



ESG Report 2022

Article 29 – Disclosure concerning
the incorporation of ESG criteria in
the investment policy of Groupama
Asset Management



Groupama
ASSET MANAGEMENT

Invest for the future

- **Introduction**

- Editorial (“Intro”)
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INTRO



Mirela Agache-Durand,
CEO

COMMITTED FOR THE FUTURE

Faced with the challenges posed by the simultaneous digital, demographic and environmental transitions, the time for hard choices has come. Our profession as asset managers has a major responsibility in its dual role of fiduciary service provider and investor.

The choices we make as investor not only reflect the ethical commitments of our own company and management teams but must also reflect the social engagement of our clients and give practical body to their demand that their investments should be responsible and sustainable.

At Groupama AM, we have organized our company for many years to serve the commitments of our teams and our clients to maximum effect. Our teams of analysts are all trained in both financial and extra-financial analysis because only this comprehensive vision of the financial products analyzed will be able to take into consideration all the associated risks.

2021 was a year of massive investment in structuring and deploying ESG_e tools and reinforcing an ESG culture that has already been nurtured for at Groupama AM more than 20 years: examples include the training of all our employees in ESG at different levels of analysis, the strengthening of the ESG team and, in particular, the resources dedicated to shareholder engagement, the deployment of tools for sharing the non-financial data already accessible to managers and analysts and participation in market initiatives.

We have also mobilized to broaden the range of funds certified by the official French ISR Label for sustainable finance funds, in the aim of providing the broadest possible coverage of asset classes and management styles with this ISR certification. The ISR Label, which has now been obtained by 27 of our funds, is not only a reliable guarantee of the authenticity of the responsible investment approaches of asset managers but also a powerful vector for promoting socially responsible investment. Our drive for increased certification demonstrates that our convictions are translated into our practical fund management and is being actively pursued in 2022.

The present ESG Report (Article 29) will help you to understand the choices that we are making as investor and thereby to measure our practical commitment.

The world of tomorrow can no longer be built of wishful intentions but requires real commitments. At Groupama AM, we have made the choice for **Investing for the future.**

Mirela Agache Durand
CEO
Groupama Asset Management



Groupama AM - a socially engaged investor

Active and fundamental portfolio management guided by a responsible vision of finance

Since its creation in 1993 Groupama Asset Management (Groupama AM), a subsidiary of Groupama, has established its place as one of the top French players in asset management. Groupama AM has historically operated on behalf of numerous entities of the Groupama Group and is now making its expertise and experience available to institutional investors, companies and private customers.

With its long history of commitment to the principle of responsible investment, Groupama AM affirms its conviction that the performance of an issuer is systematically improved by **integrating environmental, social and governance (ESG) criteria into the heart of its management strategy**.

Investing for the future, our reason for being

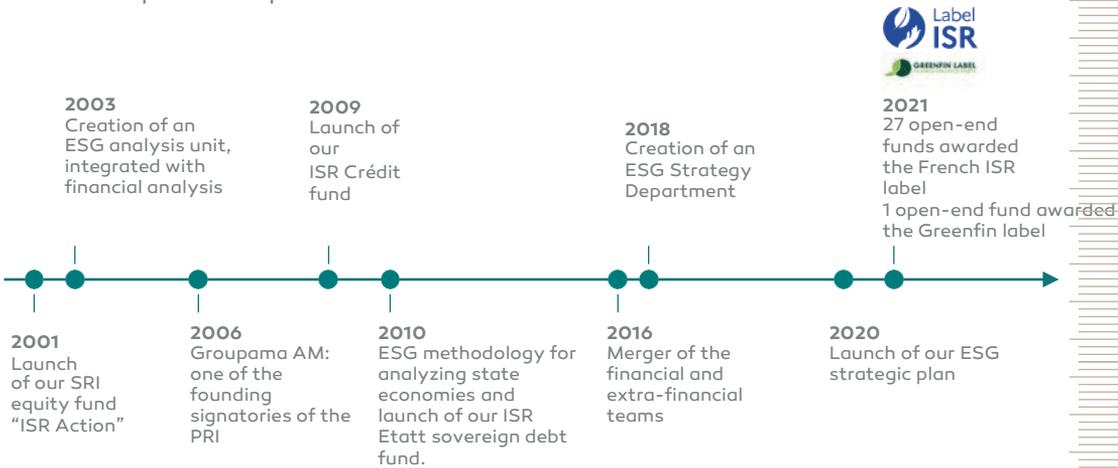
At Groupama AM, our conviction is that finance plays a part in changing the world and building the world of the future.

That is why our committed, convinced, passionate and expert teams daily deploy their excellence in the field to identify, select and invest in the companies that establish their performance on a sustainable basis.

Giving our clients the opportunity to make this choice for the future while also guaranteeing them responsible and high-performance investment constitute our reason for being.

A reason for being that we express in our signature: INVESTING FOR THE FUTURE

Groupama AM: pioneer of sustainable finance



9 billion euros
of assets under management incorporating ESG criteria
as on 31/12/2021



11 billion euros
total assets under management
as on 31/12/2021

AFG Chair of the Responsible Investment committee since May 2015



Member of l'Observatoire de la Responsabilité Sociale des Entreprises (ORSE - Corporate social responsibility observatory)

Member of Finance for Tomorrow

spainsif Member of the Spanish Sustainable Investment Forum



PRI Founding signatory of the PRI A+ rating for our integration policy in 2021



Chair of the Extra-financial Analysis committee of the SFAF from 2014 to 2018



Member of the Forum pour l'Investissement Responsable (French SIF)



The CSR strategy of Groupama AM

Corporate Social Responsibility (CSR⁶) means the incorporation of **social, societal, environmental and economic concerns** in the activities and internal and external relations of a company.

CSR is integral to the concept of Sustainable Development, as defined in the 1987 Brundtland Report:

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Groupama AM fully adheres to this vision and undertakes to **improve its impact** by acting on the three key pillars of sustainable development.

To this end, Groupama AM **dedicate itself daily to ensuring that its activities limit their negative impacts** on the company's direct and indirect environment.

Our approach is based on three powerful ideas:



The key moments of 2021



Creating the ESG of the future

Ambitious certification programme 27 funds awarded the French "ISR Label" and 1 fund awarded the Greenfin Label

90% of our assets under management in open-funds comply with articles 8 or 9 of the SFDR^e

Methodological impact framework



CSR policy

Total financial donations € 769,000

300 complete computers distributed to non-profit associations / foundations in accordance with the principle of the circular economy

2 charitable sporting competitions organized



An active player invested in socially engaged companies

Establishment of a shareholder engagement committee

Deployment of new Individual engagement initiatives for small and medium-sized companies.

A new ESG rating system



Creation of a rating model based on raw indicators

Selection of an ESG rating tool adapted to our times

New French and European regulations



70% of our assets under management comply with the requirements of the SFDR

Anticipation of the deployment of the delegated acts of the SFDR and taxonomy^e

Communication to our clients and employees



Update of the Sustainable Finance Guide and publication to the wider public as educational tool

Creation of an internal network of ESG and CSR ambassadors to support and represent our actions



- **Introduction**

- **Incorporating ESG into the core strategy of Groupama AM**
 - ESG Governance at Groupama AM
 - Deployment of resources appropriate to the ambitions of Groupama AM
 - A climate strategy based on four levers for action
 - A strategy of alignment with the Paris Agreement
 - Achievements in 2021
 - Commitments as responsible investor
 - Employee awareness-raising initiatives

- **Adopting the double materiality principle**

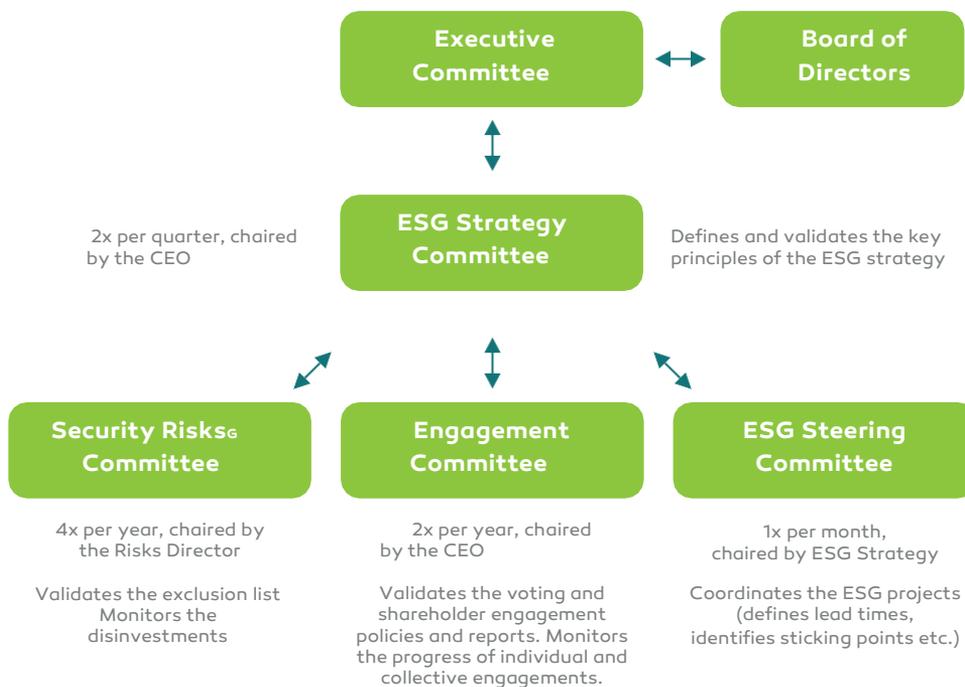
- **Measuring the environmental impacts**

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- **Glossary**

ESG Governance at Groupama AM



A specific ESG governance structure

ESG is one of the strategic goals of Groupama AM. These goals are validated by the Board of Directors. The progress of the ESG projects is presented to the Board, which meets at least three times a year. The voting and shareholder engagement policies are also validated by the Board of Directors. So, the Board of Directors is fully alert to the ESG risks and opportunities. In terms of competencies in this domain, some members of the Board play an active part in the deployment of the ESG Climate strategy of the mutual insurance wing, Groupama Assurances Mutuelles, while others regularly deal with Sustainable Finance issues due to their long years of experience in asset management.

