

2024 ESG Report

Art 29



Investing for the future
June 2025















ESG CRITERIA IN MANAGEMENT RISKS





## SUMMARY

01	Gait General	5	07 Strategy biodiversity	39
02	Means Internal	17	08 ESG Criteria in Risk Management	47
03	Governance	22	09 Methodologies	55
04	Strategy c <u>ommitm</u> ent	25	10 Annexes	63
05	Taxonomy and Fossil fuels	28	11 Glossary	72
06	Strategy alignmentwith the Paris Agreement	32		







# Editorial



### **PUBLISHED**

#### Actively contribute to a useful, responsible and future-oriented Finance.

In 2024, Groupama AM pursued its commitments as a responsible investor with conviction and determination by demonstrating that finance must play a central role in the sustainable transformation of our economy. In a constantly changing regulatory context, and in the face of climate change and the erosion of biodiversity, the transformation of some of our SRI-labelled funds in accordance with the requirements of the new specifications of the Label, has been an opportunity to carry out many projects: increased selectivity of ESG criteria, review of our procedures, strengthening our commitments to climate and biodiversity, and finally developing a methodology for analysing issuers' environmental transition plans. This methodology aims to assess the credibility of these plans and will be gradually rolled out in 2025.

With 86% of our assets under management classified as Article 8 or 9 according to the SFDR regulation, 20% of our assets under the SRI label and a 60% reduction in the carbon intensity of our insurance portfolios since 2021, we fully demonstrate that financial performance and sustainability can go hand in hand. This shows that our ambition to integrate ESG issues into all our investment decisions remains unchanged: ESG integration has been part of our DNA for many years.

All these vast projects have and continue to mobilize considerable human and financial resources. Our expert and committed teams are constantly working to develop our methods, tools and offer to support the environmental, digital and demographic transitions as well as the demands of our clients.

But despite these investments, the quality of ESG data remains more than ever a crucial issue to ensure the choice of our investments. For the past two years, we have had to replace almost all of our data suppliers, without allowing us to have standardized, reliable and regular data!

To overcome these difficulties, we had high expectations of the CSRD directive and the European ESRS standards to directly access the data reported by companies and thus limit our dependence on suppliers. However, this hope seems to have been postponed, or even cancelled since the scope of companies subject to these *reporting* publications should be largely revised downwards.

Thus, this report, drawn up within the framework of Article 29 of the Energy-Climate Law, is much more than a regulatory exercise. It reflects our desire for transparency, our methodological requirements and our long-term commitment. It also demonstrates our ability to anticipate change, engage with companies and offer investment solutions aligned with international objectives, whether it be the Paris Agreement, the Kunming-Montreal Framework or the UN's Sustainable Development Goals.

In a word, it reflects our challenge to actively contribute to a useful, responsible and forward-looking Finance.



Mirela Agache Durand
Executive Director
Groupama Asset Management



















ESG CRITERIA
IN MANAGEMENT
RISKS

9





## KEY FIGURES





# Including €53 billion

Corresponding to assets under management Groupama Group's insurance

'--> -60% of the carbon intensity of listed equity and private bond insurance management portfolios since 2021

86%
Funds Article 8
and Article 9 SFDR

4,7
€ billion
Invested in
Sustainable bonds (+54% since 2023)

99%
Voting rate
in general assembly

14 Commitments en 2024























## I. GROUPAMA AM, A COMMITTED INVESTOR

## Our Purpose: Investing for the future

Groupama Asset Management (Groupama AM), a subsidiary of Groupama Group (the Group), is one of the leading French asset management players. Groupama AM, which has a long-standing commitment to <u>sustainable investment</u>, affirms its conviction that finance can help change the world and build the world of tomorrow by integrating Environmental, Social and Governance (ESG) issues at the heart of its management strategy.

By taking sustainability opportunities and risks into account in the investment process, Groupama AM's mission is to generate long-term sustainable performance for its clients, built on the expertise and know-how of its employees.

## Groupama AM is convinced that finance is part of the transitions that are shaping the world of tomorrow.

Committed and expert employees deploy their knowhow in the field day after day to select and invest in companies that build their performance in a sustainable way.

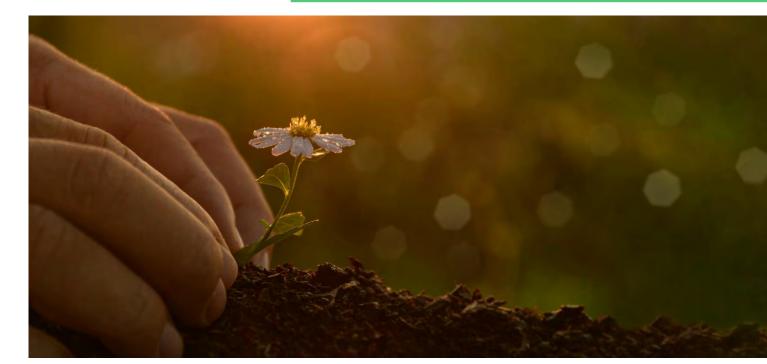
Our goal is to enable customers to make this choice for the future and to offer them a responsible and efficient investment. This belief also guided the choice of an integrated approach to research, combining financial analysis and ESG.

Groupama AM offers its clients active **conviction-based management**, with a medium/long-term investment perspective, adapted to the specificities of the asset classes considered.

This management of conviction requires being able to detect changes in the economy. The impact of the digital, environmental and demographic transitions plays a major role in the transformation of companies' business models through the implementation of new strategies. They will have to manage new risks arising from these transitions and be able to detect new opportunities. Taking ESG criteria into account allows managers to better anticipate trend reversals and to integrate these new parameters into their investment decisions.

#### Groupama AM, a pioneer in sustainable finance



























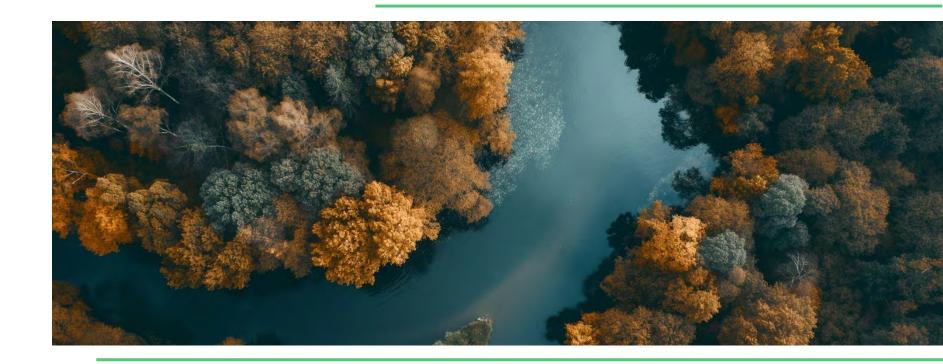
### II. HIGHLIGHTS OF 2024

In 2024, Groupama AM continued to strengthen its responsible investment strategy on structuring and central issues for our activity as a committed investor.

The year 2024 was essential for the structuring of the key changes in our ESG methodology within Groupama AM's operations. Beyond a simple anchoring, the teams have focused on the search for greater robustness of the methods and data.

These efforts have been reflected in particular in the work carried out to strengthen the sustainability of part of our offer, with particular attention paid to the transition to the SRI V3 label.

In addition, 2024 saw the implementation of a methodology dedicated to transition plans, with a view to fully integrating it into our rating methodology during 2025.





Groupama AM continues to strengthen the ESG analysis of issuers in terms of environmental transition. To this end, the analysis methodologies have been enriched by the development of a tool for assessing issuers' transition plans.

The ESG Research and Strategy teams have been strongly mobilized to develop a methodology to assess the credibility of issuers' transition plans in the ESG rating. This methodology will be developed and implemented gradually from 2025.

- Strengthening the prospective dimension in proprietary rating
- Anchoring our conviction-based management towards the best-positioned companies



Improving the quality of environmental data remains a major focus in 2024, with the integration of new data providers.

The year 2024 was marked by changes in data providers, particularly on the environmental pillar.

This was an opportunity for the ESG Research and Strategy teams to work on the quality of data, including data availability, the quality of dependency analyses and the hedging of portfolio assets.



Thesustainable offering continues to be developed and strengthened in order to meet investors' expectations in terms of sustainability. A lot of work has been done to meet the new SRI Label V3 regulations.

Groupama AM is continuing to roll out its sustainable offer roadmap with the launch of new funds, the strengthening of its positioning in real assets and the maintenance of an SRI-labelled offer.



















GEMENT 9 METHODOLOGIES



### III. GROUPAMA AM'S ESG APPROACH

63 indicators

Integrated into the

methodology

At Groupama AM, ESG criteria are fully integrated into the analysis of issuers. The company's DNA is based on three founding principles: global macro- and microeconomic research; a single analyst model with dual financial and extra-financial skills; and finally, added value through our proprietary methodologies.

#### 1. ESG analysis

## The Groupama AM methodology ESG rating

#### 4 pillars

- Environment
- Social
- Societal
- Governance

#### **ESG** analysis

## Integration of ESG risks and opportunities into:

- Issuer analysis
- The investment process

The integration of ESG risks and opportunities into issuer analysis and the investment process is based on Groupama AM' s proprietary ESG rating methodology.

It is built on four pillars: **Environment, Social, Societal** and **Governance**. This methodology calculates an ESG score from 63 ESG indicators.

The minimum weightings of 25% on each pillar, assigned to each criterion and sub-criterion of the Environmental, Social and Societal pillars, vary according to:

- the importance of the criterion and its relevance to the sector in question;
- its **level of materiality** (i.e. its financial and operational impact);
- the quality of the information available.

ESG ratings obtained from the proprietary ESG rating methodology reflect the **ESG risks and opportunities of issuers**. They are a structuring element of the investment process of portfolios because they are used as a selection criterion at different levels.

- i) The achievement of the minimum ESG analysis threshold set for all Article 8 and 9 SFDR portfolios in accordance with the minimum thresholds required by the French and European regulatory frameworks (AMF Doctrine, Fund Naming) for open-ended portfolios and at the wishes of clients for dedicated portfolios.
- (ii) The achievement of the ESG performance objective set on the Article 8 and 9 SFDR portfolios.

This objective can be calculated on the ESG rating of issuers in relation to a given investment universe and consists of either:

- Improve the ESG rating of the portfolio. The portfolio aims to have an ESG rating that is higher than that of its benchmark or ESG investment universe. To do this, it is invested in a privileged manner in issuers that benefit from the best ESG scores.
- Exclude the lowest rated issuers. The portfolio aims to exclude issuers with the lowest ESG ratings from its ESG investment universe or benchmark (20%). It is invested only in issuers with the best ESG scores (80%).

#### 2. ESG policies and engagement

Groupama AM's ESG policies are monitored and validated by the Sustainability Risk Committee. The ESG analysis conducted by Groupama AM includes the following elements:



Companies that are incompatible with ESG policy



Fossil fuel policy (Coal and Unconventional Fossil Fuels – EFNC)



List of Greats ESG risks



Controversial Weapons Policy



Systematic ESG analysis



Engagement Policy and voting

























## 3. The pillars of the Natural Capital strategy

Climate and biodiversity conservation strategies are intrinsically linked, as biodiversity plays a crucial role in climate regulation and ecosystem resilience to climate change. At Groupama AM, these two strategies are integrated into a global approach, called the Natural Capital strategy, thus recognising the vital importance of biodiversity in managing environmental risks and promoting sustainability.

The strategy is based on three levers of action that aim to mitigate the environmental impacts and risks associated with investment decisions. Groupama AM seeks to invest in issuers that offer solutions to environmental issues and that contribute positively to the reduction of pressures on the environment.

These three levers are detailed in the boxes on the right of this page.

Groupama AM also ensures transparent communication to investors on its ESG commitments by providing precontractual documentation, methodological documents, and periodic reports on the ESG performance of its products.

## 1. **Measure** Environmentalimpacts

Knowing the environmental impacts to integrate them into investment decisions allows for a more responsible investment, aligned with the objectives of preserving biodiversity and capable of generating sustainable returns.

Groupama AM is observing a positive trend in the performance of its environmental indicators, which is reflected in a downward trend on indicators such as carbon intensity or physical risk score, as well as a strong improvement in the data coverage rate. This is a testament to the efforts undertaken by Groupama AM to improve the availability and coverage of data.

#### 2. Reduce

## the environmental impacts of investment decisions

Reducing the environmental impact of investments ensures the sustainability of companies and portfolios, paving the way for new economic opportunities while contributing to achieving Groupama AM's environmental objectives:

- The proprietary rating model integrates climate and biodiversity issues
- Groupama AM's ESG policies aim to limit the impact on global warming and reduce the pressure on biodiversity

#### 3. Fund

## Companies best positioned to address climate issues

Financing these companies is part of an investment strategy focused on long-term growth, as they are positioned to respond effectively to the challenges of the environmental transition.

Thus Groupama AM:

- Identifies companies that represent investment opportunities, through the prospective pillar "business model evolution" in the environmental analysis of the rating methodology
- Identifies companies that are best positioned for the energy transition through the Natural Capital categories
- Invests in green bonds





















### 4. Where can I find more information on Groupama AM's ESG policies?

#### **Summary table of ESG documentation**

NATURE	FREQUENCY	
Voting Policy	Annual	
Engagement Policy	Annual	
Fossil Fuel Policy	With each change	
Controversial Weapons Policy	With each change	
Commitment and Votes Report	Annual	
Voting Rights Report at general meetings	Annual	
ESG methodology	With each change	

#### SFDR Articles 8 and 9 Fonds

NATURE	FREQUENCY
Reporting 🐿	Monthly
<u>Inventory</u>	Annual
Transparency Code **	Annual
Engagement Report	Annual
LEC report Art.29	Annual
ESG Metrics	Annual
ESG transparency document (Art 10. of the SFDR regulation)	Annual
Pre-contractual SFDR Annex (Annexes II and III of the SFDR Regulation)	With each change
Periodic SFDR Annex (Annexes IV and V of the SFDR Regulation)	Annual

#### Communication

NATURE	FREQUENCY
Pedagogical guide to sustainable finance	Biennial
Educational content (podcasts, TV, interactive tools)	Periodical

For open-ended funds, all documents are published on the <u>Groupama AM</u> website. For dedicated funds and mandates, Regulatory documents are made available to customers.





















### IV. GROUPAMA AM'S SUSTAINABLE OFFER

#### 1. Responsible investment solutions tailored to our clients' needs

The development of a sustainable and innovative offer is a strategic challenge led by the ESG Strategy Committee. In line with past actions, Groupama AM focused in 2024 on continuing to transform the offer and develop Future for Generations sustainable funds.

#### The transformation of the offer

In 2024, Groupama AM continued to strengthen the sustainability of its portfolios to have a range of funds in line with current and future ESG issues. This approach aims to meet the needs of our customers and the Groupama Group's distribution networks.

SRI funds have been the subject of a lot of work by the teams, to be able to offer a diversified range of SRI-labelled funds, in line with current and future ESG issues. The work focused in particular on the engagement policy and the consideration of transition plans and reflects Groupama AM's efforts on these same subjects for all its portfolios.

## Launch of 3 new Article 9 funds to strengthen the Future for Generations strategy

Groupama Future For Generations is a range of multithematic active management funds, composed of international equities and/or corporate bonds. Stocks are selected based on their contribution to the environmental and social issues identified.

The environmental theme covers the topics of energy transition, environmental impact, production and sustainable consumption.

The social theme deals with health issues and the improvement of living conditions.

The fund measures its contribution to four Sustainable Development Goals related to the themes targeted by the fund:

- SDG 13 "Action on Climate Change": Implement measures to combat climate change and its impacts.
- SDG 9 "Industry, Innovation and Infrastructure": Build resilient infrastructure, promote inclusive sustainable industrialization and foster innovation.
- SDG 12 "Responsible consumption and production": Ensure sustainable consumption and production patterns.
- SDG 3 "Good health and well-being": Ensure healthy lives and promote well-being for all at all ages.

The range aims to combine financial performance and

sustainability. Companies are selected based on four criteria that are essential to ensure sustainable growth

and positive impact: agility, growth, innovation and

sustainability.

The success with savers has prompted Groupama AM to develop this investment strategy by launching a complete range of 4 Groupama Future for Generations\* profiled funds.

This offer meets the expectations of different savers according to their risk profile and is distinguished by its high level of sustainability. The funds meet the strictest sustainability criteria, Article 9 according to the *Sustainable Finance Disclosure Regulation* (SFDR) and set themselves the goal of investing at least 90% of their assets in Sustainable Investing. The funds are also SRI-certified.

\*Funds were invested in 2025 on the basis of an existing sub-fund



Groupama AM implements conviction-based management, in the service of sustainable profitability for its clients





















#### 2. SFDR classification of Groupama AM funds

The Sustainable *Finance Disclosure Reporting* Regulation (SFDR) aims to improve the transparency of financial products on sustainability topics and the consideration of the environmental and social impacts of investments made by funds. This regulation requires management companies to specify the classification of their funds according to their level of sustainability:

- Article 6: the product does not have a sustainability objective;
- Article 8: the product promotes environmental or social characteristics, or a combination of these characteristics;
- Article 9: The product has a sustainable investment objective.

Groupama AM has specified a **framework of rules and characteristics** to be complied with by funds in order to be classified as Article 8 and Article 9 under the SFDR regulation.

The framework defined, detailed alongside, is based in particular on the recommendations of the AMF's position-recommendation DOC 2020-03.

The **development of a sustainable offer** is a strategic focus to meet client needs to which many teams contribute. 96% of Groupama AM's open-ended fund offer was classified under Article 8 and 9 SFDR as of 31/12/2024, an increase compared to the previous year (93%).

