

FRENCH LAW ON ENERGY TRANSITION FOR GREEN GROWTH

**ART.173 - ESG INFORMATION
FOR INVESTORS**

2019



Groupama
ASSET MANAGEMENT

Actively Responsible Manager

1. ESG strategy and governance at Groupama AM

2. ESG analysis approach

3. Implementation of ESG criteria in our management

4. Informing our customers

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CONSIDERATION OF ESG CRITERIA

A changing world

Groupama AM offers its customers a resolutely active conviction-based management style, with a medium/long-term investment outlook, depending on the specific characteristics of the asset classes in question. This conviction-based approach to investment management requires a good understanding of the transformations taking place in our economy, together

with prompt identification of risks and early detection of new opportunities for generating added value.

For this purpose, the inclusion of Environmental, Social and Governance (ESG) criteria in investment decisions is essential to keep track of the three major transitions – digital, environmental and demographic – that are bringing deep changes to modern business models:

DIGITAL

Impact of the new technologies on the ability to handle large volumes of data concerning the internal processes of companies and their relationships with their customers, suppliers and civil society.

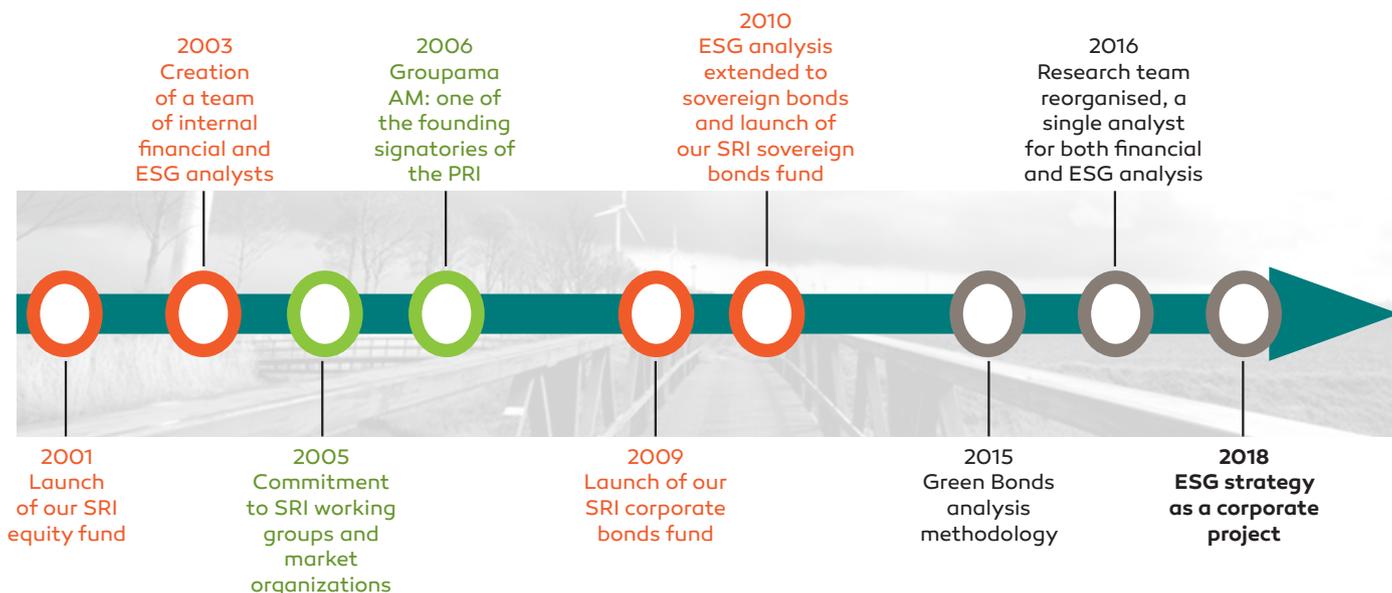
ENVIRONMENTAL

Transition from a fossil-fuel based economy to a low-carbon/decarbonized economy and the management of corporate activities' environmental impacts.

DEMOGRAPHIC

Consequences of social trends - ageing population, urbanization and increasing inequalities - which are confronting companies with new challenges for the management of their human capital and customers.

Groupama AM, pioneer of sustainable finance



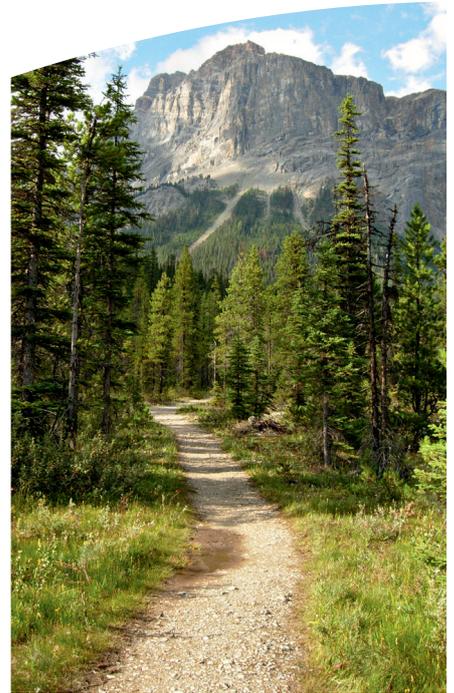
AN AMBITIOUS ESG STRATEGY

A strong long-term commitment

Since the early 2000s, Groupama AM has adopted and developed a non-financial approach.

With the definition and implementation of a new ESG Strategy since May 2018, the ambition of Groupama AM is to respond to a range of different aims:

- Satisfy the demands of our customers with regard to Sustainable Finance,
- Develop our range of ESG products,
- Reinforce our ESG integration practices,
- Establish ESG internal training programmes.



ESG governance attached to executive management

As a sign of the importance that Groupama AM accords to the challenges of ESG, an ESG Strategy Department was established in May 2018, under the direct authority of the CEO.

As a result, a new ESG policy was defined in June 2018, with the dual aims of spreading the integration of ESG criteria to all teams and enriching our range of ESG products.

The deployment of this ESG policy is monitored in a dedicated committee, the ESG Strategy Committee, which is chaired by the CEO and meets quarterly. Several Groupama AM teams - Management, Research, Development, Communication, CSR, Reporting etc. - are involved, and their actions are coordinated by the team dedicated to ESG integration.

Monthly progress reports on the deployment of this ESG strategy are also submitted to the Executive Committee.



A MARKET COMMITMENT

Founding signatory of the PRI

The historic commitment of Groupama AM is evidenced by the fact that it was one of the founding signatories of the PRI in 2006.

