

FINANCIAL REPORT



N°2 | VIEWPOINTS 2022

2022 Financial report

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Chairwoman's management report to the Supervisory Board and for the attention of the Sole Shareholder

(FRENCH COMMERCIAL CODE - L.232-1 ET SEQ)

Financial year 2022

I hereby present to you the report on your company's activities for the financial year ended 31 December 2022 and submit the annual accounts for the said financial year for your consideration.

Your statutory auditors will provide you with all information in their reports as to the reliability of the annual accounts presented to you.

The financial statements and the notes thereto are annexed to this report. Please refer to the notes for further information on the accounting principles used.

1. Economic environment of Covéa Finance

In 2022, the gradual abatement of the health risk in most economies (with the notable exception of China) gave way to other perils. The escalation of geopolitical tensions came to a head with Russia's invasion of Ukraine - an event that highlighted the world's polarisation, accentuated geopolitical uncertainties and deepened the economic imbalances caused by the health crisis. Rising energy and commodity prices, as well as tensions in supply chains, led to a very sharp acceleration in prices. Domestic inflationary pressures gradually took over from external pressures, leading to a tightening of monetary policies by most major central banks throughout the year. Monetary tightening and rising prices had an impact on demand in the second half of 2022. The economic slowdown, coupled with reduced access to liquidity, constitutes an increasingly tangible financial risk on the liabilities accumulated before and during the health crisis by public and private players. In the foreign exchange market, the euro depreciated by 5.8% against the dollar, ending the year at \$1.066 to €1.00. The price of a barrel of Brent oil rose by 10.45%, ending the year at \$85.91.

In the United States, the Federal Reserve (Fed) initiated a new monetary tightening cycle in the face of inflationary pressures. Price increases intensified as a result of persistent supply-demand imbalances, and inflation peaked at 9.1% in June. Consumption held up, largely due to excess savings after the one-off budgetary support measures in 2020. That said, the new inflationary environment is weighing on household purchasing power and eating into the savings glut. On the labour market side, demand for labour remained strong throughout the year, leading to wage growth, which is showing no signs of slowing for the time being. Against this backdrop, the Fed raised its key rates rapidly, with 425 basis points of hikes over the year. The monetary tightening is set to continue. The individual forecasts of FOMC (Federal Open Market Committee) members at the December meeting indicate that the key rate could be raised to 5.00%-5.25% by the end of 2023, an increase of 50 basis points compared with the trajectory presented in September in the previous set of forecasts. This tightening of financing conditions has had a severe impact on the US housing sector. On the fiscal front, senators passed the Biden administration's Inflation Reduction Act, which aims to reduce the impact of rising prices and help reduce the public deficit by about \$300bn over 10 years. Finally, the November midterms saw the Republicans regain a majority in the House of Representatives while the Democrats retained the majority in the Senate. This new balance of power

suggests a legislative status quo for the end of President Biden's term, with each side neutralising the other's plans.

In the United Kingdom, the economic downturn was compounded by political turmoil. Liz Truss came to power in the summer of 2022 following Boris Johnson's resignation, only to become Britain's shortest-serving Prime Minister ever. The announcement of her fiscal policy led to pressure on sovereign yields and the British pound. The Bank of England stepped in to put an end to the financial panic by buying sovereign securities over a very short period. These events forced Liz Truss to resign, replaced by Rishi Sunak. At the same time, economic difficulties piled up, particularly for households who saw their purchasing power fall sharply due to inflation. In this context, the Bank of England made several rate hikes, stressing at its last meeting that the labour market remained tight and that inflationary pressures were increasingly fuelled by domestic factors, justifying a further tightening of monetary policy.

In the Eurozone, the conflict in Ukraine highlighted the energy dependence of European countries. The geopolitical context and Europe's determination to cut Russian energy imports led to a surge in energy prices. Inflationary pressures gradually spread throughout the economy, with the Eurozone experiencing record inflation of 10.6% in October. The energy shock, combined with the high level of uncertainty linked to the conflict, led to a moderation in economic activity and a deterioration in survey indicators, particularly in Germany. Against this backdrop, the European Central Bank followed its counterparts' lead, raising its key rates several times from the summer of 2022. The tightening cycle is expected to continue at least through the first half of 2023. On the fiscal side, many governments announced measures to support households and businesses in the face of rising energy prices. In addition, European Union member countries agreed on a number of measures to reduce their dependence on Russian energy and limit the rise in energy costs, including joint gas purchases and the introduction of a gas price cap of €180/MWh. On the political side, the year was marked by the arrival in Italy of the Eurosceptic "Brothers of Italy" party, led by Georgia Meloni.

In China, economic activity was hurt by the government's "zero-Covid" health policy. Restrictions linked to the various epidemic waves in 2022 hampered both internal demand and production capacity. However, the authorities decided to abandon this health policy at the end of the year, but the resulting sharp rise in contaminations is unlikely to allow activity to normalise in the short term. At the same time, the Chinese real estate sector continued to deteriorate, despite government support.

In Japan, monetary policy remained at odds with other major developed economies. This difference in monetary policy resulted in a sharp depreciation of the yen, which led the authorities to intervene in the foreign exchange market. Nevertheless, the Bank of Japan surprised the markets at its last meeting of the year with the announcement of a relaxation

of its yield curve control policy, by increasing the range of interest rates on 10-year sovereign bonds from ffl 0.25 points around 0% to ffl 0.5 points around 0%. In terms of activity, the economy is struggling to return to its pre-crisis level but showed signs of recovery in the last months of the year.

Principal market indices and indicators - values and changes at 31/12/2022

Market indicators (1/2)		31/12/2021	31/12/2022	Change since 31/12/2021 (% or bp)*	
Bond markets	Policy rates (%)	Fed	0.25	4.50	4.25
		ECB	0.00	2.50	2.50
		BoE	0.25	3.50	3.25
		BoJ	-0.10	-0.10	0.00
		Bank of Korea	1.00	3.25	2.25
		Brazil	9.25	13.75	4.50
		Russia	8.50	7.50	-1.00
		India	4.00	6.25	2.25
		China	4.35	4.35	0.00
		10-year sovereign yields (%)	United States	1.51	3.87
	France OAT		0.20	3.12	2.92
	Germany		-0.18	2.57	2.75
	Italy		1.17	4.72	3.54
	United Kingdom		0.97	3.67	2.70
	Japan		0.07	0.42	0.35
	South Korea		2.26	3.74	1.48
	Brazil		4.52	6.17	1.64
	Russia	7.84	9.53	1.69	
	Credit index	iBoxx EUR Corporate index	241.5	207.3	-14.17
Foreign exchange markets	Against the euro (€ 1 = ... currency)	Dollar	1.14	1.07	-5.8
		Pound sterling	0.84	0.89	5.23
		Yen	130.9	140.4	7.3
	Against the dollar (€ 1 = ... currency)	Won	1,189	1,267	6.6
		Brazilian real	5.6	5.3	-5.3
		Rouble	75.1	74.3	-1.0
		Indian rupee	74.3	82.7	11.3
		Yuan	6.4	6.9	8.5

Market indicators (2/2)		31/12/2021	31/12/2022	Change since 31/12/2021 (% or bp)*	
Equity markets	Local currencies	United States - S&P	4,766	3,840	-19.4
		Japan - Nikkei 300	419	397	-5.2
		France - CAC 40	7,153	6,474	-9.5
		Germany - DAX	6,710	5,692	-15.2
		Eurozone - MSCI EMU	154	132	-14.5
		United Kingdom - FTSE 100	7,385	7,452	0.9
		South Korea - KOSPI	2,978	2,236	-24.9
		Brazil - Bovespa	104,822	109,735	4.7
		Russia - MICEX	3,787	2,154	-43.1
		India - SENSEX	58,254	60,841	4.4
	China - Shanghai	3,640	3,089	-15.1	
	Hong Kong - Hang Seng	23,398	19,781	-15.5	
	MSCI - BRIC	1,154	889	-23.0	
Euro	S&P (€)			-14.4	
	Nikkei 300 (€)			-11.6	
	FTSE 100 (€)			-4.1	
Commodities	Agricultural	Corn (dollar cents per bushel)	593	679	14.4
		CRB index**	578	555	-4.1
	Energy	Oil (Brent, \$ per barrel)	78	85.9	10.5
	Metals	Price per ounce of gold	1,829	1,826	-0.1
		Price per tonne of copper	9,721	8,372	-13.9

* Changes in basis points (bp) for sovereign yields and policy rates.

** CRB: Price index of 22 industrial raw materials (59.1%) and food commodities (40.9%). This index does not include energy prices.

Sources: Covéa Finance, Bloomberg.

2. Situation and activity of the company

2.1. Changes in the company's situation

After the health events and the financial crisis that started in February 2020 and persisted throughout 2021, the outbreak of war in Ukraine in February 2022, with its raft of economic and financial sanctions against Russia, added to the disarray in the economic and financial arenas, with to boot an energy crisis in Europe, putting Covéa Finance's model under pressure.

Nevertheless, the wealth accumulated in the company's equity and the collegial organisation set up within Covéa Finance, across the business lines and organisational processes, made it possible to pursue the objectives set by the Group.

Covéa Finance continued to recruit, enabling it to stabilise its workforce in a labour market that has become highly volatile and competitive. The workforce at 31 December 2022 was 184 employees.

Covéa Finance pursued its Ambition 2026 strategic plan and structural projects for the company:

- the change in its governance initiated at the end of 2021, and the implementation of a succession plan for the various key positions;
- the continued implementation of our new communication and marketing strategy;
- continued efforts to digitise the company and dematerialise management of the company's content;
- the continuation of our projects to deploy our sustainable finance strategy in our management activities;
- the continued development of our internal university in order to ensure transmission of our knowledge.

In 2022, two UCIs dedicated to Group entities were created:

- **Covéa Sélection Lux** (a Luxembourg SICAV with sub-funds) on 27 June 2022;
- **Covéa Accompagnement IV** (professional private equity fund), a third professional private equity fund of funds, on 4 November 2022.

Consultations continued on the positioning of the UCI range, and during the year we obtained the SRI label for the environmental funds (Covéa Aqua, Covéa Solis, Covéa Terra and Covéa Aeris).