	ARTICLE 8	ARTICLE 9 THEMATIC APPROACH	ARTICLE 9 IMPACT
	PROMOTION OF CHARACTERISTICS ENVIRONMENTAL AND SOCIAL	INVESTMENT OBJECTIVE DURABLE	INVESTMENT OBJECTIVE DURABLE
PERFORMANCES	Measurable ESG Considerations Goals	Contribution to the selected SDGs related to the investment theme Measurable ESG Considerations Goals	Measurable societal transformation goal in line with the SDGs
BLANKET	<ul> <li>90% minimum for broad asset classes</li> <li>75% minimum for Small Cap and High Yield asset classes</li> </ul>	asses 95% to 95% to	
DNSH	Fossil Fuel Policy Controversial Weapons Policy List of Major ESG Risks Consideration of IAPs		Normative exclusions Controversy monitoring Due-diligence ESG Consideration of IAPs
GOVERNANCE	Internal ESG analysis and rating methodology: Governance pillar		
SUSTAINABILITY INDICATORS	Notes ESG Sustainable Investment Share (for funds with a minimum threshold target) ESG indicators (for SRI-labelled funds)	ESG rating Sustainable Investment Share ESG indicators (for SRI-labelled funds)	Indicators that demonstrate a positive impact on society Sustainable Investment Share



















#### 3. Assets under management of open-ended funds, dedicated funds and mandates according to SFDR articles



#### **Total assets under management:** €104,449 million

**GAN DYNAMISM** 

#### 4. List of open-ended funds articles 8 & 9

#### **Open-ended funds promoting ESG characteristics (Article 8)**



**GROUPAMA ABSOLUTE RETURN** GROUPAMA ALPHA FIXED INCOME GROUPAMA ALPHA FIXED INCOME PLUS GROUPAMA CORPORATE HYBRID GROUPAMA DYNAMIC BOND GROUPAMA DYNAMIC BOND MEDIUM TERM GROUPAMA EURO BOND GROUPAMA EURO CONVERTIBLE GROUPAMA EURO CREDIT GROUPAMA EURO CREDIT SHORT DURATION GROUPAMA EURO FINANCIAL DEBT GROUPAMA EURO FINANCIAL DEBT FEEDER **GROUPAMA EURO GOVIES** GROUPAMA EURO HIGH YIELD GROUPAMA EUROPE CONVERTIBLE **GROUPAMA EUROPE HIGH YIELD 2028 GROUPAMA EUROPE HIGH YIELD 2029** GROUPAMA GLOBAL BOND GROUPAMA GLOBAL CONVERTIBLE GROUPAMA GLOBAL INFLATION LINKED GROUPAMA GLOBAL INFLATION SHORT DURATION GROUPAMA HORIZON ACTIONS EUROPE GROUPAMA HORIZON EMERGING DEBT GROUPAMA HORIZON GLOBAL BONDS **GROUPAMA OBLIG MONDE** GROUPAMA ULTRA SHORT TERM

**GROUPAMA ACTIONS EUROPE GROUPAMA ACTIONS FRANCE GROUPAMA ACTIONS MONDE GROUPAMA ACTIONS RETRAITE GROUPAMA AMERICA ACTIVE EQUITY** GROUPAMA AMERICA ACTIVE EQUITY HEDGED GROUPAMA AVENIR EURO GROUPAMA AVENIR EURO FEEDER GROUPAMA AVENIR EUROPE GROUPAMA AVENIR SME EUROPE **GROUPAMA EURO ACTIVE EQUITY** GROUPAMA EURO STOCK GROUPAMA EUROPE EQUITIES IMMOBILIER GROUPAMA EUROPE ACTIVE EQUITY **GROUPAMA EUROPE STOCK** GROUPAMA FRANCE ACTIVE EQUITY GROUPAMA GLOBAL ACTIVE EQUITY **GROUPAMA GLOBAL DISRUPTION GROUPAMA HORIZON EMERGING EQUITIES** GROUPAMA HORIZON ACTIONS MONDE GROUPAMA OPPORTUNITIES EUROPE **GROUPAMA US STOCK** 

GROUPAMA TIKEHAU DIVERSIFIED DEBT FUND

**GAN BALANCE GAN CAUTION GROUPAMA CONVICTIONS GROUPAMA DYNAMISM GROUPAMA EQUILIBRE GROUPAMA EURO DIVERSIFIED GROUPAMA EVOLUTION** BALANCE **GROUPAMA EVOLUTION** TRANQUILITY GROUPAMA NEW DEAL EUROPE **GROUPAMA CAUTION** DYNAMIC RETREAT BALANCED RETIREMENT HARMONY RETREAT **RETIREMENT** SUSTAINABILITY RETIREMENT FULLNESS PRUDENT RETREAT **GROUPAMA ENTREPRISES** MONETARY GROUP **GROUPAMA TREASURY** 

#### **Purpose-Driven Fund Sustainable Investment (Article 9)**



**GROUPAMA SOCIAL IMPACT DEBT\* GROUPAMA HEALTH AND WELLNESS GROUPAMA FUTURE FOR GENERATIONS BALANCED** 

#### **Open-ended funds (Article 6)**



GROUPAMA ASIA STOCK GROUPAMA EURO STRATEGY GROUPAMA GLOBAL ELECTRIFICATION GROUPAMA JAPAN STOCK GROUPAMA FP FLEXIBLE ALLEGRO GROUPAMA FP FLEXIBLE ALLOCATION GROUPAMA FP FLEXIBLE PIANO GROUPAMA MULTISTRATEGIES **GROUPAMA CREDIT SHORT DURATION** 

























### V. GROUPAMA AM'S COMMITMENTS

#### 1. Groupama Group's commitments

In addition to the exclusion and engagement policies outlined in this report, we are rolling out specific actions directly related to the Group's Net Zero climate commitments. These climate objectives are based on two levers:

- Decarbonize portfolios by 2030, in line with the goals of the Paris Agreement and the recommendations of the *Net Zero Asset Owner Alliance (NZAOA)*, which it joined in 2022. The Group has committed to reducing the greenhouse gas emissions intensity (tCO2eq / million euros of sales) of its equity and corporate bond portfolio by 50% between the end of 2021 and the end of 2029.
- Financing the energy transition, through the green investments of its additional sustainable investment program of €1.2 billion over the period 2022-2024, mainly invested in infrastructure, real estate and green bonds.

Since 2023, the Group has achieved its objective of reducing carbon intensity by 50% compared to 2021. The pursuit of this objective commits Groupama AM to sustaining these good results and anchoring them in the long term. A further milestone was reached in 2024, with a 60% decrease in the carbon intensity of the group's equity and corporate bond portfolio compared to 2021.

This objective is aligned with the requirements of the *NZAOA alliance* and is complemented by the ambition to support companies that are best positioned to address climate issues.

As the first additional investment target of €1.2 billion over three years (2022-2024) was reached one year ahead of schedule, at the end of 2023, it was decided to renew the effort with a new equivalent target of €1.2 billion for the period 2024-2027.





















#### 2. Participations in Groupama AM's market works

Initiative	Description of our involvement	Operational impact
Principles for Responsible Investment	Groupama AM was one of the founding signatories of the PRI in 2006 and participates in the work of the PRI through various initiatives, particularly on the <i>Climate 100+</i>	The PRI gives investors such as Groupama AM access to reflection work on the implementation of ESG criteria in their investment policy and allows them to strengthen their engagement actions through collaborative initiatives
ØAFG	Groupama AM chaired the Responsible Investment Commission from 2015 to 2024 and continues to participate in it. Groupama AM is committed to various themes such as labels, sustainable finance regulations, corporate governance and participation in the drafting of guides	Participating in the various AFG committees allows Groupama AM to promote its demanding definition of ESG in market bodies and in relations with supervisory authorities, in particular when developing common responses to regulatory consultations or recommendations for the voting season. Groupama AM also participated in the WGs on transition plans and biodiversity in 2024
INSTITUT DEFINANCE DURABLE DURABLE DAMÉS CERTORALECTE	Within this association supported by "Paris Europlace" to promote sustainable finance, Groupama AM participates in various projects, particularly on biodiversity and impact	Participating in working groups on topics such as biodiversity and impact allows us to promote Groupama AM's vision on these issues and to strengthen its expertise through exchanges with market players.  Groupama AM also publishes its commitments on the Sustainable <i>Finance Observatory website</i>
SOCIÉTÉ FRANÇAISE DES ANALYSTES FINANCIERS	Groupama AM participates in the extra-financial committee	Through its participation in the Extra-Financial Commission, Groupama AM is involved in the training modules of the CESGA, a diploma in extra-financial analysis, which promotes the use of ESG information in investment decisions, which is an essential complement to traditional financial analysis
Observatoire de la responsabilité sociétale des entreprises	Since 2002, Groupama AM has been contributing to the work of the ORSE Finance Club and has participated in the publication of several guides relating to the promotion of SRI	The structure allows Groupama AM to benefit from exchanges and monitoring with stakeholders in the form of a working group / conferences to promote and support good practices on CSR and sustainable development
FORUM POUR L'INVESTISSEMENT RESPONSABLE	Groupama AM is a member of the FIR and as such participates in various working groups to promote SRI to public or political authorities, economic actors or stakeholders	Groupama AM participates in the Dialogue and Engagement Commission and the SMID club (2024)

In 2023, Groupama AM signed the PRI's declaration against biodiversity loss (SPRING), highlighting its support for environmental preservation initiatives. The implementation of this charter is carried out within the framework of the Natural Capital strategy and its biodiversity sub-pillar, as described in the <u>biodiversity section</u>.





















T 9 METHODOLOGIES



### I. HUMAN RESOURCES AT THE SERVICE OF EMPLOYEES' ESG EXPERTISE

976

**Hours of training** on the ESG theme, i.e. 4 hours per employee in 2024

Training all Groupama AM departments on the various ESG topics is one of the two main orientations of the internal ESG strategy. The inclusion of ESG criteria in investment decisions in the majority of Groupama AM's assets under management and the development of a sustainable offer are only possible by strengthening a common ESG culture.

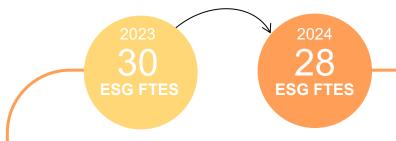
Team training is one of the keys to the success of the transformation of a management company.

As a continuation of the 2023 training program, employees have completed training in 2024. on subjects that tend to specialise and focus on increasingly technical and specific issues (e.g. PAI, taxonomy, SRI V3 label).

Groupama AM also focuses on training newcomers, who are systematically made aware of the internal ESG methodology.

Theme	Content	Number	Duratio n
Label ISR V3	<ul> <li>Presentation of the new requirements of the SRI Label</li> <li>Reminder of the investment processes of labelled funds and the implications and developments to be put in place</li> </ul>	176	2 hours
PAI/Taxonomy	<ul> <li>Background and requirements of the regulations</li> <li>Explanation of the IAP and Taxonomy indicators</li> <li>Implementation at Groupama AM</li> </ul>	196	2h30
Newcomers	<ul> <li>Pillars of Groupama AM's ESG approach</li> <li>Proprietary ESG analysis methodology</li> <li>Sustainable offer</li> </ul>	50	2 hours

#### **Evolution of FTEs**



#### These FTEs cover activities related to:

- Management of funds or mandates Articles 8 and 9
- Monitoring ESG management rules
- The ESG Strategy Team
- ESG analysis carried out by Research
- The implementation of ESG-related IT projects
- The implementation of the SFDR regulation
- Developing responses to customer requests
- Training

That's 11% of the workforce





















### II. THE CONTINUOUS IMPROVEMENT PLAN FOR DATA QUALITY

#### 1. Significant resources dedicated to the deployment of Groupama AM's ESG strategy

In 2024, Groupama AM used the following suppliers to apply its methodologies:



**ISS ESG ⊳** 



**MOODY'S** 





Carbon intensity, climate scenario alignment indicator, NEC\* (Net Environmental Contribution), biodiversity footprint Monitoring of companies engaged in the production, marketing and distribution of controversial weapons.

Analysis of AGM resolution and assistance in the application of the voting policy

Analysis of AGM resolution and assistance in the application of the voting policy Social and environmental analysis of companies. Analysis of corporate governance. Analysis and monitoring of controversies

Environmental indicators, including IAPs 1, 2 and 3

Environmental and social IAP taxonomy data (excluding IAPs 1, 2 and 3)

For more information, please refer to the Methodologies section.



In order to ensure the proper application of its methodologies, Groupama AM's tools have been developed in collaboration with the management teams of the repositories and the information system with the aim of improving access to ESG data and facilitating its use. ESG data is made available to all Groupama AM portfolio managers.

They have access to the "Avisrecherche©" and "StarQube" tools which offer a complete view of macroeconomic and fundamental studies, ratings on the E, S and G criteria, as well as all the underlying raw data (indicators) constituting an ESG score.

The data, whether raw or calculated, is distributed homogeneously to **"SimCorp Dimension"**, the portfolio management and risk monitoring tool. This process ensures efficient and centralised management of ESG data within Groupama AM.

#### **Evolution of the budget over 3 years**



Including **€0.40 million** data purchase Including €0.65 million data purchase

Including €0.82 million data purchase

### This budget takes into account the following costs:

- ESG data providers
- Costs of purchasing external research
- Participation in market initiatives

That's 34% of the ESG budget (30% in 2023)



<sup>\*</sup> NEC: this indicator evaluates economic activities (products and services) according to their impact on the environment (climate, biodiversity and resources) over their entire life cycle. Companies are rated on a scale of -100% to +100%, with 0% corresponding to the average global environmental footprint.



















#### 2. Continuous Data Improvement Plan

Like all investors, Groupama AM faces significant **challenges in the use of ESG data**, mainly due to the lack of modelling, the lack of coverage, variations during changes in suppliers' models, as well as the associated lack of transparency.

In line with the actions initiated in 2023, Groupama AM's teams are strongly invested in improving the quality of ESG data. This process is based on three main actions:

## Systematic controls in analysis tools

Groupama AM has set up automated controls prior to the integration of data into its internal StarQube tool. Each value is examined for anomalies. significant variations are identified, and changes in scope are tracked. Groupama AM verifies and may required to correct or supplement poor quality data in order to make it consistent, with an audit trail. These controls provide Groupama AM with reliable and better quality data for its analyses and investment decisions.

#### Internal issuer analysis

On the stocks covered by the Research, analysts check and may be required to correct/fill in the raw data of suppliers in order to improve their quality.

In addition, an **initiation process** (forcing) has been put in place to allow for the attribution of scores to values not followed by suppliers. Each issuer initiated in this way is subject to an internal ESG analysis, which is then validated by the Research Committee.

## Exchange with data providers

Groupama AM is in continuous contact with its ESG data providers in order to report anomalies and points of misunderstanding. This proactive dialogue with suppliers also allows Groupama AM to better take ownership of the estimated models it uses and to question certain methodologies.

Supplier **changes** took place in 2024, which allowed the teams to work on the quality and coverage of the data used. This work will continue in 2025, a year of significant transformation of data sources.

### III. SYNERGIES WITH THE GROUP

In 2024, the Group defined a Biodiversity Scorecard for its governance bodies. This approach aims to structure the operational and synthetic monitoring of the main biodiversity issues within insurance investment portfolios, while ensuring a gradual and tangible response to the targets of the Kunming-Montreal Agreement that the Group has chosen to prioritize. Thus, a focus is made on the **three priority themes identified, which are water, deforestation and pollution**.

With its expertise in biodiversity, built on the integration of associated criteria in our rating and the analysts' sectoral approach, **Groupama AM is fully involved in and actively contributes to this approach**. This close collaboration with the Group promotes mutual enrichment and cross-perspectives, allowing for a continuous deepening of understanding of these crucial environmental issues.

This work has already made it possible to define concrete progress for 2024 and to establish a roadmap for the years to come:



#### **Biodiversity progress in 2024**

- Strengthening the analysis of key biodiversity impacts and dependencies through the update of analyses via the ENCORE tool
- Training of ESG research and strategy teams on **deforestation**



#### Objectives for 2025 and 2026

- Continuation of the search for robust monitoring indicators for the material biodiversity issues of the portfolios
- Participation in the PRI Deforestation
   Engagement Initiative (SPRING) as a colead for a French company
- Update of in-depth analyses on water consumption and impact for some thirty companies (resumption of work in 2023)
- Training on the topic of water

























### IV. COMMITMENTS TO THE ENVIRONMENT

Groupama AM, through targeted internal actions, is working to limit the environmental impact of its activities (energy, paper, water, etc.). In particular, by orienting its environmental strategy towards various initiatives such as:

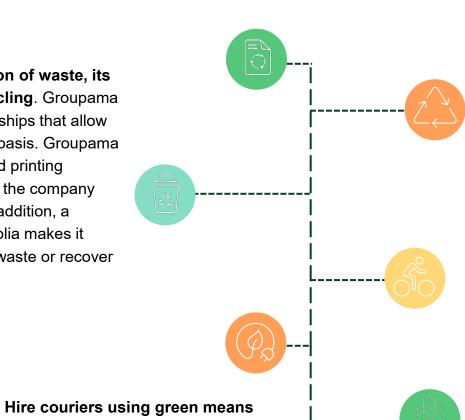
Use PEFC and EU Flower certified paper for all photocopiers in the company.

of transport. This is why Groupama

AM uses the company Lungta for all

its shipments.

Limit the production of waste, its recovery and recycling. Groupama AM has two partnerships that allow us to act on a daily basis. Groupama AM recycles its used printing cartridges thanks to the company Cartouche Utile. In addition, a partnership with Veolia makes it possible to recycle waste or recover used equipment.



Generalize the voluntary contribution in terms of waste sorting, which aims to raise awareness and make employees responsible, by setting up collective sorting bins.

Promote soft means of transport with the implementation of a €200 subsidy for the purchase of electric two-wheelers, to encourage its employees to travel at a lower environmental cost.

Promote the purchase of local or national supplies to reduce its carbon impact on society. Local purchasing reduces the journey and de facto indirect CO2 emissions.

The **Groupama AM Foundation**, created in 2022 and hosted by the Fondation de France, aims to support a world in transition. Its mission is to carry out actions aimed at facilitating the inclusion of people weakened by the demographic, digital and environmental transitions.

As a player in sustainable financial management recognized on the Paris market, Groupama AM has deemed it essential that the mitigation of ESG impacts sought in its investment decisions is also a major objective of its philanthropic actions.

The Groupama AM Foundation supports 4 players positioned on environmental or societal issues.

#### **Environmental theme**

The **Terre de Liens** Foundation facilitates farmers' access to land and promotes respect for agricultural practices that respect the soil and the environment. The Groupama AM Foundation's mission is to co-finance an ambitious programme on the theme of water in the context of climate change.



The Planète **Mer** association seeks to restore a sustainable balance between marine life and human activities. It develops concrete and replicable solutions involving citizens, fishermen, local populations and scientists, through participatory science programs, fisheries resource management and marine ecosystem restoration.



#### Social theme

The **Ecolhuma** association supports teachers and school principals to promote the success of all students, especially those from disadvantaged backgrounds. It acts through support systems, face-to-face or online training, digital platforms and the dissemination of best teaching practices. Groupama AM has been supporting this association since the end of 2024.