Groupama AM provides annual public reports on its commitment to the PRI and in 2018 received the maximum rating of A+ for its policy of ESG integration.

The Principles for Responsible Investment (PRI) were launched by the United Nations in 2006. They represent a proactive commitment that is addressed to the financial sector, encouraging investors to integrate ESG criteria into their portfolio management. The PRI constitute one of the means of advancing towards the generalized inclusion of extra-financial considerations by all the financial professions.

Commitment at French and international level

<p>AFG Association Française de Gestion Financière</p>	<p>Groupama AM has chaired the “Sustainable Finance” Commission of the French asset management industry association, AFG, since 2015 and has contributed to the market’s various sustainable finance projects, especially those concerning the SRI Label (“Label ISR”), the development of regulations, the publication of market statistics or the contribution to again the attainment of the UN Sustainable Development Goals. Groupama AM is a member of the SRI Label Committee and the Label Greenfin Committee. Website: http://www.afg.asso.fr/</p>
<p>EUROSIF (European Sustainable Investment Forum)</p>	<p>As a member of EUROSIF, through its membership of the French Sustainable Investment Forum (FIR), Groupama AM actively contributes to the efforts towards European convergence in promoting SRI to public authorities and in European policy. EUROSIF is the main body for promoting sustainable finance at European level. Website: http://www.eurosif.org/</p>
<p>FIR Forum pour l’Investissement Responsable</p>	<p>Groupama AM is a member of the French Sustainable Investment Forum (Forum pour l’Investissement Responsable - FIR) and takes part in the various working parties in collaboration with other industry associations and NGOs (AFG, ORSE, AFA, CIES, FBF, SFAF etc.), in order to promote SRI to public and political authorities, economic/financial players and stakeholders. Groupama AM is part of the General Public Committee. Website: http://www.eurosif.org/</p>
<p>SFAF Société Française des Analystes Financiers</p>	<p>As chair of the “non-financial analysis” committee of the French Financial Analysts Association (SFAF) between 2014 and 2018, Groupama AM has participated in many events, including the organization of conferences on integrated reporting (June 2015) and on the financial sector and environmental challenges (June 2016). As a member of SFAF, Groupama AM has actively contributed to the establishment of training courses in sustainable finance and regularly conducts these courses. Website: http://www.sfaf.com/</p>
<p>FINANCE FOR TOMORROW</p>	<p>Groupama AM is a member of the Finance for Tomorrow association, an initiative of Paris Europlace to promote sustainable finance. In this capacity, Groupama AM takes part in various projects, in particular concerning the tools available to enable investors to assess climate risk and the creation of an ESG competency framework. Website: https://financefortomorrow.com/</p>
<p>ORSE Observatoire sur la Responsabilité Sociétale des Entreprises</p>	<p>Since 2002, Groupama AM has been assisting in the work of the “Finance Club” of the CSR Observatory (ORSE) and contributes to the publication of several guides concerning the promotion of SRI. Website: http://www.orse.org/</p>

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THE FOUNDATIONS OF OUR ESG APPROACH

An integrated research team unique on the marketplace

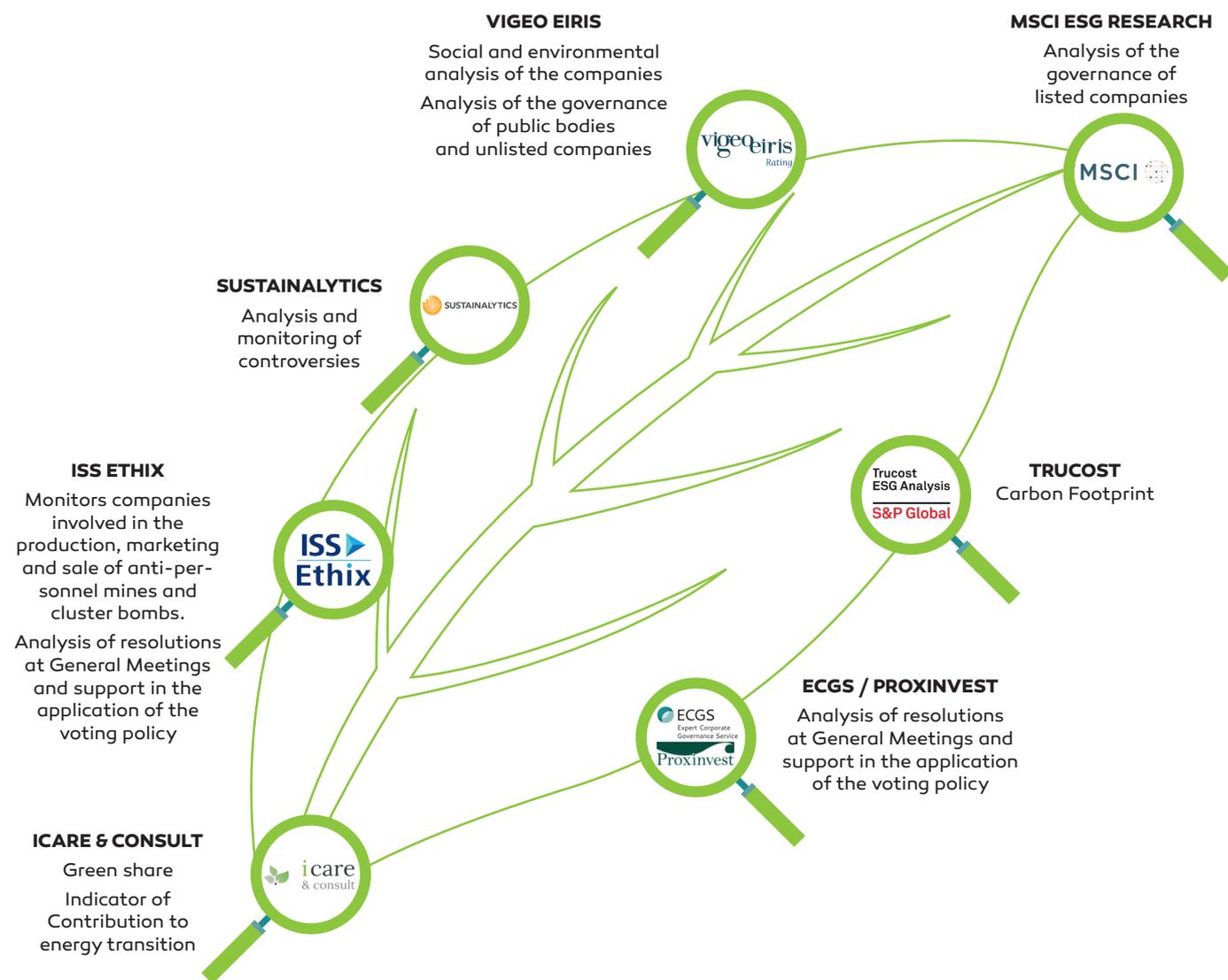
Starting in 2003, Groupama AM developed an internal research methodology that systematically integrates an ESG approach into financial analysis and culminates in a single combined recommendation. This initiative was based on the separate expertise of our financial and ESG analysts.

