

# Shareholder engagement policy

Update: 30/06/2020

Covéa Finance is subject to the Monetary and Financial Code, Article L533-22 of which was supplemented following the transposition of the "Shareholders' Rights" directive<sup>1</sup>. The latter came into force through *decree 2019-1235* published in November 2019.

The text requires eligible entities (portfolio management companies) to formalise and publish a shareholder engagement policy and then to report annually on the implementation of this policy.

The policy should describe "*how the company integrates its role as a shareholder into its investment strategy*". It is based in particular on the following existing elements:

- The ESG policy
- The exclusion policy

*(N.B.: the voting policy and the engagement policy linked to ESG as an investor are dissolved and merged with the new shareholder engagement policy)*

## **I Description of Covéa Finance's shareholder engagement policy**

Pursuant to Article R 533-16 §1 of the Monetary and Financial Code<sup>2</sup>, the shareholder engagement policy must include six elements:

### **a) Monitoring of the strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance:**

- Covéa Finance publishes an ESG policy that describes how companies' non-financial performance is taken into account, with a balance of the three foundations that are Environment (environmental impact), Social (social impact) and Governance (corporate governance). The policy is available online on the website: <https://www.covea-finance.fr/nous-connaitre/nos-rapports-et-politiques>
- Covéa Finance takes into account, in the analysis of private issuers, the company's strategy, financial and non-financial performance, financial and non-financial risks, capital structure, as well as all stock market and accounting parameters

<sup>1</sup> Directive 2007-36 as amended by Directive 2017-828

<sup>2</sup> Itself pursuant to Article L 533-22

in listed companies to make investment decisions. This is reflected in the n-depth analysis carried out internally by the management and research teams. The cross-checking of financial and non-financial data provides a broader view of the fundamentals of companies and the risk embedded in portfolios.

- As part of the integration of its investment process, Covéa Finance undertakes to:
  - self-assess at least once a year as regards the following aspects:
    - the comparison of Covéa Finance's governance with the main expectations and requirements of investors from listed companies,
    - alignment and consistency of the principles of the Covéa group's CSR policy with the ESG criteria applied in investments,
    - Covéa Finance's internal rating as a PMC (portfolio management company) according to its own multi-management PMC selection grid,
  - publish a carbon footprint of its portfolios according to the internal roll-out schedule and which will be regularly monitored,
  - pursue a continuous progress approach to the consideration of ESG in its investment process with priority given to quality over quantity.

## **b) Dialogue with companies held in the portfolios:**

- Covéa Finance formalised its approach to shareholder dialogue around the following elements:
  - A definition: tool to engage in dialogue with companies and policy-coordination tool to support the integration of ESG criteria into the investment process
  - Objectives: to establish shareholder dialogue as the main channel and lever of influence to promote the best ESG practices within companies; and to enable a better understanding of the extra-financial risk and the non-financial performance of a company or an asset portfolio

- Several forms: direct meetings with the companies on the initiative of the latter as part of the analysis of the resolutions presented at the general meeting; direct meetings with the companies on the initiative of Covéa Finance; questionnaires that serve as support and a framework for assessing ESG risks and performance
- Prioritisation rules: companies with which ESG analysts discuss based on meeting opportunities are as a priority those considered as key in the portfolio as well as those within our voting scope, in order to ensure, in particular, alignment between the scope of shareholder dialogue and that of voting. This will then be added to other prioritisation elements (e.g. the holding of the security in the SRI funds or the funds in the environmental theme range).

### **c) Exercising voting rights and other rights attached to the shares:**

- The following elements set out the conditions under which we exercise the voting rights attached to the securities held and/or acquired by Covéa Finance as part of the collective management (collective investment undertaking) and individual discretionary management activity.
- Securities of companies held directly by entities of the Covéa Group that have set up a financial management mandate with Covéa Finance and considered to be "strategic" in this regard are excluded from the scope of the exercise of voting rights.
- By exercising voting rights we seek to comply with good corporate governance practices and thus promote long-term growth of investments for our clients.
- Exercising voting rights is part of Covéa Finance's approach of taking into account the environmental, social and governance (ESG) criteria for the management of its assets.
- We perform our duties completely independently of issuers and in the interests of our clients.
- The following items determining the exercise of voting rights are subject to annual review. As part of the development and evolution of these conditions, Covéa Finance relies in particular on the annual recommendations of the AFG and Afep-Medef in terms of corporate governance, by adapting them to the specifics of its business model.