The association **Osons Ici et Maintenant** supports young people from all walks of life so that they dare to develop their potential and integrate sustainably into society. In 2024, funding from the Groupama AM Foundation has made it possible to support the "Katapult" programme deployed in the Brittany Pays de Loire region.









03

Approach to taking ESG criteria into account at the governance level

Investing for the future





















### I. THE INTEGRATION OF ESG CRITERIA INTO MANAGEMENT BODIES AND STEERING BODIES

## Administrative Committee

Frequency: Semi-annual

- Oversees the deployment of the Group's ESG strategy and its concrete implementation in investments
- Validates the voting and engagement policy as well as the voting report every year

## Sustainability Risk Committee

Frequency: Quarterly

 Updates and tracks ESG investment policies (e.g. fossil fuel non-reinvestment policies, exclusion of controversial weapons, Grands ESG risks, etc.)

## **Executive Committee**

Frequency: Monthly

- Validates the main orientations of Groupama AM's ESG strategy and their implementation in investment decisions
- Validates ESG policies, methodological developments, the launch of new ESG strategies and the resources allocated

## ESG Strategy Committee

Frequency: Quarterly

- Emanation of the Management Committee
- Defines ESG strategic orientations that are validated by the Management Committee
- Oversees their implementation

## Shareholder Engagement Committee

Frequency: Semi-annual

- Validates the orientations of the voting policy and monitors its implementation
- Validates the engagement policy and monitors the progress of commitments between Groupama AM and each of the companies concerned

### I. THE INTEGRATION OF ESG CRITERIA INTO MANAGEMENT BODIES AND STEERING BODIES

#### 1. ESG strategic orientations aligned and driven at the highest level

To meet the major challenges of responsible management, Groupama AM integrates the consideration of ESG criteria in all its governance bodies. To achieve this, Groupama AM has pursued several objectives by integrating the ESG dimension into all the company's departments, ensuring the proper implementation of the ESG strategy and strengthening the company's ESG culture.

#### 2. The central role of the management committee in steering the ESG strategy

members of the Management Committee are particularly involved in the implementation of the ESG strategy, in particular, the Chief Executive Officer who chairs the ESG Strategy Committee and the Shareholder Engagement Committee, the Director of ESG Research and Strategy, the Chief Investment Officer, responsible for the proper application of ESG investment policies, the Chief Risk Officer who chairs the Sustainability Risk Committee, the Director of Consulting and Controls in charge of the application of regulatory changes, including those related to sustainable finance, and the Director of Finance,

asupport activities that oversee the adequacy of resources and the quality of ESG data. The Sustainability Risk Committee is chaired by the Chief Risk Officer and is composed of the Chief Investment Officer, the Director of ESG Research and Strategy, representatives from ESG Strategy and Management Framework, and the Head of Compliance and Internal Control.

#### 3. ESG expertise at the service of the entire organization

The ESG Strategy and Sustainability team is responsible for the operational implementation of the ESG strategy. In this capacity, it ensures the operational coordination of initiatives and projects defined to achieve the objectives set. Reporting to the Director of ESG Research and Strategy, the ESG and Sustainability Strategy team is comprised of three people in charge of ESG Strategy, Engagement and Governance. The team is a member of the Shareholder Engagement Committee alongside the Head of Equity Management and the team in charge of implementing the voting policy.

The in-house Research team is responsible for issuer analysis for portfolio managers, as well as enriching fundamental analysis methodologies to incorporate ESG risks and opportunities.

### II. REMUNERATION POLICY

The remuneration policy promotes sound and effective risk management and does not risk-taking that encourage would incompatible with the risk profiles, regulations and governing documents of the portfolios managed. In 2011, Groupama AM set up a Remuneration Committee in accordance with the requirements of the AIFM and UCITS V Directives.

The firm favours a responsible approach to asset management, reconciling the search for financial performance with respect for ESG criteria in analysis and investment decisions.

The policy incorporates the sustainability risks that it has identified and validated by the Management Committee, which are governed by a total exclusion, a conditional exclusion or an authorisation that must be duly justified and documented, depending on the type of management and portfolio.

The performance criteria of the Management the **requirements** of teams include compliance with the management framework, and in particular its ESG aspects (compliance with the Fossil Fuels policy, the constraints related to major ESG risks and, for certain funds, those of the labels or standards of Articles 8 and 9 SFDR).

#### The remuneration policy must comply with:

- Economic strategy
- Management objectives
- Groupama AM's values
- · The interests of the company and the portfolios under management



The remuneration policy promotes sound and effective risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations and governing documents of the portfolios managed





04

Engagement strategy

Investing for the future



















### I. DIALOGUE WITH COMPANIES

Dialogue with company management is a key element of the management process, the monitoring of ESG issues and the ESG methodological approach.

#### **Examples of engagement with companies addressing ESG topics:**



Discussion on ongoing litigation in the United States in the case of ventilators for the treatment of respiratory disorders, in particular on the depth and extent of the tests carried out at the request of the *Food & Drug Administration (FDA)* 



Discussions on the materiality of the business of a joint venture between the company and Comstock Resources in Texas and Louisiana, regarding the leasing and operation of land located on the Hayneville gas field



Engagement refers to the influence exerted by investors on the practices of companies, by taking advantage of their position as shareholders or investors. Groupama AM's shareholder engagement approach is based on a policy of dialogue and voting based on the following themes:



#### Sustainability risks

- Large ESG risks
- Fossil fuel policies
- Controversial Weapons Policies
- Categories Natural Capital



## Energy and environmental transition



Value sharing

#### Groupama AM's shareholder engagement initiatives are based on three levers:

- Regular dialogue with companies
- Participation in collaborative initiatives or individual commitment
- Demanding voting policy, in place since 2001, following a dialogue with companies on the draft resolutions submitted to the general meetings

Groupama AM's commitment policy is presented in detail on the website.























MENT 9 METHODOLOGIES



### II. COMMITMENT REPORT

#### 1. 2024 Highlights

#### La Net Zero Asset Owner Alliance

Groupama AM is the delegate of the voting and shareholder engagement policy of the Groupama Group, which has been a signatory of the *NZAOA* since 2022. Groupama AM has therefore **strengthened its commitment to carbonintensive issuers by structuring a detailed action plan deployed from spring 2023**.

- **Identification** of the most carbo-intensive issuers in the portfolios in order to launch commitments;
- In 2024, a commitment was initiated on EDP in connection with their climate strategy.
- Meetings were held in 2024 with some of the targeted issuers, such as Arcelor Mittal, Endesa, Iberdrola and Air Liquide.
- Some are showing positive signals with commitments on their scope 3 CO2 emissions, such as Endesa or Air Liquide. This is also the case for Iberdrola, which answered questions about its consideration of climate risks and issues.
   Progress varies; for example, Arcelor Mittal does not show visible changes and has not published a climate report for several years.

#### **Initiative SPRING**

In 2023, Groupama AM signed the PRI's declaration against biodiversity loss (SPRING), highlighting its support for environmental preservation initiatives. The implementation of this charter is carried out within the framework of the Natural Capital strategy and its biodiversity sub-pillar, as described in the biodiversity section.

#### Perspective 2025



Groupama AM will apply its SPRING commitment to a major French company. This initiative will be in line with the axes of its Biodiversity strategy, aligned with the three objectives of the Kunming Montreal Agreement: reduction of climate impacts, sustainable consumption and monitoring of the impacts of economic actors on nature.

#### Evolution of the engagement policy: escalation procedure

In 2024, Groupama AM **formalised the commitment procedure** already in place in order to strengthen its practices. In the event of an unsuccessful commitment, Groupama AM has set up an **escalation procedure**:

- A commitment will be considered unsuccessful after a minimum period of 2 years.
- Preliminary analysis of positions in order to assess possible escalation actions: The
  issuer's overall exposure in the portfolios (labelled/all), the nature of the securities held
  (equities, bonds, money market), the typology of the portfolios concerned (open-ended or
  dedicated funds).
- Intermediate steps, validated by the shareholder engagement committee: formal communication, additional meetings, collaborative engagement.

If the expected progress is not achieved, the following actions are possible:

- Enhanced dialogue
- Initiative collaborative
- Public Disclosure
- Management acts: no strengthening of positions, suspension of reinvestments, partial or total divestment from the managed perimeter
- Selection of shares according to the evolution of the situation, on a case-by-case basis in the permanent interest of the holders

A detailed report on Groupama AM's 2024 commitment is published on the website.



#### 2. Voting Policy

Voting at shareholders' meetings is an integral part of the management process. It is a strong focus of Groupama AM's ESG strategy, in particular in terms of dialogue and engagement with companies on governance issues.

Differences depending on the geographical area reflect the differences in the themes of the general meeting agenda: the Say on climate supported by the management remains a European specificity.

The frequency and content of compensation resolutions varies between the United States and Europe, but also between European states. It should be noted this year that some external shareholder resolutions in the United States have sometimes asked to reconsider ESG practices (climate or diversity targets).

#### **Publication on the Groupama AM website:**

- Voting policy
- Vote results
  - te results
- Detailed report on all the General Assemblies







05

EU taxonomy and fossil fuels

Investing for the future



















### I. EUROPEAN TAXONOMY

#### Understanding the taxonomy

The European Union's taxonomy, adopted in 2020, is a classification framework to identify economic activities that are considered environmentally sustainable. It aims to establish a common language for identifying economic activities that are considered environmentally sustainable. The taxonomy is structured around six environmental objectives:

- 1. Climate Change Mitigation
- 2. Adaptation to climate change
- 3. Pollution prevention and reduction
- 4. Sustainable use and protection of aquatic and marine resources
- 5. Transition to a sustainable economy
- Protection and restoration of biodiversity and ecosystems

## Measure the level of eligibility and alignment to the taxonomy

#### Eligibility

The Taxonomy Regulation lists activities that are eligible, i.e. that contribute substantially to at least one of the six environmental objectives without causing significant harm to any other objective.

#### **Alignment**

On the scope of activities identified as eligible, companies measure the alignment of their activities based on specific technical criteria established by the Taxonomy Regulation. An eligible activity is aligned when it cumulatively meets 3 conditions: substantial contribution, DNSH, compliance with minimum social guarantees.

Alignment can be calculated based on revenue (revenue), capital expenditure (CAPEX) and operating expenditure (OPEX).

For the year 2024, Groupama AM has assessed the proportion of its investments aligned with the European taxonomy for the first two objectives, which are climate change mitigation and adaptation.

Theshare of investments eligible for the taxonomy amounts to 63.5% on a revenue basis, the share of aligned investments is 4.5% on a revenue basis and 6.7% on a capital expenditure (CapEx) basis.

These levels of alignment remain relatively low, mainly due to the **complexity of the technical criteria to be met**. In addition, there are several structural factors, in particular the still limited scope of companies subject to the disclosure obligation and the partial coverage of economic activities by the taxonomy.

Taxonomy Eligibility Measurement			
Share of total assets of exposures to taxonomy-eligible economic activities (%)	63,5%		
Share of total assets of exposures to economic activities not eligible for the taxonomy (%)	33,7%		
Share of total assets of exposures to central governments, central banks or supranational issuers (%)	28,3%		
Share of total assets of derivatives (%)	-2,6%		
Are derivatives calculated in market value or in exposure (underlying equivalent)?	Market Value		

Source: Groupama AM according to Clarity AI

Measuring Taxonomy Alignment				
Weighted average value of all investments intended to finance or associated with taxonomy-aligned economic activities, relative to the total value of assets covered by the KPI, for investments in companies:	Percentage			
Based on turnover	4,5%			
Based on capital expenditure	6,7%			
Percentage of assets covered by the KPI in relation to total investments in sovereign entities	87,6%			
Weighted average value of all investments intended to finance or associated with taxonomy-aligned economic activities, for investments in companies:	Monetary amount in millions of euros			
Based on turnover	3 689			
Based on capital expenditure	5 500			
Monetary value of assets covered by the KPI. Excluding investments in sovereign entities (hedging)	71 632			

Source: Groupama AM according to Clarity AI



















T 9 METHODOLOGIES



## II. FOSSIL FUELS

Driven by the conviction that finance is a lever for transformation to build the world of tomorrow, Groupama AM implemented a policy of excluding the coal sector in 2019, extended in 2023 to unconventional fossil fuels to strengthen the fossil fuel policy.

Groupama AM's policy on fossil fuels is based on the Global Coal Exit List and the Global Oil & Gas Exit List, publishedby the NGO Urgewald. Groupama AM establishes exclusion thresholds in line with a gradual phase-out of coal and Unconventional Fossil Fuels (EFNC) in line with the requirements of the Paris Agreement. These thresholds are lowered regularly to move towards zero portfolio exposure. The objective of this policy is to reduce the exposure to climate risks, whether physical or transition risks, of the portfolios managed directly by Groupama AM.

The Fossil Fuels policy applies to all portfolios managed directly by Groupama AM, including dedicated funds and third-party mandates, unless otherwise instructed by the client. For insurance mandates, Groupama AM implements a non-reinvestment policy based on the same criteria. It does not apply to funds of funds made up of funds not managed by Groupama AM and to funds whose management is delegated to a third-party company. Companies that do not meet at least one of the criteria set out in the policy are excluded from the investment universe or are not subject to new investments.

#### 1. Coal policy

Thermal coal mining and energy generation activities are considered to be related to thermal coal.

Coal criteria	In force	2030	2040
Relative thresholds	Companies whose turnover or electricity generation mix is based on more than 20% of coal	Total exclusion of coal-	
	Enterprises with annual coal production exceeding 10 million tonnes	exposed companies headquartered in a European Union and OECD country  Total exclusion of coal- exposed companies in the rest of the world	
Absolute thresholds	Companies with an installed capacity of coal-fired power plants exceeding 5 GW/year		
New projects	Companies planning new coal-fired power plant, mining or coal infrastructure projects		

#### 2. Unconventional Fossil Fuels (NFC) Policy

Groupama AM's policy on fossil fuels concerns the following non-conventional fossil fuel sources (EFNCs):

- · Oil and gas extracted by hydraulic fracturing
- Coal gas
- Sands
- Extra-heavy oil
- Ultra-deep offshore oil and gas
- · Fossil oil and gas resources in the Arctic

The no-reinvestment policy is applied to companies whose annual production, for each type of EFNC, represents more than **20% of their** total energy production (compared to 30% in 2023).

The EFNC policy applies to all portfolios managed directly by Groupama AM, including insurance mandates, dedicated funds and third-party mandates, unless otherwise instructed by the client.

EFNC Criteria	In force
Annual production share	A company whose annual production for each type of EFNC represents more than 20% of the total energy production

Groupama AM's Fossil Fuels policy is presented in detail on the <u>website</u>.

























#### 3. Measuring exposure to fossil fuels

Groupama AM relies on data from the *Global Coal Exit List* (GCEL) and the *Global Oil and Gas Exit List* (GOGEL) to assess its exposure to thermal coal and unconventional fossil fuels.

At the same time, the analysis of sectors according to the GICS (*Global Industry Classification Standard*) classification makes it possible to complete this assessment by identifying the activities exposed to the oil and gas sectors.

	2024	2023	2022
	€314 million	€430 million	€2,918 million
Exposure to coal	0.3% of assets under management	0.4% of assets under management	3.1% of assets under management
Oil Exposure	€944 million	€1,029 million	€1,038 million
and natural gas	0.8% of assets under management	1.0% of assets under management	1.1% of assets under management
Exposure to unconventional oil and	€503 million	€655 million	€887 million
gas	0.4% of assets under management	0.6% of assets under management	0.9% of assets under management

Calculation: Groupama AM

Over the 2022–2024 period, Groupama AM significantly reduced its exposure to fossil fuels, in line with the strategic orientations set out in its Fossil Fuels policy.

Exposure to coal fell significantly from €2.9 billion to €314 million, a reduction of almost 90%, reducing the share of assets under management from 3.1% to 0.3%. This reflects the rigorous application of the reinforced coal policy in 2023 and 2024, which introduces stricter exclusion thresholds, especially for companies developing new projects.

Exposure to conventional oil and natural gas also decreased by nearly 10% over this period. At the same time, exposure to unconventional fossil fuels has been reduced by more than 43%, in accordance with Groupama AM's policy on EFNCs.

These results are also in line with the Groupama Group's climate strategy, which has set ambitious targets for the energy transition. In particular, the Group has committed to reducing the carbon intensity of its insurance portfolios by 50% by 2030, in line with the objectives of the Paris Agreement.





06

Strategy for alignment with the Paris Agreement



















MENT 9 METHODOLOGIES



### I. THE ALIGNMENT STRATEGY WITH THE PARIS AGREEMENT

Groupama AM's climate strategy is applied to the various investment scopes in order to best meet the expectations and objectives of each client: on the one hand, the Group's insurance investment scope, and on the other, dedicated funds, open-ended funds, and investment mandates.

## 1. Groupama AM, responsible shareholder

As part of the Group, Groupama AM is committed to a strategy of alignment with the objectives of the Paris Agreement for the entire insurance investment portfolio.

At the end of 2024, the scope of assets under management represented €53 billion, or 51% of its assets under management.

Groupama AM's insurance management is characterised by a **long-term horizon** and a consistent approach with an objective of alignment by 2030.

In concrete terms, this objective implies that Groupama AM will reduce the carbon intensity of scopes 1 and 2 of insurance portfolios by 50% by 2030, compared to the 2021 base year. This ambition has already resulted in a 60% reduction in the carbon intensity of the listed equity and private bond portfolio by the end of 2024.

## 2. Results and prospects to the end of 2024

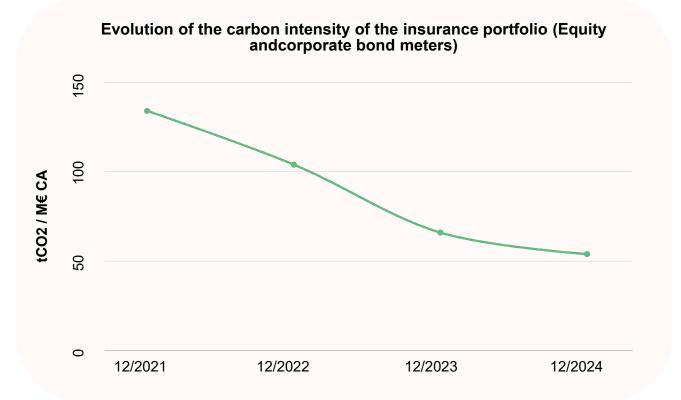
Groupama maintains its objective of gradually reducing the carbon intensity of its investments in order to achieve the objective of reducing carbon emissions financed by 50% on scopes 1 and 2 in a sustainable manner.

