

# Shareholder engagement policy

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Covéa Finance is governed by the French Monetary and Financial Code, whose Article L. 533-22 has been supplemented following the transposition of the “Shareholder 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 sustainability risk and ESG policy
- The exclusion policy

*(Note: the voting policy and the engagement policy linked to ESG as an investor were dissolved and merged with the new shareholder engagement policy in June 2020)*

## I Description of Covéa Finance’s shareholder engagement policy

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

- a) Monitoring of the strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance:
  - Covéa Finance publishes a policy on sustainability risks and ESG which describes how the financial and non-financial performance of companies is considered, with a balance of the three Environment, Social and Governance pillars. The policy is available online at: <https://www.covea-finance.fr/nous-connaître/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 in listed and unlisted companies to make investment decisions. This is reflected in the analysis carried out internally by the management and research teams. The cross-checking of financial and non-

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

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

financial data provides a broader understanding of the fundamentals, outlook and risks of the securities in the portfolio.

- 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:
    - 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 the carbon intensity of its portfolios
  - pursue an ongoing progress approach to the consideration of ESG in its investment process and its management decisions.

#### b) Marketplace working groups

Covéa Finance participates in and contributes to the work of two professional associations: the AFG (for itself) and the FFA (on behalf of the Covéa Group), particularly through their respective ESG Climate working groups.

#### c) 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 focus on 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 non-financial risk and the financial and non-financial performance of a company or a portfolio of assets
  - Several formats: meetings (in person or remotely) with companies at their initiative as part of the analysis of resolutions presented at General Meetings, or at the initiative of Covéa Finance, or during presentations to investors; sending targeted questionnaires that serve as a support and framework for assessing financial and non-financial risks and performance; engagement campaigns.

- Prioritisation rules: the companies with which analysts interact based on meeting opportunities are first and foremost those considered as core portfolio companies<sup>3</sup>, as well as those covered by our exclusion policy. Other prioritisation factors (e.g. the holding of the security in the SRI-labelled funds or the funds in the environmental theme range) are then added to the first rule.
- The elements related to this shareholder dialogue are disclosed in our annual ESG report, including the measures taken (monitoring, prohibition of new investments, etc.) in the context of the application of our exclusion policy.

#### d) 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

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<sup>3</sup> The core portfolio is made up of companies selected by management for their sustainable growth and resistance to the business cycle. These securities build up a cushion of unrealised capital gains to buffer any market shocks. By nature, core stocks are intended to remain in the portfolio for a long time.

- 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

The analysts, on the basis of collaborative organisation, analyse the resolutions put to vote and propose voting instructions in compliance with the principles set out in this document<sup>4</sup>. These proposals are approved by the Director of Strategic Intelligence, External Relations and all Research, or the Director's representative. The analysts manage voting through the previously mentioned electronic platform and inform the 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 analyst (direct, by post, electronic);
- the response to the vote (for, against, abstention; this is always an abstention in the event of a new 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.

## 2. Principles to which Covéa Finance refers in determining those cases in which the voting right will be exercised

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<sup>4</sup> The voting resolutions not covered by our voting policy will be considered on a case-by-case basis.

- Voting scope for 2022 General Meetings

We have decided to significantly expand our voting scope in 2022:

- By voting on 100% of the scope of our environmentally themed funds and our SRI-labelled funds
- By voting on 100% of the companies in which we hold at least 0.5% of the capital
- By extending our voting scope to other countries in addition to the EU countries, listed internally
- In total, this represents approximately 95% of the assets held in Equities as of 31 December 2021 in the portfolios of our undertakings for collective investment and mandates combined, unless these securities were sold as of the date of the General Meeting.

The increase in geographical coverage of our votes also requires an adaptation of our voting policy to local governance systems:

For these various adaptations, we base ourselves on the recommendations of our voting service provider.

However, we maintain some specificities, such as:

- *Gender diversity:*  
France: 40%  
US: 25%
- *Attendance criterion:* maintain opposition to the appointment of a director with an attendance rate of less than 75% (unless justified)
- *Remuneration:* at least 50% of the long-term variable remuneration should be based on performance criteria. The remainder can be based on attendance
- *Shareholder resolutions:* resolutions will be systematically handled internally

- Nature of management of the collective investment undertaking

Covéa Finance practices a collaborative stock selection process based on our Economic and Financial Outlook and on financial and non-financial analysis. The nature of its management is irrelevant to the exercise of its voting right. For certain resolutions of a transforming nature (e.g. significant acquisition or disposal, etc.), the Management and Research teams may be consulted.

- Use of securities lending

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

- Specific case of ESG-related resolutions:

In particular, Covéa Finance reserves the right 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 of Covéa Finance and/or with its exclusion policy.

Any investor wanting to dispose of a high-carbon asset in a portfolio will necessarily have to transfer it to the portfolio of its buying counterparty. This is a zero-sum game as the emissions of the company that is traded will not have changed as much. Covéa Finance therefore favours closing positions over disposals of carbon assets wherever possible.

### 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 presented hereafter which group together the main categories of resolutions:

- Boards and Governing bodies
- Remuneration of executive directors
- Shareholder rights
- Approval of financial statements and management
- Financial structure
- Governance of environmental and social issues

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 consistency of information concerning the board's work, which are 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 performing their duties 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 remuneration for directors (indexed or not to board meeting attendance). Covéa Finance is in favour of the remuneration of the members of the board, the amount and change 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 they are reappointed;



- the terms of office: Covéa Finance is in favour of a maximum term of office 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 and/or in one or more of its subsidiaries) 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 lack 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 proportion of independent directors must be strictly higher than 50% for companies with dispersed capital known as “non-controlled”<sup>5</sup>. The proportion of independent directors must be strictly higher 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

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<sup>5</sup> A company is said to be “controlled” if a shareholder directly or indirectly owns a fraction of the share capital greater than 50%.

member or member of the independent supervisory board shall not:

- be an employee, executive director of the company or a company of its group, or have been in the last five years,
- be an employee or executive director of a reference shareholder of the company, or of a company of its group,
- be an employee or executive 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 must provide shareholders with any relevant information concerning these committees and the frequency with which they meet, while also reporting on their activities.