On 1st December, we also changed the name of Covéa Profil Équilibré to **Covéa Profil Modéré**.

Finally, on 1 April 2022, we included the management mandates in the category of products that promote environmental and/or social features (so-called "Article 8" products) within the meaning of European Regulation (EU) 2019/2088, known as the "Sustainable Finance Disclosure Regulation" ("SFDR").

2.2 Assets under management

As at 31 December 2022, the amount of assets under management came to €80.9bn and breaks down as follows:

- 20 management mandates on behalf of the companies of the Covéa group, or partner mutual insurers, totalling €67.3bn;
- 54 mutual funds including 4 professional private equity funds (FPCI), totalling €13.6bn.

Changes in assets under management in relation to the previous financial year are presented below:

Assets under management (in billions of euros)	31/12/2021	31/12/2022	Change
Mandates	86.6	67.3	-22.3%
UCIs	16.3	13.6	-16.6%
Total	102.9	80.9	-21.4%

2.3 The company's activity

In 2022, Covéa Finance's operating income increased by 9.4% compared with 2021.

Equity and similar assets under management at 31 December 2022, including mutual funds and mandates, were valued at €15.9bn, representing a decline of 23.2% compared with the previous year.

Bonds and other fixed income products amounted to €65bn at year-end, which represents a variation of -20.9% compared with 2021.

Operating expenses rose by 6.6% during the financial year.

This increase in expenses is due to:

- the increase in salary charges following the increase in the average workforce between the two periods;
- the increase in business expenses, in particular marketing retrocessions;
- changes in other operating expenses and IT costs.

As a result, the operating income for 2022 therefore fell compared with the previous year. It increased from €44,200k in 2021 to €25,942k in 2022, representing a change of -41.3%.

Net accounting income, after taking financial and extraordinary income, taxes and profit sharing into account, amounted to €16,301k, down by 47.1%.

3. The results of this activity

3.1 Operating income

Operating income for the 2022 financial year amounted to €119,693k, up from €132,162k in 2021, representing a decrease of 9.4%.

Operating income breaks down as follows:

(in €k)	2021	2022	Change
Management fees (mandates)	14,119	13,323	-5.6%
Management fees on mutual funds	114,388	102,767	-10.2%
Incidental income	3,655	3,603	-1.4%

The change in operating income resulted mainly from cash withdrawals of €8.5bn made by the main Group mandates in July 2022 and the necessary readjustment of the portfolios' risk profile, amplified by a negative market trend.

3.2 Personnel costs

Personnel costs stood at €23,134k, an increase of 3.4% over the previous year.

This increase was mainly driven by changes in salaries and social benefits observed in 2022.

3.3 General operating expenses

Business expenses and other operating expenses, excluding taxes, depreciation, amortisation and compensation, amounted to €66,584k at the end of 2022, an increase of 9.9% year-on-year.

The most significant operating cost items are:

- marketing retrocessions of €28,865k, up 3.7% due to continued external inflows to our mutual funds;
- IT operating costs totalled €19,818k, up 20.5%. This increase is the result of rising data costs combined with an increase in the number of projects, including those related to information system security;
- rents and rental charges were stable at €4,279k;
- the remuneration for external research aid paid by the company on behalf of mutual funds and mandates totalled €3,472k, a slight decline compared with 2021;
- the other fees paid by the company on behalf of mutual funds (administrative and accounting management, valuation agents, custodians, etc.) amounted to €2,827k, a decrease of 3.3%. This change in expenses stems from the decrease in average mutual fund assets under management between the two financial years;
- fees (advisory and statutory auditors, including mutual fund auditing fees) amounted to €1,988k (+57%).

3.4 Financial and extraordinary result

The financial result amounts to -€3,076k and consists mainly of unrealised losses due to the sharp rise in interest rates. As a reminder, unrealised gains are not recognised.

It should be noted that the company has no debt maturing in more than one year.

The extraordinary result of -€566k mainly results from allocations to provisions for risks.

3.5 Taxes and duties

Taxes and duties, excluding corporation tax, amounted to €3,310k.

Taxable income stands at €18,290k.

The amount of corporation tax is €4,598k.

3.6 Net profit

The net profit for 2022 amounted to €16,301k, a decrease of 47.1% compared with 2021.

3.7 Employee profit sharing

The legal reserve for distributable profit for the 2022 financial year amounts to €1,400k.

3.8 Employee incentive plan

The calculation criteria as defined in the Covéa Finance incentive scheme agreement of 14 June 2017 were met. An amount of €152k was recognised at year-end.

3.9 Information on the payment terms of trade accounts payable and receivable

Pursuant to Articles L.441-6-1, D.441-4 and A.441-2 of the French Commercial Code, the number of invoices received and issued, overdue but not settled at year-end, are presented below by days overdue.

	Article D.441 I.-1o: Invoices received, overdue but not settled at year-end.						Article D.441 I.-2o: Invoices issued, overdue but not settled at year-end.					
	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and over	Total (1 day and over)
(A) Late payment bands												
Number of invoices concerned	-					132	-					1
Total number of invoices concerned (incl. VAT)	-	0	0	486,029	492,751	978,780	-	9,305		8,932		18,237
Percentage of total purchases for the year (incl. VAT)	-	0.00%	0.00%	0.70%	0.71%	1.41%						
Percentage of revenues for the year (incl. VAT)							-	0.01%	-	-	-	0.00

(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables

Number of invoices excluded	
Total number of invoices excluded (specify: excl. or incl. VAT)	

(C) Reference payment terms used (contractual or legal – Article L.441-6 or Article L.443-1 of the French Commercial Code)

Payment terms used to determine late payments	<input checked="" type="checkbox"/> Contractual terms: On receipt <input checked="" type="checkbox"/> Legal deadlines: 60 days	<input checked="" type="checkbox"/> Contractual terms: On receipt <input type="checkbox"/> Legal deadlines: (specify)
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3.10 Research and development activities (Art. L.232-1 of the French Commercial Code)

The company performed no research and development activity during the period.

3.11 Notification of costs and expenditures (Art. 223 quater and 39-4 of the French General Tax Code)

The company incurred no expenditures or costs that are non-tax deductible under Article 39-4 of the French General Tax Code.

3.12 Significant post-balance sheet events

No significant events occurred since the balance sheet date likely to materially affect the financial statements.

4. Allocation of earnings

I will submit to the Sole Shareholder the proposed allocation of the net profit distributed as follows:

• Profit for the financial year	€16,301,484.23
• Retained earnings from previous financial year	€42,060,576.48
Total to be allocated	€58,362,060.71
• Allocation to the legal reserve	€0.00
• Dividends	€13,041,187.38
• Retained earnings after allocation	€45,320,873.33
Total	€58,362,060.71

Corresponding to a dividend of €22.00 per share.

For the financial year 2021, Covéa Finance distributed a dividend of €24,664,140.

For the financial year 2020, Covéa Finance distributed a dividend of €17,548,762.

For the financial year 2019, Covéa Finance distributed a dividend of €16,230,224.

5. Breakdown of capital

At 31 December 2022, the company's capital was unchanged and amounted to €24,901,254.

6. Internal control and risk management framework

(Reports Articles 312-7 and 312-45 of the AMF General Regulation)

Since 2019, Covéa Finance has set up a Compliance and Internal Control system which is structured around four key functions:

- the Compliance function, responsible for advising and assisting with the implementation of legal and regulatory obligations;
- the Permanent Control function, responsible for level two internal control, which verifies the adequacy and efficiency of the systems to control operational risks and coordinates the mapping of non-compliance and operational risks;
- the Internal Audit function, which works as Covéa Finance's third-level internal control function;
- the Risk Control function, responsible for the ex-post control of market risks.

In 2021, Covéa Finance supplemented its system by setting up an Audit & Compliance Committee comprising all control functions, company administrators and the main operational managers.

In accordance with our Corporate Social Responsibility (CSR) charter and our business ethics charter, all controls (permanent or periodic) are carried out based on control policies and plans, validated by the Audit & Compliance Committee before publication on the Covéa Finance website <https://www.covea-finance.fr/>:

- compliance policy;
- internal control policy;
- audit policy;
- risk control policy;
- prevention and management of conflicts of interest policy;
- anti-corruption policy.

These policies supplement, at the level of Covéa Finance, the Covéa group's audit policy.

All of the company's procedures, including internal control, risk control and anti-money laundering procedures, are modelled in the MEGA internal procedures intranet, which identifies the players in charge of first- and second-level tasks and controls.

Internal Control and Compliance, which are independent of fund management functions, are managed by Mr Ludovic Jacquier, Deputy Managing Director in charge of all support and control functions, member of the Executive Committee and Compliance and Internal Control Officer in charge of internal audit.

Since 1 December 2022, he has been assisted by Ms Nadia Ben Salah, Compliance and Internal Control Officer, Head of the Legal and Compliance Department, in charge of the Legal, Compliance and Permanent Control functions, including AML/CFT, FAC and GDPR.

Control of market risks is under the responsibility of Mr Soufiane Jaouani, reporting to Mr Franck Ibalot, Executive Director, member of the Executive Committee.

The first of the three levels of control consists of permanent and operational supervision performed in the context of investment decisions being made in compliance with our commitments and policies (including ESG and the processing of transactions). It focuses on the traceability of management decisions, compliance with financial and non-financial investment constraints, the processing and management of transactions during the day and the proper completion of transactions and their correct integration into the accounting and summary systems at the end of the day. These first-level controls are carried out and documented by the operational staff themselves in the normal course of their daily activities.

At the second level, the Permanent Internal Control and Risk Control teams are responsible for controls that are not integrated into the "production processes", and are therefore carried out ex-post on a periodic or random basis.

For the Permanent Internal Control teams, these verifications consist of substantive and formal checks to validate the compliance of the process and processing methods relating to a transaction or file and to assess the operational risks.