As a sign of the importance that Groupama AM attaches to the challenges of ESG, an **ESG Strategy Department was established in May 2018 and was placed under the Director of Research, who is also a member of the Executive Committee.**

The deployment of this ESG policy is monitored in a dedicated committee, the ESG Strategy Committee, which meets twice per quarter. It is chaired by the CEO and is principally composed of the members of the Executive Committee. The Executive Committee is also responsible for conducting monthly verifications of the ESG commitments. The senior management bodies of Groupama AM are directly implicated in the implementation of the various ESG projects.

Finally, many of the expert Teams of Groupama AM are involved in the implementation of the various projects defined to attain the goals of ESG Strategy, and their actions are coordinated by the team dedicated to ESG integration.

Deployment of resources appropriate to the ambitions of Groupama AM

The first integrated research team on the Paris financial market

2016
Uniting of the financial and ESG analyst teams



Today

A team comprising 11 analysts and 3 economists incorporating financial and ESG considerations in their work
The methodology and internal integration of ESG have been continually strengthened, so that they now constitute a firmly anchored strategy of the company.

2003

Creation and development of a proprietary ESG analysis methodology incorporating financial analysis and culminating in a single recommendation:

Number of employees involved in the integration of ESG criteria*

19.4 full time equivalents (FTEs) took part in ESG projects in 2021

These FTE figures include the activities of:

- The ESG Strategy team
- The ESG side of research for analysts
- The management of Article 8 or 9 SFDR funds or mandates
- The implementation of the voting policy
- Monitoring of ESG management rules
- Implementation of IT projects

ESG budget of 2.3 million euros for 2021

This budget includes the following costs:

- ESG data providers
- Internal ESG research
- Recourse to external consultants
- Fund certification (ISR label etc.)
- Participation in market initiatives

A climate strategy based on four levers for action

Decarbonizing our portfolios

Reducing our exposure to high-carbon assets by means of a strict and regularly tightened Coal Policy covering all our investments

2019
Definition of the first relative criteria for exclusion

2021
Addition of absolute criteria for exclusion

2022
Exclusion of companies developing new coal projects

2030
0% thermal coal in EU and OECD

2040
0% thermal coal in the rest of the world

Aligning our insurance asset management with the Paris Agreement⁶

50% reduction in the carbon intensity⁶ (scopes 1 and 2) of invested assets (equity and corporate bonds).

Reduction of investment in unconventional fossil fuels

Offering products that incorporate the ex-ante objectives of climate performance The current range concerns a proportion of the ISR-certified funds and all the funds corresponding to a climate theme.

Placing climate at the centre of our engagement policy

Strict voting criteria on resolutions relating to Climate proposed by management - "Say On Climate" initiative - such as the establishment of a climate strategy for all **1** of 'the carbon emissions of the company, including indirect emissions

Climate factors at the heart of two of our top-priority aims in dialogue and sustainability actions **2**

Engaging with companies identified as being particularly exposed to sustainability risks. ●

Engaging with companies to accelerate the transformation of their business models in response to the environmental transition, especially through our support of the collective initiative Climate 100+. ●

Financing the companies best positioned to meet the environmental challenges

1 Identification of companies offering trajectories towards a low--carbon economy for all our funds

- Study and analysis of the contribution of companies to the energy transition
- Incorporation of environmental and climate indicators - such as the green share the NEC⁶, carbon intensity and the indicator of alignment with a climate trajectory - in the environmental analysis of companies.

2 Development of Climate categories for issuers to identify the companies having a favourable positioning with regard to the environmental challenges (current application range: insurance asset management and some of our dedicated funds)).

3 Increased investment in green bonds that finance projects strictly complying with the sectoral nomenclature defined in the reference standards of the Greenfin Label. All our investments in green bonds are submitted to internal analysis and annual supervisory review.

Raising the awareness of our clients and employees through educational action

1 Supporting our customers by putting our expertise at their service to define their climate strategy:

- Adapting our range of funds to the requirements of Articles 8 and/or 9 of the SFDR.
- issuing climate reports.
- Defining a strategy for the alignment of our portfolios with the Paris Agreement.
- Answering the questions of our existing and prospective customers concerning the climate and ESG aspects in the context of RFPs and due diligences.

2 Training and raising the awareness of our employees:

- Training our employees to integrate climate and ESG factors into each department and each decision of the company.
- Establishing a network of ESG/ CSR ambassadors to strengthen our internal ESG culture ..

A strategy of alignment with the aims of the Paris Agreement

A strategy has been established in our insurance asset management on behalf of the Groupama Group: the aim of this strategy is to **achieve a 50% reduction in the carbon intensity** (in tCO₂eq/ M€ of turnover) of the equity and fixed income portfolio of companies falling within the scope of the Group, between 2021 and the end of 2029 (scope 1 + 2) .

Several workshops have been organized between the management teams of the Groupama Group, I-Care (firm of expert advisers on environmental issues) and the teams of Groupama AM in order to tackle the following challenges:

Optimizing the approach as a function of the available data



Limiting the lack of relevance or coverage of certain climate data (factors concerning scope 3 and specific aspects of certain asset classes

Precisely identifying the levers for the improvement of the current portfolio



Modelling the portfolio port decarbonization on the basis of different scenarios of decarbonization of the economy and the development of investment strategies

Feasibility study of the climate objectives



Adapting this strategy to the characteristics of the various asset classes

The structuring of climate objectives is a complex and rigorous task requiring several different steps

Step 2

Initial climate diagnosis

Analysis of the starting point of the climate trajectory of the portfolio in order to prioritize the factors per sector

Step 4

Levers for attaining the objectives

To determine the effective decarbonization potential of the portfolio, **the trajectories are modelled** as a function of the scenarios for:

- **Development of the investment policy** (rating level of the portfolio and issuer selection on the basis of carbon filters).
 - **Decarbonization level of the portfolio** at the end of 2021 (obtained by analyzing the issuers that contribute most to the scope 1 and 2 carbon intensity of the portfolio)
- **The decarbonization scenario adopted by the economy** up to 2030 (1.5°C, WB2°C, 2°C, *business as usual*, etc...).

Step 1

Define the framework for specifying the objectives

What time horizon? By 2029, starting from the levels at the end of 2021

What is the field of application?? Equity/fixed income investment portfolio (sovereign debt is not included due to insufficient maturity of the carbon data)

Which indicator will be used? Economic carbon intensity in tCO₂e /M€ of turnover because this indicator provides the possibility of aggregating the carbon data across all sectors. It enables us to assess the quality of companies in reducing their carbon impact per economic unit.

Which scopes are concerned? Scope 1 and 2 emissions of companies

Step 3

Establishment of a climate trajectory

A projection of the reductions expected, in tCO₂e/M€ turnover, by the year 2030 has been produced by aggregating the data per sector obtained from different transition scenarios (NZE of the IEA, ETP 2020 of the IEA, OECM etc.), recognized and recommended by the Net Zero Asset Owner Alliance (NZAOA).

On the basis of these projections, **a horizon 2030 objective for the reduction of GHG emissions** is defined in consistency with the intermediate objectives of the Paris Agreement.



Hamid Louaheb
Head of ALM Investments France



How do you manage the carbon risk of your portfolios?

The theme of the environment is not new to our profession and is gaining in importance. It is a subject with constantly changing methodologies because the quantitative criteria, such as the carbon intensity metric, are still relatively new - in other words, they date back to less than ten years ago. At Groupama AM, thanks to our research teams, we have various precursors in this domain. The expertise that we have developed in integrating ESG criteria into the selection of issuers in our portfolios gives us a competitive edge in this field today.

Environmental themes are integrated in our “bond picking” and “stock picking strategies”, i.e. in the choice of securities that we include in portfolio. Today, quantitative measurement tools are available to us, such as carbon intensity or alignment with the 2°C trajectory, so that we are able to measure and compare securities for the purpose of selecting those that meet our objectives. At the same time as this quantitative approach, we have also always applied a qualitative approach based on the ESG information disclosed by companies, in particular through their stated commitments.



What was the role of the asset management branch in establishing the Group’s strategy of alignment with the Paris Agreement?

In establishing the alignment strategy with the Group, the role of asset management was to contextualize the implications and possibilities of our commitments in the light of the relevant economic, financial and market factors.





In more concrete terms, given the reality of the fixed income pool in particular (this is the dominant asset class in terms of assets under management), we asked ourselves what commitments and targets we could realistically deploy in a practical and operational way. This approach, which aims to ensure the feasibility of an engagement, is primordial.

What have been the benefits of this process for asset management?



The establishment of this strategy has enabled us to investigate in highly practical and detailed terms the various issues raised by ESG and also to make this subject our own.

First, from a purely financial point of view, at Groupama AM, we have the conviction that economic growth and sustainable development are indissociable.

At the same time, on a personal level and as citizen, I am delighted to contribute, even very modestly, to improving things in the field of ESG.

How will fund managers implement this strategy? What changes will there be in your day-to-day management processes?



Through the nature of our profession as financial experts, we deal mainly with quantitative data, such as yield and all the traditional financial data and indicators. With a view to understanding these factors, the data concerning ESG themes constitute a new sector of analysis and bond and stock-picking that is fully compatible with the function of asset manager.

These data will be used as part of a managing and monitoring approach. We will be led to report on this subject in the same way as we submit reports in the financial field. So, there will no longer be a distinction between financial and extra-financial analysis, meaning that ESG data will be a sector that we will incorporate fully into our day-to-day asset management strategy.

Achievements in 2021

Consolidation of our coal policy*

In 2021, Groupama AM added two exclusion criteria based on absolute thresholds, supplementing its two existing criteria based on relative thresholds. Consequently, companies with annual coal production of more than 20 million metric tons and companies with an installed capacity of more than 10 GW from coal power plants will now be excluded.

Two new
exclusion
thresholds

20 MT and **10** GW

We have also committed to a definitive exit from the thermal coal sector at the latest by 2030 for the countries of the European Union and OECD and at the latest by 2040 for the rest of the worlds.

A climate performance target for 21 of our certified sustainable finance funds

21 of our ISR-certified open-end funds, representing 24.5 billion euros of assets under management, have introduced a climate objective as a key part of their investment strategy, based on monitoring the average carbon intensity: performance of the portfolio. This performance objective, which is defined ex-ante, is a criterion assessed upstream of the investment decisions.

21 of our open-end
funds
certified with the
SRI label

24.5 billion
euros in assets under
management

Reinforced environmental methodology

Groupama AM has placed biodiversity at the heart of its ESG strategy. This factor has been reinforced in our environmental analysis.

