



**2024
SHAREHOLDER
ENGAGEMENT
POLICY**



Groupama
ASSET MANAGEMENT

Investing for the future

Summary

1. The engagement approach at Groupama AM
2. A structured shareholder dialogue policy
3. The strength of the collective
4. The voting policy at the service of commitment
5. Conflicts of interest management

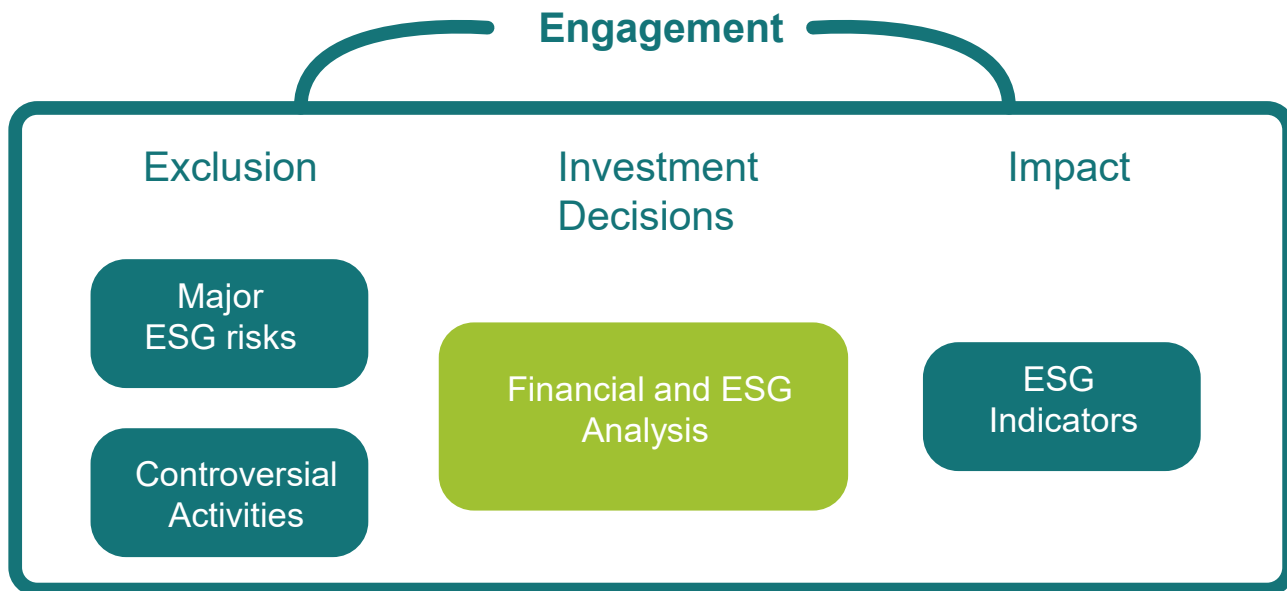
1 – THE ENGAGEMENT APPROACH AT GROUPAMA AM

Engagement refers to the influence that investors exert on companies' practices by leveraging their position. It is a key lever for promoting transparency and responsible practices within companies and a key component of the investment process. All investors have a variety of tools at their disposal to make their voices heard by companies: regular dialogue with the management or the Board of Directors, voting at the general meeting of shareholders, participating in putting forward resolutions or publicly expressing their opinions at the general meeting and, finally, pulling out of the investment altogether by selling the securities of a company which dialogue will dysfunctional.

Since 2014, the commitment policy is published by Groupama AM as the commitment reflects a desire to fully assume its fiduciary responsibility as a long-term asset holder as well as a desire to strengthen the dialogue with companies on ESG issues (Environment, Social, Governance).

As a sign of the growing importance of these subjects, a shareholder engagement committee was created in 2021. Chaired by Groupama AM's Chief Executive Officer, it meets twice a year with both missions to validate the shareholder engagement and voting policies and to monitor their implementation.

Engagement: a practice at the heart of our investment strategies



THEMATICS OF ENGAGEMENT

ENGAGEMENT IS FULLY INTEGRATED IN THE ESG STRATEGY OF GROUPAMA AM

Shareholder engagement constitutes a natural extension of ESG analysis and of the integration of these criteria into investment decisions¹.

This approach, anchored in the strong presence of Groupama AM in ESG issues in the Paris stock market since 2002, is based on individual and collaborative engagement actions.

THREE KEY PRIORITIES GUIDE OUR ENGAGEMENT INITIATIVES

The shareholder engagement of Groupama AM is based on a policy of dialogue and voting anchored in ESG issues that correspond to the following main thematics:



Our approach to Sustainability Risks¹ is based on an in-depth analysis of ESG issues. The system is structured around:

- Major ESG Risks that identify issuers with a high level of controversy or negatively assessed governance,
- Our Fossil Fuels and Controversial Weapons policies,
- Natural Capital Categories that aim to identify issuers whose business models are most exposed to environmental risks.

