REPORT IN ACCORDANCE WITH THE FRENCH CLIMATE AND ENERGY LAW

Financial year 2021

relyens

EUROPEAN MUTUAL GROUP
INSURANCE AND RISK MANAGEMENT

CONTENTS

01. Scope of the report

A. LEGAL ENTITIES CONCERNED

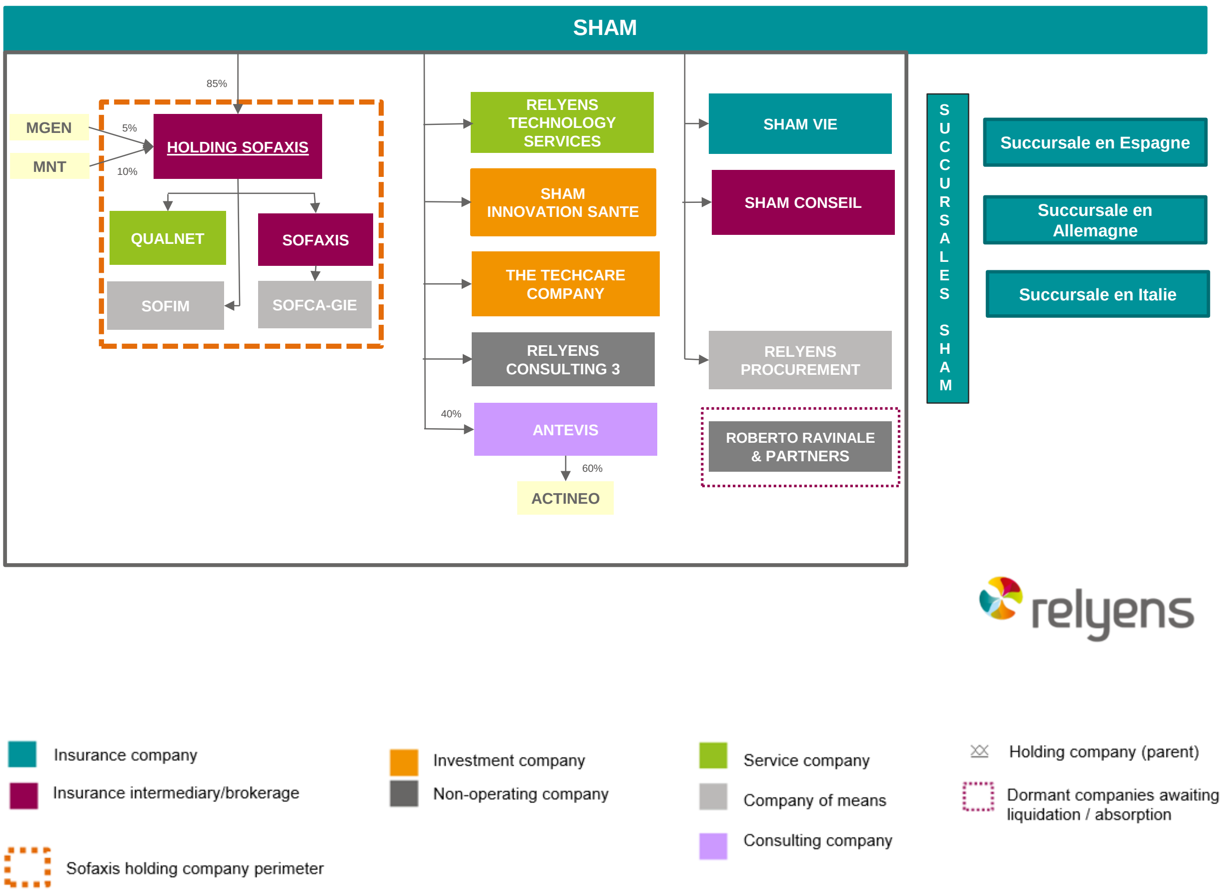
- **Relyens group organisation chart**

Sham

Founded in Lyon in 1927, Sham is a mutual insurance company specialising in insurance and risk management for healthcare and medical social professionals, including institutions, organisations, professionals, legal entities and individuals. Sham's full suite of products and services has been developed on the basis of two complementary business lines. This enables it to provide optimal support to customers in the health and medical social sectors through insurance solutions covering their occupational risks (property and individuals).

Sham offers a comprehensive range of insurance solutions (civil liability, legal protection, employee protection, executive protection, operating losses, business interruption insurance, construction insurance, motor insurance, etc.), together with risk management consultancy and services (consulting, training, risk audit, legal assistance, assistance with crisis communication, etc.).

Sham is the leading medical malpractice insurance company in France, Spain and Northern Italy.

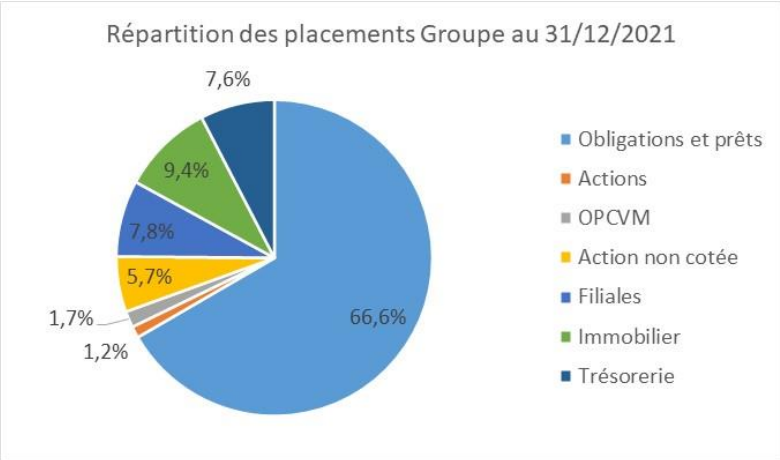


Note: Unless otherwise specified, materialized capital ties amount to 100%.

Sham Vie

Sham Vie is a wholly-owned subsidiary of Sham. Operating exclusively in France, it was authorised to conduct life insurance business (*French assurance vie and assurance décès*) in 2006 and launched its business in 2007. Sham Vie is entirely dependent on Sham for its organisational resources, having no premises or employees of its own. Sham Vie's use of Sham's general resources was invoiced to Sham Vie for an annual amount of approximately €2 million in 2021. Sham Vie provides life cover under statutory contracts, group policies designed by Sham and sold and managed by insurance broker Sofaxis for civil service agents. This cover is mainly sold together with cover provided by Sham, but it is sometimes sold alone. Sham Vie also provides life cover under group benefit plans for private sector employees. Its customers are mainly nursing homes, clinics, private hospitals, private foundations established for medical or social purposes, and cancer centres. The contracts are designed and marketed by Sham, and managed partly by Sham and partly by a "public finance management" (GFP) service provider.

