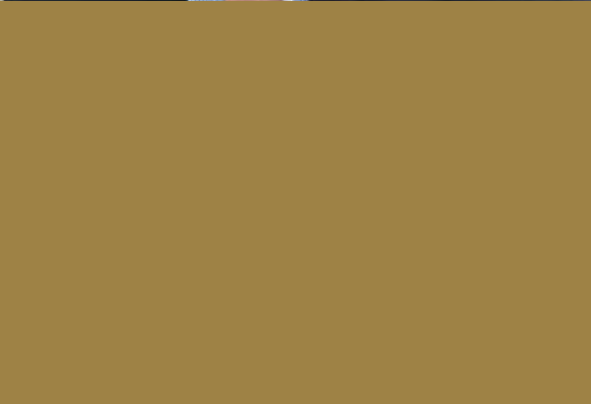




# 2020 Annual Report



This document is a free translation of the Annual report, originally issued in French and provided for information purposes only. The original French version takes precedence over this translation.





<b>A committed and solid mutual insurance group</b>	<b>02</b>
<b>01. About Covéa</b>	<b>07</b>
1.1 History	08
1.2 Profile and organisation	09
1.3 Activities and distribution networks	10
1.4 Strategy	12
<b>02. Governance framework</b>	<b>13</b>
2.1 Board of Directors	15
2.2 Board committees	17
2.3 Executive management	18
2.4 Remuneration policy	19
2.5 Risk management and internal control	21
<b>03. A proactive and responsible group</b>	<b>25</b>
3.1 CSR strategy and social impact	26
3.2 Non-financial performance	26
<b>04. Board of Directors' management report to the General Meeting</b>	<b>35</b>
4.1 Market environment	36
4.2 Significant events	38
4.3 Results and financial position	40
4.4 Subsequent events	47
4.5 Outlook	47
<b>05. Financial statements</b>	<b>49</b>
5.1 Combined financial statements and notes	50
5.2 Statutory Auditors' report on the combined financial statements	93

# A GROUP WITH EXTENSIVE EXPERTISE

Day in, day out, the Covéa Group supports its members and customers in France and around the world. It provides tailored protection and an enriched experience through its diverse range of expertise and brands.



PROPERTY AND CASUALTY



LEGAL PROTECTION



REINSURANCE



ASSISTANCE



HEALTH AND PROTECTION



LIFE INSURANCE



ASSET MANAGEMENT

## A group built around three complementary brands



Mutual insurer with its own distribution network providing general personal and commercial lines insurance.



Mutual insurer with tied agents providing multi-specialist insurance for individuals, small and large businesses, non-profit organisations and local authorities.



Mutual insurer with its own distribution network providing insurance for individuals and leading mutual for French public-sector employees.

## Specialist structures, affiliated mutuals and a protection insurer



Asset management, reinsurance, affinity insurance, assistance and legal protection.



Non-life, health and protection insurance.

# KEY CSR FIGURES

At 31 December 2020

## WORKFORCE



### HEADCOUNT

**23,000** employees

of which  
**21,000** in France



### DIVERSITY

**65.9%** women

**34.1%** men

**53.8%** women in managerial positions

**980** employees registered disabled



### TRAINING

**89.6%** of employees received training  
Including 54.8% of employees receiving face-to-face training compared with 68.5% in 2019

### AGE AND SENIORITY

**43.5** average age in years

**15.6** average seniority in years

## ENVIRONMENT



### ENERGY CONSUMPTION

#### OPERATING PROPERTY

**87,834,863 kWh**

-5.9% on 2019

**148 kWh/m<sup>2</sup>**

-3% on 2019

#### INVESTMENT PROPERTY

**38,531,608 kWh**

**58 kWh/m<sup>2</sup>**

-2.5% on 2019

## CARBON FOOTPRINT (SCOPES 1 & 2)

#### OPERATING PROPERTY

**8,342.2 t CO<sub>2</sub> eq\***

**14 kg CO<sub>2</sub> eq/m<sup>2</sup>\*\***

-6.7% on 2019

#### INVESTMENT PROPERTY

**5,487.4 t CO<sub>2</sub> eq\***

**8.3 kg CO<sub>2</sub> eq/m<sup>2</sup>\*\***

-18.6% on 2019

**376**

**tonnes of waste** (paper, card and non-hazardous industrial waste) -68.3% on 2019

**126,893 m<sup>3</sup>**

**of water consumed**

-11.4% on 2019

\* Tonne of CO<sub>2</sub> equivalent \*\* Kilogramme of CO<sub>2</sub> equivalent/m<sup>2</sup>

# BUSINESS

## EARNED PREMIUMS

**€16.6 bn**



Of which €14.7 bn in France and €1.9 bn internationally

## POINTS OF SALE



**2,446**

## PORTFOLIOS IN FRANCE



**11.6**

million members and customers



**10.7**

million vehicles insured



**8.1**

million homes insured



**3.0**

million health beneficiaries

## LEADING POSITIONS IN FRANCE

(by market share)

**No. 1**

Motor  
Home  
Legal protection

**19.2%**  
**17.0%**  
**17.5%**

**No. 2**

Commercial

**11.4%**

**No. 4**

Individual health

**4.8%**

## DIVERSE EXPERTISE

Breakdown of earned premiums

**22%**

Motor

**20%**

Commercial lines

**12%**

Home and other personal risks

**11%**

International

**17%**

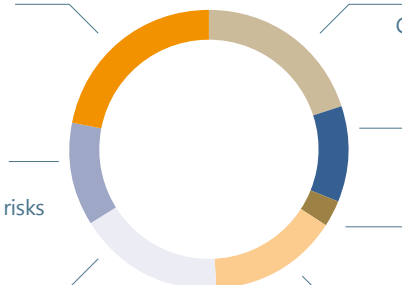
Savings and pensions

**3%**

Other France

**15%**

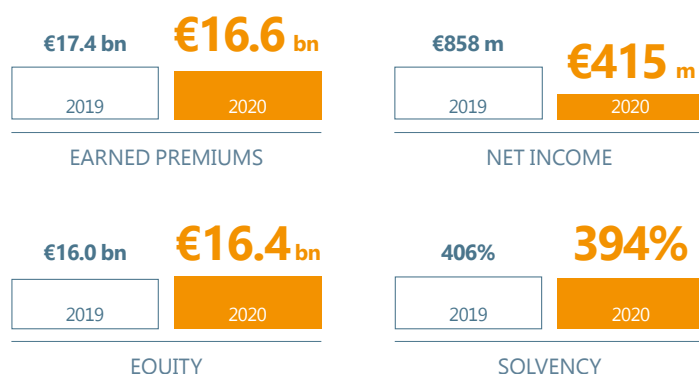
Health and protection



# FINANCIAL POSITION

At 31 December 2020

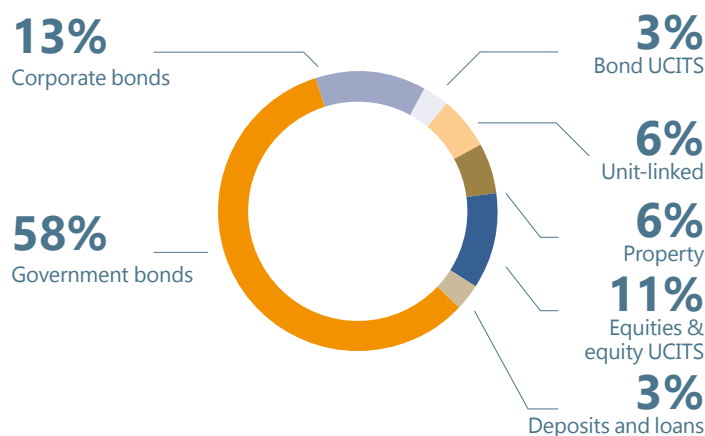
## KEY FIGURE



“In the current environment, Covéa remains very solid as a group and its solvency meets the highest standard in the market. This robustness secures the Group's sustainability and commitment for the long term, enabling Covéa to face the future with confidence and peace of mind.”

**Thierry Derez,**  
Covéa Chairman and  
Chief Executive Officer

## €112 BN OF ASSETS UNDER MANAGEMENT



ROBUST FINANCIAL POSITION RECOGNISED BY THE RATING AGENCIES

STANDARD \*  
& POOR'S **AA-**

MOODY'S \*\* **Aa3**

**BEST** \*\* **A** (Excellent)

\* Rated entities: Covéa Coopérations, MMA IARD SA, MMA VIE, MAAF VIE, GMF VIE, Covéa Insurance and Covéa Life.  
\*\* Rated entity: Covéa Coopérations.





# 01.

## About Covéa

<b>1.1</b>	<b>History</b>	<b>08</b>
<b>1.2</b>	<b>Profile and organisation</b>	<b>09</b>
<b>1.3</b>	<b>Activities and distribution networks</b>	<b>10</b>
1.3.1	In France	10
1.3.2	Around the world	11
<b>1.4</b>	<b>Strategy</b>	<b>12</b>

## 1.1 History

### Covéa, a group two centuries in the making

**The first mutuals:** The mutual societies that flourished during the 19<sup>th</sup> century and the first half of the 20<sup>th</sup> century left a lasting imprint on the French insurance sector. From that era, Covéa has inherited three powerful brands and three core values – commitment, prudence and long-term thinking – that are firmly embedded in its culture.

**Development:** During the second half of the 20<sup>th</sup> century, mutual societies expanded across France. They also embarked on a period of international expansion, establishing and building up subsidiaries and partnerships.

**Union:** In 2003, and then again in 2005, France's long-standing mutual societies decided to join forces. Initially, they set up Covéa SGAM, a vehicle establishing cross-support mechanisms and paving the way for the adoption of a common strategy. Subsequently, they founded Covéa Coopérations and pooled their operational capabilities. The final step was to unify the employment status of all their employees in France.

#### 1819-1950: Powerful mutual societies with deep roots in the French insurance sector

- 1819: Formation of Assurances Mutuelles de France.
- 1828: Formation of Mutuelles du Mans Assurances.
- 1934: Formation of La Garantie Mutuelle des Fonctionnaires.
- 1950: Formation of MAAF Assurances.

#### 1958-2001: International diversification

- 1958: MMA established Norman Insurance in the United Kingdom, which was to become Covéa Insurance.
- 1981: GMF bought a stake in CSE in the United States, before subsequently gaining full ownership.
- 2001: MAAF and MMA became shareholders in the Spanish group Caser.

#### 2003-2005: Covéa SGAM formed

- 2003: MAAF Assurances and MMA decided to establish a mutual insurance group company (or SGAM to use the French acronym), a new type of corporate vehicle under French law.
- 2005: Azur-GMF joined Covéa SGAM, making it a leading property and casualty insurer in France, with four mutual insurer "families" under its umbrella.

#### 2011: External growth in France and Europe

- Personal protection insurer APGIS joined Covéa SGAM, bringing on board its research, development, distribution and management capabilities in group health insurance.
- Acquisition of an 81% stake in Bipiemme Vita and Bipiemme Assicurazioni in Italy.
- Provident in the United Kingdom was acquired and its activities transferred to Covéa Insurance.