In 2016, Groupama AM took a further step in the dynamic integration of ESG by combining the previously separate functions of financial analyst and ESG analyst into a single profession. So, all Groupama AM analysts have been trained by the former ESG analysts to integrate extra-financial factors directly into their analyses, with equal weight to the financial factors.

At the same time, the former ESG analysts have acquired the fundamentals of financial analysis via training courses provided by SFAF (Société Française des Analystes Financiers).

Today, each analyst is responsible for conducting both financial and ESG analysis of the companies in the analyst's assigned sector. The Research department comprises 13 financial and ESG analysts, including 3 lead analysts dedicated to studying each pillar - E, S and G - and 4 individual country economists. These country economists also integrate ESG criteria into their country analysis.

Our ESG analysis sources



STRUCTURED ESG ANALYSIS

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



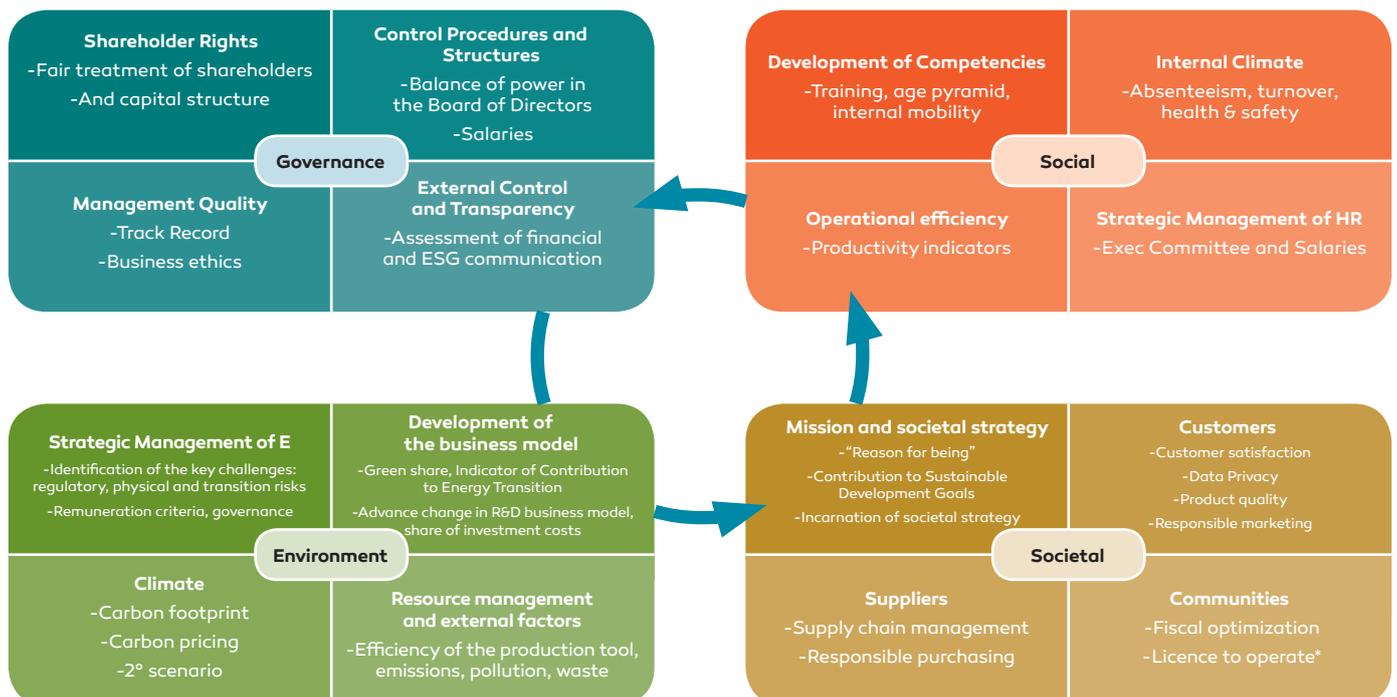
Governance: the way in which the company is managed and controlled provides an early indicator of operational, reputational and financial risks. The materialization of these risks can have a major impact on the performance of the company's assets.

Environment: the aim of analysing the environmental strategies is to identify the issues where companies are behind or in front of the curve in their energy and environmental transition.

Social: human capital, like financial capital, contributes to the creation of value. Companies' human capital

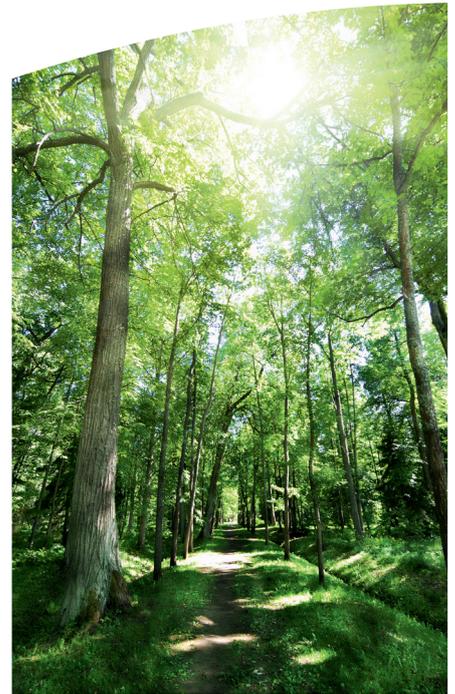
is not analysed as a cost but as an investment. Each company needs high-quality human capital - expert, competent and reactive - signalling its capacity to anticipate the challenges of major transitions.

Societal: by analysing societal innovation and customer relations, we aim to identify the risks and opportunities of the digital transition that the company will have to implement. The identification and development of products corresponding to the new modes of consumption are considered to be evidence of the ability of the company to meet the challenges of demographic transition.



* social acceptance by the local stakeholders for the implementation or development of an economic activity

FOCUS: OUR ENVIRONMENTAL INDICATORS



Groupama AM relies on its environmental analysis to limit its exposure to the two main climate risks, as identified by the TCFD⁽¹⁾:

- **Physical risks:** risks resulting from damage directly caused by meteorological and climatic phenomena.
- **Transition risks:** risks resulting from the effects of establishing a low-carbon economic model.