At 31/12/2021, the consolidated balance sheet totalled €2,206.4 million (comprising €2,182.5 million for Sham and €23.9 million for Sham Vie), broken down as follows:



B. ENTITIES AND FINANCIAL PRODUCTS TO WHICH ESG CRITERIA ARE APPLIED

To date, ESG analysis covers the portion of Sham's investment universe that can be analysed using the data currently available; this amounts to 52.9% of the total value of the balance sheet (compared to 52.3% for the Relyens group as a whole). Relyens aims to increase this percentage by introducing ESG analysis criteria for the assets not currently covered.

The data providers used are **Trucost** for climate metrics and **Inrate** for ESG metrics (the databases are not freely available). Specialist service provider **EthiFinance** handled the methodology and analysis of the databases.

02. Overarching approach

A. PRESENTATION OF THE RELYENS GROUP

Relyens is the leading European mutual group providing insurance and risk management services to healthcare professionals and local authorities. It brings together more than 1,000 employees who engage every day alongside its customers and members to serve their regions and communities in the health and social care sectors in France, Spain, Italy and Germany.

Relyens supports its customers with the overall management of their risks (whether HR, medical or technology risks) so that they can focus on the essential task of delivering their public services with peace of mind, confidence and efficiency. To do this, the Group implements an end-to-end risk management approach that is unique in Europe, blending risk prevention, risk management and insurance solutions spanning all stages of the risk management process.

Relyens' teams work with its customers and members to identify, analyse and prevent their risks, so that they can mitigate the impacts thereof and/or prevent the risks from materialising. They intervene upstream, in real time and downstream of any incident. They are also on hand to respond effectively to any incident and manage the aftermath. Thanks to this 360° view of customers' risks, Relyens does much more than simply compensate for their losses. It makes sustainable contributions to a secure, high-quality health system and local services that directly benefit Europe's citizens.

A mutual insurer for nearly a century, today Relyens is also a mission-driven company. This status is incorporated in the articles of association of the companies that make up the Group, whose mission unites all its employees.

B. RELYENS' MISSION: A PURPOSE AND A SET OF SOCIAL AND ENVIRONMENTAL GOALS

Pursuant to France's PACTE law of May 2019, adopting the status of mission-driven company involves:

- **Having a stated mission incorporated in its articles of association, which comprises:**
    - **A purpose:**

      **"Act and innovate
alongside those who work for the common good
to build a world of trust."**

      Relyens' purpose is a natural extension of its longstanding commitment alongside its customers and members; it embodies the Group's societal engagement, its contribution to the world:

      - A commitment to put action and innovation first. For Relyens, action legitimises commitment and innovation sustains commitment for the long term,
      - A contribution that Relyens makes alongside those who serve their communities and everyone in them, convinced that the greatest successes are the ones we achieve together, which would not be possible without its customers and members,
      - A desire to be fully involved in building a world of trust. This echoes Relyens' primary aim: to sustain the relationships of trust it has built with and between its customers, members and citizens, by ensuring the security, continuity and quality of the public interest roles they play;

- **4 social and environmental goals guide its actions:**
    - **Protect and secure the continuity of services delivered by its clients and members**
      Alongside them, Relyens develops and implements the best solutions to reduce their exposure to medical, HR and technology risks and mitigate the impact of these risks on their public interest missions;
    - **Make fairness and equity central to relationships among its stakeholders**
      Relyens strives to ensure that it channels its values of joint responsibility, optimism, sharing and equity in its interactions with all its stakeholders.
    - **Innovate and undertake to build a desirable future**
      Relyens cultivates its spirit of initiative and drives innovation and transformation in the insurance world in order to make a tangible impact and bring positive change to health and local authority ecosystems in Europe.
    - **Contribute to a sustainable world**
      Relyens is committed to reducing its environmental footprint - through its activities, conduct and investments - and to helping its stakeholders to make the transition to a sustainable future;
- **A Mission Committee,** which ensures that every decision made by Relyens takes social and environmental criteria into account, and checks that the Group's practices are consistent with its mission;
- **A biannual audit** performed by an Independent Third-Party to guarantee an impartial assessment

This mission was established by implementing a collaborative approach. At each stage, Relyens was keen to involve all its stakeholders, on a voluntary basis. The process of defining its purpose involved more than 100 employees, directors, members, customers, partners, suppliers, institutions and associations. The second stage, breaking down its social and environmental goals into commitments and actions, involved close to 200 managers and employees. This collaborative work reflects the Group's mutualist values, which it seeks to sustain and nurture for the long term.

Employees were involved in every stage, from defining the mission to its practical implementation. And now, as Relyens implements its ImpACT2025 strategic plan, every employee, manager and director is responsible for keeping it alive, fuelled by their desire to make a positive impact.

C. A PROACTIVE AND AMBITIOUS CSR APPROACH

Relyens is convinced that businesses have a fundamental role to play in the transition to a more resilient and responsible model of society. The Group affirms its commitment in its ambitious, proactive Corporate Social Responsibility (CSR) approach.

As an economic actor, Relyens has actively promoted sustainable development for many years through its ongoing commitment to multi-faceted performance, based on a continuous improvement approach implemented at every level of the company.

To do this, it adopts an organisational approach based on 3 pillars:

- Environmental quality: limiting the environmental impacts of its operations,
- Social equity: meeting essential needs, reducing inequalities and maintaining social cohesion,
- Economic efficiency: ensuring sustainable employment for as many people as possible.

D. RELYENS: A RESPONSIBLE INVESTOR

In line with its CSR approach, Relyens implements a meaningful investment policy consistent with its values. It also seeks to contribute to a sustainable world by paying attention to the environmental, social and governance commitments (ESG criteria) of the companies and projects it finances. Across all asset classes (bonds, real estate, listed and unlisted equities, etc.), the company is increasingly involved in the energy transition and continues to engage in supporting its ecosystem (local authorities, social economy and health players, etc.).