#### 2012: Covéa Coopérations founded

- Covéa Coopérations was founded to streamline the Group's corporate structure. It is held jointly by the four families of mutual insurance companies within Covéa SGAM. Covéa Coopérations directly or indirectly holds the majority of the Group's operational activities.

#### 2013: Integration of SMI

- SMI, a mutual company serving various trades and professions, was brought into the fold, strengthening the Group's positions in group health insurance.

#### 2015: Greater diversification

- Covéa Coopérations adopted reinsurance company status to build up its inwards reinsurance business.
- It acquired Sterling Insurance Group in the United Kingdom and integrated its non-life activities within Covéa Insurance.

#### 2017: Employee status harmonised

- Under the June 2017 agreement reached with employee representative bodies, all 21,000 employees in France were given the same employment rights and conditions, making Covéa more agile as well as boosting its ability to innovate and effectively serve its members and customers.

#### 2018-2020: Further streamlining

- DAS Assurances Mutuelles, DAS SA and Assistance Protection Juridique, the Covéa Group's specialists in legal protection, combined their operations under the Covéa Protection Juridique banner.
- The Swinton group, a non-life insurance broker, was sold to focus the Group's business in the United Kingdom on insurance activities.
- The Group's 20% stake in the Spanish group Caser was sold.

## 1.2 Profile and organisation

The Covéa mutual insurance group aims to bolster the long-term success and growth of its affiliated entities and their subsidiaries.

The Covéa Group's ultimate holding company is an SGAM (*société de groupe d'assurance mutuelle*), a French legal structure for a group of insurance mutuals. It exercises dominant influence, coordinating the decisions made (including in financial affairs) by its affiliates and possessing control powers. It establishes and maintains strong and lasting financial relationships with its affiliated entities.

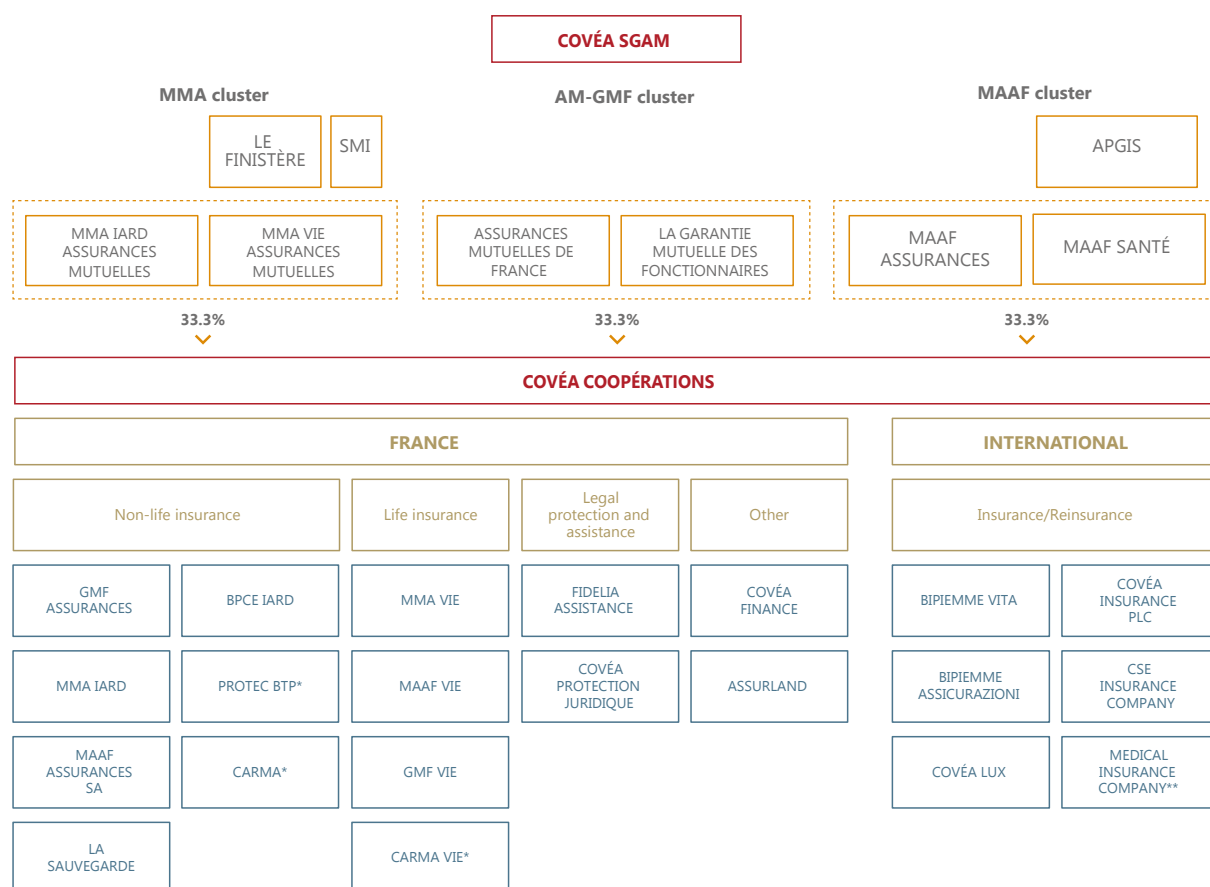
The nine mutual insurance entities that are affiliated with Covéa SGAM are divided into the following four families.

- **MMA**: MMA IARD Assurances Mutuelles, MMA Vie Assurances Mutuelles, Le Finistère Assurance, SMI
- **MAAF**: MAAF Assurances, MAAF Santé, APGIS
- **AM**: Assurances Mutuelles de France
- **GMF**: La Garantie Mutuelle des Fonctionnaires

Some entities affiliated with Covéa SGAM hold shares in Covéa Coopérations, a reinsurance company registered in France, which directly or indirectly owns all or part of the capital that makes up the Group's operational companies.

Covéa Coopérations serves as the hub coordinating Covéa SGAM's affiliated entities and the Group's operational companies.

### Simplified organisational chart of the Covéa Group at 31 December 2020



\* Accounted for using the equity method

\*\* Owned by MMA IARD Assurances Mutuelles

## 1.3 Activities and distribution networks

### 1.3.1 In France

#### 1.3.1.1 Business activities

##### Insurance activities

In France, Covéa principally operates under three strong brands:

- MAAF, a mutual insurance company with its own distribution network, which offers comprehensive solutions for individuals and small businesses.
- MMA, a mutual insurer with a third-party-operated distribution network of tied agents and brokers, which provides cover for individuals, small and large businesses, non-profit organisations and local authorities.
- GMF, a mutual insurance company with its own distribution network, which is the leading provider of personal insurance to French public-sector employees.

Through APGIS and SMI, two Covéa SGAM affiliated entities, the Group is also present in the health and protection market.

Through MAAF, MMA, GMF, APGIS and SMI, the Group offers a comprehensive range of products tailored to meet the needs of all its members and customers and thereby deliver the best possible insurance experience.

**In property and casualty**, Covéa provides a range of products for individuals, small and large businesses, non-profit organisations and local authorities. The Group has built a comprehensive range of personal lines, principally covering motor insurance, home insurance, personal assistance and legal protection needs. In commercial lines, Covéa's general liability, property and casualty, corporate fleet, construction and agricultural insurance solutions cater for a wide range of needs among small and large businesses.

**In health insurance and protection**, Covéa offers a full range of products providing both complementary health insurance and protection cover for individuals and small businesses as well as people employed by companies of all sizes. Covéa's individual and group policies cater for a vast range of needs, including cover for healthcare expenses, together with related services, and income protection should policyholders be unable to work, become disabled or die. The Group's protection solutions encompass temporary individual death insurance policies, creditor insurance products, whole life and funeral policies, as well as policies covering everyday accidents.

**In savings**, Covéa provides life insurance products and multi-unit capitalisation policies including a wide range of carefully selected unit-linked funds that offer an alternative to euro-denominated guaranteed payout products. The Group's **pension** solutions primarily comprise individual new pension savings products called *Plan d'Épargne Retraite* (PER), which were launched by MAAF and MMA in January and June 2020, respectively.

##### Reinsurance

The Group provides inwards reinsurance, mainly through Covéa Coopérations, which operates two business lines:

- **Non-life inwards reinsurance** outside France, mostly in the property, motor, engineering and personal injury segments. Insured risks are located in 40 countries on four continents. Direct business with ceding insurers accounted for 51% of premiums, compared with 49% via reinsurance brokers.

- **Inwards reinsurance in health and protection**, an area in which the Group is currently expanding, representing 65% and 35%, respectively, of premiums at end-2020. The business mainly focuses on traditional health and protection risks, primarily under group policies. Although the majority of risks are located in France, the Group is starting to move into other countries in this segment, with Europe (excluding France) accounting for 3% of business in 2020. Direct business with ceding insurers accounted for 33% of premiums, compared with 67% via reinsurance brokers.

##### Asset management

Covéa Finance is the Covéa Group's asset management company. It has more than €100.2 billion in assets under management and at 31 December 2020 had equity holdings worth close to €17.7 billion in the 49 funds it manages.

Covéa Immobilier pools the resources of the Group's three core brands as well as their expertise in managing investment and operating properties. At end-2020, its portfolio of investment properties totalled €5.9 billion, consisting of 213 properties located in the Greater Paris region, 66% of which were commercial properties and 34% were residential properties.

### 1.3.1.2 Distribution networks

Covéa distributes its products through various networks mainly operated by employees, tied agents and brokers. The Group's distribution strategy leverages its complementary networks to effectively respond to the needs of members and customers.

#### Principal third-party-operated networks

All MMA's products and services are sold via tied agents – independent business owners acting as intermediaries. Tied agents bring to bear their insurance expertise and local knowledge to sell MMA's insurance solutions as well as provide the high-calibre, seamless service its customers expect. The MMA network totals 1,604 points of sale, with a sales force of over 5,500 agents and employees throughout France.

MMA also possesses a network of brokers mainly covering commercial lines.

#### Principal employee-operated networks

MAAF and GMF have their own distribution networks within the Covéa Group where each brand employs its own workforce to distribute its products.

The MAAF network employs over 3,300 people dedicated to building relationships with its members and customers through its 522 points of sale and 10 call centres. GMF's distribution network employs over 2,400 people and operates 316 points of sale and 11 call centres.

#### Partnerships

In 1996, the Covéa Group and Banques Populaires formed BPCE IARD in which each hold a 50% stake. BPCE IARD distributes its motor, comprehensive home, legal protection and comprehensive commercial insurance products through the networks of the Banque Populaire, the Caisse d'Épargne and Foncia. As part of the evolving partnership with Natixis Assurances, BPCE IARD began to gradually shift focus to expanding its business in the commercial market in 2020.

## 1.3.2 Around the world

Outside France, the Group operates in five countries, predominantly the United Kingdom and Italy.

