

# FINANCIAL REPORT



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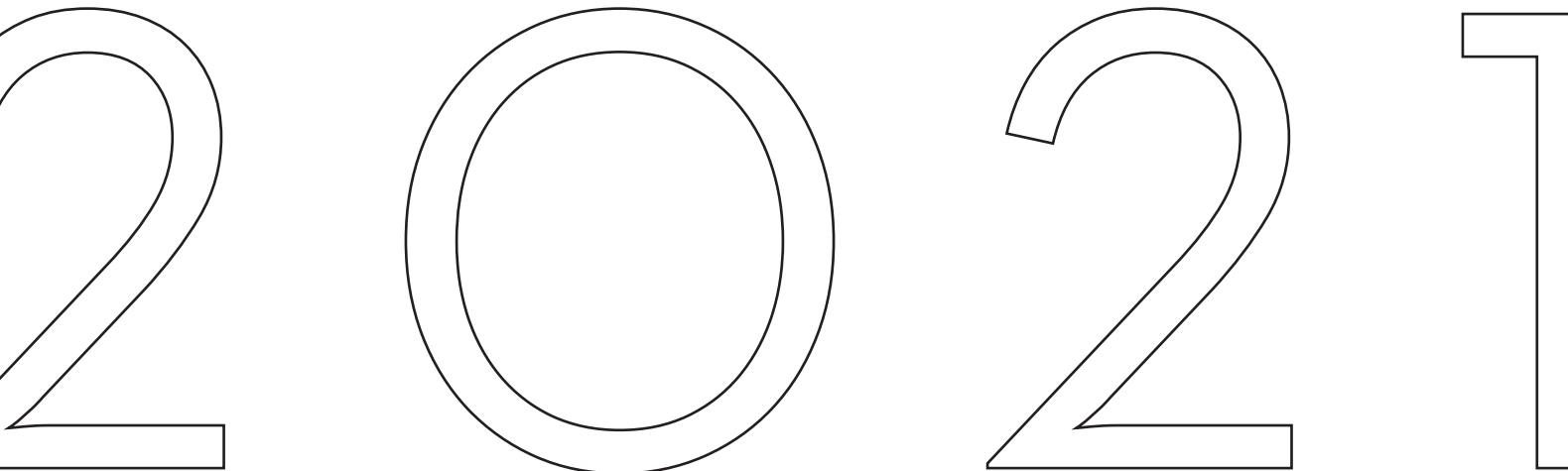
N°1 | VIEWPOINTS 2021

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

(French Commercial Code – L232-1 et seq.)



I hereby present to you the report on your company's activities for the financial year ended 31 December 2021 and submit for your approval the annual financial statements for the said financial year.

Your statutory auditors will provide in their reports all necessary information on the lawfulness and accuracy of the annual financial statements presented to you.

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

## 1. Economic environment of Covéa Finance

In 2021, after a historic recession, the global economy made a stuttering recovery in line with the ever-changing health situation and new variants of Covid-19. Against this backdrop, extraordinary fiscal and monetary stimulus measures were initially extended in many countries and unprecedented recovery packages were rolled out, particularly in the US. After significantly easing their monetary policies, the US Federal Reserve and the European Central Bank are now facing a significant rise in inflation, prompting them to commence gradual normalisation. Disrupted global value chains and bottlenecks following the recovery are indeed causing shortages and pressure on prices. The surge in energy and commodity prices is also limiting economic recovery. In this environment, divergences between countries, illustrated by the wide variety of recovery profiles, are increasing. The US economy thus appears to be more advanced in its recovery, even though increasing tensions in the labour market are leading to rising wages. Although remarkable given the magnitude of the shock in 2020, recovery in the eurozone has been weaker, once again underlining the considerable heterogeneity of the region. Lastly, in the UK, many Brexit-related issues remain unresolved and are causing disruption in addition to supply constraint issues. On the foreign exchange market, the euro weakened against the dollar by 7.7%, ending the year at \$1.1326 to €1.00. The barrel of Brent oil increased by 50.2%, ending the year at \$77.80.

In the US, Joe Biden's first year as president was marked by the implementation of major fiscal plans. Congress adopted a support plan of \$1,900 billion at the beginning of the year, then, after lengthy negotiations, agreed a 10-year \$1,000 billion plan for infrastructure spending (\$550 billion of new expenditure). Conversely, implementation of the "Build Back Better" stimulus plan, focused on social and environmental spending, remains pending due to the opposition of a few Democrat senators. In terms of activity data, after having been strongly supported by income assistance, household consumption remains dynamic but shows signs of a slowdown faced with rising inflationary pressures. Industry continues to suffer from disrupted value chains, notably illustrated by the very significant increase in delivery times. After a historical decline, employment saw a significant recovery in 2021, leading to recruitment issues that may drive wages higher. However, total employment remained below pre-crisis levels at year end. In this context,

the price rises reached a historical high of 6.8% in November 2021, driven by both pandemic-related factors and more long-term factors, such as rent increases. Faced with rising inflationary pressures, the Federal Reserve was forced to bring forward the normalisation of its monetary policy. The monetary policy committee thus decided to accelerate the reduction of its securities purchase programme, which had been initiated in the spring of 2020, and is now planning to increase its base rate in the first half of 2022.

In the UK, the Bank of England began to normalise its monetary policy and raised its base rate by 15 basis points to 0.25%. It believes that a "mild tightening" of monetary policy in the coming years is appropriate to bring inflation back towards the 2% target in a context of rising inflationary pressures (inflation reached 5.1% in November) and tensions in the labour market.

In the eurozone, after an unprecedented economic shock in 2020, economic recovery was mixed across the region. While consumption rebounded well, especially consumption of goods, industrial production remained in difficulty. Heavily linked to the automotive sector, German industry was hit in particular by shortages of semiconductors. On the employment front, the labour market showed remarkable resilience, with unemployment and employment levels almost returning to pre-crisis levels at the end of the year, despite furlough measures ending in September. As is often the case in the eurozone however recovery at country level is mixed, with Spain still lagging behind while France made a stronger recovery. Lastly, prices also accelerated sharply, amplified at the end of the year by rising electricity and gas prices and base effects linked to the temporary reduction of German VAT in the second half of 2020. Against this backdrop, the European Central Bank (ECB) decided on a modest tightening of its monetary policy by announcing a gradual reduction in its asset purchases and allowing itself to intervene in the event of a new pandemic-related shock or any tightening of financing conditions. The Pandemic Emergency Purchase Programme (PEPP) will come to an end in March 2022. The ECB also announced an extension of PEPP reinvestments until the end of 2024 (vs 2023 previously). Finally, the pace of net asset purchases of the APP asset purchase programme will be temporarily increased in the second and third quarter of 2022. At the political level, the year was marked by the German federal elections, leading to the formation of a coalition between the SPD (social democrats), the Greens and the FDP (liberals). The coalition will be led by Olaf Scholz, former finance minister of Angela Merkel and candidate of the SPD.

In China, one of the only countries to post positive growth in 2020, the economy has entered slowdown amid regulatory constraints, rising prices (particularly production prices), difficulties in the real estate sector and intermittent Covid-related restrictions. Against this backdrop, the People's Bank of China (PBoC) has, as opposed to other central banks, eased its monetary policy by lowering several of its base rates. It also announced measures to limit the appreciation of the yuan. In Japan, the recovery of business has been very limited due to Covid-related restrictions and supply issues. On the political front, Fumio Kishida succeeded Yoshihide Suga as Prime Minister of Japan and unveiled a new €430bn stimulus package designed to address the prolonged effects of the Covid crisis and reduce inequality by improving the redistribution of wealth. On the monetary front, inflation is also accelerating in Japan, but remains at low levels (0.6% year-on-year in December). The Bank of Japan (BoJ) has therefore pledged to maintain a broadly accommodating policy and extended its exceptional support for small and medium-sized companies.

The first months of 2022 saw the emergence of a new crisis, a major geopolitical upheaval, with Russia's invasion of Ukraine and its consequences on diplomatic and economic relations around the world. Following the Russian offensive, NATO and its allies announced a series of financial sanctions against Russia, restrictions on the use of the Russian central bank's international reserves and the freezing of assets of certain citizens. However, this crisis leaves the European Union especially vulnerable. A significant proportion of its energy supplies come from Russia, and the crisis increases the risks associated with the persistence of high inflation. In the first two months of the year\*, the price of a barrel of Brent oil rose by 64% to \$127.30, gas prices\*\* rose by 312% and wheat prices\*\*\* by 75%.

\* Variations and opening prices on 7 March 2022, at the close on 4 March 2022 for wheat.

\*\* Dutch TFF reference published by ICE Endex.

\*\*\* Chicago SRW Wheat reference.