A summary is produced for each control and the supporting documents are kept in a specific file. The responsibilities of Internal Control teams include, among other things, compliance with investment ratios and commitment limits, compliance with ESG commitments, traceability of transactions, prevention of risks of market abuse, fraud and conflicts of interest, and regulatory compliance of organisations and transactions. A quarterly summary of the permanent control activity, including the follow-up of recommendations issued, is forwarded to the Executive Committee and, since the end of 2021, to the new Audit & Compliance Committee.

In addition to the AMF's annual control plan, the Internal Control teams responded to the various AMF questionnaires relating to compliance with our climate commitments, liquidity risk management and bond valuation. Covéa Finance was also involved in the AMF's spot check on the management and valuation of non-financial corporate bonds.

For its part, the Risk Control function, responsible for ex-post control of market risks (including equity, interest rate, foreign exchange, concentration, credit risks) and liquidity and valuation risks. Risk Control leads a bimonthly risk committee in which the members of the executive committee, the heads of fund management and Internal Control participate. Risk Control regularly runs stress testing on portfolios and produces alert indicators for management. The process for identifying market risks is reviewed periodically to take into account changes in market conditions, portfolio investment strategy and investments in new asset classes.

2022 was a very unusual year at all levels in the markets, with an extremely rapid rise in interest rates, combined with a sharp fall in the equity markets and a sharp rise in the dollar. Before the start of the war, the team sent various alerts on our potential exposures to Eastern Europe, then following the activation of the market crisis management unit a few days after the outbreak of the Russian-Ukrainian conflict, the Risk Control team shared information on our potential exposures, the liquidity of the portfolios, as well as information on the liabilities of the funds concerned. The Risk Control team also convened an exceptional risk committee in early March to review the current portfolio situation with management and all the heads of the fund management divisions. At the same time, a daily monitoring of various market indicators and a "survival kit", a set of essential documents for the Fund Management department to have a synthetic view of the current situation of the portfolios and to assist in decision-making, were put in place.

Risk Control also ensured the adequacy and effectiveness of the risk management method, indicating whether appropriate corrective measures were taken in the event of a failure. No failures were observed in the risk management process during this financial year. Responses to alerts sent to fund management teams have made it possible to refine certain alert thresholds and the relevance of certain indicators monitored.

Work was also carried out on regulatory reporting (implementation of data quality controls (DQC) on AIFM reporting, updating of stress test parameters for MMFs, etc.). Finally, work on sustainability risks has also been initiated, and will be continued throughout 2023, with the integration of indicators for monitoring portfolio sustainability risks into traditional risk management.

In addition to its work related to regulatory changes (SFDR, PRIIPs, Dora, etc.) and the creation of new products, Compliance steered the adaptation of the company's various policies, the modernisation of risk mapping, the revision of marketing materials, the anti-corruption code of good conduct, the implementation of a business ethics charter and the implementation of a professional alert management tool.

Each of the three teams, within its respective area of responsibility, verifies the compliance (regulatory and in terms of operational or financial risk control) of the transactions carried out by the portfolio management company, its organisation and its internal procedures with the professional obligations defined by the laws, regulations and professional rules applicable to the performance of its activities, as well as with all the decisions taken by its senior managers and the contractual commitments related to management activities on behalf of third parties.

There are a number of participants at the third level.

The internal audit function assesses the effectiveness of the permanent control system and carries out or delegates audits requested by the Executive Committee or surveys.

In 2022, in parallel with the permanent control plan, the team in charge of internal audit carried out or coordinated the following assignments: the international equity management activity, the system for detecting and managing market abuse risks, and the audit of one of our critical service providers. The resulting audit opinions vary between "room for improvement" and "satisfactory", and an action plan in each of the areas has been initiated to improve risk control, the progress of which is monitored by the Audit and Compliance Committee.

The Covéa Finance Supervisory Board examines the company's management strategy, investments, performance, regulatory changes submitted for approval, budgets and the internal control mechanism. To this end, it receives the report on the status of the internal control system produced annually by the Compliance and Internal Control Officer and any specific report requested by the AMF.

Group Internal Audit is responsible for the Control of Controls function at Covéa Group level. Its mission is to ensure that the risks associated with the Group's activities are controlled in compliance with the rules. It performs annual audits on all or part of the company's activities, and therefore its risks.

The Group Audit department conducted an audit of Covéa Finance's skills management and remuneration policy. This assignment concluded with an overall audit opinion leaving room for improvement and provided an action plan to be carried out in 2023.

Similarly, no major malfunctions were identified during the various supervisory or market abuse monitoring audits conducted by the AMF in 2021.

7. Progress achieved and difficulties encountered

After the health events and the financial crisis that started in February 2020 and persisted throughout 2021, the outbreak of war in Ukraine in February 2022, with its raft of economic and financial sanctions against Russia, added to the disarray in the economic and financial arenas, with to boot an energy and social crisis in Europe affecting all economic players, including households. The strong inflationary surge that we predicted in 2021 and that logically followed affected Covéa Finance on three levels:

- the rise in market interest rates caused a sharp drop in our assets under management, mainly invested in fixed income products, generating a fall in our revenues;
- the pressure on household purchasing power sharply constrained our marketing and collection efforts for our UCIs;
- inflation spread to the various components of our expense account (staff, IT, premises, service providers), without our being able to pass on these costs on to our tariffs, which are too heavily regulated.

At the same time, Covéa Finance had to deal with very high withdrawals by its principals as part of the Covéa Group's acquisition of Partner Re.

Against this backdrop of falling assets under management, risk control and outflows, all of which had a significant impact on its revenues, Covéa Finance refocused its investments and its Ambition 2026 strategic plan by defining a number of short-term priorities.

We finalised the process of securing our operational risk management philosophy by implementing a new organisation of Control functions around a new Compliance and Internal Control Officer combining legal, compliance and internal control expertise and by perpetuating our Audit & Compliance Committee. In parallel, we continued our ambitious project to overhaul our Internal University with a view to perpetuating and transmitting our know-how in terms of fund management philosophy, risk management and business management.

We also embarked on an extensive project to overhaul our strategy, analysis and management processes and our information system to enable us to be a responsible player in sustainable finance, well beyond regulatory requirements

alone. And despite budgetary constraints, we maintained and extended our civic engagement, with our sponsorship activities and the implementation of our CSR charter involving all Covéa Finance employees.

We also maintained our investments in marketing strategy, both in supporting the Group's distribution networks for life insurance policies and in winning over and retaining institutional clients outside the Group, in order to continue attracting inflows to our mutual funds.

At the same time, we continued our investments in cybersecurity risk management initiated in 2021 and launched a request for proposals to re-tender our outsourcing contract, which is due to expire in early 2023.

We are also continuing our Atlas project for the digital transformation of the company with the roll-out of electronic signatures in all business lines, the roll-out of our new electronic archiving system and the start of the roll-out of our cloud-based and collaborative Enterprise Content Management (ECM) system.

Of course, we also continued our work on adapting to regulatory changes impacting our industry (PRIIPs, CSDR, SFDR, French Climate Energy law, DORA regulation, Cloud, LAC, etc.).

The Covéa Finance Executive Committee would like to thank all of its employees and partners for their commitment to the company and our clients.

8. Foreseeable developments

After the pandemic and the role played by China, the war in Ukraine that started in February 2022 once again brought up the thorny issue of the dependence of European countries on certain strategic elements. The need to relocate critical industries, the stated desire of some governments to boost military budgets while accelerating a necessary energy transition, confirm the outlook that took shape in 2020, namely:

- 1) persistent inflation;
- 2) an increase in debt that will have to be financed.

In this context of rising interest rates, we remain committed to our high standards regarding interventions in the bond markets; we are strengthening our requirements as a shareholder investor by becoming more selective geographically.

At the start of this new year 2023, and even though uncertainties remain, whether as to the end of the pandemic and support measures or as to the outcome of the war in Ukraine, weighing on the health of companies and on the world that will emerge from this period, Covéa Finance is pursuing its "Ambition 2026" cycle of strategic objectives that we presented to you last year.

The war on Europe's doorstep and the resulting geopolitical, energy and inflationary tensions make it more necessary than ever to finalise the actions undertaken internally, namely:

- the battle for the Group's assets under management, as we must secure flows in an environment where we are increasingly challenged, while controlling the cost-to-income ratio, with increased non-financial reporting requirements, requires critical size;
- the battle for external assets, in order to offer our expertise in active management to institutional investors and independent financial advisers, as we must also be able to win over and retain new clients;
- the battle to remain an innovative and attractive player, by leveraging our culture of expertise and innovation in all business lines to anticipation the disruptions mentioned;
- the battle for the collective, because we are convinced that only teamwork will enable us to win these battles, with the commitment of each person on the cross-cutting themes that they involve, such as the organisation of monitoring and our communication, the offer of high-performance products and services based on appropriate expertise and resources, and a culture of innovation.

Their success will be achieved by maintaining control of our cost-to-income ratio, effective data control (including non-financial data), and the proper adaptation of our operational processing and risk control chains by anticipating the necessary adaptation to our environment.

To achieve this, we need to remain agile in our strategic plan while individually pushing ourselves to innovate and to collective initiative and, above all, remain a centre of excellence and attractiveness for an ambitious shareholder and client.

We will continue to support our clients and shareholders by contributing to the new realities that require France and the European Union to rethink the growth model, with a resolute return to the need for sovereignty in a number of sectors considered strategic today.

Similarly, the development of our customer base remains a core objective for our company in the year ahead and beyond. Through our desire to broaden our customer base, we seek to defend a certain idea of Finance, as reflected in our motto, "Finance at the service of Insurance".

"Finance at the service of Insurance" means making investment choices and offering investment solutions with a strong understanding of what is covered by the capital entrusted to the asset manager, who must constantly measure the level of exposure to financial market risks.

With Ambition 2026, we are conveying this understanding of the role of Finance, a role that is not in contradiction with that of making savings grow and thus financing economic development, but quite the reverse. In symbiosis with the mutualist values of Covéa, our shareholder, but also our first customer, we are also driven by cross-border social debates. Whether it is environmental, climate, social or governance issues, we seek to adapt our structure to the increasing regulatory obligations related to these issues, constantly remaining aware of our responsibility as an investor on behalf of our partners and clients.