*View our Coal Policy:

<https://www.groupama-am.com/wp-content/uploads/2022/01/Politique-Charbon-GroupamaAM-2022.pdf>

- By choosing Iceberg DataLab as our data provider for the Biodiversity footprint. This metric defines the impact that individual companies have, through their activities, on biodiversity and on their value chain.
- By restructuring our environmental methodology around a new analysis pillar termed “Natural Capital”, which provides an evaluation of a company’s performance in biodiversity protection, pollution management, water and waste products.

Particular attention to “SAY ON CLIMATE” resolutions

Although, at company general meetings in 2021, we witnessed the emergence of many resolutions requesting shareholders to validate environmental or climate strategies, Groupama AM rejected 35% of these resolutions on the grounds that they were not ambitious enough. The absence of any target for the reduction of indirect emissions of greenhouse gases was one of the main reasons for rejecting these resolutions.

Reje
of **35%** of
Say on Climate

Supporting our customers

Groupama AM assists its customers by providing dedicated reports and by answering 67 due diligence requests and requests for proposals (RFPs) comprising a climate requirement.

Answers
to **67** due diligence
inquiries and
RFPs

A window on 2022

- *Addition of an exclusion criterion to our coal policy concerning companies developing new projects for coal-fired power stations, coal mines or coal infrastructure.*
- *Establishment of a policy on unconventional fossil fuels for our insurance asset management*
- *Reinforcement of our Voting Policy 2022 concerning the integration of environmental criteria in the remuneration of senior management and climate resolutions*

Commitments as responsible investor

	Fonds Art 8		Fonds Art 9	
	Encours M€	Encours en %	Encours M€	Encours en %
Fonds ouverts	33 895	28,9%	740	0,6%
Fonds ouverts labélisés	25 749	22%	740	0,6%
Fonds dédiés	4 482	3,8%	0	0%
Fonds dédiés labélisés	164	0,1%	0	0%
Mandats	55 884	47,7%	0	0%
Total	94 261	80,5%	740	0,6%

Total des encours au 31/12/2021: 117,2 Mds€

Commitment at French and international level



Since 2015, Groupama AM has chaired the “Sustainable Finance” Commission and has undertaken commitments on various issues, such as sustainable certification labels for sustainable investment, regulations and the attainment of the UN Sustainable Development Goals. Groupama AM is a member of the ISR Label Committee and “Greenfin” Label Committee.



As a member of the French Sustainable Investment Forum (FIR), Groupama AM actively contributes to the efforts towards European convergence on socially responsible investment (SRI). EUROIF is the main body for promoting sustainable finance at European level.



Groupama AM is a member of the French Responsible Investment Forum (Forum pour l'Investissement Responsable - FIR) and in this capacity takes part in various working groups in collaboration with other industry associations and NGOs, such as AFG and ORSE, with the aim of promoting SRI to public and political authorities, economic players and stakeholders. Groupama AM takes part in the “Commission Grand Public” *(General Public Committee).



This association is championed by “Paris Europlace” to promote sustainable finance. Groupama AM participates in various working groups, in particular concerning the tools currently available to investors to measure climate risk and the creation of an ESG competency database.



Groupama AM takes part in the Extra-Financial Committee. The company has actively contributed to the establishment of training courses in sustainable finance and regularly coordinates these courses.



Since 2002, Groupama AM has been assisting in the work of the “Finance Club” of the CSR Observatory (ORSE) and contributes to the publication of several guides on the promotion of SRI.

Raising employee awareness

Continuous training programme

The incorporation of ESG in every department of Groupama AM by means of an active training programme is one of the two key pillars of our internal ESG policy. This is because we are convinced that incorporating ESG criteria over a large proportion of our assets under management and the development of a range of sustainable investment products will only be possible by establishing a common ESG culture shared by each of our employees. **One of the keys to the success of an asset management company is the training of its teams.**

In 2021, a total of 69 hours of training were provided, mainly to the management, research, sales, product marketing, customer service and legal teams. The training courses focussed on subjects such as in-depth analysis of environmental indicators, the regulations on sustainable finance, and the social engagement practices within Groupama AM.

6

hours of employee
training delivered

An
internal
network
of

1

employees drawn from
every department

The culture and practices of ESG are also disseminated by means of our internal “ESG/CSR ambassadors”. A team of about ten employees have been selected on the basis of their interest, knowledge and position in the company. These “ambassadors” are drawn from various business units ranging from portfolio management to compliance by way of IT and product marketing. **Positioned at every hierarchical level, they have been selected for their commitment to ESG issues and their capability to unite their respective teams around these questions.** As the point persons in this field, they are tasked with a three-part mission:

- Identifying and implementing ESG or CSR actions.
- Sharing best practices on ESG projects and studies with the relevant teams.
- Raising employee awareness of ESG issues and sustainable investment.

To establish this group, a call for applicants was launched in the last quarter of 2021. The ambassadors were selected by the Executive Committee, making sure that all the main departments are represented and that the principle of diversity of profiles is upheld.

A window on ▶ ● 2022

Deployment of a training programme, comprising eight modules, of which two provide a common foundation for all employees, with six specialized modules.



● Introduction

1 Incorporating ESG in the core strategy of Groupama AM

2 Adopting the double materiality principle

- The foundations of our ESG approach
- The double materiality principle
- Sustainability risks
- Exposure of our investments to physical and transition risks
- A structured ESG methodology
- Towards the inclusion of "impact materiality"
- Shareholder engagement

3 Measuring the environmental impacts

4 Firm and measurable commitments to our investor clients

5 Deploying a CSR policy

● Glossary

The foundations of our ESG approach

A changing world

Groupama AM offers its customers a resolutely active **conviction-based management style**, with a medium/long-term investment outlook, depending on the specific characteristics of the asset classes in question. This conviction-based management requires the capability to detect the transformations of our economy, which we illustrate in terms of the **three transitions - digital, environmental and demographic**.

The impact of these three transitions will play a major role in the transformation of corporate business models through the establishment of new strategies. Companies will have to manage new risks deriving from these three transitions and will need to have the capability to detect new opportunities. The incorporation of ESG criteria is the instrument that will enable our manages to better anticipate these trend disruptions and to take these new risks and opportunities into account in their investment decisions/

Demographic transition

This transition refers to the consequences of the social trends - ageing population, urbanization and increasing inequalities - that are confronting companies with new challenges for the management of their human capital and of their entire value chain

Example: the urbanization and ageing of the population are transforming lifestyles and are driving changes in consumer spending and private investment, while new products and services are emerging, such as home care, shared transport etc.

Environmental transition

This transition involves the change from a fossil-fuel-based economy to an economy based on low-carbon energy sources and on managing the environmental impacts of corporate activities, for example the impacts on biodiversity protection.

Example: a company in the automobile sector is obliged to reduce the emissions of its vehicles, under pressure from the various regulations (European, American or Chinese). Today, certain companies in the sector must invest massively if they are to have any chance of meeting these obligations, whereas others, which took this step earlier, have already acquired competitive advantages.

Digital transition

This transition represents the Impact that the new digital technologies, with their ability to handle large volumes of data, are having on the internal processes of companies and on their relationships with their customers, suppliers and civil society.

The foundations of our ESG approach

The SFDR asks investment companies to answer the following questions:

How they identify and manage the potential risks of external ESG events that can impact the value of an investment – these are termed the “sustainability risks”.

How they identify and limit the potential adverse sustainability impacts - or PAI - in other words, the impacts of the financed company on society and the environment - carbon emissions, pollution, gender pay inequality etc.

The European Union’s Sustainable Finance Disclosure Regulation (SFDR), which came into effect in March 2021, aims to ensure that pre-contractual disclosure documents describe and explain the sustainable investment strategy and the way in which asset management companies incorporate sustainability information into their financial products (integration of adverse effects on sustainability)

This dual approach is termed “double materiality”, the combination of financial materiality and ESG materiality.



An ESG methodology based on the principle of double materiality

Our conviction-based management uses our ESG rating model, which enables us to detect the changes in our economy as a function of the three transitions and to **efficiently identify the risks and to reveal new opportunities for added value.**

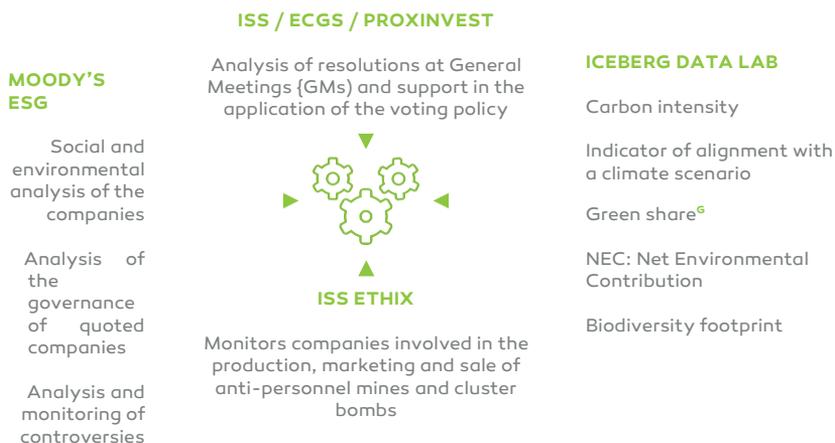
This rating model meets the requirements of the double materiality principle, namely:

- Identify the negative financial impacts (risks) or positive financial impacts (opportunities) that the ESG factors can have on the financial value of the investments.
- Identify the positive or negative impact of ESG factors on our investment choices.

So, our ESG approach comprises:

- Identification of the main sustainability risks for Groupama AM.
- Establishment of a general ESG incorporation plan to monitor our principal adverse impacts.
- Deployment of a shareholder engagement policy.
- Development of a methodological framework for impact monitoring, or “impact materiality” monitoring.

Our ESG analysis sources



Sustainability risks

Sustainability risk is defined as any “*environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment*”.

To limit our exposure to these risks, Groupama AM has decided to systematically monitor three subsets of sustainability risks and to set up a dedicated committee, the “Sustainability Risks Committee”, which meets quarterly and is tasked with validating the companies included on these three risk subset lists.

For each of these three lists, the internal research team analyzes the information supplied by our various data providers and issues a proposal prior to each Committee meeting. This proposal is then discussed by the various management teams of Groupama AM, and the sticking points are settled in committee by its chair, the Groupama AM Risks Director.

