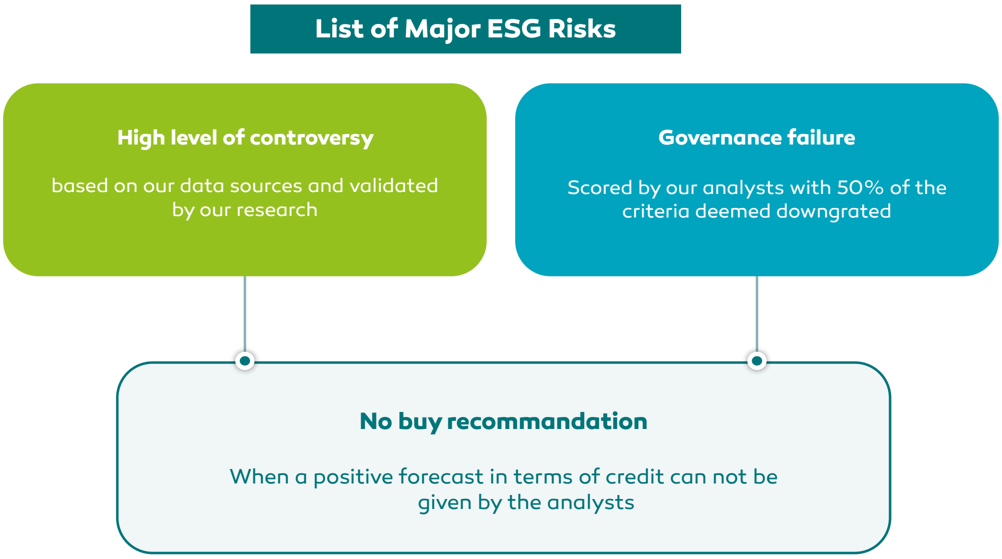
The part of stage 1 concerning the Major ESG Risks as well as stage 2 (ESG analysis) are dealt with in this section. The sector based policies relating the climate and transition filter will be considered in the climate section of this Report.

1. ESG exclusion filter: list of Major ESG Risks

For all investment projects, a prior pre-trade analysis checks that the assets in question do not include ESG risks. The companies on the Major ESG Risks list and those for which the ESG risks could, in part, call into doubt their economic and financial viability, and in part, have a significant impact on the value of the company, of the brand and thus lead to a significant drop in its Stock Market value or result in a reduction in its credit agency score.

With each new addition to the Major ESG Risks list, the analyst identifies the "triggers" or exit signals that are systematically reviewed every six months.

This list classes the companies into two sub-classes:



Application of the list based on the fund typology:

- For **Article 8/9 open-end fund** managed by GAM, the list is de facto excluded, for dedicated and mandated funds, the exclusion of shares on the list is the choice of the customer
- For **non-Article 8/9 open-end funds** managed by GAM, the list issues an alert to the managers who then need to justify the purchase, the inclusion of these assets
- For **Group management mandates,** the reinvestment or the investment is prohibited, the objective is to remove it from the portfolio as soon as possible

In the context of its policy of engagement (see section 2.c Creating value through shareholder engagement), shareholder dialogue is started with the issuers of the list during the meetings with the management.

2. ESG approach by asset class

ESG coverage at Groupama

In 2021, Groupama extended its extra financial analysis at the Group level to **87%**. In terms of the French subsidiaries, this indicator increased to **89%** coverage. The chosen method for measuring the coverage rate is as follows: the issuers (private or public) for which GAM assigns an ESG score are considered as covered by an ESG analysis.

Funds not managed by GAM are considered as not covered until a due diligence process that is standard for everyone has been validated.

This standard due diligence process is being compiled and will be approved in 2022.

Equity and bonds

The analysis of equity and corporate bond risks and opportunities is based on 3 pillars:

Environmental criteria	Social criteria	Governance criteria
These analyse the positioning and capacity for adaptation of companies for the energy and ecological transition as well as the impacts of the companies' business in terms of protecting biodiversity, waste management, pollution, water management and quality and consumption of raw materials.	These involve in part an analysis of the company's human capital (skills management, training, company culture, working atmosphere, etc.) relative to the three transitions[7] and in part an analysis of its societal impact (external customer, supplier, community relations) as well as its contribution to the Sustainable Development Goals.	These deal with how the company is managed, administered and controlled, and the relationship between its shareholders, its Board of Directors and its senior management as well as the level of integration of sustainable development goals. The governance analysis is used to check the full implementation of the strategy by the management, and whether this operates in the interests of all the shareholders and stakeholders in the company.

This integrated analysis enables the research team to issue recommendations used by the equity and credit managers of Groupama Asset Management. The analysts use external data sources (Vigeo Eiris and Iceberg Data Lab) to draw up a quantitative score applying the key ESG challenges identified in a qualitative analysis. The criteria in questions are weighted on the basis of their materiality and relevance for each sector.

Sovereign bonds

The analysis of country risk also takes the ESG risks and opportunities into account. These constitute a pillar on their own in the scoring which includes: economic factors, ESG factors, financial factors, and other specific factors. The methodology that is applied aims to identify all potential impacts of the environmental, social and societal factors in the business climate of a country. The ESG score is then calculated as the sum of the scores for the components E, S and G.

- The "**governance**" score measures the quality of the power structures of a country. It consists of six sub-pillars for which data is published by the World Bank: Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption.
- The "social" score measures the social and societal performance, in particular in terms of lifestyles, social cohesion, demography and human capital.
- Lastly, the "**environment**" score measures the performance in terms of the carbon footprint, energy efficiency and green growth.

The "social" and "environment"sub-pillars are compiled by Groupama Asset Management using a selection of available macroeconomic data.

[7] The three ecological, digital & environmental transitions

3. Integration of a quantitative environmental element

The Groupama Asset Management Research Team has been developing and enhancing its specific Climate risks and opportunities analysis since 2017 applied to the shares held within the Group's investment portfolios, include the dedicated funds.

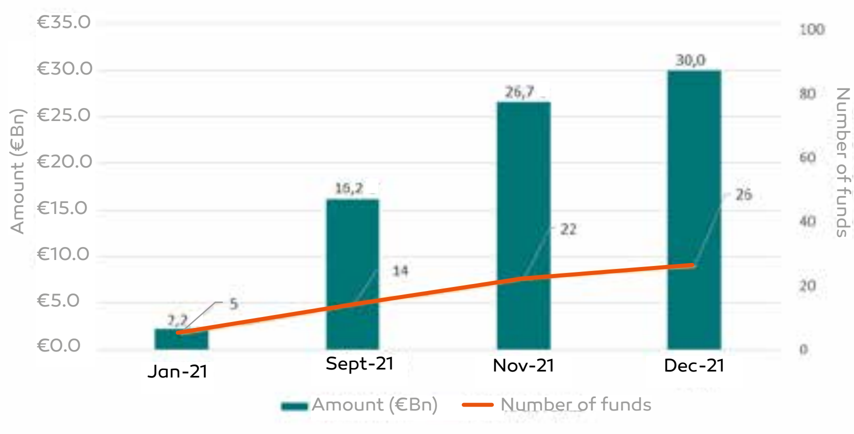
The **Climate is now increasingly taken into account** by Groupama and Groupama Asset Management:

- In 2017: Calculation of the green share percentage and an NEC indicator
- In 2018: 2°C Simulation - Trajectory
- In 2019: Calculation of portfolio-induced temperature
- In 2022: a low-carbon trajectory; analysis of physical and transition risks

The climate analysis and the results of this analysis are described in 3.b "*Analysis and management of Climate risks*" and 3.c "*Monitoring the environmental performance of investments*".

In **2021**, Groupama Asset Management **reworked elements of its ESG strategy** and namely:

1. Significant increase in its sustainable product offer: in 2021, 27 funds were ISR labelled and 1 fund was Green Fin labelled. In addition, 42 funds were **Article 8 and 2 Article 9 categorised under the SFDR at the end of 2021.**



Amount total open funds: €38.5 Bn

Number of open funds: 110

Table 1 - Change in volumes and number of ISR labelled funds

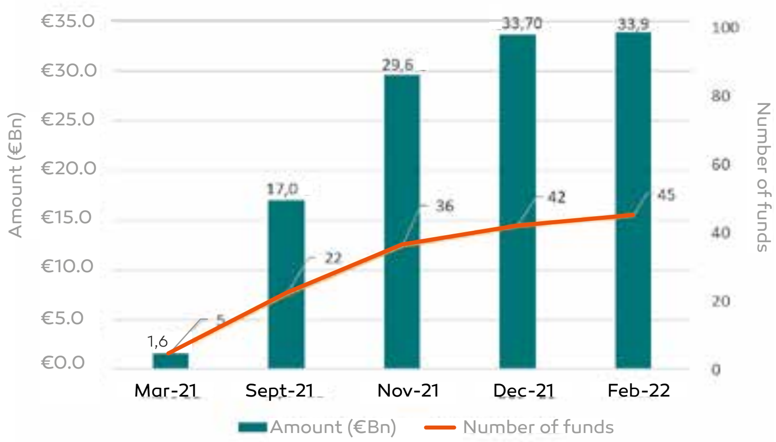


Table 2 - Change in volumes and number of "Article 8" funds under the SFDR

2. **Reengineering the ESG methodology** – a more flexible tool within creased calculation capacity was chosen. This tool will now make it possible to work with raw indicators. A prototype was selected at the end of 2021 and the operational integration will take place in 2022.

Interview with Alessandro Roggero – Head of ESG Development Integration at GAM

→ What is the philosophy behind this new ESG methodology ?

We wanted to develop a new methodology that was able to work directly with raw data, to allow us to assess and evaluate it ourselves. We did not just want to have to buy ESG scores from external service providers, whose methodologies are often opaque. The objective is to reconcile the analytical work of the research team with the results produced by the ESH scoring models. This new methodology also enables the managers to enhance their assessments of the companies.

→ What indicators are used ?

The methodology includes 81 indicators that were selected, both because of their availability, the regulatory requirements (PAI, in application of the European SFDR regulations, for example) as well as relative to a selection made by each analyst for their sectors.

The objective is to have enough indicators available to give us a comprehensive ESG score score.

→ How are the sector specificities taken into account in this methodology ?

This methodology is a common base applicable to all companies. We do however include the sector specificities by adopting indicators with specific weightings. The objective of this common base is to standardise the analytical process.

3. Defining an **impact methodology** that is based on market consensus.

Our ongoing tasks for 2022

- Changing the internal ESG tools and deploying the resulting operation integration.
- Delivering ESG training tailored for all sectors as well as “à la carte” updating training for analysts. In 2021, every analyst was given 15 hours of ESG training, every manager, 10 hours and every other GAM member of staff, 2 hours.
- Converting the funds into impact funds applying the new methodology.

> NON-LISTED ASSETS

Groupama is also involved in financing the economy, in particular through its support for growing SME/Mid-Cap companies as well as assets that contribute to sustainable development (renewable energy infrastructures, technology infrastructures, etc.). This funding is provided both through unlisted (Private Equity) companies and infrastructures as well as through private debt (loans). In 2021 Groupama committed €600 M in new non-listed assets (PE, Infra and loans) with €300 M in infrastructures, mainly European. Groupama has so far committed €500 M to investment funds financing French SME/Mid-Cap companies, in the form of equity or debt.

Sustainability risks are vital in managing non-listed assets. Groupama sends an ESG due diligence questionnaire to the asset managers to verify best practice and evaluate the ESG methodology of the managers.

This **questionnaire,** which consists of a number of sub-sections (See diagram below), **was expanded** in 2022 for private equity investment, private debt and infrastructures. Groupama also added a new section to the questionnaire to assess the **suitability of the managers' reporting tools:** The ability to publish a green section, the publication of an ESG-Climate report, the existence of a trajectory for alignment with the goals of the Paris Agreement or the production of Principal Adverse Impacts.

Figure 2 - Sections of the ESG Evaluation criteria grid for tangible assets

The Financial and Investment Operations Department also gathers other information, such as:

- Signing of the UNPRI
- Existence of an ESG score
- The SFDR classification of funds
- The ESG function and dedicated resources
- Identified SDG
- The mechanism for sharing value creation with ESG impact organisations

‣ **In 2022, this analysis grid will be harmonised and weighted with sub-sections reflecting their importance.**

INFRASTRUCTURE FUNDING

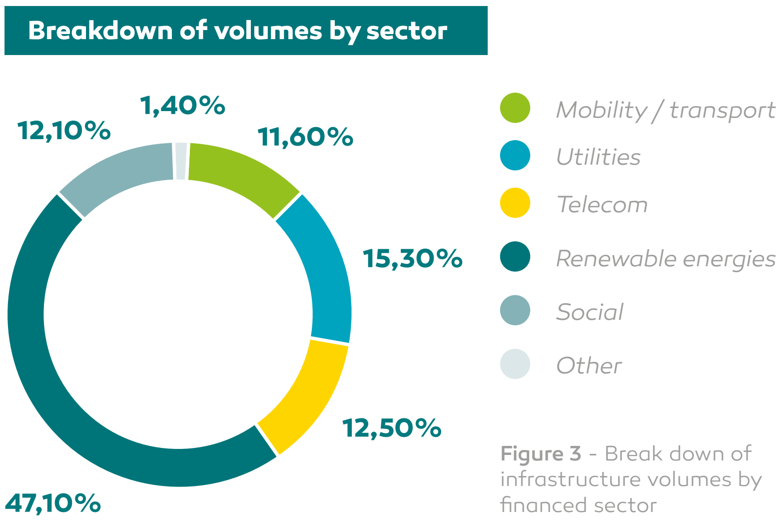


Figure 3 - Break down of infrastructure volumes by financed sector

Groupama finances various infrastructures via specialised funds. These infrastructures play a role in the fight against climate warming or have a noted social role.

As at 31/12/2021, Groupama was invested in 23 external funds with 17 different Asset managers.