As a responsible investor, Relyens took its commitment a step further by signing the **Principles for Responsible Investment (PRI)** in 2021. By doing so, it joined an international network of more than 3,000 investors and companies committed to promoting responsible and long-term investments.

In recognition of its transparency in the area of financial management and communication, as well as its professionalism and recent investment initiatives, Relyens has been awarded the Instit Invest - Agefi **Transparency Label for seven consecutive years**.

At Group level, Relyens is also involved in several initiatives, including:

- **A carbon audit conducted at the European level**: a proactive approach that will enable it to measure its actual impact and implement an action plan accordingly;
- **ISO 9001 certification** awarded since 2001 by Bureau Véritas to its entity Sham, **for its Insurance and Services activities.** The aims are to improve the effectiveness of the quality management system by implementing the framework at every level of the company, to build partners' trust by demonstrating its highly efficient quality management, to engage employees in the approach and involve them in the cycle of continuous improvement, and to sustain the high level of quality management efficiency for the long term;
- **Signature of the new "Charte RFAR" (Responsible Supplier Relations and Purchasing Charter)** Relyens has joined this network of 2,400 engaged French companies and public services. Its aims are to adopt responsible purchasing practices and improve the quality of its relationships with its partner suppliers.
- **ISO 45001 certification for its entity Sofaxis for its Health and Safety at Work approach**, involving: occupational risk management, a social approach based on Quality of Life at Work (QLW), support for employees in their career paths and evolving practices, and a culture of diversity, interpersonal communication and equality.

Relyens is implementing positive actions on multiple fronts that reflect its responsible investment policy.

- **Supporting the investments of its members:**
  - **Funding investments made by health institutions** to help develop and improve hospital facilities;
  - **Funding the development of local authorities and quasi-public entities**
- **Supporting innovation in the health sector:** Relyens invests in innovative companies in the health sector to help them get started or to support their growth projects. To this end, the Group relies on **Relyens Innovation Santé**, its subsidiary that manages its investments in medical research, in partnership with Turenne Capital, an independent private equity firm. It also invests directly in companies developing innovative tech-driven solutions to address the major challenges facing the health sector by tackling medical, technology and HR risks.
- **Supporting the real economy:** As an institutional investor, the Group has channelled some of its assets into financing the real economy, through SMEs and mid-caps. Drawing on its financial investment expertise, Relyens supplements bank lending by providing medium to long-term support for companies' development, taking into account their merit in terms of attractiveness and transparency.
- **Supporting projects and companies with a high social and environmental impact:** In alignment with the PRI (Principles for Responsible Investment), the Group undertakes to take environmental, social and governance factors (ESG criteria) into account when analysing the companies it finances, to encourage these companies to implement ESG policies, and to promote ESG transparency. In particular, the Group allocates an increasing share of its fixed-income investments to Green or Sustainability-Linked bonds. In June 2021, Relyens announced the success of a 10-year sustainable bond issue for €84m via its entity Sham. The amount raised has been invested in projects with a strong environmental and social impact and strengthens the Group's regulatory capital during a period of significant development in Italy, Spain and Germany.
- **Supporting the development of the real estate sector:** Relyens implements a proactive investment policy to help to renew its stock of real estate assets, focusing on energy efficiency, quality and the wellbeing of users. Along these lines, it is involved in the rehabilitation of properties in the Lyon metropolitan area, the Group's historic home base, as well as in the Auvergne-Rhône-Alpes region.

03. Implementation of the responsible investment strategy

A. SECTOR AND STANDARD EXCLUSIONS

Sector exclusions

Relyens' policy on sector exclusions sets out commitments that apply to all direct and indirect investments in listed and unlisted securities and debt instruments issued by companies. Relyens excludes the following from its investment universe:

- Companies that derive more than 25% of their revenues from the following sectors:
  - Tobacco,
  - Weapons,
  - Alcoholic beverages;
- Energy-producing or mining companies that derive more than 25% of their revenues from coal;
- Funds with more than 25% of their assets invested in the tobacco, weapons and alcoholic beverages industries;
- Any receivables or securities of companies that invest in the production of anti-personnel mines and cluster bombs (with reference to the Ottawa Convention).

The same sectors are excluded from its real estate investment universe. All proposals for acquisitions or new leases are examined on a case-by-case basis in order to assess the situation as accurately as possible.

Standard exclusions

Relyens also implements a standard exclusion policy, whereby it excludes from its investment universe any direct or indirect investment in listed or unlisted debt instruments or securities of companies or funds whose registered office is located in a country classified as anything other than "Free" by the "Freedom House" organisation (the list is updated annually).

Relyens also excludes any purchase or sale of assets through an intermediary whose registered office is not located in an OECD member country.

Lastly, with regard to listed assets, Relyens relies on an external service provider for the production of a biannual ESG report containing information on the controversy level of companies in its portfolio. Issuers whose controversy level is considered significant or severe are flagged and the metrics are used for monitoring purposes.

B. CONSIDERATION OF ESG CRITERIA

Information is reported broken down by asset class.

Listed assets

In line with its commitment to promoting ESG considerations in its asset portfolio, Relyens has developed its listed securities portfolio to include a significant share of "responsible" investments. In particular, the Group has invested significantly in the bond market to support hospitals and the local authority sector. A significant portion of its fixed-income investments are in securities whose issuers make a positive impact on the environment (see section 4.c).

In the management of its listed assets (bonds and equities), Relyens is supported by an external service provider whose work relies on data supplied by several specialist providers of non-financial metrics. To incorporate ESG criteria into its management decisions, Relyens therefore receives ESG information specific to its listed portfolio in the form of the following documents supplied to its teams:

- ESG report, providing a 360° view of the portfolio in terms of the consideration of environmental, social and governance factors in the lines held;
- Taxonomy report, to identify the proportion of its assets invested in sustainable activities, as defined by the European Taxonomy;
- Temperature report, to analyse its exposure to major environmental issues and calculate its trajectory in alignment with climate scenarios.

The ESG, Taxonomy and Temperature reports are received annually. The ESG report is presented to the Financial Management Committee (CDGF), an executive governance body that oversees the Group's financial management. From 2022, Relyens will also present the Taxonomy and Temperature to this committee.

Real estate assets

Relyens implements a proactive investment policy to develop its fully-owned real estate portfolio, comprising residential and tertiary properties, together with managed residences.