## 1. Exercising voting rights

- Organisation of the company enabling it to exercise its voting rights

We exercise our clients' right to vote:

- through an electronic platform (since 2 June 2008) and by post for France; this is the rule
- by effective participation in meetings; this is the exception

ESG analysts, on the basis of collegial organisation, analyse the resolutions put to vote and propose voting instructions in compliance with the principles set out in this document<sup>3</sup>. These proposals are approved by the Director of Strategic Monitoring, External Relations and all Research, including the ESG, or the Head of Research or the Head of ESG at Covéa Finance. ESG analysts manage voting through the previously mentioned electronic platform and inform management teams of it.

- Classification and archiving of information

Our provider enables us to meet the traceability requirement imposed by AMF (French Financial Markets Authority) regulations. For each general meeting at which we vote, the following information is available:

- the number of shares held by collective investment undertaking and by mandate on the date of the general meeting,
- the nature of the vote cast by the ESG analyst (direct, by post, electronic);
- the response to the vote (for, against, abstention; this is always an abstention in the event of a resolution presented at the meeting);
- the reasons for these votes when it is an abstention or a negative vote.

This information is available to our principals, shareholders, unit holders or collective investment undertaking investors upon request at Covéa Finance's head office.

<sup>3</sup> The voting resolutions not covered by our voting policy will be considered on a case-by-case basis.

## 2. Principles to which Covéa Finance refers to determine the cases in which the right to vote will be exercised

- Scope of voting at 2020 general meetings

For the 2020 financial year, we decided to vote in the meetings of our thirty largest cumulative positions in companies in the European Union, in the portfolios of our collective investment undertakings and mandates combined as at 31 December 2019 unless these securities were sold on the date of the general meeting.

We only take into account securities that do not need to be frozen at the custodian when voting.

We also strive to exercise our right to vote in the European listed companies that we assist with a long-term approach, and in which we have holdings greater than 1.5% of the capital when formalising our voting scope as at 31 December 2019.

Voting at the General Meetings in the United States is suspended because of legal and administrative complexities.

- Nature of management of the collective investment undertaking

Covéa Finance practices collegial security selection management based on macro-economic, micro-economic and sectoral analysis. The nature of its management is irrelevant to the exercise of its voting right.

- Use of securities lending

Covéa Finance may use securities lending. In order to exercise the voting rights attached to the securities lent at the time of general meetings, Covéa Finance shall ensure that it is able to recall them at any time.

- Specific case of thematic funds and SRI

In particular, Covéa Finance reserves the right, for its thematic funds and SRI, to examine any resolution, brought either by the Board of Directors or by a group of shareholders, which would aim to improve transparency, governance, stakeholder (employees, environment, etc.) management or which may appear to be inconsistent with the ESG principles governing these funds.

### **3. Principles to which Covéa Finance refers when exercising voting rights**

The objective of Covéa Finance is to contribute to improving governance practices in the companies in which Covéa Finance decides to invest and thus contribute to best defending the long-term interest of the beneficiaries that Covéa Finance represents. The principles to which Covéa Finance refers enable the alignment of the interests of all stakeholders.

The principles are organised around six themes which group together the main categories of resolutions. The voting strategy is made up of analysis points on each of the six themes, enabling Covéa Finance to take a position on governance when exercising voting rights.

- **Boards and Governing bodies**

The boards are responsible to all shareholders and must act in the interest and on behalf of all shareholders. They exercise the powers conferred on them by law to act in any circumstances in the interests of the company. In order to best take on this responsibility, good governance must be reflected in a balance of powers and skills within boards and governing bodies.

Before deciding on a resolution relating to the boards and governing bodies, Covéa Finance, with the assistance of its service provider, considers the following points:

- the clarity and continuity of information concerning the work of the board assessed by:
  - the Chairman's report informing shareholders of the number of board meetings, the elements for assessing the attendance of its members, its method of organisation, a detailed *curriculum vitae* for the members of the board in office and the members presented for the shareholders to vote on,
  - the existence of rules of procedure of the board referring to the principles of organisation and ethics,
  - the means made available to members of the board: communication of any information useful in exercising their appointments prior to their meetings;