INTEGRATION OF PAIs

By applying the principle of double materiality, we integrate the main adverse impacts (PAI²) defined by the SFDR regulation into our sustainable investment approach, including in our engagement and voting policies.

We believe that our shareholder engagement actions are an essential lever to encourage companies to reduce the negative effects of their activities and practices on environmental and social factors.

This approach allows us to mitigate the environmental and social impacts of our investments and to ensure proactive management of the sustainability risks of our portfolios on our main engagement themes.

A DEMANDING SHAREHOLDING POLICY

The shareholder engagement initiatives of Groupama AM are deployed in three fields of intervention:

1. Individual engagement initiatives with targeted companies, as well as direct and regular shareholder dialogue with company management - in the portfolio or not, and regardless of the asset class.
2. Participation in joint collaborative initiatives, on both the European and international scale, either in the framework of the collaborative engagement platform of the PRI, or by participating in the submission of external resolutions at AGMs.
3. A demanding voting policy, which has been in place since 2001, combined with the possibility of consulting with companies on draft resolutions presented at their Annual General Meetings.

It is a voluntary and constructive approach that Groupama AM undertakes on behalf of investors wishing to make real efforts to improve the governance and environmental and societal practices of identified companies.



1 – ESG Methodology integrating the Sustainability Risks and Natural Capital categories, as well as Fossil Fuel Policy are available on the Sustainable finance page on the corporate website

<https://www.groupama-am.com/en/sustainable-finance/>. Our Controversial Weapons Exclusion Policy is available on the Regulatory page :

<https://www.groupama-am.com/en/a-profession-a-purpose/our-regulatory-commitments/>

2 - Definition: the most significant adverse impacts of investment decisions on sustainability factors related to environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery in line with EU Regulation 2019/2088 SFDR (Sustainable Finance Disclosure Regulation)

In accordance with Article 8.2b of the SFDR Delegated Regulation (EU 2022/1288), we adjust our shareholder engagement based on the progress made by companies in reducing PAIs. If the PAI analysis does not show significant improvements on key sustainability indicators over a covered period (through the company's annual sustainability reporting), we will intensify our dialogue. Our commitments include specific and measurable objectives linked to the engagement themes of our policy, with an implementation timetable. Escalation measures are planned, such as opposition votes at AGMs, collaboration with other investors or, as a last resort, consequences on investments in portfolios.

Monitoring is formalized in our internal tools and published in our annual engagement report. Our goal is to support companies that implement actions to mitigate their negative ESG impacts.

We recognize the challenges related to the quality and availability of ESG data. This is why we have implemented an improvement plan to strengthen the reliability of ESG data used for analyses and better target our engagement actions.

We distinguish three main ways of interacting with companies on ESG issues

- dialogue with management ;
- specific and ongoing initiatives with targeted companies ;
- regular exchanges prior to the General Meetings of the companies in which we are shareholders.

Each type of engagement is subject to a precise and documented process explaining how it is carried out and the departments and employees involved.

Dialogue with management

Analysts and managers regularly take part in meetings with company management. **As a result of an organisation focused on the global integration of ESG issues, those identified for each sector are systematically addressed during these exchanges.** These meetings are also an opportunity to discuss the controversies to which they are subject, for companies placed on the ESG Major Risks list or on the Fossil fuel policy¹. The information obtained during these exchanges is invaluable for completing our analyses and guiding our investment choices, particularly in SRI-labelled funds.

Shareholder engagement with target companies

Companies held in the portfolios and identified by analysts as having potential for improving ESG practices are subject to specific engagement, especially the small and mid capitalisations which are not publishing enough ESG data. **The themes of the engagement and the precise objectives are defined before entering dialogue. This is a long-term process that must lead to real progress on the part of the companies contacted. These initiatives can be the result of an individual approach as well as the result of support from a collaborative action.**

**The process of entering and monitoring commitments follows the following chronology :
processus d'entrée et de suivi d'engagement suit la chronologie suivante:**

- Identification of the companies subject to the commitment
- Determination of the following elements:
 - Commitment objectives
 - Priority funds, positions and managers involved
 - Duration of the commitment
 - Escalation measures
- Exchanges with the company in the form of a letter of commitment
- Regular monitoring of the commitment to measure its impact

Exchanges prior to general assemblies of shareholders

Groupama AM organises specific meetings on governance issues with companies during the General Meeting season. This dialogue is an opportunity to better understand the motivations and nature of the draft resolutions for the General Meeting and to explain our voting policy.

We distinguish two main ways to interact with our peers on ESG topics

- Large-scale collaborative commitments, with a normative or structural aim;
- Common initiatives targeting a specific sector or company with specific objectives;
- Each type of commitment is the subject of a precise and documented process explaining its progress as well as the departments and employees involved.