Sustainability Risks Committee

Chaired by the Risks Director

Composed of the Chief Investment Officer, the Research and ESG Strategy Director and representatives from the various management teams and from Research and ESG Strategy. Aim: Validate the companies implicated in the sustainability lists

Coal Policy

Major ESG risks

Climate categories

Relative thresholds
Turnover or mix of
electricity production
> 20% coal-based

Absolute thresholds”
Annual coal production >
20 million metric tons
and installed capacity of
coal-fired power plants >
10 GW

Developers: New
projects for coal-fired
power plants, mines or
coal infrastructure

High level of
controversies according
to our data provider and
validated by our own
internal research

Governance
shortcomings rated on
the basis of our internal
research with more than
50% negative criteria

Category 1 Issuers
favourably positioned
with regard to the
ecological and energy
transition

Category 2
Issuers with
unconvincing
positioning of products
or climate policy
implementation in
terms of consistency

Category 3
Issuers with a
positioning that
adversely impacts the
ecological and energy
transition

Implementation of sustainability risk control in our management teams

Gestions concernées	Politique charbon	Liste des grands risques ESG	Catégorie climat
Fonds ouverts relevant des articles 8 ou 9 SFDR (hors fonds monétaires)	Exclusion	Exclusion	-
Mandats assurantiels relevant de l'article 8 SFDR	Exclusion	Non réinvestissement	Exclusion des catégories 3, non réinvestissement catégorie 2
Fonds dédiés	Exclusion, sauf refus explicite du client	Application en fonction de la demande des clients	Application en fonction de la demande des clients
Fonds monétaires*	Exclusion	Exclusion des investissements dans des titres dont la maturité est supérieure à 1 an, suivi des ratios d'emprise	-
Fonds ayant une faible <u>Tracking Error</u>	Exclusion	-	-
Autres processus	Exclusion	Les investissements dans ces valeurs font l'objet d'une justification de la pertinence de cette décision	-

** For all our money-market funds, with or without ISR Label, the exclusion under the list of Major ESG Risks does not apply to securities authorized by the Money-Market Committee and having a maturity greater than one year. This is because the universe of money-market securities is relatively small, and strict exclusion would have consequences contrary to the interests of investors.*

Management of our physical and transition risks

The control of **transition risks** is achieved by the establishment of a coal exclusion policy and by the **definition of our climate categories for insurance asset management**.

The specific nature of insurance industry Asset and Liability Management (ALM) is that it is a long-term management approach that aims to optimize the balance between asset and liability flows by investing in bonds with specific maturities and aiming to hold them until their maturity. Risk management is therefore essential to this type of management approach.

The analysis methodology of Climate categories has a two-fold aim:

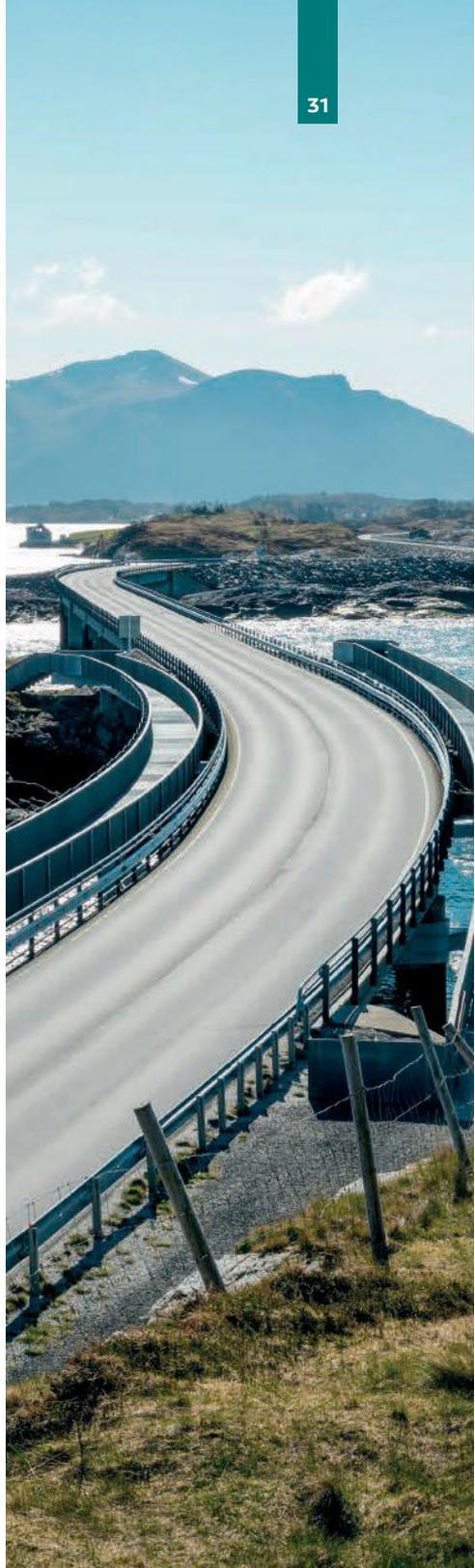
- Identify the issuers whose business models are the most highly exposed to the risks related to climate change,
- Identify the best positioned issuers in the context of the ecological and energy transition.

The integration of these considerations into our ALM approach enables us to establish a portfolio that meets the challenges of the environmental transition. We achieve this integration by:

- Our **environmental methodology, which includes the green share and the NEC**, evaluating the current positioning of the business models of the analyzed companies in relation to the ecological and energy transition.
- The **measurement of the exposure of our investments to the transition risks** via a score (see results on page 32).

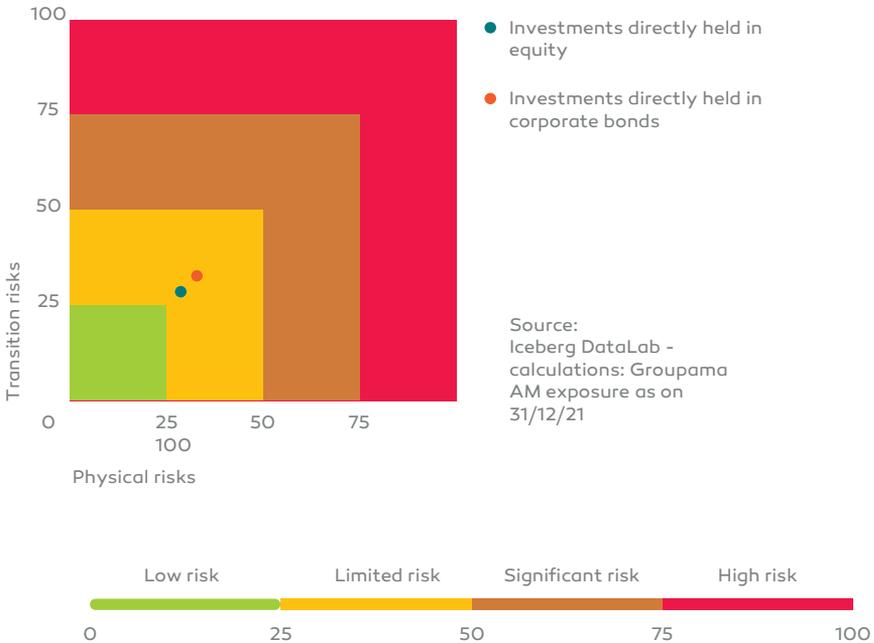
With regard to physical risks, this year, for the first time, we have measured our exposure to physical risks.

The results of this methodology are shown on page 32.



Exposure of our investments to physical and transition risks

Groupama AM has calculated the exposure of all its directly held investments in corporate equity and corporate bonds to physical and transition risks as on 31/12/2021.



Since February 2022, Groupama AM has calculated two scores to evaluate the overall climate risk via the transition risk and the physical risk.

Our total **directly held equity investments** have a limited exposure to climate risk (both transition and physical risks) with a transition risk score of 29 and a physical risk score of 31.

The exposure of our total **directly held investments in corporate bonds** is also limited, with a transition risk score of 35 and a physical risk score of 35.

Methodology used to calculate the scores for transition risk and physical risk

The approach is identical for the **transition risk score** and the **physical risk score**. Both scores are based on a combination of factors:

- **Exposure** (location of the activity).
- **Sensitivity** (activities, value chain). **Adaptability** (of the country and the company).

The **transition risks** consist of the regulatory risk, consumer choice risk and cost risk.

For the **physical risk**, several different factors are analyzed, such as dependence on water, the risk relating infrastructure, sensitivity to electricity, dependence on transport, dependence on ecosystems, temperature sensitivity etc.

Methodology used to interpret the scores for transition risk and physical risk

The scores range from 0 to 100. The higher the score, the higher the risk.



A structured ESG methodology

ESG analysis of companies

For each of the pillars E, S and G, we have defined a structured methodology that helps analysts to identify the most relevant ESG criteria in each sector. For this purpose, analysts base their analysis on the impact of the three transitions - environmental, digital and demographic - that we have identified as causing in-depth modifications to corporate business models.

The environmental criteria

analyze the positioning and ability to adapt of companies in the context of the ecological and energy transition and the impacts of company activities on the protection of biodiversity, waste management, pollution, water management and water quality and the consumption of raw materials.



The governance criteria

focus on how the company is governed, administered and controlled, and in particular on its relations with its shareholders, its board of directors and executive management, and the degree of incorporation of the risks and opportunities of sustainable development

The analysis of corporate governance provides a means of verifying due execution of the company's strategy by senior management and that these managers act in the interest of all the company's shareholders and stakeholders.



Social and societal criteria

bring together two groups of analysts - first, for the analysis of the human capital of each company (skills management, training, corporate culture, working climate etc.) in the light of the three transitions, and second, for the analysis of the societal impact of the company (external relations with its customers, suppliers and local communities) and its contribution to the Sustainable Development Goals.

Systematic integration of ESG

ESG and financial analysis are combined to form a single recommendation. The aim of our systematic approach to the integration of ESG is to measure the impact of ESG criteria on the financial criteria and therefore on our final recommendations. In our analysis of securities, we concentrate on the "substantive ESG" criteria, i.e. the criteria having an impact on the financial criteria.

Systematic quantitative analysis

On the basis of the data from our ESG data providers, we draw up tables of quantitative data as a function of the ESG factors that we have determined internally. So, for example, for each sector, we select and weight the criteria that we consider most relevant and substantial.

ESG analysis of States

Systematic integration of ESG

Country risk analysis now includes the ESG risks and opportunities. These factors constitute one of the main pillars of our rating system, which is composed of economic factors, ESG factors, financial factors and other specific factors. This applied methodology aims to capture the potential impacts of the environmental, social and societal factors in the business climate of a country

Quantitative ESG rating covering the universe of OECD countries

The three sub-factors established by Groupama AM on the basis of a selection of available macroeconomic data

The “Governance” rating measures the quality of the power structures of a country.