Groupama AM believes that it is essential not only to consider climate factors but also to evaluate the global environmental performance of each studied company, since the climatic and environmental factors are closely linked.

In view of the environmental challenges of the sector, each analyst uses our methodology and our tools to establish a climate-based approach and to determine the quality of the environmental strategy of the securities that the analyst is tracking. This assessment of the current situation is combined with a future outlook reflecting whether the strategy of the company is considered to be a risk or an opportunity for the future.

We use a variety of indicators to determine this outlook. To analyze the current positioning of the business model of a security, we rely on our data provider I-Care & Consult:

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 it is exposed to transition risks.

Indicator of Contribution to Energy Transition (ICET): percentage of environmental performance in a company's business, on a scale from -100 to +100%, where 100% represents the best performance currently achieved. This indicator measures the alignment of the economic model with the ecological and energy transition at a given time "t". The ICET supplements the green share and takes into account the overall environmental performance of the company by integrating the key environmental factors, such as waste materials, biodiversity, water, air quality and climate.

To evaluate the climate performance of a company, we refer to the carbon data provided by our data provider Trucost:

Carbon intensity ratio: assessment of emissions of scopes 1, 2 and a part of scope 3⁽²⁾ (first-tier suppliers), standardized per million euros of turnover.

2°C scenarios: to obtain a more forward-looking vision of the direct impact of company activities on climate, we also use a "2°C scenario alignment" indicator, which provides us with information on the past trend and anticipated future development of the company's carbon emissions compared to such scenario.

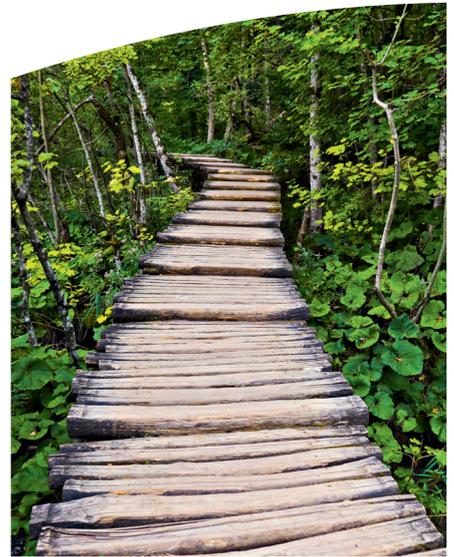
⁽¹⁾ TCFD: TCFD (Task Force on Climate-related Financial Disclosure) : working group set up in 2015 by the G20's Financial Stability Board. The TCFD encourages companies to provide harmonized information concerning climate-related financial risks.

⁽²⁾ **Scope 1:** direct emissions from fixed or mobile installations located inside the organizational perimeter

Scope 2: indirect emissions associated with energy consumption

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

FOCUS: OUR SOCIETAL ANALYSIS



Groupama AM has placed the “reasons for being” (“raisons d’être”) of companies and the UN Sustainable Development Goals (SDG) at the heart of its societal analysis methodology.

The societal pillar is understood to mean everything relating to the values and institutions of society, i.e. the interactions of the company with its environment and external ecosystem.

The aim of our societal analysis is to evaluate the level of maturity and leadership of the company in the field of societal challenges and to identify the signs of integration of these challenges into corporate planning at the highest level. For this purpose, we consider three criteria:

- The company’s “reason for being” (mission statement, purpose etc.),
- Contributions of the company’s activities to the SDGs,
- Embodiment of this societal strategy.

Today, the SDG approach is essentially macroeconomic. In our negotiations with companies, we encourage them to reflect these SDGs in their business models and to provide us with the indicators that enable us to evaluate their contributions to these Sustainable Development Goals. This process is still a work in progress and has prompted us to invest in different Market Working Groups.

The Sustainable Development Goals

On 17 January 2016, the 17 Sustainable Development Goals for 2030 - adopted by the UN member states in September 2015 - entered into force. Their aim is to end all forms of poverty, to combat inequalities and to tackle climate change, while making sure that no-one is left behind.

These 17 Goals have been translated into 169 targets and 244 indicators, primarily intended for public action. Nevertheless, private players, whether companies or investors, are increasingly seeking to demonstrate their contributions to these SDGs.

OBJECTIFS DE DÉVELOPPEMENT DURABLE



The “reason for being” of companies

In a context of mistrust of big corporations, in particular in France, the “reason for being” represents a key step in the establishment of a responsible company. This notion was first introduced in the Notat-Sénard report on “business and the common good” and was reiterated in the PACTE corporate reform law (Action Plan for Business Growth and Transformation), which was adopted as law in April 2019.

Under this law, companies that so wish can include a “reason for being” in their articles of association. This reason for being must be defined both by the shareholders (recorded in the articles of association) and the employees (validation by company agreement). A monitoring body, which must include employee representatives, will be tasked with verifying that the company’s strategy is in conformity with its mission statement and to presenting an annual report to the shareholders.

LIST OF MAJOR ESG RISKS

Groupama AM monitors a list of securities that are identified as comprising particularly high ESG risks, or the “list of Major ESG Risks”.

The companies that integrate the list of Major ESG Risks are the companies for which the ESG risks could imperil their economic and financial viability or could have a significant impact on the value of the company and of its brand and therefore cause a major loss of stock market value or a significant downgrading by agencies.

The list is composed of two subsets:

- Companies having a controversies rating of 4 or 5 according to Sustainalytics, after validation by our internal Research team on the basis of our own criteria.

- Companies whose governance is rated “ -- ” by our analysts, according to our internal approach. This “double minus” is a sign of failing governance.

With each new entry, the analyst determines the exit triggers, which are systematically reviewed every six months.

The entry or exit of securities from this list is validated by a Major ESG Risks Committee, chaired by the Chief Risk Officer of Groupama AM.

In the case of the companies monitored by the Research department and included on this list, the analysts cannot issue a share purchase recommendation or a credit recommendation with positive outlook.



RATING THE COMPANIES: QUANTITATIVE ANALYSIS

Quantitative ESG tables

On the basis of the data from our ESG suppliers, we establish tables of quantitative data as a function of the ESG factors that we have determined internally from our qualitative analysis.

So, for example, for each sector, we select and weight the criteria that we consider most relevant and substantial.

This approach provides us with quantitative ratings over broad investment universes.