#### United Kingdom

Covéa Insurance provides property, casualty and liability coverage for personal and business customers. In February 2015,

the Group further strengthened its position in the United Kingdom by acquiring Sterling, a group specialised in mid-to high-end home insurance and protection. Sterling's non-life activities were integrated within Covéa Insurance in late 2015. Covéa Insurance distributes its products via brokers, direct sales networks and affinity insurance partners.

#### Italy

In Italy, the Group operates through its subsidiaries Bipiemme Vita and Bipiemme Assicurazioni, the products of which are distributed by the Banco BPM group.

Bipiemme Vita operates in the personal life insurance market, with euro-denominated and unit-linked savings products being its main focus. Bipiemme Assicurazioni provides a range of property, casualty and liability cover for individuals, including motor, home and borrower insurance products.

#### United States

Civil Service Employees (CSE) Insurance Company is a multi-line provider of personal and commercial property and casualty insurance products. In personal lines, CSE mainly provides motor and home insurance. CSE primarily operates within California, but is also present in Utah, Nevada and Arizona. It distributes its products via a network of non-exclusive agents and a partnership with a Utah-based broker.

#### Luxembourg

Covéa Lux is a Luxembourg-based reinsurance company that provides the Group with solutions to manage its retention ability and, where necessary, its additional reinsurance ability to supplement reinsurance policies. Covéa Lux provides reinsurance services primarily to insurance companies that fall within the scope of the Covéa Group.

#### Ireland

Medical Insurance Company, which used to sell medical malpractice insurance mainly in France, ceased its underwriting activities in November 2015.

#### French subsidiaries

Covéa's French subsidiaries also accept reinsurance risks, provide affinity insurance and underwrite other risks in other EU countries under the freedom to provide services. MMA also provides coverage for the foreign operations of its French customers.

## 1.4 Strategy

### Firm foundations

The strategy at Covéa is shaped by its mutual values and long-term business model led by a high level of solvency, enabling it to weather even the most extreme events. That is why the Group also works to build up its financial strength, which is underpinned by its diversified operations, consistently effective long-term investment management and market-leading solvency levels.

After building the corporate and financial pillars that support the Group's strategy (Covéa SGAM and Covéa Coopérations, respectively), Covéa consolidated the third pillar, human resources, with a collective bargaining agreement to harmonise the status of the Group's 21,000 employees in France.

### Real traction

As the pace of change in the regulatory and competitive environment picks up, these three pillars provide the foundation for everything the Group does, enabling it to continue to broaden its customer base, transform its business model and maintain profitability to create more value for the Group, its members and employees.

The strategic and operational priorities of the Cové@venir 2021 plan serve four main purposes:

#### Focus on higher-value segments and markets

In personal lines, the Group continues to pursue profitable growth by targeting products and markets that create value for policyholders, such as personal protection, legal protection and health insurance. In commercial lines, Covéa targets high-value market segments. The Group has also achieved real growth momentum in affinity insurance partnerships.

In life insurance, the Group focuses on offering a comprehensive range of solutions and maintaining margins over the long term. Consequently, it aims to shift the product mix more towards unit-linked products and expand in pension savings and protection.

Reinsurance remains a key driver of business diversification, which leads the Group to explore growth opportunities, as well as organic expansion in property and casualty reinsurance and in health and protection reinsurance.

#### Deliver a first-class customer experience

Covéa continues to invest in providing excellent standards of service to its members and customers in order to build strong personal relationships and overhaul customer journeys to deliver an unparalleled experience.

The Group plans ahead and devises the digital models of the future by seeking to better understand its members and customers so as to offer them the products and services they need.

### Hone operational efficiency

By placing the customer relationship at the core of its strategy, Covéa seeks to continuously improve operational efficiency and competitiveness. This objective will be achieved primarily by upgrading the Group's information systems and streamlining business processes and offerings.

### Harness the efforts of Covéa's committed teams

Covéa harnesses the engagement and commitment of its employees, preparing them to meet the professional challenges of the future. The Group rewards collective and individual contributions to value creation, and has adapted its managerial model to encourage cooperation and collaboration, which it regards as crucial.

### Execution

The Covéa Group implements its strategy through the relationships its brands develop with their members and customers in each market and their efforts to provide a first-class customer experience.

#### “MAAF, for individuals and small businesses”

Building on its performance over recent years, MAAF aims to further increase its share of the commercial lines market and is forging ahead with its digital transformation to bolster its positions in personal lines. MAAF accurately communicates its ambition through its motto: “the customers’ choice”.

#### “MMA, Covéa’s general insurer”

MMA is now a leader in the French personal and business insurance markets and in the affinity insurance market. It will continue this expansion while supporting Covéa’s leadership in personal lines. Its networks of tied agents and brokers drive the development of the commercial lines business.

#### “GMF, the leading insurance provider for French public-sector employees”

GMF aims to make itself “the natural choice” when it comes to providing affinity insurance for French public sector employees. GMF is strengthening its business model to further improve its high loyalty rate, sound risk management and excellent value for money.

# 02.

## Governance framework

<b>2.1</b>	<b>The Board of Directors</b>	<b>15</b>
<b>2.2</b>	<b>Board Committees</b>	<b>17</b>
2.2.1	Audit and Risks Committee	17
2.2.2	Remuneration and Appointments Committee	17
2.2.3	Strategic Committee	18
<b>2.3</b>	<b>Executive management</b>	<b>18</b>
<b>2.4</b>	<b>Remuneration policy</b>	<b>19</b>
2.4.1	Remuneration of directors and committee members	19
2.4.2	Executive remuneration	19
2.4.3	Other components of remuneration	20
<b>2.5</b>	<b>Risk management and internal control</b>	<b>21</b>
2.5.1	Risk management system	21
2.5.2	Periodic Control: Internal Audit	22
2.5.3	Compliance and internal control system	23
2.5.4	Actuarial function	24

# Governance framework

Covéa is a mutual insurance group made up of four families of affiliate companies – MAAF, MMA, AM and GMF. In all, it comprises six mutual insurance companies, two “1945 mutuals”, and a protection insurer.

The members of the affiliate companies have supreme authority, which they exercise via the representatives they elect at their general meetings, where the members of their boards of directors are appointed.

Covéa SGAM, the Covéa Group's parent company, is managed by a Board of Directors, with its Chairman also serving as Chief Executive Officer.

To ensure the interests of all members are represented, the Covéa SGAM Board of Directors comprises directors from the affiliated mutual entities, which are all represented at its General Meeting.

Perfectly aligned with its business model and activities, the Group's governance framework supports the implementation of its strategy.

As part of the effort to constantly improve its governance, the Covéa Group changed the structure of its Board committees in 2020, by:

- establishing a Strategic Committee;
- expanding the remit of the Remuneration Committee, which became the Remuneration and Appointments Committee;
- splitting the Audit and Risks Committee into two separate bodies as of 1 January 2021.

On 1 December 2020, the Group changed its operational governance, modifying the structure of the Executive management team and the Executive Committee.

The following chart presents the Covéa Group's governance structure at 31 December 2020:



<sup>1</sup> From 1 January 2021, the Audit and Risks Committee was split into two separate committees to form the Audit Committee and the Risks Committee.



## 2.1 The Board of Directors

### Composition of the Board of Directors

At 31 December 2020, the Covéa Group was overseen by a Board of Directors made up of 27 members, 41% of whom were women.

Name	Role within the Board of Directors at 31 December 2020
Thierry Derez	Chairman of the Board of Directors Chairman of the Strategic Committee
Jean-Claude Seys	Vice-Chairman of the Board of Directors Member of the Strategic Committee
Christian Baudon	Director and Deputy Director Member of the Strategic Committee
Jean-Michel Banlier <sup>1</sup>	Director
Bernard Barbottin	Director Member of the Audit and Risks Committee Member of the Remuneration and Appointments Committee Member of the Strategic Committee
Hélène Béjui-Hugues	Director Chair of the Remuneration and Appointments Committee <sup>3</sup> Member of the Strategic Committee
Luce Berille	Director
Carole Brandicourt	Director
Françoise Croguennec	Director
Xavier Dejaiffe	Director Member of the Remuneration and Appointments Committee
Christian Delahaigue	Director Member of the Audit and Risks Committee Member of the Remuneration and Appointments Committee
Jean Fleury <sup>1,2</sup>	Director Chairman of the Audit and Risks Committee Member of the Remuneration and Appointments Committee
Anne-José Fulgères <sup>1</sup>	Director Chair of the Audit and Risks Committee Member of the Remuneration and Appointments Committee
Karine Gilbert-Belhomme	Director
Jean-Pierre Gualuzzi	Director
Diane Hamen	Director
Hélène Martini	Director Member of the Strategic Committee
Christiane Maurech	Director
Marie-France Orti <sup>2</sup>	Director Member of the Audit and Risks Committee
Assurances Mutuelles de France represented by Jean-Marie Meckler <sup>1</sup>	Director
APGIS represented by Agnès Bekourian	Director
La Garantie Mutuelle des Fonctionnaires represented by Hubert Ivanoff	Director Member of the Audit and Risks Committee
MAAF Assurances represented by Jean-Pierre Paquien <sup>1</sup>	Director
MAAF Santé represented by Michel Gougnard	Director Member of the Audit and Risks Committee
MMA IARD Assurances Mutuelles represented by Michel Coursat <sup>2</sup>	Director Member of the Audit and Risks Committee
MMA Vie Assurances Mutuelles represented by Christophe Guettier <sup>1</sup>	Director
SMI represented by Philippe Bailly <sup>2</sup>	Director

<sup>1</sup> Member of the Risks Committee from 1 January 2021, which is chaired by Jean Fleury.

<sup>2</sup> Member of the Audit Committee from 1 January 2021, which is chaired by Michel Gougnard. Jean-Jacques Vouhé and Patrice Forget also sit on the Committee.

<sup>3</sup> Replacing Jean Fleury from 15 September 2020.

## Changes to the composition of the Board of Directors and its committees in 2020

	Departure	Appointment
Board of Directors	Gilbert Lebrument (1 Apr. 2020) Michèle Beyt – MAAF Vie (6 Apr. 2020) Michel Castagné (6 Apr. 2020) Christophe Crépin (30 Jun. 2020) Éric Lagarde (30 Jun. 2020) Monique Berger (17 Nov. 2020) Rémy Vergès (18 Nov. 2020)	Agnès Bekourian (1 Apr. 2020) Luce Berille (6 Apr. 2020) Jean-Pierre Paquien (6 Apr. 2020) Françoise Croguennec (30 Jun. 2020) Karine Gilbert-Belhomme (30 Jun. 2020) Carole Brandicourt (20 Nov. 2020)
Remuneration and Appointments Committee		Bernard Barbottin (15 Sep. 2020) Xavier Dejaïffe (15 Sep. 2020)
Audit and Risks Committee	Michèle Beyt – MAAF Vie (6 Apr. 2020)	Michel Gougnaud – MAAF Santé (6 Apr. 2020)
Strategic Committee		Bernard Barbottin (15 Sep. 2020) Christian Baudon (15 Sep. 2020) Hélène Béjui-Hugues (15 Sep. 2020) Thierry Derez (15 Sep. 2020) Anne-José Fulgères (15 Sep. 2020) Hélène Martini (15 Sep. 2020) Jean-Claude Seys (15 Sep. 2020)

### Roles and responsibilities of the Board of Directors

The Board of Directors defines the company's strategic direction and oversees its implementation. Subject to the powers expressly granted to general meetings and within the remit of the corporate purpose, the Board deals with all matters that may affect the company's operation and makes decisions to resolve any issues arising in relation to the company. The Board exercises control over the Covéa Group's affiliated entities and, more generally, over all Group companies. It also monitors compliance with the rights and obligations set forth in affiliation agreements and the Articles of Association.