The “Social” criterion measures social and societal performance, in particular in terms of lifestyle, social cohesion, demography and human capital.

Finally, the “Environment” score measures performance in terms of carbon footprint, energy efficiency and green growth.

Proprietary tools

Data and tools have always played a key role in our ESG strategy. In 2019, these tools were entirely redesigned, in collaboration with the management teams, in order to improve access to ESG data and make them easier to use.

The qualitative and quantitative ESG data are made available to all Groupama AM portfolio managers.

For example, portfolio managers are provided with the proprietary rating tools “NotesESG©” and “AvisRecherche©”, which enable them to view the macroeconomic and fundamental research studies simultaneously, together with the E, S and G ratings. These tools provide input to our management tool SimCorp Dimension.

A window on
 ► ● **2022**

To support our new approach to the ESG analysis of companies, which is based on a rating model that requires the processing of large volumes of data, Groupama AM has selected a tool, StarQube, which is dedicated to the management and calculation of ESG data.

Towards a new methodological approach

One of our main projects in 2021 was the overhaul of our ESG analysis methodology to change its basis to the raw data, in other words to rely on the data that more directly reflects the actual ESG performance rather than on the scores supplied by ESG data providers.



Alessandro Roggero
ESG and Financial Analyst Automotive Sector:

? What is the philosophy of this new ESG methodology?



Our previous methodology dated back to the early 2000s. In devising this new methodology, we sought to base our findings as directly as possible on the raw data, in order to enable us to judge and evaluate the data for ourselves, whether in the environmental or social field or in questions of governance. We did not want simply to use an ESG score obtained from external providers with often opaque metrics and methodologies.

The aims of this new approach are to reduce the number of indicators, to come as close as possible to the raw data, to reduce our dependence on external service providers and, most importantly, to reconcile the internal analysis work by our own Research team with the results obtained by ESG rating models.

? Can you give a few examples of the indicators used?



The methodology includes 63 indicators, which were selected on the combined basis of their availability, the regulatory requirements (for example, the PAIs required under the European SFDR) and also the individual selections made by each analyst in their own specific sector. The objective was to have enough indicators to provide a sufficiently broad coverage to obtain a comprehensive rating of the ESG factors.





So, you will find some fairly conventional indicators, such as carbon intensity: or those concerning water management and waste management, with newer indicators such as the share of company turnover aligned with the EU taxonomy. For the governance pillar, we focus on the independence of the board or directors and the percentage of women on the board, or, again, in accordance with our voting policy, we check the existence and independence of a remuneration and nomination committee. Finally, the accident frequency rate is a key benchmark indicator concerning a company's human capital, and we use the level of compliance with the UN Global Compact principles in the form of a score to measure the impact of a given company on the social pillar.

In this new methodology, a specific weighting is applied to each indicator. We have developed this rating method from elements that already existed in-house, modifying them as a function of the availability and quality of the relevant data.



How are PAIs taken into account in this new methodology?



The PAIs, of course, are included in this methodology due to their importance. For example, we can cite the first 4 PAIs, which concern greenhouse gas emissions and are included in the methodology via the carbon intensity indicator. We calculate these impacts and analyze them quantitatively to express a corresponding judgement. The PAIs enable us to be convergent and consistent with the demands of the regulators.



What will be the next steps in this process?



We created our rating model at the end of 2021. We then entered a test phase on our ESG portfolios. This phase was spread over the entire first quarter of 2022. After making some corrections to the model, we are today in an implementation phase of our tools, and our objective is to be fully operational in the third quarter.

Towards the integration of “impact materiality”

Since 2021, Groupama AM has been working on a framework to define and measure our sustainable investment objectives, since we are very aware that a key factor in retaining the confidence of our clients will be our capability to demonstrate the positive impacts of incorporating ESG criteria into our investment policies.

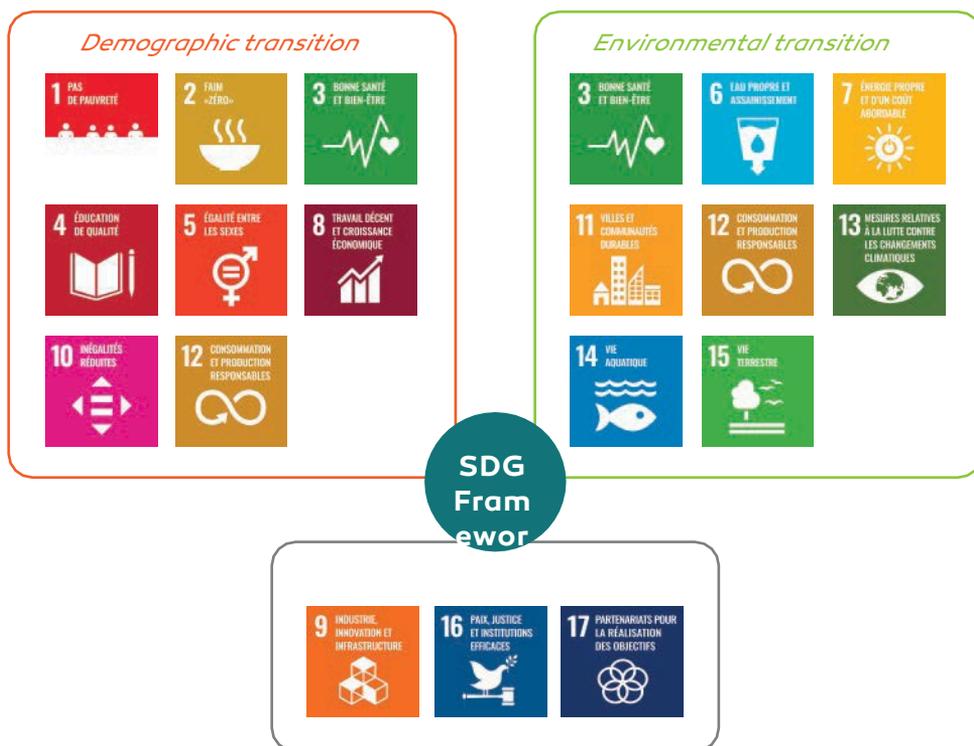
To reinforce our methodological framework for defining a measurable goal for sustainable investment, we have drawn on our ESG philosophy and on the market studies conducted with our active participation over the last few years

In this context, Groupama AM has supported the declaration of Finance For Tomorrow (FFT) on the development of Impact Finance: *“Impact Finance is an investment or financing strategy that aims to accelerate the just and sustainable transformation of the real economy, by providing evidence of its beneficial effects. It is based on the pillars of intentionality, additionality and impact measurement.”* This definition requires a clear diagnosis of the state of the world and the capability to analyze the transformations our economy and to discern with certainty the attainment of the change that we wish to produce.

To define a sustainable investment goal, we draw on the ESG philosophy of Groupama AM, in particular our analysis of the three transitions - digital, environmental and demographic - which are today impelling deep modifications in corporate business models.

So, in our methodological framework, we have placed the main challenges of these three transitions in interrelation with the Sustainable Development Goals^a defined by the UN. We then employ our ESG methodology to identify the indicators capable of demonstrating whether the relevant goal is achieved.

The 17 Sustainable Development Goals (SDGs) were adopted by the member states of the United Nations in September 2015 for implementation by 2030. Their aim is to end all forms of poverty, to combat inequalities and to tackle climate change, while making sure that no-one is left behind



A window on 2022

- *Developing our range of Article 9 SFDR funds*
- *Participating in the market deliberations for improved integration of impact measurement in market benchmarks*

Shareholder engagement

With many years of practical engagement in the field in responsible investment, the teams of Groupama AM aim to improve the impact of their convictions by developing dialogue and shareholder engagement actions with issuer companies.

A dedicated analyst has been appointed to monitor our shareholder engagement policy. He coordinates the process with the analysts and managers involved.

Each type of engagement is defined in a precise and documented process explaining its step-by-step implementation.

- Identification of the companies subject to shareholder
- engagement. Determination of the aim of the engagement
- action Signature of a letter of engagement by the CEO

Discussions with the company, documented by the initial engagement letter and its regular follow-up, enabling its impact to be measured.

In 2021, Groupama AM launched 5 individual engagement actions with small and mid-cap companies (SMID) to encourage them to improve the quality of their published ESG information. These engagements are followed-up annually to verify the progress of the companies concerned.

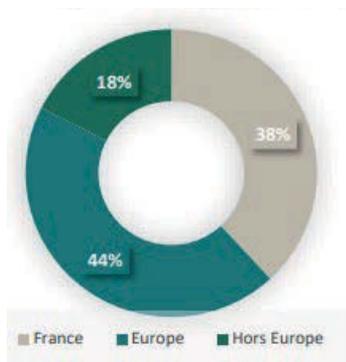
Results of the individual engagements in 2021

Dialogue with management

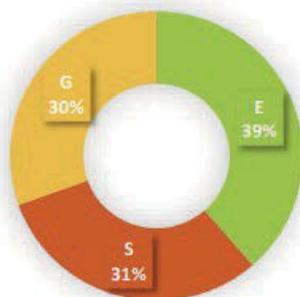
16 companies met

18 discussion meetings

Geographical distribution of the



Discussion meetings per



Shareholder engagement follow-up with the target companies

8 new engagements

4 continued engagements

- Priority themes of engagement
 - Transparency of ESG indicators
 - Energy transition
 - Working conditions

Pre-AGM discussions

8 discussion meetings organized

4 companies met

- Priority themes of engagement
 - Remuneration policies
 - Management of the consequences of the health crisis

- Introduction
- 1 Incorporating ESG in the core strategy of Groupama AM
- 2 Adopting the double materiality principle
- 3 **Measuring the environmental impacts**
 - The contribution of our investments
 - Investments in Green Bonds
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The environmental contribution of our investments

The tables below represent the results of the performance indicators used by Groupama AM for all investments directly held in equity and corporate bonds as on 30/12/2021. These results are compared against the benchmark or reference index (depending on the asset class) and against the results for the previous year.