## Principal market indexes and indicators - values and changes

Market indicators (1/2)		31/12/2020	31/12/2021	Variation since 31/12/2020 (% or bps)*	
Base rates (%)	Fed	0.25	0.25	<b>0.00</b>	
	ECB	0.00	0.00	<b>0.00</b>	
	BoE	0.10	0.25	<b>0.15</b>	
	BOJ	0.10	0.10	<b>0.00</b>	
	Bank of Korea	0.50	1.00	<b>0.50</b>	
	Brazil	2.00	9.25	<b>7.25</b>	
	Russia	4.25	8.50	<b>4.25</b>	
	India	4.00	4.00	<b>0.00</b>	
	China	4.35	4.35	<b>0.00</b>	
	Bond markets	United States	0.91	1.51	<b>0.60</b>
France OAT		-0.34	0.20	<b>0.54</b>	
Germany		-0.57	-0.18	<b>0.39</b>	
Italy		0.54	1.17	<b>0.63</b>	
United Kingdom		0.20	0.97	<b>0.77</b>	
Japan		0.02	0.07	<b>0.05</b>	
South Korea		1.72	2.26	<b>0.53</b>	
Brazil		3.22	4.52	<b>1.30</b>	
Russia		6.01	8.29	<b>2.28</b>	
Loan index		iBoxx Eur Corporate index	244.2	241.5	<b>-1.08</b>
Foreign exchange markets	Against the Euro (€1 = ... currencies)	Dollar	1.22	1.14	<b>-6.9</b>
		Sterling	0.89	0.84	<b>-5.86</b>
		Yen	126.2	130.9	<b>3.7</b>
	Against the dollar (\$1 = ... currencies)	Won	1,086	1,188	<b>9.4</b>
		Brazilian real	5.2	5.6	<b>7.3</b>
		Rouble	74.4	74.0	<b>-0.5</b>
		Indian rupee	73.1	74.3	<b>1.7</b>
		Yuan	6.5	6.4	<b>-2.6</b>

Market indicators (2/2)			31/12/2020	31/12/2021	Variation since 31/12/2020 (% or bps)*
Equity markets	Local currencies	United States - S&P	3,756	4,766	<b>26.9</b>
		Japan - Nikkei 300	379	419	<b>10.4</b>
		France - CAC 40	5,551	7,153	<b>28.9</b>
		Germany - DAX	5,935	6,710	<b>13.0</b>
		Eurozone - MSCI EMU	128	154	<b>20.1</b>
		United Kingdom - FTSE 100	6,461	7,385	<b>14.3</b>
		South Korea - KOSPI	2,873	2,978	<b>3.6</b>
		Brazil - Bovespa	119,017	104,822	<b>-11.9</b>
		Russia - MICEX	3,289	3,787	<b>15.1</b>
		India - SENSEX	47,751	58,254	<b>22.0</b>
		China - Shanghai	3,473	3,640	<b>4.8</b>
		Hong Kong - Hang Seng	27,231	23,398	<b>-14.1</b>
	MSCI - BRIC	1,296	1,154	<b>-10.9</b>	
	Euro	S&P (in €)			<b>36.3</b>
		Nikkei 300 (in €)			<b>6.4</b>
FTSE 100 (in €)				<b>21.4</b>	
Raw materials	Farming	Corn (dollar cents per bushel)	484	593	<b>22.6</b>
		CRB index**	444	578	<b>30.3</b>
	Energy	Oil (Brent, \$ per barrel)	52	77.8	<b>50.2</b>
	Metals	Price per ounce of gold	1,895	1,829	<b>-3.5</b>
		Price per tonne of copper	7,766	9,721	<b>25.2</b>

\* Variation in basis points (bps) in sovereign yields and base rates.

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

Sources: Covéa Finance, Bloomberg.

## 2. Position and activity of the company

### 2.1 Development of the company's position

The continuation of the health crisis in 2021 confirmed that the organisational structure established in Covéa Finance across all its various business lines and processes, was robust enabled it to pursue the objectives set by the Covéa Group.

At the general meeting, the sole shareholder approved a share capital increase by incorporating the Reserves and a portion of the *Retained earnings*.

Covéa Finance continued to roll out its recruitment plan. Covéa Finance had 185 employees as at 31 December 2021, which represents an increase of 5.11% over the previous financial year.

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

- changes to its governance initiated at the end of 2021;
- implementation of a new communication and marketing strategy;
- the deployment of human and technical resources to support working from home;
- continued efforts to digitise the company and dematerialise management of the company's content;
- continued deployment of sustainable finance in its projects.

In 2021, several mutual funds were created:

- the Covéa Renouveau fund, with 2 sub-funds: Covéa Renouveau France and Covéa Renouveau Europe;
- a third professional private equity fund: Covéa Accompagnement III;
- the Covéa Selection UK fund.

Discussions continued on the positioning of the mutual fund range, and Covéa Finance obtained various labels during the year:

- The Relance label for Covéa Perspectives Entreprises and Covéa Renouveau France;
- The Finansol label for Covéa Actions Solidaires.

### 2.2 Assets under management

As at 31 December 2021, the amount of assets under management came to €102.9 billion and breaks down as follows:

- 22 management mandates on behalf of the companies of the Covéa group, or partner mutual insurers, totalling €86.6bn;
- 52 mutual funds, including 3 professional private equity funds, totalling €16.3bn.

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

Assets under management (in billions of euros)	31/12/2020	31/12/2021	Variations
Mandates	86.2	86.6	+0.5%
Mutual funds	14.0	16.3	+16.4%
<b>Total</b>	<b>100.2</b>	<b>102.9</b>	<b>+2.7%</b>

### 2.3 Activity of the company

In 2021, Covéa Finance's operating income increased strongly by +16.5% compared to the previous year.

Equity and similar assets under management at 31 December 2021, including mutual funds and mandates, stood at €20.7 bn, representing an increase of +10.1% over the previous year.

Bonds and other fixed income products amounted to €82.2bn at year end, which represents a variation of +1% compared to 2020.

Operating costs rose by 8.3% during the financial year.

This increase in expenses is due to:

- the increase in salary costs following the growth of the workforce;
- the increase in costs on managed assets and inflows, including marketing retrocessions;
- the change in IT expenses.

2021 operating income therefore rose sharply compared to the previous year. It increased from €32,240k in 2020 to €44,200 k in 2021, representing an increase of +37.1%.

Net accounting income, after taking financial and extraordinary income, taxes and profit-sharing into account, amounted to €30,830 k, up by 40.5%.

### 3. Results of this activity

#### 3.1 Operating income

2021 operating income amounted to €132,162k, up from €113,431k in 2020, representing an increase of +16.5%.

Operating income breaks down as follows:

(in €k)	2020	2021	Variation
Management fees (mandates)	9,919	14,119	+42.3%
Management fees on mutual funds	99,349	114,388	+15.1%
Incidental income	4,163	3,655	-12.2%

The sharp increase in operating income is due to changes in equity markets over the period combined with the renegotiation of certain pricing conditions.

#### 3.2 Personnel costs

Personnel costs stood at €22,384k, an increase of 3.2% over the previous year.

This increase is proportional to the change in the company's workforce and the changes in salaries recorded during the year.

#### 3.3 General operating costs

Business expenses and other operating costs, excluding taxes, depreciation, amortisation and compensation, amounted to €60,559k at the end of 2021, up (+13.4%) from last year.

The most significant operating expense items are:

- marketing retrocessions which amounted to €27,829k. They were up sharply (+21.2%) following good external inflows on mutual funds;
- IT operating costs totalled €16,442k, up +8.5%;
- rents and rental charges stand at €4,292k, an increase of 8%, driven by a relative increase in expenses that had been reduced in 2020;
- the remuneration for external research aid paid by the company on behalf of mutual funds and Mandates totalled €3,541k, stable overall compared to 2020;

- the other fees paid by the company on behalf of mutual funds (administrative and accounting management, valuation agents, depositaries, etc.) amounted to €2,925k, or an increase of 9.2%. This change in expenses stems from the increase in average mutual fund assets under management between the two financial years;
- fees (advisory and statutory auditors, including mutual fund auditing fees) stand at €1,267k (+4.2%).

#### 3.4 Financial and extraordinary result

The financial result amounted to +€639k. It consists mainly of gains on the portfolio resulting from investing the company's own funds. 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 profit of €299k mainly results from reversals of provisions for risks.

#### 3.5 Taxes and duties

Taxes and duties, excluding corporation tax, amounted to €3,887k.

Taxable income stands at €42,954k.

The amount of corporation tax is €11,658k.

#### 3.6 Net profit

The net profit for 2021 amounted to €30,830k, an increase of 40.5% compared to 2020.

#### 3.7 Employee profit-sharing

The legal reserve for distributable profit for the 2021 financial year amounted to €2,649k.

#### 3.8 Employee incentive plan

In accordance with the Covéa Group incentive scheme agreement signed on 28 June 2019, entitling all employees to a share of Group income, an expense of €189k was recognised in the accounts.

The calculation criteria as defined in the Covéa Finance incentive scheme agreement of 14 June 2017 and which trigger the incentive scheme were not met.

#### 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 amounts of invoices received and issued, overdue but not settled at year-end, are presented below by days overdue.