Proprietary tools

The qualitative and quantitative ESG data are made available to all Groupama AM portfolio managers. For example, managers are provided with the proprietary rating tools “NotesESG©” and “AvisRecherche©”, which enable them to view the macroeconomic fundamental research studies simultaneously, together with the E, S and G ratings. These tools provide input to our management tool SimCorpo Dimension.

				RH													
				MSCI Europe			Barclays			Vigeo			MSCI Euro				
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1 390.36	31 %	29 %	18.70	=	59	59		59		65	▼	++	65	91	+	65	6
336.04	41 %	37 %	16.36	-	51	38	=	51	60	60	▼	++	60	84	=	60	3
108.32	0 %	1 %	12.50	-	23	21		23		29	▼	-	29	36	--	29	1
95.02	0 %	-64 %	45.19	+	52	68		52		28	▼	=	28	60	-	28	3
43.51	0 %	-36 %	24.00	++	75	100	++	75	100	56	▼	++	56	93	++	56	8
	0 %	-42 %		++	71	96	++	71	96	61	▼	++	61	88	++	61	10
127.48	5 %	2 %		++	66	97	++	66	95	69	+	++	69	97	++	69	9
784.26	0 %	-30 %		=	48	56	=	48	43	39	▼	-	39	45		39	
300.64	0 %	-100 %	30.20	+	53	79	+	53	77	23	▼	-	23	33	-	23	2
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263.48	36 %																
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71.99	3 %																
530.46	26 %																
111.74	3 %																

vis/Reco Action	Avis/Reco Taux LT	Avis/Reco Ta... Y	Reco Secteur	Pos. Conc.	Gouvernance	Rentabilité	Croissance	Solidité Financiere	Liquidité	Event Ris
Vente	Positive ▼	Positive →		++	Négatif	+	+	++	++	Fort
Vente	Neutre →	Positive →		=	Négatif	+	=	+	=	Modéré
Achat	Neutre ↗	Positive →		+	Modéré	-	-	+	++	Modéré
Achat	Neutre →	Neutre →		+	Modéré	=	=	=	+	Modéré
Achat	Positive →	Positive →		++	Positif	++	+	=	+	Modéré
	Neutre →	Neutre →		+	Modéré	+	=	-	=	Fort
	Neutre ↘	Neutre →		++	Modéré	-	+	+	=	Faible
	Neutre ↗	Positive →		+	Modéré	+	+	--	++	Faible
Achat	Positive ↗	Positive ↘		++	Positif	++	+	+	+	Modéré
Vente	Neutre ↘	Positive →		+	Négatif	+	+	--	+	Faible
Achat	Positive ↘	Positive →		+	Positif	+	+	=	++	Fort
Vente	Neutre →	Neutre →		+	Modéré	-	=	=	=	Modéré
Achat	Positive →	Positive →		+	Modéré	=	+	=	+	Modéré
Achat	Positive →	Positive →		+	Positif	+	+	+	++	Modéré
Achat	Positive →	Positive →		+	Négatif	+	=	=	++	Faible
Vente	Positive ↘	Positive →		++	Modéré	+	=	+	+	Fort
		Positive →		++	Négatif	+	++	+	+	Faible

SYSTEMATIC INTEGRATION OF ESG FACTORS IN OUR FUNDAMENTAL ANALYSIS

ESG and financial analysis leading to a single combined recommendation

The aim of our approach to integrating ESG is to measure the impact of ESG criteria on financial criteria and therefore on our final recommendations. In our analysis of securities, we concentrate on the “material ESG” criteria, i.e. the criteria having an impact on the financial criteria.

Definition of substantive ESG criteria

Our approach concerning the substantive ESG criteria combines both top-down and bottom-up analysis.

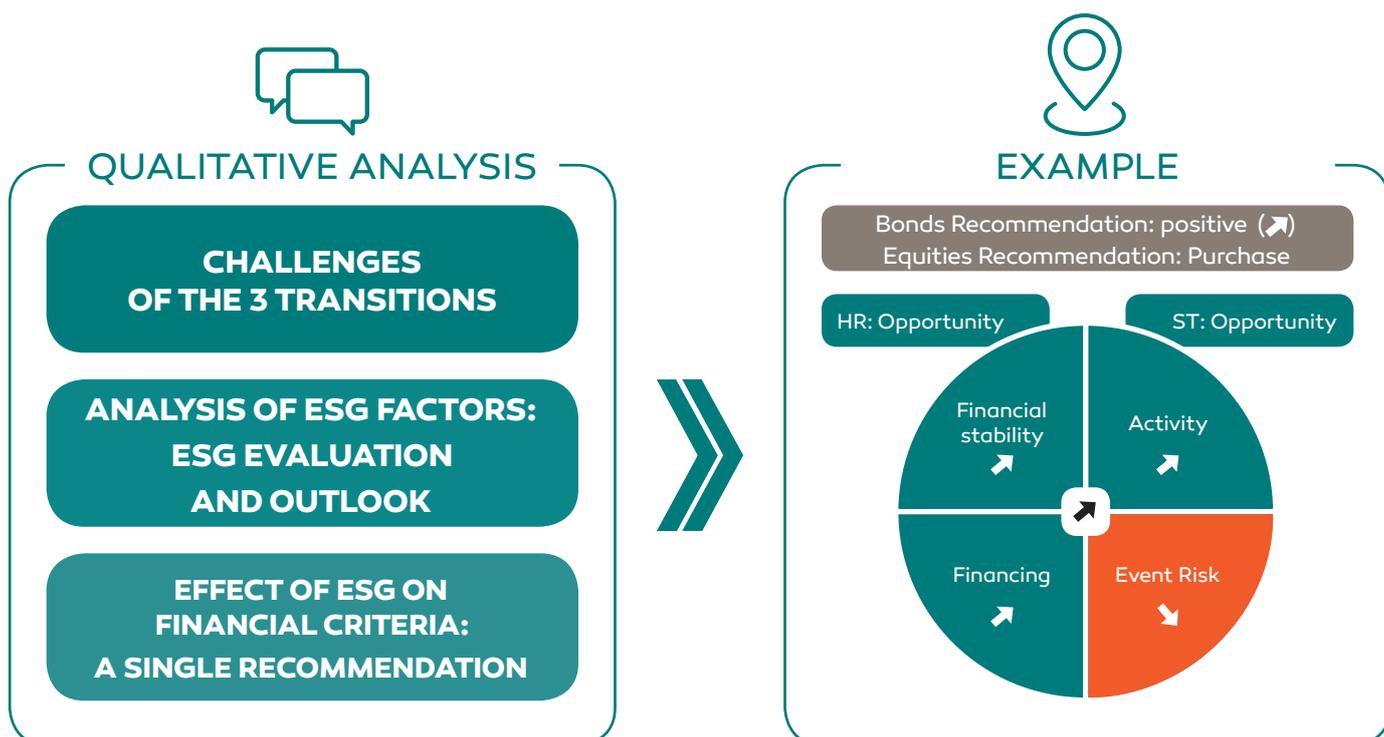
We start with a macroeconomic analysis, i.e. with the three transitions that we have identified as having structural significance, and then translate them into a microeconomic approach at the level of the sector and the individual security.