Investissements en obligations

	Intensité carbone (scope 1 + 2 + 3 amont)	Part verte éligible	Part verte alignée	NEC	Température (SB2A)	Intensité Biodiversité
	TCO2e / m EUR CA	%	%	%	°C	km2.MSA / m EUR CA
Investissements détenus en direct (au 31/12/2021)	398	26%	6%	13%	2,6	-0,35
Indice (Barclays Euro Aggregate)	322	18%	3%	1%	2,8	-0,40
Ecart Investissements / indice	76	8%	3%	12%	-0,2	0,05
Investissements au 31/12/2020	230	NA	6%	2%	2,6	NA
Taux de couverture (en %)	88%	33%	27%	40%	87%	84%

Investissements en actions d'entreprise

	Intensité carbone (scope 1 + 2 + 3 amont)	Part verte éligible	Part verte alignée	NEC	Température (SB2A)	Intensité Biodiversité
	TCO2e / m EUR CA	%	%	%	°C	km2.MSA / m EUR CA
Investissements détenus en direct (au 31/12/2021)	343	20%	3%	1%	2,7	-0,14
Indice (MSCI Europe)	464	25%	10%	-1%	2,7	-0,26
Ecart Investissements / indice	-121	-5%	-7%	2%	0,0	0,12
Investissements au 31/12/2020	246	NA	5%	2%	2,3	NA
Taux de couverture (en %)	80%	31%	15%	72%	77%	80%

Source: Iceberg DataLab - calculations: Groupama AM

Concerning our investments in equity and corporate bonds, **our performance is globally better than that of the benchmark** for the majority of indicators.

Specifically, in the case of our investments in corporate bonds, **the high proportion of allocations in the Utilities sector** explains both the higher carbon intensity than for the benchmark and the high performance in terms of NEC because the companies in this sector have a high NEC due to their exposure to renewable energy sources.

The **NEC is positive**, and **the investments are better positioned than the indexes for equity and corporate bonds**. This indicator provides us with an exhaustive view of the environmental impact of our investments, because it includes all the environmental factors (climate, biodiversity, waste management etc.)

With regard to alignment with the Paris Agreement, **the coverage rates of this indicator have increased considerably compared to the previous year**, causing an increase in the average temperature of our equity investments, although it remains in line with the benchmark. This increase in coverage rate is due to the fact that Iceberg DataLab has changed its methodology. The Bottom-Up approach is now supplemented by a Top-Down approach for all the other sectors with a lower climate/energy impact, for which there is no sectoral reference curve, sectoral decarbonization approach (SDA) or other metric.

How do you interpret the Biodiversity indicator?

To-date, positive impacts are not included in the methodology. Consequently, the indicator is always negative. The more negative the biodiversity footprint, the higher the impact of the company on biodiversity.

It should be noted that the methodology of the “biodiversity footprint” is not yet fully mature. For example, it does not cover the pressure concerning invasive species or the impacts on marine biodiversity.

What is our biodiversity alignment strategy?

This strategy will not be published in 2022 due to the methodological limitations identified and mentioned above and pending the publication of the new objectives of the international agreements of the Conference of the Parties (COP 15), in the Convention on Biological Diversity.

Groupama AM calculates the environmental performance of all its directly held investments in sovereign debts as on 31/12/2021.

Investissements en obligations souveraines

	Intensité carbone nationale	Part verte	Température (SB2A)
	Emissions nationales de GES / PIB (territoriales + importées)	Part des énergies bas carbone (dont nucléaire)	Alignement avec les Accords de Paris
	TCO2e / m EUR PIB	%	°C
Investissements détenus en direct (au 31/12/2021)	217	35%	1,9
Investissements au 31/12/2020	381	29%	2,3
Taux de couverture (en %)	100%	100%	100%

Source: Iceberg DataLab - calculations: Groupama AM

With regard to investments in sovereign bonds, **our improvement in the three environmental indicators has improved compared to the previous year**

Our performance in Carbon Intensity is due to the preponderance of investment in French and Italian debt These investments represent 75% of assets under management in this asset class. The Carbon Intensity / GDP of the French state places France among the 33% of countries with the lowest carbon intensity.

The green share of the portfolio is mainly due to the **preponderance of French bonds**, which represent 49% of our assets under management, with France having a green share of 51%

The alignment of the portfolio is estimated to be aligned with a 2°C scenario in the case of sovereign debt. Again, the weight of French bonds has contributed positively to this performance, since the estimated temperature of the French state is in alignment with the Paris Agreement (1.7°C).

The increase in the carbon intensity of our investments observed between 2020 and 2021 is due to the change in methodology by our data provider for the calculation of carbon intensity. The two principal changes are as follows:

1. The source of scope 1 and 2 data: companies have increased their reporting of these data in their annual reports. **Previously, the main source consisted of the reports of the CDP (Carbon Disclosure Project)**
2. Scope 3 estimation method: in the Utilities sector, contrary to the previous method, the electricity purchased by suppliers is integrated in the upstream scope 3.

These changes again illustrate the lack of fully established metrics in this field.



Access to different climate indicators, in addition to the ESG rating, enables managers to fine-tune their stock-picking and identify the best positioned companies in relation to these issues



Nader Ben Younes
Manager, Groupama Convertibles, ISR Label



Can you tell us the importance of including environmental factors in your day-to-day management, specifically for the Groupama Convertibles fund?



In our Groupama Convertibles fund, which is certified by the French ISR Label, our aim is to obtain a better - in other words, lower - carbon intensity than that of its benchmark. So, as fund managers, we have tangible targets with regard to the environmental indicators. We consider that the better prepared a company is for the environmental transition, the more likely it will be to gain market shares in the future. So we must take the long-term view in positioning ourselves on these securities. Today, the increasing ecological awareness of consumers is already influencing their purchasing decisions, and so, looking ahead, it is in our own interest to position ourselves on companies that incorporate ESG criteria into their strategy, because by doing so we will be investing in the winners of tomorrow.

In this context, in a given sector, we give preference to the companies that will be the least carbon intensive or that will have the most proactive environmental strategy. For example, in the Utilities sector, we will favour companies linked to renewable energies. Similarly, in the automotive sector, we always prefer the “best pupils” that have advanced in electrification.

So, our approach is one of transition and support of companies as we enter the energy transition.

To what extent do you use environmental indicators in your management?



The use of environmental indicators, such as carbon intensity, is integral to our analysis when we are examining a company. We also look closely at the targets in terms of energy savings and recycling. Depending on the sector of activity, we use various specific indicators. For example, in the case of semiconductors, we look at water consumption.

With the food industry we will examine waste products and the management of packaging

Do you engage with companies on these questions? Can you give any examples?



Yes, certainly, we enlist companies in support of these environmental themes. For example, today, only a few big companies have incorporated these environmental criteria into the calculation of the variable remuneration of management. On the other hand, we invest mainly in small and mid-caps, and so we are in regular discussions with them to raise their awareness of these subjects and to persuade them to integrate these environmental criteria in their remuneration calculations. We can observe a real improvement, even though these changes take a long time to implement. This is because when a company is growing, its main objective will be recruitment and finding new customers, and so it will devote less time to incorporating its environmental impact into its management remuneration criteria.

Investment in green bonds

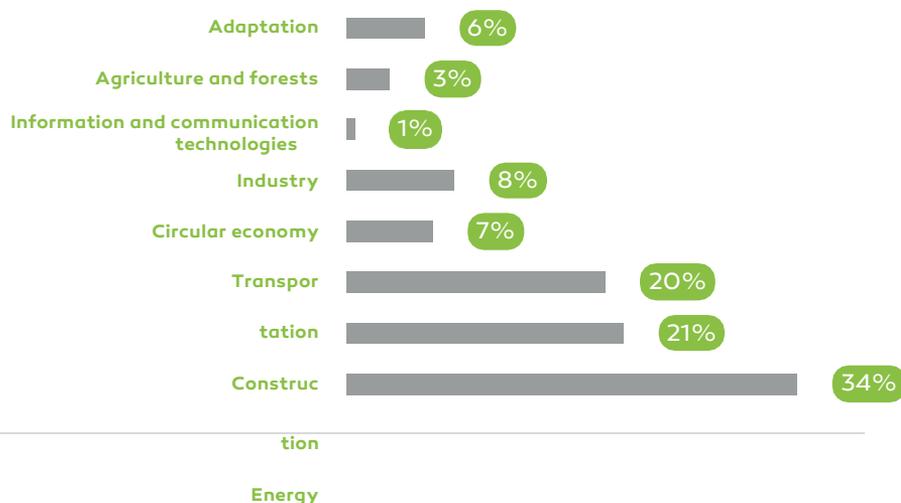
Groupama AM contributes to the ecological and energy transition via **investment in green bonds**, which are used to finance projects that benefit the environment. This environmental benefit is evaluated by our internal analysis methodology, which is rigorous, as is demonstrated by the fact that of all the green bond issues analyzed (a total of 429 issues by the end of 2021), 17.7% were invalidated by our Research team.

At the end of 2021, **our company had total investments of 2.3 billion euros in green bonds**:

- these bonds contribute mainly to **SDG 7 Clean energy**, **SDG 11 Sustainable cities** and **SDG 13 Climate action**.
- they principally fund projects relating to **energy**, **green buildings**
- and **clean transportation**.

Groupama AM calculates the breakdown of all its investments in directly held green bonds per sector and per contribution to the Sustainable Development Goals (SDGs) as on 31/12/2021.

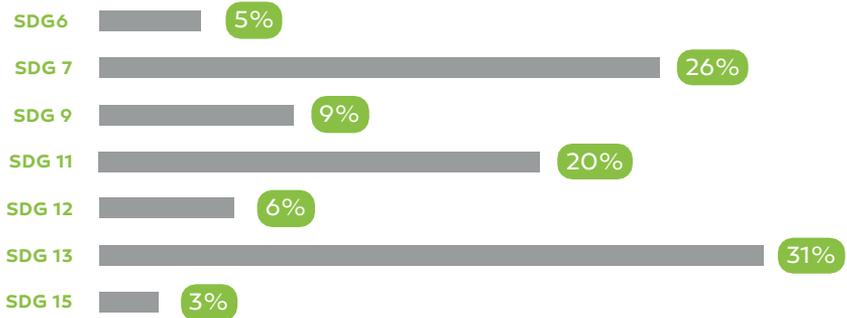
Breakdown of directly held green bonds per sector (as on 31/12/2021)*



Source: Groupama AM

*Based on the sectoral nomenclature of the Greenfin Label

**Breakdown of directly held green bonds per contribution
to the Sustainable Development Goals (SDGs)
as on 31/12/2021**



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- 4 Firm and measurable commitments to our investor clients**
 - Sustainable investment range
 - Customers supported in their sustainable finance initiatives
- 5 Deploying a CSR policy**
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Our Sustainable Investment Range

Groupama AM offers its customers a wide range of sustainable investment solutions (Articles 8 and 9 SFDR, ISR Label or Greenfin).