This goal was achieved in 2023. To this end, Groupama AM has supported the Group in managing the gradual decarbonisation of its long-term investment portfolio.

In 2024, the issuance of the insurance management portfolio (equities and corporate bonds) fell by 60% compared to the level at the end of 2021, from 170.8 tCO2e/M€ of turnover to 80 tCO2e/M€ of turnover.

This is the scope 1 & 2 intensity calculated on the scope of equities and private bonds excluding unit-linked products (unit-linked products) covered by intensity data (92% coverage rate in 2023).





Source: Groupama AM according to *Iceberg DataLab* 

## 3. Carbon intensity of the insurance portfolio

Carbon intensity is an indicator used to measure the CO2 emissions of the Groupama Group's insurance portfolios.

It is expressed in the equivalent of tonnes of CO2 per million euros of turnover and covers scopes 1 and 2.

The equity and corporate bond portfolio represents 46.5% of the Group's assets under management excluding unit-linked and repurchase agreements, i.e. €30.8 billion as of 31/12/2024.

	Carbon intensity (tCO2 per M EUR) Scope 1 + 2
2021	134
2022	104
2023	66*
2024	54

Source: Groupama AM according to *Iceberg*DataLab

\*Recalculated with data from the new supplier. The value disseminated in 2024 amounts to 80 with data from the previous provider.





















## **Asset Liability Management and Carbon-Intensive Sectors**

Since 2017, Groupama AM has been carrying out an analysis of climate risks and opportunities for the securities held as part of its Asset-Liability (or "ALM") management.

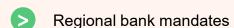
This analysis covers issuers with a total holding position of more than €25 million and belonging to the 8 sectors identified as the most carbon-intensive. The aim is to identify the companies whose business model is most at risk in the face of the energy transition, and then to select the companies with the best ESG performance.

#### Types of investment

#### Overall position held

> €25 million





Dedicated funds for the France group

UCIs dedicated to regional banks

Mandates of international subsidiaries

## Enterprises belonging to the 8 carbon-intensive sectors



• Oil and gas



Materials



Capital Goods



Transport



• Food / Drink / Tobacco



Real estate



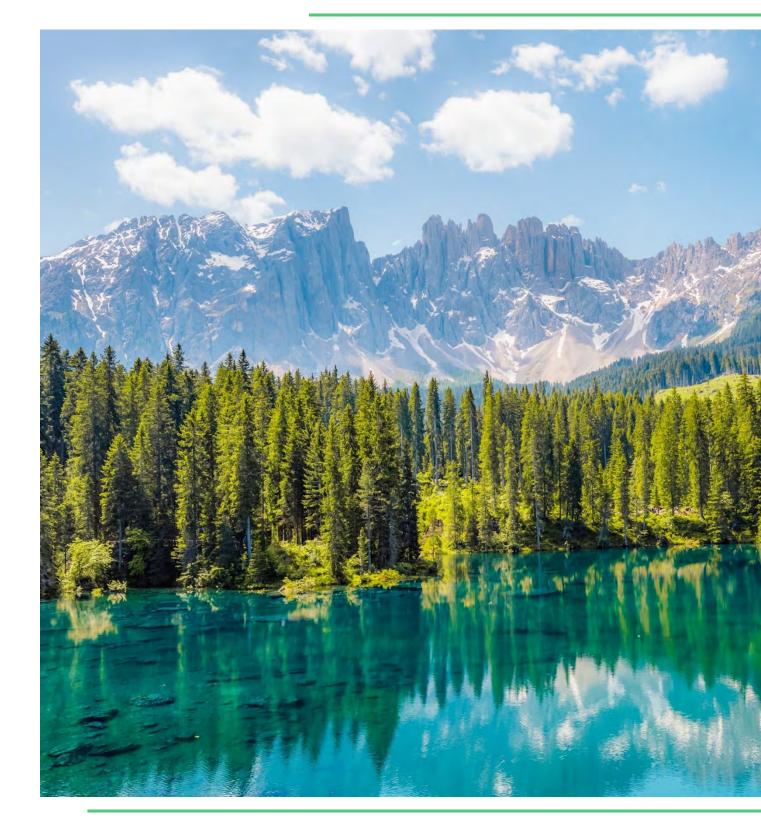
• Car



Utilities

This analysis classifies companies into 3 categories, in order to guide investment decision-making, limiting risks and favouring the issuers most favourably positioned with regard to the energy and ecological transition.

and





















T 9 METHODOLOGIES



### II. CLIMATE ACTION LEVERS ON OTHER PORTFOLIOS (EXCLUDING INSURANCE)

Investments in dedicated funds, open-ended funds and group and non-group mandates are subject to a systematic ESG methodological analysis by the managers.

All rating criteria are aggregated and are part of Groupama AM's proprietary methodology for issuing extra-financial scores. It is this methodology that supports the conviction-based management implemented by the managers. For more details, please refer to the methodologies section.

#### 1. Measure the climate performance of portfolios

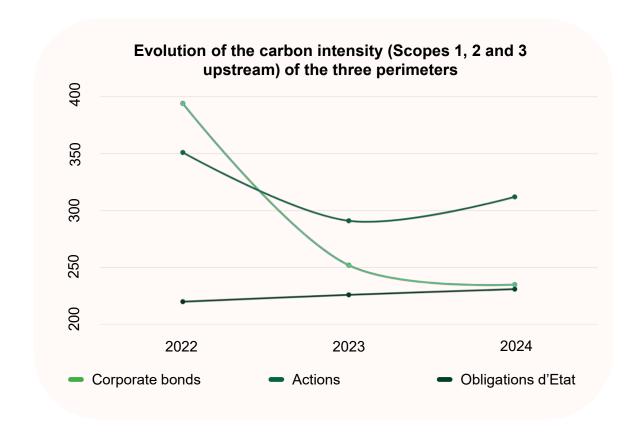
Measuring the climate performance of portfolios makes it possible to assess the progress made through the implementation of Groupama AM's ESG methodology.

#### **Carbon intensity**

Carbon intensity is an indicator used to measure the CO<sub>2</sub> emissions of Groupama AM's investment portfolios. It is expressed in the equivalent of tonnes of CO<sub>2</sub> per million euros of turnover and covers upstream scopes 1, 2 and 3.

The year 2024 confirms the general trend of a decrease in the carbon intensity of Groupama AM's investment portfolios. This trend is all the more notable as coverage rates are increasing significantly (88% in 2022, 96% in 2023 and 99% in 2024).

In detail, the decrease in the carbon intensity of portfolios is not uniform across portfolios. The average intensity tends to increase in the equity area, for example. This increase is largely due to a significantly increasing data coverage rate (from 90% to 98% between 2023 and 2024).



		Weighted average	Actions	Corporate bonds	Government bonds
2022	Carbon intensity (tCO2 per EUR million) Scope 1 + 2 + 3 amont	321	351	394	220
	Coverage rate	87,7%	83,8%	87,6%	85,3%
2023	Carbon intensity (tCO2 per EUR million) Scope 1 + 2 + 3 amont	246	291	252	226
	Coverage rate	96,1%	90,5%	89,9%	83,6%
2024	Carbon intensity (tCO2 per EUR million) Scope 1 + 2 + 3 amont	234	312	235	231
	Coverage rate	99,1%	98,0%	95,4%	86,0%

Source: Groupama AM according to *Iceberg DataLab* 

Source: Groupama AM according to *Iceberg DataLab* 

























#### The implied temperature of portfolios

The implied temperature of the portfolios allows Groupama AM to analyse the alignment of its investment portfolios with long-term trajectories of global warming. Investment portfolios are gradually approaching the maximum limit mentioned by <a href="maximum">the Paris</a> <a href="maximum">Agreement (+2°C)</a>) while the calculation methodology covers more and more invested assets. The methodology used by Groupama AM makes it possible to analyse climate performance from a more forward-looking angle.

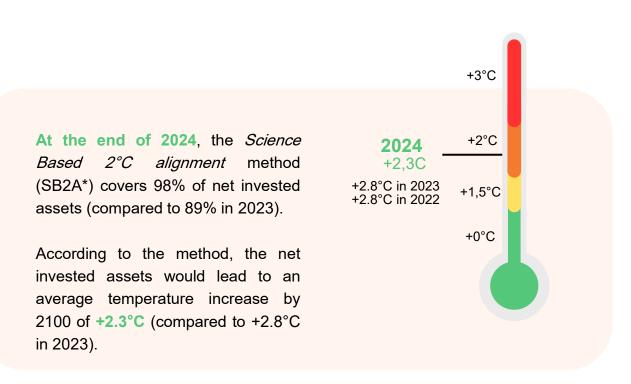
		Actions	Corporate bonds	Government bonds
2022	Implied temperature (in degrees Celsius)	2,8	2,7	1,9
	Coverage rate	80,7%	88,0%	92,7%
2023	Implied temperature (in degrees Celsius)	2,8	2,8	1,9
	Coverage rate	89,2%	89,7%	87,2%
2024	Implied temperature (in degrees Celsius)	2,3	2,4	2,1
2024	Coverage rate	97,9%	92,4%	91,0%

Source: Groupama AM according to Iceberg DataLab

#### 2. Reduce the climate impacts of portfolios

To reduce the climate impacts of its investments, Groupama AM relies on a set of levers of action that collectively contribute to:

- Implement a trajectory to exit fossil fuels and align with the taxonomy
- Phasing out companies with too much ESG risk
- Engaging portfolio companies



<sup>\*</sup> For more details, please refer to the glossary.























#### 3. Favor companies that are best positioned for climate

#### Identify companies that represent investment opportunities

Financing these companies is part of an investment strategy focused on long-term growth, as they are positioned to respond effectively to the challenges of the environmental transition. In 2024, the managers focused on identifying companies that represent investment opportunities through the forward-looking "business model evolution" pillar in the environmental analysis of the rating methodology.

#### **Investing in Sustainable Bonds**

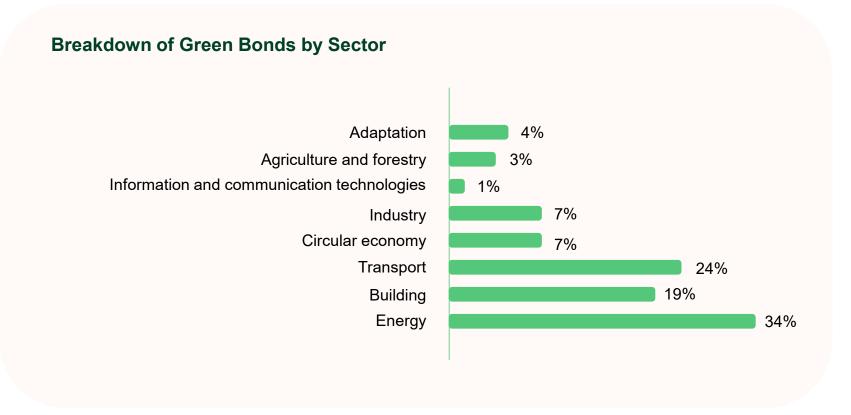
At the end of 2024, Groupama AM's management was invested €4.7 billion in green bonds, which represents 4% of assets under management.

Groupama AM has been supporting the transition of the most carbon-intensive sectors for several years, concentrating nearly 75% of its green bond investments in the energy, buildings and transport sectors.

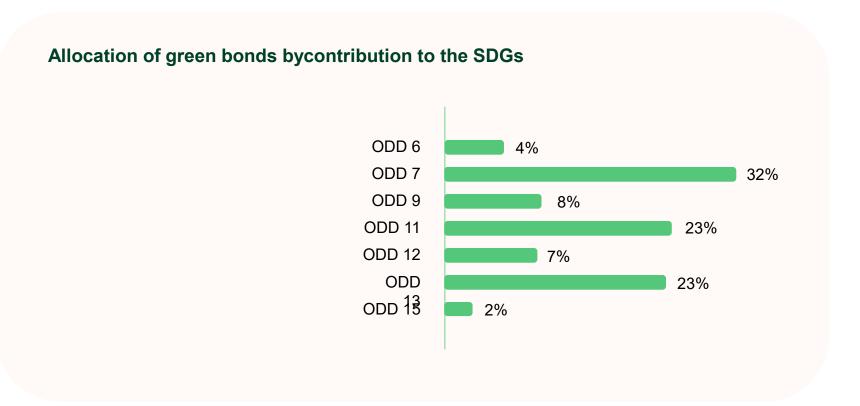
Green bonds mainly contribute to SDG 7 "Clean Energy", SDG 13 "Climate Action", and SDG 11 "Sustainable Cities".

#### Assets invested in green bonds

	2024	2023	2022
Amount invested in green bonds (€ billion)	4,71	3,05	2,26
Share of total assets	3,82%	2,74%	2,95%



Source: Groupama AM according to *Moody's* 



Source: Groupama AM according to *Moody's* 

























#### III. CONTINUOUS IMPROVEMENT PLAN

The current portfolio decarbonisation strategy focuses on insurance management and scopes 1 and 2.

Groupama AM is seeking to gradually extend its strategy of aligning with the objectives of the Paris Agreement to other portfolios and scope 3 of emissions. The limits encountered at this stage are of 2 kinds:

- For the other portfolios: the available data on certain asset classes and geographical areas can still be improved.
- For scope 3: the low transparency of the data providers' models and the numerous changes they undergo, as well as the low number of companies covered in this scope.

The efforts to improve the quality of data undertaken by Groupama AM over the past several years are presented in the <u>Methodology section</u>.

In addition, Groupama AM has carried out significant work this year to deepen the analysis of the alignment of issuers by integrating the analysis of transition plans.

### 1. Objectives of the analysis of transition plans

For Groupama AM, the analysis of transition plans is above all a key tool for deciphering the way in which companies approach their environmental transition, identifying the risks and seizing the resulting opportunities. Secondly, this approach makes it possible to meet regulatory obligations such as the new SRI label reference framework and the European CSRD and CS3D directives, which require greater transparency on climate issues, in particular through the production of climate transition plans.

The attention paid to transition plans should enable Groupama AM to target its investments on a perimeter of companies whose climate transition is credible and thus to refine the identification of risks and opportunities by managers. By way of illustration, Groupama AM wishes to integrate into its ESG analysis the adoption by issuers of targets aligned with scientific data (SBTi) to assess the alignment of their trajectory with reference scenarios.

For more information, we invite you to consult the methodologies section.

#### 2. Next steps

During 2025, the objective is to implement the new indicators to assess **companies' transition plans** and their consistency with the climate objectives set by the Paris Agreement. In concrete terms, in SRI-labelled funds, a minimum of 15% of issuers with high climate stakes will have to have plans aligned with the objectives of the Paris Agreement by 2026.





























# I. STRATEGY FOR ALIGNMENT WITH LONG-TERM BIODIVERSITY-RELATED OBJECTIVES

Aware of its responsibility to preserve biodiversity, Groupama AM has decided to adjust its strategy to **align its long-term objectives with those of the Kunming-Montreal Global Biodiversity Framework**, adopted in 2022. In this context, 23 targets have been defined for 2030, which provide for the protection of 30% of land and 30% of seas by 2030. Among the 23 targets of the Kunming-Montreal agreement, Groupama AM focuses its biodiversity strategy on the following 3 targets:



- Target 8: Reduce the impacts associated with climate change.
- Target 15: Monitor and publish impacts on nature by economic actors.
- Target 16: Encourage sustainable consumption practices.

Groupama AM's Natural Capital strategy fully integrates biodiversity, going beyond strict biological diversity to include water and waste management.

Our priorities for action for this Natural Capital strategy are to:

- · Measuring environmental impacts.
- Reduce the environmental impacts of investment decisions.
- Financing the companies best positioned to address environmental issues.

For more information on the Natural Capital strategy, please refer to the General Approach section.

The following sections explain how this is implemented.

### II. QUANTITATIVE INDICATORS OF BIODIVERSITY

Quantitative indicators include the consideration of biodiversity in the rating methodology of issuers, whether companies or states, dependency and impact measures, as well as a sectoral analysis of economic activities. These levels of interpretation are complementary and allow for synergy in the overall analysis.

#### 1. Inclusion of biodiversity in Pillar E of the ESG rating methodology

The environmental pillar of the ESG score particularly highlights biodiversity-related indicators.

#### On the business side

Groupama AM's environmental rating for corporate issuers includes the challenges of biodiversity loss through:

- The "Evolution of the economic model" pillar, which includes the NEC (Net Environmental Contribution), a tool for measuring the alignment of a company's economic model with the challenges of transition. It integrates environmental issues (depending on the relevance at the level of the sector of activity) through indicators on waste, biodiversity, water, air quality and climate, which are key issues of the Kunming-Montreal Agreement.
- The "Natural Capital " pillar, which highlights the performance and relevance of the company's commitments on the themes of biodiversity, climate, water and waste. For example, Groupama AM uses a "Water Score" in its ESG rating methodology. This score combines both a measure of the level of impact of companies on water using the PAI 8 indicator "Discharges to water" as well as an assessment of the policies put in place by the company to reduce its negative impact.

#### On the side of the States

The "Environment" pillar is considered a **source of long-term growth in the Country Risk rating**. It integrates issues related to climate change and biodiversity. The latter includes data to assess soil quality such as forest area (% of the territory), fertilizer consumption (kilograms per hectare of arable land), urbanization rate (% of the urban population in the total population) and depletion of natural resources (% of GNI). However, there are few recent variables that can assess water quality. All the data comes from the World Bank.

In addition, Groupama AM measures its impacts and dependencies on all its investments held directly in equities and corporate bonds as of 31/12/2024.

























#### 2. Measuring the dependencies of investments on biodiversity

Measuring portfolio dependencies on ecosystem resources helps assess how a company's operations depend on natural resources and the risks that these dependencies may pose to the company.

Groupama AM relies on the ENCORE\* database to measure the sectoral exposure of its portfolio and identify the strong and very strong dependencies of its portfolio's economic activities on natural resources.

ENCORE assigns materiality levels to dependencies based on quantitative indicators and/or qualitative assessments.

- High dependence means that an economic activity is significantly dependent on an ecosystem service to function efficiently. A disruption in service can lead to a noticeable deterioration in business performance.
- A very high dependency indicates that the disruption of service could cause a major shutdown or interruption of the business, the viability of which is directly related to its availability.
- The percentage in the "Critical dependency" column is the sum of the percentages of the strong and very strong dependencies.