This enables us to evaluate whether the company integrates the evolving changes of its ecosystem and to measure the company’s ability to adapt rapidly to new data in its established strategy.

Impact on financial elements

Analysis of these ESG criteria provides an ESG evaluation with 3 ratings (positive, moderate and negative), together with an outlook.

The analyst then defines which financial factors are impacted by these criteria, thereby providing an understanding of how the analysis of these extra-financial factors will be integrated in the overall recommendation concerning the investment security concerned.



OUR APPROACH TO VOTING AND ENGAGEMENT

A demanding shareholding policy

Shareholder policy reflects a proactive and constructive approach on the part of one or more investors to demand that certain companies make real efforts to improve their ESG practices. Groupama Asset Management has fully integrated its voting and engagement policy into its ESG strategy. Shareholder voting and engagement constitute a natural extension of ESG analysis and of the integration of these criteria in investment decisions.

Our shareholder policy is structured around three key aims:

1. A demanding voting policy, which has been in place since 2001, combined with the possibility of discussing draft resolutions presented at General Meetings with the companies.

2. Direct and recurrent dialogue with issuing companies via:

- Meetings with the senior management of the main European quoted companies,
- Engaging with companies concerned by controversies.

3. Participation in collaborative initiatives:

- Guided by the PRI as part of the collaborative engagement platform,
- Submission of external resolutions.

Every year, we publish a voting report and engagement report, which are accessible on the Sustainable Finance page of our website.



Date action launched	Collaborative action	Aim of engagement	Sectors / Companies engaged	Duration of engagement	Role
July 2017	Cybersecurity	Identification of the risks, Governance established in this field, Transparency on the identified risk and their management.	Sectors: consumer, health, finance	18 months	Supporting
September 2018	Just Transition on Climate Change	Commitment to supporting a just ecological and energy transition by integrating human capital and the social dimension into our investment strategies or our engagement policy.	All sectors	NA	Signature of the commitment
September 2018	Science Based Target Initiative	Support the action of Phitrust, an asset manager with an investment policy focused on Sustainable Finance, with the aim of stimulating the companies of the CAC40 to adhere to the Science Based Target Initiative. Its goal is to work with companies to improve their transparency on their greenhouse gas emissions, the policies implemented to reduce emissions and their results, in order to meet the target of 2°C.	CAC40	Unlimited	Standard letter sent to companies before their GM
December 2018	Open Letter to Index providers on Controversial Weapons	Signature of an open letter demanding that stock market index providers exclude producers of controversial weapons from the leading market indexes.	Companies present in the indexes	Unlimited	Letter sent to index providers

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ESG CRITERIA INTEGRATED IN 1/3 OF OUR ASSETS UNDER MANAGEMENT

Two main areas of implementation

Our SRI processes

Our SRI funds are managed on the basis of a *best-in-class* or *best-in-universe* approach and are invested in the best companies or countries in terms of their sustainable development policy.

Our ESG integration processes

For Groupama AM, an ESG integration process is

characterized by the identification of ESG criteria according to their material effect - in relation to the sector and to the financial instrument in question - and by specifically adapting the integration of these criteria to each management process considered. So, the ESG criteria are not systematically included in every management decision but are used to reinforce the main decisions, thereby helping to identify the specific opportunities and risks.

Manager training

To attain this ambition, we have established ESG training sessions for our managers. These training sessions are organized internally and are conducted by the teams in charge of ESG integration.

identification of the ESG data sources, capability to identify the stakes of ESG and to apprehend their implications for financial elements.

These training courses are designed to achieve various objectives, such as mastery of the key concepts,

In 2018, each manager received an average of 10 hours of awareness-raising courses on the integration of ESG criteria in their management decisions.

Type of approach	Nature of medium	Medium title	Assets under management on 31/12/2018 in million euros	% of total assets under management
ESG approach	3 open funds	Euro Capital Durable	249	0.25%
		Groupama Crédit Euro ISR	243	0.24%
		Groupama Etat Euro ISR	397	0.40%
	Multi-compartment employee investment fund ("FCPE")	Groupama Epargne Responsable	1,063	1.07%
	1 dedicated fund	-	212	0.21%
TOTAL SRI APPROACHES			2,164	2.18%
Process of integration of ESG in our money market funds	6 open funds	Groupama Entreprises	3,362	3.38%
		Groupama EONIA	2,545	2.56%
		Groupama Trésorerie	4,996	5.03%
		Gan Court-terme		Feeder
		Groupama Court-terme		Feeder
		Groupama Monétaire		Feeder
	Employee Investment Fund (FCPE)	Tesorus Monétaire		Feeder
7 dedicated funds	-	5,761	5.80%	
Process of integration of ESG in the mandates managed by our asset and liability management	65 mandates	-	10,800	10.86%
Process of integration of ESG in the mandates managed for external customers	4 dedicated funds	-	481	0.48%
	4 mandates	-	1,738	1.75%
TOTAL ESG INTEGRATION APPROACHES			29,683	29.86%
TOTAL ESG ASSETS UNDER MANAGEMENT			31,847	32.04%

To avoid counting the assets under management twice, we have excluded the assets of the feeder funds for which the master fund is already included in the table.

THREE SRI FUNDS, THE CORNERSTONE OF OUR ESG RANGE

Our SRI approach

Our SRI management processes are designed to invest in the most virtuous companies or countries in terms of E, S and G factors.

Two SRI funds invested in companies

Our equity UCITS, Euro Capital Durable, which was launched in 2001, and our corporate bonds fund, Groupama Crédit Euro ISR, launched in 2009, apply a *best-in-class* approach, which is implemented by determining the eligible investment universe on the basis of ESG criteria (issuer rating, exclusion of companies implicated in controversies and ranking by quintile in each sector) and by applying strong

selectivity through the establishment of management goals to prioritize the top-rated companies.

An SRI fund invested in sovereign debt

Groupama Etat Euro ISR, launched in 2011, selects the countries with the best institutional framework and the best ESG performance.