This year, we will continue to devote our best efforts to improving our practices and thus strengthening "sustainability" in our activities. Ambition 2026 is therefore based on a business strategy around which a number of projects relating to digitalisation, management processes and sustainable finance revolve.

Our business strategy is based on the strong collaborative links between the teams, whatever their field of activity.

Our ambition cannot be achieved without integrating projects into Ambition 2026 that revolve around transmission and support for employees. The company's sustainability is at stake, and this will only be possible if we allow our employees to acquire new skills in a constantly changing world. This is the role of our internal university, which we will continue to develop further in 2023.

9. Statutory auditors' fees

For the 2022 financial year, the amount of the two statutory auditors' fees recorded for auditing the company accounts amounted to €111k.

2022 report on our Corporate Social Responsibility (CSR)

Independently of the ESG commitments made in our investment policies as a company and as a player in our environment, it is important to communicate to our employees, future employees, subcontractors as well as to all our partners about the achievements and commitments of Covéa Finance in terms of Corporate Social Responsibility (CSR), by centralising them in a charter that we published in 2021.

Through this CSR charter, Covéa Finance wishes to highlight and continue to give ever greater meaning to its activities, while responding to a major expectation of our various stakeholders with regard to the role embodied by the company. With the implementation of our CSR charter, our ambition is to create a strong, inclusive and tangible societal impact within our structure.

This charter sets out our achievements and ambitions in terms of societal impact to ensure the company's long-term operational and financial performance. Our goal is to have a positive impact on our society in the broad sense through positive and sustainable changes involving all of us (employees and managers) as well as our partners.

To support everyone towards a world of sustainable growth, we have selected a series of tangible actions that we have grouped into six categories:

1. Equal opportunities and preservation of employment, for a world where everyone can find or regain their place.
2. Knowledge, education and culture, to give access and transmit knowledge to as many people as possible.
3. Prevention of risks, for a world that guards against life's risks.
4. Regions and proximity, for a world that seeks territorial cohesion.
5. Environment and energy transition, for a world that controls its environmental impact.
6. Corporate responsibility, for a socially responsible and ethical company.

The commitments set out in these different categories aim to:

- consolidate our reputation vis-à-vis stakeholders and our clients;
- reinforce pride in belonging to the company internally, but also pride in investing in our products;
- participate in the attractiveness of our structure as regards recruitment;
- contribute to the anticipation and prevention of social, ecological and legal risks;
- perpetuate and ensure the transmission of knowledge;
- reduce the costs related to resource consumption or waste generation.

We have also dedicated a resource within Covéa Finance's Human Resources division to coordinate our CSR initiatives, both internally and with the Group, to measure their impact on our agreements and on our Single Document on Occupational Risk Assessment (DUERP), to coordinate the actions implemented and to improve them, to monitor indicators, to carry out forward-looking monitoring of best practices and to participate in internal and external CSR communication initiatives.

Among the main actions and indicators reporting on our achievements in 2022, we can cite:

1. **Equal opportunities and preservation of employment:** in this area, Covéa Finance wants to enable everyone to find or rediscover their place within the company. In this respect:
 - The company's gender equality index, measured at 89/100, has been improving for three years. The female population, representing 43.5% of our total workforce, is present in all business lines and at all levels of responsibility; our working environment adapts to family constraints and includes a range of remote working solutions. In our governance bodies and the teams involved in our investment decisions, the objective is to continue to increasing the proportion of women, whose presence in these positions has increased by 4.5% in one year and represents 34.5% of these employees

at 31 December 2022, an increase achieved by taking into account both our 2022 projected recruitment plan and the realities of the employment market in these professions.

- 39 new employees (18 of whom are women) were integrated with a focus on diversity of educational backgrounds and previous career paths.
- We continued to welcome our trainees on site (6% of the total workforce), taking care to integrate them into a pathway of discovery of our professions and entrusting them with projects directly related to their educational curricula, while paying them above the legal minimum thresholds.
- Support for people with disabilities (2.2% of our workforce as at 31 December 2022) has been strengthened by making adjustments to their working conditions and initiating various direct and indirect support projects for 2023.

2. Knowledge, education and culture: in this area, Covéa Finance is committed to providing access to and transmitting knowledge to as many people as possible by devoting:

- financial support directly to 28 national educational institutions for a total amount of €12,366, including the second chance school, which allows young people aged 16 to 25, without a diploma or qualification, to follow a training course in order to build a professional project and find a job or professional training leading to a qualification;
- access for all employees, whatever their age, to our individual or group training programmes leading to a diploma or certificate (94.5% of employees received training in 2022 with an average of 15.2 hours of training per employee), for a total amount of €169,988;
- the implementation of a certification on sustainable finance, followed in 2022 by 76 employees from the teams involved in our investment decisions (76 employees certified);
- financial support representing 0.13% of our revenue, granted as part of our cultural patronage for the Fondation Musique et Radio and the Cercle de l'Harmonie.

3. Risk prevention: Covéa Finance is committed to preventing risks and protecting the lives of its employees in their extended work environment at home:

- by deploying and adapting tools and systems conducive to preserving employees' health and respecting their rights, in particular the right to disconnect in a remote working situation;
- by setting up a Cybersecurity questionnaire for counterparties in order to assess the resources they commit, the structure of their organisation, the training of their employees, the security of their accesses, their protection systems as well as encryption and digital aspects.

- by implementing a training course dedicated to the prevention of risks related to remote working, offered to all employees (68 employees completed this training);
- by implementing fire safety and first aid training both in the workplace and at home;

4. Regions and proximity: Covéa Finance intends to contribute to the emergence of a world tending towards territorial cohesion:

- by developing a policy for selecting our subcontractors and suppliers that favours proximity at national and European level: all our main subcontractors have their teams and data in France or within the EU and 100% of our business lines and teams are located in France;
- by strengthening our policy of cultural patronage in our regions;
- by carrying out a selection process for our outsourcer that takes into account the proximity of the teams and has an engaging and environmentally friendly CSR policy;
- by extending a soft mobility package with a significant contribution to the cost of the chosen means of transport, used by 54 employees;
- by allocating universal service employment cheques (e-CESU) to facilitate the daily lives of employees, regardless of their location: 26 employees benefited from this measure in 2022 for a total employer cost of €20,586.

5. Environment and energy transition: Covéa Finance invests all its efforts in an approach aimed at controlling the environmental impact of its activities, with the aim of:

- reducing our energy footprint by, among other things, the widespread use of low-energy lighting (in 2022, 52% of our lights were equipped with LEDs and the rest with low-energy bulbs) and by systematically switching off lighting and heating in the evening and at weekends; these measures have enabled us to stabilise our electricity consumption (297 MWh in 2022);
- reducing our energy consumption linked to the use of the citywide collective heating network (CPCU) by adjusting its operation in line with the energy efficiency plan presented by the government. We have reduced our consumption significantly, from 501 MWh in 2021 to 380 MWh in 2022. However, there was a slight increase in air conditioning consumption (264 MWh in 2022 compared with 245 MWh in 2021);
- reducing our environmental footprint through the widespread installation of automatic shutoff water taps (65% of equipment in 2022) to further reduce water consumption in 2023 from 1,124 m³ metered in 2022;

- reducing our digital environmental footprint with the participation of the Head of Information Systems, who is now a member of the AFG working group on digital sobriety.
- monitoring our waste collection by setting up a tool to monitor the collection of non-hazardous industrial waste, paper, cardboard, cans and plastic;
- making progress in the systematic recycling of our waste, including electronic waste, to achieve 100% recycling of paper, cardboard and electronic and IT equipment. In 2022, 44.16 tonnes of total waste (non-hazardous industrial waste) was collected, including 16.1 tonnes of paper;
- recycling cigarette butts with the implementation of a local and short-circuit waste collection and recovery system through a partnership with "Cy-Clope", a service provider from the social and solidarity economy, which has made it possible to collect 4.5 kg of cigarette butts in 4 months over 2022.

6. Corporate responsibility: Covéa Finance affirms its status as a socially responsible and ethical company through the establishment of:

- employer financing for all employees to prepare for retirement with the BCAC pension fund and the funded pension scheme, for a total amount of €394,094 over 2022;
- qualitative and non-financial criteria in the remuneration policy of the company's managers and risk takers;
- an update of our internal regulations with the addition of new articles on financial and business ethics, personal data protection, the fight against corruption and professional alerts. On this last point, an ethics whistleblowing system will be deployed in the 1st quarter of 2023;
- full and easily accessible disclosure of our accounts and our commitments (policies) in terms of business ethics, complemented by reports (12) on our commitments, available on our website.

2022 Report on Covéa Finance's remuneration policy

As a fund manager, Covéa Finance attaches particular importance to compliance with all of the provisions covering remuneration as set out in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (hereinafter the "AIFM Directive") and in Directive 2014/91/EU of 23 July 2014 on UCITS managers (hereinafter the "UCITS V Directive"). The objective of these rules, which cover the fund manager's structures, practices and remuneration policy, is to ingrain sound, effective and controlled management of the risks faced by both the management company and the fund.

1. Amount of remuneration paid by the fund management company to its personnel

During the 2022 financial year, the total amount of remuneration paid by Covéa Finance to all its personnel (184 employees as at 31/12/2022) was €15,293,424. This amount breaks down as follows:

- €12,245,120, or 80% of the total remuneration paid by the company to all its personnel, was in the form of fixed remuneration; and
- €3,048,304, or 20% of the total remuneration paid by the management company to all its personnel, was in the form of total variable remuneration. 164 people were paid variable remuneration in the 2022 financial year. Deferred variable compensation over three years applied to a single employee.

Of the total remuneration announced by the fund management company for the period, €8,314,762 concerned salaried senior management of Covéa Finance whose activities had a significant impact on the funds' risk profile, as defined in our 2022 remuneration policy.

2. Amount of remuneration paid by the fund to the personnel of the fund management company

Covéa Finance does not operate any incentive scheme for carried interest, nor is any remuneration, fixed or variable, paid by the fund to the fund managers.