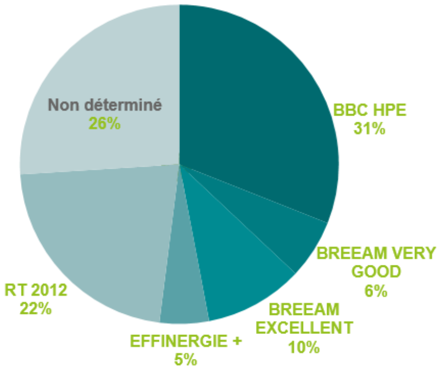
Operating at the local level in an environment it understands well, Relyens is involved in the refurbishment of the existing building stock in the metropolitan area of Lyon, the Group's historic home base, as well as in other conurbations in the Auvergne-Rhône-Alpes region.

Relyens places two concerns at the heart of its management approach and its process for selecting new assets, namely:

- The city of tomorrow: seeking a better quality of life means envisioning a different form of urbanisation, making well-being a core consideration and promoting rehabilitation;
- Responsible performance: carbon neutrality and corporate societal engagement have become urgent needs to which the real estate sector must now respond.

The real estate portfolio owned by Relyens has strong fundamentals: nearly 75% of the assets meet at least the minimum requirements of the RT2012 standard, and 52% of those assets are accredited with labels or certifications (BREEAM, HQE, etc.):

Real estate portfolio broken down by label/certification at 31/12/21



In order to reaffirm its ambitions, Relyens' aim is to improve its ESG policy for its existing portfolio by:

- implementing a reporting and performance management tool for its buildings,
- maintaining a policy of significant reinvestment while fully integrating energy management and biodiversity into its operations,
- focusing even more on tenants in its decision-making while promoting the development of a segment dedicated to the social and solidarity economy.

Unlisted assets

As regards its unlisted investments (private debt and private equity), here again Relyens takes every care to fulfil its commitments as a responsible investor.

- **<u>Private debt (hospitals, local authorities, private placements)</u>**

In this segment, the Group is also involved in supporting its members and helping to finance the real economy:

- Since 2016, Relyens has partnered with Arkéa Banque to provide significant support to hospitals. Overall, the Group has invested more than €100 million in 40 hospitals since the partnership with Arkéa Banque Entreprises et Institutionnels was formed. It has also been a major investor in hospital bonds since 2009. A dedicated investment committee has been set up and focuses on analysing the investments made by issuer hospitals as part of its decision-making process. Through these investments, Relyens is involved in the renovation and transformation of the hospital sector, a key pillar of society.
- As partners since 2018, Relyens and Acofi Gestion have provided more than €100 million in funding to the local public sector financing market through 80 transactions by the Sofaxis Investissements et Territoires and Predirec Filo 4 funds. Through these sustainable investments, the partners have actively contributed to financing multiple public facilities, such as schools, sorting and recovery centres, social housing and public-sector nursing homes. They focus in particular on projects that make a positive environmental impact.
- Lastly, Relyens allocates a significant portion of its private debt investments to financing the real economy. It contributes to investments in SMEs and mid-caps (which are often excluded from bond markets). The Group seeks to finance transparent businesses whose activities serve the community. This is reflected in its significant exposure to the health sector and local businesses that provide jobs in the Auvergne-Rhône-Alpes region. In November 2021, alongside the Caisse des Dépôts and 18 insurers from the French Insurance Federation, Relyens contributed to setting up the €1.7 billion "Obligations Relance" investment fund, a component of the Recovery Plan launched by the French Ministry of the Economy, Finance and Recovery. The aim is to support SMEs and mid-caps in their growth and transformation following the health crisis.

- **<u>Private Equity</u>**

Private equity funding is provided to a company in return for a stake in its capital, thus supporting its long-term development. Relyens has a special focus on this type of funding and invests both directly and indirectly. As part of its efforts to strengthen its responsible investment approach, Relyens is examining a strategy enabling it to ensure that sufficient consideration is given to ESG criteria by both asset management firms and the companies in which the Group invests.

- **Management of indirect investments**

Relyens invests mainly in investment funds specialising in the health sector. The Group operates throughout the value creation chain, from supporting research for medical innovation, to product and commercial development, to ownership transfers for companies well established in their sectors.

- **Management of direct investments**

Relyens invests in innovative companies in the health sector to help them get started or to support their growth projects. Coordinated by its investment entity Sham Innovation Santé, the Group has already invested €60 million in 20 innovative companies in the health sector. Also in this area, the Group furthers is commitment to helping hospitals to prevent medical, technology and HR-related risks by making equity investments to support companies working on solutions to address these types of risk. To date, seven investments have been made with a view to developing and implementing strategic solutions that help to ensure a safe, high-quality health system for patients.

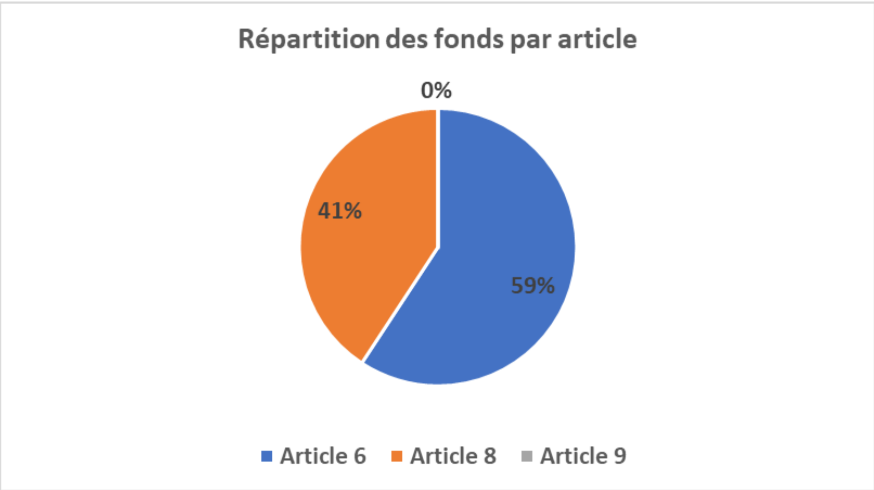
C. CONSIDERATION OF ESG CRITERIA IN THE DECISION-MAKING PROCESS FOR THE AWARD OF NEW MANAGEMENT MANDATES

While Relyens does not currently incorporate ESG criteria in its decision-making process for awarding new mandates (for listed and unlisted funds), it has developed an action plan with a view to implementing an evaluation of asset management firms that takes into account their ESG-related practices.