- ✓ the separation or not of management and supervisory duties (Chairman of the Board and Managing Director or Chief Executive Officer);
- the amount of annual attendance fees (indexed or not to attendance of board meetings). Covéa Finance is in favour of the remuneration of the members of the board by attendance fees the amount and evolution of which must be consistent with the financial capacity of the company;
- the experience of board members with regard to the operation of the company;
- the diversity of experience within the board;
- the rate of attendance of members at board meetings in the event of renewals of appointments;
- the term of appointments: Covéa Finance is in favour of a maximum term of appointments of 4 years;
- the proportion of board members or members of the supervisory board aged over 70 years of age;
- the list of appointments, with a general rule of a maximum of 5 appointments in total (including the appointment in the company concerned) for non-executive director candidates and specific rules on a case-by-case basis for other candidate profiles;
- the number of shares to be held statutorily by a board member or member of the supervisory board and the number of shares actually held;
- the absence of discrimination: Covéa Finance is in particular in favour of better representation of women on boards;
- the presence of employees on boards: Covéa Finance is in favour of the presence of employees on boards;
- the existence of cross directorships: Covéa Finance is not in favour of it except for strategic alliances in a declared economic project.



Covéa Finance checks that the company complies with the following principles in respect of the appointment of its members of the board of directors or supervisory board:

- The share of independent board members must be strictly greater than 50% for so-called widely held "non-controlled" companies<sup>4</sup>. The share of independent board members must be strictly greater than 33% for controlled companies. The board members representing employee shareholders as well as board members representing employees are not recorded to establish these percentages as well as representatives of the State (in the French case, including BPI, CDC, APE, etc.). Thus, the board member or member of the independent supervisory board shall not:
  - be an employee, corporate officer director of the company or a company of its group, or have been in the last five years,
  - be an employee or corporate officer director of a reference shareholder of the company, or of a company of its group,
  - be an employee or corporate officer director of a significant and usual, commercial, banking or financial partner of the company or companies of its group,
  - have been an auditor of the company in the previous five years,
  - have been a member of the board of directors or the supervisory board for more than ten years,
  - have a close family connection with a corporate officer.
- Specialised committees

Covéa Finance adheres to the recommendations of the AFG recommending the existence of three committees (a larger number of committees may lead to dilution and confusion of the work of the board members) with freedom to summon and interview the employees of the company and with an operating and allocation charter for each of them, included in the internal rules of procedure of the board of directors or the supervisory board. The board of directors or the supervisory board shall provide the

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<sup>4</sup> A company is said to be "controlled" if a shareholder directly or indirectly owns a fraction of the capital greater than 50%.

shareholders with all useful details regarding these committees, the frequency of their meetings and report on their activity.

- **Audit committee**

Two thirds of its members must be independent. The committee must include an expert member in accounting and financial matters, excluding persons performing general management or employee duties in the Company.

Their duties must be the auditing of accounting and financial information, risk analysis and supervision of internal auditing, the monitoring of statutory auditing of accounts and the review of external audit work.

- **Selection committee**

It must be made up of at least three members of the board of directors or the supervisory board, and the majority of members must be independent.

The committee is responsible for making proposals for the search, appointment of board members and corporate officers and planning their reappointment.

- **Remuneration committee**

The Chairman of the Remuneration Committee and the majority of its members must be free of interests. The committee may not include persons performing the duties of managing director.

It must participate in the development of a system covering remuneration of all kinds (fixed, variable, options, allocations of free shares, severance payments, pensions). In particular, it shall examine the remuneration of the corporate officers and the executive committee.

- Remuneration of executive directors<sup>5</sup>

The remuneration policy must be adapted to the company's strategy and context. It must be in line with a company's medium- and long-term performance objective. Remuneration must be determined in accordance with the principle of aligning stakeholders' interests.

Determination of remuneration must be comprehensive, the rules must be stable and transparent and the performance criteria used must be explicit and sustainable.

**Before deciding on a remuneration resolution, Covéa Finance, with the help of its service providers, considers the following points:**

- transparency of information on the amounts and on all forms and bases for calculating individual, direct or indirect, immediate or deferred remuneration of executive directors. This information must be detailed in the resolutions, be the subject of information in the annual report in a summary table of remuneration and make it possible to compare the current remuneration plans with those of the previous two financial years. Information on the criteria for determining variable remuneration must be precise (with details on minimum, maximum and target remuneration based on achievement of objectives);
- the consistency of the remuneration of the executive director with the interests of the company: the opportunities for evolution of the remuneration will be analysed in light of the existence of current major restructuring plans;
- the balance of structure between fixed and variable elements of remuneration; Covéa Finance being in favour of a proportionate order of magnitude;
- the structural balance between the short-term and medium-term variable elements; Covéa Finance being in favour of a structure aligned with medium- and long-term objectives;
- the implementation or not of a mechanism for the approval of remuneration plans by the shareholders ("say on pay"), which Covéa Finance favours;

