



Groupama

Excerpt of the Investment Policy of Groupama Companies in Bulgaria Related to Sustainable Investment

Sustainable investment

Scope

Within the framework of CSR Groupama as a Group is developing a comprehensive policy that defines the Group's position and convictions in terms of sustainable investment for all its entities. The Group defines sustainable investment as the integration of environmental, social/societal and governance (ESG) factors into its investment processes in order to control financial risks and finance transition. The challenge is therefore twofold:

- manage sustainability risks, i.e., risks to the value or return of financial assets related to ESG factors, including climate.

- manage the negative impacts of our investments and promote the positive impacts of financial management on sustainability factors, in particular by participating in the fight against global warming and contributing to the financing of the three major transitions (demographic, digital and ecological).

This corresponds to the concept of double materiality, which is the basis of the European definition of sustainable investment and therefore of all European regulations on sustainability issues.

The policy contribute to the financing of the transition to a low-carbon and resilient economy, compatible with a global warming scenario limited to 1.5°C by 2050, in an equitable manner.

To date, this sustainable and responsible investment strategy is particularly focused on climate risk and is based on four pillars:

- Asset management that fully integrates ESG criteria
- Exclusionary policy to address the highest sustainability risks and eliminate the most damaging financing

„Групама Застраховане” ЕАД

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„Групама Животозастраховане” ЕАД

Разрешение за застрахователна дейност № 01-ЖЗ/01.07.2004 г. от КФН, ЕИК: 131272330

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- A policy of shareholder engagement (voting at General Meetings and dialogue) contributing, among other things, to the decarbonisation of Groups' portfolios
- Direct investment in energy transition

The policy concerns the Companies activities as an asset owner, which therefore covers all asset investment activities. The aim is to define a return-producing and profitable investment strategy that offers positive and sustainable results in the economy and society in general.

The operational implementation of the sustainable investment strategy is defined within the overall investment strategy and it is approved by the Boards of Directors of the Companies.

Integration of ESG criteria

ESG factors are integrated in all investment decisions of the Companies. The implementation of this strategy for each asset class held in the portfolios including asset portfolio delegated to Groupama Asset Management (GAM) and funds of Amundi Asset Management.

Exclusions applied

The Group's sustainable investment policy includes a policy of exclusions to help control sustainability risks across its investment portfolios and to comply with commitments made by the Group either publicly or as part of its CSR strategy. To date there are three types of exclusions in the investment policy:

1/ GAM's list of Key ESG Risks for all assets managed by GAM

GAM defines a list of companies identified by analysts as being highly exposed to environmental, societal and governance factors: the ESG Major Risks list.

A pre-trade control installed in the GAM systems allows managers to be alerted beforehand if they are considering investing in a security included in this list and investments are only possible in open-ended funds that are neither article 8 nor article 9 within the meaning of the SFDR.

2/ Coal exclusion policy

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In 2020, the Group committed to a total exit from the thermal coal value chain in its investment portfolios by 2030 at the latest in the European Union and OECD countries and by 2040 in the rest of the world.

To achieve this total exit from coal financing, following the Group strategy the Companies are committed to not renewing any investments and to gradually withdrawing from all companies:

Whose turnover or energy production mix is more than 20% based on thermal coal

With an annual coal production of over 20 million tonnes

With installed coal-fired capacity exceeding 10 GW

Developing new coal capacity

The various thresholds will be lowered regularly to aim for zero exposure of investment portfolios to thermal coal.

This policy applies to all investments held directly or via mandates (excluding sovereign bonds and derivatives) and dedicated funds managed by GAM (excluding index strategies) from Groupama Group.

Groupama relies on the Global Coal Exit List, provided by the German non-governmental organisation (NGO) Urgewald to identify emitters involved in the coal value chain and to measure and monitor exposures.

3/ Policy on non-conventional fossil fuels

A rapid exit from oil and gas is neither physically nor economically feasible. Moreover, the energy transition will necessarily involve the use of gas as a minimum transition energy (in accordance with the European Taxonomy). However, the so-called "unconventional" types of fuels and/or extraction techniques have greater environmental, water quality, biodiversity and local community impacts than conventional.

Following the Group strategy the Companies are therefore making a progressive commitment to non-conventional fossil fuels.

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There is no consensus on the definition of unconventional fossil fuels. Groupama uses the one given by Urgewald, which includes: oil and gas extracted by fracking, tar sands, coal bed methane, extra heavy oil, ultra deep water and Arctic oil.

Dialogue and shareholder engagement

By promoting direct dialogue with the companies in which Groupama is a shareholder or bondholder, Groupama is pursuing its objective of reducing the sustainability risk of its portfolios. The Group wants to strengthen its dialogue with companies on ESG issues.

The shareholder engagement approach has the following three objectives:

- Identifying and limiting ESG risks in companies
- Improving the quality of ESG data
- Identify and share good sectoral practices

Transition funding commitments

At the end of 2018, Groupama had publicly committed to invest €1bn between 2019 and 2021 in favour of the energy transition. The target was reached before the end of 2021 by investing just over half in green bonds and the rest in real estate assets and energy infrastructure.

At the end of 2021, the Group decided to renew its commitments: €1.2 billion of sustainable investments over the period 2022-2024.

In order to formalise the definition of sustainable investment, Group Investment department has built a map which will evolve in line with regulatory developments and market practices in the various asset classes.

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