D. LIST OF FINANCIAL PRODUCTS CITED IN ARTICLES 8 AND 9 OF THE SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Relyens' direct and indirect investments include the following Article 8 and Article 9 funds:

	Répartition des encours de la société de gestion par article				
Nom des sociétés de gestion	**Article 6**	**Article 8**	**Article 9**	**Nom du fonds investi**	**Classification du fonds investi**
Karista	100%	0%	0%	CAP DECISIF 3	Article 6
Eiffel Investment Group	30%	23%	47%	Eiffel Investment Group	Article 6
CIAM	0%	100%	0%	CIAM Satellite Event-Driven	Article 8
Meeschaert AM / Amilton AM	41%	53%	6%	Amilton - 2i Selection	Article 6
Turenne Capital	100%	0%	0%	Sham Innovation Santé	Article 6
Apicil AM	95%	4%	1%	Apicil Stratégie Haut Rendement	Article 6
COLVILLE CAPITAL PARTNERS	0%	100%	0%	Silver Autonomie	Article 8
Norron AM	0%	97%	3%	Norron Sustainable Preserve HIC	Article 8
Rivage Investment	0%	100%	0%	Rivage Infra	Article 8
Zencap AM	75%	23%	2%	Zencap Infra	Article 6
Truffle Capital	82%	18%	0%	Truffle Capital	Article 6
Simba Santé	ND	ND	ND	Simba Santé 2	Article 6
Sacra	ND	ND	ND	Sacra	Article 6
EMERGENCE	ND	ND	ND	EMERGENCE	Article 6
Octo AM	ND	ND	ND	Octo Credit Court Terme	Article 6
	ND	ND	ND	Octo Credit Value	Article 6
Vivalto partners	ND	ND	ND	VIVALTO	Article 8
Essling	ND	ND	ND	Essling expansion	Article 8
Archimed	ND	ND	ND	Archimed I	Article 8
	ND	ND	ND	Archimed II	Article 8
INSERM TRANSFERT INITIATIVE	ND	ND	ND	INSERM TRANSFERT INITIATIVE	Article 6
Extens Developpement	ND	ND	ND	EXTENS I	Article 8
	ND	ND	ND	EXTENS II	Article 8
	ND	ND	ND	EXTENS III	Article 8
Elige Capital	ND	ND	ND	ELIGE CAPITAL I	Article 6



04. Resources

A. RESOURCES EMPLOYED

At Relyens, Responsible Investment matters are handled by the Chief Investment Officer, who is a member of Relyens' Group Committee. In addition, in 2021, Relyens set up the ImpACT2025 Committee to oversee the execution of its strategic plan and thereby monitor its CSR approach (societal commitments). The Head of Culture & Change, in charge of CSR, sits on the Committee. Relyens also uses external service providers and data suppliers to support it in incorporating environmental, social and governance criteria in its practices.

In 2021, Relyens:

- Organised two awareness-raising and training sessions for investment teams on the United Nations 17 Sustainable Development Goals (SDGs), which aim to tackle global challenges by eradicating poverty and inequality, and making the ecological transition possible by 2030. The purpose of these sessions was to identify the SDGs that the group wishes to prioritise;
- Coordinated multiple awareness-raising and communication initiatives (workshops, seminar, video, discussion sessions with senior management, presentation week for Relyens' 12 societal commitments, etc.) to present the mission-driven company approach, create buy-in from management and encourage employee involvement;
- Signed the Principles for Responsible Investment (PRI) in March 2021, as mentioned above;
- Launched a 10-year subordinated sustainability bond issue for €84 million.

Relyens is continuing its efforts in 2022, namely through:

- Raising awareness of the Group's carbon footprint at its convention and during dedicated discussion sessions,
- Holding "Climate fresco" workshops run by specially trained employees,
- Organising events during EU Green Week,
- Setting up Relyens citizen workshops for all its employee volunteers to implement specific measures (waste management, energy consumption, mobility, etc.),
- Publishing a monthly podcast on a CSR theme (digital sobriety, the "locavore" movement, etc.).

B. APPLICATION OF THE CSR APPROACH AT THE GOVERNANCE LEVEL

Environmental, social and governance criteria are taken into account in the procedures of the internal committees responsible for reviewing ESG reports. In addition, the responsible investor approach is supervised and managed by the Investment department.
In 2022, Relyens will undertake collaborative work with the cross-functional departments (risk management, internal audit and CSR) with a view to anchoring and intensifying the responsible investment policy.
ESG criteria are not currently taken into account in the executive remuneration policy. The Group first wished to focus on implementing a CSR strategy, setting goals, implementing a roadmap and arranging oversight thereof via the ImpACT2025 committee.
This committee, made up of a few members of the Group Committee and led by the Chief Executive Officer, meets weekly to ensure the proper roll-out of the ImpACT2025 strategy, including the implementation of our societal commitments.

It should be noted that as a mission-driven company, Relyens has incorporated its mission in the articles of association of the companies that make up the Group (Sham, Sofaxis) and, in view of this, the Board of Directors is responsible for its implementation.
To provide an example of how this works In practice, Relyens' Board of Directors validated the Group's mission (its purpose and its social and environmental goals). It also ensured that the strategic plan serves Relyens' mission and that the Group has organised itself to implement its mission.
The Board of Directors also approved the establishment of Relyens' Mission Committee, whose role is to report to it on the proper execution of the mission.

The Mission Committee is a key component of the governance of a mission-driven company. If the mission mentions serving the common good, if it channels the business's relationship to society, and if it states what the company commits to preserving, exploring and transforming in order to build a better society, then the Mission Committee has a solid role to play: it must give voice to the company's stakeholders, refocus the business on serving the general interest, and be a driving force for the common good, acting as "pathfinder", catalyst, and sometimes as the company's watchdog, for the benefit of the mission.

To play this role to the full, the following criteria were taken into account when setting up the committee:

- A small group comprising an odd number of members to facilitate decision-making,
- Gender parity,
- Inclusion of members of the Board of Directors, employees and external stakeholders in order to bring together Relyens' non-executive governance, executive governance and the Mission Committee,
- Members with diverse and complementary profiles who, between them, cover all aspects of the mission. Individuals representing members and customers in each of our markets, members who know the insurance business and its transformation challenges, an entrepreneur with a background in innovation and a member involved in sustainable development.