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<sup>5</sup> Managing Director, Deputy Managing Directors, Chairman of the Board

- the performance criteria associated with variable annual remuneration and remuneration plans must be demanding, explicit and sustainable, they may be both quantitative and qualitative: the inclusion of non-financial criteria is recommended; the criteria comparing the group's performance with those of competitors are assessed positively;
- the implementation or not of a mechanism for reimbursing variable remuneration paid when it appears, at a later date, that it was partially allocated on the basis of incorrect financial information;
- mechanisms for the allocation of long-term remuneration of executive directors; in particular, the following terms and conditions:
  - Free shares
    - Covéa Finance would like the Company to provide its shareholders in its annual report with accurate data on all the conditions that led to the granting of free shares over the last three financial years (performance criteria, % of allocation).
    - The resolutions intended to authorise the allocation of free shares must include and specify in detail the explicit performance criteria on the basis of which the said shares will be allocated so that the shareholder can assess their dilutive potential.
    - These criteria may be mentioned in the resolution or in the documents made available to shareholders for the purpose of the general meeting.
    - Covéa Finance is in favour of separating resolutions concerning the allocations to corporate officers and to employees and of communicating the maximum share of free shares allocated to each corporate officer.
    - The allocation of free shares must be subject to performance conditions over a long period (at least 3 years) and it would be desirable for retention to be over 2 years.
  - Allocation of subscription options, warrants or share purchase options

- Covéa Finance is vigilant about the number and conditions under which subscription options, warrants or share purchase options are allocated to members of management. In particular, they should not include a discount and it should not be possible to amend the initial terms of the issue.
- The option plans must specify the terms and conditions for allocating these options. A system must ensure compliance with ethical rules and in particular:
  - the cancellation of share options or warrants in the event of departure from the company,
  - the absence of the possibility of a posteriori amending the initial terms and conditions of the allocation of options,
  - a frequency of allocating options over the year,
  - the possibility of exercising options spread over several years and subject to achieving objectives,
  - an allocation subject to fulfilment of performance conditions over a long period.

These allocation plans should distinguish between the allocations made to the corporate officers and those made to the employees.

The allocation of options must be subject to performance conditions over a long period (at least 3 years) and it would be desirable for retention to be over 2 years.

- Restrictions on the allocation of subscription or share purchase options and free shares
  - The total amount of current plans encompassing subscription options and free shares should not exceed 10% of the capital (this upper limit could be increased for small capitalisations).
  - The total number of beneficiaries of subscription or share purchase options and free shares as well as the number of management beneficiaries should be mentioned in the company's annual report.

- supplementary pension arrangements, including defined benefit arrangements, which should include terms of seniority (5 years minimum), amount, presentism, basis of assessment and reference period;
- severance benefits: it is desirable that the departure of a director corporate officer on his initiative alone does not result in the payment of severance benefits.
  - Any severance-related bonus that may be paid to any director should not exceed an amount equal to twice the annual, fixed and variable remuneration (the subscription options and other types of remuneration being excluded). If the director's presence is less than two years, the amount of the compensation should be determined in proportion to the attendance time.
  - The payment of a non-compete allowance should be excluded as part of a retirement.
  - Covéa Finance is in favour of agreements relating to remuneration, compensation or benefits that may be due to an executive director upon termination or change of his/her duties, being the subject of separate resolutions.
- welcome bonuses: they can be accepted in the event that they compensate for the possible loss of income created by the newcomer abandoning his/her previous duties.

- Shareholders' rights

Covéa Finance's voting strategy in this area is based on the defence of fair treatment of shareholders, in particular through the mechanism of proportional voting rights and the principle of "one share, one vote".

Therefore Covéa Finance does not favour the practices and/or statutory amendments concerning the splitting of shares, dual voting rights, priority dividend and

non-voting shares. Covéa Finance is vigilant about preserving shareholders' rights. Each resolution or decision resulting in a modification of the Articles of Association shall be reviewed on a case-by-case basis.

- Approval of accounts and management

Covéa Finance takes a stand when exercising voting rights on the company's transparency as regards its business activity and its financial situation, and on access to sufficient information, in particular on policies and practices as regards certain environmental and social issues.