	Article D.441 I.-1: Invoices received, overdue but not settled at year-end.						Article D.441 I.-2: 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)
<b>(A) Days overdue</b>												
Number of invoices concerned	-					68	-					0
Total amount of invoices concerned (incl. VAT)	-	0	0	248,358	434,310	682,668	-					0
Percentage of total purchases for the year (incl. VAT)	-	0.00%	0.00%	0.41%	0.72%	1.12%						
Percentage of revenues for the year (incl. VAT)							-	-	-	-	-	-
<b>(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables</b>												
Number of invoices excluded												
Total amount of invoices excluded (specify: excl. or incl. VAT)												
<b>(C) Reference payment terms used (contractual or statutory payment terms - Article L.441-6 or Article L.443-1 of the French Commercial Code)</b>												
Payment terms used to determine late payments	<input checked="" type="checkbox"/> Contractual terms: upon receipt <input checked="" type="checkbox"/> Statutory terms: 60 days						<input checked="" type="checkbox"/> Contractual terms: upon receipt <input type="checkbox"/> Statutory terms: (specify)					

#### 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 "excessive" 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

Since the closing of the accounts, on 24 February 2022 Russian military troops have invaded Ukrainian territory, leading to the closure of Russian markets and numerous sanctions against Russian interests. We have been required to activate our crisis management unit in order to take all necessary measures to manage market risks, to anticipate any failures by our partners and subcontractors and to increase the security level of our IT system.

Not having any clients in the region and few assets directly or indirectly committed in Russia or Ukraine, we have not needed to deal with any losses having a significant impact on our 2021 accounts, even if at the time of writing this report it is too early to assess all the direct and indirect effects of this crisis.

## 4. Allocation of earnings

I am submitting a proposed allocation of net earnings to the Sole Shareholder, as follows:

• Profit for the financial year	€30,830,174.88
• Retained earnings from previous financial year	€35,894,542.50
<b>Total to be allocated</b>	<b>€66,724,716.38</b>
• Allowance for the statutory reserve	€0.00
• Dividends	€24,664,139.90
• Carry forward after allocation	€42,060,576.48
<b>Total</b>	<b>€66,724,716.38</b>

Equalling a dividend of €41.60 per share.

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.

For the financial year 2018, Covéa Finance distributed a dividend of €14,537,589.

## 5. Breakdown of capital

In 2021, the company's share capital increased following the incorporation of Reserves and a portion of the Retained earnings. At 31 December 2021, it now stands at €24,901,254.

## 6. Internal control and risk management framework

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

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 level three internal control in Covéa Finance;
- the Risk Control function, responsible for the ex post control of market risks, and participating in the level 1 (a) control.

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 business ethics, 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 ([www.covea-finance.fr](http://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, with regard to 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.

Internal Control and Compliance are separate from fund management functions and are managed by Mr Ludovic Jacquier, Managing Director in charge of all Support and Control functions, and the RCCI responsible for internal audit. He is assisted by Mr Sébastien Desbois, RCCI responsible for permanent control, and Ms Nadia Ben Salah, Head of Legal department, responsible for compliance.

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 investment financial and non-financial constraints, the processing and management of transactions during the day and on the satisfactory completion of transactions, and their correct incorporation into the accounting and summary systems at the end of the day. These first-level controls are performed and documented by operational personnel themselves in the normal course of their day-to-day activities.

At the second level, Permanent Internal Control and Risk Control teams perform controls not integrated within the "production processes", and are therefore performed ex post on a periodic or random basis.

For Internal Control, these verifications consist of controls on both substance and form in order to validate compliance of the process and the processing methods related to a transaction or application and to evaluate the operational risks. Each control produces a summary and the supporting documents are kept in a specific file. The responsibilities of Internal Control teams include among other things control of the compliance with investment ratios and undertaking limits compliance with ESG commitments, the traceability of transactions, the prevention of risks of market abuse, fraud and conflicts of interest, and the regulatory compliance of organisations and transactions. A quarterly summary of the permanent control activity, including the follow-up of any recommendations issued, is forwarded to the Executive Committee and, since the end of 2021, to the new Audit & Compliance Committee.

For its part, the risk control function, responsible for ex post control of market risks (including equity, interest rate, currency, concentration, credit and commodity risks, etc.) and liquidity and valuation risks, participates in level 1a control. Risk Control regularly leads a risk committee in which the members of the executive committee, heads of fund management and Internal Control participate. Risk Control regularly runs stress testing on portfolios and alert indicators for Executive Management. The process for identifying market risks is periodically reviewed in order to take into account changes in market conditions, the investment strategy of portfolios and investments in new asset classes.

In 2021, Risk Control periodically reviewed the risk identification process in order to take into account potential changes at different levels: market conditions, portfolio investment strategy, investments in new asset classes or constraints that are decided internally.

2021 also saw the establishment of a new fund management committee, the global mandate committee, of which the Risk Control unit is a full member. This monthly decision-making committee is the main forum for implementing measures decided upon during the Economic and Financial Perspectives (PEF). Stress tests are also presented in various scenarios in order to issue warnings about the plausible situation of mandates in the event of unfavourable market developments (fall in equity markets, rate hikes, etc.).

Risk Control also ensured the adequacy and effectiveness of the risk management method, indicating whether appropriate corrective measures were taken in the event of default. No default was noted 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. The annual review of indicators and alert thresholds also serves to improve the overall risk control process.

In addition to its work related to regulatory developments (SFDR, PRIIPs, DORA, etc.) and the creation of new products, Compliance managed the adaptation of the company's various policies and the implementation of a whistleblowing system, scheduled for deployment in 2022.

Each of the three teams checks, within its area of responsibility, the compliance (regulatory and in terms of operational or financial risk-taking) of the transactions carried out by the portfolio management company, of its organisation and of its internal procedures with the professional obligations defined by the laws, regulations, and professional rules applicable to the performance of its activities, in addition to all the decisions made by its senior managers and the contractual commitments related to management activities for third parties.

There are a number of participants at the third level.

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

In 2021, at the same time as the permanent control plan, the internal audit team carried out or coordinated the following tasks: the Multi-management and fund management of unlisted funds activity, the accounting and economic management of the company activity (including the fraud prevention system), the administrative and accounting management of our insurance mandates activity, the anti-corruption system and the mandate invoicing process. 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 management, the progress of which is ensured 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 RCCI as well as any specific report requested by the AMF.

Group Internal Audit carries out 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 all our Middle Office activities, including the reconciliation of orders traded on the markets, their proper recording in the portfolios and the processing of outstanding items, as well as our risk and fund management reporting activities. This audit concluded with a generally satisfactory audit opinion.

Similarly, no problems were identified during the various supervisory assignments or audits on market abuse conducted by the AMF in 2021.

## 7. Progress achieved and difficulties encountered

Covid-related events and the financial crisis that occurred in the first quarter of 2020 continued throughout 2021, continuing to disorganise all economic and financial players in a world that has become more contentious, with negotiations gradually being replaced by confrontation in both international and national relations, and even within many companies.

Against this backdrop, 2021 is a pivotal year for Covéa Finance. After ensuring the continuity of our activities and of our clients and the safety of our employees, we have calmly and thoroughly reviewed our environmental analysis in order to adapt our Ambition 2026 strategic plan accordingly.

As a first step, we strengthened our foundation and our fundamentals by carrying out major work reorganising the control functions and their governance. We then embarked on an extensive project to overhaul our Internal University with a view to sustaining and transmitting our know-how in our fund management, risk management and business management philosophy.

On this basis, and despite a complex context, Covéa Finance was able to move forward by:

- strengthening its marketing team with a new marketing policy and an innovative communication strategy, which enabled us to win new clients and develop our mutual fund inflows;

- accelerating our civic engagement, with the ramp-up of our patronage and public interest activities through the publication of a tangible CSR charter involving all Covéa Finance employees;
- innovating through the launch of new funds in step with the times, such as "Covéa Renouveau France" or "Covéa Selection UK", or investing in new asset classes such as private equity where we have created a new fund "Covéa Accompagnement III" to meet the expectations of our shareholder and client;
- developing our commitments in terms of sustainable finance by continuing to label SRI funds, solidarity funds and environmental funds, while continuing to incorporate non-financial criteria in all our fund management processes.

At the same time, we have continued to modernise the technical architecture of our information system to facilitate and secure the processing of transactions, both internally and in the context of working from home, and we have improved cybersecurity risk management by establishing a dedicated team.

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 deployment of our new electronic archiving system and the choice of our Enterprise Content Management (ECM) system.

Among a number of organisational actions implemented in 2021, we can mention the review of the composition of many committees in order to broaden the representativeness of business lines, the new organisation of Research teams for greater proximity to Fund Management, and the establishment of an Audit & Compliance committee covering all control functions and operational managers.

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

The Covéa Finance executive committee would like to thank all of its employees and partners for their efforts in the service of the company and its clients.