Groupama AM's ESG analysis of state borrowing is based on a proprietary methodology that examines 35 criteria, in particular to determine institutional factors such as governance, the environment and social and societal challenges.



OFFICIALLY RECOGNIZED SRI MANAGEMENT

At the end of 2016, after an audit by French standards authority AFNOR, Groupama AM was awarded the public “SRI” label for its two SRI funds implementing the *best-in-class* approach. In 2017 and 2018, these labels were confirmed without reserve. Previously, these two funds regularly obtained the labels issued by Novethic.

To manage the funds reserved for employee

savings, Groupama AM and Groupama Epargne Salariale wished to offer their customers a range of employee investment funds managed according to the principles of socially responsible investment. As a result, the “Groupama Epargne Responsable” range of SRI employee investment funds for the external and internal customers of the Groupama Group have obtained the SRI label issued by the joint trade union committee on socially responsible employee savings schemes (CIES).

FOCUS ON OUR CLIMATE RISK MANAGEMENT IN OUR ALM MANAGEMENT

Environmental policy founded on three lines of action



The specific nature of Asset and Liability Management (ALM) is that it is a long-term management approach with the aim of optimizing the balance between asset and liability flows by investing in bonds having specific maturities and aiming to keep them until their maturity. Risk management, in particular for climate risk, is therefore essential to this type of “buy and hold” management.

Exclusions to limit exposure to sectoral climate risks

- Company with a turnover or energy production mix based more than 30% on coal,
- Company with oil sands that reportedly represent more than 15% of total reserves.

Climate risk analysis per financial instrument

Our internal environmental analysis identifies the issuers that are well-positioned to meet the challenges of climate changes and the issuers most exposed to the risks of these changes. With the aid of this analysis, we classify the invested issuers into three categories - reinforcement, attenuation and disengagement. The integration of these environmental considerations into our ALM approach enables us to establish a portfolio that meets the challenges of the environmental transition.

Financing environmental transition

Groupama AM is playing its part in the development of the Green Bonds market. At the end of 2018, € 554 million of our ALM were invested in Greens Bonds, financing projects with high environmental added value.

FOCUS: GREEN BONDS METHODOLOGY

Green Bonds are used to finance projects that have environmental benefits. They can be issued by companies, banks, institutional entities, non financial and financial companies, development banks, agencies, regions and states.

Our internal methodology is based on 4 key factors:

Characteristics of the issue: traceability, project selection process.

Characteristics of the issuer: qualitative analysis of the issuer’s ESG performance.

Environmental quality of the projects: assessment of the environmental benefit of the projects. In particular, the projects must relate to alternative energy sources, green buildings, energy efficiency, the circular economy, sustainable transport, agriculture, forestry or adaptation.

Transparency: existence and publication of a “second opinion”, reports (allocation and impact), fund allocation audit.

FOCUS ON THE ESG INTEGRATION PROCESS IN MONEY MARKET FUNDS

A specific process for our money market management

The specific characteristics of money market management limit the global and systematic consideration of all the relevant ESG factors, for two main reasons:

- A restrained investment universe with recurrent issuers,
- An investment horizon that can be very short term and therefore out of sync with certain environmental and social challenges.

Our ESG integration process for our money-market funds is a formalized process adapted to the specific characteristics of this management field and is founded on two key principles:

Systematic exclusions:

- All complex securitization operations,
- Any structure registered in tax heavens.

Definition of a list of eligible issuers determined by the Money Market Committee:

- Systematic consideration of the List of Major ESG Risks: for all the issuers on this list, the Money Market Committee limits the authorization to the securities having a maturity of less than one year.
- Inclusion of the ESG factors that impact the overall issuer rating: an issuer that has been the subject of an overall negative recommendation cannot be included in the issuers authorized by the Money Market Committee.

MONEY MARKET COMMITTEE

The Money Market Committee defines and updates the internal limits applied to the maturities of the investments in the Groupama AM money market funds, with a list of authorized issuers and the maximum maturities that the Money Market Management unit is authorized to invest in each sector.

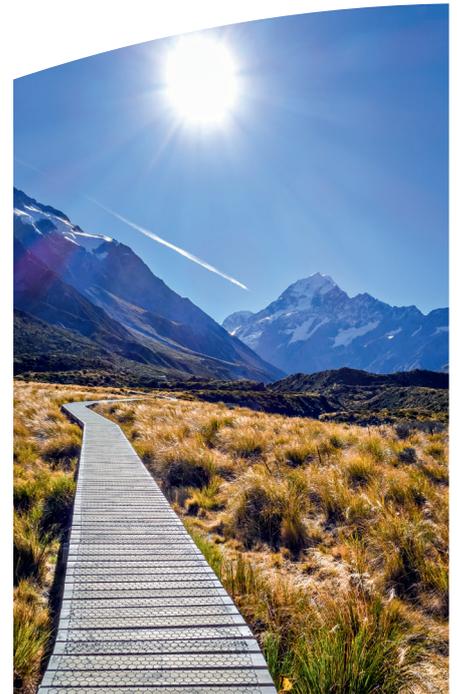


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INFORMING OUR CUSTOMERS

Accessible information

All the principal financial and non-financial information concerning the UCIs are accessible on the website (www.groupama-am.com), in conformity with the regulations on UCIs, with article 173 of the Law on energy transition for green growth and with the implementation order of Article 224 of the 2nd “Grenelle” Environment Law for asset managers portfolio management companies.



Complete and regularly updated content

At the level of the management company:

You can find the following content on the website :

- Annual PRI evaluation,
- Voting policy (updated annually),
- Voting report (updated annually),
- Engagement policy and report (updated annually),
- Exclusion policy.

At the level of the UCIs:

You can find the following content on the website :

- The AFG/FIR Transparency Code for funds bearing the SRI label (“ISR” in France),
- Regulatory documents (KIID, prospectus and rules) and the product specification,
- Monthly report,
- Annual report integrating the required reporting pursuant to Article 173 for the funds concerned (assets under management in excess of 500 million euros).

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CULTURAL ADAPTATION TO THE ANALYSIS OF ESG RISKS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)



Corporate Social Responsibility consists in integrating the social and environmental stakes into the activities of the company and into its relationships with its stakeholders. By conviction and commitment, Groupama AM adheres to a Corporate Social Responsibility (CSR) policy that aims to transpose the concept of Sustainable Development to the company. It therefore undertakes to contribute to attaining the environmental goals set at national and international level, starting by reducing the direct and indirect impacts of its activities.