3. Impact of the remuneration policy and practices on the risk profile of the fund and on the management of conflicts of interest

In February 2017, Covéa Finance brought its existing remuneration policy into compliance with Directive 2014/91/EU of 23 July 2014 ("UCITS V"), reviewed the internal regulations of its Remuneration Committee and implemented remuneration practices in line with the latest statutory, regulatory and doctrinal developments issued by the regulatory authorities, while at the same time identifying its staff members impacted by the new remuneration provisions arising from the AIFM and UCITS V Directives and their implementing texts (hereinafter the "Identified Population"). These are employees who meet both of the following conditions:

- they belong to a category of personnel benefiting from variable remuneration and likely to have an impact on the risk profile of the fund management company or the fund under management; and
- they receive variable remuneration in excess of €200,000 reflecting their level of responsibility for the risk profile.

When the remuneration of the Identified Population varies according to performance, the total amount, which is capped at a level lower than their fixed remuneration, is determined by the fund management company by combining the assessment of the performance of the employee concerned, that of the operational unit to which he or she belongs, and/or that of the basket of portfolios (mutual funds, AIFs and Mandates) with the performance of the fund management company as a whole. This individual performance assessment also takes into account both financial and non-financial criteria.

The set of principles is described in the Covéa Finance remuneration policy available on its website.

4. Governance and control of the remuneration policy

The remuneration policy is reviewed annually by the Remuneration Committee as defined in the Articles of Association of Covéa Finance, comprising:

- a representative of the Covéa Finance Supervisory Board;
- two representatives of the Covéa group, independent of Covéa Finance, at least one of whom attends the meetings of Covéa Group's Remuneration Committee; and
- the Chairwoman of Covéa Finance.

In accordance with the regulations, the majority of the members of the Remuneration Committee do not hold executive positions nor are they employed by Covéa Finance.

Report on intermediation fees

Financial year 2022

Under the General Regulation of the French financial markets authority (AMF), Covéa Finance is required to report on the intermediation fees paid during the 2022 financial year, which represented a total amount in excess of €500,000.

Intermediation fees are the fees, including all taxes, charged directly or indirectly by investment service providers.

Fees associated with investment decision support services are covered by Covéa Finance from its own resources. This decision applies to both individual management under mandate and collective management.

Intermediaries for the execution of orders on organised or OTC markets are selected from among those previously referenced by a referencing committee. Once referenced, these intermediaries are reviewed by an ad hoc committee composed of Fund Management Directors, the heads of Management teams, the Legal Department, the Middle Office Department and the Internal Control Department. Once a year, this committee examines the objectively established ratings of the execution service providers on the quality of execution, and validates the quality of settlement-delivery. Committee meetings are arranged in accordance with the provisions set out in the intermediary selection procedure.

For the equity markets, including ETFs and programme trading, the intermediation fees for order execution services are included in the brokerage allocated to each intermediary on the list. Intermediation fees relating to the order execution service amounted to €3,401,997 in the 2022 financial year.

The intermediary selection procedure is also designed to prevent and manage potential conflicts of interests. To this end, Covéa Finance applies a single scale of intermediation fees per asset class and geographical region, irrespective of the volumes handled.

Our policy on the selection and execution of investment service providers is available on our website under the heading “Our Reports and Policies”, or on request.

As part of our activity, our intermediary selection policy may change from time to time.

Annual report on the implementation of the shareholder engagement policy

Financial year 2022

Pursuant to the provisions of Article L.533-22 of the French Monetary and Financial Code and Articles 314-100 to 314-102 and 319-21 to 319-23 of the AMF General Regulation, we hereby present our report for the 2022 financial year on the conditions under which Covéa Finance decided to exercise the voting rights attached to the securities held in the portfolios of the UCITS, AIFs and mandates that it manages.

Within the framework of its Shareholder engagement policy document, Covéa Finance had committed itself for the sixteenth year of mandatory voting for portfolio management companies to vote in accordance with the following criteria:

- to vote on 100% of the companies in which we hold at least 0.5% of the capital and on 100% of the scope of our environmental themed funds and our SRI-labelled funds as at 31 December 2021 (unless these securities were sold on the date of the General Meeting);
- to take into account only bearer securities.

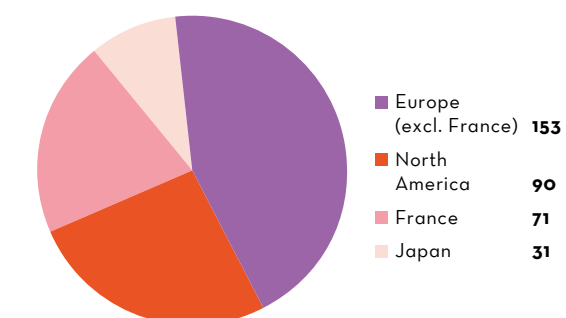
In total, this scope represents approximately 95% of the equity holdings as at 31 December 2021 in the portfolios of our collective investment undertakings and mandates combined, unless these securities were sold on the date of the General Meeting.

Covéa Finance uses services provided by proxy advisers. Covéa Finance relies on the analysis by Institutional Shareholder Services (ISS) of the resolutions tabled at the General Meeting (GM), based on the requirements formulated by Covéa Finance in its shareholder engagement policy.

1. Votes cast at general meetings

As at 31 December 2022, Covéa Finance exercised its voting rights at 348 general meetings, including 71 French general meetings, 153 in Europe (outside France, i.e. the countries of the European Union, the United Kingdom, Norway and Switzerland) and 90 in North America.

Votes cast at general meetings in 2022 by country

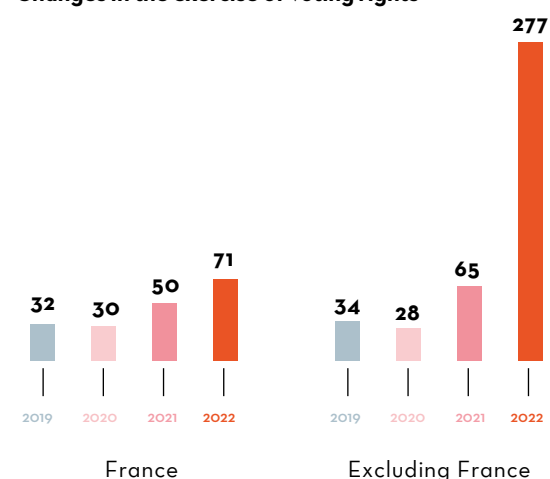


Sources: ISS; Covéa Finance.

As part of the overhaul of Covéa Finance’s shareholder engagement policy initiated in 2016 and continued in 2017, 2018, 2019, 2020, 2021 and 2022, the company decided to set up an in-depth and personalised shareholder dialogue with the various companies in the voting scope.

Moreover, as part of the standardisation of its procedures, Covéa Finance decided not to vote at General Meetings that result in lock-up periods.

Changes in the exercise of voting rights



Sources: ISS; Covéa Finance.

As at 31 December 2022, the total number of companies in which Covéa Finance had voting rights stood at 515, representing a volume of listed shares of €11,983,207,738.00, provided that the shares on the date of the General Meeting scheduled in 2022 were included in the portfolio of a mandate, an AIF, or a UCITS. The number of companies in the company's chosen voting scope as at 31 December 2022 was 370.

For the sixteenth year of mandatory voting, Covéa Finance changed the criteria for its voting scope as defined in its "Shareholder Engagement Policy", thereby significantly increasing its exercise of voting rights.

Participation rate (at year-end)	348/515
Rate restricted to the scope defined by the fund management company (at the beginning of the year)	337/369

2. Breakdown of votes

Resolutions for	4,969
Resolutions against	905
Abstentions	82
Total number of resolutions voted	5,956
Out of a total number of approved resolutions of	5,737
Resolutions not approved by the Board - vote for	106
Resolutions not approved by the Board - vote against	79
Resolutions not approved by the Board - vote Abstain	34

Note: Approved resolutions = resolutions previously validated by the Board of Directors.

Non-approved resolutions = resolutions for which the Board of Directors issued a negative recommendation or did not issue a prior opinion.

3. Reasons for negative votes

(including votes "against" the approved resolutions and votes "for" the non-approved resolutions)

Subject of resolutions	France	Europe** (excluding France)	Rest of the world
Appointment of the members of the Board of Directors or Supervisory Board	98	100	26
Appointment and remuneration of statutory auditors	-	-	-
Amendments to the Articles of Association having a negative impact on the rights of shareholders	-	-	-
Formalities and other reasons	29	70	-
Capital transactions considered as an anti-takeover mechanism*	178	16	1
Financial transactions/mergers	-	-	-
Management remuneration and employee share ownership	164	120	50
Employee shareholding	1	0	-
Approval of financial statements and allocation of earnings	-	-	-
External resolutions (not approved by the Board)	4	12	36

* The transactions taken into account are the following: delegations to the Board to issue warrants; authorisations concerning share buybacks of up to 10%; amendment to the Articles of Association concerning double voting rights, etc.

** Europe = European Union member countries + United Kingdom, Norway, Switzerland.

Cases in which Covéa Finance was unable to comply with the principles set out in its "Shareholder Engagement Policy" document:

In 2022, Covéa Finance voted four times in contradiction with its Shareholder Engagement Policy. In three cases: Chevron, Deere & Company and Siemens Gamesa, our external proxy adviser changed their proxy analysis and voting recommendations after Covéa Finance exercised its voting rights (automatic votes). In one case, Kemira Oyj, the analyst identified an irregularity in the external proxy adviser's proxy analysis and voting recommendations and informed them of this, but the change in the external proxy adviser's proxy analysis and voting recommendations was made after Covéa Finance had exercised its voting rights.

Covéa Finance will provide shareholders with details of the votes on request.

Cases in which Covéa Finance found itself in a conflict of interest situation: None.

Note: This report does not cover the strategic holdings of the Covéa Group.

Internal control report on the system to combat money laundering and terrorist financing

Financial year 2022

This report gives an account of the measures taken by Covéa Finance to combat money laundering and the financing of terrorism (AML/CFT), in accordance with Article 320-20 8o of the AMF General Regulation, as amended on 11 September 2019. This report was presented to the management bodies of Covéa Finance (Executive Committee and Supervisory Board) in February 2023. It is appended to the company's annual report and is forwarded to the AMF in April 2023.