- Audit committee

Two-thirds of its members must be independent. The committee must include a member who is an expert 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>6</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.

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<sup>6</sup> Managing Director, Deputy Managing Directors, Chairman of the Board

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 structural balance between the fixed and variable components 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 is favourable to;
- 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 returning 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 use its annual report to provide its shareholders with accurate data on all conditions that led to the granting of bonus shares over the last three fiscal years (performance criteria, allocation percentage).

- Resolutions intended to authorise the allocation of bonus 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 documents provided to shareholders in preparation for the general meeting.
  - Covéa Finance would prefer for those resolutions concerning the corporate officers and employees to be separate and for the maximum share of bonus shares allocated to each executive director to be disclosed.
  - Bonus shares must be granted under a long-term performance condition (at least 3 years) and it would be desirable for them to be held over 2 years.
- Allocation of subscription options, warrants or share purchase warrants
- Covéa Finance closely scrutinises the number of subscription options, warrants or share purchase warrants and the conditions under which they are granted 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 granting these options. A system must ensure compliance with ethical rules and in particular:
    - that options or warrants are void after an individual leaves the company,
    - that there is no possibility of subsequently changing the initial conditions for the granting of options,
    - that options are granted at intervals over the year,
    - that there is a possibility of granting options over several years which is contingent upon achieving objectives,
    - that allocations are made subject to the achievement of performance conditions over a long period of time.

These allocation plans should distinguish between the allocations made to corporate officers and those made to 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 outstanding plans encompassing subscription options and bonus shares should not exceed 10% of the capital (this upper limit could be increased for small capitalisations).
  - The total number of beneficiaries of share subscription or purchase options and free shares as well as the number of executive 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, low absenteeism, basis of assessment and reference period;
- severance pay: it is preferable that the departure of an executive director on their own initiative does not result in receiving any severance pay.
  - Any severance pay bonus that may be payable to any executive director should not exceed an amount equal to twice the fixed and variable annual retainer (subscription options and other types of remuneration are 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-competition payment should be excluded as part of a retirement.
  - Covéa Finance would prefer for those agreements relating to remuneration, allowances or benefits that may be due to an executive director upon leaving service or changing office, to be addressed by 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 their previous duties.

▪ Shareholder 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". This rule is systematic, with the exception of the presence of double voting rights linked to the Florange Act.

Covéa Finance therefore opposes any practices and/or amendments to the articles of association relating to the break-up of shares, double voting rights, priority dividends and non-voting shares. Covéa Finance is vigilant about preserving shareholders' rights. Each resolution or decision resulting in an amendment to the Articles of Association will 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 financial statements 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 statutory auditors; Covéa Finance is attentive to limiting potential conflict of interest situations regarding the involvement of statutory auditors. Therefore, the following must be observed:
    - the correct application of the rotation principles according to the entities concerned and according to local regulations,
    - the restriction of fees not related to the work to certify the annual financial statements,
  - regulated agreements; Covéa Finance is particularly vigilant about resolutions relating to regulated agreements.
    - The good practice of providing for a resolution by agreement;
    - The information must be clearly detailed and, for the sake of clarity, must be addressed by separate resolutions, particularly in the case of agreements concerning executive directors and family holding companies;

Regulated agreements<sup>7</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

Sales, leases, provision of services, licensing, loans, exceptional remuneration awarded to directors for assignments, etc.

- Combined decisions: Covéa Finance is opposed to 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

<sup>7</sup> Articles L. 225-38 to L. 225-43 of the French Commercial Code



reappointment of several board members or remuneration or benefits in kind for the benefit of executives).

- 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.

Therefore, Covéa Finance is very watchful of corporate actions and dividend policies led 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-takeover mechanisms: it is not appropriate for a general meeting to give advance authorisation to use mechanisms such as share buybacks (except in the UK) or the issue of warrants during a subsequent takeover bid. Covéa Finance considers that holding a general meeting during the 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 takeover bid period, the share buybacks or the granting of share warrants.
- 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 is opposed to:
  - capital increases without preferential subscription rights and without a mandatory priority period which, if they were potentially cumulative, would represent more than 10% of the capital and which, when submitted to the vote at 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,
- concerning capital increases with preferential rights, Covéa Finance is opposed to authorisations which, if they were potentially cumulative, would represent more than 50% of the capital and which, when submitted to the vote at 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 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.

e) Cooperation with other shareholders:

- Covéa Finance reserves the right to participate in any shareholder coalition it deems appropriate.

f) Communication with relevant stakeholders:

- Covéa Finance undertakes to ensure a satisfactory level of communication with its customers, including Covéa, its 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 uses its best endeavours 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 undertakes to dialogue with companies included in its voting scope that request it within the framework of a pre-General Meeting shareholder dialogue, and outside the pre-shareholder engagement period, to adopt a constructive approach to shareholder dialogue for, among others, its largest positions, private issuers in which Covéa Finance holds a significant share of the capital, private issuers of SRI-labelled funds and the range of thematic funds
    - 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
  - Covéa Finance responds to requests and dialogue with stakeholders such as professional associations and NGOs. However, this dialogue is neither systematic nor binding.

g) 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 is exercised in complete independence, in compliance with the principles defined by Covéa Finance in its policy on the management of conflicts of interest.
  - 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 is identified, the management company reports this in its annual report on the exercise of voting rights.

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-connaitre/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.