Thus, 18% of the workers covered at the end of 2024 are at least highly dependent on an ecosystem service (excluding cultural services), including 13.8% highly dependent.

Below we detail our main dependencies by ecosystem service. The most important dependencies are in the water cycle maintenance and water resources services.

Ecosystem service	High dependence	Very high dependence	Critical dependence
Maintaining the water cycle	7%	5%	12%
Water Resources	6%	5%	11%
Flood protection	3%	6%	9%
Soil and sediment retention	2%	5%	7%
Pure water	2%	5%	7%
Global climate regulation	1%	5%	6%

Source: Groupama AM according to ENCORE

#### The companies concerned are in the following sectors:

Top Sectors to Watch	Frequency of significant contribution to Groupama AM's main dependencies on ecosystem services
Production and distribution of electricity, gas, steam and air conditioning	83%
Metal ore mining	83%
Accommodation	67%
Pharmaceutical industry	50%
Beverage Manufacturing	50%
Other Manufacturing Industries	50%
Food Industries	50%

Source: Groupama AM according to ENCORE

The sectors "Production and distribution of electricity, gas, steam and air conditioning" and "Metal ore extraction" are highly dependent on 5 of the 6 ecosystem services mentioned above, and therefore constitute a significant part of the overall dependence. Nevertheless, these sectors represent a small share of Groupama AM's assets under management.

Indeed, Groupama AM's portfolios are mainly invested in the financial services, consumer goods (current and cyclical), energy and industrial sectors. The service sector, not being a physical production sector, has a low dependence on natural resources, unlike other sectors which depend heavily on them for the sustainability of their production.



<sup>\*</sup> Exploring Natural Capital Opportunities, Risks and Exposure, developed in collaboration with the Natural Capital Finance Alliance and the World Conservation Monitoring Centre (UNEP-WCMC)



















#### 3. Pressure and impact measures

In the ENCORE database, pressures are the factors by which economic activities influence nature, for example by consuming natural resources or emitting substances into the environment. Pressure is the use of a natural resource or the emission of substances, physical or biological agents. These pressures trigger changes in the state of ecosystems and their components.

- Pressure is considered to be strong when economic activity exerts a significant influence on an ecosystem service, leading to significant impacts on biodiversity. Such pressure can lead to substantial degradation of ecosystems, affecting their ability to provide essential services.
- Pressure is described as very strong when economic activity exerts a major influence on an ecosystem service, leading to critical impacts on biodiversity. This pressure can cause severe disturbances to ecosystems, compromising their functioning and the survival of certain species.

At the end of 2024, 28.6% of the assets covered by the analysis had at least material pressure on biodiversity, including 16.4% very strong pressure.

In detail, the most significant pressures come from soil and water pollution (19% of Groupama AM's assets under management), disturbances including noise and light (14.1% of Groupama AM's assets under management) and emissions of non-GHG air pollutants (13.4% of Groupama AM's assets under management).

The sectors contributing most to these pressures on biodiversity within Groupama AM's portfolios are the production and distribution of electricity, gas, steam and air conditioning, as well as the manufacture of computer, electronic and optical products, which together account for 53.5% of material impacts.

Types of pressures	Material pressure (% outstanding*)	Very strong pressure (% outstanding*)	Strong pressure (% outstanding*)
Soil and water pollution	19,0%	9,0%	10,1%
Disturbances (noise, light, etc.)	14,1%	13,3%	0,8%
Air pollutant emissions (excluding GHGs)	13,4%	5,1%	8,3%
GHG emissions	8,9%	5,1%	3,8%
Freshwater Area	6,9%	0,9%	5,9%
Solid Waste Generation and Disposal	6,8%	0,5%	6,3%
Land Use Area	5,9%	0,1%	5,8%

Source: Groupama AM according to ENCORE

\*Analysis on assets under management as of 31/12/24 (€67,835,216,191 in assets under management, on shares and corporate bonds) and with data from the ENCORE database

























#### 4. Biodiversity footprint

In parallel with the Encore database, Groupama AM relies on the *CBF* footprint measurement methodology to assess the impacts of its portfolios on biodiversity.

In 2024, **Groupama AM's biodiversity footprint is - 5.1 million km2. MSA** (-4.1 million km2. MSA in 2023 and -2.6 million km2. MSA in 2022).

The deterioration in the footprint is explained by a sharp increase in issuer coverage between 2022 and 2024, which rose from 1200 issuers to more than 3000. One of the consequences is the instability of the CBF measurement from one year to the next.

For more information on the CBF footprint measurement methodology, please refer to the Methodologies section.

	2022	2023	2024
Groupama AM's biodiversity footprint (such as portfolio impacts) - km2. MSA	-2 558 190	-4 098 836	-5 086 174
Number of issuers	1 206	2 089	3 064
Covered outstandings - €	44 987 222 181	46 838 373 494	48 004 243 438

Source: Groupama AM according to Iceberg DataLab

In 2024, the largest impacts of the portfolio concern land use, followed by water pollution.

However, several limitations have been identified to date for the current indicator:

- It does not cover the pressure of invasive species and focuses mainly on the impacts of freshwater pollution, without including the seas;
- It does not include positive actions by companies aimed at reducing, offsetting or avoiding certain impacts;
- Its reliability is limited by the availability of data published by companies, requiring the frequent use of modelling to measure the biodiversity footprint.

In addition, biodiversity intensity showed strong instability between 2023 and 2024: 45% of emitters saw their intensities vary by more than 20%, and 13% by more than 100%.

The biodiversity footprint and biodiversity-related IAPs are also used in the internal ESG rating methodology. PAI 7, which is difficult to measure and poorly covered, is approximated by the more explicit biodiversity footprint. Groupama AM also uses the optional "water use and recycling" IAP in its analysis methodology and the monitoring of controversies.

Pressure distribution	2022	2023	2024
Land use	59%	60%	60%
Pollution des eaux	13%	16%	18%
Greenhouse gases	23%	18%	17%
Pollution de l'air	5%	6%	6%

Source: Groupama AM according to Iceberg DataLab























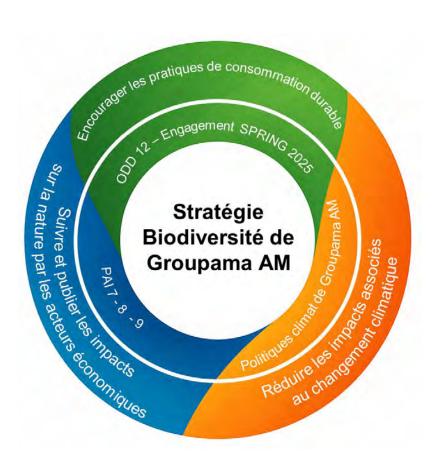
### 5. Linkages between the targets of the Biodiversity Strategy, the selected indicators and the SDGs

The target "Reduce the impacts associated with climate change" is taken into account via the climate elements of Groupama AM's policies, including their impact on biodiversity, since climate change is one of the pressures identified by IPBES. In addition, the target "Monitoring and publishing impacts on nature by economic actors" is mainly taken into account via IAPs 7, 8 and 9.

Finally, the target "Encouraging sustainable consumption practices" is promoted directly in certain investment processes (see fund presentation section). Indeed, SDG 12, which encourages sustainable consumption practices, is a pillar of Groupama AM's proprietary ESG methodology.

Groupama AM goes beyond the assessment of direct environmental impacts (water, waste) by scrutinizing the policy and strategic management of companies through the prism of their supply chain. Groupama AM's analysis includes the examination of suppliers' sustainability practicesbased on the principals' policy, the management of controversies and the robustness of audit structures. This integrated approach makes it possible to assess the ability of companies to promote responsible consumption and to contribute effectively to the preservation of biodiversity.

In addition, among the SDGs taken into account in the definition and measurement of sustainable investment, SDGs 12, 13, 14 and 15 meet the objectives of the Kunming-Montreal Agreement targeted by Groupama AM's biodiversity strategy.



#### 6. The NEC, an indicator integrating complementary environmental impacts

Groupama AM uses the <u>Net Environmental Contribution</u> (NEC) as an indicator integrating climate and natural capital aspects, which are complementary to assess the environmental alignment of a company or portfolio with the transition to a sustainable economy.

	On the scope of the actions and Corporate bonds			
	2022 2023 2			
Performance	4%	0%	0%	
Coverage rate	56,4%	62,1%	63,2%	

	On the perimeter Actions		
	2022	2023	2024
Performance	1%	0%	0%
Coverage rate	79,3%	89,2%	90,5%

	On the perimeter of the Corporate bonds		
	2022	2023	2024
Performance	5%	0%	0%
Coverage rate	87,6%	89,6%	89,1%

Source: Groupama AM according to *Iceberg DataLab* 





















# III. TAKING INTO ACCOUNT AND REDUCING IMPACTS AND DEPENDENCIES ON BIODIVERSITY IN INVESTMENT DECISIONS

### 1. Reducing the biodiversity impacts of decisions investment

The integration of biodiversity into the ESG rating makes it possible to analyse actionswith strong dependencies on ecosystem services and/or strong impacts on biodiversity. Pressures on biodiversity are mainly taken into account via the biodiversity footprint, the Natural Capital indicator, forest area, and fertilizer consumption. These elements are integrated into our rating model, directly influencing the ESG score of each asset and, therefore, its inclusion in all our portfolios with a sustainability dimension.

One of the objectives of the biodiversity strategy is to set performance targets in terms of carbon intensity.

In addition, Groupama AM limits its exposure to issuers with significant environmental impacts through its sustainability risk monitoring policy.

For more details, please refer to the section "ESG criteria in risk management".

Finally, through the sustainable investment rates of the portfolios, Groupama AM contributes to the achievement of the SDGs corresponding to the three objectives of the Biodiversity strategy.

Target	Target Objective	Contribution effective via the United Nations Sustainable Development Goals (SDGs)	Outstanding contributing to SDGs 12, 13, 14 and 15
Target 8	Reducing the impacts associated with climate change	Art. 13. Climate Action	€51.6 billion (300 portfolios)
Target 15	Monitoring and publishing impacts on nature by economic actors	Art. 14. Life below water Art. 15. Life on land	€1.6bn (278 portfolios) €2.8bn (282 portfolios)
Target 16	Encouraging sustainable consumption policies	Art. 12. Responsible consumption and production	€39.1 billion (299 portfolios)

Source: Groupama AM according to MSC/























#### 2. Link to the engagement policy

In 2023, Groupama AM joined the SPRING collaborative commitment launched by the PRI. This commitment consisted first of all in signing a joint declaration on the desire to act as an investor for biodiversity in accordance with the Kunming-Montreal goals and targets, with the signatories published in early 2024.

In 2025, this commitment will be rolled out to a large French company. This initiative will be in line with the axes of its Biodiversity strategy, aligned with the three objectives of the Kunming Montreal Agreement: reduction of climate impacts, sustainable consumption and monitoring of the impacts of economic actors on nature.

#### 3. The Agro Solution Debt Fund

Groupama AM continues to develop its fund offering, in particular through a private debt strategy dedicated to financing the agricultural and agri-food sector. This investment strategy aims to support companies in the sector in France and Europe that are committed to transforming their environmental practices, in France and in Europe.

Globally, the sector accounts for 26%\* of greenhouse gas emissions and 70%\* of freshwater withdrawals. It faces a funding gap, particularly to ensure its environmental transformation. This theme is particularly relevant to Groupama AM, a player in sustainable asset management and a subsidiary of France's leading insurer in the agricultural sector.

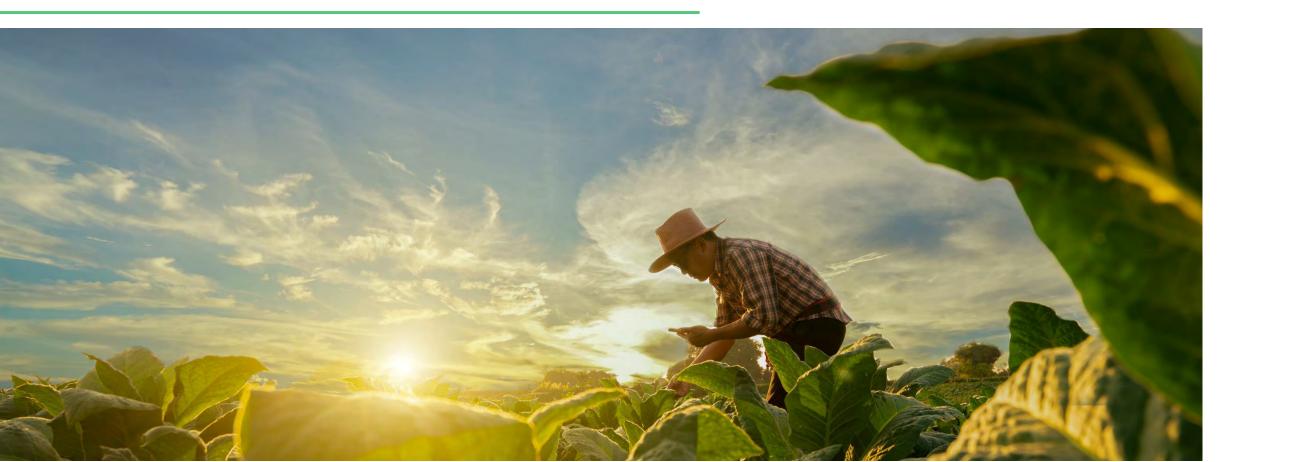
Groupama AM's expertise in environmental issues, combined with Groupama's presence in the regions, is a major asset. It offers a strong territorial anchoring and proximity to the local economic fabric, making it possible to reconcile economy and ecology.

#### The companies financed fall into two profiles:

- Those that commit to improving their environmental practices by implementing actions or policies to reduce their negative impacts on the climate and ecosystems;
- Those which, through their products or services, provide concrete solutions to the environmental challenges faced by the agri-food sector.

The fund, intended exclusively for institutional investors, aims to promote environmental characteristics and is therefore classified as Article 8 under the SFDR regulation.

\* Source : Reducing food's environmental impacts through producers and consumer, étude de Poore et Nemecek (2018)







08

Consideration of ESG criteria in risk management

Investing for the future





















#### I. AN ESG APPROACH BASED ON DOUBLE MATERIALITY

The approach adopted by the European regulator for ESG analysis and reporting is based on the principle of double materiality.

#### Thus, investors must distinguish in their report:

- How they identify and manage risks related to external ESG events that may affect the value of the company or investment – in other words, sustainability risks;
- How they identify and mitigate the potential negative impacts of their investments on the environment and society in other words, the impact that the companies they finance may have in terms of carbon emissions, pollution or social inequalities.
- This dual-materiality approach is used to identify Groupama AM's sustainability risks, to determine the ESG scores of issuers, to deploy the engagement policy and to detect the principal adverse impacts (PAI) of the portfolios and the entity.

#### **Negative sustainability impacts**

Impact of Groupama AM's investments on factors ESG: greenhouse gas (GHG) emissions, gender parity...



#### **Sustainability risks**

Impact of ESG events on the value of Groupama AM's investments

The European SFDR regulation defines sustainability risks as "any event or situation in the environmental, social and governance field, which, if it occurs, could have a material adverse impact on the value of an investment". Sustainability risks can be broken down into physical, transition and liability risks. Sustainability risks are monitored by a dedicated system: Sustainability Risk Committee, monitoring of major ESG risks and specific assessment of sustainability risks, as detailed in the following pages.























T 9 METHODOLOGIES



### I. MONITORING SUSTAINABILITY RISKS

#### **Sustainability Risk Committee**

The Sustainability Risk Committee decides on exclusions for controversial Fossil Fuels and Weapons policies and deals with broad ESG risks and natural capital categories.

He is responsible for the development and quarterly review of the action plan to reduce the entity's exposure to sustainability risks.

It is chaired by the Chief Risk Officer, and is composed of representatives from ESG Management, Research and Strategy, Risk and Compliance/Internal Control.

**Objective**: to validate the companies identified as carrying sustainability risks

#### **Controversial weapons**

### Companies involved in the production, marketing or distribution of:

Mines anti-personnel
Cluster bombs
Depleted uranium weapons
Chemical weapons
Biological weapons
Incendiary or white phosphorus weapons
Nuclear weapons outside the 1968
Nuclear Non-Proliferation Treaty

## Use of the indicator "exposure to controversial weapons" (CAP 14) in the subset "Controversial weapons"

#### Fossil fuels

#### **Coal exclusion**

20% of turnover is based on coal or more than 20% of the electricity generation mix is based on coal Annual coal production >10M tonnes or installed capacity in coal power plants> 5GW

Development of new coal capacity

No reinvestment in Unconventional Fossil Fuels below 20% of annual production for each type of FCE of total energy production

# Use of the indicator "exposure of companies active in the fossil fuel sector" (PAI 4) in the subset "Fossil fuels"

#### Large ESG risks

#### **Controversial companies**

Companies with a high level of controversies according to the data provider and validated by internal research

#### Poor governance

G-pillar rated companies with more than 50% negative criteria according to internal research

# Use of the indicator "violations of the principles of the United Nations Global Compact and the OECD Guidelines by multinational enterprises" in the analysis of controversies

#### Natural Capital Categories\*

Classification into three categories of companies in the eight sectors identified as the most carbon-intensive

Category 1: companies favourably positioned with regard to the environmental transition

Category 2: companies with product positioning or implementation of environmental policies that are not very convincing in terms of coherence

Category 3: companies whose positioning penalises the environmental transition

\*Applied to Group assets under management

Use of the "Greenhouse Gas Intensity" indicator (CAP 3) in the "Natural Capital Categories" subset





















#### Breakdown of sustainability risks in Groupama AM's management

In 2013, Groupama AM adopted a list of Major ESG Risks, in order to deal with controversies constituting a risk for the management company.

The definition of controversial companies includes two categories:

- Companies facing a major scandal affecting their profession or know-how and which face significant legal risks (fine), the questioning of part of their activity and a reputational risk. If the scandal does not have a financial impact, then the controversy is not retained.
- Companies that are monitored by analysts and whose governance is deemed to be deficient, which implies a risk of instability, loss of investor confidence or value.

Thus, risky issuers, according to the criteria of the subsets, are excluded from the investment universe of Groupama AM's portfolios, and are monitored by the sustainability risk committee.