Introduction

Covéa Finance is the portfolio management company of Covéa, a group that brings together the MAAF, MMA and GMF brands. Its fund management policy is characterised by a reasoned approach to the risk/return ratio in an investment process that establishes collegiality as a principle at all levels of decision-making.

As the portfolio management company of the Covéa mutual insurance group (MMA, MAAF and GMF), Covéa Finance has logically turned to the marketing of its offering for the benefit of the companies in its Group, whether it be its discretionary management offering or the promotion of mutual funds created in a "dedicated" form or in an "offered to the public" form.

Covéa Finance provides an individual discretionary management service to Covéa group entities (members of the Group or partners) domiciled in France or Europe. To date, Covéa Finance has not carried out any commercial development in this area.

In terms of marketing mutual funds, Covéa Finance is continuing to develop its direct investment offering to professional investors (management companies, private banks, insurers, mutual insurance companies, company pension schemes) and also uses intermediated marketing through mutual fund referencing/investment platforms for distribution purposes.

Key developments affecting the AML/CFT mechanism include:

- specific due diligence following the Russian-Ukrainian armed conflict;
- increased investment in private equity fund management;
- re-examining due diligence in the context of patronage actions;
- changes to the CRM tool centralising the documentation collected;
- organisational changes with the takeover of the AML/CFT function by the Compliance team.

1. Description of the internal control organisation for the AML/CFT and asset-freezing systems

1.1 Human resources deployed

Covéa Finance has entrusted the task of ensuring compliance with the provisions relating to the participation of financial organisations in the fight against money laundering and terrorist financing to Mr Ludovic Jacquier, Deputy Managing Director in charge of all support and control functions.

In the exercise of this task, he relies on Mr Maxime Perron, who has been appointed operational manager for the fight against money laundering and terrorist financing, and who is identified as the Tracfin reporter and correspondent. In his absence, the Compliance and Internal Control Officer is responsible for ensuring the continuity of exchanges with Tracfin and has also been identified with Tracfin.

He is in charge of the entire anti-money laundering mechanism (including legal monitoring and staff training), and also of analysing all suspicious transaction reports issued by employees before forwarding them to Tracfin.

At the end of 2022, the transfer of responsibility for the AML/CFT activity was recorded. The AML/CFT function is now carried out by the Compliance team, which includes two employees reporting to Ms Nadia Ben Salah, Compliance and Internal Control Officer.

1.2 Training

All new employees follow an onboarding programme which includes training on our anti-money laundering mechanism. They are provided with detailed procedures. In addition, specific presentations with a restricted panel of employees (depending on the subjects and the AML/CFT risk associated with the business activity, such as unlisted investments) were also organised throughout the year (e.g. specific training for the management of the Luxembourg SICAV).

2. Internal control procedures put in place according to the assessment of the risk of money laundering and terrorist financing

2.1 Risk mapping

Covéa Finance relies on public information and official lists (FATF, European and French) identifying significant country risk in order to integrate this element into its AML/CFT risk assessment process.

In this respect, Covéa Finance has two risk maps included in the internal procedure for combating money laundering and terrorist financing:

- a "liabilities" map used as a benchmark when applying the internal AML/CFT risk assessment and classification process. This assessment is carried out for each business relationship (clients, third parties and partners);
- an "assets" map to determine the AML/CFT risks associated with investments made by Covéa Finance's Front Office.

2.2 Procedures

The methodology for assessing the risk of money laundering and terrorist financing is described in Covéa Finance's AML/CFT procedure. This is updated periodically, the latest version dating from October 2022.

In particular, the procedure recalls KYC and KYI requirements as well as the supporting documents to be collected as part of the due diligence conducted according to the level of vigilance determined for the business relationship.

It also describes the due diligence to be carried out on investments made directly or as part of the multimanagement activity (including private equity).

The procedure describes the system for monitoring transactions and the procedure to be followed in the event of a suspicious transaction report.

The key concepts of "Country Lists", "Reporting Entities", "Beneficial Owners" and "Politically Exposed Persons" are also addressed in the procedure.

The procedure also specifies the measures taken for staff recruitment and the training provided to all the company's employees.

2.3 Control system

Covéa Finance has defined an annual action plan based on the risks inherent in its activity. All of the topics covered address the risks and obligations related to the organisational set-up, the business activity and the investments made by the Front Office.

There is also an overall risk map, administered by the Internal Control team, which lists the various risks associated with the tasks and responsibilities of the AML/CFT Officer.

The Marketing team in charge of the business activity exercises constant vigilance in identifying clients and prospects and ensures the integrity of their transactions. The Marketing team and the Tracfin correspondent work together to carry out client due diligence.

Permanent control

The control system is carried out at the first level by the operational staff working in the Marketing, Fund Management, Research and Human Resources departments. Second level controls are carried out solely by the AML/CFT Officer or the Compliance and Internal Control Officer, as the case may be.

Periodic control

The control plan followed each year is available in Covéa Finance's AML/CFT procedure. It covers due diligence on clients, investments and flows, as well as the review of the procedural framework and periodic training for employees.

Tools and technical resources

Covéa Finance has internal tools and also uses external tools.

Internal tools:

- an order marking tool is used to track incoming and outgoing flows;
- reporting on the investment scope to identify the riskiest assets (examples of criteria: listing market, type of instrument, location);
- centralisation of client data and documentation in a database (CRM Salesforce).

External tools:

- screening tool to identify entities, to search for the identity of natural persons who are business leaders as well as the identity of beneficial owners (ORBYS solution);
- PEP identification and negative information search tool (World Compliance Module associated with the ORBYS solution);
- access to official asset freeze, list of high-risk countries (FATF, EU, France).
- access to INPE data used to identify the beneficial owners of French entities.

2.4 Vigilance system

The implementation of the vigilance system is based on documented processes covering, in particular, risks related to clients, transaction flows and geographic factors.

Risks related to clients

Implementation of asset freezes: a client search is carried out via reconciliation and identification against the list issued by the French Treasury.

Detection of Politically Exposed Persons (PEPs): a client search is carried out via reconciliation and identification against the ORBYS lists. The system includes the validation of the entry into or continuation of the business relationship by the representatives of the marketing committee.

Risks related to transaction flows

Entry into a business relationship: when entering into a relationship with a new legal entity, after identification, Covéa Finance determines the risk level of this entity through the classification of AML/CFT risks.

Suspicious transactions: Covéa Finance exercises constant vigilance and ensures the consistency of the transactions carried out. Queries are issued to detect any atypical movements and to check compliance with procedures.

Risks related to geographical factors

High-risk third countries: when verifying the identity of the client, the FATF lists, the European and French lists of tax havens are reconciled with the data related to the clients' domicile.

3. Incidents and inadequacies identified and corrective measures taken

The AML/CFT control plan has been fully implemented. There were no significant incidents during this financial year.

The checks carried out in 2022 by the AML/CFT Officer did not reveal any particular anomalies. Nevertheless, following a foiled fraud attempt, a suspicious transaction report was submitted to the Tracfin department.

Corrective actions or requests for additional information relating to issues raised by the controls were implemented within the time limits set.

The installation of the new identification certificate on the ERMES platform following its renewal is encountering technical and material difficulties requiring the intervention of IT support.

4. AML/CFT internal control relating to specific systems or activities

4.1 Outsourcing

The custodian activity is outsourced to two service providers, CACEIS Bank and SGSS Fund Services Operation. Both entities are based in France and are subject to AML regulations. Both service providers provide us with their reports on the internal control system produced by an independent auditor, describing the anti-money laundering frameworks and control environment and the key controls.

4.2 Third-party introduction

Covéa Finance uses third-party introducers for the distribution of mutual funds. This type of relationship is formalised contractually with:

- Federal Finance;
- Cholet Dupont Gestion;
- ODDO BHF;
- Swiss Life Banque Privée.

Description of the procedures for monitoring the performance of the agreement entered into with a third-party introducer

For each third-party introducer, an agreement is put in place incorporating a clause on AML/CFT and the obligations to be implemented:

- obligation to respect and comply with French and European laws, regulations and provisions relating to AML/CFT;
- commitment to verify the identity of its clients and beneficial owners, where applicable;

- the distributor declares that it has put in place an AML/CFT prevention system adapted to the applicable regulations;
- the distributor undertakes to respond to any request for information from Covéa Finance and to provide it with any document attesting to compliance with its obligations in this regard.

4.3 Transfers of funds

Not applicable to Covéa Finance.

4.4 Banking correspondence

Not applicable to Covéa Finance.

5. Additional information on branches having their registered office in another Member State of the European Union or party to the Agreement on the European Economic Area

Not applicable to Covéa Finance.