B. OUR CONTRIBUTION TO A SUSTAINABLE SOCIETY

The responses to the challenges facing human society must include an ecological transition, as well as social and economic ones, building sustainability and solidarity. Insurers with mutual business models are at the heart of this transformation. As part of its investment policy that incorporates ESG criteria for its various asset classes and its contribution to the energy transition, Groupama also takes into account the social dimension of its investments. The targeted assets are non-listed social impact assets and social bonds. The areas covered by these include for example:

- Good working conditions and growth
- Education
- Access to health care and awareness
- The reduction of inequality

ILLUSTRATION OF SOCIAL IMPACT FUNDS (PRIVATE EQUITY)

Groupama became a partner of the Fondation Alpha Omega[8] in 2020, a pioneer in Venture Philanthropy. Through its investment in the **Alpha Diamant IV** funds, the Group is participating in the financing of the initiatives of the Foundation. The Alpha Omega foundation was founded in 2010 with the mission of providing a systematic response to issues linked with education and the inclusion of young people from low-income groups. The Foundation applies the capital-investment methods of funding and allows 7 high-performance associations to structure and multiply their impact nationally.

In 2021, Groupama was also involved with other institutional investors in the final closing of the Eiffel Impact Debt fund from the Eiffel Investment Group. This fund is the leading private debt impact fund in Europe as well as the leading private debt fund that holds the impact risk at the same level as the financial risk with extra-financial covenants or "impact covenants". The fund's Impact Committee is focussed on building the social impact of the Eiffel Impact Debt by considering the choice of covenants to address themes with social dimensions.

SOCIAL IMPACT BONDS: SOCIAL AND SUSTAINABLE BONDS

Groupama also invests in social or sustainability impact bonds (Social Bonds, Sustainable Bonds). These bonds are a response both to the scale of the social challenges, measuring their social impact and contributing to the creation of sustainable value for all stakeholders. As at 31/12/21, Groupama's social impact bond investments amounted to €79.1 M.

[8] *https://www.alphaomegafondation.com/fr*

C. CREATING VALUE THROUGH SHAREHOLDER ENGAGEMENT

THE OBJECTIVES AND FOCUS OF THE ENGAGEMENT

For Groupama, this engagement is based on our desire to accept full responsibility as a holder of long-term assets. **Working with Groupama Asset Management,** the Group aims to build dialogue with companies on ESG issues. This approach takes the form of **individual and collective** shareholder engagement initiatives.

The shareholder engagement[9] approach has three goals:

1. Identify and reduce ESG risks in the companies
2. Improve the quality of the ESG data
3. Identify and shares sector best practice

An Engagement Committee was created in 2021. Chaired by the CEO of Groupama AM, it meets twice a year to endorse the engagement and voting policies and monitor their implementation.

The engagement initiatives are based around **three priority orientations and thematic areas:**

- **Sustainability Risks** specific to the company's business model: analysis of ESG risks applying the "Major ESG Risks" list, application of Groupama's coal policy
- The challenges associated with the **energy and environmental transition:** examination of the environmental challenges and climate maturity of the companies (climate governance, integration of biodiversity issues, Climate roadmap and goals, etc)
- The creation and sharing of value creation within the companies: Balanced remuneration in the company, alignment of remuneration of stakeholders with the creation of real value

These thematic areas guide engagement at both the level of individual engagement and collective engagement.

Individual engagement and dialogue

Analysts have regular meetings with the management of the companies, on their own or with the fund managers. As an organisation focused on the global integration of ESG analysis with financial analysis, the identified **ESG challenges** for each sector are **systematically discussed.** Those companies identified as "**Major ESG Risks**" are also notified of their placing on this list.

These **discussion are recorded using a proprietary tool** that is shared with all managers. The progress and outcomes of the dialogue are also followed using dedicated follow-up tools in order to evidence the various stages of the dialogue and progress or otherwise.

The process for individual dialogue is as follows:

- Identification of companies subject to engagement
- Determining of the objectives of the engagement
- Choice of escalation measures
- Discussions with the company
- Regular feedback on the engagement and assessment of results achieved

[9] *La politique d'engagement est disponible dans son entièreté sur le site de Groupama AM https://www.groupama-am.com/fr/finance-durable/*

Individual dialogues in 2021

160

companies met with

184

meetings

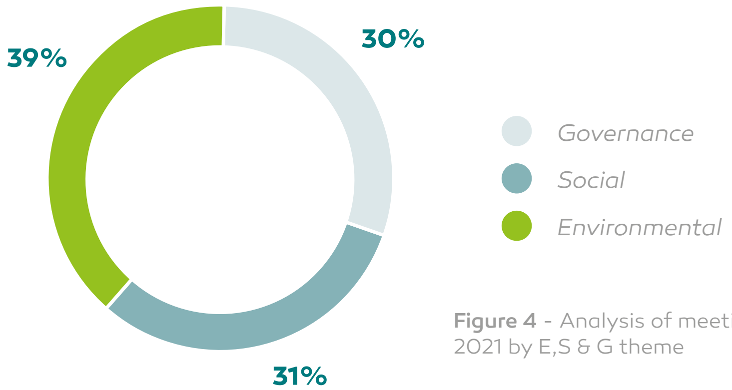


Figure 4 - Analysis of meetings in 2021 by E,S & G theme

Targeted and more in-depth shareholder engagement

Groupama enhanced its individual engagement process for some companies in the portfolio with a **significant potential for improvements in ESG practices.** The engagement here is on a defined theme, cover a long period and have specific identified results. In 2021, Groupama conducted 8 new targeted engagement actions and continued 4 engagement processes initiated in previous years. In 2021, the priority focuses of the targeted engagements, specific to the sector or a company business model were:

- Affirming the need for transparency in the ESG indicators;
- The energy transition;
- The working conditions of employees.

Examples of targeted engagements continued or initiated in 2021

ENGIE

Theme: divesting coal

- Start of engagement: July 2020
- Minimum engagement period: 3 years
- Methods:
  > Mail calling for dialogue
  > Annual meeting during tele- conference

REQUIREMENTS

- Changes to the energy mix to reduce use of coal
- Definition of a coal divesting timetable
- GHG emission reduction goals

RWE

Theme: Energy transition

- Start of engagement: April 2021
- Minimum engagement period: 3 years
- Methods :
  > Collective interviews with investors in the context of draft climate resolution statement
  > Mail exchanges

REQUIREMENTS

- Commitment to carbon neutrality
- GHG emission reduction goals

Stricter and more focussed voting policy in 2021

The Annual General Meeting (AGM) is a special moment that enables companies to communicate and report to their shareholders, and with complete transparency. The votes of the shareholders during the AGM are an integral part of the management process for Groupama AM and a key element in the ESG strategy, in particular in terms of the dialogue on **matters of governance**. Involving managers, analysts and the middle-office, **our exercising of our voting rights covers more than 330 AGMs** in every country in the European space.

The **guiding principles behind our voting policy are focused on:** the equitable treatment of shareholders, the balance of power between management bodies and supervising bodies, transparency and fairness in remuneration for the senior management, the prudent management of the core capital, the recognition by the company of its social and environmental responsibilities.

Voting policy[10] was **revised in 2021 to reflect the growing importance of climate related issues:**

- Groupama votes against the **re-election of the Chair of the Board of Directors** if a company classed as “carbon intensive” has not implemented/initiated a **climate strategy**
- The integration of ESG criteria into the remuneration policy is a necessary prerequisite for Groupama AM’s support. These criteria must include objectives that are quantitative and relevant interms of the corporate strategy. Bearing in mind their sizes, Small Cap companies are expected to have integrated the qualitative criteria linked with ESG into their remuneration policies.
- Groupama AM is also in favour of the introduction of regular votes on the environmental strategy of companies through **Say on Climate resolutions submitted by the Board of Directors.**

Specific commitments relating to the health crisis were also made in 2021: for the voting season Groupama AM renewed the adapting of the voting principles for the repercussions of the health crisis on company earnings. This adaptation relates to possible changes in remuneration policies by the Remuneration Committees and the distribution of dividends.

IMPLEMENTING THE POLICY: 2021 ANNUAL REPORT

In 2021, GAM voted in 441 AGMs, an increase of 32% on 2020, covering a total of 7037 resolutions. In France, in 56 of the 67 AGMs, Groupama Asset Management voted “No” to at least one resolution, i.e.: 83.6%.

The reasons for these votes mainly related to the conditions set by Groupama AM in terms of the remuneration policies in the context of the health crisis:

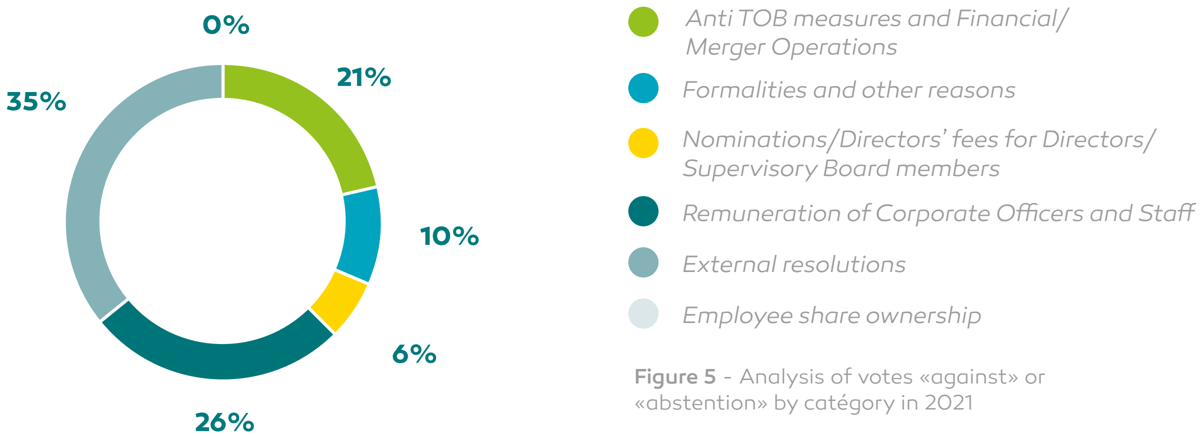


Figure 5 - Analysis of votes «against» or «abstention» by catégory in 2021

[10] *Details of the voting policy can be found on the Groupama AM website at:https://www.groupama-am.com/fr/finance-sustainable/*

Support for collective initiatives

Since 2018, Groupama AM has worked on **19 collaborative action initiatives** relating in particular to the **climate, health, the standard of living and working conditions in nursing homes**. These initiatives are both European and international in the context of the PRI collaborative engagement platform, to which Groupama Asset Management has been a signatory since 2006.

Groupama AM supported or continued to support in 2021 engagements specifically focussed on issues relating to the pandemic. For example, we renewed our support for the **Access to Medicine foundation,** with the signing of a number of calls for transparency concerning equitable access to vaccines, as well as the creation of a connection between the work to guarantee this access and votes on the remuneration of the senior management of the leading pharmaceutical companies in question. The pandemic also highlighted the urgent need for the elaboration and harmonisation of standards in terms of the quality of care and working conditions in nursing homes. Groupama AM was thus a party to a UNI Global Union call for engagement on these issues with a number of companies, alongside an existing individual engagement with one of the companies in the sector prior to the start of the pandemic

Thus, in 2021, Groupama **backed 7 new common initiatives** aimed in particular at ensuring that the transition is fair, of the development of extra-financial reporting as well as impact finance:

- **Global Investor Statement in Support of an effective fair and equitable Global Response to Covid19**
  > Support for ACT – WHO programme aimed at the equitable distribution of Covid 19 vaccines
- **Expectations for the nursing home sector**
  > Call to support the elaboration and standardisation of standards covering the quality of care and working conditions in nursing homes
- **Submission of a resolution to the AGM of ENGIE**
  > Call for the carbon neutrality strategy to be included in the company's Articles of Association
- **Just Transition with Finance for Tomorrow**
  > Coalition of investors to encourage companies to embrace the social and societal dimensions of the energy transition
  > Involvement in dedicated WGs
- **Investor Statement of support for EU CSRD**
  > Support for European Commission proposal to revise the Non-Financial Reporting Directive (NFRD) for companies into the Sustainable Development Reporting Directive
- **Declaration of Support for the development of Impact Finance**
  > Signature of joint declaration and promotion of the approach and the integration of impact finance within the market regulations
- **Pharma Executive remuneration and Covid 19**
  > Calls from investors in the leading pharmaceutical companies producing Covid-19 vaccines to be more transparent about equitable access to the vaccines.
  > Call submitted to Remuneration Committees ahead of the 2021 AGM season to recognise the link between votes on executive remuneration of the leading pharmaceutical companies, and the work undertaken to guarantee equitable and adequate access to these vaccines.

These new initiatives are in addition to earlier initiatives (See details in Appendices pg. p66)

D. EVALUATION OF THE IMPACT OF INVESTMENT ON SUSTAINABILITY

The SFDR regulations define these main adverse impacts as "Principal adverse impacts {...} of investment decisions that result in negative effects on sustainability factors". **Groupama takes the adverse and positive impacts into account and has implemented due diligence policies, namely through its ESG methodology** such as described in the preceding sections of the Report.

The inclusion of all the extra-financial factors (environment, social and governance) in the investment process makes it possible to characterise the ESG performance using a global indicator, monitored internally by the managers and enabling the identification of the positive or adverse impacts of investments in terms of sustainability.

> ROADMAP TO EVALUATION OF THE IMPACT

Alongside the integration of ESG criteria, more and more investors want to measure the positive social and/or environmental outcomes of their investments, also known as positive externalities. This growth in impact investment has resulted in the application of a wide variety of processes, requiring clearer definition and harmonisation in the short-term.

Groupama Asset Management is looking to enrich its responsible investment approach with an impact strategy and is **working on the creation of a new framework in 2021 based on market consensus.** This is based on the three standardly used characteristics for impact:

- **Intentionality:** The stated desire of the investor to contribute to the generation of a measurable social or environmental benefit
- **Additionality:** The specific action or contribution that enables the investing company or the financed project to increase the net positive impact generated by its activities
- **Measuring the impact:** The impact indicators that are used and communicated in impact evaluations and reports

Our tasks for 2022

- **Defining ex-ante specific impact objectives**
- **Defining appropriate measuring tools**

> IDENTIFYING AND MANAGING THE IMPACTS OF OUR INVESTMENTS ON BIODIVERSITY

Groupama' operations, like those of any other company, are dependent on the services bestowed by nature, also known as ecosystem services. At the same time, what Groupama does impacts, directly or indirectly, on biodiversity. These impacts arise from the business activities of Groupama itself, but above all from its value chain through financial and insured activities.