The Board of Directors exercises many powers, which include but are not limited to the following:

- It reviews the Group's management priorities, including in financial affairs, its performance and any regulatory changes that require approval.
- It sets the Group's governance structure.
- It appoints and removes the Chairman and Chief Executive Officer, the Chief Corporate Officers and the people who effectively run the company.
- It reviews and approves the annual financial statements and the management reports for the Group and Covéa SGAM.
- It carries out all obligations required by Solvency II regulation, in particular approving the Regular Supervisory Report and the Solvency and Financial Condition Report, reviewing the policies and reports for key functions, in particular the Own Risk and Solvency Assessment (ORSA report).

- It approves the principles of the remuneration policy and the compensation awarded to the Chairman and Chief Executive Officer.
- It convenes the General Meeting.
- It puts forward directors to be appointed, which are voted by shareholders at the General Meeting.

Appointments are carefully monitored to ensure directors abide by the regulations capping the number of corporate offices that may be held concurrently. Directors are appointed for a six-year term of office.

The Board of Directors meets as often as the company's interests may require. In 2020, it met 11 times, with an attendance rate of 91.83%.

In 2020, the Board of Directors focused on managing and monitoring the Covid-19 pandemic, as well as overseeing operations, the implementation of the strategy, governance changes, planned acquisitions or disposals and the new supplementary pension plan. It also approved the annual financial statements of Covéa SGAM, the combined financial statements and the reports required under Solvency II regulation, reviewed reports made by the Board committees, managed the cyber risk, in particular the repercussions of the cyber attack, in addition to renewing the reinsurance programme, the financial management policy and the corporate social responsibility policy.

## 2.2 Board Committees

### 2.2.1 Audit and Risks Committee

The remit of the Audit and Risks Committee, which operates under the authority of Covéa's Board of Directors, extends to insurance and reinsurance entities controlled by the Covéa Group. At 31 December 2020, the Audit and Risks Committee had nine members:

- Jean Fleury, Chairman
- Bernard Barbottin, member
- Michel Coursat, permanent representative of MMA IARD Assurances Mutuelles, member
- Christian Delahaigue, member
- Anne-José Fulgéras, member
- Michel Gougnard, permanent representative of MAAF SANTE, member
- Hubert Ivanoff, permanent representative of La Garantie Mutuelle des Fonctionnaires, member
- Marie-France Orti, member
- Jean-Jacques Vouhé, member

The Audit and Risks Committee is responsible for monitoring:

- the preparation of financial information. It also reviews individual and consolidated financial statements when the annual accounts are being prepared;
- the statutory auditing of the annual financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors;
- the effectiveness of internal control systems;
- the risk management policy, procedures and systems, and their effectiveness;
- the work of the key functions.

In addition, the Audit and Risks Committee must approve any non-audit services provided by the Statutory Auditors.

The Chairman of the Audit and Risks Committee regularly reports on the Committee's work to Covéa's Board of Directors. In 2020, the Audit and Risks Committee met seven times with an attendance rate of 100%.

### 2.2.2 Remuneration and Appointments Committee

Covéa's Board of Directors decided to expand the remit of the Remuneration Committee, which became the Remuneration and Appointments Committee as of 15 September 2020.

The remit of the Remuneration and Appointments Committee, which operates under the authority of Covéa's Board of Directors, extends to all entities controlled by the Covéa Group. At 31 December 2020, the Remuneration and Appointments Committee had five members:

- Hélène Bėjui-Hugues, Chair
- Bernard Barbottin, member
- Xavier Dejaiffe, member
- Christian Delahaigue, member
- Jean Fleury, member.

The Remuneration and Appointments Committee is responsible for:

- ensuring, on behalf of the Board of Directors, the remuneration policy is properly applied;
- recommending the amount of compensation awarded to corporate officers and reviewing the remuneration paid to managers of key functions and other key positions;
- offering advice regarding the composition of management bodies (including the Board of Directors, Chairman, Vice-Chairman, Deputy Director, Chief Executive Officer, Chief Corporate Officer and the person who effectively runs the company) and committees, as well as listening to the presentation made by the Chairman and Chief Executive Officer regarding the career development of the main senior executives and people in key functions;
- putting forward the succession plan for the person who effectively runs the company;
- monitoring the skills of boards and committees, approving and monitoring the training plan for directors and supervising changes made to the Board of Directors.

As a body set up to study, analyse and review, the Remuneration and Appointments Committee provides the Board of Directors and Executive Management with opinions, advice and recommendations regarding the above responsibilities, when required.

Once a year, the Committee Chair reports to the Covéa Board of Directors on any priorities the Committee has set, as well as any analyses, assessments or initiatives it has undertaken within the scope of its remit.

In 2020, the Remuneration and Appointments Committee met 12 times with an attendance rate of 100%.

## 2.2.3 Strategic Committee

Covéa's Board of Directors decided to set up a Strategic Committee as of 15 September 2020. It is positioned at Group level and reports on its work to the Covéa Board of Directors. At 31 December 2020, the Strategic Committee had seven members:

- Thierry Derez, Chairman
- Bernard Barbottin, member
- Christian Baudon, member
- Hélène Béjui-Hugues, member
- Anne-José Fulgères, member
- Hélène Martini, member
- Jean-Claude Seys, member

The Strategic Committee is responsible for:

- taking the lead, on behalf of the Covéa Board of Directors, regarding the Group's strategy, in particular:
  - assessing the Group's strategic positioning in the market,
  - reviewing the proposals made by Executive Management to determine the strategy before it is put to the Covéa Board of Directors;
- monitoring the implementation of the Group's strategy as adopted by the Board;
- reviewing any planned mergers, acquisitions, investments and disinvestments that may have a material impact on the Group;
- keeping the Group's Executive Management team constantly informed of any strategic changes, in particular with regard to the international expansion policy and strategic partnerships.

As the Strategic Committee was only set up on 15 September 2020, it did not meet in 2020, but it was consulted once.

## 2.3 Executive management

Thierry Derez, Chairman and Chief Executive Officer, is assisted by two Chief Corporate Officers, Maud Petit and Paul Esmein, who replaced Amaury de Hauteclouque on 15 September 2020. Paul Esmein was also appointed Deputy Chief Executive Officer of the Covéa Group on this date.

The Chairman and Chief Executive Officer and the Chief Corporate Officers hold the broadest powers to act in all circumstances on behalf of the Covéa Group. They exercise these powers within the remit of the corporate purpose and subject to those expressly granted by law to the General Meeting and Board of Directors. They represent Covéa in its dealings with third parties and are authorised to delegate their powers.

The Executive Committee assists the Chairman and Chief Executive Officer and the Chief Corporate Officers in the operational coordination of all Group entities and activities, making it the most high-level operating committee within the Group.

It is composed of the Chairman and Chief Executive Officer, two Chief Corporate Officers and the Managing Directors of the main insurance companies and heads of the Group's support functions.

At 31 December 2020, the Executive Committee was made up of 13 members:

- Thierry Derez, Chairman and Chief Executive Officer
- Paul Esmein, Deputy Chief Executive Officer for the Group and Corporate Secretary
- Maud Petit, Chief Financial Officer
- Laurent Tollié, Managing Director Customer Relationships
- Stéphane Duroule, Managing Director MAAF
- Didier Bazzocchi, Managing Director MMA
- Jérôme Roncoroni, Managing Director GMF
- Thierry Francq, Managing Director Transformation and International Activities
- Valérie Cohen, Managing Director Offers and Services
- Amaury de Hauteclouque, Managing Director Human Cooperations
- Olivier Le Borgne, Managing Director Investment
- Lionel Calvez, Managing Director Risks
- Éric Lécuyer, Director Life Insurance

The Executive Committee has a comprehensive overview of the Group and deals with all matters pertaining to its companies, which pool certain resources, tools and know-how in accordance with Group policies. The Committee meets twice a month or as often as the interests of the Covéa Group and its entities require.

## 2.4 Remuneration policy

The remuneration policy, which applies to the Covéa Group, its affiliate companies, and entities over which it exercises a dominant influence, sets forth the rules for determining the compensation and/or remuneration of all corporate officers, senior executives and employees.

It is consistent with the overarching goal of promoting sound, prudent and effective risk management that does not encourage risk-taking beyond what can be tolerated. It also aims to attract, motivate and retain the skills the Covéa Group needs.

It lays down general principles and their associated criteria and defines processes for implementing, monitoring and controlling the remuneration system.

The remuneration policy has been approved by the Covéa Board of Directors.

### 2.4.1 Remuneration of directors and committee members

Covéa remunerates directors and committee members from within the maximum allocation approved by the General Meeting.

The amount awarded to each director is based on their attendance at Board meetings and any roles they may have in the Audit and Risks Committee, the Remuneration and Appointments Committee and the Strategic Committee.

At 31 December 2020, the Board of Directors had 27 members, the Audit and Risks Committee had nine members, the Remuneration and Appointments Committee had five members and the Strategic Committee had seven members.

Directors and committee members receive:

- A fixed annual sum paid unconditionally in remuneration for preparatory work.
- A variable amount that consists of a fee for each meeting attended to encourage a high level of attendance.

In 2020, the amounts awarded by Covéa were as follows:

- Board of Directors: a fixed annual sum of €4,000 plus €2,000 per meeting (excluding the Deputy Director)
- Audit and Risks Committee: a fixed annual sum of €5,000 (€10,000 for the Chairman) plus €2,500 per meeting

- Remuneration and Appointments Committee: a fixed annual sum of €4,000 plus €2,000 per meeting
- Strategic Committee: a fixed annual sum of €4,000 plus €2,000 per meeting
- Covéa's Deputy Director: a fixed payment of €60,000 before tax and charges paid at the end of the year, to which attendance fees may not be added

Directors who are employed by a Covéa Group entity do not receive any such fees.

The overall amount of remuneration awarded to members of the Covéa Board of Directors in respect of their directorships at all Covéa Group entities in 2020 (including affiliated and controlled entities) totalled €1,287,452 (including €953,008 for their directorships at Covéa).

Directors and committee members do not benefit from pension plans, nor share or stock options in respect of their directorships.

### 2.4.2 Executive remuneration

#### 2.4.2.1 Chairman and Chief Executive Officer

The gross compensation paid to the Covéa Group Chairman and Chief Executive Officer in respect of 2020 totalled €1,673,146<sup>1</sup>, including gross fixed compensation of €1,595,626 and gross variable compensation of €77,520, assessed on the basis of the three-year target plans.

