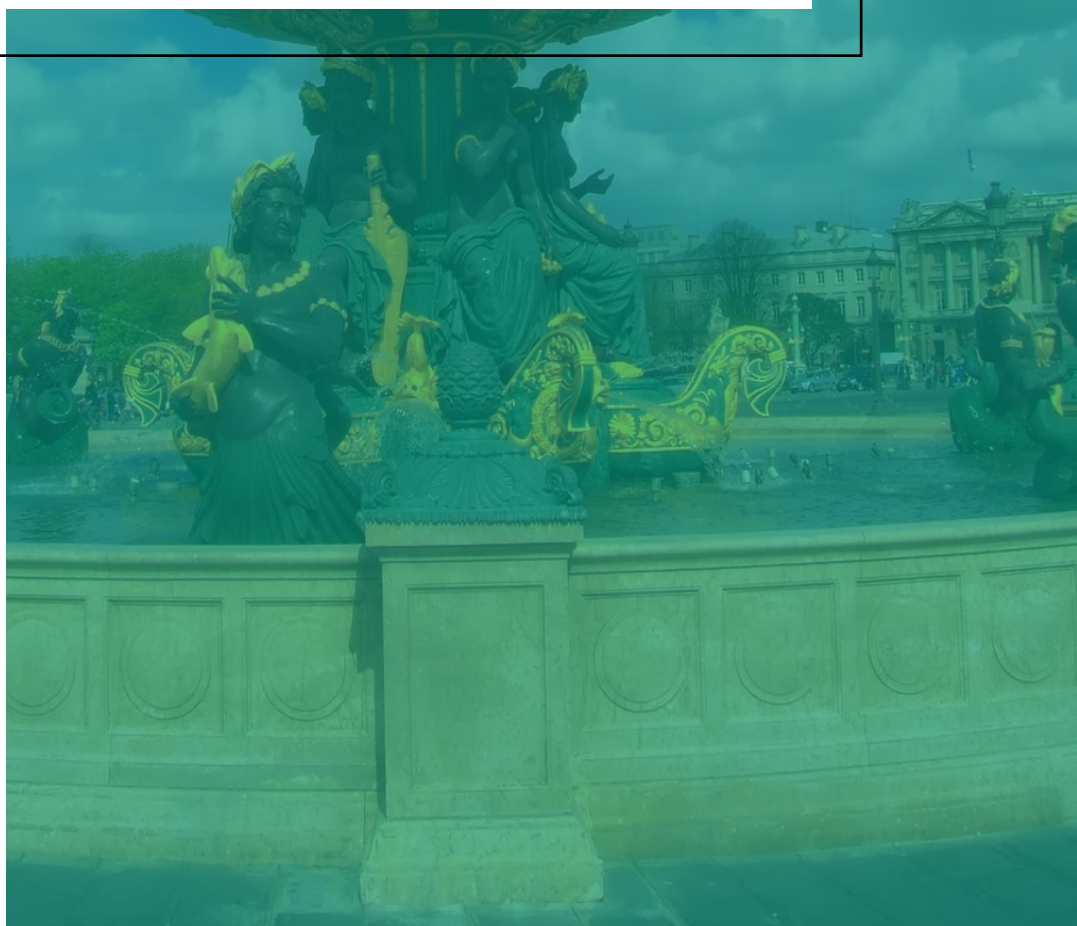


# SUSTAINABILITY

## RISKS AND ESG

### POLICY



2026

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## **Covéa Finance: 25 years of socially responsible investment**

Historically, socially responsible investment and the study of E, S and G criteria have formed part of Covéa Finance's long-term approach. Even as far back as 2001, Boissy Gestion, one of the Covéa Group's three asset management companies, along with MAAF Gestion and MMA Finance, that joined forces to form Covéa Finance, created the "Boissy Horizon Durable" fund, which later became "Covéa Flexible ISR". For the last 25 years, our ambition has been built around a pragmatic vision of factoring sustainability issues into our asset management activities. This has resulted in the integration of analysis of non-financial components of companies' activities in a unique approach to analysis that combines financial aspects with non-financial aspects. ESG is fully integrated into the value chain at Covéa Finance.