Collaborative engagements and targeted initiatives

Through initiatives such as the PRI¹, Groupama AM is committed alongside its peers on matters of principle (forums, statements) and aims as much as possible to apply these principles in a targeted manner to companies or sectors. Groupama AM reports on its commitment via its annual commitment report. Commitments are also published on the Sustainable Finance Observatory.

In order to strengthen its influence with certain companies, Groupama AM chooses to join forces with other investors by participating in collective commitments such as:
the signing of a letter or a forum in collaboration with other asset managers to question the leaders of a company / companies in a particular sector or the authorities on a specific subject;
The filing or support of a resolution carried by the shareholders at a general meeting;
in the longer term, participate in collective work aimed at establishing best practices in a sector and publishing them with the aim of improving for all companies in the sector.

We selectively choose the commitments in which we participate with the constant concern to be both ambitious in the objectives to be achieved and effective in the work carried out. We choose not to join initiatives whose goals or effectiveness seem not enough significant to us.

Like individual commitments, the commitment entry and follow-up process follows the following timeline:

- Identification of companies/sectors subject to engagement;
- Determination of the following:
 - Engagement goals;
 - Duration of engagement and escalation measures if relevant;
- Exchanges materialized by the letter of entry into engagement;
- Regular monitoring of the commitment, allowing its impact to be measured.

1 - Principles for Responsible Investment, initiative founded in 2006 by the United Nations to encourage investors to integrate ESG issues in finance

4 - THE VOTING POLICY AT THE SERVICE OF COMMITMENT

The Annual General Meeting (AGM) is a privileged event for companies to communicate and report to their shareholders. This exercise implies and requires great transparency.

Voting by shareholders at AGMs is an integral part of the management process. It is a key part of Groupama AM's responsible investment strategy, particularly in terms of dialogue and engagement with companies on governance issues.

Compliance with high standards of governance is an essential condition for the efficient operation of management bodies to ensure long-term value for investments.

Groupama AM considers that the quality of governance is a leading indicator of risk: companies with weak governance are more exposed to operational, financial and reputational risks. The materialisation of these risks can have a major impact on the performance of company values.

Groupama AM's firm desire to enforce the principles of its voting policy on as many of its investments as possible requires the regular expansion of the scope of annual shareholders meetings covered and the commitment for labelled portfolios to vote for all their positions.

The voting policy updated in 2023 confirms the importance we give to ESG in general meetings of companies, through:

- the guidelines of the ESG strategy which must be set by the board of directors with the help of a Sustainability committee,
- the incentive to report to the shareholders and our requirement for corresponding criteria in executive compensation, particularly on the climate component.

THE GUIDING PRINCIPLES OF THE VOTING POLICY ARE THUS FOCUSED ON

1. Fair treatment of all shareholders,
2. The balance of power between management and control bodies
3. The transparency and fairness of the remuneration of executive directors
4. The integrity of the financial and non-financial information communicated by the company
5. Reasonable management of equity capital
6. Recognition by the company of its social and environmental responsibilities towards its stakeholders.

For more detailed information, the voting policy is available on the Sustainable Finance of our Corporate website <https://www.groupama-am.com/en/sustainable-finance/>

5 – CONFLICTS OF INTEREST MANAGEMENT 7

The voting policy is part of Groupama AM's conflict of interest* prevention system, with in particular a report on the exercise of voting rights presented to the Board of Directors. The conflict-of-interest management policy¹ is available on the Groupama AM website.

The duty of information and transparency vis-à-vis customers constitutes a basis for the prevention of conflicts of interest.

- The principles and criteria of Groupama AM's voting policy are public and published on the website, available to customers. The voting policy² is validated by the governing bodies each year.
- **Equal treatment of customers and companies in which Groupama AM is a shareholder**
- Groupama AM will apply the voting policy regardless of a business link, of capital or relations that may exist between the company and the companies of the Groupama Group. The voting policy applies to collective portfolio management and to client portfolios which voting rights are delegated to Groupama AM.
- Groupama AM does not lend shares within its voting scope.
- In the event of a conflict of interest between Groupama AM or a member of the team in charge of exercising voting rights and one of its clients, the RCCI, in consultation with the other stakeholders, will decide on the attitude to adopt.
- Class actions:

In an ongoing effort to defend the interests of customers, Groupama AM is called upon to participate in class actions, the purpose of which is to recover for the portfolios concerned any compensation recovered from the company concerned. On-going actions are followed by the Legal and Regulatory Department.

1 - For more detailed information, the Conflict of interest policy is available on Groupama AM website:

<https://www.groupama-am.com/en/a-profession-a-purpose/our-regulatory-commitments/>

2 - The voting policy is available on the Sustainable Finance of Groupama AM website

<https://www.groupama-am.com/en/sustainable-finance/>

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