The compensation awarded to the Chairman and Chief Executive Officer is determined by the Board of Directors on the recommendation of the Remuneration and Appointments Committee. The cost of the fixed and variable compensation awarded to the Chairman and Chief Executive Officer is borne by the various entities at which he serves as Chairman, namely Covéa, MMA IARD Assurances Mutuelles, MMA VIE Assurances Mutuelles, MAAF Assurances, La Garantie Mutuelle des Fonctionnaires and Assurances Mutuelles de France.

The Chairman and Chief Executive Officer does not receive any shares or stock options.

<sup>1</sup> The overall gross compensation paid to the Chairman and Chief Executive Officer in respect of 2019 totalled €1,679,554.

## 2.4.2.2 Other executive corporate officers

The two Chief Corporate Officers receive a fixed sum for their Covéa appointments, which in 2020 represented a gross amount of €66,741 in respect of the 12-month term of office<sup>2</sup>. This compensation is determined by the Board of Directors on the recommendation of the Remuneration and Appointments Committee.

They also hold an employment contract covering their other duties within the Covéa Group, which are separate from their duties as a corporate officer.

## 2.4.2.3 Senior executives

The remuneration of senior executives provides incentives to motivate individual and collective performance in line with the Group's long-term interests.

It is composed of a fixed component and a variable component, calculated using a combination of precise quantitative and qualitative criteria defined at the beginning of the year and capped at 30% of annual fixed remuneration. Once a year, the Remuneration and Appointments Committee presents the remuneration of senior executives.

Overall, senior executives (other than the Chairman and Chief Executive Officer) received total gross remuneration<sup>3</sup> of €5,151,391 in respect of 2020. There were an average of 12 senior executives over the year.

Furthermore, they benefit from employee savings and profit-sharing agreements signed by their employer.

Senior executives may perform duties outside the strictly defined scope of the entity they lead or by which they are employed. Where this occurs, the cost is billed between companies pursuant to Article 261 B of the French General Tax Code (*Code Général des impôts*).

<sup>2</sup> Given the person occupying the role of Chief Corporate Officer changed on 15 September, the compensation was awarded on a pro rata basis to each.

<sup>3</sup> Fixed and variable components set out in their employment contracts.

<sup>4</sup> Senior managers from the consortium of employers Covéa D.

## 2.4.3 Other components of remuneration

### Supplementary pension plans

In accordance with the Order of 3 July 2019 regarding supplementary pension plans, the legal entities concerned decided that they would close their defined benefits plan.

Consequently, the Remuneration Committee took action in 2020 to rework the supplementary pension plans open to senior managers<sup>4</sup> and senior executives.

The Committee determined the new pension plan on the basis of a study conducted by an independent firm (Willis Towers Watson) on the practices of major employers in France and took account of the recommendations of the AFEP-MEDEF corporate governance code.

The pension plan open to all senior executives is similar in nature to the plan in place for the Group's senior managers<sup>4</sup>.

The new supplementary pension plan combines a mandatory pension savings plan (PER) and a voluntary "Article 82" pension plan, enabling employees to build up savings to supplement retirement income. These defined contribution plans do not guarantee the level of retirement income.

The Board of Directors approved the implementation of this plan from 1 November 2020 for Covéa SGAM at its meeting on 30 June 2020, based on the proposal made by the Remuneration Committee.

- The mandatory defined contribution plan (PER) involves:
  - Employer contributions of 5% of the employee's reference remuneration, which are transferred to a third-party body. These contributions fall within the social and tax framework of the PER.
  - An annuity from the employer contributions paid to beneficiaries, which is subject to all applicable social charges and tax.
- The voluntary defined contribution "Article 82" pension plan involves:
  - Employer contributions of 10% of the employee's reference remuneration, which are transferred to a third-party body, and where applicable, an additional contribution paid over a five-year period. This additional contribution corresponds to a percentage of the employee's reference remuneration, which is determined on the basis of the time spent within the Group as a senior manager or corporate officer of the SGAM when the plan was put in place.

- As contributions transferred to a third-party body are not covered by any preferential social or tax regime, the employer also offers compensation to offset the deduction of social charges and tax from the income of beneficiaries. The payment of this compensation is tied to the payment of contributions to the third-party body.

The reference remuneration, which represents the basis for calculations, integrates gross fixed and variable components of remuneration awarded in respect of an employment contract or a directorship.

#### **Other benefits**

Every member of the Executive Management team enjoys the use of a company car, except for the Chairman and Chief Executive Officer, to whom a service vehicle is made available for business purposes.

They benefit from the same healthcare and protection cover as all Covéa Group employees<sup>5</sup>.

Accommodation may be provided when their main residence is outside the Paris region.

They do not receive any contractual severance payments, shares or stock options.

## 2.5 Risk management and internal control

### 2.5.1 Risk management system

Covéa's risk management system is designed to detect, analyse, measure, manage, monitor and report continuously and prospectively all the risks to which the Covéa Group is exposed. The Risks Department has overall responsibility for implementing the risk management system.

The risk management system:

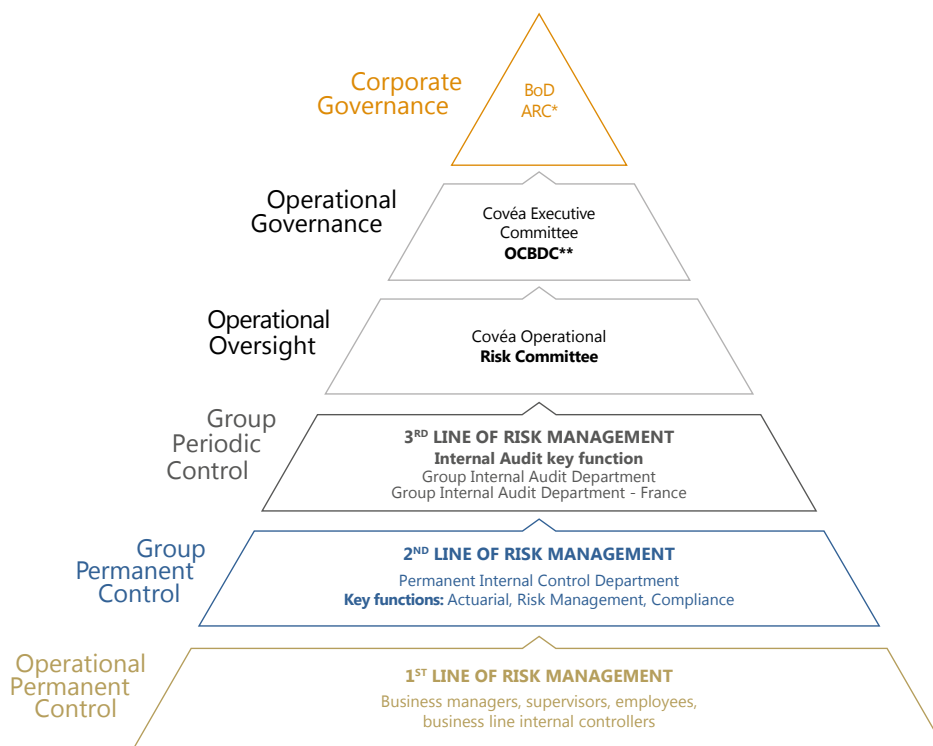
- covers the risks included, partially included and not included in the solvency capital requirement under Solvency II standards, risk reduction techniques and risks related to the valuation method for the prudential balance sheet;
- maps risks at company and Group level, using a methodology, process framework and a shared risk taxonomy harmonised at Group level;
- uses the ORSA<sup>6</sup> processes to conduct internal risks and solvency assessments. The risk management system produces reports on each entity's risks for the governance bodies, including the annual ORSA report;
- operates under a general risk management policy and detailed policies managing specific types of risks (e.g. underwriting, reserving, reinsurance, investment, ALM, etc.). The Board of Directors approves these policies on an annual basis.

In addition, the risk management system must ensure Covéa translates its strategy into effective operational priorities and guarantee the suitability of its risk appetite. It includes a critical review of the business plans pursued by Group entities to ensure compliance with the Covéa Group's overall risk appetite limits and confirm any inherent risks can be controlled. Consequently, the risk management system helps to promote sound decision-making. To this end, it draws on the detailed risk management policies that specify each business line's responsibilities on the basis of strategic objectives and confirms that the operational limits set for each type of risk are consistent with the overall risk appetite of the Covéa Group strategy. Different risk levels and limits are tested to ensure the risks taken will not compromise survival of the Covéa Group or its entities, or protection of those insured.

The governance of Covéa's risk management system forms part of the Group's general internal control system.

<sup>5</sup> Senior executives are also entitled to an annual medical check-up.

<sup>6</sup> ORSA: Own Risk and Solvency Assessment.



\* Board of Directors, Audit and Risks Committee<sup>7</sup>.

\*\* Operational Coordination and Brand Development Committee.

The Risk Management function reports on its work to Executive Management, the Risks and Audit Committee and the Board of Directors on a regular basis. At least once a year, it compiles a report of the ORSA analyses, which is submitted to the Covéa Group's governing bodies for approval.

The Operational Risk Committee is the decision-making body that has authority on operational issues relating to the ORSA analyses, Covéa Group and company risk maps, internal control work (control plans, results of key controls, review of key incidents, rating of company risks, follow-up on action plans, alerts, etc.) and the Compliance Department's work. It also serves as a forum for sharing the insights gained from the work carried out by the Internal Audit Department.

<sup>7</sup> From 1 January 2021, the Audit and Risks Committee was split into two separate committees to form the Audit Committee and the Risks Committee.

## 2.5.2 Periodic Control: Internal Audit

The Internal Audit function is tasked with assisting the Board of Directors and Executive Management in safeguarding the company's assets, reputation and viability. By performing periodic controls, it provides independent and objective assurance on the design, suitability and effectiveness of governance, internal control and risk management systems. It issues recommendations on actions to correct any failings detected and monitors their implementation.

The Internal Audit function plays a key part in tightening up risk control and improving overall performance. The scope of the Internal Audit function encompasses:

- the achievement of strategic objectives and the viability of the business model;
- the technical, economic and financial position;
- compliance with the law and regulations;



- the effectiveness of resources and organisations;
- operational performance and the effectiveness of operational controls;
- risk oversight (including strategic, emerging and reputational risks) as well as the suitability and performance of the associated risk management system;
- procedures to prevent internal and external fraud;
- strategic outsourcing and the way in which it is monitored;
- the reliability of financial information, and the quality of management data in general.

The Internal Audit function comes under the responsibility of the Internal Audit Department. It reports directly to the Group Chairman and Chief Executive Officer and operates under the functional authority of Covéa's Audit and Risks Committee. It has direct access at all times to the company's senior executives and the Board of Directors.

It produces reports on a regular basis and sends them to members of the Executive Committee, including:

- a quarterly internal audit of KPIs tracking the progress made on the audit plan and the implementation of recommendations;
- the annual report of the Group's Internal Audit function, which presents audit results, progress on the implementation of recommendations, and an assessment of compliance with the internal audit policy based on various performance indicators.