So, in the context of its asset management activities, Groupama AM undertakes to comply with the rules of good governance and business law and to combat abusive practices and money laundering. The asset management company also undertakes to prevent insider trading and corruption. Groupama AM undertakes to adopt a transparent pricing policy, to produce and communicate clear reports that are adapted to the specific characteristics of its customers, on the basis of market standards and accepted practices.

In terms of environmental commitment, Groupama AM is taking a number of internal actions to limit the environmental impact of its activities (energy, paper, water etc.).

In particular, it is orienting its environmental strategy towards initiatives such as:

- Limiting the production of waste, and maximizing the re-use and recycling of currently unavoidable waste,

- Generalization of the company's proactive contribution to waste sorting, which aims to raise awareness and the sense of personal responsibility of employees,
- Prioritizing the procurement of supplies that are certified in conformity with sustainable development standards,
- Raising the awareness of the company's suppliers and service providers to the importance of sustainable development as part of CSR policy,
- Monitoring a formalized policy of best practice guidelines in the field of business travel by ranking the possible means of transport according to distance and the available choice, giving priority to public transport,
- To help provide practical visibility to its actions in favour of the environment by demonstrating their direct impact in the real world, Groupama AM has joined forces with the organization Reforest'Action, in order to establish reforestation projects in mainland France. A reforestation programme of 3,000 trees distributed over 5 degraded sites in France has been initiated. The aim of this operation is to involve all the company's employees in the aspects of environmental impact. Employees are given a budget of trees to be planted in the place of their choice in any of the 5 proposed sites.

In terms of social commitment, Groupama AM promotes the development of its employees' competencies via training and internal mobility. The Group is particularly attached to promoting gender parity and

CULTURAL ADAPTATION TO THE ANALYSIS OF ESG RISKS AND CORPORATE SOCIAL RESPONSIBILITY (CSR) (suite)

is actively engaged in the fight against discrimination by advocating a recruitment policy that promotes diversity.

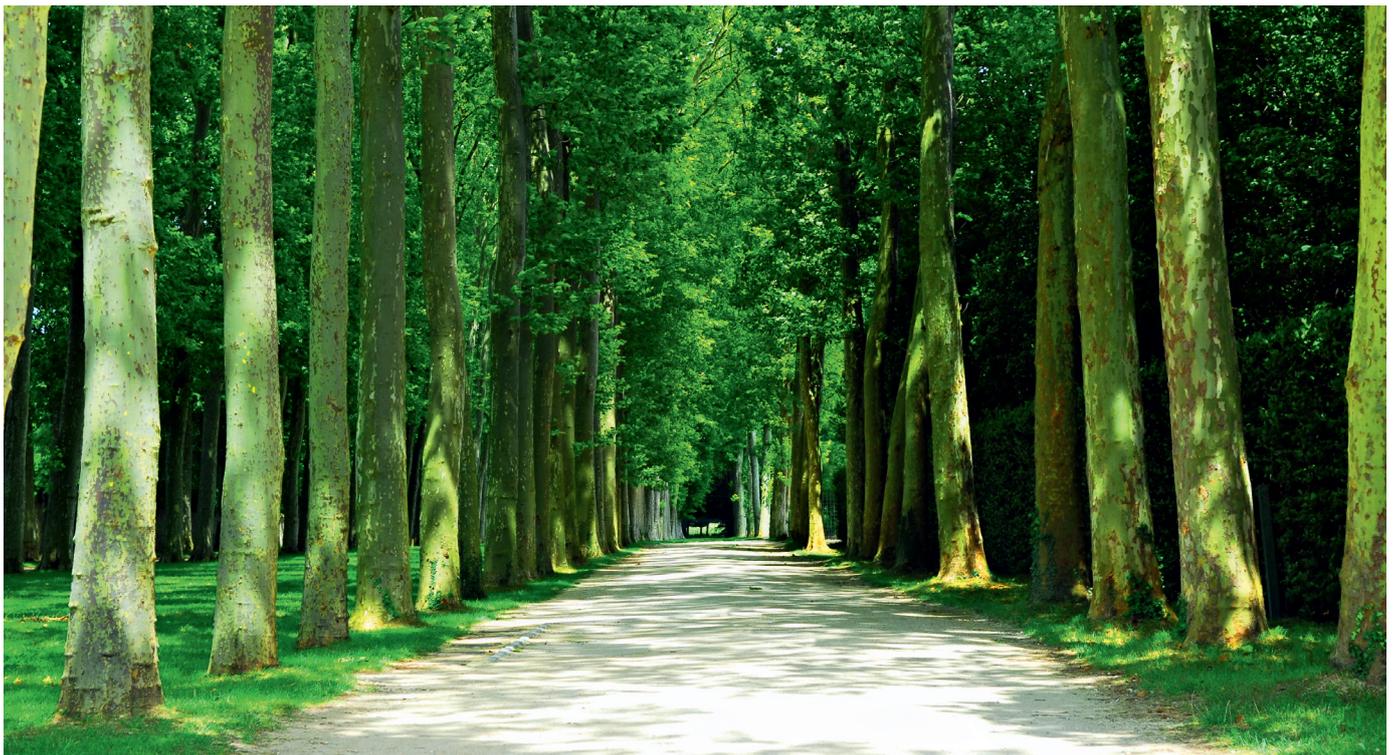
In terms of societal commitment, Groupama AM contributes to supporting causes in the public interest through its sponsorship actions and charitable donations. This financial aid is constantly expanding and is mainly focused on aid for Childhood, in particular by providing support to institutions that provide care and education for disadvantaged/sick and/or disabled children: these organizations receive not only financial donations but also gifts in kind for improving the conditions for reception and care of the children. Aid to Medical research is another complementary commitment of the company and is reflected by its support for the Groupama Foundation for rare diseases.

In 2018, Groupama AM established a partnership with the Paris Philharmonic Orchestra to support the “Demos” project (“Demos stands in French for Programme of Musical and Orchestral Education for

Socially Disadvantaged children); this is a “cultural democratization” project aimed at children from socially disadvantaged neighbourhoods or from rural zones with inadequate cultural facilities.

Since 2010, using a special teaching method for group learning, Demos has been promoting access to classical music through playing an instrument as part of an orchestra.

The commitment of the company’s employees to these public-interest causes is demonstrated by their constantly expanding participation in the indoor football charity tournament created by the CSR Department in 2017. For the 2018 edition, the increase in donations has enabled us to increase the prizes and rewards to the partner associations/foundations. More than € 21,000 have been donated. This sporting event even attracts people from outside the asset management company: for example, the Paris-based subsidiaries of the Groupama Group are present in large numbers.



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Groupama
ASSET MANAGEMENT

Actively Responsible Manager