Over recent years, various scientific reports, and namely those of the IPBES11 have been warning of the collapse in worldwide biodiversity, also commonly referred to as the "6th mass extinction"[12] and raise the issue of a significant threat to social stability. The fight to limit climate change and to protect biodiversity are two inseparable priorities. However, whilst the impact of human activities on the climate is measured by means of a standard and widely adopted indicator, the economic valuation of the ecosystem services supplied by nature and the impacts of economic activities on nature remains the subject of a great deal of research. This is particularly the case as biodiversity is something that is by definition best observed at the local level, and it is more difficult to develop detailed impact indicators and aggregate these, in the same as one can for a tonne of CO_2.

Institutional investors can play a critical role in protecting biodiversity and promoting funding for companies that actively work to protect it, and at a minimum to those that work to limit their environmental impacts.

Biodiversity and our equity and bond investments

> In 2021, Groupama initiated a pilot analytical study of the biodiversity footprint of its portfolios.

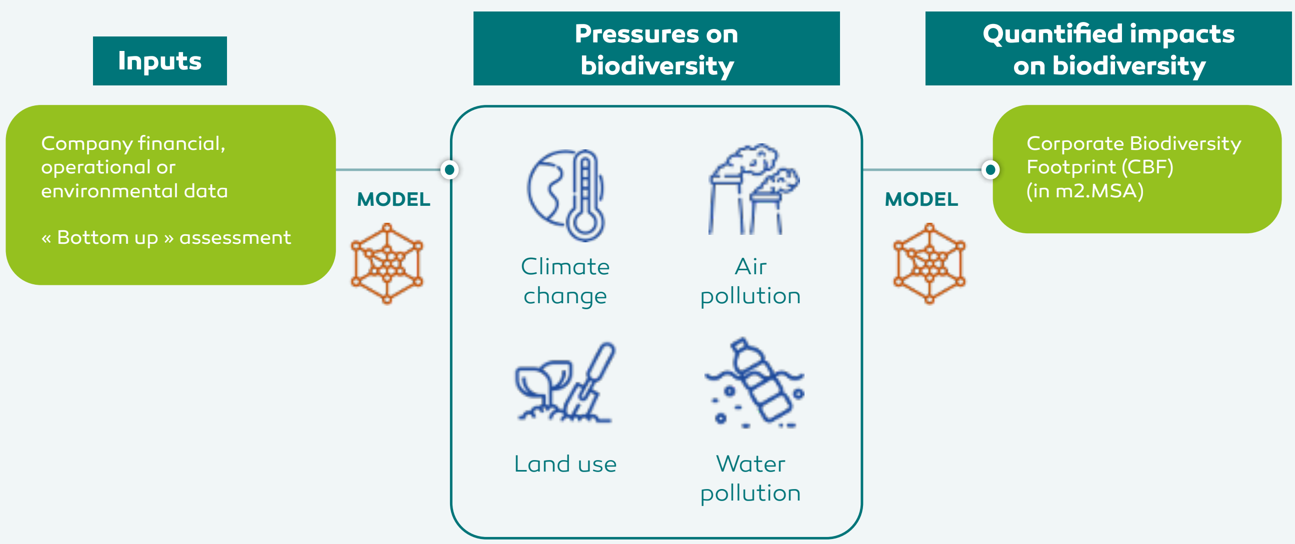


Figure 6 - Simplified Corporate Biodiversity Footprint (CBF) model

[11] *Summary for policymakers of the global assessment report on biodiversity and ecosystem services, IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services)*

[12] *Finance & Biodiversity, Forum for Responsible Investment, 2021*

BIODIVERSITY FOOTPRINT

In 2021 **we incorporated the Corporate Biodiversity Footprint (CBF) analytical tool** into our set of environmental indicators. For our global portfolio, most of the impact generated by our companies is scope 3 downstream (80%), followed by scope 3 upstream (13%) and lastly scope 1 (7%). Land Use is the greatest source of pressure in the portfolio (76%), followed by water pollution, climate warming and finally air pollution.

As this indicator is further refined by the management teams, it will be easier to identify the action levers available to us for **building a short-term biodiversity strategy.**

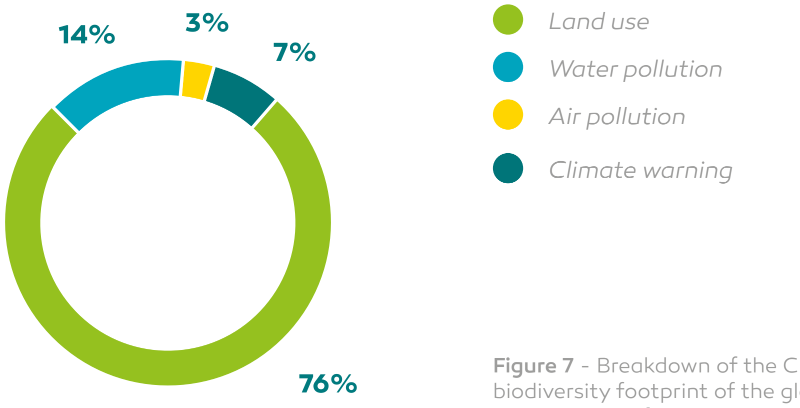


Figure 7 - Breakdown of the CBF biodiversity footprint of the global corporate portfolio by pressure

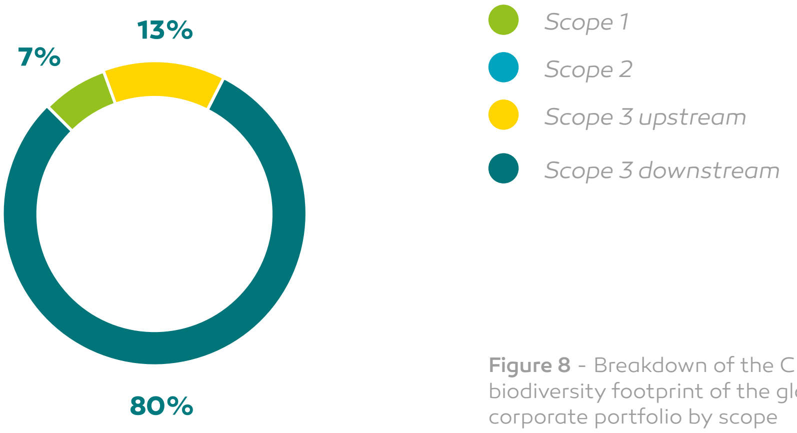


Figure 8 - Breakdown of the CBF biodiversity footprint of the global corporate portfolio by scope

3 - THE ROADMAP TO A WORLD AT +1.5°C

France Assureurs published its **" Impact du changement climatique sur l'assurance à l'horizon 2050 " ("The impact of climate change on insurance up to 2050")** report **in October 2021.**
This report, updating a previous one published in 2015, estimates the change in the cost of the climate over the coming years. The total cumulative amount of claims arising from natural events could come to €143 billion (Figure 9) between 2020 and 2050, this is an increase of 93%, i.e.: €69 billion more than in the years between 1989 and 2019. The report highlighted that prevention and the imparting of a culture of natural risk within our populations are essential elements that need to be mobilised in order to build resilience within the country to the impacts of climate change.

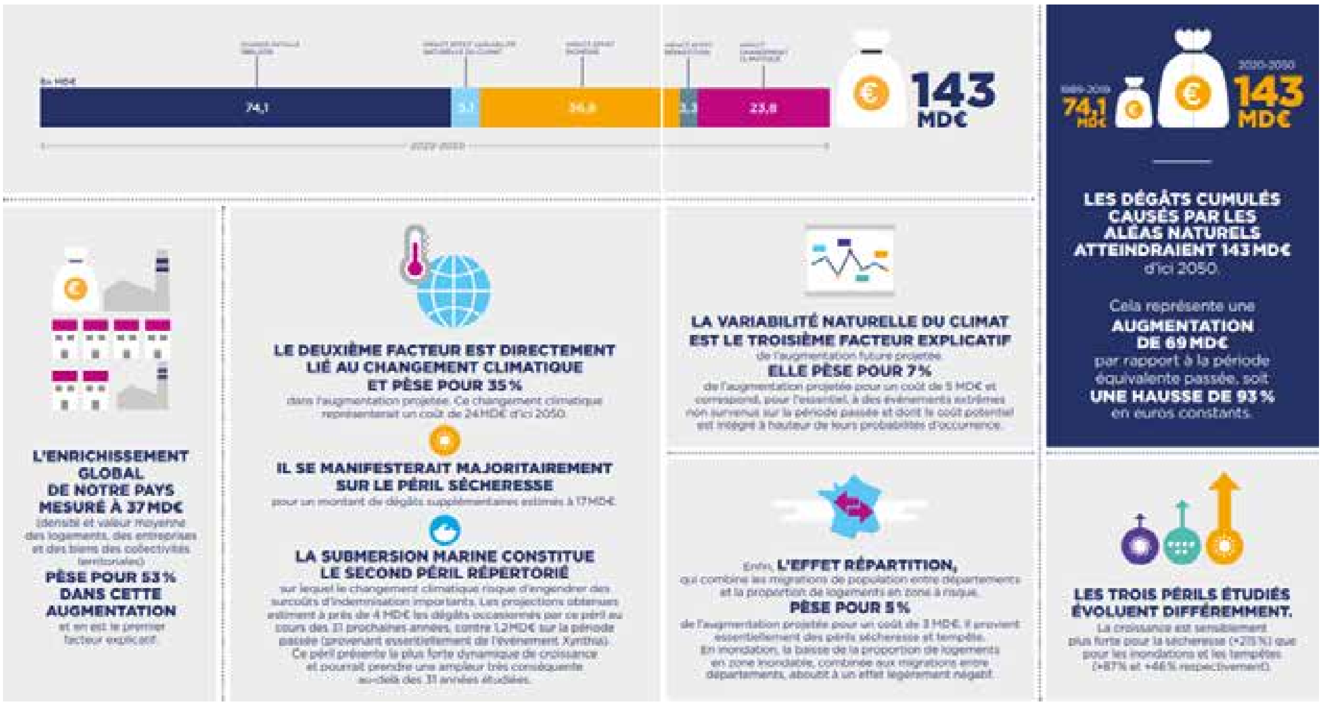


Figure 9 - Conclusions of the FFA Report into the impact of all threats arising from climate warming up to 2050

Chapter Three of the 6th assessment report of the IPCC[13], published in 2022, also contained a further warning message: We are currently on a **planetary warming trajectory of +3.2°C by 2100,** a very long way from the goals of the Paris Agreement. To limit this global warming to 1.5°C, the IPCC pointed out that global GHG emissions need to have peaked between now and 2025, to be able to reverse this trend. Every year of failing to act means a greater increase in temperatures and reduced room for manoeuvre in meeting our climate commitments, including those of the Paris Agreement. Despite this alarming picture, the **IPCC says that all the action levers and solutions already exist to help us get there.**

Everyone therefore needs to prepare **both for adapting to the already tangible consequences of climate changes, as well as seriously working to mitigate these impacts.**

Drawing on our expertise in anticipating and managing risks, we will be continuing our research efforts and further strengthening our climate strategy. For this, we can work to limit any adverse effects of our operations, limit the negative impacts on our exposures and our loss expectance, and continue to provide sustainable protection for our members.

[13] *IPCC (Intergovernmental Panel on Climate Change)*

A. OUR INTENSIFIED CLIMATE STRATEGY

2021 was a turning point for Groupama's commitments to making a positive contribution to the fight against climate change. A working group was created to analyse and shape our climatic impact goals. This was guided by senior management teams with assistance from I Care, a firm of environmental experts. The work of this group is focussed on the following two subject areas, in which Groupama has a major role to play as a financer of the real economy:

1. Decarbonising the portfolio by 2030, in line with the Paris Agreement Goals:

- Reducing the GHG[14] intensity (tCO_2eq/€M of revenue) of the equity and corporate bond portfolio and at the level of the Group perimeter, by 50% between 2021 and the end of 2029.
- Carrying out work to measure the carbon performance of the real estate portfolio in 2021 based on the occupants' consumption in order to quickly set reduction goals, associated with the operational levers.

2. Increasing our positive contribution by financing more green solutions, adopting the approach of the European Taxonomy. We are currently working on mapping our sustainable investments, by asset class, in order to refocus our flows. Our sustainable investment map can be found in "Our Climate Commitments", pg. 13 of this Report.

> DECARBONISING OUR EQUITY AND BOND HOLDINGS

Establishing climate goals is a complex and demanding operation that brings into play a large number of factors. First of all, the approach needs to be understood and this is why we have been delivering technical training to ensure that all our teams understand what is involved.

On top of this, management teams have directly managed the project and validated the results to ensure an effective top down operational integration.
In order to ensure a coherent and constructive approach, we have run a number of workshops to examine the following challenges:

OPTIMISING THE APPROACH USING AVAILABLE DATA

ACCURATE IDENTIFICATION OF THE LEVERS FOR IMPROVING THE EXISTING PORTFOLIO

ASSESSING THE FEASIBILITY OF THE CLIMATIC GOALS

Limit the lack of relevance or coverage of some climate data (scope 3 factor and specificity of certain asset classes)

Modelling the potential for decarbonising the portfolio based on the hypotheses for the level of decarbonisation of the economy and changes in investment policy

Analysing the room for manoeuvre of Groupama across all of its assets (direct, indirect, transparent)

[14] *Greenhouse Effect Gas*

Phase 1 – Define the goal setting framework

The carbon intensity reduction goals for Groupama have been set for 2029 against the end of 2021 levels.