In line with our commitment to transparency (since 2016 we have voluntarily published an ESG report in accordance with the French Energy Transition Act), we state how we meet the requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), which came into force on 10 March 2021.

# 01 Our consideration of sustainability risks

## Definition

For Covéa Finance, a sustainability risk means an environmental, social or governance event or situation which, if it occurs, could have a significant negative impact on the value of the investment.

## Mapping

PILLAR	IDENTIFICATION OF RISKS
<b>E</b> Environment	<ul style="list-style-type: none"> <li>Climate risks (transition, physical)</li> <li>Other environmental risks Risks relating to</li> <li>controversies</li> </ul>
<b>S</b> Social	<ul style="list-style-type: none"> <li>Social risks Risks relating to</li> <li>controversies</li> </ul>
<b>G</b> Governance	<ul style="list-style-type: none"> <li>Governance risks</li> <li>Risks relating to controversies</li> </ul>

## System

Sustainability risks are taken into account through:

- The exclusion policy, which excludes ex-ante investment in certain stocks for reasons relating to the social or environmental pillar (for more details please refer to the exclusion policy).
- Controversy monitoring, which aims to identify controversies in the ESG pillars that could have an impact on the value of the investment. The identification of a controversy may lead to the blocking for purchase or even the sale of a security if its critical character and materiality are proven by analyses.

<sup>1</sup>Climate risks are taken into account through the application of the exclusion policy and controversy management.

## Governance

COMMITTEE	REMIT	FREQUENCY OF COMMITTEE MEETINGS
<b>"CODIR"</b>	<ul style="list-style-type: none"> <li>▪ The Executive Committee defines the ESG strategy</li> <li>▪ It approves the policy on sustainability risks and ESG, which is reviewed annually</li> </ul>	Monthly
<b>CCEI</b>	<p>The role of the Controversies and Investor Engagement Committee (CCEI) is to</p> <ul style="list-style-type: none"> <li>▪ Monitor the various engagement campaigns (thematic investor engagement, standard questionnaire)</li> <li>▪ Make decisions about controversies identified as being critical and subject to monitoring</li> <li>▪ Makes decision on the sustainability of the bonds</li> </ul>	Quarterly <sup>1</sup>
<b>MANAGEMENT COMMITTEE</b>	<p>The Investment Universe Committees and the Green Funds Committee take account of the various sustainability risks based on ESG analyses (exclusions, quantitative ESG scores and qualitative assessments) and the monitoring of controversies presented by the Analysis team</p>	Monthly
<b>RISK COMMITTEE</b>	<p>The Risk Committees monitor sustainability indicators such as securities excluded under the exclusion policy and controversy management</p>	6 times a year

ESG developments are discussed in working groups with the aim of producing proposals, which must be validated by Covéa Finance's Executive Committee (CODIR).

<sup>1</sup> Between two quarterly sessions, the CCEI may make decisions, which will be formally recorded by email

## 02 Our ESG analysis principles

Our assessment of the investment universe is global. The issuers present in the portfolios are studied in all their facets: the financial and non-financial elements combine to arrive at an investment decision. ESG is fully integrated into the value chain at Covéa Finance.

Within the framework of the ESG approach, **two internal assessment methodologies have been developed, relating to sovereign issuers, on the one hand, and private issuers on the other.** Covéa Finance's ESG Policy is based, first and foremost, **on the balance of the three** Environment, Social and Governance pillars.

**The ESG evaluations of sovereign issuers** are mainly based on public databases (data from the World Bank, United Nations, OECD, etc.). Each pillar, E, S and G, is assessed based on the analysis of indicators. The overall ESG assessment of the country is obtained by an equally-weighted average of the assessment of the 3 pillars.



### Examples of indicators

- Carbon intensity per capita
- Risk of flooding
- Water stress risk
- Waste recovery rate
- Etc.
- 



### Examples of indicators

- Healthcare expenditure per capita
- Quality of education
- Wealth inequality
- Precarious employment
- Etc.



### Examples of indicators

- International sanctions
- Control of corruption
- Democracy index
- Tax practices...
-

The in-house ESG rating system for private issuers consists of both quantitative and qualitative analysis covering private issuers in all sectors. For each of these pillars, Covéa Finance has established indicators that it considers common to all private issuers, and also relies on certain assessments by its external data provider, S&P Trucost.