	CONTROVERSIAL WEAPONS	FOSSIL FUEL POLICY	LARGE ESG RISKS	CATEGORIES NATURAL CAPITAL
OPEN-ENDED FUNDS UNDER ARTICLES 8 AND 9 SFDR (EXCLUDING MMF)		Excluding coal and non- REINVESTMENT EFNC	Exclusion	
INSURANCE MANDATES ART 8 SFDR		Non-reinvestment in coal and EFNC	No reinvestment	Category 3: disposal if possible, withdrawal at term / Category 2: no - reinvestment
DEDICATED FUNDS	Exclusion	Exclusion of coal and non- reinvestment of EFNC unless otherwise requested by the customer	According to customer request	
MONEY MANAGEMENT* LABELED SRI		Exclusion of coal and non- reinvestment of ENFC	Exclusion of securities with a maturity of more than 1 year	
FUNDS WITH LOW TRACKING ERROR		Excluding coal and non- REINVESTMENT EFNC	Possible investment with a clear management rationale	
OTHER MANAGEMENT		Excluding coal and non- REINVESTMENT EFNC	Possible investment with a clear management rationale	

<sup>\*</sup>For all money market funds, whether or not they have an SRI label, the exclusion from the list of Large ESG Risks does not apply to securities authorised by the Monetary Committee with a maturity of less than one year. Indeed, the universe of money market securities is a small universe and a strict exclusion would lead to consequences contrary to the interest of the holders.























#### III. FOCUS ON CLIMATE RISKS

#### 1. Identify climate sustainability risks

Climate sustainability risks can be broken down into three categories: physical risks, transition risks, and liability risks.



Physical risks are a direct result of the effects of climate change, leading to an increase in natural disasters.

Companies with a high exposure to these events are experiencing higher operating and depreciation costs as well as interruptions in their supply chains with significant financial impacts. These risks are integrated into the value analysis.



**Transition risks** relate to exposure to issuers potentially negatively affected by the **transition to a decarbonised and sustainable economy**. They include changes in environmental or social policies and standards, technological advances that make polluting technologies obsolete, and changes in consumer behaviour towards more responsible products and services. They involve **massive investments for business transformation** and are integrated into ESG value analysis.



Liability risks relate to the exposure of issuers that may be held liable for the adverse impact of their activities on the environment, society and governance factors.

The financial impacts can be directly correlated with the **financial repercussions** of lawsuits related to non-compliance with ESG regulations or the deterioration of **the reputation and credibility** of the company that is facing controversies.

#### Deciphering: examples of physical and transition risks that may be associated with the agri-food sector

#### Physical risks



Drought and stress reducing Agricultural yields



Flooding Destroying Crops



Perturbation Supply chains

#### **Transition risks**



Policy reforms to promote Sustainable practices



Consumer pressure for environmentally friendly products

#### Food

Players in this sector must face several issues that respond to contradictory challenges: meeting global food demand by manufacturing their products in a sustainable way, while respecting their yield and productivity objectives.





















#### 2. Measuring climate sustainability risks

Groupama AM integrates climate issues into its extra-financial analysis process based on the assessments of its suppliers (*Iceberg DataLab* until 2024). These analyses make it possible to identify the physical risks related to extreme and chronic climatic events as well as the transition risks related to the evolution towards a low-carbon economy to which issuers are exposed. **Each issuer is assigned arisk score**, on a scale of 0 to 100, facilitating a quantitative assessment of its climate vulnerability.

From 2025, this data will be integrated into Groupama AM's proprietary ESG analysis methodology, contributing to the overall rating of issuers. This approach allows for the measurement of climate risk exposure at the portfolio level and the guidance of investment decisions accordingly.

#### **Physical Risk Score**

	2022	2023	2024	
	On the scope of the actions and Corporate bonds			
Performance	28,4	17,5	17,3	
Coverage rate	45,0%	57,1%	59,5%	
	On the scope of the actions			
Performance	29,8	19,2	18,9	
Coverage rate	75,2%	84,5%	87,8%	
	On the scope of corporate bonds			
Performance	28,0	17,1	17,0	
Coverage rate	69,3%	81,9%	83,3%	

Source: Groupama AM according to Iceberg DataLab

Physical risk scores showed a significant improvement between **2022** and **2023**, reflecting a reduction in exposure to extreme weather hazards.

This trend then stabilized in **2024**, indicating a consolidation of efforts to desensitize to physical risk. Conversely, transition risk scores have deteriorated slightly between **2022** and **2024**.

After a marked increase between **2022** and **2023**, coverage rates remained stable in **2024**.

#### **Transition Risk Score**

	2022	2023	2024				
	On the scope of the actions and Corporate bonds						
Performance	35,5	37,1	37,2				
Coverage rate	45,0%	57,1%	59,5%				
	On the scope of the actions						
Performance	36,4	38,0	37,7				
Coverage rate	75,2%	84,5%	87,8%				
	On the scope of corporate bonds						
Performance	35,3	36,9	37,0				
Coverage rate	69,3%	81,9%	83,3%				

Source: Groupama AM according to *Iceberg DataLab* 

























### 2. Measuring climate sustainability risks

All economic sectors are exposed, to varying degrees, to physical and transition risks.

Depending on the case, some stages of their value chain are more vulnerable than others.

Identifying these differences in exposure allows us to better understand the vulnerabilities specific to each sector.

The diagram below provides a theoretical view of the climate risks associated with eight economic sectors. This analysis is based on various academic sources.

The risk analysis of Groupama AM's investment portfolios is presented on the following page.

#### Key physical and transition risks commonly associated with different stages of value chains

	Physical risks	Transition risks
	Upstream Midstream Down	stream Regulatory Carbon price
Base Materials	Extraction Plants Trans	nsport
Telecommunication	IT infrastructure Data centers Custome	er networks
Consumption	Supply Production Distri	ibution
Technology	Components Assembly Log	gistics
Energy	Sites d'extraction Refining/Networks Su	ipply
Finance	IT Providers Offices Clients/F	Portfolios
Industry	Supply Production Tran	nsport
Utilities Utilities	Natural resources Networks User a	access

Source: Groupama AM based on documentary resources (including France Assureurs, France Stratégie, Banque de France)

#### Legend

Weak

Upstream : Preliminary activities prior to the implementation of a good or service

Medium

Midstream: The process of transformation, development, or organization that prepares the product or service

Downstream: the final phase of the actual provision, distribution, marketing or provision of the product or service.

Regulatory risk: the possibility that public policies, laws or standards will significantly affect the activity of an entire sector.

Strong

Carbon price: the economic cost associated with greenhouse gas emissions.

























#### 2. Measuring climate sustainability risks

As part of its approach to integrating climate issues, Groupama AM conducted a sectoral analysis of the exposure of its investments to physical and transition risks. This sector-by-sector analysis helps us better manage these risks and guide our decisions to strengthen the resilience of our portfolios.

The analysis of our investments (equities and corporate bonds), which are mainly exposed to the financials, consumer discretionary and non-cyclical sectors, highlights several findings:

- The financial sector is one of the sectors with the lowest physical risk score. However, it shows the largest increase in transition risk (+2.0%), which underlines a growing sensitivity to the transformations brought about by the ecological transition, in particular regulatory changes.
- Although the utilities sector has the highest physical risk, its small weight in our portfolio (6%) **puts its overall impact into perspective**.
- The energy sector saw its physical risk increase in one year (+4.52%), reflecting an increased vulnerability to the impacts of climate change. It also poses a high transition risk, but this score has fallen sharply in one year (-8.3%), which could indicate significant adaptation efforts or policy adjustments in response to decarbonisation requirements.

### Groupama AM investment exposure (private bonds and equities) physical and transition risks

		Physical risks	Evolution 2023/2024	Transition risks	Evolution 2023/2024	
	Base Materials		···•		••••	
62)	Telecommunication		**• <u>*</u>		••••	
	Consumption		▼		▶	
<b>\$</b> 7	Technology		··· <b>·</b>		<b>.</b> ▼	
	Energy		****		···•	
	Finance		****		♥	Legend
	Industry		**• <u>*</u>		••••	Weak Medium
	Utilities		••••		··· <u>·</u>	Strong

#### 3. Quantify the risks on the insurance portfolio

Groupama AM contributes to the work on quantifying the climate risks of the portfolio of insurance assets managed on behalf of the Groupama Group (GG Vie portfolio).

### The work carried out in 2024 by the Research Department followed the following approach:

- Review of the existing methodological framework for risk quantification;
- Participation in the process and the establishment of the common methodology with the Group;
- Choice of an indicator and calculation on portfolios;

The analysis of the results of the quantification in progress over H1 2024 made it possible to select an indicator of the transition risk selected for the companies in the portfolio: the impact of the carbon tax.

The analysis of the parameters to be integrated to model the impact of a carbon tax was then carried out according to the following steps:

- Identification of data sources on the level of a carbon tax according to different climate scenarios;
- Determination of the parameters to be integrated, including the sectors most sensitive to the introduction of a carbon tax;
- Analysis of market practices on the modelling of a carbon tax to quantify the transition risk;
- Determination of areas for improvement for 2024-2025 in application of the requirements of Art 29 LEC, particularly in connection with management.























#### I. QUANTIFYING RISKS BY MEASURING CLIMATE IMPACTS AND TRANSITION PLANS

Groupama AM is actively involved in the quantification of climate and biodiversity risks, the methodologies of which are explained below.

Regarding the environmental transition plans, work began in 2023, continued and was completed on a methodological plan in 2024. They will be fully integrated into the environmental pillar of the ESG methodology in 2025. In addition, in 2024, we conducted a more in-depth analysis of the impacts of our portfolios from three sources:

- Exposure to the most impactful sectors according to the ENCORE database ;
- Exposure to sectors identified as priorities by the Finance for Biodiversity Foundation;
- The biodiversity footprint of portfolios, thanks to data provided by *Iceberg DataLab*.

#### 1. Carbon data and associated

**calculations** Data on carbon emissions (tCO<sub>2</sub>), biodiversity footprint (tCO<sub>2</sub>/M€ invested) and carbon intensity (tCO<sub>2</sub>/M€ of revenue), provided by *MSCI*, are integrated by Groupama AM into the quantification of climate and biodiversity risks.

### 2. Physical and Transition Risk Methodology

In 2024, Groupama AM uses the physical and transition risk scores provided by Iceberg DataLab (IDL). For transition risks, this score takes into account policies and regulations (rising carbon prices, emission allowances, etc.), technological change (product substitution), market aspects (costs, instability) and reputation (change in consumer preferences).

For physical risks, the score takes into account long-term (chronic) trends related to climate change, such as rising sea levels, but also extreme risks (cyclones, droughts, etc.).

The transition risk score and the physical risk score are a combination of exposure, sensitivity, and adaptability. Exposure will itself depend on climate scenarios (currently not taken into account) and the location of activities. The sensitivity will depend on the type of economic activity and the upstream/operations/downstream aspects. IDL models the activities of companies across their value chain.

#### 3. Methodology for assessing transition plans

Groupama AM has developed a proprietary methodology for evaluating transition plans, built around the following five key areas:

**Performance Decarbonization Targets Current climate** reduction levers Climate performance Analysis of the clarity, Means implemented scope and ambition to achieve the of the climate targets objectives Financial capacity to set transform

Understanding of the strategic management of climate issues by the company

Governance

Incidences Expected financial

Exposure to climaterelated physical and transition risks

#### Implementation and analyst support

An analysis tool has been specifically designed to facilitate the application of this evaluation matrix by analysts. It is enriched with definitions, recommendations and market practices (in particular from the AMF guide and the IFD). An initial feedback phase with analysts confirmed the relevance of the framework, while recommending a sectoral adaptation of the approach.

#### **Selection of key indicators**

Mapping work was carried out between the indicators sought and the available data (*MSCI*, *Clarity AI*), in order to reconcile analytical ambition and operational feasibility. Indicators have been selected for each axis, favouring those that meet regulatory requirements, reflect best practices and are frequently requested by clients.





















# II. QUANTIFYING RISKS BY MEASURING THE IMPACT AND DEPENDENCY OF THE PORTFOLIO BIODIVERSITY

Groupama AM relies on the *Corporate Biodiversity Footprint (CBF*) developed by *Iceberg DataLab* to measure the impact of its investments on biodiversity. This measure is also integrated into its ESG rating methodology. At the same time, Groupama AM uses the ENCORE database and methodology to measure the dependence of its portfolios on biodiversity and different ecosystems.

#### 1. Impact measurement methodology

The CBF indicator is used to assess the impacts of investments on biodiversity.

Unlike the ENCORE methodology, which produces a sector analysis whose result does not depend on the issuers present within the sectors in the portfolios, the CBF indicator is used to assess the impacts of investments on biodiversity by taking into account each issuer in the calculation. This indicator assesses the annual impact of companies' activities on global and local biodiversity, including the impact of products bought and sold by companies throughout their value chain. In this methodology, pressurealone can lead to several impacts. The CBF's methodology evolves regularly in line with scientific knowledge.

### The CBF indicator incorporates four main pressures on biodiversity:

- · Climate change;
- Air pollution resulting from nitrogen and sulfur emissions;
- Pollution of fresh water due to the discharge of toxic compounds;
- · Land use change.

For more information, please refer to the *Iceberg DataLab methodology*.



The dependency measurement methodology used by Groupama AM is based on the ENCORE methodology. Developed in 2018 by the *Natural Capital Alliance*, ENCORE is an open-source tool that allows financial organizations to assess their exposure to nature-related risks and to carry out an initial screening of their impacts and dependencies.

In particular, it makes it possible to identify the direct impacts and dependencies of companies and their level of materiality. STILL distinguished:

- 13 different pressures (light and noise disturbances, pollutant emissions into soil and water, waste production, introduction of invasive species, etc.)
- 25 ecosystem services (pollination, soil stabilization, climate regulation, flood protection, etc.).

For more information, please refer to the ENCORE methodology.































#### III. DESCRIPTION OF THE ESG RATING METHODOLOGY

At the heart of our approach is a fundamental analysis of issuers that is inseparable from our ESG rating methodology. This integrated approach is in our DNA. It allows us to **detect the economic changes linked to the digital, demographic and environmental transitions**. Groupama AM's ESG methodology integrates ESG risks and opportunities according to the principle of double materiality enshrined in the SFDR regulation.

For more information, please refer to the <u>risk management section</u>.

#### 1. Corporate ESG analysis

For each of the E, S and G pillars, Groupama AM has defined a structured methodology, from which analysts can identify the **most material ESG criteria by sector**. To do this, they base their analysis on the impact of the three transitions identified by Groupama AM (environmental, demographic and digital), which profoundly influence companies' business models. The ESG methodology is available on the <u>Groupama AM website</u>.



Groupama AM favours the use of raw data, thus allowing a more accurate representation of companies' ESG performance compared to the scores directly provided by the rating agencies. The indicators are selected according to the main ESG issues and weighted according to proprietary algorithms taking into account each company's sector of activity. In addition, Groupama AM integrates PAI indicators into the analyses when the coverage rate is deemed sufficient. This approach allows for separate scores for ESG pillars to be assigned to companies or sectors, ranking stocks within different reference universes. The score of each E, S, and G pillar contributes at least 25% to the overall score. These ratings are established on a scale of 0 to 100 and calculated over several investment universes. ESG data provided by data provider *Moody's* covers approximately 5,000 stocks and environmental data provided by Iceberg DataLab is available for approximately 2,500 stocks.



#### **Environmental criteria**

These criteria measure how companies adapt to the energy and ecological transition as well as the effects of their activities on biodiversity, waste management, pollution, water management, the quality of water resources and the consumption of raw materials.

#### Social & societal criteria

These criteria include, on the one hand, the assessment of the company's human capital (skills management, training, corporate culture and work climate) in relation to the three transitions, and, on the other hand, the assessment of its societal impact (relations with external stakeholders such as customers, suppliers and communities) as well as its contribution to the Sustainable Development Goals (SDGs).

#### **Governance criteria**

These criteria relate to the management, administration and control of the company, as well as its interactions with its shareholders, board of directors and management, and the consideration of sustainable development issues. Governance analysis aims to assess whether managers are implementing the strategy effectively and acting in the overall interest of the company's shareholders and stakeholders.

#### 2. ESG rating of states

The rating of the States covers 58 countries (31 developed countries and 27 emerging countries). Groupama AM's analysis takes into account **ESG risks and opportunities** in order to capture the potential impacts of environmental, social and political factors on a country's development. This methodology is based on the scoring of the three pillars E, S and G:

- The Environment pillar takes into account eight indicators (including IAP 15) that analyse the climate strategy and its impacts on biodiversity, focusing on carbon intensity and soil quality.
- The Social pillar focuses on the themes of employment, education and access to basic services, with a total of thirteen indicators (including IAP 16).
- The Governance pillar assesses political risk, respect for the rule of law and freedom through seven indicators, such as political stability and corruption control.

Each country is scored on a scale of 1 to 100 for all 28 indicators, with a specific weighting to obtain a final score. The environment represents 25% of the overall score, the social represents 50% with an overweight to reflect the commitment to social issues and governance is taken into account for 25%.

























#### 3. Sustainable bond analysis

Sustainable bonds, which include green and social bonds, are preferred bond instruments by investors wishing to directly finance environmental and/or social projects. They can be issued by companies, supranational entities, states or local authorities to support initiatives that generate measurable environmental or social benefits.

In order to guarantee the quality of these issues, Groupama AM has set up an internal evaluation methodology.

It is based on the analysis of four pillars, developed on the basis of the Green Bond Principles, Social Bond Principles and Sustainable Bond Principles, as well as the nomenclature of activities eligible for the Greenfin Label for green bonds.

#### The following are examined:

- The characteristics of the show;
- · The characteristics of the issuer;
- · The environmental or social quality of the projects;
- Transparency.

If the opinion is negative on one of the last 3 pillars, then the bond will not be qualified as sustainable.

#### 4. Dedicated scoring tools

In order to ensure the proper application of its methodologies, Groupama AM's tools have been developed in collaboration with the management teams of the repositories and the information system with the aim of improving access to ESG data and facilitating its use. All ESG data is made available to Groupama AM's portfolio managers. They have access to the "Avisrecherche©" and "StarQube" tools which offer a complete view of macroeconomic and fundamental studies, ratings on the E, S and G criteria, as well as all the underlying raw data (indicators) constituting an ESG score. Data, whether raw or calculated, is distributed homogeneously to "SimCorp Dimension", the portfolio management and risk monitoring tool. This process ensures efficient and centralised management of ESG data within Groupama AM.