ASSET PERIMETER	Global equity and corporate bond Portfolio
EMISSIONS PERIMETER	tCO_2/M€ of revenue
INDICATOR	Scope 1+2

Because of a lack of maturity of the carbon data for sovereign bonds, we have decided for the time being not to include these within the reduction goal for the equity/bond portfolio.

The chosen indicator is the **economic carbon intensity in tCO_2e/€M of revenue,** because this makes it possible to aggregate the carbon data for all sectors. It allows an assessment of the capacity of companies to reduce their carbon impact by economic unit. The economic intensity can however lead to biases of selection, namely the price effect that could result in the selection of companies emitting more carbon but selling more expensive products. In addition, its use does not allow the managing of the effective reduction in CO_2 flows, as opposed to absolute reductions in emissions.

In adopting a constructive approach, we have only used scope 1 and 2 emissions[15]. In 2022, we will be concentrating our work on a more relevant integration of scope 3 ahead of setting the goals.

[15] *Scope 3 is currently widely modelled, and is not particularly relevant for the finance sector, which accounts for a significant proportion of our investment portfolio.*

Phase 2 - Climate diagnostic starting point

GLOBAL EQUITY AND CORPORATE BOND PORTFOLIO AS AT END 2021

	Scope 1-2 carbon indicator (tCO2e/€M revenue)	Contribution to carbon intensity	Temperature (°C)
Electricity sector	1 617	39 %	1,7
Transport	260	11 %	2,9
Waste management	1 159	9 %	2,8
Oil and gas	804	8 %	2,7
Construction and property	184	7 %	2,0
Chemicals	582	5 %	2,6
Water management	730	4 %	2,2
Mining and metals	1 419	3 %	3,1
Financial services	7	2 %	3,0
Other sectors	77	12 %	2,9
TOTAL	**170,8**		**2,8**

Examination of the starting point (in tCO tCO_2e/€M revenue) of the Groupama climate trajectory resulted in us prioritising the challenges per sector. The electricity sector alone contributed 39% of the total carbon intensity of the portfolio. The analysis of the spread of the results by climate indicator revealed the room for manoeuvre in adjusting the investment strategy strategy.

Phase 3 – Establishing a climatic trajectory

Defining a climatic trajectory is a complex exercise requiring fine-tuning for the specificities of the portfolio.

We have forecast the expected tCO_2e/€M revenue reductions up to 2030 by aggregating the data derived from the transition scenarios by sector (NZE of the AIE, ETP 2020 of the AIE, OECM), acknowledged and recommended by the Net Zero Asset Owner Alliance (NZAOA)[16].
For those sectors not covered by these scenarios, estimates were drawn up taking into account the expected GHG emission reductions at the level of the economy as a whole. A summary of the characteristics, limits and comparisons of these scenarios can be found in the NZAOA[17] protocol.

[16] *Launched in September 2019 during the United Nations Climate Action Summit, the Net Zero Asset Owner Alliance is a group of investors committed to achieving the transition of their investment portfolios to carbon neutrality by 2050.*

[17] *https://www.unepfi.org/wordpress/wp-content/uploads/2022/01/NZAOA-Target-Setting-Protocol-Second-Edition.pdf*

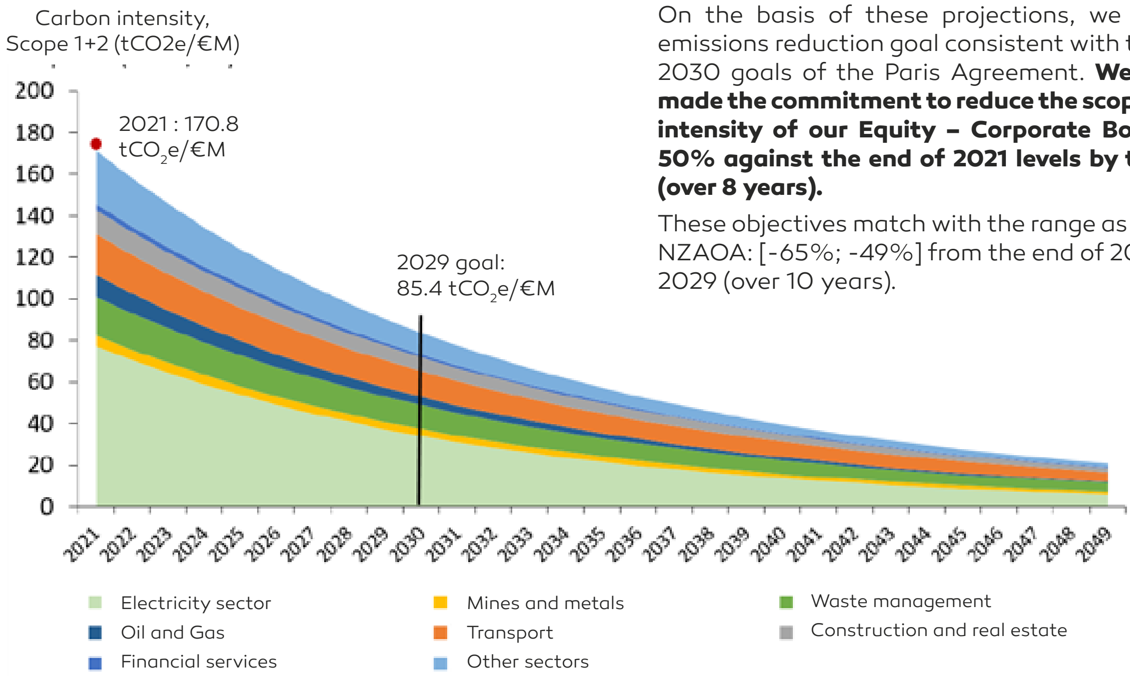


Figure 10 - Projected reductions in Scope 1 and 2 carbon intensity of the Groupama Equity - Corporate Bond portfolio by sector[18]

On the basis of these projections, we defined a GHG emissions reduction goal consistent with the intermediate 2030 goals of the Paris Agreement. **We have therefore made the commitment to reduce the scope 1 and 2 carbon intensity of our Equity – Corporate Bond portfolio by 50% against the end of 2021 levels by the end of 2029 (over 8 years).**

These objectives match with the range as proposed by the NZAOA: [-65%; -49%] from the end of 2019 to the end of 2029 (over 10 years).

Phase 4 - Levers for achieving the goals

In order to include the effective potential decarbonisation for the portfolio, we have modelled trajectories based on hypotheses covering:

- Changes in the investment policy (level of portfolio turnover and selection of issuers based on carbon filters)
- Changes in the level of decarbonisation of the portfolio at the end of 2021 (by analysing the biggest scope 1-2 carbon intensity issuer in the portfolio)
- The decarbonisation scenario within the economy up to 2030 (1.5°C, WB2°C,2°C, business as usual, etc...)

We have excluded at this stage sector-based reallocation as a lever of decarbonisation (except for sectors that are intrinsically incompatible with the transition, see *Climate Linked Exclusions*, because we want to continue to finance the economy as a whole and promote transition investment in the most carbon intensive sectors.

We will continue to mobilise all means of action available to us to achieve our decarbonisation goals:

- Integration of climate filters and indicators into our investment decisions (Part III.C.)
- Even greater shareholder focus on areas related to the climate (Part II.C.)

Phase 5 - Planning for continuous improvement

Our approach to defining the objectives linked to the climate is coherent and progressive. We carried out a great deal of work in 2021 to map the elements and set the first quantified objectives for the reduction of GHG emissions.

This approach will be gradually refined to further increase our impact, as the quality of the available data improves:

- Integration of all or part of Scope 3 to identify companies' GHG impact on the whole of their value chain;
- Extending the asset class perimeter (sovereign bonds, infrastructure, private equity funds, etc.);
- Setting physical intensity objectives (e.g.: gCO_2e/kWh for the electricity sector) for the most carbon intensive sectors;
- Quantifying the objectives linked with the policy of engagement, namely to measure the impact of the shareholder engagement and selection of representatives.

[18] This graph models the trends within the various sectors for 2030 and 2050 but does not represent any commitments made by Groupama for reducing the emissions at the level of each sector

B. INCORPORATING CLIMATE CHALLENGES INTO INVESTMENT POLICY

This incorporation makes use of several tools:

- **Sector based exclusions linked with fossil fuels**
- **An analysis of the positioning of companies in terms of their carbon transitions**
- **An evaluation of the climate impact of the portfolios**
- **The trajectory to integration of the financial impact of the physical and transition risks of the portfolios**

> CLIMATE RELATED EXCLUSIONS

Sector specific exclusions are applied for all investments. These exclusions are based on the sector specific policies of the Groupama Group which set the guidelines for investments in sectors that pose environmental and social risks. These relate in particular to fossil fuels and are subject to regular extension and review.

Coal: A policy of disengagement

Groupama hardened its stance in 2020 for its disengagement from thermal coal. This policy includes a final exiting from thermal coal at the latest in 2030 for the countries of the European Union and the OECD and at the latest in 2040 for the rest of the world.

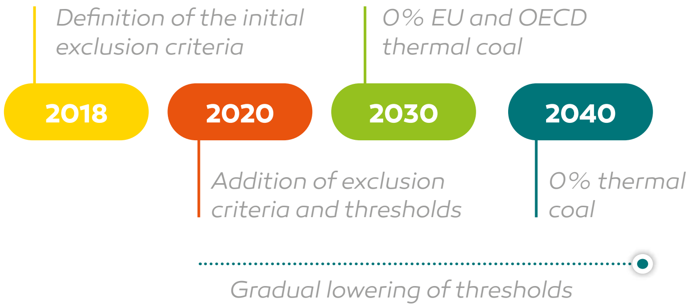


Figure 11 - Summary of the Groupama Group timetable for exiting thermal coal

No new investment in and gradual divestment from any company:

- Where the revenue or the energy production mix is more than 20% based on thermal coal
- Where the annual production of coal exceeds 20 million tonnes
- Where the installed capacity of coal-fired generation exceeds 10GW
- Developing new coal capacities

These exclusion thresholds will be regularly reduced to reach zero exposure to thermal coal in its investment portfolios by 2030 at the latest in the European Union and OECD and 2040 for the rest of the world. This policy was tightened and follows on from an initial commitment that was made in 2018.

Non-conventional Oil and Gas

In 2018 the Groupama Group decided not to invest in any company where tar sands represented more than 15% of its reserves.

Acknowledging the primordial role of Oil & Gas in the decarbonisation of the economy and in response to calls to toughen its stance on its commitments concerning fossil fuels, **in 2022 Groupama toughened its policy towards non-conventional energy sources** in accordance with the recommendations of the IEA's scenarios. The Net Zero Emissions (NZE) scenario of the IEA, which is more ambitious, implies: The immediate ending of all new oil and gas projects, as well as the gradual phasing out of oil and gas.

Based on these recommendations, The Group has adopted the following:

1. **The end of any new direct investments in companies involved in the development new non-conventional oil and gas projects**[20]
2. We continue to finance companies working to contribute to the transition (subsidiary or project dedicated to financing the transition; green bonds, etc.)
3. Individual and collective shareholder engagement in energy sector companies **to encourage them to reduce their emissions in the short and medium terms and to direct their investments into carbon-free solutions.**

The Group has a low level of exposure to the energy sector. In November 2021, this amounded to €301M, or 0.5% of the total balance sheet.

Groupama uses the list of companies compiled by Urgewald, the Global Oil and Gas Exit List (GOCEL) for the application of this policy. The aims of this policy will be subject to review concerning its application perimeter, as well as consideration of any divestment thresholds.

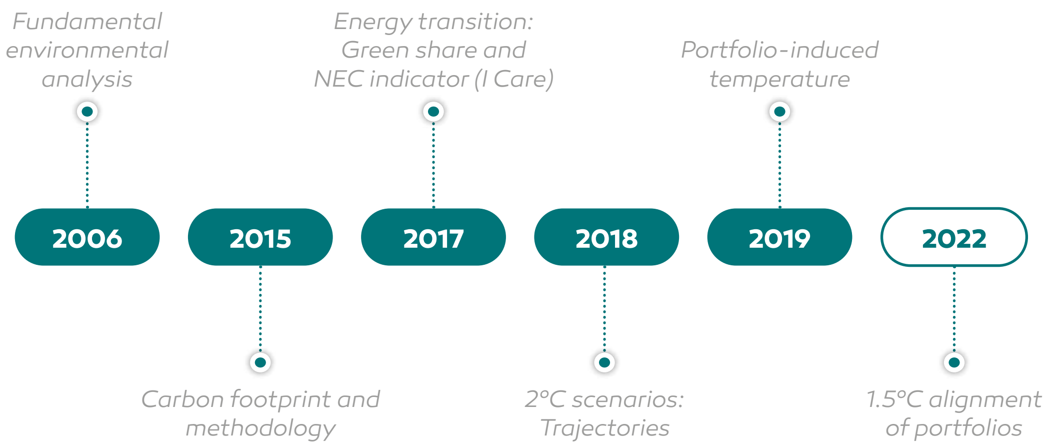
[19] Cop26, Mission Perrier, public powers...

[20] Reference to the definitions of the Scientific and Expert Committee of the Observatoire de la Finance Durable

> ROLE OF CLIMATE ANALYSIS IN MANAGEMENT DECISIONS

The Research team at Groupama Asset Management has developed, and been refining since 2017, a specific Climate risks and opportunities analysis for the assets held within the Group's portfolios, including dedicated funds.

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



The Climate analysis focusses on the **7 most carbon-intensive sectors**, which are those where the strategic and technological possibilities for combatting climate warming, by reducing greenhouse effect gas emissions, are greatest: Oil and Gas; Materials: Capital goods: Transport; Agriculture; Food processing; Automotive; Utilities.