Statement of financial position as at 31 December 2022

Assets (in euros)	31/12/2022			31/12/2021
	Gross Amount	Depreciation/ Provision	Net amount	
Intangible assets	1,233,019	880,744	352,275	379,750
Property, plant and equipment	9,309,774	8,011,455	1,298,319	980,646
Financial assets	8,536,517	30,606	8,505,911	7,067,880
Assets under construction	45,998		45,998	104,491
Total 1	19,125,308	8,922,806	10,202,502	8,532,767
Trade receivables	9,750,180		9,750,180	12,314,412
Other receivables	7,607,603		7,607,603	94,764
Marketable securities	87,661,767	3,805,689	83,856,078	101,746,126
Liquid assets	824,383		824,383	1,017,957
Prepaid expenses	4,828,056		4,828,056	4,364,968
Accrued interest	89,371		89,371	89,360
Total 2	110,761,360	3,805,689	106,955,671	119,627,586
Grand total	129,886,668	12,728,495	117,158,174	128,160,353

Liabilities (in euros)	31/12/2022	31/12/2021
Capital	24,901,254	24,901,254
Legal reserve	2,490,125	2,490,125
Retained earnings	42,060,576	35,894,542
Profit or loss for the financial year	16,301,484	30,830,175
Total 1	85,753,440	94,116,096
Provision for risks	550,000	0
Provision for charges	340,000	300,000
Total 2	890,000	300,000
Borrowings		
Debts	30,514,733	33,744,257
Total 3	30,514,733	33,744,257
Grand total	117,158,174	128,160,353

Listed income statement as at 31 December 2022

(in euros)	Financial year 2022	Financial year 2021
Operating income		
Management fees on mandates	13,323,239	14,118,870
Management fees on mutual funds	102,767,143	114,387,602
Administrative and accounting fees	3,199,500	3,023,803
Ancillary income	309,291	553,311
Total revenues	119,599,173	132,083,587
Other incidental income	32,070	15,062
Reversal of operating provisions	61,992	62,914
Total I	119,693,235	132,161,563
Operating costs		
Other external costs	66,584,301	60,558,649
Taxes, duties and related payments	3,310,075	3,887,378
Personnel costs	23,133,820	22,383,788
Other costs	51,635	27,150
Allocation to depreciation	627,100	1,017,075
Allocation to operating provisions	40,000	80,000
Directors' fees	4,000	8,000
Total II	93,750,930	87,962,40
Operating result (I - II)	25,942,305	44,199,523
Financial income		
Other income and interest	333,466	238,309
Capital gains from sales of marketable securities	388,744	861,342
Foreign exchange gains	242,223	249,625
Reversals of provisions for depr. of financial fixed assets	12,023	114,813
Reversals of provisions for depr. of marketable securities	625,310	894,209
Total III	1,601,767	2,358,298

(in euros)	Financial year 2022	Financial year 2021
Financial expenses		
Other interest	539	265
Charges on sales of marketable securities	714,885	992,244
Allocation to provisions for depr. of financial fixed assets	30,606	12,023
Allocation to provisions for depreciation of marketable securities	3,805,689	625,310
Foreign exchange losses	125,593	89,888
Total IV	4,677,311	1,719,730
Financial result (III - IV)	-3,075,545	638,568
Current result before tax	22,866,761	44,838,090
Extraordinary income		
Reversals of provisions for risks	0	305,000
Income from previous years	38,897	0
Total V	38,897	305,000
Extraordinary expenses		
Extraordinary depreciation of fixed assets	0	5,078
Extraordinary expenses on management transactions	6,075	726
Extraordinary expenses relating to previous financial year	48,542	42
Provision for extraordinary risks and charges	550,000	0
Total VI	604,617	5,847
Extraordinary income (V - VI)	-565,720	299,153
Result before tax (I - II + III - IV + V - VI)	22,301,041	45,137,244
Income tax (VII)	4,598,719	11,658,140
Employee profit sharing (VIII)	1,400,838	2,648,929
Training credit earnings (IX)		
Total income (I + III + V)	121,333,899	134,824,861
Total expenses (II + IV + VI + VII + VIII - IX)	105,032,415	103,994,686
Profit	16,301,484	30,830,175

Statutory auditors' report

To the sole shareholder of Covéa Finance

Covéa Finance
8-12, rue Boissy d'Anglas
75008 Paris

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying annual accounts of Covéa Finance for the year ended 31 December 2022.

In our opinion, the accounts give a true and fair view of the results of operations for the year ended 31 December 2022 and of the financial position and assets of the company at that date, in accordance with the accounting rules and principles applicable in France.

Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the annual accounts".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the French Code of Ethics for Statutory Auditors for the period from 1 January 2022 to the date of issue of our report.

Justification of our assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we hereby inform you that the most significant assessments we have made, in our professional opinion, are those concerning the appropriateness of the accounting policies used and the reasonableness of the significant estimates made, as well as the presentation of the financial statements.

These assessments were made in the context of our audit of the annual accounts taken as a whole and contributed to shaping our opinion as expressed above. We do not express an opinion on any individual item in these annual accounts.

Specific checks

In accordance with professional standards applicable in France, we have also performed the specific checks required by law and regulations.

We have no comment to make as to the fair presentation and the conformity with the annual accounts of the information given in the management report of the Chairwoman and in the other documents on the financial situation and the annual accounts addressed to the sole shareholder.

We certify that the information relating to payment terms referred to in Article D.441-6 of the French Commercial Code is true and consistent with the annual accounts.

Responsibilities of management and of persons charged with corporate governance in relation to the annual accounts

It is the responsibility of management to prepare annual accounts that give a true and fair view in accordance with French accounting rules and principles and to implement such internal control as it deems necessary to ensure that the annual accounts are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, it is the responsibility of management to assess the company's ability to continue as a going concern, to disclose in those accounts, where appropriate, the necessary information relating to the going concern and to apply the going concern accounting policy, unless the company is to be wound up or cease trading.

The annual accounts were closed by the Chairwoman.

Responsibilities of the statutory auditors regarding the audit of the annual accounts

It is our responsibility to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the annual accounts taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not, however, guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material when they could reasonably be expected to influence the economic decisions that users of the accounts make in reliance on them, either individually or in aggregate.

As specified by Article L.823-10-1 of the French Commercial Code, our mission of certifying the accounts does not consist in guaranteeing the sustainability or quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit. In addition:

- the auditor identifies and assesses the risks of material misstatements in the annual accounts, whether due to fraud or error, defines and performs audit procedures to address those risks, and obtains audit evidence that he considers to be sufficient and appropriate to form an opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumvention of internal control;
- the auditor obtains an understanding of internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the annual accounts;
- the auditor assesses the appropriateness of management's application of the going concern accounting policy and, based on the information collected, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information collected up to the date of the auditor's report, bearing in mind that subsequent events or circumstances could call into question the going concern principle. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the annual accounts regarding that uncertainty or, if that information is not provided or is not relevant, issues a qualified audit opinion or a refusal to certify;
- the auditor assesses the presentation of the annual accounts and whether they give a true and fair view of the underlying transactions and events.

Neuilly-sur-Seine and Paris-La Défense, 14 April 2023

The statutory auditors

Decision of the Sole Shareholder

Text of the resolutions

First resolution

The sole shareholder, after having heard the reading of the Chairwoman's management report, which had been submitted to the Supervisory Board, ruling on the accounts for the financial year ended 31 December 2022 and on the company's activity during the said financial year, and the reading of the statutory auditors' report on the performance of their audit during the said financial year, approves the said accounts as presented to it, as well as the transactions recognised in these accounts and summarised in these reports.

Accordingly, it grants a discharge to the Chairwoman and the members of the Supervisory Board for the performance of their duties for the said financial year.

Second resolution

On the proposal of the Chairwoman, the sole shareholder decides to allocate the profits for the financial year as follows:

• Profit for the financial year	€16,301,484.23
• Retained earnings from previous financial year	€42,060,576.48
Total to be allocated	€58,362,060.71
• Allocation to the legal reserve	€0.00
• Dividends (€ 22.00 per share)	€13,041,187.38
• Retained earnings after allocation	€45,320,873.33
Total	€58,362,060.71

For information, the dividends paid in respect of the last three financial years were as follows:

2021	€24,664,140
2020	€17,548,762
2019	€16,230,224

Third resolution

The sole shareholder, having read the management report, and noting that the company's share capital is fully paid up, decides, in accordance with Article 19 of the Articles of Association, in the event of the distribution of interim dividends for the current financial year, to offer an option between payment in cash or in company shares. The issue price of the shares created in payment of interim dividends corresponds to the equity divided by the number of shares.

Fourth resolution

The sole shareholder grants all powers to the bearer of a copy or extract of the minutes of this decision to carry out all filings and legal publications formalities following the decisions taken above and execution thereof.

Notes to the annual accounts

The statement of financial position before distribution for the financial year ended 31 December 2022, totalling €117,158,173, and the income statement, which totals €121,333,898, show a profit of €16,301,484.

The following notes and tables constitute the ANNEX. They form an integral part of the annual accounts. Only information of a significant nature is produced.

1. Highlights of the financial year

None.

2. Post-balance sheet events

No specific elements have been identified that could affect the financial statements for the 2022 financial year or that could jeopardise the company's ability to continue as a going concern.

3. Accounting principles and methods used

3.1 General principles

This balance sheet and income statement have been prepared in accordance with the provisions of Articles L.123-12 and L.123-13 of the French Commercial Code and with the general rules for the preparation and presentation of annual accounts.

The general rules for the preparation and presentation of annual accounts are established in accordance with the rules of the new Chart of Accounts adopted under ANC Regulation 2014-03 et seq.

The general principles of prudence, continuity, reliability and true and fair view have been respected based on the following assumptions:

- going concern;
- consistency of accounting methods from one year to the next;
- independence of financial years.

3.2 Accounting methods used

The basic method used for the valuation of the items recorded in the accounts is the historical cost method.

For marketable securities, the gross value is the purchase cost excluding incidental expenses.

4. Additional information on the statement of financial position

4.1. Statement of fixed assets

A - Intangible and tangible fixed assets and depreciation

Item (in euros)	Start of financial year		Movements during the financial year			End of financial year		
	Gross value of fixed assets	Gross depreciation value	Acquisitions	Transfers	Provisions and reversals	Gross value of fixed assets	Gross depreciation value	Net accounting value
Intangible assets	1,015,660	635,910	217,359	0	244,834	1,233,019	880,744	352,275
Software	1,015,660	635,910	217,359		244,834	1,233,019	880,744	352,275
Property, plant and equipment	8,609,836	7,629,190	699,938	0	382,265	9,309,774	8,011,455	1,298,319
Installations	3,605,362	3,570,311			26,456	3,605,362	3,596,767	8,595
Fixtures and fittings	507,426	468,484	352,312		20,390	859,738	488,874	370,864
Equipment	3,643,758	2,837,226	347,626		296,873	3,991,384	3,134,099	857,285
Telephones	61,122	44,512			11,750	61,122	56,262	4,861
Furniture	777,666	708,657			26,797	777,666	735,454	42,212
Prints	14,503					14,503		14,503
Assets under construction	104,491	0	45,998	104,491	0	45,998	0	45,998
Intangible assets	104,491		22,380	104,491		22,380		22,380
Intangible assets	0		23,618			23,618		23,618
Total	9,729,987	8,265,100	963,295	104,491	627,100	10,588,791	8,892,200	1,696,592

Fixed asset entry values are recognised at historical cost.