Even as we finalised the closing of our 2021 accounts on 24 February 2022, Russian military troops were invading Ukrainian territory. Faced with this declaration of war, the 27 members of the European Union put in place the most severe retaliation measures ever implemented by the EU: financial sanctions, embargoes and freezing of assets, without however cutting off oil and gas supplies.

In order to protect the interests of the company and our clients, we have been required to activate our crisis management unit in order to take all necessary measures to manage market risks, to anticipate any failures by our partners and subcontractors, and to increase the security level of our IT system.

Not having any clients in the region and few assets directly or indirectly committed in Russia or Ukraine, we have not needed to deal with any losses having a significant impact on our accounts, even if at the time of writing this report it is too early to assess all the direct and indirect effects of this crisis.

## 8. Foreseeable developments

For some time now, we have been seeing many components of a persistent inflationary cocktail exacerbated by the Russian-Ukrainian crisis in early 2022: structural pressures on raw materials linked to the ecological transition, pressure on energy and agricultural commodity prices, of which Russia and Ukraine are among the biggest producers, and wage pressure risks.

Indeed, the conflict in Ukraine has revealed a level of European energy dependence, as well as on critical metals, such as the risk of shortages of microprocessors, identified during the Covid-19 pandemic. This conflict is also the expression of the calling into question of the geopolitical equilibrium after the fall of the Berlin Wall and of a less cooperative global environment, which we have been talking about for several years.

After the pandemic and the role played by China, this episode once again brings up the thorny question of the dependence of European countries on certain strategic elements. The need to relocate critical sectors and the stated willingness of some governments to restart military budgets have consequences:

1. sustainable inflation;
2. an additional increase in debt that will need to be financed.

How will central banks manage this dilemma at a time when they wanted to reverse their exceptionally accommodating monetary policies during the Covid-19 pandemic? Sovereignty and self-sufficiency come at a price!

Against this backdrop of rising rates, we maintain our requirements in terms of intervention in the bond markets and prefer shareholder rather than creditor status – a preferred status in periods of high and persistent inflation.

Regarding equities, the war in Ukraine broke out in an environment of expensive markets. While the market downturn offers us opportunities in our areas of intervention, we must remain selective in the choice of companies that will be able to overcome the crisis and address the multiple challenges they will face.

At the start of this new year 2022, and even though uncertainties about the end of the pandemic, its proper management and the resulting world remain, Covéa Finance is pursuing its Ambition 2026 strategic objectives cycle that we presented to you last year.

Conflicts at the gates of Europe and the resulting geopolitical and inflationary tensions make it more necessary than ever to complete the initiatives initiated internally, namely:

- the battle for existing assets under management, as we must secure income in an environment where we face ever growing challenges and cost management, with the increasing demands of non-financial reporting, becomes critically important;
- the battle for external assets under management, in order to offer our active management expertise to institutional investors and independent wealth management advisors, as we must also be able to win and retain new clients;
- the battle to remain an innovative and attractive player, by exploiting our culture of expertise and innovation in all business lines in anticipation of the aforementioned disruptions;
- the battle for the collective, because we are convinced that we can only win through teamwork, with the commitment of each person on cross-functional themes whether they relate to the organisation of surveillance and our communications, the offering of high-performance products and services based on expertise and appropriate resources, and a culture of innovation.

Their success will be achieved by maintaining control over the increase in our costs, effective data control (including non-financial data), and the correct adaptation of our transaction processing and risk management chains while anticipating the necessary adaptation to our environment. To this end, we must remain agile in our strategic plan while pushing ourselves individually to innovate and to collective initiative and, above all, by remaining a centre of excellence and attractiveness for an ambitious shareholder and client.

In this sense, the start of 2022 sees the continuation of our human and technological investments as well as the labelling of some of our funds in support of environmental and social challenges (SRI label) and to support economic players (Relance label). We are also continuing to invest in new asset classes for Covéa Finance (unlisted, private debt, etc.), an approach accompanied by the creation of funds.

## 9. Statutory auditors' fees

In the 2021 financial year, the amount of the two statutory auditors' fees recorded for auditing the company accounts amounted to €140k.



# Corporate Social Responsibility (CSR) report

Independently of the ESG commitments made in our investment policies as a company and operator in our environment, it became important to communicate to our employees, future employees, subcontractors and all our partners about Covéa Finance's achievements in, and commitments to, Corporate Social Responsibility (CSR), by bringing them together in a charter we published in 2021.

Through this charter, Covéa Finance seeks to highlight and continue to give greater meaning to its activities while meeting an important expectation of our various stakeholders in terms of 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, which will evolve over time, reflects our achievements and ambitions in terms of societal impact to ensure the company's long-term operational and financial performance. Our goal is therefore to positively impact our society in the broad sense through positive and sustainable changes mobilising each 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 broken down into six categories:

- equal opportunities and preservation of employment, for a world where everyone can find or regain their place;
- knowledge, education and culture, providing access and transmitting knowledge to as many people as possible;
- prevention of risks, for a world that guards against risks in life;
- regions and proximity, for a world that seeks regional cohesion;
- environment and energy transition, for a world that controls its environmental impact;
- corporate responsibility, for a socially responsible and ethical company.

The commitments set out in these different areas 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;
- sustainably ensure the transmission of knowledge;
- reduce the costs related to resource consumption or waste generation.

We have also dedicated a resource to coordinate our CSR initiatives, both internally and with the Group, to measure the impact on our agreements and on our risk prevention document (DUERP), to coordinate the actions implemented and to improve, to monitor indicators, to carry out forward-looking monitoring of best practices and to participate in internal and external CSR communication initiatives.

We can cite the following among the main actions and indicators covering our achievements in 2021:

- a gender equality index of 89/100, which has continued to improve over the past 3 years;
- a female population accounting for 44% of our workforce and present in all business lines and at all levels of responsibility, by proposing a working environment that adapts to family constraints and includes a range of home-working solutions accessible to all;
- the objective is to seek a more significant representation of women among the teams involved in our investment decisions (fund management, analyst and risk control teams, whose female population accounts for 30% of the workforce as at 31 December 2021), taking into account our provisional 2022 recruitment plan and the realities of the labour market in these business lines;

- on-site reception of our trainees (8% of the workforce) through an induction programme covering our activities and entrusting them with real projects paid above the legal thresholds;
- integration of 24 new employees, favouring a diversity of educational backgrounds and previous career paths;
- increasing support for people with disabilities (3.7% of our workforce as at 31 December 2021) by adapting working conditions and initiating various direct and indirect support projects for 2022;
- financial support provided directly to 28 national training and educational institutions;
- financial support of 0.10% of our turnover provided as part of our cultural patronage of Fondation Musique et Radio - Institut de France, the Cercle de l'Harmonie and the Théâtre des Champs-Élysées, and through our solidarity funds to the ADIE (Association for the right to economic initiative) and to France Active Investissement, and an objective to develop our public-interest missions;
- access for all employees, regardless of age, to our in-house training programmes or programmes leading to a qualification (63% of employees received training in 2021) with an average of 14.5 hours of training per employee;
- the implementation and development of tools and systems to protect employee health and to respect their right to disconnect when working from home;
- the establishment of dedicated training for all employees on the prevention of risks relating to working from home;
- fire safety and first aid training in the workplace and at home, delivered to 78% of employees;

- a policy for selecting our subcontractors and suppliers promoting proximity and the regions (all our main subcontractors have their teams and their data in France or the European Union) and 100% of our business lines and our teams are located in France;
- the establishment of a sustainable mobility plan promoting the use of soft or alternative mobility transport and encouraging the use of public transport for travel (used by 88% of employees);
- determination to reduce our energy footprint through, amongst other things, initiatives such as widespread use of low-energy lighting (in 2021, 52% of our lights are already LED and the others are low consumption), systematic switching off of lights and heating in the evening and at weekends. Our electricity consumption was reduced to 274 MWh in 2021 from 284 MWh in 2020;
- determination to reduce our environmental footprint with the widespread use of automatic shut-off water taps (65% in 2021) with water consumption of 851 m<sup>3</sup>, which will continue in 2022;
- the establishment of systematic recycling of our waste, including electronic waste (100% of paper, cardboard and electronic and computer equipment);
- the establishment of qualitative and non-financial criteria in the company's remuneration policy for company administrators and risk-takers;
- systematic and accessible communication of our accounts and our commitments (policies) in terms of business ethics with reports on our commitments (11 policies available on our website).

# 2021 Report on the Covéa Finance remuneration policy

As a fund manager, Covéa Finance places particular importance on complying 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, as applied to alternative investment fund managers (hereinafter the “AIFM Directive”) and in Directive 2014/91/EU of 23 July 2014 on managers of undertakings for collective investment in transferable securities (hereinafter referred to as the “UCITS 5 Directive”). The objective of these rules covering the fund manager’s structures, practices and remuneration policy is to ingrain healthy, effective and controlled management of the risks faced by both the fund management company and the fund.