All the issuers in these sectors, where total holdings are in excess of €25 million (management mandates and dedicated funds) are analysed by the Groupama Asset Management Research team applying an analytical methodology designed to:

- Identify those issuers with business models that are most exposed to risks associated with climate change (physical and transition risks)
- Identify the best positioned issuers in the context of the energy and ecological transitions

This analysis makes use of five complementary indicators:

- Carbon intensity: measured in TCO_2/€M: the carbon intensity measures the quantity of GHG needed to produce revenue of €1 million. This carbon intensity is measured on **scope 1** (direct emissions from fixed or mobile installations located inside the perimeter of the company), **scope 2** (indirect emissions linked with the use of electricity, heat or steam required to produce the product) of the company **scope 3 upstream** (other indirect emissions, linked with the supply chain upstream from the production)
- The green share: The proportion of the company's revenues from "green" activities, within the meaning of the energy and ecological Transition. The green percentage has been identified based on the delegated act of the provisional version of the "Taxonomy" issued for consultation in June 2021 by the European Commission.
- NEC (Net Environmental Contribution): This indicator, calculated by Iceberg Data Lab, is used to assess the issuer's positive or negative contribution to the ecological and energy transitions. The NEC ranges from -100% (activity that is highly destructive of natural capital) to +100% (activities with an extremely positive net environmental impact)
- Alignment of portfolios with the aim of keeping the temperature rise below 2°C (Paris Agreement, SB2A method), on the key sectors for the climate transition, supplied by Iceberg Data Lab
- The Environment rating based on the internal analyses and supplementary elements supplied by Moody's

This quantitative approach is supplemented by a **qualitative environmental analysis** carried out by the Research Team, which includes not just the climatic factors relating to the company but also the **overall environmental performance,** making it possible to **better determine the potential for adaptation, as well as anticipation,** of the company. The asset managers have all the internal tools to gain a clear overview of the position of the companies in terms of the environmental transition. Groupama Asset Management **evaluates the capacity of the management to identify the carbon risk** applying the **climate analysis discipline** and a combination of various metrics.

In 2021, **Groupama revised its climate analysis methods in order to standardise them, to adopt the same indicators for the mandates and for the funds and moved to a more quantitative approach.** The perimeter was extended to the French mandates, regional mutual mandates, dedicated funds and the international subsidiaries.

Alongside carbon intensity, which is used to select the most carbon intensive sectors, the use of the NEC places issuers into 3 categories:

- **Category 1**: Asset managers can decide to maintain or increase their positions

  > Companies with an NEC greater than -5%

- **Category 2**: Asset managers place the position "under surveillance" and can hold it but cannot reinvest

  > Companies with an NEC between -50% and -5%

- **Category 3**: Asset managers cannot reinvest and must divest the position in the long-term

  > The NEC is <-50%

Category 1	Category 2	Category 3
Issuers well positioned with regard to the energy transition	Issuers with product positioning or implementation of climate policies that are unconvincing in terms of consistency either between objectives and ressources of dynamically	Issuers whose positioning harms the energy transition

This classification of Climate categories is used to identify those issuers whose business models are the most exposed to risks linked with climate change.

The decisions applied to the various categories and described above are the same for management mandates and for dedicated funds. As at 31 December 2021, no assets held by the Groupama Group were in category 3.

> INVESTING IN GREEN BONDS

A Green bond is a debt issued on the market by a company or public entity to enable it to finance projects that contribute to the ecological transition (renewable energy, energy efficiency, adaptation for climate change, etc.).

It differs from a conventional bond because of the detailed reports supplied on the investments it finances and the "green" character of the financed projects.

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

In 2021, 429 green bonds were analysed by the Groupama Asset Management Research Team applying this methodology, leading to 17.7% of the universe analysed being invalidated.

Characteristics of the issue

Verification of compliance with the GBP (Green Bond Principles), fund traceability, fund evaluation and selection process, governance, ESG risk management

Environmental quality of projects

Assessment of the environmental benefits of financed projects: eligibility and alignment with the taxonomy, etc.

Transparency

Existence and publication of a Second Party Opinion (SPO), allocation reports, impact reports, audits

Characteristics of the issuer

ESG Performance of the issuer and controversy analysis

Sector-based breakdown of green bonds in 2021

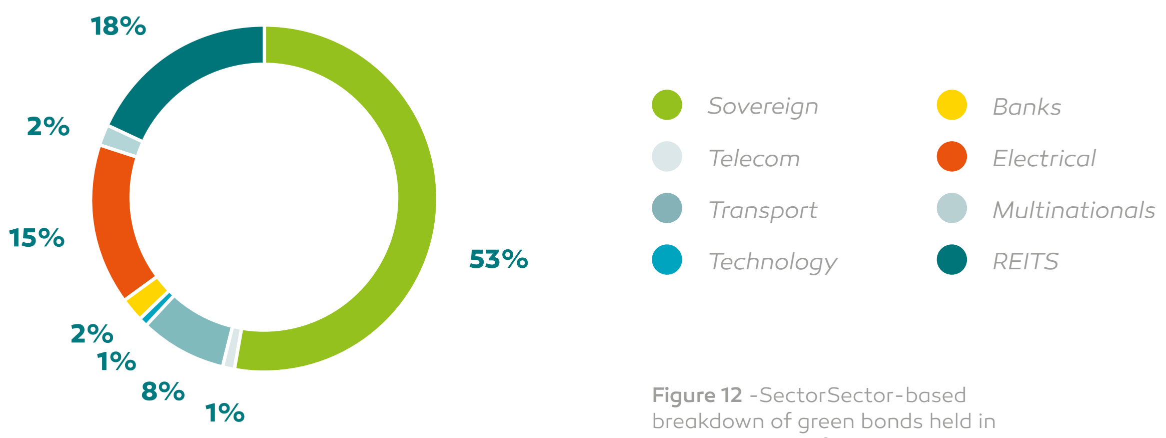


Figure 12 -SectorSector-based breakdown of green bonds held in GAM mandates for the French subsidiaries in 2021

C. MONITORING THE ENVIRONMENTAL PERFORMANCE OF INVESTMENTS

> EQUITY AND CORPORATE BOND PORTFOLIO

The range of environmental performance indicators used by Groupama makes it possible to include a wide spectrum of more or less correlated environmental factors[21]. The use of a large number of indicators maximises the ability of the asset managers to identify the carbon risk. Whilst an indicator in itself does not produce a tangible result, the quantitative and qualitative diagnostic of the climatic performance, as well as the research capacity, enables an assessment of the transition of a company.

Equity portfolio

Theme	Measurement indicator	Unit	Equity portfolio	Coverage	MSCI Europe Index	Coverage
Climate footprint	Carbon intensity (scope 1-2)	tCO_2e/€M revenue	**174**	61%	**178**	99%
	Carbon intensity (scope 1-2-3 Upstream)	tCO_2e/€M revenue	**338**	61%	**464**	99%
	SB2A temperature equivalent	°C	**2,8**		**2,7**	99%
Climate Risks	Physical risk score	%	**28**	50%	**33**	50%
	Transition risk score	%	**34**	50%	**36**	50%
Multiple environmental factors	NEC	%	**1**	61%	**-1**	72%
	Eligible Green share	%	**25**	61%	**25**	72%
	Aligned Green share	%	**3**	23%	**10**	39%
Biodiversity	biodiversity monetary Intensity	km^2.MSA/ €M revenue	-0,16*	61%	-0,26	72%

The equity portfolio has a biodiversity monetary and climate (carbon intensity) intensity below the index, as well as an exposure lower than the physical and transition risks, and a higher NEC. However, the portfolio induced temperature is slightly higher and the aligned Green Share is slightly below the index.

* Biodiversity indicator: For revenue of 1 million generated by the companies in the investment portfolio, 0.16km^2 of "intact" ecosystem (not degraded by human activities) is transformed into a totally artificial surface. This footprint is caused by a range of pressures, namely land use. The results show that the impacts mainly come from the indirect suppliers of the companies in the portfolio (See Part 2. d "Identifying and managing the impacts of our investments", page 37)

[21] *The results are not compared with previous years because of the change in data provider for a number of indicators in 2021. A continuous system of absolute and relative performance monitoring has been developed to monitor the impact of our environmental strategy over time.*

Corporate bond portfolio

Theme	Measurement indicator	Unit	Corporate bond portfolio	Coverage	Barclays Euro Aggregate	Coverage
Climate footprint	Carbon intensity (scope 1-2)	tCO_2e/€M revenue	**152**	74%	**139**	70%
	Carbon intensity (scope 1-2-3 Upstream)	tCO_2e/€M revenue	**342**	74%	**322**	70%
	SB2A equivalent Temperature	°C	**2,7**	74%	**2,8**	70%
Climate risks	Physical risk score	%	**30**	49%	**27**	49%
	Transition risk score	%	**34**	49%	**35**	49%
Multiple environmental stakes	NEC	%	**4**	74%	**1**	70%
	Eligible green share	%	**21**	74%	**18**	70%
	Aligned green share	%	**16**	21%	**3**	40%
Biodiversity	Biodiversity monetary intensity	km^2.MSA/€M revenue	-0,4	74%	-0,4	70%

The corporate bond portfolio is lower carbon than the equity portfolio for scope 1-2 (152 tCO_2e/€M compared to 174 tCO_2e/€M) but with higher carbon level than the index. The portfolio is better positioned than the reference index on all the other indicators (temperature, NEC, exposure to physical and transition risks, aligned green share, biodiversity footprint). These results highlight the value of the results of these indicators for the stock/bond picking decisions of the managers of the Groupama portfolio.

Global equity-corporate bond portfolio

Theme	Indicator	Unit	2021 equity-corporate bond portfolio	Coverage
Climat footprint	Carbon intensity (scope 1-2)	tCO_2e/€M revenue	**171**	72%
	Carbon intensity (scope 1-2-3 upstream)	tCO_2e/€M revenue	**339**	72%
	SB2A equivalent temperature	°C	**2,8**	72%
	% SBTi portfolio	%	**37**	100%
	% SBTi carbon footprint	%	**71**	100%
Climate risks	Physical risk score	%	**28**	50%
	Transition risk score	%	**34**	50%
Multiple environmental stakes	NEC	%	**3**	72%
	Eligible green share	%	**22**	72%
	Aligned green share	%	**15**	21%
Biodiversity	Biodiversity monetary intensity	km^2.MSA/€M revenue	-0,37	72%

Climate footprint

As part of the structuring of our climate strategy in 2021, we filtered our analyses at the sector and company levels to more accurately identify the challenges facing the entire company portfolio (equity + corporate bonds)

- The scope 1-2 carbon intensity of the entire company portfolio is mainly determined by the electricity and transport sectors which respectively contributed 39% and 11%, although they accounted for only 3% and 5% of the portfolio assets. The Finance sector (excluding asset management) contributed 2% and represented 32% of total assets (figure 13). However, the Finance sector is a much bigger contributor when the Scope 3 data, whilst is currently approximate, is included.
- Access to the SB2A temperature data enables asset managers to select, within the most carbon intensive sectors, the best positioned companies in terms of dynamic climate performance. Figure 14 confirms this, in particular for the electricity sector (1.7°C of portfolio-induced temperature).

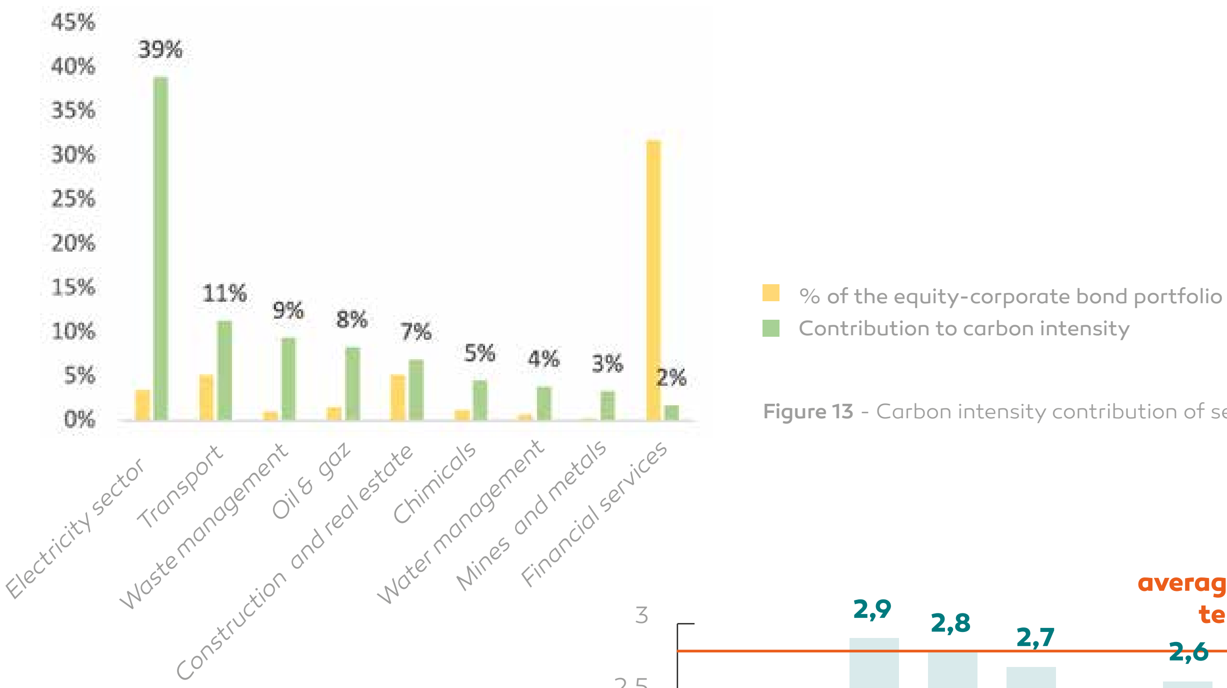


Figure 13 - Carbon intensity contribution of sectors

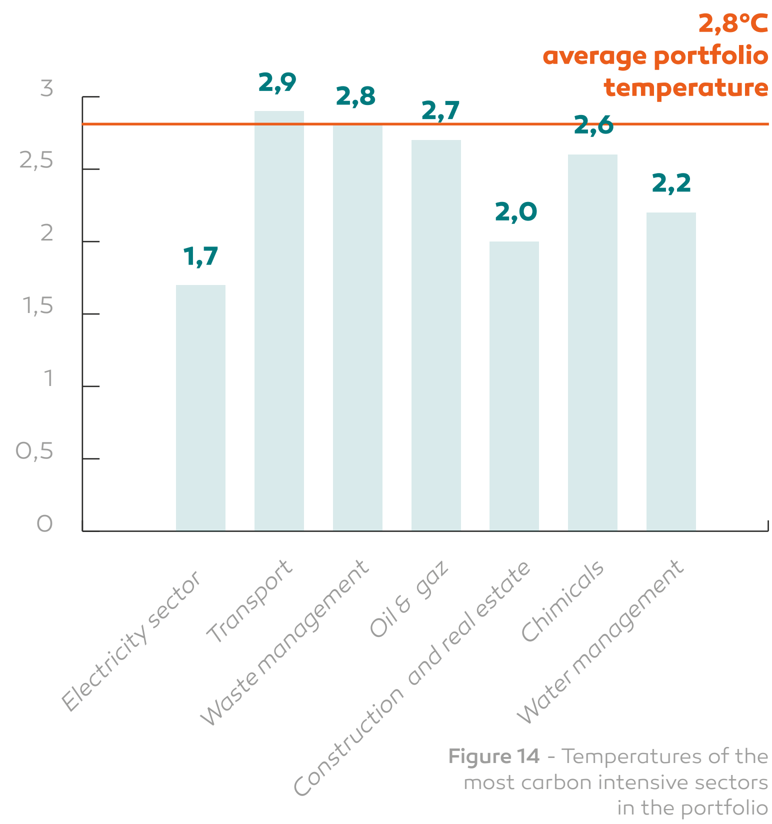


Figure 14 - Temperatures of the most carbon intensive sectors in the portfolio

The dynamic climate performance of our portfolio is also linked with the weight of the commitments made by our holdings. At the end of 2021, 37% of our portfolio was subject to an SBT commitment (committed or target set). More specifically, 71% of the carbon footprint of the portfolio was covered by this commitment, which highlights its importance in our selection of intra-sector stock.