The Internal Audit function undergoes regularly assessment by an independent body as part of IFACI Certification, which was most recently renewed in 2018. This certification offers stakeholders a guarantee that the quality of services and the internal audit system has been maintained.

### 2.5.3 Compliance and internal control system

#### Compliance system

Covéa's Chief Compliance Officer oversees the compliance system and regularly reports on compliance activities to the Audit and Risks Committee.

The Compliance Assurance function is tasked with:

- advising management bodies on any matter relating to compliance with legal, regulatory and administrative provisions regarding insurance and reinsurance activities;
- assessing the potential impact of any change in the legal environment on the company's business;

- identifying and assessing non-compliance risks, in particular by assessing the suitability of measures adopted to prevent non-compliance.

To effectively carry out these duties, the compliance system is structured so as to anticipate and analyse regulatory changes, oversee the operational implementation of such changes, measure the impact on Group activities and ensure they are put in place correctly.

Each year, the Compliance Department and the Permanent Internal Control Department draw up a plan together to ensure compliance that includes in-depth checks on certain topics and permanent annual verifications on the areas and scopes within the Compliance key function as defined in the Covéa Compliance strategy.

#### Internal control system

The internal control system seeks to identify, assess and manage operational risks. It helps to ensure activities are compliant, operations are effective and resources are used efficiently.

Based on the COSO<sup>8</sup> framework, the internal control system comes under the responsibility of the Permanent Internal Control Department, which reports to the Risk Department.

The role of the internal control system is to ensure that:

- the company complies with applicable laws and regulations;
- the instructions and priorities set out by Executive Management are followed;
- the company's internal processes are effective, especially those safeguarding tangible and intangible assets (such as expertise and reputation);
- financial information is reliable, for example by separating duties, identifying information sources, observing accounting rules, etc.

The organisation of the internal control system is designed to ensure its independence and enable it to fulfil its role effectively.

Regular internal control reports are submitted to managers, senior executives and governance bodies in accordance with an annual reporting plan.

<sup>8</sup> COSO stands for the Committee of Sponsoring Organizations of the Treadway Commission, a body that has established a standard definition of internal control and a framework for evaluating its effectiveness.

## 2.5.4 Actuarial function

The Actuarial function, which is overseen by Prudential Actuarial Services Department, ensures that technical reserves are calculated using appropriate methodologies, models and underlying assumptions. It also assesses the quality of the data used to establish prudential reserves and reviews the underwriting and reinsurance policies. By improving the understanding and management of underlying operational risks, the work of the Actuarial function makes the risk management system more robust.

The Actuarial function builds on the Group's comprehensive control system to carry out its duties. Consequently, the findings and recommendations made by the Group's permanent internal control system and Internal Audit function on the quality assessment of reserving processes, data, underwriting and reinsurance

enable the Actuarial function to identify priorities for more thorough investigation during the year. The coordination of key functions, and in particular the work of the Operational Risk Committee, also guides the efforts of the Actuarial function in accordance with the knowledge gained of the material risks and considerations identified.

The Actuarial function prepares an annual report in which it presents its conclusions on the assessment of technical reserves and issues an opinion on the underwriting and reinsurance policies. This annual report is sent to the Executive Committee and is subject to approval by the Board of Directors.

# 03.

## A proactive and responsible group

<b>3.1</b>	<b>CSR strategy and social impact</b>	<b>26</b>
<b>3.2</b>	<b>Non-financial performance</b>	<b>26</b>
3.2.1	Core responsibility objectives	26
3.2.2	Objectives by area for action	30

# A proactive and responsible group

## 3.1 CSR strategy and social impact

As a leading insurance provider, the Covéa Group takes its vocation to protect even further, drawing on its history, its role in society and its values of solidarity and shared support as a mutual insurance company to inject meaning into what it does. In this way, the Group helps drive the social and environmental transition to build a sustainable growth model that benefits its stakeholders, customers, employees, and society in general.

Consequently, in 2020 Covéa set itself a new aspiration to guide everyone towards a world of sustainable growth. To achieve this ambitious project, the Group developed its own social impact strategy in 2020, which is designed to have a profound, widespread and tangible influence on society. Covéa has chosen to focus on five areas where its action is relevant and can make a potentially significant impact – equal opportunities, knowledge, risk prevention, regional proximity and the environment and environmental transition.

The Covéa social impact strategy was presented to the boards of directors of the Group's companies. It applies to all entities, which in turn shape it into their social impact approach.

Moreover, Covéa has updated the governance of its social impact strategy; the CSR Strategy Committee, which meets four times a year, coordinates the priorities of this strategy, while the CSR Committee is the operational body responsible for social impact projects. These two panels steer the policy and oversee the roll-out of the approach. They also promote and monitor the implementation of the strategy and major projects, communicating any decisions and information to the rest of the Group.

The Social Engagement Department, under the authority of the Group Deputy Chief Executive Officer, sets the strategic priorities. Within this department, the social and environmental transition branch steers the approach and pursues social and environmental initiatives on behalf of all Covéa brands or in addition to the efforts made by the brands themselves. It also organises action involving the Group's 21,000 employees in France.

The transition branch harnesses its network of regional and business line correspondents, as well as its disability and gender equality networks – the "network of champions" and the Cov&elles ambassadors.

## 3.2 Non-financial performance

The Covéa Group voluntarily chooses to publish a Non-Financial Performance Statement covering its entire financial and social scope and describing how Covéa addresses the social and environmental consequences of its activities. Covéa implements policies and monitors the effectiveness of its action plans to mitigate or eliminate any risks. Such checks are integrated into the core responsibilities and the five areas for action.

The six main environmental and social risks identified are based on the Group's activities, as described in the Activities and Distribution Networks section of this report (1.3) and in the business model presented in the integrated report, which also describes value-creation resources and activities. The six risks include the risk of deteriorating employment relations, cyber risk, reputational risk, technical and commercial risk, ESG investment risk and environmental risks arising from the Group's business activities.

### 3.2.1 Core responsibility objectives

To form the foundation of its strategy, Covéa identifies the responsibilities at the heart of its business that drive meaning and shared value.

As a responsible employer, insurance provider, investor and buyer that maintains constructive dialogue with its stakeholders, Covéa has built up the credibility it needs to extend its action beyond its basic scope of responsibility.

#### 3.2.1.1 A responsible company

##### Promoting CSR in business conduct

To earn the trust of its stakeholders, the Group must first and foremost define and enact the ethical principles that underpin its approach to corporate social responsibility. Its ethical commitments are guided by its values of integrity, loyalty and trust that

come to life through proper business conduct, for which everyone bears a responsibility.

### Social commitment

In order to enable its employees to effectively adopt core CSR priorities and apply them in Covéa, the Group launched an interactive training module in September 2020. At end-2020, 6,310 employees had taken the course, which represents 31% of employees.

### Responsible purchasing

The Group's purchasing policy factors in the environmental and social impact of its purchases on its stakeholders and society by:

- inviting at least one company from the sheltered employment sector to bid in its tendering process for services;
- supporting the local economy by inviting SMEs to quote for projects when they may be able to fulfil the requirements;
- including a duty of care clause in its contracts, so as to improve compliance with human rights and fundamental freedoms, occupational health and safety rules, and environmental regulations.
- 95% of purchasing options made available to business lines include SME suppliers.

### Duty of care

Covéa has developed and published its duty of care plan, having identified risks in relation to human rights, personal health and safety and environmental protection arising from the insurance and reinsurance activities of the Group and its subsidiaries. A system available to all employees and anyone outside the Group has been set up to handle any red flags in relation to these risks.

### Anti-corruption

The Covéa anti-corruption programme includes in particular a corruption risk map, an anti-corruption code of conduct, a log of gifts and invitations, a professional whistleblowing procedure, an anti-corruption training programme and measures to assess and monitor the effectiveness of the anti-corruption system.

The Group takes a zero-tolerance approach to corruption and condemns corruption in all its forms.

- 81% of managers have undergone anti-corruption training.

### Combating fraud from external sources

The procedure to combat fraud from external sources centres around two principles – protecting the community of policyholders insured against fraud and helping to limit claims expenses and improve the quality of risk insurance.

Applicable to the entire Group and involving all claims management staff, the procedure covers mapping, training, leading, documentation, coordination, detection, management, inquiries, assistance and steering actions.

### Combating tax evasion

Covéa complies with its tax reporting obligations in each country and does not operate in countries or territories deemed uncooperative by France, the OECD or the European Union. Covéa also helps to ensure its customers honour their tax obligations.

### Security of data and IT systems

Covéa pays extremely close attention to safeguarding personal data, respecting privacy and protecting the cybersecurity of IT systems.

In 2020, the Group continued to pursue its personal data protection programme, appointing a Data Protection Officer and DPO correspondents in the main business lines handling personal data. The entities and departments concerned integrated the principles of privacy by design and privacy by default into their procedures. The Group finalised the procedures that enable policyholders to exercise their rights. Furthermore, Covéa trained its employees in how to handle sensitive data and the rules to follow to protect personal data.

- 94% of Covéa employees have undergone GDPR training.

The cyber risk prevention policy helps protect the continuity of the Group's essential activities. A comprehensive policy to safeguard Information Systems Security (INFOSEC) was developed in 2017, setting out the basic principles, including in particular the CyberSafe programme to raise awareness among all employees.

- 29% of Covéa employees followed at least one module of the INFOSEC programme.

#### 3.2.1.2 A responsible employer

### Ensuring employee health and quality of life at work

Covéa's occupational risk prevention policy is designed to improve the quality of life at work in accordance with the Group's CSR and human resources policies, preserve the physical and mental health of employees, anticipate occupational health and safety requirements, contribute to the Group's sustainable performance, and promote the quality of social dialogue.

In a year heavily affected by the pandemic, the Group sought to anticipate the challenges that would arise to overcome them while also demonstrating understanding in respect of individual and collective situations.

# A proactive and responsible group

Covéa set up a risk prevention unit to support and aid employees and managers, who were able to ask questions, make the Group aware of any vulnerability they may have to the virus, seek support or inform the Group they had caught the virus or been in contact with someone who tested positive. Over the course of the year 14,917 emails were handled.

Covéa enabled all employees to work from home wherever possible during the two lockdown periods in 2020. At the end of October, the Group fitted out 270 work stations for people working from home who required special ergonomic setups.

## Supporting career management and the long-term development of human capital

In the Group's collective bargaining agreement on strategic workforce planning, which was renegotiated in 2020, Covéa pledged to maintain and develop the skills of its employees to boost their career prospects and employability.

In order to enable employees to move within the Group, both horizontally and vertically, Covéa enriched its business line guide, available to all employees. Supplemented with video testimonies, the guide now includes an overarching view of the business lines and the skills overlap they present.

As part of the draft strategic workforce plan, the Group identified the 15 professions with the greatest recruitment needs over the next three years. The process enables Covéa to anticipate any recruitment needs and informs employees planning their careers.