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

During 2021, the total amount of remuneration paid by Covéa Finance to all its personnel (185 employees at 31 December 2021) amounted to €14,003,185. This amount breaks down as follows:

- €11,209,251 or 80% of the total remuneration paid by the company to all its staff, was fixed compensation; and
- €2,793,756 or 20% of the total remuneration paid by the fund management company to all of its staff was in the form of total variable compensation. 131 people were paid variable compensation in the 2021 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, €7,269,381 concerned salaried senior management of Covéa Finance whose activities had a significant impact on the funds’ risk profile, as defined in our 2021 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, whether 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 that comply with the latest statutory, regulatory and doctrinal developments issued by the regulatory authorities while carrying out work to identify which of its employees are affected by the new remuneration provisions as set out in the AIFM and UCITS V Directives and their implementing texts (hereinafter the “Identified Population”). This process covers 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 managed fund; and
- they receive variable remuneration in excess of €200,000 reflecting their level of responsibility over the risk profile.

If the remuneration of the Identified Population varies in line with performance, its total amount, which is capped at a level below one’s 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 portfolio basket (mutual fund, AIF and Mandate) 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:

- the Chairman of the Covéa Finance Supervisory Board;
- two representatives from the Covéa group, independent of Covéa Finance, at least one of whom attends Covéa group Remuneration Committee meetings; and
- the Chairwoman of Covéa Finance.

In accordance with the regulations, most 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 2021

Under the General Regulations of the AMF, Covéa Finance is required to report on the intermediation fees paid during the financial year 2021 where the total exceeds €500,000.

Intermediation fees are the fees including tax received directly or indirectly by the investment service providers.

Fees associated with assistance services for decision-making in investment are covered by Covéa Finance with its own resources. This decision applies to individual management under mandate as well as collective management.

Intermediaries are selected for the order execution service on organised or OTC markets 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, fund management team leaders, the Legal and Compliance department, the Middle Office unit and the Internal Control unit. Once a year, this committee examines the ratings established in an objective manner of the investment service providers regarding the quality of execution, and validates the quality of settlement-delivery. 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 related to order execution services are included in the brokerage allocated to each intermediary on the list. Intermediation costs relating to the order execution service amounted to €3,657,560 for the 2021 financial year.

The objective of the intermediary selection procedure is also to prevent and manage any potential conflicts of interest. To this end, Covéa Finance applies a single intermediation fee schedule structured by asset class and geographical region, regardless of the volumes handled.

Our policy for selection and execution of investment service providers is available on our website under the "Our Reports and Policies" section, or on request.

As part of our activity, our intermediary selection policy will be modified.

# Annual report on the implementation of the shareholder engagement policy

## Financial year 2021

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 General Regulations of the AMF, we hereby present our report for the financial year 2021 on the conditions under which Covéa Finance decided to exercise the voting rights attached to the securities held in the UCITS, AIF and mandate portfolios it manages.

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

- to vote in the meetings of its thirty largest positions accumulated in companies of the European Union in UCITS, AIF and mandate portfolios as at 31 December 2020 (unless these securities had been sold as of the date of the general meeting);
- to only take into account bearer securities;
- to make every effort to exercise its voting rights in listed European companies supported by Covéa Finance on a long-term basis and notably mid-cap companies in which

Covéa Finance has a significant holding (over 1.5% of the capital and voting rights). Covéa Finance also undertook to vote in the meetings of companies which it assists in a long-term approach in the United States. However, the voting in this scope was suspended in 2018 due to legal and administrative complications. Lastly, Covéa Finance exercises its voting rights in listed companies only.

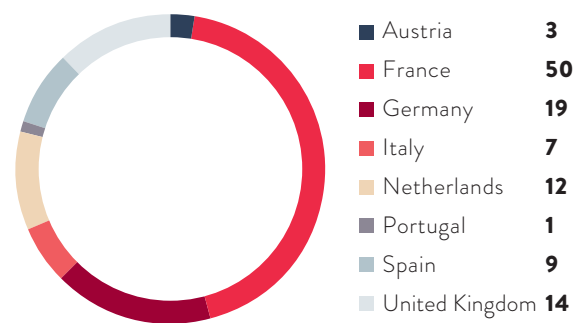
In the 2021 financial year, the majority of investment in unlisted companies is actually made through funds of funds (not affected by the exercise of voting rights). Regarding the unlisted solidarity securities in which Covéa Finance has invested, they are not taken into account when defining the annual voting scope of Covéa Finance. This scope is based on Covéa Finance's direct listed investments, excluding the Group's strategic holdings. In addition, our external service provider, which allows Covéa Finance to vote at general meetings and is the intermediary with custodians, does not include this category of assets. Consequently, Covéa Finance does not exercise its voting rights on the securities of unlisted socially responsible enterprises in which it is invested.

Covéa Finance uses services provided by proxy advisers. Covéa Finance is based on the analysis of the resolutions presented to the general meeting by ISS, with regard to the requirements formulated by Covéa Finance in its shareholder engagement policy.

## 1. Votes cast at general meetings

As of 31 December 2021, Covéa Finance exercised its voting right at 115 European meetings, including 50 general meetings in France and 65 outside France.

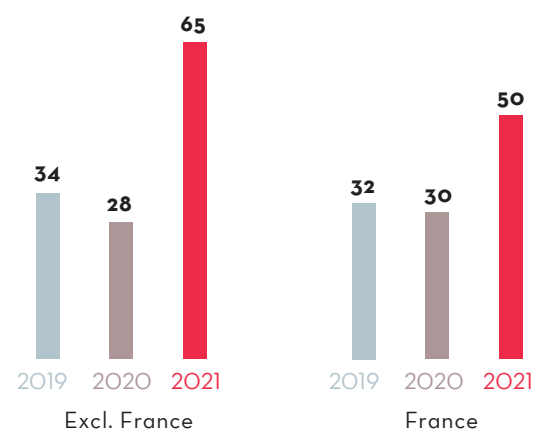
### Votes cast at general meetings in 2021 by country



As part of the overhaul of Covéa Finance's shareholder engagement policy initiated in 2016 and pursued in 2017 through to 2021, the company decided to implement in-depth and personalised shareholder dialogue with the various companies within its voting spectrum.

Moreover, as part of the standardisation of procedures, Covéa Finance decided not to vote at general meetings leading to lock-up periods on the securities.

### Changes in the exercise of voting rights - 2019/2020/2021



At 31 December 2021, the total number of companies in which Covéa Finance could have a voting right stood at 459 representing a volume of listed shares of €9,978,183,139 (provided that the shares on the date of the meeting scheduled in 2021 were included in a mandate, AIF or UCITS portfolio). The number of companies making up the voting scope chosen by the company as at 31 December 2020 was 115.

Participation rate (at the end of the year)	115/459
Rate restricted to the scope defined by the fund management company (at the beginning of the year)	115/115

## 2. Breakdown of votes

Resolutions for	1,805
Resolutions against	301
Abstentions	0
Total number of resolutions voted	2,106
Out of a total number of approved resolutions of	2,088
Resolutions not approved by the board - vote for	11
Resolutions not approved by the board - vote against	7

*N.B. Resolutions approved = resolutions previously validated by the Board of Directors.*

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

## 3. Reasons for negative votes

(including the votes "against" the approved resolutions and the votes "for" resolutions not approved)

Subject of resolution	France	European Union	Europe outside European Union	Outside Europe
Appointment of the members of the Board of Directors or Supervisory Board	34	29	-	-
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	15	22	-	-
Capital transactions considered an anti-takeover* mechanism	88	21	-	-
Financial transactions/mergers	-	-	-	-
Remuneration of directors and employee share ownership	72	19	-	-
Employee shareholding	-	-	-	-
Approval of financial statements and allocation of earnings	-	-	-	-
External resolutions (not approved by the Board)	1	-	-	-

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

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

In 2021, Covéa Finance did not vote in a manner contradicting its Shareholder Engagement Policy. Covéa Finance will provide shareholders with details of the votes on request.

### Cases where Covéa Finance found itself in a conflict of interest:

None.

*N.B. This report does not cover strategic Covéa Group holdings.*

# Internal control report on the system to combat money laundering and the financing of terrorism

## Financial year 2021

This report covers the measures taken by Covéa Finance to combat money laundering and the financing of terrorism (AML-CFT), in accordance with Article 320-20-8 of the General Regulations of the AMF, as amended on 11 September 2019.

This report was presented to the management bodies of Covéa Finance (Executive Committee and the Audit & Compliance Committee) in February 2022. It is appended to the company's financial report and was forwarded to the AMF in April 2022.

## Preamble

Covéa Finance is the portfolio management company of Covéa, the umbrella group of 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 matter of principle at all decision-making levels.

As Covéa's fund management company, Covéa Finance logically turned to the marketing of its offering for the benefit of companies in the Group to which it belongs, whether its discretionary management offering or the promotion of mutual funds created in a "dedicated" or "public offering" 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 the marketing of mutual funds, Covéa Finance is continuing to develop its direct investment offering to professional investors (fund management companies, private banks, insurers, mutual societies, company pension schemes) and also uses intermediated marketing via mutual fund listing/investment platforms for distribution purposes.