Acquisitions at Covéa Finance:

- software is amortised over 3 years on a straight-line basis;
- installations, furniture, fixtures and fittings are depreciated over 5 years on a straight-line basis;
- equipment is depreciated over 5 years on a straight-line basis.

Depreciation is recorded in the income statement under Depreciation and amortisation.

B - Financial and other fixed assets

Description of securities (in euros)	Cost price	Investments	Transfer price	Realised gains/losses		Cost price	Unrealised gains	Unrealised losses
				2022				
	31/12/2021	2022	2022	gains	losses	31/12/2022	31/12/2022	31/12/2022
Total financial assets	7,079,398	1,456,589				8,535,987	1,462,568	-30,606
Total other fixed assets	506	24				530	0	0
Total	7,079,904	1,456,613	0	0	0	8,536,517	1,462,568	-30,606

At the end of the financial year, the subscription value is compared with the liquidation value. In the event of unrealised losses, a provision for depreciation is recorded under the item "Allocations to provisions".

Unrealised gains are not recognised.

4.2 Receivables by seniority

(in euros)	Gross Amount	1 year and less	1 to 5 years	Over 5 years
Trade receivables	9,750,180	9,750,180		
Personnel - Salaries	46	46		
Social welfare agencies	26,291	26,291		
VAT to be regularised	61,901	61,901		
Statement of accrued income	182,990	182,990		
Current accounts	7,295,925	7,295,925		
Other receivables	40,450	40,450		
Total receivables	17,357,783	17,357,783		

Receivables consist mainly of trade receivables corresponding to the invoicing for the month of December 2022. There are no receivables greater than one year.

4.3 Marketable securities

Description of securities (in euros)	Cost price	Investments	Transfer price	Realised gains/losses		Foreign exchange result		Cost price	Unrealised gains	Unrealised losses
				2022		Rea- lised	Un-rea- lised			
	31/12/2021	2022	2022	gains	losses	31/12/2022	31/12/2022	31/12/2022		
Bonds	17,533,180	11,236,498	-2,000,000	0	-321,000	0	0	26,448,678	0	-2,615,808
Treasury bills	4,196,672	14,781,620	0	0	0	0	0	18,978,292	0	-1,189,877
Covéa Finance mutual fund	80,641,584	117,596,553	-155,998,200	388,744	-393,884	0	0	42,234,797	436,288	-5
Total marketable securities	102,371,436	143,614,671	-157,998,200	388,744	-714,884	0	0	87,661,767	436,288	-3,805,689

At the end of the financial year, the subscription value is compared with the liquidation value. In the event of unrealised losses, a provision for depreciation is recorded under the item "Allocations to provisions".

Unrealised gains are not recognised.

Liquid assets

Any cash in foreign currencies at the end of the financial year is converted into the national currency at the spot rate. Translation differences are recognised in the income statement.

4.4 Information on equity

(in euros)	31/12/2021	Increases	Decreases	31/12/2022
Share capital	24,901,254			24,901,254
Legal reserve	2,490,125			2,490,125
Retained earnings	35,894,542	6,166,035		42,060,576
Profit or loss for the financial year	30,830,175	16,301,484	30,830,175	16,301,484
Total	94,116,096	22,467,519	30,830,175	85,753,440

4.5 Statement of provisions

Item (in euros)	31/12/2021	Allocations	Reversals	31/12/2022
Provisions for risks	-	550,000	-	550,000
Provisions for pension obligations	300,000	40,000	-	340,000
Total	300,000	590,000	-	890,000

4.6 Debts by maturity

(in euros)	Gross Amount	1 year and less	1 to 5 years	Over 5 years
Suppliers	15,666,455	15,666,455		
Accrued expenses	553,420	553,420		
Personnel - Salaries	12,626,553	12,626,553		
Works Council	49,533	49,533		
Other payables	205,986	205,986		
Social welfare agencies	1,261,721	1,261,721		
VAT to be paid	151,066	151,066		
Total payables	30,514,733	30,514,733		

Debts mainly comprise:

- trade payables relating to invoices received at year-end;
- social security contributions and tax liabilities.

There is no debt older than one year.

4.7 Accruals and prepayments

The balance of prepayments and accrued income breaks down as follows: prepaid expenses: €4,828,055.

4.8 Accrued income and expenses

The balance of accrued income accounts is €1,321,543. It corresponds to the invoicing during the second half of the year for administrative and accounting management costs, and income from related activities.

The balance of accrued expenses accounts relating to suppliers is €10,504,831. It concerns supplier invoices not received and provisioned at year-end.

5. Additional information on the income statement

5.1 Operating income

This item amounts to €119,599,173 and is mainly composed of:

- Management fees on mandates: €13,323,239
- Management fees on mutual funds: €102,767,143
- Administrative and accounting fees: €3,199,500

5.2 Financial income

This item amounts to €1,601,767 and is composed of:

- Income and interest: €333,466
- Capital gains on transfers: €388,744
- Foreign exchange gains: €242,223
- Reversals of provisions/financial assets: €12,023
- Reversals of provisions/marketable securities: €625,310

5.3 Extraordinary income

This item amounts to €38,897 and is the result of income from previous years.

5.4 Personnel costs

Salaries and social security contributions amounted to €23,133,820.

5.5 Financial expenses

This item amounts to €4,677,311 and breaks down as follows:

- Income and interest: €539
- Expenses on transfers of marketable securities: €714,885
- Allocations to depreciation/financial assets: €30,606
- Allocations to depreciation/marketable securities: €3,805,689
- Foreign exchange losses: €125,593

5.6 Extraordinary expenses

This item amounts to €604,617 and results mainly from allocations to provisions for risks.

5.7 Tax and tax consolidation

The tax recognised in the income statement for the financial year corresponds to the tax payable for the period according to the tax regulations in force.

As of 1 January 2008, Covéa Finance joined the tax consolidation group of which SGAM Covéa is the consolidating company.

For the year 2022, the corporate income tax is €4,598,718.

5.8 Employee profit sharing

Profit sharing amounted to €1,400,838.

5.9 Incentive bonus

As the Profit sharing/Salary ratio is below 0.16, there will be a Covéa Finance incentive payment.

5.10 Allocation of the accounting result for the year

The Chairwoman proposes to allocate the net profit as follows:

• Profit for the financial year	€16,301,484.23
• Retained earnings from the previous financial year	€42,060,576.48
Total to be allocated	€58,362,060.71
• Allocation to the legal reserve	€0.00
• Dividends	€13,041,187.38
• Retained earnings after allocation	€45,320,873.33
Total	€58,362,060.71

5.11 Workforce

As at 31/12/2022, Covéa Finance had 184 employees:

- 171 executive staff.
- 13 non-executive staff.

5.12 Remuneration of senior management

Disclosure of the remuneration of senior management and risk takers is the subject of an ad hoc report, appended to the management report, in accordance with the EU's AIFM and UCITS V directives to which Covéa Finance is subject as a management company.

6. Off-balance sheet commitments

• Pension commitments	€1,711,146
• Funds accrued	€925,048
• Shortfall	€786,129

The company's commitments are valued using an actuarial method that takes into account, among other things, turnover parameters and the rate of salary growth.

The discount rate used is the iBoxx eurocorporate AA 10.

The company's commitments are partially covered by an insurance policy taken out with GMF VIE.

7. Other significant information

7.1 Breakdown of share capital

The company is a French société par actions simplifiée (SAS) with a sole shareholder, Covéa Coopérations.

7.2 Consolidation

The accounts of Covéa Finance are included, using the full consolidation method, in the combined accounts of SGAM COVÉA, SIRET no. 450527916 00016 (86-90 rue Saint-Lazare, 75009 Paris, France).

7.3 Statutory auditors' fees

The impact of the statutory auditors' fees on the income statement is €412,736, broken down as follows:

• Audit of the Covéa Finance accounts:	€111,168
• Audit of the mutual funds:	€301,749

7.4 Impact of the pandemic

The impact of the pandemic on the company's accounts for the 2022 financial year is estimated at €63k. These are essentially costs incurred to ensure the health and safety of employees in the company in the face of the Covid-19 epidemic, in accordance with the recommendations of the health protocols published by the French Ministry of Labour, Employment and Insertion.

The main expenses incurred in 2022 relate to the various items of equipment provided to employees (hand sanitiser gel, masks, etc.) and to ensuring the compliance of the premises (additional disinfection, etc.).

Company's results for the last 5 financial years

Nature of information (in euros)	2018	2019	2020	2021	2022
Capital at the end of the financial year					
Share capital	7,114,644	7,114,644	7,114,644	24,901,254	24,901,254
Number of existing ordinary shares	592,887	592,887	592,887	592,887	592,887
Transactions and results for the financial year					
Revenue before tax	105,316,503	110,977,737	113,330,578	132,083,587	119,599,173
Income before tax, employee profit sharing, depreciation and provisions	30,891,391	36,230,044	34,533,792	45,562,709	26,717,103
Income tax	9,485,941	11,788,024	9,025,523	11,658,140	4,598,719
Employee profit-sharing due for the financial year	1,711,586	2,165,954	2,047,684	2,648,929	1,400,838
Earnings after tax, employee profit sharing, depreciation and provisions	18,165,068	20,287,780	21,935,953	30,830,175	16,301,484
Earnings distributed in cash	14,537,589	16,230,224	17,548,762	24,664,140	13,041,187
Earnings per share					
Earnings before tax, employee profit sharing, depreciation and provisions	52.10	61.11	58.25	76.85	45.06
Earnings after tax, employee profit sharing but before depreciation and provisions	33.22	37.57	39.57	52.72	34.94
Earnings after tax, employee profit sharing, depreciation and provisions	30.64	34.22	37.00	52.00	27.50
Dividend allocated to each share (in cash)	24.52	27.37	29.60	41.60	22.00
Personnel					
Average workforce during the year	164	167	171	179	185
Payroll for the financial year	12,255,335	13,293,955	15,027,514	14,500,785	15,181,333
Amount of sums paid in respect of employee benefits during the financial year (social security, social welfare, etc.)	6,090,462	6,416,602	6,666,005	7,883,003	7,952,487



COVEA GROUP'S
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