At Relyens, the responsibilities of the Mission Committee are:

- First and foremost, to ensure the proper execution of the mission. To do this, it must assess the effectiveness of measures implemented in light of the company's social and environmental goals. This work is based on a reference framework for the practical implementation of the mission, which translates our statutory objectives into tangible actions that can be readily assessed. In connection with this, the Committee may also have to observe the proper allocation of resources;
- It must also question the appropriateness of the practical implementation of the mission at every level of the Group. Given the evolution of Relyens' ecosystems and the transformational journey that the Group has embarked on, the model put in place and the implementation thereof will need to be regularly challenged to ensure that they remain relevant.

To this end, the committee has the following resources at its disposal:

- Access to all the information needed to verify the proper execution of the mission: presentations, studies, customer surveys, thematic talks by experts on subjects related to the mission, etc.
- Access to the person in charge of the mission, a point of contact with Relyens to answer the committee's questions, access useful information and put the Committee in contact with the right people. This person acts as a facilitator to ensure the proper functioning of the committee, enabling it to fulfil its assignments and submit its conclusions.

The committee submits an annual report that is distributed at the end of the financial year. A summary of this report may be made publicly available as a statement of what has been done to deliver the mission.

As the committee has been appointed for a 3-year term, i.e. until the end of 2025, it will support Relyens for the duration of its ImpACT2025 strategic plan, which was developed on the basis of Relyens' mission.

05. Engagement and voting strategy

A. ENGAGEMENT STRATEGY

Relyens is working on strengthening its responsible investment approach, including by discussing the engagement initiatives that can be implemented across all its asset management operations.

B. VOTING POLICY

Relyens is making a concerted effort to vote at the General Meetings of companies in its portfolio (where applicable, by correspondence or proxy). As part of its continuous improvement approach, the matter of exercising its voting rights will be covered in discussions on potential engagement initiatives to be implemented across all its asset management operations.

06. Climate-related reporting

A. ELIGIBILITY FOR THE EUROPEAN TAXONOMY

Delegated Regulation EU 2020/852 published on 18 June 2020, the delegated acts relating to the two climate-related environmental objectives of 6 April 2021, and Article 8 of the delegated act of 7 July 2021 establish a single classification system to determine which economic activities qualify as being environmentally sustainable.

The "Taxonomy" classification applicable to the 2021 financial year is based on two environmental objectives that economic activities must contribute to in order to be considered sustainable:

1. Climate change mitigation,
2. Climate change adaptation.

From 1st January 2022, the Taxonomy Regulation requires insurers to provide the following information in their management report:

- The share of gross written premiums in non-life insurance eligible for the two objectives of the taxonomy,
- The share of investments in economic activities eligible for the two objectives of the taxonomy.

Information on the underwriting of non-life insurance policies

In accordance with Appendix 2 of the Taxonomy Regulation, and the FAQs published by the European Commission in December 2021, only business lines able to offer insurance coverage specifically against climate-related hazards are eligible for the Taxonomy. For Sham, these business lines are:

- Motor vehicle insurance other than Motor Vehicle Liability insurance,
- Fire and other damage to property insurance.

Sham's premiums	*2021 premiums in € thousands*	*% of gross written premiums in non-life insurance in 2021*
Gross written premiums in non-life insurance	*431,026*	*100%*
Gross written premiums of business lines that are mentioned in the delegated acts of the Taxonomy regulation and can offer insurance coverage specifically against climate-related hazards	*32,053*	*7%*

The share of gross written premiums in non-life insurance eligible for the Taxonomy is 7% for the 2021 financial year.

Information on eligible financial assets

As an insurer, Sham must publish, on the basis of data as at 31/12/2021, the proportion of its total financial assets represented by:

- Investments intended to finance, or associated with, taxonomy-eligible and non-eligible economic activities. The 7 sectors eligible for the taxonomy are:
    - Agriculture and forestry,
    - Manufacturing,
    - Supply of electricity, gas, steam and air conditioning,
    - Water, sewerage, waste and sanitation,
    - Transport,
    - Building,
    - Information and communication technologies.
- Exposures relating to central governments, central banks and supranational financial institutions,
- Derivatives,

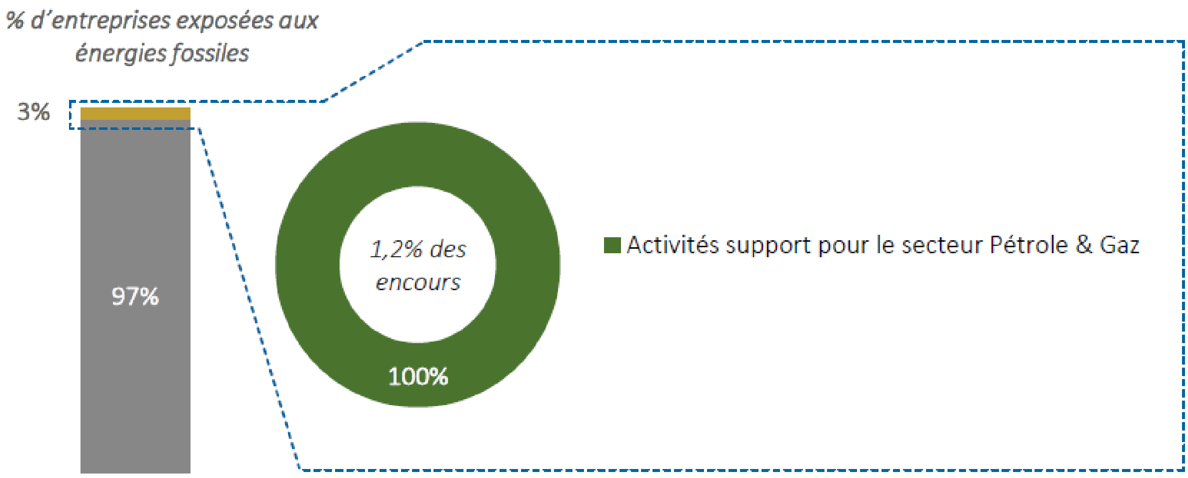
- Investments in companies not subject to the disclosure of non-financial information under the European Directive on Non-Financial Reporting.