The main factors affecting the AML-CFT system include:

- the opening up of mutual fund marketing to new European countries;
- the development of new products and asset classes;
- the use of INPI data to strengthen controls on clients.

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

### 1.1 Human resources mobilised

Covéa Finance has entrusted the task of ensuring compliance with the provisions relating to financial organisations' participation in anti-money laundering and combating the financing of terrorism to Mr Ludovic Jacquier, Managing Director, in charge of all Support and Control functions.

In the exercise of this task, he relies on Mr Maxime Perron, AML-CFT Compliance Officer, and identified as the appointed Tracfin contact and informant. In his absence, Mr Sébastien Desbois (RCCI) 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 watch and training of personnel, and also for the analysis of any reports of suspicions made by employees before forwarding them to Tracfin.

### 1.2 Training

Any new employee follows an onboarding programme which includes training on our anti-money laundering mechanism. The detailed procedures are given to them. At the same time, an e-learning module has been designed and deployed for all staff. In addition, specific presentations with a small panel of employees (depending on the subjects and the AML-CFT risk associated with the business activity, such as with unlisted investments) are also organised throughout the year.

## 2. Internal control procedures put in place based on the assessment of the risk of money laundering and terrorism financing

### 2.1 Risk mapping

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

As such, Covéa Finance has two risk maps included in the AML-CFT internal procedure:

- a "liabilities" map used as a benchmark when applying the process for assessing and classifying internally AML-CFT risks. This assessment is performed 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 Front Office.

### 2.2 Procedures

The methodology for assessing the risk of money laundering and terrorism financing is described in Covéa Finance's AML-CFT procedure. This is periodically updated, with the latest version dated November 2021.

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 applied to the business relationship.

There is also a description of the due diligence to be carried out on the investments made directly or through Multimanagerment (including private equity).

The procedure describes the system for operations monitoring as well as the procedure to be followed in the event of a declaration of suspicion.

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

The procedure also specifies the measures taken for recruitment of staff and training given to all employees.

### 2.3 Control system

Covéa Finance has defined an annual action plan based on the risks inherent to its activity. All of the issues covered address the risks and obligations relating to the organisational system, commercial activity and investments made by the Front Office.

There is also a global risk map, administered by the Internal Control team, which lists the various risks associated with the missions and responsibilities of the AML-CFT Officer.

The Marketing team in charge of commercial activities exercises constant vigilance with regard to the identification of clients and prospects and ensures the integration of their transactions. Marketing and the Tracfin contact work together to carry out customer due diligence.

#### Permanent control

The control system is implemented at the first level by operational staff working in Marketing, Fund Management, Research and Human Resources. Second level controls are only performed by the AML-CFT Officer or the RCCI, as the case may be.

#### Periodic control

The control plan monitored each year is available in Covéa Finance's AML-CFT procedure. It covers due diligence performed on clients, investments and flows, as well as the review of the procedural framework and the completion of periodic employee training.

#### Tools and technical resources

Covéa Finance has internal tools and uses external tools as well.

##### Internal tools:

- an order marking tool is used to monitor inflows and outflows;
- a report on the investment scope makes it possible to identify the riskiest investments (examples of criteria used include listing market, instrument type and location);
- client data and documentation are centrally processed in a database (CRM).

##### External tools:

- a screening tool allows us to identify the entities and search for the identity of natural person directors and Beneficial Owners (ORBYS solution);
- a tool to identify Politically Exposed Persons (PEPs) and search for negative news (World Compliance module connected with the ORBYS solution);
- access to official lists of asset freeze targets and high-risk countries (FATF, EU, France);
- access to the 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 notably covering 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 PEPs:** A client search is carried out via reconciliation and identification against the ORBYS lists. The system includes the validation of the start or maintenance of the business relationship by the representatives of the marketing committee.

#### Risks related to transaction flows

**Entering into business relationships:** When entering into a relationship with a new legal entity, after identification, Covéa Finance determines the entity's risk level via its AML-CFT risk classification.

**Suspicious transactions:** Covéa Finance exercises constant vigilance and ensures that transactions executed are consistent. Requests are issued to detect atypical movements and verify compliance with procedures.

#### Risks related to geographical factors

**High-risk third countries:** when verifying the client's identity, reconciliation is carried out between the FATF lists and the European and French list of tax havens against data relating to clients' domiciliation.

## 3. Identified incidents and inadequacies and corrective actions

The entire AML-CFT control plan was implemented. There were no significant incidents in this financial year.

The controls performed in 2021 by the AML-CFT Officer did not reveal any notable non-conformities and therefore did not lead to any reports of suspicious activity being issued to Tracfin.

Corrective action or requests for additional information relating to issues raised by the controls were implemented within the allotted times.

## 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*. These two entities, based in France, are subject to AML regulations. These two service providers provide us with their reports on the internal control system produced by an independent auditor, describing the organisation and control environment in terms of anti-money laundering and key controls.

### 4.2 Third-party introductions

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

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

### Description of the procedures for monitoring the execution 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 comply with French and European laws, regulations and provisions on AML-CFT;
- commitment to verify the identity of its clients and beneficial owners, as 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 confirming compliance with its obligations in this area.

### 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.

# Balance Sheet at 31 December 2021

Assets (in euros)	31/12/2021			31/12/2020
	Gross Amount	Depreciation & Amortisation/ Provision	Net amount	
Intangible fixed assets	1,015,660	635,910	379,750	688,585
Tangible fixed assets	8,609,836	7,629,190	980,646	1,376,018
Financial fixed assets	7,079,904	12,023	7,067,880	7,442,721
Fixed assets under management	104,491		104,491	
<b>Total 1</b>	<b>16,809,891</b>	<b>8,277,123</b>	<b>8,532,767</b>	<b>9,507,324</b>
Trade accounts receivable	12,314,412		12,314,412	11,712,116
Other receivables	94,764		94,764	54,477
Marketable securities	102,371,436	625,310	101,746,126	81,647,956
Liquid assets	1,017,957		1,017,957	2,147,573
Prepaid expenses	4,364,968		4,364,968	3,553,993
Accrued interest	89,360		89,360	172,261
<b>Total 2</b>	<b>120,252,895</b>	<b>625,310</b>	<b>119,627,586</b>	<b>99,288,376</b>
<b>Grand total</b>	<b>137,062,786</b>	<b>8,902,433</b>	<b>128,160,353</b>	<b>108,795,700</b>

Liabilities (in euros)	31/12/2021	31/12/2020
Capital	24,901,254	7,114,644
Statutory reserve	2,490,125	711,464
Unavailable reserve		28,164
Carry forward	35,894,542	45,346,988
Other reserves		946,485
Merger premium		4,296,782
Contribution premium		454,203
Earnings for the period	30,830,175	21,935,953
<b>Total 1</b>	<b>94,116,096</b>	<b>80,834,683</b>
Provisions for risks		305,000
Provisions for charges	300,000	220,000
<b>Total 2</b>	<b>300,000</b>	<b>525,000</b>
Loans and debts with credit institutions		
Equities, Dividends to be distributed		
Debts	33,744,257	27,436,017
Exchange differences liabilities		
<b>Total 3</b>	<b>33,744,257</b>	<b>27,436,017</b>
<b>Grand total</b>	<b>128,160,353</b>	<b>108,795,700</b>

# 2021 income statement in list form

(in euros)	Financial year 2021	Financial year 2020
<b>Operating income</b>		
Management fees on mandates	14,118,870	9,918,544
Management fees on mutual funds	114,387,602	99,349,256
Administrative and accounting fees	3,023,803	4,062,779
Ancillary income	553,311	-
<b>Total amount of turnover</b>	<b>132,083,587</b>	<b>113,330,579</b>
Other incidental income	15,062	38,727
Reversal of operating provisions	62,914	61,279
<b>Total I</b>	<b>132,161,563</b>	<b>113,430,585</b>
<b>Operating costs</b>		
Other external costs	60,558,649	53,382,141
Taxes, duties and related payments	3,887,378	4,392,434
Personnel costs	22,383,788	21,693,519
Other costs	27,150	13,897
Allocations to depreciation	1,017,075	1,480,616
Allowances, provisions for disputes	80,000	220,000
Directors' fees	8,000	8,000
<b>Total II</b>	<b>87,962,040</b>	<b>81,190,607</b>
<b>Operating result (I - II)</b>	<b>44,199,523</b>	<b>32,239,978</b>
<b>Financial income</b>		
Other income and interest	238,309	316,606
Capital gains from sales of marketable securities	861,342	923,649
Foreign exchange gains	249,625	62,221
Reversals of provisions for fixed financial asset impairment	114,813	52,969
Reversal of provision for depreciation on marketable securities	894,209	799,912
Reversals of provisions financial charges and risks	-	112,123
<b>Total III</b>	<b>2,358,298</b>	<b>2,267,480</b>