Equity funds

AMERI-GAN - [Label](#)

ISR AMERI-GAN

- HEDGED
- FINAMA ACTIONS INTERNATIONALES - [Label ISR](#)
- FRANCE GAN - [Label ISR](#)
- G FUND - AVENIR EURO - [Label ISR](#)
- G FUND - AVENIR EUROPE - [Label](#)
- [ISR](#) G FUND - AVENIR SMALL CAP
- G FUND - TOTAL RETURN ALL CAP EUROPE - [Label](#)
- [ISR](#) G FUND EQUITY CONVICTIONS ISR - [Label ISR](#)
- G FUND OPPORTUNITIES EUROPE
- G FUND WORLD VISION(R) - [Label ISR](#)
- GROUPAMA ACTIONS
- EUROPEENNES GROUPAMA
- ACTIONS RETRAITE GROUPAMA
- AVENIR EURO - [Label ISR](#) GROUPAMA
- EURO EQUITIES
- GROUPAMA EUROPE ACTIONS
- IMMOBILIER GROUPAMA EUROPE
- EQUITIES - [Label ISR](#) GROUPAMA FRANCE
- STOCK - [Label ISR](#) GROUPAMA
- MONDACTIONS - [Label ISR](#) GROUPAMA
- SELECTION PME-ETI GROUPAMA US
- EQUITIES - [Label ISR](#)

Diversified funds

- G FUND - NEW DEAL EUROPE - [Label France](#)
- [Relance](#) G FUND FUTURE FOR GENERATIONS -
- [Label ISR](#) GAN DYNAMISME - [Label ISR](#)
- GAN EQUILIBRE
- GAN FRANCESELECT
- GAN PRUDENCE - [Label ISR](#)
- GROUPAMA EPARGNE & RETRAITE DYNAMIQUE - [Label ISR](#)
- GROUPAMA EPARGNE & RETRAITE EQUILIBRE
- GROUPAMA EPARGNE & RETRAITE
- PRUDENCE GROUPAMA EPARGNE &
- RETRAITE SOLIDAIRE GROUPAMA EQUILIBRE
- GROUPAMA EVOLUTION EQUILIBRE
- GROUPAMA EVOLUTION TRANQUILLITE
- GROUPAMA SELECTION ISR CONVICTIONS - [Label ISR](#)
- GROUPAMA SELECTION ISR DYNAMISME - [Label ISR](#)
- GROUPAMA SELECTION ISR PRUDENCE - [Label ISR](#)
- RETRAITE DYNAMIQUE - [Label ISR](#)
- RETRAITE EQUILIBRE
- RETRAITE
- HARMONIE
- RETRAITE PERENNITE - [Label ISR](#)
- RETRAITE PLENITUDE - [Label ISR](#)
- RETRAITE PRUDENCE - [Label ISR](#)
- TESORUS DYNAMIQUE - [Label](#)
- [ISR](#) TESORUS EQUILIBRE
- TESORUS PRUDENCE - [Label ISR](#)



Fixed-income funds

- G FUND - EUROPEAN CONVERTIBLE
- BONDS G FUND - GLOBAL BONDS - [Label](#)
- [ISR](#)
- G FUND - GLOBAL CONVERTIBLE BONDS
- G FUND - GLOBAL INFLATION SHORT
- DURATION G FUND CREDIT EURO [ISR](#) - [Label](#)
- [ISR](#)
- G FUND GLOBAL GREEN BONDS -
- [Greenfin](#) GROUPAMA CONVERTIBLES -
- [Label](#) [ISR](#) GROUPAMA CREDIT
- GROUPAMA CREDIT EURO CT - [Label](#)
- [ISR](#) GROUPAMA ETAT EURO [ISR](#) - [Label](#)
- [ISR](#) GROUPAMA ETAT MONDE
- GROUPAMA INDEX INFLATION MONDE
- GROUPAMA OBLIG EURO - [Label](#) [ISR](#)
- GROUPAMA OBLIG MONDE
- GROUPAMA ULTRA SHORT-TERM BOND - [Label](#) [ISR](#)
- SECURI - GAN

Money market funds

- GROUPAMA ENTREPRISES - [Label](#) [ISR](#)
- GROUPAMA EPARGNE & RETRAITE
- MONETAIRE GROUPAMA MONETAIRE - [Label](#)
- [ISR](#) GROUPAMA TRESORERIE - [Label](#) [ISR](#)
- TESORUS MONETAIRE - [Label](#) [ISR](#)

Customers supported in their sustainable finance initiatives

101 Guide to sustainable finance



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ESG Reports

INDICATEURS ESG DU PORTEFEUILLE

INTENSITÉ CARBONE: 406 tCO₂e/M€ pour l'indice

THÈMES DE FORMATION: 28 pour l'indice

SCORE ESG GLOBAL: A B C D E, 82 vs 74 pour l'indice

TAUX DE COUVERTURE: 100% pour l'indice

Catégorie	Indicateur	Description	Indice	Indicateur de référence
Environnement	Impact CO ₂ e	Croissance de gaz à effet de serre rapportée aux ventes d'actions de 100% d'actions	406	501
SOCIAL	Collaboration sociale	Partage moyen de la croissance des ventes par actionnaire	2%	2%
Droits Humains	Heures de formation	Nombre moyen d'heures de formation par salarié et par an	27	21
Droits Humains	Part de portefeuille composée des entreprises qui ont mis en place une politique en matière des Droits de l'Homme		100%	98%
Collaboration	Part de portefeuille composée des entreprises qui ont mis en place une politique de diversité et d'inclusion		100%	98%

SCORES ESG DU PORTEFEUILLE

Les niveaux A B C D E sont la répartition de l'univers en cinq portions égales (soit en cinq quintiles)



Source: Moody's ESG, calculs Groupama AM. Les indicateurs d'impact ESG sont donnés à titre indicatif. Ces éléments peuvent évoluer en fonction de la composition du portefeuille.

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- 4 Firm and measurable commitments to client investors**

- 5 Deploying a CSR policy**

- Social engagement in favour of our employees
- Societal engagement
- Environmental engagement

- **Glossary**

Social engagement in favour of our employees

Groupama AM affirms its **social engagement** as employer by fostering employee skills development and proposing specific training programmes, thereby fostering internal mobility and mobility from and/or to other entities of the Groupama Group. **This social engagement is also reflected in our Management Development Programme**, which helps managers provide positive support- to the employees under their authority and to develop and make optimum use of their skills. Finally, a cross-departmental employee mentoring scheme has been established for all persons signing an employment contract for more than six months.

Regular events for well-being in the workplace

Every year, a week focusing on this theme is proposed to employees. The aim is to provide employees with practical advice to improve their quality of life by dealing with topics such as workstation ergonomics, correct movements and postures, self-confidence, the contribution of sophrology etc.)

In addition, a partnership has been established with the *Responsage* organization, in coordination with employee representatives, to improve the daily experience of employee caregivers.



Special focus on disability

Groupama AM is alert to the employability of workers with disabilities and systematically sends its job offers and training proposals to organizations specializing in the recruitment and training of persons with disabilities and pays a proportion of the French "apprenticeship tax" to institutions specializing in disability. Also, for several years now, the company has had a partnership with the AlterMassage company, which employs visually impaired persons to provide workplace well-being services. Several massage sessions provided by blind or visually impaired persons are organized every year for Groupama AM employees. Groupama AM, also employs the services of AP'AIPS, a disability-adapted company that employs 200 people with disabilities, some of whom come to our premises to tend the plants that decorate the shared spaces and offices of our employees

Engagement to combat discrimination

The asset management company, in alignment with the strategy of the Group, also promotes gender parity.

Workplace gender equality index



89/100

Groupama AM obtained a score of 89/100 in the workplace gender equality index for the year 2021. The company engages daily in combating discrimination by implementing **a recruitment policy that promotes the diversity of employee profiles while maintaining the corporate culture of Groupama AM.**



Societal engagement

In terms of **societal engagement**, Groupama AM contributes to supporting causes in the public interest through its **sponsorship and charity funding actions**.

This financial aid is constantly expanding and is mainly focused on aid for Childhood, in particular by providing support to institutions that provide care and education for disadvantaged, sick and/or disabled children: these organizations receive not only financial donations but also gifts in kind (computers, telephone equipment etc.) to improve the conditions of reception and care of the children.

As an example of these sponsorship actions combining childhood and education, since 2018 Groupama AM has supported the “DEMOS” musical education project. This **cultural democratization project for children** aims to give access to musical and orchestral education to children coming from rural and low-income communities lacking in cultural institutions

Aid to Medical research is another complementary commitment of the company and is reflected in its support for the Groupama Foundation for Rare Diseases.



The structural sponsorship partnership established in 2019 is has continued

In 2019, in the aim of **increasing its impact in the domain of aid to Childhood, which is the main pillar of the company’s sponsorship activity**, Groupama AM signed a partnership with Fondation AlphaOmega, a leading foundation for providing aid to education for disadvantaged populations. This Foundation supports various associations that play a key role in the education field and are positioned in the supplementary education segments, such as truancy prevention, homework assistance via student mentoring, initiation to entrepreneurship etc. The support of Groupama AM is substantial and long-term, with an aid programme of € 700,000 per year over three and a half years.

Apprenticeship tax

In 2021, Groupama AM paid 23,719 euros of its apprenticeship tax to specialized institutes, such as, in particular, the Leopold Ballan Medical Educational Institute (for intellectually disadvantaged children and teenagers), the “Faites des Couleurs” Medico-Professional Institute (educational and technical workshops for teenagers with intellectual disabilities) and the Valentin Haü Medico-Professional Institute for the blind and visually impaired.

Groupama AM engaged in civil society through its employees

This commitment of the company to civil society aims to support the **personal commitment of the company’s employees in their own charitable initiatives** or to unite these initiatives in common support of the sponsorship and charitable actions established by the CSR department of Groupama

For example, we can note the company’s financial participation in a **fund-raising run in -Saint-Denis**, the financial aid provided for the operation of an **orphanage in Vietnam**, and aid for the purchase of school supplies for **schools in Cameroon**.

Finally, in 2017, Groupama AM launched a **charity football tournament**. This annual tournament gives employees an opportunity to mobilize in favour of our partner associations.

Environmental engagement

Groupama AM is taking a number of internal actions to limit the environmental impact of its activities (energy, paper, water etc.). In particular, it is orienting its environmental strategy towards various initiatives such as those described in the illustration below:



GLOSSARY

ESG

This designates the Environmental, Social and Governance criteria used by the financial community to analyze and assess the incorporation of sustainable development and long-term factors in the strategy of companies.