Indicators relating to investments	Regulatory ratio	
	Book value (€ thousands)	As % of total Assets Under Management
Investments in taxonomy-eligible economic activities	396,947	16%
Investments in economic activities not eligible for taxonomy	0	0%
Cash position	108,580	4%
Unallocated assets	1,373,705	56%
Total assets excluding exposures to central governments, local governments and supranational issuers	**1,879,232**	**77%**
Investments in central and local governments and supranational issuers	567,890	23%
Total Assets Under Management	**2,447,121**	**100%**

B. ASSET EXPOSURE TO FOSSIL FUELS

Listed assets

Exposure to issuers that derive more than 5% of their revenue from activities related to fossil fuels amounts to 3% of the listed companies portfolio, i.e. 1.2% of total assets under management. The exposures concerned relate to two issuers in the Oil and Gas sector.



C. PORTFOLIO'S GLOBAL WARMING TRAJECTORY

The Group wishes to give consideration to implementing a quantitative target as part of a strategy of alignment with the objectives of the Paris Agreement on climate change. In this respect, in 2022 Relyens produced its first climate report, for 2021, including a section on the warming trajectory of its investment portfolio. This document focuses on listed assets, drawing a distinction between the equity and bond segments. It highlights the main issuers making a positive or negative contribution to the achievement of a trajectory aligned with a 1.5°C global warming scenario.

Since 2016, Relyens has also produced carbon reporting to determine the carbon intensity of its listed asset portfolio. The Group can therefore compare itself with a benchmark index. In addition, this document identifies the most carbon polluting issuers and sectors. These annual assessments of the listed asset portfolio enable the Group to adjust its positions so as to reduce the portfolio's carbon footprint.

Lastly, a significant and growing share of the Group's fixed-income assets is invested in Green-labelled securities (5.0% of bonds as at 31/12/2021) and Sustainability-labelled securities (3.5%) that aim to direct investments towards environmentally-friendly initiatives.

D. BIODIVERSITY - ATTRIBUTABLE ENVIRONMENTAL COST

The main objectives of the Convention on Biological Diversity are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.

As part of its efforts to achieve these objectives, in 2022 Relyens produced its first report, for 2021, enabling it to assess the biodiversity impacts of its listed assets. Relyens plans to add depth to this assessment by considering its portfolio's biodiversity dependencies and a measure to identify the associated pressures and impacts across all its asset classes.

For its listed assets, in 2022 Relyens initiated a climate report containing a section on analysing the portfolio's environmental footprint. On the basis of this analysis, it can measure the environmental impact of greenhouse gas emissions (CO2, methane, nitrous oxide, etc.), water usage (purchased water, treatment water, water from cooling processes), waste (incinerated, landfill, nuclear and recycled waste), air pollutants (acid pollutants, dust and particles, metal emissions, volatile organic compounds, etc.), soil and water (fertilisers and pesticides, emissions of metals and acid substances, etc.), and the use of natural resources (extraction of minerals, natural gas, oil and coal, and forestry and agricultural management processes).

Each environmental impact is linked to an environmental cost in millions of euros, corresponding to the direct impacts of listed companies in the portfolio and their direct and indirect suppliers. This information is obtained using the EEIO methodology (Environmental Extended Input Output) developed by S&P Trucost. The results are calculated based on the percentage holding in each listed portfolio company, making it possible to identify the environmental cost attributable to Relyens.

Relyens has not yet implemented a biodiversity analysis of its private equity and real estate portfolios, but is currently examining the inclusion of these portfolios in its assessments.

07. Consideration of ESG criteria in the risk management approach

A. RISK CONSIDERATION PROCESS

The operational risks associated with the Group's investments are reviewed by the Internal Control teams, in collaboration with the Investments Department. The risk identification and monitoring methodology is based on a process-based approach and enables risk mapping to be updated at least once a year.
The identification of operational risks is based on both a bottom-up approach (assessment of risks known to and continuously monitored by the Risk Department) and a top-down approach (operational staff continuously add data to the risk map).

A schedule is in place including all the back-testing related to investments and showing their frequency for each year. First-level controls, performed directly by the operational staff concerned, are an integral part of the risk assessment and control process. A control plan for second-level controls is in place and covers the Front Office, Risk Management and Back Office activities. The results of these controls are analysed at least once a year by Internal Control, making it possible to update the operational risk map relating to investments.

As regards identifying ESG risks, Relyens based its work in this area on the reporting requirements under the decree implementing Article 29 of France's Law on Energy and Climate. After identifying the main ESG risks to which the Group is exposed (see below), Relyens is now considering establishing a system to rank these risks on a scale of 1 to 4. It has identified ways to mitigate these risks on the basis of the work done.

At the level of the internal control team, a process to integrate the ESG risks associated with key operational processes is currently being implemented.

B. ENVIRONMENT-RELATED RISKS

In its report, Relyens includes the sustainability risks associated with its investments that were considered to be the most significant following the work done with an external service provider. The table below summarises the environment-related risks identified:

	Current / Emerging	Exogenous / Endogenous	Occurrence	Intensity	Time horizon
Flooding & Rising Water	Emerging	Exogenous	Average	Average	Short
Heat waves	Current	Exogenous	Frequent	Average	Short
Extreme weather events	Current	Exogenous	Average	Average	Short
Energy or climate change-related regulations	Current	Exogenous	Frequent	High	Short
Transparency obligations	Current	Endogenous	Frequent	High	Short
Unsuccessful investments in new technologies	Current	Endogenous	Infrequent	High	Medium
Changing consumer preferences	Current	Exogenous	Average	Average	Medium

Legal proceedings / Risks associated with activities presenting a litigation risk	Current	Endogenous	Frequent	Low	Short
Pandemic risk	Current	Exogenous	Average	High	Short

Relyens considers a risk's occurrence to be frequent if it is highly likely to materialise at least every 2 to 3 years, average if it is likely to occur at least every 5 years, and infrequent if the occurrence interval is over 5 years.

The intensity level depends on risk's number of impacts in the conventional risk management framework (market, credit, liquidity, and operational risks) and the number of internal and external stakeholders affected.

As regards the time horizon, less than 5 years is deemed short, 5 to 20 years medium, and over 20 years long.

C. DESCRIPTION OF THE MAIN RISKS IDENTIFIED AND THEIR INCORPORATION IN THE CONVENTIONAL RISK MANAGEMENT FRAMEWORK

Physical risk

- Flooding and rising water levels

Flooding due to rainfall and/or rising water levels was identified by Relyens as one of the main physical risks to which it is exposed, in view of its real estate investments and loans to hospitals. Its real estate assets are not located on the coast but tend to be in Lyon and the surrounding area. The risk of flooding therefore stems chiefly from rainfall and the flooding of local waterways. This risk will progressively be incorporated in the risk management process.