Before deciding on a resolution relating to the approval of accounts and management, Covéa Finance, with the assistance of its service providers, considers the following points:

- the information from the companies must be available within time limits enabling Covéa Finance to analyse these questions in advance (at least 21 days before the general meeting).
- the information must be sincere and consistent, with a detailed strategic position, particularly on matters regarding the company's medium- and long-term strategic direction, the company's environmental and social policy, the risk identification and management policy, the debt and dividend distribution policy;
- resolutions submitted to the vote of shareholders, which must be accompanied by information that clarifies the voting decision and the issues at stake, as well as the reasons for and the consequences of the proposed resolutions, in particular those concerning the appointment and renewal of board members as well as authorisations concerning financial transactions;
- requests for discharges that will be analysed in light of the regulations of the country in which the registered office is located;
- the appointment of external auditors; Covéa Finance is attentive to limiting potential conflict of interest situations regarding the involvement of external auditors. Therefore, the following must be complied with;
  - the proper application of the rotation principles depending on the entities concerned and according to local rules

- the restriction of fees not related to the certification of accounts mission,
- o regulated agreements; Covéa Finance is particularly vigilant about resolutions relating to regulated agreements.
  - Good practice consisting of providing for a resolution by agreement;
  - The information must be clearly detailed and for the sake of greater clarity, must be the subject of separate resolutions, in particular in the case of agreements concerning executive directors and family *holdings*;

Regulated agreements<sup>6</sup>: These are direct or indirect agreements between a company and its managing director, one of its deputy managing directors or one of its board members or one of its shareholders holding more than 5% of voting rights that do not relate to day-to-day transactions entered into under normal conditions. It is recalled that the current transactions are those carried out by the company in the course of its ordinary business activity and in the case of disposals of assets established under conditions sufficiently customary to be likened to normal transactions.

Scope

Sale, lease, provision of services, licensing, loan, exceptional remuneration given to board members for missions, etc.

- o blocked votes: Covéa Finance opposes the practice of combining in the same resolution several decisions of the same kind which should however be submitted separately to the vote of the meeting (for example, resolutions relating to the reappointment of several board members or remuneration or benefits in kind for the benefit of board members).
- Financial structure

Covéa Finance's voting strategy is based on respect for the principle of sustainable equity management over the long term and respect for long-term shareholders.

<sup>6</sup> Articles L225-38 to L225-43 of the Commercial Code



Therefore Covéa Finance is particularly vigilant about securities transactions and the dividend policy carried out by companies within its voting scope:

- the dividend distribution policy must be adapted to the company's growth potential, taking into account the amount of the dividend in relation to the cash flows available to the shareholder, the evolution of the distribution ratio and the amount of investments;
- share buyback and capital reduction transactions: these transactions will be analysed in light of the company's debt situation;
- anti-public takeover bid mechanisms: it is not desirable that a general meeting can give prior authorisation to use in a public takeover bid launched afterwards arrangements such as share buyback or the issuance of share warrants. Covéa Finance considers that holding a general meeting during the public takeover bid period must allow shareholders to decide on a case-by-case basis by having the information to assess the resolutions authorising, during the public takeover bid period, the repurchase of shares or the granting of share warrants.

However, resolutions providing for a cap, with the purchase price not exceeding the average stock price over the three months preceding the offer by 20%, may be accepted on a case-by-case basis;

- capital increases with or without preferential subscription rights. Covéa Finance's voting strategy is based on respect for the shareholders' preferential subscription right at the time of capital increases. Covéa Finance will therefore be vigilant as regards the terms of dilutive requests for delegation of powers removing the subscription right of shareholders, in terms of discount and percentage of the capital requested. In particular, Covéa Finance opposes:
  - capital increases without preferential subscription rights and without mandatory priority time limits which accumulated would potentially represent more than 10% of the capital and which, subject to the vote of the meeting, would not be formally explained and justified,

- capital increases without preferential subscription rights and with a mandatory priority time limit of a minimum of 5 days which accumulated would potentially represent more than 20% of the capital and which, subject to the vote, would not be formally explained and justified,
- as regards capital increases with preferential right, Covéa Finance opposes authorisations which, accumulated would potentially represent more than 50% of the capital and which, subject to the vote of the meeting, would not be formally explained and justified.

Covéa Finance is not in favour of capital increases per private investment, unless there is a justification for specific situations formally explained by the company.