The consolidation of these indicators enables it to obtain an assessment for each of the three E, S and G pillars. An overall ESG assessment of the issuer is obtained by an equally-weighted average of the assessment of the three pillars.



The qualitative analysis is added to the quantitative criteria for additional clarification and to address material themes for the sector.

Examples of criteria	Examples of criteria	Examples of criteria
<ul style="list-style-type: none"> <li>▪ Greenhouse gas emissions</li> <li>▪ Volume of waste generated</li> <li>▪ Management of water stress risk</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff turnover rate</li> <li>▪ Proportion of female managers</li> <li>▪ Employee retention</li> <li>▪ Binding ESG/CSR clauses in the supply chain, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transparency of remuneration policies and reporting,</li> <li>▪ Separation of powers</li> <li>▪ Independence of the Board</li> <li>▪ Respect for the rights of minority shareholders</li> </ul>

In addition, when investing in sustainable sovereign or private bonds, the Financial and Non-Financial Analysis team establishes ratings to verify the “sustainable” nature of the bonds identified as such. An annual review of the quality of reporting and the allocation of financing is then carried out by analysts until the securities mature. ESG filters are key in the following cases:

- As part of the application of the exclusion policy; As part of
- the application of the exclusion policy,<sup>2</sup>;
- In accordance with requirements related to our labels (SRI, Finansol, Greenfin); in
- the management of thematic funds.<sup>2</sup>AMF Position-Recommendation-2020-03 on the information to be provided by collective investment schemes incorporating non-financial approaches

## 03 Transparency on adverse impacts

Under Article 4 of the SFDR, financial players must specify whether they take into account the main negative impacts of their investment decisions.

Principal Adverse Impacts (PAIs) on sustainability factors are defined by the European Union as *“effects on sustainability factors that are negative, material or likely to be material that are caused, aggravated by or directly linked to investment decisions and advice performed by the legal entity”*.

Covéa Finance will monitor indicators linked to principal adverse impacts on sustainability factors from 31 December 2030 onwards.

As required by the reference framework for certain labels, Covéa Finance is, from 2025 onwards, including indicators on the principal adverse impacts for its relevant labelled funds (SRI and Greenfin).

## 04 Covéa Finance’s financial and non-financial analysis team

The Analysis team comprises 12 financial and non-financial analysts supervised by a manager<sup>3</sup>. At the end of December 2025, 92% of the team members held the AMF ESG certification and nearly 92% had the ESG CFA or CESGA. The knowledge development plan is set to continue in 2026.

The Analysis team aims to share its work with the asset managers (studies, monitoring of controversies, shareholder dialogues, monitoring of the exclusion list, etc.) and to provide support for certain ranges of funds (monitoring of the various non-financial labels, etc.). Analysts and managers work closely together and meet several times a month at meetings of various Committees that address all non-financial and financial components.<sup>3</sup>*The member of this team may change during the year.*

## 05 Adherence to charters & codes

As the Covéa Group became a signatory of the PRI (Principles for Responsible Investment) in 2020, Covéa Finance participates in the drafting of a transparency report on the application of the six principles for responsible investment.

Covéa Finance joined the Investors for a Just Transition coalition in mid-2021. The Investors for a Just Transition coalition is a collaborative platform led by the *Forum de l'Investissement Responsable* (FIR) that brings together the managers and asset owners of the French financial ecosystem. Its mission is to promote a socially acceptable transition<sup>4</sup> to low-carbon economies among businesses.

Through its membership of the CDP (Carbon Disclosure Project), Covéa Finance engages each year in shareholder dialogues that may address not only Climate issues, but also Water and Deforestation. These dialogues with companies also enable us to further our knowledge and our monitoring of risks related to climate change and biodiversity.

## 06 Data quality verification

As part of the sample verification of the quality of its service providers' data, Covéa Finance will carry out all the necessary checks to ensure the quality of the data used.

## 07 Updating of the policy

Covéa Finance's sustainability risks and ESG policy is reviewed annually by Covéa Finance's Executive Committee (CODIR) and any management impacts are detailed in the annual ESG report available on the website.<sup>3</sup> The International Labour Organization (ILO) defines the

just transition as "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind."



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