- Extreme weather events (heat waves, cyclones, hurricanes, earthquakes)

As stated in the latest IPCC report, the risks of heat waves and extreme weather events continue to increase as global warming accelerates. All regions of the world are affected, although some remain more vulnerable than others. Several asset classes are concerned at Relyens, in particular listed assets and real estate. Relyens implements a sector diversification strategy to mitigate the risk to its listed assets portfolio. Real estate assets will need to be progressively made more resilient in order to mitigate the impacts of heat waves and, more indirectly, to reduce the carbon emissions of the buildings. In order to mitigate this risk, Relyens has introduced a *"best in class"* approach for its new and recently acquired real estate assets (selection of high-performance properties that have obtained recognised certifications such as BREEAM, HQE, etc.), and a *"best in progress"* approach for its existing assets (evaluation of the ESG performance of its assets and improvement plans put in place). Relyens is conducting a review of the integration of ESG criteria.
Relyens also identified its listed assets as being exposed to this type of risk, since part of its investments are in the insurance and reinsurance sector.
The risk associated with extreme weather events has been identified by the Group as impacting its market, credit, liquidity and operational risks.

Transition risks

- Energy or climate-related regulations

The work conducted by Relyens made it possible to identify this type of risk, which mainly affects its real estate assets. The regulations concerned include the Tertiary Eco-Efficiency Scheme (DEET), the tertiary decree which applies to part of the Group's real estate assets. Relyens identified this risk and anticipated the requirements of the decree by putting an effective energy information feedback system in place prior to its implementation. In addition, the Group is committed to renovating buildings, which minimises the transition risk associated with regulatory requirements. Finally, as in all its asset classes, the sector exclusion policy helps to mitigate the risks, particularly financial, associated with climate change regulations (e.g. exclusion of coal, implementation of climate reporting that can be used to steer investments in listed assets towards sustainable sectors).
The risk associated with energy or climate-related regulations has been identified by the Group as having an impact mainly on credit and liquidity risks.

- Transparency requirements

Current regulations and pressure from stakeholders are increasingly pushing investors to improve and enhance their non-financial reporting. This can be seen as a risk, but also as an opportunity to put internal resources and action plans in place that will be used in the longer term to preserve asset values and identify the holdings most at risk from an ESG point of view. With this in mind, in 2022 Relyens updated its responsible investor charter and the approach it applies across all asset classes.

- Unsuccessful investments in new technologies

Investments in new technologies, particularly those that facilitate the transition to a decarbonised society, contribute to sustainable development but may also pose a risk if the technology fails. This risk was identified mainly in association with the Group's private equity activities, particularly in the health sector, and listed assets. Relyens believes that the diversification of its asset classes mitigates this risk. Similarly, in private equity, Relyens works with several asset management firms, thereby diversifying its investments in technology in the health sector. As regards the listed assets portfolio, Relyens' investments in transport sector companies are marginal, which helps to minimise the risk. Issuers in the transport sector face electrification challenges that could turn into risks if the associated technology fails to deliver the expected benefits, and are therefore highly exposed.
The risk associated with unsuccessful investments in new technologies has been identified by the Group as having an impact mainly on market, credit and liquidity risks.

Liability risks

- Changing consumer preferences

The environmental transition is raising awareness of ecological issues worldwide, with many consumers changing their habits as a result. This might mean shunning certain sectors or products, attaching importance to the producers' CSR policies when buying an item, or even complete lifestyle changes, such as the large-scale shift to teleworking. Relyens therefore considers this risk to apply to all the asset classes in which it has invested.
In the listed asset portfolio in particular, it implements sector diversification and produces annual ESG and climate reports to ensure that issuers have satisfactory ESG performances.
As regards its real estate assets, Relyens is progressively incorporating occupant well-being into its approach, with a view to making its offices more attractive. During the acquisition phase, Relyens pays attention to building accreditations and wants to examine an approach including accreditations for quality of life at work and building connectivity.
The risk associated with changing consumer preferences has been identified by the Group as having an impact mainly on credit and liquidity risks.

- Legal proceedings / Risks associated with activities presenting a litigation risk

In the event of a serious ESG controversy affecting an issuer in the portfolio (listed or unlisted), the company could face legal proceedings. This could have financial and/or reputational impacts of varying degrees. In view of this, Relyens produces an annual ESG report on its listed assets, including the monitoring of controversies affecting issuers and the severity thereof. Relyens screens issuers based on the severity of the controversies to which they are exposed and assigns them a score from 1 to 5. Issuers with a controversy level of 4 or 5 (significant and severe controversies) are flagged, analysed and assessed to determine whether they will remain in the portfolio. This process mitigates the related risk.
The risks associated with activities posing a litigation risk have been identified by the Group as having an impact mainly on operational risk.

- Pandemic risks

The Covid-19 pandemic has resulted in global awareness of the risk of epidemics. As a leading mutual insurance and risk management group, Relyens has naturally identified its exposure to this risk. Hence, the Group's primary objective, as stated in its ESG charter - "*protecting and future-proofing the services delivered by its members and customers*" - encapsulates its commitment to preventing risks, mitigating their impacts, and thereby meeting the challenge of transitioning from an insurer into a Risk Manager.
The risks associated with a pandemic have been identified by the Group as having an impact mainly on market and operational risks.

08. Communication

The environmental, social and societal commitments that steer the Group's investment and management decisions are published on Relyens' website:

https://www.relyens.eu/fr/engagements/entreprise-a-mission

In the Group's annual Business Report, its Mission Committee also presents Relyens' efforts to meet the 4 social and environmental goals it has set as a mission-driven company.

Relyens 2021 Business Report

Sham's annual report, submitted to Delegates at its General Meeting, also provides this information, specifically mentioning the social and environmental impacts of our activities.

This report is also published annually on Relyens' website.

https://www.relyens.eu/fr/engagements/investisseur-responsable

09. Improvement plan

Relyens is committed to continuous improvement. Its improvement targets are specified in each section and incorporated in the Group's ImpACT2025 plan, in accordance with its status as a mission-driven company.

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INSURANCE AND RISK MANAGEMENT