(in euros)	Financial year 2021	Financial year 2020
<b>Financial expenses</b>		
Other interest	265	615
Charges on sales of marketable securities	992,244	390,067
Allowances for provisions for financial fixed asset impairment	12,023	114,813
Allowances for provisions for impairment of marketable securities	625,310	894,209
Foreign exchange losses	89,888	358,584
<b>Total IV</b>	<b>1,719,730</b>	<b>1,758,287</b>
<b>Financial result (III - IV)</b>	<b>638,568</b>	<b>509,193</b>
<b>Earnings before tax</b>	<b>44,838,090</b>	<b>32,749,171</b>
<b>Extraordinary income</b>		
Reversals of provisions for risks	305,000	220,000
Earnings from previous years	-	48,722
Earnings from assets sold – financial fixed assets	-	388
<b>Total V</b>	<b>305,000</b>	<b>269,110</b>
<b>Extraordinary expenses</b>		
Extraordinary depreciation and amortisation	5,078	-
Extraordinary costs on management transactions	726	9,169
Extraordinary expenses from previous financial years	42	-
Fines & tax penalties	-	- 48
<b>Total VI</b>	<b>5,847</b>	<b>9,121</b>
<b>Extraordinary result (V - VI)</b>	<b>299,153</b>	<b>259,989</b>
Tax on profits (VII)	11,658,140	9,025,523
Employee profit-sharing (VIII)	2,648,929	2,047,684
<b>Total income (I + III + V)</b>	<b>134,824,861</b>	<b>115,967,175</b>
<b>Total expenses (II + IV + VI + VII + VIII)</b>	<b>103,994,686</b>	<b>94,031,222</b>
<b>Net accounting income</b>	<b>30,830,175</b>	<b>21,935,953</b>



# Statutory auditors' report on the financial statements

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

To the sole partner of  
**Covéa Finance**  
8-12, rue Boissy d'Anglas  
75008 Paris

### Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying financial statements of Covéa Finance for the year ended 31<sup>st</sup> December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31<sup>st</sup> December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

### Basis for Opinion

#### Audit Framework

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

Our responsibilities under those standards are further described in the «Statutory Auditors' Responsibilities for the Audit of the Financial Statements» section of our report.

#### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (*Code de déontologie*) for statutory auditors.

### Justification of assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 inform you that the most important assessments we have made, in our professional judgment, have focused on the adequacy of the accounting principles applied, the reasonableness of the significant estimates and the overall presentation of the accounts.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

### Verification of the other documents addressed to the sole partner

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information with respect to the financial position and the financial statements given in the documents provided to the sole partner.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*Code de commerce*).

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Chairwoman.

### Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine and Paris-La Défense, 7<sup>th</sup> April 2022

The Statutory Auditors  
French original signed by

PricewaterhouseCoopers Audit

Philippe Chevalier

Deloitte & Associés

Olivier Galienne

# Decision by the Sole Shareholder

## Text of the resolutions

### First resolution

The sole shareholder, after being read the Chairwoman's management report submitted to the Supervisory Board giving its opinion on the annual financial statements for the year ended 31 December 2021, and on the company's activities during this financial year, and after being read the statutory auditors' report on the performance of their audit during this financial year, approves the said financial statements as they are presented, in addition to the transactions recognised in these financial statements and summarised in these reports.

Accordingly, it grants discharge to the Chairwoman and to the members of the Supervisory Board for the performance of their duties for this 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	€30,830,174.88
• Retained earnings from previous financial year	€ 35,894,542.50
<b>Total to be allocated</b>	<b>€66,724,716.38</b>

• Allowance for the statutory reserve	€0.00
• Dividends (€41.60 per share)	€ 24,664,139.90
• Carry forward after allocation	€42,060,576.48
<b>Total</b>	<b>€66,724,716.38</b>

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

2020	€ 17,548,762
2019	€ 16,230,224
2018	€ 14,537,589

### Third resolution

The sole shareholder, having read the management report, and noting that the share capital of the company is fully paid-up, decides in accordance with Article 19 of the Articles of Association, in the event of a distribution of interim dividends during the current financial year, to offer the option of payment in cash or in company shares. The issue price of newly created shares, as payment of interim dividends, equals the amount of equity divided by the number of shares.

### Fourth resolution

The sole shareholder confers all powers on the bearer of a copy or extract of the minutes of this decision to conduct all filings and formalities of legal publications in response to the decisions made above and execution thereof.

# Notes to the annual accounts

The balance sheet before distribution of the financial year ended 31 December 2021 totalling € 128,160,353 and the income statement totalling earnings of € 134,824,861 recognise a profit of € 30,830,175.

The notes and the tables below constitute the Notes. They are an integral part of the financial statements. Only significant information is produced.

## 1. Highlights of the financial year

In accordance with the decision of the sole shareholder, the company's share capital was increased by €17,786,610 via the incorporation of reserves, raising it from €7,114,644 to €24,901,254, by deducting this amount in full from the Retained Earnings account. The nominal value of the 592,887 shares making up the share capital was thus raised from €12 to €42.

## 2. Post-balance sheet events

Since the closing of the accounts, on 24 February 2022 Russian military troops invaded Ukrainian territory, leading to the closure of Russian financial markets and numerous sanctions against Russian interests. We have been required to activate our crisis management unit in order to take all necessary measures to manage market risks, to anticipate any failures by our partners and subcontractors and to increase the security level of our IT system.

Not having any clients in the region and few assets directly or indirectly committed in Russia or Ukraine, we have not needed to deal with any losses having a significant impact on our 2021 accounts, even if at the time of writing this report it is too early to assess all the direct and indirect effects of this crisis.

## 3. Accounting principles and methods used

### 3.1 General principles

This balance sheet and the income statement were prepared in accordance with the provisions of Articles L123-12 and L123-13 of the French Commercial Code and pursuant to the general rules of preparation and presentation of annual financial statements.

The general rules for preparing and presenting the annual financial statements were established in accordance with the new chart of accounts as per ANC Regulation no. 2014-03 *et seq.*

The general principles of prudence, regularity, sincerity, and true representation have been complied with 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 base method used to evaluate items recorded in the accounts is the historic costs method.

For marketable securities, the gross value is made up of the purchase cost excluding additional expenses.

## 4. Additional information concerning the balance sheet

### 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 value of depreciation	Acquisitions	Disposals	Provisions and reversals	Gross value of fixed assets	Gross value of depreciation	Net accounting value
<b>Intangible fixed assets</b>	<b>2,139,015</b>	<b>1,450,430</b>	<b>8,906</b>	<b>1,132,261</b>	<b>-814,520</b>	<b>1,015,660</b>	<b>635,910</b>	<b>379,750</b>
Software	2,139,015	1,450,430	8,906	1,132,261	-814,520	1,015,660	635,910	379,750
<b>Tangible fixed assets</b>	<b>8,341,884</b>	<b>6,965,865</b>	<b>309,041</b>	<b>41,089</b>	<b>663,324</b>	<b>8,609,836</b>	<b>7,629,190</b>	<b>980,646</b>
Installations	3,605,362	3,457,835			112,476	3,605,362	3,570,311	35,051
Fixtures and fittings	482,356	456,966	25,069		11,518	507,426	468,484	38,941
Equipment	3,428,861	2,348,405	255,986	41,089	488,820	3,643,758	2,837,226	806,532
Telephones	37,623	30,553	23,499		13,959	61,122	44,512	16,610
Furniture	773,179	672,106	4,487		36,551	777,666	708,657	69,009
Prints	14,503					14,503		14,503
<b>Fixed assets under management</b>			<b>104,491</b>			<b>104,491</b>		<b>104,491</b>
Intangible fixed assets			104,491			104,491		104,491
<b>Total</b>	<b>10,480,899</b>	<b>8,416,295</b>	<b>422,438</b>	<b>1,173,350</b>	<b>-151,196</b>	<b>9,729,987</b>	<b>8,265,100</b>	<b>1,464,887</b>

Fixed asset entry values are recognised at historic cost.

Acquisitions at Covéa Finance:

- Software is amortised over 3 years using the straight-line method;
- Installations, furniture, fixtures and fittings are depreciated over 5 years on a straight-line basis;
- Equipment is depreciated over 5 years using the straight-line method.

Depreciation and amortisation 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
				2021				
	31/12/2020	2021	2021	gains	losses	31/12/2021	31/12/2021	31/12/2021
Total financial fixed assets	7,453,028		-934,413	560,783		7,079,398	2,082,288	-12,023
Total other fixed assets	104,506		-104,000			506		
<b>Total</b>	<b>7,557,534</b>		<b>-1,038,413</b>	<b>560,783</b>		<b>7,079,904</b>	<b>2,082,288</b>	<b>-12,023</b>

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

Unrealised gains are not recognised.