Climate risks

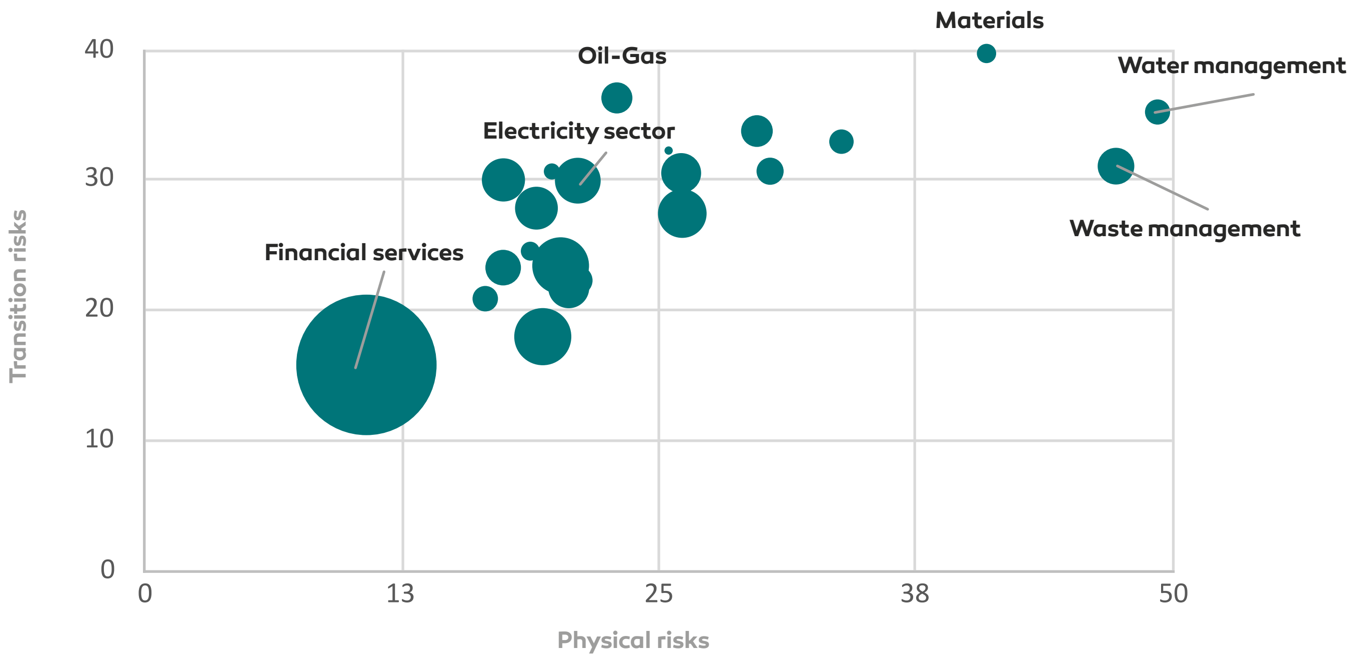


Figure 15 - Exposure to the physical and transition risks by sector

We also analyse the exposure of our holdings to physical and transition risks. Figure 15 shows the greater vulnerability of sectors like water and waste management to physical risks, whilst defence and oil & gas are exposed to transition risks.

> SOVEREIGN BOND PORTFOLIO

	National GHG emissions / GDP (territorial + imported)	**Share of low carbon energy** (including nuclear)	**Portfolio-induced warming potential**	**Coverage rate**
Unit	tCO_2/€M GDP	%	°C	%
2020 Sovereign bond portfolio	607	37 %	1,7	97 %

The sovereign bond portfolio is low carbon mainly because it is invested in French (60%), Italian (22%), and Spanish (7%) bonds. The energy green percentage (including nuclear) is high, at 37% in 2021 against 32% in 2020. The portfolio has a climate warming potential of 1.7°C, in line with the Paris Agreement.

Exposure to physical and transition risks – ND gain

To measure the exposure to physical and transition risks of our sovereign debt investments which represented 47% of the Group's portfolio as at 31/12/2021, we use the Global Adaptation Index supplied by Notre Dame University (ND Gain Index).

The ND Gain index is a tool for measuring country risk that calculates **a country's exposure and vulnerability to climate shocks** (Vulnerability score) based on its degree of readiness (Adaptability Score), defined as the degree of utilisation of its economic, social and governance resources to reduce climate related risks.

The vulnerability score measures the exposure, sensitivity and capacity of a country to adapt to the adverse impact of climate change considering vulnerability in six crucial life support systems: food, water, healthcare, ecosystem services, human habitat and infrastructure.

The lower the score, the better.
The adaptability score measures the capacity of a country to make use of investment to convert this into adaptation actions. The higher the score, the better.
Overall, our sovereign debt investment portfolio gets a good ND Gain score thanks to the low level of exposure to physical risks of our portfolio, mainly invested in Europe (France, Italy, Spain, Belgium and Germany).

SOVEREIGN BOND EXPOSURE AND ND GAIN IN 2021

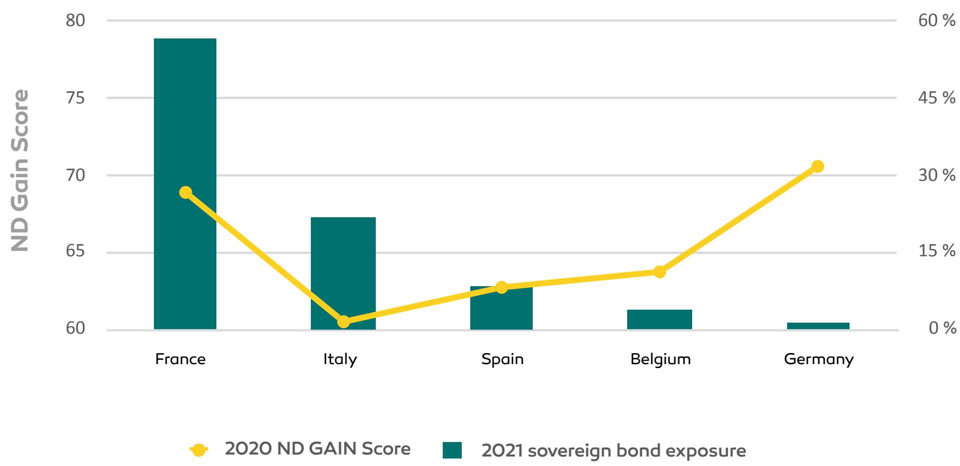


Figure 16 - Groupama's exposure from its total sovereign bond portfolio at 31/12/2021 based on the ND GAIN score. The above exposure represents more than 90% of the Group's total sovereign bond exposure.

"VULNERABILITY" BY "ADAPTABILITY"

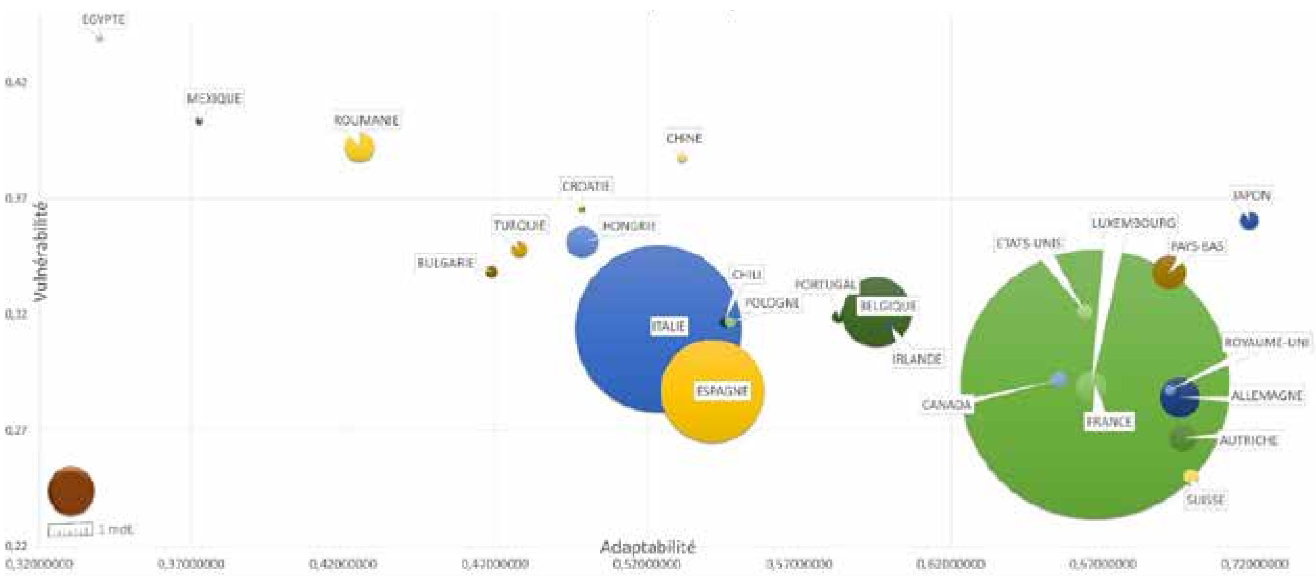


Figure 17 - Principal Groupama sovereign bond exposure at 31/12/2021 based on the adaptability score and the vulnerability score. The exposure above represents more than 97% of the Group's sovereign bond exposure.

On this graph, the exposures shown on the right and bottom of the graph are the least exposed to climate change risks.

The Nd Gain score is calculated using the following formula:

CHANGES IN PORTFOLIO ND GAIN

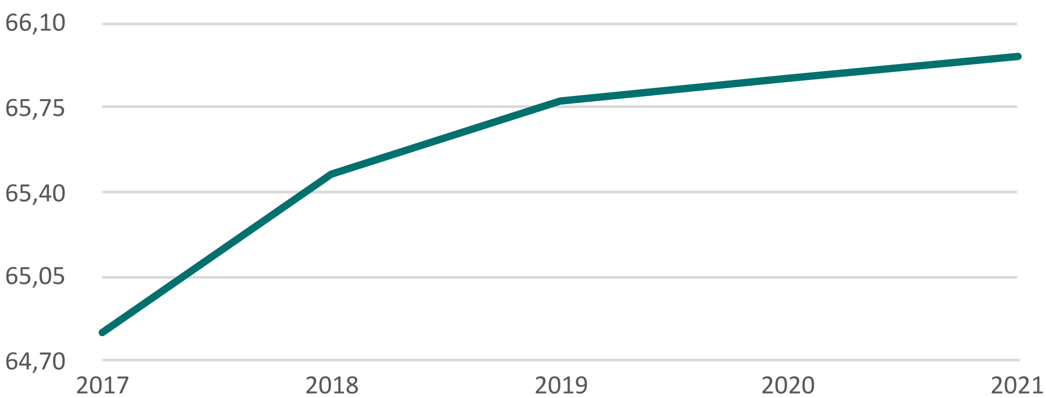


Figure 18 - Changes in the ND Gain score of the whole sovereign bond portfolio weighted by their stock market values in the period from 2017 to 2021.

Carbon impact

In drawing up its strategy, Groupama Immobilier has placed a particular emphasis on the measurement of the carbon footprint of its managed assets.

Groupama has worked with external firms for several years to make the most of opportunities and to reduce the risks associated with the carbon footprint over the entire lifespan of the buildings. **The approach enabled it to achieve in 2021 an average carbon intensity of 13.9kgCO_2eq/m²/year for the office assets monitored by Deepki, corresponding with the energy use of the real estate.**

This average is below the French average of 14 kgCO_2eq/m²/year for office assets[22] and is already aligned statically with a 2°C trajectory.

Through its partnership with **Deepki,** Groupama Immobilier continues to collect, optimise and analyse the assets and consumption data in order to obtain a clearer overview of its inventory and determine the best strategy in responding to the tertiary decree.