Environmental criteria: These criteria involve analyzing the impacts of a company's activities on carbon emissions, the protection of biodiversity, waste management, pollution, water management and water quality...

Social criteria: these criteria include the analysis of the human capital of the company -skills, training, corporate culture etc. - and analysis of the company's societal impacts, in other words the impacts on the company's various stakeholders, comprising customers, suppliers and civil society.

Governance criteria: These criteria cover all the rules governing how companies are controlled and managed. Corporate governance defines the structure of rights and obligations assigned to the various members and stakeholders of the company. Analysis of a company's governance provides a means of verifying that the powers of control are effective in ensuring due execution of the company's strategy by its senior management and that management act in the interest of all the company's shareholders and stakeholders.

SFDR

Sustainable Finance Disclosure Regulation., an EU regulation that came into effect in March 2021. This Regulation aims to ensure that pre-contractual disclosure documents describe and explain the sustainable investment strategy and the way in which asset management companies incorporate sustainability information into their financial products (integration of adverse impacts on sustainability). The Regulation classifies funds into 3 categories: "article 6" funds, which have no specific sustainability objectives, "article 8" funds, which promote ESG characteristics (for example their "carbon footprint"), without this necessarily being their central preoccupation, and, finally "article 8" funds, which have a genuine sustainability objective (for example investment in a portfolio compatible with the aims of the Paris Agreement and limitation of climate change).

Corporate Social Responsibility– CSR

Corporate Social Responsibility (CSR) is defined as the proactive inclusion by companies of social, economic and environmental issues into their business activities and relations with stakeholders. In other words, CSR is the contribution of companies to meeting the demands of sustainable development.

European green taxonomy

The European Taxonomy Regulation aims to establish a classification system designed to help investors and companies to direct capital towards economic activities that respect the environment. An economic activity shall be considered environmentally sustainable under the Taxonomy Regulation if it complies with one of the defined environmental objectives without causing significant harm to the five other objectives and if it also complies with the minimum social safeguards

GLOSSARY

Sustainability risk

An environmental, social, or governance event, or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Also termed: “financial materiality”. These risks comprise, for example, the financial impacts of an industrial accident, accusations of corruption or money-laundering or the loss of value of certain activities due to their environmental impact, such as carbon-based electricity generation.

Paris Agreement

The Paris Agreement was signed by 195 member states of the United Nations at the end of COP21, which was held in Paris in 2015. It was the first worldwide treaty on climate change. It defines a plan of action to keep the rise in global temperatures to a level well below 2°C. The agreement also marked the mobilization of the private sector on this subject, in particular the financial industry, which has since recognized the key role of sustainable finance in attaining this objective

Carbon intensity

Sum of scope 1, 2 and 3 emissions (upstream), standardized per million euros of turnover.

SCOPE 1 (CARBON BALANCE): Direct emissions from fixed or mobile installations located inside the organizational perimeter.

SCOPE 2 (CARBON BALANCE): Indirect emissions associated with energy consumption.

SCOPE 3 (CARBON BALANCE): Other emissions indirectly produced by the activities of the organization and not included in scope 2, but that are linked to the overall value chain, such as purchases of raw materials, services or other products, employee travel and transport, upstream and downstream goods transport, management of the waste materials generated by the activities of the organization, use and end-of-life disposal of solid products and the capitalization of goods and production equipment.

Green share

Percentage of the company’s turnover generated by a technology/activity considered favourable to the energy and ecological transition. The closer a company’s green share is to 0% the more it is exposed to transition risks. The method used to calculate the green share is based on the definition of activities aligned with European green taxonomy.

Net Environmental Contribution (NEC)

Percentage environmental performance of the activity of a company on a scale from -100% to +100%, where +100% is the best performance currently achieved. This indicator is used to measure the alignment of a company’s economic model with the ecological and energy transition at a given moment. The NEC supplements the green share and takes into account the overall environmental performance of the company by integrating the key environmental factors, such as waste materials, biodiversity, water, air quality and climate. This indicator is an advanced indicator that is consistent with the EU taxonomy, providing a metric of the overall net impact of a company’s “green” and “brown” activities.

GLOSSARY

Indicator of alignment with a climate trajectory

To obtain a more forward-looking vision of the direct impact of company activities on climate, we also use an indicator for the alignment with a climate trajectory, which provides us with information on the historic trend and anticipated future trajectory of the company's carbon emissions compared to a particular scenario.

The alignment indicator supplied by Iceberg Data Lab is based on the SB2A approach ("*Science based 2°C Alignment*"). This methodology consists of 4 stages that convert the difference between the actual trajectory of a company and its 2 °C reference trajectory into a temperature conforming to climate science. The SB2A approach is based on the 2°C scenario of the of the International Energy Agency and on the SBT (*Science Based Targets*) and ACT (*Assessing low Carbon Transition*) methodologies. The ACT method is jointly backed by the French Agency for Ecological Transition (ADEME) and the CDP (*Carbon Disclosure Project*) and is designed to help evaluate the climate strategies of companies and their alignment with sectoral decarbonization targets.

- **Stage 1: Evaluation of the company's carbon performance** based on the physical carbon intensity in tCO₂e / measurement unit (specific to each sector) and on the mix of products / services (taking into account the current year, historic performance and forecasts).
- **Stage 2: Choice of the 2°C reference scenario to be used as the standard of comparison for the carbon performance of the company:** different scenarios exist per sector and per geographical zone.
- **Stage 3: Comparison of the company's carbon performance against its theoretical 2°C trajectory:** The SB2A methodology calculates the cumulative amount by which carbon emissions from 2010 to 2050 exceed or fall below the temperature trajectory that the company should follow in order to converge by 2050 (compared to the average for the sector)).
- **Stage: Conversion into temperature (°C):** the excess carbon ratio is converted into an equivalent global temperature rise, using algorithms based on climate science. In practice, a company with a carbon budget equal to the 2°C reference would have an equivalent climate change temperature of 2°C, whereas companies having carbon budgets below and above the reference would respectively have temperature below and above 2°C.

Sustainable investment

According to the SFDR, a sustainable investment is an investment in an economic activity that contributes to an environmental objective (renewable energy, reduction of greenhouse gas emissions, impact on biodiversity and the circular economy) or an investment in an economic activity that contributes to a social objective (tackling inequality, investment in human capital or in economically or socially disadvantaged communities), provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices.

Principal Adverse Impacts (PAI)

PAIs are defined as significant negative impacts of investment choices on sustainability factors, i.e. on environmental and social factors and on human rights. The SFDR establishes a list of 14 mandatory indicators and 2 optional metrics, including for example, carbon footprint, exposure to companies active in the fossil fuel sector, gender pay gap and violation of minimum social standards. These indicators provide a measure of ESG materiality, i.e. the measurable impact of the investment choices made.

GLOSSARY

Sustainable Development Goals (SDG)

The 17 Sustainable Development Goals (SDGs) were adopted by the member states of the United Nations in September 2015 for implementation by 2030. Their aim is to end all forms of poverty, to combat inequalities and to tackle climate change, while making sure that no-one is left behind. These 17 Goals have been further subdivided into 169 targets and 244 indicators, primarily intended for action by public authorities. Nevertheless, private players, including both companies and investors, are increasingly seeking to demonstrate their contributions to these SDGs.

Green Bond

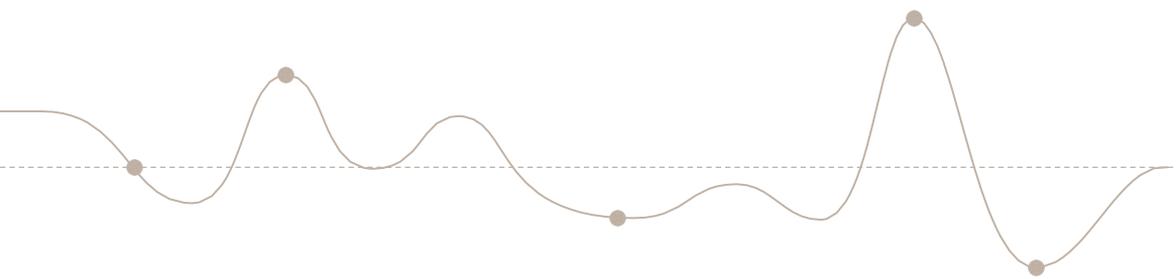
A green “bond is a fixed-income instrument issued by a company, international organization or local government on the financial markets in order to finance a specific project or activity that will significantly benefit the environment.

“Do No Significant Harm” Principle (DNSH)

Principle governing the SFDR and Taxonomy Regulation, requiring that no significant harm is caused to the other environmental or social objectives when an investor undertakes to comply with one of the six environmental objectives of Taxonomy or undertakes to comply with a sustainable investment objective defined by the SFDR.

Sustainability preferences

The client sustainability preferences are defined in the amendment currently being drafted to the MiFID II delegated act. From April 2022, financial advisers will be obliged to propose products to investors as a function of their answers to three questions - the minimum proportion of investments conforming to the EU Taxonomy Regulation, the minimum proportion of sustainable investments and the level of consideration of the PAIs.



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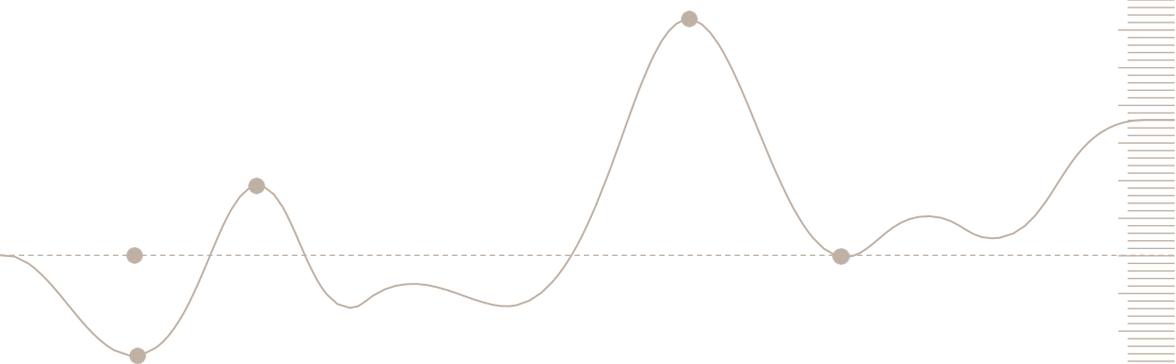
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