#### Characteristics of the show

- Respect for international principles
- Traceability and management of funds
- Criteria and governance for the selection and evaluation of projects

#### **Transmitter Features**

- Exclusion of major ESG risks according to Groupama AM
- Assessment of the issuer's ESG policy

OBLIGATIONS SUSTAINABLE

#### **Quality of funded projects**

- Assessment of the environmental or social benefit of projects
- Prioritise bonds financing projects that go beyond the issuer's existing ESG policy

#### **Transparency**

- Use of ex-ante funds
- 2<sup>nd</sup> Opinion
- Reporting: allocation of funds and impact indicators
- Audit

A detailed presentation of the methodologies presented in this section is available on Groupama AM's website



























### IV. SUSTAINABILITY RISK COMMITTEE

The Sustainability Risk Committee is in charge of deciding on exclusions relating to the Fossil Fuels and Controversial Weapons policies. He is also responsible for the review of "Large ESG Risks" and the Natural Capital categories.

"Large ESG risks" are detailed in the section ESG criteria in risk management.

#### The role of this committee is to:

- The management and validation of Groupama AM's exclusion lists in order to monitor sustainability risks and the implementation of decisions;
- The presentation and validation of Groupama AM's methodologies concerning the control of exposure to sustainability risks, including the scope of the funds concerned by the exclusion lists;
- The treatment of regulatory developments, current topics and any other subject related to the management of sustainability risks impacting the portfolios managed.

#### **Zoom Categories Natural Capital**

The Natural Capital categories, applied only to Groupama Group's insurance management assets under management managed by Groupama AM, establish a classification of companies into three categories.

Issuers are ranked according to the exposure of their business models to climate change risks and their positioning in the context of the energy and ecological transition.

- Category 1 : Companies favourably positioned with regard to the environmental transition.
- Category 2: Companies with product positioning or implementation of environmental policies that are not very convincing in terms of consistency.
- Category 3 : Companies whose positioning penalises the environmental transition.

The analysis covers issuers with a total position of more than €25 million in the scope mentioned above and which are part of the 8 sectors identified as the most carbon-intensive: Oil & Gas, Materials, Capital Goods, Transport, Food/Beverage/Tobacco, Automotive, Real Estate and Utilities.

The Natural Capital categories are detailed in the ESG methodology on the Groupama AM website.





























### V. INDICATORS OF NEGATIVE IMPACTS

### The criteria for selecting the indicators of principal adverse impacts are as follows:

- The compliance of the calculation methodology used by the data provider with the requirements of the SFDR regulation;
- The stability of the issuing data in order to reduce the volatility that can be seen during updates of certain indicators;
- Improvement of the scope of covered emitters;
- The frequency of the update of the transmitter data.

The prioritization of the main adverse sustainability impacts is based on the following criteria:

- The materiality of the sector to ESG issues in connection with IAPs;
- Coverage of quantitative indicators relating to adverse impacts on sustainability factors.

### Prioritization of mandatory IAPs for investments in companies

**Approximately 1**: Pi 1, Pi2, Pi 3, Pi 4, Pi 10, Pi 13 at Pi 14

Pririte 2: Pi 5 Pi 6 Pi 7 Pi 8 Pi 9 Pi 11 Pi 12

The table opposite shows the levels of consideration of the 16 mandatory IAP indicators and the 2 optional IAP indicators selected by Groupama AM.

		Level of consider	ation of adverse i	mpacts	
	IAP Wording	Engagement Policy	Exclusion Policy	Analysis ESG	Controversy monitoring
MANDATOR	Y IAPs – Table 1				
IAP 1	Total Greenhouse Gas Emissions				
IAP 2	Total Carbon Footprint				
IAP 3	Carbon intensity				
IAP 4	Share of investments in fossil fuel companies				
DALE	Share of non-renewable energy consumption in total energy production				
PAI 5	Share of non-renewable energy production in total energy production				
IAP 6	Average energy intensity of climate-intensive sectors				
IAP 7	Biodiversity - Activities that adversely affect sensitive areas				
IAP 8	Product Emissions to Water				
IAP 9	Hazardous Waste (Tonnes)				
IAP 10	Violations of the UN and OECD Global Compact Principles for Multinational Enterprises				
IAP 11	Lack of process or monitoring of compliance with the principles of the UN Global Compact and the OECD for multinational enterprises				
IAP 12	Average gender pay gap				
IAP 13	Gender diversity represented on the Board of Directors				
IAP 14	Exposure to controversial weapons				
IAP 15	Carbon intensity				
IAP 16	Countries prone to social rights violations				
ADDITIONAL	- PAIs				
IAP 6 Table 2	Water use and recycling				
IAP 3 Table 3	Number of days lost due to injury, accident, death or illness				























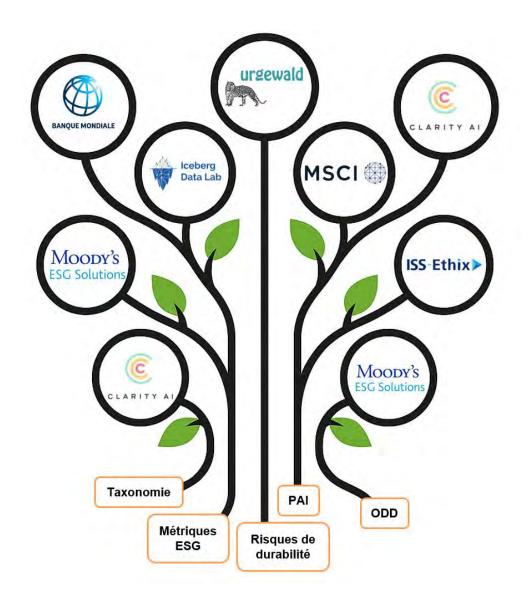
#### VI. CONTINUOUS IMPROVEMENT PLAN: QUALITY OF ESG DATA

Like all investors, Groupama AM faces significant challenges in the use of ESG data, mainly due to the lack of standardisation of ESG data, the lack of coverage, variations during changes in supplier models, as well as the associated lack of transparency. In line with the actions initiated in 2023, Groupama AM's teams are strongly invested in improving the quality of ESG data.

In this context, the change of supplier allows Groupama AM to identify partners offering more relevant data sources and to strengthen the robustness of its analyses. This evolution also contributes to the continuous improvement of internal methodologies in the service of an ever more reliable and accurate ESG assessment.

#### 1. The data sources used

Groupama AM uses the following suppliers to apply its methodologies (at the end of 2024).



#### 2. Establishment of systematic controls in the analysis tools

Groupama AM has set up automated controls prior to the integration of data into its internal StarQube tool. Each piece of data is examined for anomalies, significant variations are identified, and changes in scope are tracked. Groupama AM can make corrections to poor quality data and complete missing data to make it consistent, with an audit trail. These controls allow Groupama AM to guarantee reliable and better quality data for its analyses and investment decisions.

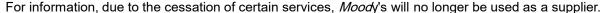
#### **Internal Issuer Analytics**

During the analyses of the values monitored, Groupama AM checks and corrects the raw data of the suppliers in order to make them consistent in StarQube. In addition, an initiation process has been set up to allow for the attribution of scores to values not followed by suppliers. Each issuer is subject to an internal ESG analysis, which is then validated by the Research Committee.

#### Interaction with data providers

Groupama AM is constantly in contact with its ESG data providers in order to report anomalies and points of misunderstanding. This proactive dialogue with suppliers also allows Groupama AM to better take ownership of the estimated models it uses.







#### Correspondence table between the parts of Groupama AM's 2024 report and regulatory themes

Parts of the report	Regulatory issues to be addressed in the report according to Article L. 533-22-1 of the Monetary and Financial Code	Page
General approach	Information relating to the entity's general approach.	Page 5
Internal resources	Information relating to the internal resources deployed by the entity.	Page 17
Governance	Information relating to the approach to taking into account environmental, social and governance quality criteria at the level of the entity's governance.	<u>Page 22</u>
Engagement Strategy	Information on the strategy for engagement with issuers or management companies and its implementation.	Page 25
Taxonomy and fossil fuels	Information on the EU taxonomy and fossil fuels.	Page 28
Climate strategy	Information on the strategy for alignment with the international goals to limit global warming under the Paris Agreement.	Page 32
Biodiversity strategy	Information on the strategy for alignment with long-term biodiversity-related objectives.	<u>Page 39</u>
ESG Criteria in Risk Management	Information on the steps taken to take into account environmental, social and governance criteria in risk management.	<u>Page 47</u>
Methodologies	The entity shall ensure that the consideration of environmental, social and governance quality criteria in risk management complies with the methodological criteria [mentioned in Article L. 533-22-1 of the Monetary and Financial Code].	<u>Page 55</u>

#### Table 1

	Indicators of negative impact on sustainability		Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period	
Indicators relate	d to environmental	issues					
	1. Emissions de GES	Scope 1 GHG emissions in tonnes of CO2 equivalents	3 502 886,2	10 757 501,5	This indicator is calculated on all assets managed by Groupama AM¹ in accordance with the calculation formula specified in Annex 1 of the SFDR regulation. The coverage rate calculated as of 31/12/2024 is	MEASURES TAKEN IN 2024 Integration into ESG analysis and score: The environmental pillar of the proprietary ESG rating model includes a Climate sub-pillar (CO2 emission measurement indicators, implicit	
		Scope 2 GHG emissions in tonnes of CO2 equivalents	505 126,1	1 306 080,1	54%. The coverage ratio calculated on eligible assets is 73%.  The significant variation in the indicator over one year is the result of a methodological break: in 2023, the absence of the enterprise value in the data communicated by our supplier led to an overestimation. The	temperature of company strategy, etc.)  Integration into the analysis of environmental risks: Groupama AM has developed a methodology for analysing risks and opportunities related to natural capital to identify issuers whose business models are most exposed to environmental risks among the most carbon-	
		Scope 3 GHG emissions in tonnes of CO2 equivalents	20 534 596,0	202 819 395,5	result published on 31/12/23 is expressed in tonnes and not in tonnes per million euros invested. The change of supplier in 2024 ( <i>MSCI</i> ) made it possible to comply with the methodological requirements in force and calculate this indicator in the correct unit of measurement as of	intensive sectors.  Scope: insurance assets  Engagement Policy: Theme for engagement and shareholder dialogue on the transition to carbon neutrality for sectors with a significant impact on the climate. As part of the Group's	
		Total GHG emissions	24 536 496,1	219 948 703,6	31/12/24.	membership of the <i>NZAOA</i> , Groupama AM is strengthening its commitments to carbon-intensive issuers (scope: insurance management portfolios). <b>Alignment with the Paris Agreement</b> :	
	2. Carbon footprint	Carbon footprint in tonnes of CO2 equivalents per million euros invested	215,1	2 022,3	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate is 54%. The coverage ratio calculated on eligible assets is 73%. The significant variation in the indicator over one year is the result of a methodological break: in 2023, the absence of the enterprise value in the data communicated by our supplier led to an overestimation. The result published on 31/12/23 is expressed in tonnes and not in tonnes per million euros invested. The change of supplier in 2024 ( <i>MSCI</i> ) made it possible to comply with the methodological requirements in force and calculate this indicator in the correct unit of measurement as of 31/12/24.	<ul> <li>Groupama AM has carried out significant work this year to integrate the analysis of transition plans into the Environment pillar of the proprietary analysis methodology.</li> <li>Groupama AM contributes, within the scope of the Groupama Group's insurance management, to the decarbonization objectives set as part of its membership of the NZAOA.</li> <li>Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new environmental data provider (MSCI).</li> <li>Voting policy: Groupama AM's voting policy includes the evaluation of companies' climate policy at different levels: Say on climate, ESG criteria relating to executive compensation and election of the Chairman of the Board of Directors responsible for corporate strategy.</li> <li>Monitoring of controversies: Consideration in the ESG rating methodology and in the</li> </ul>	
	3. GHG intensity of investee companies	GHG intensity of investee companies	389,3	2 211,0	This indicator is calculated on all assets under management <sup>1</sup> . The coverage ratio calculated on all assets under management <sup>1</sup> is 64%. The coverage rate calculated on eligible assets is 87%. The significant variation over 1 year is explained by the change of supplier in 2024. The replacement of <i>Moody's</i> by <i>MSCI</i> in 2024 has led to significant differences in Scope 3 GHG intensities, which are mostly estimated data, leaving room for significant divergences between suppliers. Below are the details of the GHG intensity by scope for the years 2023 and 2024: Scope 1: 37.2 in 2024 vs 42.0 in 2023 Scope 2: 11.2 in 2024 vs 11.4 in 2023 Scope 3: 2,204.8 in 2024 vs 349.9 in 2023	<ul> <li>monitoring of sustainability risks depending on the severity of the controversy.</li> <li>MEASURES PLANNED FOR 2025 Commitment: <ul> <li>Pursuit and search for new individual or collaborative commitments on the most carbonintensive companies in the insurance portfolio.</li> <li>Implementation of a procedure for monitoring issuers to be engaged in SRI-labelled portfolios (in particular issuers that do not publish the IAPs used as ESG performance indicators).</li> </ul> </li> <li>Sustainability indicator of SRI-labelled portfolios: Since 1 January 2025?, SRI-labelled portfolios use carbon intensity (PAI 3 or 15) as an ESG performance indicator in line with the requirements of the new SRI Label regulation.</li> <li>Alignment with the Paris Agreement: The work carried out on the transition plans initiated in 2023 resulted in an assessment methodology in 2024 that will be integrated into the ESG rating of issuers in 2025.</li> </ul>	







3 GOVERNANCE











9 METHODOLOGIES



	gative impact on nability	Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Greenhouse gas emissions	4. Exposure to companies active in the fossil fuel sector	Share of investment in fossil fuel companies (%)	5,0%	8,2%	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage ratio calculated on all assets under management <sup>1</sup> as of 31/12/2024 is 63%.  The coverage ratio calculated on eligible assets is 86%.	MEASURES TAKEN IN 2024 Engagement: Engagement theme for shareholder dialogue on the transition to carbon neutrality for sectors with a high climate impact.  Alignment with the Paris Agreement: Groupama AM has carried out significant work this year to integrate the analysis of transition plans into the Environment pillar of the proprietary analysis methodology.  Exclusion policy: Groupama AM implemented an exclusion policy from the coal sector in 2019, extended in 2023 to unconventional fossil fuels and set exclusion thresholds in line with a gradual phase-out of coal. These thresholds are reviewed regularly to move towards zero exposure of portfolios. They were tightened again in 2024 on coal and EFNCs.  Part of Groupama AM's sustainable offer applies stricter exclusion thresholds on coal and EFNCs and excludes conventional fossil fuels (SRI-labelled funds and funds subject to the ESMA guidelines for fund names containing ESG-related terms).  Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy.  Voting policy: Groupama AM supports the transition plans submitted to the vote of shareholders as long as they:  include precise quantitative targets for reducing CO2 emissions in the short and long term on scopes 1 and 2 at least  are consistent with the Paris Agreement trajectory or another goal of carbon neutrality by 2050 accompanied by interim targets (CT, MT, LT).  Support for external shareholder resolutions on climate is done on a case-by-case basis.  Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of new data providers (Clarity AI and MSCI).  MEASURES PLANNED FOR 2025  Redesign of the proprietary ESG rating methodology as part of the transition plan integration work and the change of ESG data providers.
	5. Share of non-renewable energy consumption and production	Share of energy consumption and production of investee companies from non-renewable energy sources, compared to renewable energy sources, expressed as a percentage of total energy sources (%)	32,0%	25,0%	This indicator is calculated on all assets under management¹. This IAP is composed of two sub-indicators:  • Share of non-renewable energy consumption: 30.1%  • Share of non-renewable energy production: 1.8%  The coverage rate of the Share of non-renewable energy consumption ratio as of 31/12/2024 is 56%. It has improved significantly over 1 year (39% as of 31/12/2023). The coverage rate calculated on eligible assets is 77%.  The coverage rate of the ratio Share of non-renewable energy production is 3%. The coverage ratio calculated on eligible assets is 12%. The Share of Production ratio is only relevant for energy producers, which explains the low coverage ratio.	MEASURES TAKEN IN 2024 Integration into ESG Score: Included in the environmental pillar of the proprietary ESG scoring model. Measurement of transition risks and physical risks taken into account in the proprietary ESG rating methodology. Groupama AM has carried out significant work this year to integrate the analysis of transition plans into the Environment pillar of the proprietary analysis methodology. Commitment: Theme of engagement and shareholder dialogue on the environmental strategy of emitters and in particular the use of renewable energies to reduce their GHG emissions and the improvement of transparency on the subject. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of a new data provider (Clarity AI). Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy.  MEASURES PLANNED FOR 2025 Redesign of the proprietary ESG rating methodology as part of the transition plan integration work and the change of ESG data providers.

	EVICENCE IN THE PROPERTY OF TH		Actions taken, planned actions and targets identified  For the next reference period			
Greenhouse gas emissions	6. Energy Intensity by High Climate Impact Sector	Energy consumption in GWh per million euros of turnover of companies benefiting from investments, by sector with a high climate impact	12,3	17,2	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage rate as of 31/12/2024 is 20%.  The coverage ratio calculated on eligible assets is 27%.	Integration into ESG Score: Included in the environmental pillar of the proprietary ESG scoring model.  Measurement of transition risks and physical risks taken into account in the proprietary ESG rating methodology.  Groupama AM has carried out significant work this year to integrate the analysis of transition plans into the Environment pillar of the proprietary analysis methodology.  Commitment: Theme of engagement and shareholder dialogue on the environmental strategy of emitters and in particular the use of renewable energies to reduce their GHG emissions and the improvement of transparency on the subject.  Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).  Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy.  MEASURES PLANNED FOR 2025  Redesign of the proprietary ESG rating methodology as part of the transition plan integration work and the change of ESG data providers.
Biodiversity	7. Activities that negatively affect biodiversity-sensitive areas	Share of investments made in companies with sites/establishments located in or near biodiversity-sensitive areas, if the activities of these companies have a negative impact on these areas (expressed in %)	1,1%	0,7%	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage rate as of 31/12/2024 is 63%.  The coverage ratio calculated on eligible assets is 86%.	MEASURES TAKEN IN 2024 Engagement: Theme of engagement and shareholder dialogue. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy. Integration into the ESG score: Groupama AM measures the impacts on biodiversity of all investments held directly in company shares and corporate bonds and uses the Corporate Biodiversity Footprint indicator to do so. This indicator is integrated into the environmental pillar of the proprietary ESG rating model. Groupama AM has continued its efforts to contribute to global biodiversity targets, in particular by committing to contribute to 3 of the targets set by the Kunming-Montreal Agreement.  Measurement of the dependencies of investments on biodiversity: Groupama AM measures the sectoral exposure of its investments and identifies the strong and very strong dependencies of its portfolio's economic activities on natural resources using the ENCORE database.  Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 Commitment: As part of the SPRING initiative, Groupama AM is setting up a commitment to a major French company in line with the axes of its Biodiversity strategy.