Green share

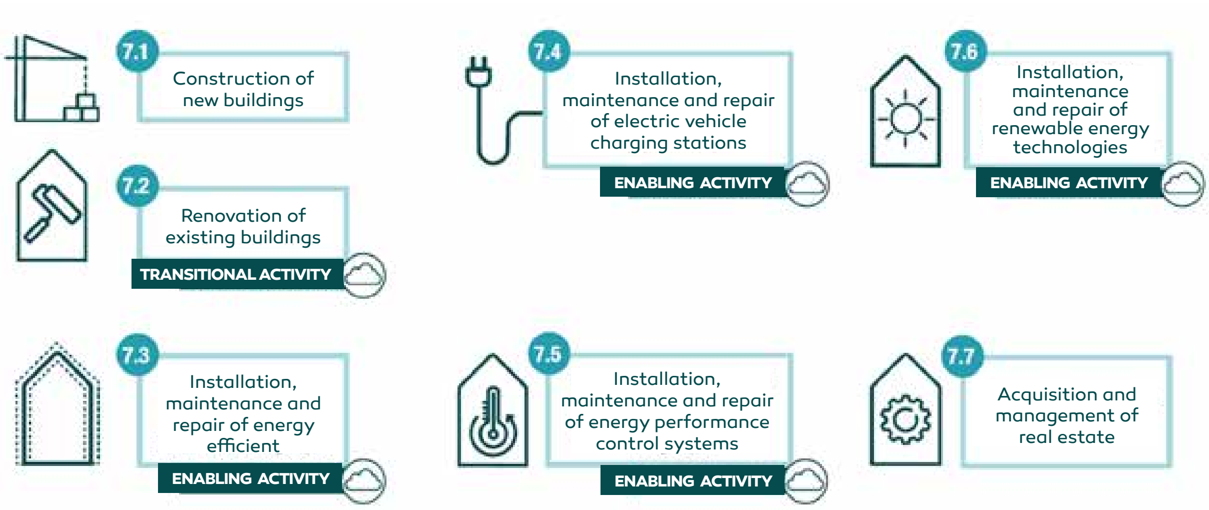
Eligibility and alignment of Groupama's real estate operations with the European taxonomy

Step 1 – Are Groupama's activities eligible for the Taxonomy?

The list of eligible activities for the taxonomy covers those activities that have most impact for achieving each environmental goal, at the same time as also having a significant margin for progress. The real estate sector, because of its environmental impact, is one of the eligible sectors for the taxonomy, in the "Acquisition and Ownership of buildings", as well as "Construction of new buildings" and "Renovation of existing buildings" categories.

- **100% eligible activities**

ELIGIBLE BUILDING AND REAL ESTATE ACTIVITIES FOR THE EUROPEAN TAXONOMY



[22] *Real estate Barometer of the Observatoire de l'Immobilier Durable, 2022*

Step 2 - Are Groupama's activities aligned with the Taxonomy ?

Eligible activities must then satisfy the technical screening criteria of the taxonomy to be deemed as aligned and thus sustainable. This implies satisfying the substantial contribution criteria, the Do No Significant Harm to any of the five other objectives criteria and comply with the minimum social safeguards.

- **Contribute:** Substantial contribution to the mitigation pillar: the buildings are in the top 15% of the national building stock in terms of Primary Energy Demand or have an Energy Performance Certificate (EPC) class A
- **Do No Significant Harm:** the acquisition and ownership must also not cause significant harm to the five other environmental objectives
- **Comply** with the minimum social safeguards

If the construction of new buildings satisfies the conditions of the 3 steps, it will be taxonomy aligned with the mitigation of climate change objective.

- **Groupama will publish a specific report on aligning its activities over the short-term.**

> CARBON EVALUATION FOR THE FORESTRY ASSETS

Groupama Group is a pioneer in assessing carbon storage in forests, using IF Consultants and available research and analysis. Forests contribute to reaching carbon neutrality by playing a role as carbon sinks. Forests make it possible to capture atmospheric CO_2 and the uses of the harvested wood makes it possible to avoid thousands of tonnes of CO_2.

INDICATOR	DESCRIPTION	2019 RESULT	2020 RESULT	2021 RESULT
Carbon sequestered / annual increase	Annual increase in the mass of CO_2 resulting from the annual increase of the wood mass	353,162	185,583	184,652
Total carbon stored	Carbon stored in timber, humus and forest floor (tCO_2)	10,063,693	10,513,512	10,361,510
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	139,749
CO2 stored in timber products	Carbon stored in processed products resulting from felling	ND	46,172	79,728

▸ **Methodology:**

"Forest carbon" includes carbon:

- Resulting from the annual increase of the wood mass of forests;
- Stored in the timber, humus and forest floor;
- 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

The forest carbons are shown as eqCO_2.

2021 RESULTS

Total stock is slightly down following largescale harvesting of spruce in the forests because of the scolyte parasite (these felled areas have not yet all been replanted). This extensive felling of trees means there has been an increase in the tonnes of CO_2 avoided and stored in the wood.

D. TOWARDS MEASURING THE FINANCIAL IMPACT OF THE TRANSITION RISK

Whilst the science is clear on the long-term risks associated with climate change, financial markets are struggling to integrate it into their normal operations, and in particular in their traditional financial risk model.

The **Banque de France and the ACPR** have designed an analytic framework for quantifying climate transition scenarios and assessing the associated financial risks: climate stress test exercises, which include Groupama.

An initial application of this tool has helped provide an order of magnitude of the possible adverse impact of the shocks to the financial system.
In terms of the monetary quantification of climate risk, the analyses are at an early stage and more data is needed to convert the climate risk factors into economic risks.

In managing the challenges of the low carbon transition of its portfolios, Groupama needs to **integrate an evaluation of the potential financial losses and financial gains associated with the transition risks and the physical risks.** In the short term, Groupama will be evaluating the various metrics supplied by data providers in order to select the most robust options. The objective will be to study the management decisions needed to counter the consequences of climate change.

4 - GUIDING OUR CUSTOMERS TO SUSTAINABLE SAVINGS SOLUTIONS

A. DELIVERING ESG AND CLIMATE FOCUSSED SAVINGS PRODUCTS

French savers are increasingly looking for responsible solutions

Insurers have been working for a number years to expand the integration of ESG and climate criteria within their investment strategies. As institutional investors the aim is to hasten the use and scale of responsible investments in responding to the climate emergency. In the knowledge that mobilising French savings is the next frontier in this response, insurers are now working to develop responsible savings products, for individuals.

This approach reflects the growing demand among savers for responsible savings products. In 2019, 2/3 of French savers reported that the environmental and social impact of their investments was important to them[23].

In addition, as of 2022, there will be new regulatory requirements on insurers. In the context of the PACTE law, every multi-fund life insurance contract must refer, as of 2022, to a unit-linked account (UL) backed by an SRI labelled fund, a UL backed by a GreenFin fund and a UL backed by a solidarity fund. Financial advisors must also identify the impact and the ESG preferences of the customers for their investments in order to offer them the most appropriate financial products.

The savings solutions offered are monoline life insurance policies (euro-denominated funds) or multi-fund life insurance policies using open architecture, subject to "independent management" or "delegated management":

With "**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 and Investment Operations Department.

With "**delegated management**", Groupama offers its customers different allocation profiles that meet their risk profile in the form of Delegated Management, which evolves with the financial environment and the convictions of the Groupama teams. These portfolios combine: Euro-denominated funds with funds managed by Groupama Asset Management or other asset managers; and supplemented by real estate investment vehicles and unlisted, thematic or structured products. The Group's recommended management solution, created by Groupama Gan Vie and launched in April 2018 for all the Group's networks, is based on **five profiles**: serenity, cautious, balanced, dynamic and aggressive.

Here at Groupama, we understand the growing desire of our customers for greater inclusion of economic and social responsibility within their savings.

This is why, as of 2019, Groupama took the decision to establish a sustainable profile version within its balanced profile.

All savers are thus free to invest in line with their interest in sustainability, their plans, situation, and investment horizon. Depending on the answers, they can be guided towards a sustainable profile or left with their conventional investments. As at 31/12/2021, the value of the Sustainable Balanced Delegated Management profile was €1,185M.

In 2022, we will be extending this product to the whole distribution network.

Year	Date	Amount (€)	Amount – number of contracts (€)
2020	31/12/2020	347,659,837	7,950
2021	31/12/2021	1 184,937,335	28,553

Figure 19 - Growth in value of Sustainable Balanced Delegated Management investments from 2020 to 2021

[23] *Structuring and promoting the CSR, green and solidarity investment vehicles in life insurance, France Assureurs*

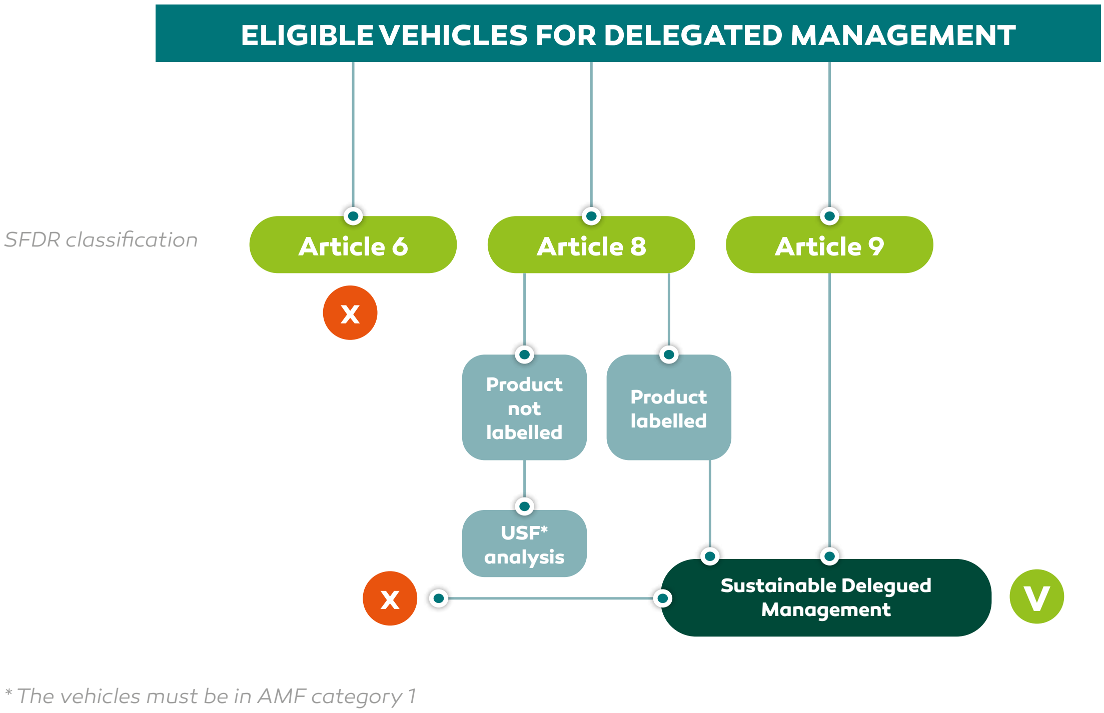


Figure 20 - Selection process for eligible products for sustainable Delegated Management

The world of sustainable investment consists of equity/bond/diversified products and invested in assets selected on the basis of financial and extra-financial analytical criteria. The sustainable investment world consists of products:

- With a sustainable investment objective (in accordance with **SFDR Article 9**)
- Promoting environmental and/or social characteristics (in accordance with **SFDR Article 8**) and with a **Sustainable Responsible Investment label**, or selected by Groupama which recognises of the inclusion of the Environmental, Social and Governance criteria in the product's investment strategy (See diagram above). In this context, and to ensure that the products will be eligible for future labels, the analysis consists of selecting products in **AMF category 1**.

Whilst sustainable delegated management accounts for only 8% of GGVIE products, 43% of these were labelled as at 31/12/2021 (Figure 21)

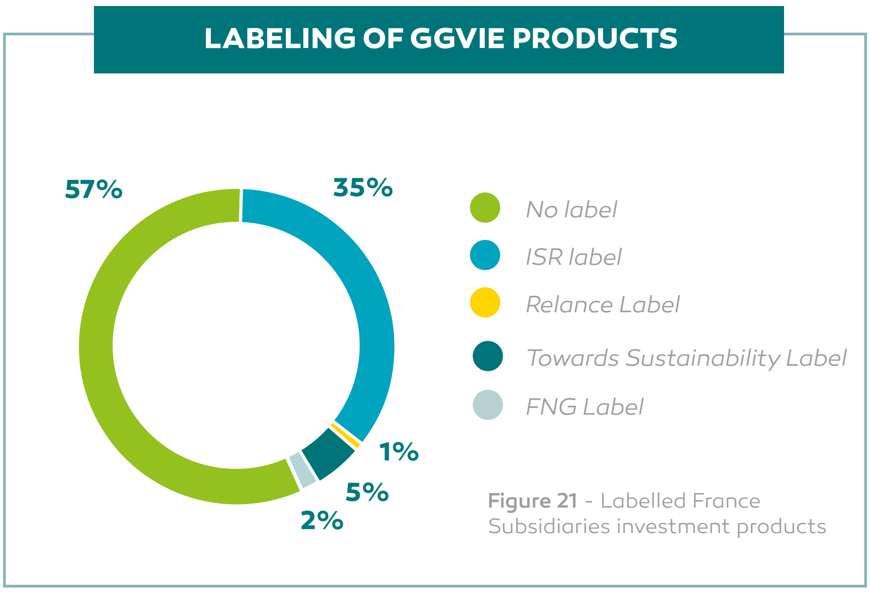


Figure 21 - Labelled France Subsidiaries investment products

Groupama also offers "sustainable" structured products issued by partner banks, constituting unit-linked vehicles for life insurance policies. Most of these products are green debt bonds issued to exclusively finance or refinance green projects with a positive environmental impact. The formulas depend on movements of equity indices selected for their climate/ESG performances. In 2021, Groupama introduced six additional products, four of which related to the associative sector.