- Governance of environmental and social issues

Covéa Finance wishes to have access to clear and sufficient information on the company's policies and practices on certain environmental and social issues in order to better understand the risks and opportunities that these issues may constitute for the company.

Covéa Finance may support a resolution presented by a shareholder or group of shareholders, which, subject to conditions of clarity and detail, would increase transparency on environmental and social issues linked to the Company's business.

#### **4. Procedures for identifying, preventing and managing conflict of interest situations**

The right to vote shall be exercised in complete independence, in accordance with the principles defined by Covéa Finance in its conflict of interest management policy.

The membership of the portfolio management company in an unlisted group and the absence of issuer-oriented activities are factors that limit the management company's exposure to conflict of interest risk. Covéa Finance refrains from voting at the general meetings of companies, mainly listed property companies, of which the entities of the Covéa Group hold a fraction of the capital that they consider strategic.



Covéa Finance may only assist the entities of the Covéa Group in the implementation of administrative formalities for the exercise of voting rights attached to securities held outside management mandates, according to their specific instructions.

Where a conflict of interest situation is identified, the management company shall report this in its annual report on the exercise of the voting right.

#### **d) Cooperation with other shareholders:**

- Covéa Finance is not currently part of a coalition of shareholders because we consider it more relevant to continue to promote shareholder engagement on an individual basis through shareholder dialogue.
- Nevertheless, Covéa Finance participates in the CDP (formerly Carbon Disclosure Project) campaigns alongside other investors and calls for lots of companies to respond to questionnaires on the Climate, Water and Forest components. It encourages them to be more transparent.

#### **e) Communication with relevant stakeholders :**

- Covéa Finance undertakes to ensure a satisfactory level of communication with its Covéa shareholder client on the following three aspects:
  - Covéa Finance has the motto “finance in the service of insurance” and has built its economic model on the in-depth and comprehensive consideration of the characteristics and needs of its Covéa shareholder client,
  - Covéa Finance shall do its utmost to ensure that Covéa is able to meet its financial commitments to its clients and members at all times,
  - Covéa Finance undertakes to implement Covéa's investment policy, which states that ESG criteria must be taken into account in investments for its mandates.
- Covéa Finance undertakes to ensure a satisfactory level of communication with companies it finances in debt or in capital through two means:
  - Covéa Finance is committed to dialogue with the companies included in its voting scope, which request it as part of pre-General Meeting shareholder dialogue,

and outside the pre-shareholder engagement period, to adopt a constructive approach in the shareholder dialogue with, amongst others, its largest positions, the private issuers of which Covéa Finance holds a significant share of the capital, the private issuers of the funds labelled SRI (Covéa Flexible ISR and Covéa Actions Solidaires) and the range of predominantly environmental funds (Covéa Aeris, Covéa Aqua, Covéa Solis and Covéa Terrais) etc.

- Covéa Finance is committed to requesting companies, with which it has initiated shareholder dialogue, to make progress both in ESG areas and on the quality, comparability and transparency of data which is published within the framework of CSR.
- Covéa Finance responds to requests and dialogue with stakeholders such as professional associations and NGOs. However, this dialogue is neither systematic nor binding.

#### **f) The prevention and management of actual or potential conflicts of interest in relation to their commitment:**

- Concerning the exercise of voting rights:
  - The right to vote shall be exercised in complete independence, in compliance with the principles defined by Covéa Finance in its conflict of interest management policy.
  - The membership of the portfolio management company in an unlisted group and the absence of issuer-oriented activities are factors that limit the management company's exposure to conflict of interest risk. Covéa Finance refrains from voting at the general meetings of companies, mainly listed property companies, of which the entities of the Covéa Group hold a fraction of the capital that they consider strategic.
  - Covéa Finance may only assist the entities of the Covéa Group in the implementation of administrative formalities for the exercise of voting rights attached to securities held outside management mandates, according to their specific instructions.
  - Where a conflict of interest situation is identified, the management company shall report this in its annual report on the exercise of the voting right.

Regarding Covéa Finance's operations, reference should be made to the conflict of interest prevention and management policy and code of ethics available at the following address: <https://www.covea-finance.fr/nous-connaître/nos-rapports-et-politiques>

## **II Distribution and reporting of the shareholder engagement policy**

- This shareholder engagement policy is made public on the Covéa Finance website and is mentioned in the same way as the other policies in the ESG Report published annually.
- An update on the implementation of the shareholder engagement policy will be presented annually and made available through the ESG Report, published on the Covéa Finance website.