The Group motivates employees to take charge of their own learning, encouraging them to learn in a practical setting on the job. Covéa has developed a range of multi-modal solutions, including a new digital training platform, interview simulators, online training courses and virtual classes.

- Each Covéa employee spends on average 17.1 hours in training.
- Proportion of vacancies filled internally: 61% (compared with 62% in 2019).

## Maintaining constructive social dialogue

Covéa maintains social dialogue through a number of bodies, responsible for different scopes and priorities. Employee representative bodies operating within Covéa's Economic and Social Unit (ESU) include the central Economic and Human Resources Committee (EHRC) and three branch EHRCs based in Niort, Levallois and Le Mans.

Social dialogue also takes place with union representatives present in the Group, in particular when negotiating company-level

collective bargaining agreements. In 2020, such negotiations focused on renewing major Group agreements on a variety of matters including strategic workforce planning, gender equality and disabled employees, as well as employee savings, profit-sharing and remote working. Due to the pandemic, these meetings accounted for 63% of the total annual workload of Covéa's Employee and Labour Relations Department (compared with 35% in 2019).

### 3.2.1.3 Responsible insurance provider

#### Creating a supportive customer experience that goes beyond insurance

Covéa has reinvented the customer journey by putting in place a new customer relations system. It also favours human contact in the most important interactions, accelerates the roll-out of service platforms, enhances customer understanding and anticipates the digital models of the future.

- In 2020, the overall customer satisfaction score for Covéa brands rose to 8.2/10.

#### Supporting customers day in, day out through a service platform

Covéa pledges to support its customers day in, day out through the range of services available on the customer account page. In 2020, the service platform was enhanced with new offers focusing on mobility, well-being and health.

- **1,258,000 MAAF, MMA and GMF customers** logged into the service platform in 2020.

#### Assisting victims of accidents back into work

Covéa strives to assist victims of serious accidents to get back into work through partnerships with non-profit organisations affiliated with the French national council for the employment of disabled people (CHEOPS) and the network representing disability employment services, CAP EMPLOI. Covéa seeks to leverage these partnerships to make it easier for people who have suffered serious accidents to find or return to work, while also supplementing the support already provided by social workers within the Personal Injury Department.

#### Handling weather events

When exceptional weather events occur, MAAF, MMA and GMF set up mobile units on site in the damaged area. The teams deal with customers face to face, either replacing affected branches or supporting the local network. On site, they assess the damage sustained, offering advice and guidance to policyholders.

### Developing socially and environmentally responsible insurance products and services

The insurance products marketed by the Covéa brands adapt to new habits and the current pandemic. For example, motor insurance products include pay-per-mile cover, discounts for electric vehicles and public transport users, liability coverage for new motorised personal transport vehicles, insurance solutions for renting or renting out a personal vehicle, car sharing and car pooling.

Covéa brands also provide insurance coverage for electric vehicles, guaranteeing the battery, whether rented or bought, along with the vehicle itself, while breakdown cover includes a tow service to take the vehicle to the nearest charging point.

In June 2020, Covéa implemented a brand-new initiative championing both responsible savings and solidarity – for every GMF or MMA Cap customer who invested at least €1,000 in a certified Socially Responsible Investment (SRI) fund, Covéa donated €50 to the charity Le Cartable Fantastique, which helps children with dyspraxia, or to the MMA Solidarity Foundation, which operates under the auspices of the Fondation de France funding projects to support young people who have sustained injuries in accidents, on behalf of GMF Vie and MMA Vie, respectively.

To better support policyholders during the pandemic, Covéa adapted many of its health services. For example, the limit on the number of remote appointments was lifted, enabling customers to access services more easily during lockdown periods, and they were offered the possibility of obtaining doctors certificates remotely. The Group also offered additional reductions on sessions with sports coaches to help people stay physically active. In addition, access to the in-home nursing service was adapted to integrate a specific process for people who had contracted Covid-19. Moreover, Covéa customers were able to purchase their glasses online and access coaching programmes (nutrition, sleep, fitness, stress) at preferential rates via the service platform.

#### 3.2.1.4 Responsible investor

##### Integrating ESG criteria into the investment strategy

Covéa Finance, the Group's asset management company, leads the Group's ESG strategy when it comes to investing in financial assets. ESG criteria are integrated into the investment process through a four-pronged approach – the exclusion policy, the shareholder engagement policy, the specialised funds and the calculation of the carbon intensity of its portfolios.

The exclusion policy sets out all the areas in which the Group refrains from directly investing in shares or bonds, including any company involved with controversial weapons, tobacco production, the gambling and betting industry, or coal, in line with the thresholds and timeline to gradually phase out this energy source by 2030 (for OECD countries) and 2040 (for non-OECD countries).

The shareholder engagement policy structures the ESG assessments of private and sovereign issuers (shares and debt), oversees the voting process at general meetings and shapes shareholder dialogue, which enables Covéa Finance to consider issuers in relation to their material priorities and encourage them to improve their performance and transparency in respect of environmental, social and governance matters.

The range of specialised environmental and SRI funds are rated separately.

Furthermore, Covéa Finance calculates the carbon intensity of most portfolios to produce a benchmark indicator that ensures transparency (in accordance with the decree enacting Article 173-VI of the French law on Energy Transition for Green Growth) and helps achieve the targets to limit climate change. It is also used in the ESG assessments of issuers, as well as a selection criterion for certain environmental funds.

Covéa strongly believes non-financial criteria offer a more well-rounded appreciation of the risk of its investments, which is why the Group signed up to the UN Principles for Responsible Investment (PRI) in 2020.

In 2020, Covéa Finance exercised its right to vote in respect of 41.5% of shares it holds, based on detailed assessment of the draft resolutions conducted by ESG analysts and in accordance with the principles set out in its shareholder engagement policy. Over the course of the year, Covéa Finance voted at 53 general meetings and organised 31 meetings with issuers about corporate ESG practices.

##### Investing in property responsibly

Covéa pursues a responsible property investment policy, led by Covéa Immobilier. It anticipates changes in the market, monitors the energy efficiency of buildings, harnesses the appeal of its assets and encourages occupants to use buildings in an environmentally friendly manner (see paragraph 3.2.2.5 Investing in property responsibly).

# A proactive and responsible group

## 3.2.2 Objectives by area for action

As a responsible company, employer, insurance provider and investor, Covéa strives to set an example, harnessing its responsibilities to form the foundation of its social impact strategy. In order to maximise its social impact, the Group also identified five areas for action within its strategy:

- Equal opportunities
- Knowledge, education and culture
- Risk prevention
- Regional proximity
- The environment and the environmental transition

Covéa chooses to invest in these areas as a priority as its action here coherently aligns with its values, culture and business model.

### 3.2.2.1 Equal opportunities – “Covéa strives to bring about a society in which everyone can thrive.”

The Group's business as an insurance provider, which fundamentally pools risk, in itself helps to reduce inequality. Similarly, its drive and heritage as a mutual insurer make Covéa a champion of equal opportunities. The Group and its brands strive to be inclusive, taking action internally to promote gender equality and employment among disabled people, pursuing a proactive strategy to help young people enter the world of work.

#### Preventing and combating discrimination

Covéa developed an online training course entitled “Diversity makes the difference” to prevent all forms of discrimination. The course covers disability, sexist and sexual violence, religious prejudice, discrimination on the basis of sexual orientation and social integration.

- On average, 50% of employees have followed the course to date.

#### Employing and integrating people with disabilities

Through the Handicap Mission and its network of 64 committed volunteer employees, the Group pursued its efforts to recruit and keep disabled people in employment, and to raise awareness among employees. Covéa has recruited a total of 104 registered disabled people over the last three years (25 people in 2020 alone), and organised two job fairs in collaboration with Talents Handicap.

In 2020, 366 employees received support through Covéa's Handicap Mission and the Occupational Health Department. Overall, 577 workstations were adapted, 259 of which in the homes of employees working remotely.

#### Promoting gender equality

In 2020, Covéa's gender equality score rose to 92/100, or 93/100 when UES Covéa is taken into account.

The Cov&elles network boasts 40 ambassadors who promote career opportunities for women and diversity in the Group's business lines.

- In 2020, women made up 65.9% of the Covéa workforce, level on the previous year. Between 2018 and 2020, the gender equality agreement saw the proportion of female managers rise 2.2 points to 53.8%, with women accounting for 45.7% of middle managers (up 9 points) and 36.7% of senior managers (up 4 points). Furthermore, women made up 50% of managers recruited over the three-year period, in line with the target set in the 2018 agreement.

As part of the 2021-2023 gender equality agreement, the Group will endeavour to increase the proportion of female managers to 57%.

#### Facilitating the professional integration of young people

Covéa developed a recruitment plan to help young people find work despite the challenging circumstances arising as a result of the pandemic and subsequent economic crisis. The Group created an additional 50 places for work/study students.

#### Championing equal opportunities through partnerships and sponsorships

As part of its partnership with the charity Capital Filles, 91 female mentors from the Covéa Group work with girls to build their careers in education and the world of work.

In becoming the newest sponsor of Paris Dauphine, Covéa seeks to encourage the university to increase diversity among its students and make higher education more accessible to all. The partnership falls within the Group's proactive policy to support young people into work. One of the aims is to triple the number of work/study students over the next two years, offering them a worthwhile experience within the Group.

Covéa is committed to facilitating the professional integration of young people from disadvantaged backgrounds. Covéa employees harness their professional experience and their network to help the young people they mentor build their careers. In 2020, 97 mentors from Covéa supported a total of 107 young people, 59% of whom found a job or enrolled in training.

Moreover, the MMA Solidarity Foundation invested €562,940, which helped fund 61 new projects. The MAAF Foundation launched a call for proposals around disability and old age, followed by a crowdfunding campaign to raise money for the seven innovative projects chosen. Contributions made by 314 people were matched by the MAAF Foundation, raising nearly €50,000.



### 3.2.2.2 Knowledge, education and culture – “Covéa strives to bring about a society in which everyone can access knowledge”

A crucial challenge for society, offering everyone the chance to access knowledge goes hand in hand with equal opportunities.

Covéa considers education and culture to be fundamental, helping to bridge divides in society over the long term. Covéa and its brands partner a variety of cultural, academic and educational projects, to which the Group has emphatically demonstrated its commitment by including knowledge as one of the five areas for action in its social impact strategy. The Group is keen to step up its sponsorship efforts, its partnerships as well as its educational and cultural projects supporting people in need, which create significant value for society.

#### **Understanding the world through dialogue and debate with La Cité de la Réussite**

For the last 30 years, Covéa has worked in partnership with La Cité de la Réussite, a non-profit organisation that offers a forum for cultural, economic, scientific and political debate. Having created a space in which people can come together and discuss ideas and opinions, the organisation has held over 40 debates on matters including humankind in society, major scientific challenges as well as fundamental concerns such as life, love, work, solidarity and happiness.

#### **Bringing about a more inclusive economy**

Covéa joined a collective of 35 major corporations all committed to bringing about a more inclusive economy by helping to better pass on knowledge and supporting young people to find employment through work/study programmes and internships.