PRODUcT	INDEX	INDEX TYPOLOGY	BOND ENVELOPE	ASSOCIATIVE LINK
Porphyre	Euronext® CDP Environment France EW Decrement 5%	Environmental	Classic	NA
Heliopse	Euronext® CDP Environment France EW Decrement 5%	Environmental	Classic	Fondation Hôpitaux de Paris - Hôpitaux de France
Porphyre Vert	MSCI Europe Select Green 50 5% Decrement	Environmental	Green bond	Fondation Hôpitaux de Paris - Hôpitaux de France
Heliopse Flash	MSCI France Select ESG 30 Decrement 5%	ESG	Green bond	NA
Porphyre Vert	Euronext® France Energy Transition Leaders 40 EW Decrement 5%	Environmental	Green bond	Reforest'Action
Heliopse Climat	Euronext Climate Objective 50 Euro EWD5	Environmental	Green bond	Terre des liens

Table 3 - Structured green products in 2021

WHAT IS A « GREEN BOND » ?

What is a « Green bond » ?

It is a debt security used to finance or refinance eligible loans to green projects that have a positive environmental impact.

It is issued by an institution (a company, public entity , bank, etc.). The projects are carefully selected applying the eligibility criteria and methodology defined by the issuer. It complies with the requirements covering transparency and the publication of details of the use and management of the funds, the project selection and evaluation process and the reporting. A green bond must as a minimum comply with the principles defined in the Green Bond Principles (ICMA) and eventually refer to green economic activity taxonomies.

Porphyre Vert Mai 2022

Prophyre Vert Mai 2022, issued by CACIB Financial Solutions to finance or refinance loans for green projects with a positive environmental impact, contributing to combatting climate change and to promoting the transition to a carbon-free economy. Porphyre Vert complies with the Green Bond Principles and can invest in renewable energy, green construction, low carbon transport, water management and treatment and sustainable agriculture projects. This product is available within the Chromatys, Chromatys Évolution and Gan Capitalisation Exception multi-fund life insurance contracts.

[24] https://www.blog.ganpatrimoine.fr/Media/documents/Produits%20structurés/PS%20janvier%202022/Brochure%20Heliopse%20Climat%20Janvier%202022.pdf

In line with the savings and sustainable investment policy at the Group level and based on the assumption that our sustainable product offer is subject to continuous refinement, in 2022 we are planning to:

- Support our sales staff, members and customers in understanding and taking up our sustainable products -

- Develop a **new theme based delegated management mode** that will be marketed in 2023

B. BUILDING CUSTOMER AWARENESS

Groupama is committed to open and transparent communications with its customers, and wants a responsible dialogue with all of its stakeholders. With this purpose in mind, we have created some **educational communication** tools that will help increase understanding of the pension system. These tools include for instance videos such as "Le petit Tour de la gestion déléguée", with a special edition on sustainable asset management[25].

In increasing the desire for savings with sustainable development goals, we need **to create in our distribution networks a culture** that is focused on promoting these products to customers. Advisors in the branches receive regular training and updates on responsible investment. Working with our partner management companies, the advisors are taking part in a large number of roadshows and events focussing on SRI. These awareness building operations are aimed at educating the advisors to be able to fully answer customers' questions on SRI and guide them towards a sustainable investment product.

Customers also receive a **monthly report on sustainable delegated management** providing details of the performance of various profiles and asset classes.

[25] *https://lepetittourdelagd.com/*

OUTLOOK

In 2021, considering various regulatory requirements (SFDR, Taxonomy, Article 29) and best industry practice, Groupama launched a process of strengthening its responsible investment strategy across all asset classes. This process reflected a desire to offer a sustainable savings and investment policy that is clear, public and common to the whole Group.

We firmly believe that a fair and equitable climate transition is a collective undertaking that must mobilise the entire company, from our customers, our agents, and including public powers and NGOs. We have made progress but we know there is still some way to go. We want to further in building our contribution to a fair and equitable transition, enhancing our responsible investment strategy with an impact strategy and extending the responsible investment strategy to the whole of the Group. To do this, we are continuing to develop more robust measuring tools, providing training for our staff and distributors in the challenges for the climate and biodiversity and defining our commitments as we play our part in this transformation.

This first "Article 29" Report starts us on the path to even greater transparency and stronger commitments in terms of the climate, and those made by financial institutions relating to protecting biodiversity. These new requirements push even more stakeholders to ask important questions in terms of strategy, and could thus lead help propagate actions that match with the scale of the environmental and climatic challenges we face.

APPENDICES

Cross references to the requirements of Article 29

THEMES OF THE ENACTMENT DECREE	REQUIREMENTS	CORRESPONDING SECTION
1. General approach	Summary presentation of the general approach of the entity to taking into account the environmental, social and quality of governance criteria, and namely the investment policy and strategy	2.a
	Content, frequency and means used by the entity to communicate with its various stakeholders/contacts concerning its strategy	4.d
	List of financial products mentioned relative to Article 8 and Article 9 of 2019/2088 (EU) regulations of the European Parliament and Council of 27 November 2019, and the total percentage of total amounts under management taking into account environmental, social and quality of governance criteria in the total volumes managed by the entity	Overview of our responsible investment strategy
	Inclusion of environmental, social and quality of governance criteria in the decision-making process for the allocation of new management mandates	2.a
	Mention of any charts or labels used + description of these	1.b; 1.c
2. Internal ressources	Financial, human and technical resources dedicated to the integration of ESG criteria (%, full time equivalent, etc) + if possible, amount of investments into research: use of external service providers and data providers	Groupama company citizen; 1.a
	Actions undertaken to strengthen the internal capacities of the entity. The description includes all or some of the information relating to training, the communication strategy, the development of financial and service products associated with these actions.	1.a
3. Governance	Knowledge, expertise associated with a supervisory process and experiences of the governing bodies (BD and SC and Senior Management and Internal Committee)	1.a
	Integration of ESG criteria into the internal regulations of the Board of Directors or Supervisory Board	1.a
	Integration of sustainability risks in terms of remuneration policies	1.a
4. Engagement strategy with regard to issuers of SGP	Perimeters of the companies involved in the engagement strategy	2.c
	Report on the engagement strategy, percentage of companies with which dialogue has been opened, subjects covered and follow-up actions	2.c
	Presentation of voting policy, voting record, above all voting instructions and votes on resolutions concerning ESG factors during AGMs	2.c
	Sector based disinvestment policies	3.b
5. Taxonomy alignment and «fossil fuels» element	Investments aligned with the Taxonomy	3.c
	Percentage of “brown” investments: activities linked with the exploration, production, processing, transport, refining and marketing of fossil fuels	3.c
6. Strategy for alignment with the Paris Agreements	Goal for scope 1+2 2030 horizon in absolute value or intensity value relative to a reference scenario and a reference year. Can be measured either by the GHG volume or by temperature	3.a
	If internal methodology, details of the methodology	3.a
	A quantification of the results using at least one indicator	
	Integration of 2°C alignment data in the investment strategy and complementarity with the other E, S and G indicators	3.a; 3.c

	Changes made in the investment strategy linked with the alignment strategy (namely coal and oil and gas policies, exit timetables and percentage of total volume of assets covered by this policy)	3.b
	Any actions to follow up results and changes made	3.b
	Frequency of the evaluation, dates of updates and selected evolution factors	
7. Biodiversity Strategy	Publication of the alignment strategy with costed objectives for 2030	2.d
	Degree of alignment with the objectives of the international agreements of the Conference of the Parties on biological diversity in 1992	
	Analysis of the contribution to the reduction of the principal pressures and impacts on biodiversity defined by IPBES	
	Use of a biodiversity footprint indicator and explanation of the way in which this indicator enables the measurement of the alignment with international goals linked with biodiversity	
8. Risk Management	Process of identifying, evaluating, prioritising and the management of risks associated with the integration of ESG criteria (namely the integration in the standard risk management framework of the entity)	1.a; 3.a; 3.b
	Description of sustainability risks (notably climate) with their associated risk factors, sectors and geographic zones in question, the criteria used for selecting the major risks	
	Reference to the use of methodologies based on prospective vs historic data	
	Climatic Risks: Use of several scenarios (at least one at 2°C and one random) with a detailed description of the chosen scenarios	
8bis. Risk Management	Physical Risks: Description of the integration of specific information to its stakeholders on the exposure, sensitivity, adaptation and adaptation capacity of the value chain	
	Risks linked with biodiversity: - Specific publication on the risks associated with biodiversity with aclear identification between the principal risks arising from theimpacts caused by the investment strategy and the principal risksarising from the dependence of the assets and activities in which the entityhas invested on the biodiversity - For each identified risk, statement of the perimeter of the selectedvalue chain - Statement whether the risk is specifically linked with the economic sectoror with an adjoining geographic zone	
9. Improvement strategy	Identification of the opportunities to improve the existing strategy and the corresponding actions to improve the current situation	Multi parties
	Information on the strategic or operational changes planned or implemented	
	Implementation timetable	

Cross references to the requirements of the TCFD

PILLAR	RECOMMENDATIONS	CORRESPONDING SECTION
Governance	Description of the supervision by management bodies of the climate related risks and opportunities Description of the role of management in the evaluation and management of climate risks	1.a
Strategy	Description of the climate related risks and opportunities identified by the company in the short, medium and long terms	3.a
	Description of the impact of climate risks and opportunities on the business, financial strategy and planning for the organisation	3. a, b, c
	Description of the resilience of the corporate strategy, considering a variety of climate scenarios, included at least one 2°C scenario	3.a
Risk management	Description of the process for identifying and evaluating climate related risks	1.a; 3.a
	Description of the company's processes for managing climate risks	
	Description of the integration of the process for identifying and evaluating climate related risks within the company's global risk management	
Indicators and objectives	Publication of the metrics used by the company to evaluate climate related risks and opportunities, in application of its strategy and its risk management processes	3.c
	Declaration of information on greenhouse gas (GHG) emissions and related risks in the context of Scopes 1 and 2, and as appropriate, Scope 3	3.c
	Publication of information on the objectives set for managing climate related risks and opportunities, as well as the actual results achieved	3.a

Glossary

Financial asset: A financial asset is a security or a contract, most of which are transferable and negotiable, giving the holder revenue or capital gains

Share: A share is an ownership title issued by a company. It gives the holder ownership of part of the equity capital of that company, with the associated rights: to have a say in the management of the company (for instance, by voting) and entitlement to payment known as a dividend

IEA: The International Energy Agency is an international organisation created by the OECD to guarantee a reliable, affordable and non-polluting supply of energy for its 30 member countries and others. Its main areas of research are energy security, economic development and increasing environmental awareness at the global level

ESG Criteria: The environmental, social and governance criteria applied to companies

FFA (Fédération française de l'assurance): Includes French insurance and re-insurance companies, a total of 247 companies representing more than 99% of the market.

Socially Responsible Investment: Socially responsible investment complies with the mandatory ESG criteria set by the investors.

Loi sur la Transition Energétique et la Croissance Verte (LTECV), France: The Energy Transition and Green Growth law (LTECV) published in the Journal Officiel on 18 August 2015, together with the accompanying action plans aimed at enabling France to more effectively contribute to combating climate change and the protection of the environment, as well as increasing its energy independence whilst providing access to energy at competitive prices to its companies and population. (Ministère de la Transition écologique et solidaire).

Bonds: A bond is a debt security issued on the financial markets

2°C Scenario: Economic and/or productive scenario that is compatible with limited climate warming below the threshold of +2°C in 2100 relative to its pre-industrial levels.

Scope 1: Direct emissions of greenhouse gas. This covers all emissions generated directly by a company and its activities: Factories, installations, warehouses, offices, vehicle fleets owned or controlled by the company

Scope 2: Indirect emissions linked with energy. These include all emissions associated with the consumption of electricity, heat and steam by the company in its facilities or vehicle fleets.

Scope 3: Scope 3 covers other indirect emissions created upstream or downstream in the company's value chain.

Unit-linked product: Authorised investment fund (equity fund, bond fund) linked with a life insurance policy.

Company valuation: This metric represents all the capital committed. It takes into account the stock market valuation, the net financial liabilities, minority interests, together with other assets and liabilities.

Breakdown of SFDR classifications by asset class

- **Listed CIU**
  - 35% of funds are “Article 8”products
- **unit-linked**
  - 41% of funds are “Article 8”products
  - 4% of funds are “Article 9”products
- **Infrastructure Private Equity**
  - 18% of funds are “Article 8”products
- **Corporate Private Equity**
  - No funds are currentlyclassed as “Article 8” productsor “Article 9” products
- **Infrastructure debt**
  - 17% of funds are “Article 8”products
- **Corporate debt**
  - 7% of funds are “Article 8”products
- **Real estate debt**
  - No funds are currentlyclassed as “Article 8” productsor “Article 9” products
- **Real estate equity**
  - 16% of funds are “Article 8”products

Initiatives supported by Groupama prior to 2021

INITIATIVES	OBJECTIVES	TARGET AREAS
Global Investor Statement to Governments on Climate Change	• Call on governments to achieve the goals set by the Paris Agreements • Accelerate private sector investments in favour of the low-carbon transition • Contribute to improving financial reporting concerning the climate	Energy transition
Climate Action 100+	• GHG issuers (Greenhouse Gas) (over 100 companies targeted): Call to take action to become aligned to the Goals of the Paris Agreements • Investors: Making sure that the companies in the investment portfolios act to promote this	Energy transition
Proxinvest - Research & Analysis	• Monitoring the progress of pharmaceutical sector companies relative to SDG 3 (Health and Wellbeing)	Inequality

Data sources?

SERVICE PROVIDER	SPECIALITY	USE
VIGEO EIRIS	Qualitative evaluation of companies	• Social and environmental analysis of companies • Analysis of the governance of companies • Analysis and monitoring of controverses ISS
ISS ETHIX	Assistance in implementing voting policies Monitoring of companies involved in the production and marketing of AP mines and cluster bombs	• 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
Proxinvest - Research & Analysis	Analysis of EGM resolutions and assistance in implementing voting policies	• Analysis of EGM resolutions and assistance in implementing voting policies
Iceberg Data Lab	Developing environmental indicators for financial institutions	• Green share • 2°C scenario alignment Indicator • NEC: “Net Environmental Contribution” • Carbon intensity • Biodiversity footprint

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