<sup>&</sup>lt;sup>1</sup> Excluding portfolios not managed by Groupama AM (fund-of-fund underlyings, funds whose management is delegated to a third-party company and funds that feed funds from third-party management companies).



	gative impact on nability	Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Water	8. Releases to water	Tonnes of discharges to water from investee companies, per million euro invested, weighted average	0,07	173,2	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 29%. The coverage ratio calculated on eligible assets is 39%. The significant variation in the indicator over one year is the result of a methodological break: in 2023, the absence of the enterprise value in the data communicated by our supplier led to an overestimation.  The change of supplier in 2024 ( <i>MSCI</i> ) allowed a consolidated calculation in accordance with the methodological requirements in force.	MEASURES TAKEN IN 2024 Integration into the ESG score: The environmental pillar of the proprietary ESG scoring model incorporates a water score.  Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy.  Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of a new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 Redesign of the proprietary ESG rating methodology as part of the change in ESG data provider.
Rubbish	9. Ratio of hazardous waste to radioactive waste	Tonnes of hazardous and radioactive waste generated by investee companies, per million euro invested, weighted average	9,15	505 941,65	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate at 31/12/2024 was 57%. The coverage ratio calculated on eligible assets is 79%.  The significant variation in the indicator over one year is the result of a methodological break: in 2023, the absence of the enterprise value in the data communicated by our supplier led to an overestimation.  The change of supplier in 2024 ( <i>MSCI</i> ) allowed a consolidated calculation in accordance with the methodological requirements in force.	MEASURES TAKEN IN 2024 Integration into ESG score: In the environmental pillar of the proprietary ESG scoring model. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy.  Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of a new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 Redesign of the proprietary ESG rating methodology as part of the change in ESG data provider.
Indicators related	d to social, personr	nel, human rights and	anti-corruption	and anti-corrupti	on issues	
Social and personnel issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that have participated in violations of the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises (expressed in %)	0,7%	12,3%	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 63%. The coverage ratio calculated on eligible assets is 86%. The significant variation in this indicator over one year is explained by the change of supplier in 2024 ( <i>Clarity AI</i> replacing <i>Moody's</i> ). The methodologies for evaluating this indicator vary greatly from one data provider to another, which leads to significant variations in results when changing data providers.	MEASURES TAKEN IN 2024 Commitment: Theme of commitment on social dialogue, internal climate, training, working conditions and employee protection. Integration into the ESG score: Included in the social pillar of the proprietary ESG scoring model. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of a new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 ESG data quality: Work to implement new ESG data providers continues in 2025 as part of the work to redesign the proprietary ESG scoring methodology.

<sup>&</sup>lt;sup>1</sup> Excluding portfolios not managed by Groupama AM (fund-of-fund underlyings, funds whose management is delegated to a third-party company and funds that feed funds from third-party management companies).



	gative impact on nability	Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Social and personnel issues	11. Lack of processes and compliance mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that do not have a policy to monitor compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises, or mechanisms for dealing with complaints or disputes to address such violations (expressed in %)	0,4%	8,3%	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 63%.  The coverage ratio calculated on eligible assets is 88%.  The variation in this indicator over one year is explained by the change of supplier made in 2024 ( <i>Clarity AI</i> replacing <i>Moody's</i> ).  The methodologies for evaluating this indicator vary greatly from one data provider to another, which leads to significant variations in results when changing data providers.	MEASURES TAKEN IN 2024 Commitment: Theme of commitment on social dialogue, internal climate, training, working conditions and employee protection. Integration into the ESG score: Included in the social pillar of the proprietary ESG scoring model. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 ESG data quality: Work to implement new ESG data providers continues in 2025 as part of the work to redesign the proprietary ESG scoring methodology.
	12. Unadjusted gender pay gap	Unadjusted average gender pay gap in investee companies (expressed as a monetary amount converted into euro)	8,5%	5,9%	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 47%. The coverage ratio calculated on eligible assets is 64%	MEASURES TAKEN IN 2024 Commitment: Theme of commitment on the feminization of management bodies. Voting: Presence of criteria related to gender diversity within the voting policy. Integration into the ESG score: Included in the social pillar of the proprietary ESG scoring model. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).  MEASURES PLANNED FOR 2025 Sustainability indicator for SRI-labelled portfolios: Since 1 January 2025, SRI-labelled portfolios have been
	13. Gender diversity in governance bodies	Average gender ratio in the governance bodies of the companies concerned, as a percentage of the total number of members	24,3%	23,5%	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage rate as of 31/12/2024 is 63%.  The coverage ratio calculated on eligible assets is 87%	using PAI 13 as an ESG performance indicator in line with the requirements of the new SRI Label regulation.  Commitment: Implementation of a procedure for monitoring issuers to be committed to SRI-labelled portfolios within the framework of the requirements of the SRI Label (in particular issuers that do not publish the performance PAIs of labelled funds).  ESG data quality: Work to implement new ESG data providers continues in 2025 as part of the work to redesign the proprietary ESG scoring methodology.

<sup>&</sup>lt;sup>1</sup> Excluding portfolios not managed by Groupama AM (fund-of-fund underlyings, funds whose management is delegated to a third-party company and funds that feed funds from third-party management companies).



Indicators of ne	gative impact on nability	Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Social and personnel issues	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons (expressed in %)	0,0%	0,0%	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 90%. The coverage rate calculated on eligible assets is 93%. The identification of companies involved in controversial weapons is carried out internally, the zero result of the indicator is in line with our exclusion policy on controversial weapons.	<ul> <li>MEASURES TAKEN IN 2024</li> <li>Exclusion Policy:</li> <li>This applies to production, storage, distribution and marketing activities, within a perimeter made up of the following weapons:</li> <li>Cluster munitions (BASM) as defined by the 2008 Oslo Treaty;</li> <li>Anti-personnel mines (MAP) as defined by the 1997 Ottawa Convention;</li> <li>Depleted uranium weapons banned by certain national legislation (Mahoux law of 2006);</li> <li>Chemical weapons as defined by the Chemical Weapons Convention (Paris, 1993);</li> <li>Biological weapons as defined by the Biological Weapons Convention (1972);</li> <li>Weapons that are incendiary or use white phosphorus (Protocol III of the Geneva Convention on Certain Conventional Weapons (CCW), adopted in 1980);</li> <li>Nuclear weapons outside the 1968 Non-Proliferation Treaty.</li> <li>Quality of ESG data:</li> <li>The work and analyses carried out as part of the selection of new data providers confirmed the initial choice of a specialist service provider on the subject supplemented by internal research rather than a generalist provider.</li> </ul>
Indicators applical	ble to investments in	n sovereign or supranational issue	ers			
Environment	15. GHG intensity	GHG intensity of investment countries in tonnes of CO2 equivalent per million euros of gross domestic product	28,5	29,8	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 25%. The coverage ratio calculated on eligible assets is 90%	MEASURES TAKEN IN 2024 Commitment: Theme of engagement on the climate transition and on the challenges of sustainable finance. Integration into the ESG score: Included in the environmental pillar of the proprietary ESG scoring model Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (MSCI).
Social	16. Investment countries with violations of social norms	Proportion of the total number of investee countries with violations of social standards within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (expressed in %)	0,0	0,0	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage rate as of 31/12/2024 is 25%.  The coverage ratio calculated on eligible assets is 90%	MEASURES TAKEN IN 2024 Commitment: Theme of engagement on the climate transition and on the challenges of sustainable finance. Integration into the ESG score: Included in the social pillar of the proprietary ESG scoring model. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).
		Proportion of the total number of investee countries with violations of social norms within the meaning of international treaties and conventions, United Nations principles or, where applicable, national law (expressed in number)	5,0	6,0	This indicator is calculated on all assets under management <sup>1</sup> .  The coverage rate as of 31/12/2024 is 25%.  The coverage rate calculated on eligible assets is 90%.	





#### Table 2

#### Indicators for investments in companies

	egative impact on inability	Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Water, waste and other materials	6. Water use and recycling	Average quantity of water consumed by companies benefiting from investments (in cubic metres), per million euros of turnover	89,3	20,7	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 32%. The coverage ratio calculated on eligible assets is 43%. The average quantity of water consumed by companies benefiting from investments (in cubic metres), per million euros of turnover has risen sharply over the period. This discrepancy is the result of the change of data provider made in 2024 for the feeding of this indicator. The significant volatility observed between 2022 and 2023 had motivated the change of data provider with the aim of improving the quality of ESG data.	MEASURES TAKEN IN 2024 Integration into the ESG score: Included in the environmental pillar of the proprietary ESG scoring model Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks depending on the severity of the controversy. Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scope covered, in particular on the implementation of the new data provider (Clarity AI).

#### Table 3

#### Indicators for investments in companies

Indicators of negative impact on sustainability		Measuring element	Incidence 2024	Incidence 2023	Explanation	Actions taken, planned actions and targets identified For the next reference period
Social and personnel matters	2. Accident rate	Accident rate in the companies concerned, weighted average	1,5	26,0	This indicator is calculated on all assets under management <sup>1</sup> . The coverage rate as of 31/12/2024 is 55%. The coverage ratio calculated on eligible assets is 75%. The significant change in the indicator over one year is explained by a change in the optional PAI indicator. In 2023, the indicator carried forward was the optional IAP 3, in 2024, the indicator carried forward is the optional IAP 2. This change is a result of the replacement of the data provider in 2024: <i>Clarity AI</i> succeeded <i>Moody'</i> s for the production of this indicator.	MEASURES TAKEN IN 2024 Commitment: Topic of occupational safety and health of employees, contractors and suppliers. Integration into the ESG score: Included in the social pillar of the proprietary ESG scorin model. Monitoring of controversies: Consideration in the ESG rating methodology and in the monitoring of sustainability risks according to the severity of the controversy Quality of ESG data: In 2024, Groupama AM continued to dedicate significant human, technical and financial resources to improving access to ESG data, its quality and the scor covered, in particular on the implementation of the new data provider (Clarity AI).

<sup>&</sup>lt;sup>1</sup> Excluding portfolios not managed by Groupama AM (fund-of-fund underlyings, funds whose management is delegated to a third-party company and funds that feed funds from third-party management companies).

























#### **GLOSSARY**

#### **Paris Agreement**

Signed between 195 UN member states at the end of COP21 held in Paris in 2015, it is the first universal climate agreement. It sets out an action plan to keep the rise in temperatures to well below 2°C. This agreement also marks the mobilization of private actors on the subject, in particular financial actors, who have since recognized the importance of the role of financing in achieving this objective.

#### Do No Significant Harm - DNSH

A principle derived from the SFDR and Taxonomy, implying that other environmental or social objectives should not be significantly harmed when an investor commits to one of the six environmental objectives of the Taxonomy or when an investor commits to a sustainable investment objective under SFDR.

#### **ESG**

This acronym refers to the Environmental, Social and Governance criteria that are used by the financial community to analyse and evaluate the consideration of sustainable development and long-term issues in companies' strategies.

Environmental criteria: they concern the analysis of the impacts of companies' activities in terms of carbon emissions, biodiversity protection, waste management, pollution, water management and quality, etc.

Social criteria: these include the analysis of the company's human capital – skills, training, corporate culture, etc. – and the analysis of societal impacts, i.e. on the various

stakeholders of the company such as customers, suppliers, civil society.

Governance criteria: the set of rules that govern the way companies are controlled and managed. It distributes the rights and obligations of the various parties involved within the company. The governance analysis makes it possible to verify that the control powers are effective in ensuring the proper execution of the strategy by the managers, and whether they are working in the interest of all the company's shareholders and stakeholders.

### Alignment Indicator A climate trajectory

In order to have a more forward-looking view of the direct impact of companies' activities on the climate, Groupama AM also relies on an alignment indicator with a climate trajectory, which provides it with information on the past and future trajectory of the company's carbon emissions in relation to a given scenario.

The alignment indicator provided by *Iceberg Data Lab* is based on the SB2A (Science based 2°C Alignment) approach. This methodology consists of 4 steps translating the difference between a company's trajectory and its reference trajectory of 2°C into a temperature that complies with climate science. The SB2A approach is based on the International Energy Agency's (IEA) 2°C scenarios and on the SBT (Science based targets) and ACT (Assessing low Carbon Transition) methodologies. The latter is a method jointly supported by ADEME (the French Environment and Energy Management Agency) and the CDP (Carbon Disclosure Project) to assess companies' climate strategies and their

alignment with sectoral decarbonisation trajectories.

**1st step**: Evaluation of the company's carbon performance based on the physical carbon intensity in tCO2e/unit of measurement of the activity (specific to each sector) and on the product/service mix (taking into account the current year, historical performance and forecasts).

**2nd step**: Choice of the reference 2°C scenario to compare the company's carbon performance: there are intensity scenarios by sector and geographical area.

**3rd step**: Comparison of the company's carbon performance with its theoretical 2°C trajectory. The SB2A methodology calculates the cumulative exceedance/underexceedance of carbon emissions from 2010 to 2050 in relation to the temperature trajectory that society would need to follow to converge by 2050 (relative to the industry average).

**Step 4**: Conversion to temperature (°C): the excess carbon ratio is converted to an equivalent global warming temperature using climatology-based algorithms. In concrete terms, a company with a carbon budget equal to the 2°C reference would have an equivalent global warming temperature of 2°C, while companies with a lower and higher carbon budget would have temperatures below and above 2°C, respectively.

#### **Carbon intensity**

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

**SCOPE 1 (CARBON FOOTPRINT):** Direct emissions from fixed or mobile installations located within the organisational perimeter.

**SCOPE 2 (CARBON FOOTPRINT):** Indirect emissions linked to energy consumption.

scope 3 (CARBON FOOTPRINT): Other emissions indirectly produced by the organization's activities that are not accounted for in scope 2 but are related to the entire value chain, such as: the purchase of raw materials, raw materials, services or other products, employee travel, upstream and downstream transport of goods, management of waste generated by the organization's activities, use and end of life of products and services sold, immobilization of goods and production equipment, etc.

### **Development Goals Sustainable (SDGs)**

The 17 Sustainable Development Goals (SDGs) were adopted by UN member countries in September 2015 with a 2030 horizon. They aim to end all forms of poverty, fight inequality and tackle climate change, ensuring that no one is left behind.

The 17 Sustainable Development Goals (SDGs) were adopted by UN member countries in September 2015 with a 2030 horizon. They aim to end all forms of poverty, fight inequality and tackle climate change, ensuring that no one is left behind.



#### Sustainable bonds

Sustainable bonds are bond issues that a company, an international organization or a local authority launches on the financial markets to finance a specific project or activity, which will have a strong environmental and social benefit. These bonds include green bonds and social bonds.

#### **Green share**

Percentage of the company's turnover generated by a technology/activity considered to be favourable to the energy and ecological transition. The closer a company's green share is to 0%, the more transition risks it is exposed to. The methodology for calculating the green share is based on the European Green Taxonomy Aligned Activities definition.

# Principal Adverse Impact (PAI) or negative impacts on of sustainability

These are the significant negative impacts of investment decisions on sustainability factors, i.e. on environmental, social or human rights issues. The SFDR regulation establishes a list of 14 mandatory indicators and 2 optional indicators, which are, for example: carbon footprint, companies' exposure to fossil fuels, the gender pay gap, and the violation of minimum social standards.

These indicators show ESG materiality, i.e. the measurable impact of the investment choices that are made.

#### Règlement SFDR

European Sustainable Finance Disclosure Regulation, which came into force in March 2021. The purpose of the report is to describe and explain in the pre-contractual documents the sustainable investment strategy and how management companies integrate sustainability information into their financial products (integration of sustainability risks and negative impacts). This regulation classifies funds into 3 categories: "Article 6" funds, without any particular sustainability objective, "Article 8" funds, highlighting ESG characteristics (their carbon footprint, for example) without this necessarily being their central point of concern and, finally, "Article 9" funds with at least one real sustainable objective (this may, for example, be to invest in a portfolio compatible with the objectives of the Paris Agreement, limiting global warming).

### **Corporate Social Responsibility - CSR**

CSR, also known as Corporate Social Responsibility, is defined as the voluntary integration by companies of social, economic and environmental concerns into their business activities and relations with stakeholders. In other words, CSR corresponds to the contribution of companies to the challenges of sustainable development.

#### Sustainability risk

An environmental, social or governance event or situation that, if it occurs, could have a material or potential adverse effect on the value of the investment. Also known as financial materiality, this includes, for example, the financial impacts following an industrial accident, accusations of corruption or money laundering or the loss of value of certain activities due to their environmental impact, such as coal-fired power generation.

#### **European Green Taxonomy**

The aim of the European Taxonomy Regulation is to establish a classification tool to help investors and companies direct capital towards environmentally friendly economic activities. An economic activity will be considered environmentally sustainable within the meaning of the Taxonomy Regulation if it complies with one of the six environmental objectives defined, without causing significant harm to the other five and respecting minimum social safeguards.

### WARNING

This document is intended for informational purposes only. Any investment involves risk. Groupama Asset Management and its subsidiaries decline all responsibility in the event of alteration, distortion or falsification to which this document may be subject. Any unauthorized modification, use or distribution, in whole or in part in any way, is prohibited.

Groupama Asset Management will not be liable for the use of the document by a third party without its prior written authorization. The information contained in this publication is based on sources that we believe to be reliable, but we do not warrant that it is accurate, complete, valid or appropriate.

This document has been prepared on the basis of projections, estimates, and assumptions that include an element of subjective judgment. The analyses and conclusions are the expression of an independent opinion, formed on the basis of public information available at a given date and following the application of Groupama AM's own methodology.

Given the subjective and indicative nature of these analyses, they do not constitute any commitment or guarantee by Groupama AM or personalised investment advice.

This non-contractual material does not constitute a recommendation, solicitation of an offer, or an offer to buy, sell or arbitrate, and should not be construed as such. Groupama Asset Management's sales teams and its branches are at your disposal to help you benefit from a personalised service.

Published by Groupama Asset Management, a management company approved by the AMF under number GP 93-02 Registered office: 25 rue de la ville l'Évêque, 75008 Paris

Website: www.groupama-am.com

Photo credits: Shuttertock

Mirela Agache: B. Blaise