### 4.2 Receivables by due date

(in euros)	Gross Amount	1 year and less	1 to 5 years	Over 5 years
Trade accounts receivable	12,314,412	12,314,412		
Supplier receivables	38,622	38,622		
Personnel salaries	7,273	7,273		
VAT to be paid	327	327		
State accrued income	48,542	48,542		
<b>Total receivables</b>	<b>12,409,175</b>	<b>12,409,175</b>		

Receivables mainly consist of client receivables corresponding to billing for December 2021. 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		Cost price	unrealised gains	unrealised losses
				2021				
	31/12/2020	2021	2021	gains	losses	31/12/2021	31/12/2021	31/12/2021
Bonds	12,076,980	12,114,680	-6,000,000		-658,480	17,533,180		-443,684
Treasury bills		4,196,672				4,196,672		-49,153
Covéa Finance mutual fund	70,465,185	126,462,868	-116,253,265	300,560	-333,764	80,641,584	1,024,767	-132,473
<b>Total marketable securities</b>	<b>82,542,165</b>	<b>142,774,220</b>	<b>-122,253,265</b>	<b>300,560</b>	<b>-992,244</b>	<b>102,371,436</b>	<b>1,024,767</b>	<b>-625,310</b>

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

Unrealised gains are not recognised.

#### Liquid assets

Any liquid assets in foreign currencies at the end of the financial year are converted into national currency at the spot rate. Any currency exchange differences are recognised in the income statement.

#### 4.4 Information on equity

(in euros)	31/12/2020	Increases	Decreases	After allocation (general meeting of 13.04.2021)	Capital increase transaction by incorporation (reserves/premiums)		31/12/2021
					Increases	Decreases	
Share capital	7,114,644			7,114,644	17,786,610		24,901,254
Merger premium	4,296,782			4,296,782		4,296,782	
Contribution premium	454,203			454,203		454,203	
Statutory reserve	711,464	1,778,661		2,490,125			2,490,125
Unavailable reserve	28,164			28,164		28,164	
Other reserves	305,267			305,267		305,267	
Contingency reserve	641,218			641,218		641,218	
Retained earnings	45,346,988	2,608,530		47,955,518		12,060,976	35,894,542
Earnings for the period	21,935,953		21,935,953				30,830,175
<b>Total</b>	<b>80,834,683</b>	<b>4,387,191</b>	<b>21,935,953</b>	<b>63,285,921</b>	<b>17,786,610</b>	<b>17,786,610</b>	<b>94,116,096</b>

#### 4.5 Statement of provisions

Description (in €)	31/12/2020	Allowances	Reversals	31/12/2021
Provision for risks	305,000		305,000	
Provisions for pension obligations	220,000	80,000		300,000
<b>Total</b>	<b>525,000</b>	<b>80,000</b>	<b>305,000</b>	<b>300,000</b>

#### 4.6 Payables by age

(in euros)	Gross Amount	1 year and less	1 to 5 years	Over 5 years
Suppliers	14,937,008	14,937,008		
Current accounts	1,475,221	1,475,221		
Accrued expenses	691,589	691,589		
Personnel salaries	14,620,486	14,620,486		
Works Council	44,687	44,687		
Other payables	27,984	27,984		
Social welfare agencies	1,671,034	1,671,034		
VAT to be paid	276,248	276,248		
<b>Total payables</b>	<b>33,744,257</b>	<b>33,744,257</b>		

Payables mainly comprise:

- trade payables for invoices received at year end;
- social and tax liabilities.

There are no debts greater than one year.

#### 4.7 Accruals and prepayments

The balance of prepayments and accruals breaks down as follows:

- Prepaid expenses: €4,364,968

#### 4.8 Accrued income and expenses

The balance of accounts receivable is € 2,374,664. It corresponds to the billing during the second half of the year of administrative and accounting fees, and proceeds from related activities.

The balance of trade accounts payable is € 11,041,429. It concerns supplier invoices not received and provisioned at the end of the year.

### 5. Additional information on the income statement

#### 5.1 Operating income

This item amounted to € 132,161,563 and is broken down as follows:

- Management fees on mandates €14,118,870
- Management fees on mutual funds €114,387,602
- Administrative and accounting costs €3,023,803

#### 5.2 Financial income

This item amounted to € 2,358,298 and is broken down as follows:

- Income and interest €238,309
- Gains on assets sold €861,342
- Exchange gains €249,625
- Reversals of provisions/financial fixed assets €114,813
- Reversals of provisions/marketable securities €894,209

#### 5.3 Extraordinary income

This item amounts to €305,000 resulting from reversals of provisions for risks.

#### 5.4 Personnel costs

Salaries and social security contributions amounted to € 22,383,788.

#### 5.5 Financial expenses

This item amounted to €1,719,730 and is broken down as follows:

- Income and interest €265
- Charges on transfers of marketable securities €992,244
- Allocations to depreciation/financial fixed assets €12,023
- Allocations to impairment/marketable securities €625,310
- Currency exchange losses €89,888

#### 5.6 Extraordinary expenses

This item amounts to €5,847, and is mainly due to depreciation allowances.

#### 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.

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

The amount of corporation tax for 2021 is €11,658,140.

#### 5.8 Employee profit-sharing

Profit sharing amounted to € 2,648,929.

#### 5.9 Incentive bonus

The calculation criteria as defined in the Covéa Finance incentive scheme agreement and which trigger the incentive scheme were not met.

A Covéa group incentive will be paid to employees.

#### 5.10 Allocation of earnings for the financial year

The Chairwoman proposed allocating net profits as follows:

• Profit for the financial year	€30,830,174.88
• Retained earnings from previous financial year	€ 35,894,542.50
<b>Total to be allocated</b>	<b>€66,724,716.38</b>
• Allowance for the statutory reserve	€ 0.00
• Dividends	€24,664,139.90
• Retained Earnings after allocation	€42,060,576.48
<b>Total</b>	<b>€66,724,716.38</b>

## 5.11 Workforce

As at 31 December 2021, Covéa Finance had 185 employees:

- 14 non-executive grade;
- 171 executive grade.

## 5.12 Remuneration of senior management

The disclosure of senior management and risk-taker remuneration is covered in 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 fund management company.

## 6. Off-balance sheet commitments

- Pension commitments €1,799,134
- Funds constituted €784,506
- Shortfall €1,014,628

The company's commitments are valued using an actuarial method which takes particular account of the turnover and salary increase rate.

The discount rate applied is iBoxx Euro corporate 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, namely 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 was € 412,736 broken down as follows:

- audit of Covéa Finance's accounts €140,261
- audit of mutual funds €272,475

### 7.4 Impact of the pandemic

The impact of the pandemic on the company's financial statements for the financial year 2021 is estimated at €170k. It mainly corresponds to costs incurred to ensure the health and safety of employees in the company faced with Covid-19, in accordance with the recommendations of the health protocols published by the Ministry of Labour, Employment and Insertion.

The main expenses incurred in 2021 relate to the various equipment provided to employees (gel, masks, etc.) and ensuring the compliance of the premises (additional disinfection, etc.).

# Company results for the last 5 financial years

Nature of information (in euros)	2017	2018	2019	2020	2021
<b>Capital at the end of the financial year</b>					
Share capital	7,114,644	7,114,644	7,114,644	7,114,644	<b>24,901,254</b>
Number of existing ordinary shares	592,887	592,887	592,887	592,887	<b>592,887</b>
<b>Transactions and results of the financial year</b>					
Revenue before tax	98,239,743	105,316,503	110,977,737	113,330,578	<b>132,083,587</b>
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	31,623,836	30,891,391	36,230,044	34,533,792	<b>45,562,709</b>
Tax on profits	12,257,326	9,485,941	11,788,024	9,025,523	<b>11,658,140</b>
Employee profit-sharing due for the financial year	1,494,342	1,711,586	2,165,954	2,047,684	<b>2,648,929</b>
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	15,906,361	18,165,068	20,287,780	21,935,953	<b>30,830,175</b>
Earnings distributed in cash	11,146,276	14,537,589	16,230,224	17,548,762	<b>24,664,140</b>
<b>Earnings per share</b>					
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	53.34	52.10	61.11	58.25	<b>76.85</b>
Earnings after tax, employee profit-sharing, but before allowances for amortisation/depreciation and provisions	30.14	33.22	37.57	39.57	<b>52.72</b>
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	26.83	30.64	34.22	37.00	<b>52.00</b>
Dividend allocated to each share (in cash)	18.80	24.52	27.37	29.60	<b>41.60</b>
<b>Personnel</b>					
Average workforce strength during the financial year	154	164	167	171	<b>179</b>
Payroll for the financial year	11,370,318	12,255,335	13,293,955	15,027,514	<b>14,500,785</b>
Amount of sums paid as social benefits during the financial year (social security, social works, etc.)	5,614,056	6,090,462	6,416,602	6,666,005	<b>7,883,003</b>



COVEA GROUP'S  
PORTFOLIO MANAGEMENT COMPANY

8-12, rue Boissy d'Anglas  
75008 PARIS  
Tel.: 01 40 06 51 50

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[www.covea-finance.fr](http://www.covea-finance.fr)  
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