#### **Supporting the Festival Atmosphères**

For the last three years running, Covéa has sponsored the Festival Atmosphères, which harnesses cinema, culture and science to boost sustainable development.

#### **Strengthening education and culture through GMF's partnerships**

The Group takes accounts of the educational impact of its partnerships. As such, many Covéa partners are involved in sharing knowledge and celebrating culture. For example, Incloud develops educational tools for school children who are deaf or hard of hearing, and Le Cartable Fantastique produces resources for children with dyspraxia.

### 3.2.2.3 Risk prevention – “Covéa strives to bring about a society that prevents risks”

Preventing risks is what an insurance provider is all about. Covéa wishes to share this expertise to benefit not only its customers, but also society at large. That is why the vast majority of its efforts to prevent risks also factor in a social dimension. Generally implemented by the Covéa brands, these initiatives cover an extremely wide scope, including risks arising from mobility, health, life at home and at work. Moreover, Covéa funds pioneering research to prevent or treat certain diseases, such as Alzheimer's in partnership with the internationally renowned biomedical research centre Clinatéc.

#### **Partnerships and sponsorships:**

- Sponsorship of research programmes, in particular the work conducted by the biomedical research centre Clinatéc into tetraplegia. Furthermore, the Group helped set up an innovative research programme using neuro-luminescence to prevent Alzheimer's Disease, entitled Covéa NeuroTec. In addition, research is also being conducted into an exoskeleton for people living with tetraplegia. Covéa also supports the Prevent'Horizon Chair, the BiomecAM Innovation and Disability Chair, which looks into osteoarticular diseases, the non-profit organisation France Tutelle, which supports vulnerable people who have lost their autonomy and those around them, as well as the Demographic Transitions, Economic Transitions Chair, which examines the opportunities presented by the ageing of the population.
- During the pandemic, GMF supported French epidemiology research to tackle Covid-19, making a €300,000 donation to the French National Institute of Health and Medical Research, Inserm, a public scientific and technological body focused on biological, medical and clinical research operating under both the French Ministry of Social Affairs and Health and the Ministry of Higher Education, Research and Innovation.

#### **Taking preventive action**

In 2018, in partnership with Verisure and Saretec, Covéa founded the Home Security Observatory to raise public awareness and share best practice to ensure people avoid high-risk behaviour. In 2020, the observatory published a study and a white paper on the risk of domestic fires. Furthermore, the Group and its subsidiaries have developed a number of risk prevention tools.

- Covéa brands sent nearly 2 million text messages to warn policyholders about bad weather.

# A proactive and responsible group

Covéa also takes action via its brands to raise awareness about road safety:

- MMA developed a range of digital platforms to reach as many people as possible, including the website [zerotracas.mma](http://zerotracas.mma) as well as special apps and social media profiles – the Twitter and Instagram account @RouteZeroTracas.
- In addition to its regular initiatives, GMF launched the Route 18 award for the French Departmental Fire and Rescue Service and established a partnership with the non-profit organisation G ADDICTION, which has developed an escape game around road safety.
- MAAF continued its many initiatives to raise awareness about danger on the road, in particular through "Vigicarotte", aimed at young people, and the "AlcooTel" mobile app.

In 2020, Covéa and its MAAF, MMA and GMF brands covered the flu vaccine for all its policyholders who benefit from health cover and raised awareness about health concerns.

- The satisfaction rate among users of the Santéclair services reached 96.4%.

In partnership with the Montpellier hospital, GMF offered its policyholders working at the hospital the possibility of using the TIPI technique for the sensory identification of unconscious fears to free them from stressful and negative emotions. The brand and the Group also sought to support people on the front line tackling Covid-19.

Fidélia, Covéa's assistance provider, took part on behalf of GMF in a trial to prevent teacher burn out, during which Fidélia psychologists listened to around 30 teachers and directed them to specialist support where necessary.

### 3.2.2.4 Regional proximity – "Covéa strives to bring about a society that injects momentum into its regions"

The Group leverages its size and geographic coverage to inject momentum into regions. Its numerous production facilities and branch offices are located all over France and in the French overseas territories, in urban centres of all sizes, suburban communities (which sometimes present certain challenges), bustling rural zones, often near the coast, and struggling countryside areas where it is becoming increasingly difficult to access healthcare and services.

The Covéa brands have an important role to play in reducing geographic divides. As a local service provider, they act as an essential link in the community by stimulating regional economies, in collaboration with service providers and repair companies involved in the assistance and claims response chain. They support start-ups

and innovative businesses, catalysing new solutions to respond to emerging insurance challenges. They also work in partnership with institutions that boost local economies, such as chambers of commerce, professional bodies and local authorities.

### Selecting the location of central sites

Through its geographic coverage, the Covéa Group drives social and economic development in local communities. Its brand networks ensure Covéa is always close at hand to serve its customers. Furthermore, the Group provides significant job opportunities at its main sites and supports local businesses through its work with foundations and incubators.

In 2017 (latest figures from INSEE):

- MMA employed 3.4% of the active population in Le Mans
- MMA employed 2.3% of the active population in Chartres
- MAAF employed 5.6% of the active population of the Niort labour market area

In addition to the Group's impact on direct jobs, it boosts indirect jobs by working with local service providers, transport companies, educational establishments, trade bodies, businesses as well as social and cultural institutions.

### Building a regional network

Covéa brands stay close at hand to serve its customers through their regional network bringing together 2,442 points of sale throughout France.

### Contributing to the social and economic development of local communities

Covéa continues to play an active role in regional digital ecosystems, and aims to increase its close collaboration with start-ups innovating in digital technology, in particular in InsurTech.

- MAAF is a member of the solutions accelerator French AssurTech, which in three years has supported 20 start-ups developing solutions that harness artificial intelligence and big data to enhance services and customer relations. For example, the start-up Testamento developed a service integrated into the Covéa service platform enabling people to draw up wills online. In addition, the start-up After Data, which specialises in predictive marketing, created a tool to offer prior warning of any customers who may choose to take their business elsewhere.
- MMA is a founding member of the organisation Le Mans Tech, which was set up as part of the State's drive to champion French Tech. It supports innovative mobility companies by enabling them to take advantage of local, national (French Tech) and international (Moving'on, EuspBerlin) networks. It organises events and meetings with experts and investors, supporting a

pool of chosen start-ups, such as Nielsen Concept, which promotes the day-to-day use of environmentally friendly modes of transport, and CoTaxiGo, which has set up a service enabling people to share taxis and split the fare.

In 2020, the MMA Future Entrepreneurs Foundation published a guide entitled "Entrepreneurs in shape – what the experts have to say" to help entrepreneurs keep physically fit throughout the economic recovery. It also conducted a study on the impact of the pandemic on the state of mind of small business leaders. Moreover, it supported the publication of the AFNOR guide "Pandemic: the keys to the recovery", drafted in partnership with MEDEF Paris, which supports entrepreneurs and employees of SMEs to recover financially despite the pandemic.

GMF shines a spotlight on innovative local community initiatives, for example with the Hélioscope award and the Territorial awards set up by La Gazette des communes and GMF to recognise innovative initiatives that have a positive impact on local and regional authorities to increase efficiency in public services.

### 3.2.2.5 The environment and the environmental transition – "Covéa strives to bring about a society that controls its environmental impact"

Defending the environment has emerged as a universal challenge. Fully aware of its responsibilities, Covéa endeavours to protect the environment and help bring about the environmental transition, which is why it has committed to setting out a pathway to gradually become carbon neutral. Its environmental impact primarily arises from its operating activities, investments, products and services and efforts to repair damages for which claims are made.

Several years ago, Covéa Immobilier implemented a sustainable development policy that focused both on the operation of its sites and its investment property by controlling the energy performance of its portfolio. The Covéa Immobilier Sustainable Development Charter sets out this policy, along with the objectives and action required for responsible property.

The Group carefully considers the impact of its financial investments on the environment and the climate by assessing environmental, social and governance criteria (see paragraph 3.2.1.4 Integrating ESG criteria into the investment strategy).

Covéa helps bring about the environmental transition by raising awareness among its 11.6 million customers. When handling claims, Covéa strives to encourage mandated companies to also

take action in favour of the environment by using non-polluting paint, processing waste or working with second-hand spare parts.

### Reducing the environmental footprint of the Group's operations

Covéa Immobilier continued to deploy and lead its sustainable development strategy, for example by drawing up action plans by department and sending employees quizzes and e-letters.

Moreover, a CSR questionnaire was included in the tender process for contracts worth over €200,000 and Covéa earned three new certifications at two of its buildings in Niort and one in Strasbourg.

Covéa also went to great lengths to reduce the waste it produces, with its "zero plastic" project eliminating the majority of plastic cups at its coffee machines and water fountains. Covéa also joined the "Booster du Réemploi" initiative to encourage the reuse of building materials. The Group launched a comprehensive study to reduce the amount of waste it produces and optimise end-of-life treatment.

Furthermore, in 2020, Covéa pledged to reduce the environmental impact of travel by increasing the number of hybrid and electric vehicles in its lease fleet and switching a portion of the directors' fleet to hybrid or electric vehicles.

Covéa Immobilier continued to reduce its energy consumption by:

- identifying areas for improvement following the 2019 energy audits;
- conducting geothermal ground surveys at the site in Le Mans and studies looking into generating renewable energy at three sites (in Niort, Saran and Chartres), which in particular led to an agreement to install 3,000 photovoltaic panels on a solar canopy at the Niort site that will generate over 1 million kWh per year and thereby avoid 19 tonnes of CO<sub>2</sub>;
- setting up a working group to consider ways to optimise the consumption of control rooms and the calories generated by data centers;
- communicating, monitoring and analysing energy and analog power consumption, managing overconsumption alerts and launching compliance projects through the Tertiary Eco Energy programme;
- earning Construction quality labels or certifications at over 62,840m<sup>2</sup> and Operations quality labels or certifications at over 65,770m<sup>2</sup> of operating property at the Group's main sites by the end of 2020;
- achieving a carbon footprint for operating property of 14 kg CO<sub>2</sub> eq/m<sup>2</sup> of greenhouse gas emissions, down 6.7% on 2019.

# A proactive and responsible group

## Investing in property responsibly

Committed to working hand in hand with its stakeholders, Covéa signed the Energy Efficiency in Buildings Charter, the Circular Economy Charter in the property and construction industries (Circolab) and the Water Management Charter drawn up by the City of Paris. In 2020, Covéa Immobilier continued to enact its roadmap, in particular by raising awareness among occupants. It also kept close control on its consumption through automated energy management, in particular for heating purposes in residential and commercial buildings occupied by multiple tenants, which was supplemented by an action plan. Covéa successfully reduced energy consumption by 40% in redeveloped and certified buildings across the five uses of temperature control.

Covéa Immobilier systematically conducts a sustainable development audit prior to every major redevelopment project. Moreover, the PONG project in south-west Paris benefited from the first circular economy operations, which involved recycling various materials and components for reuse.

Covéa Immobilier also carried out nine building audits that identified a number of ways of improving well-being, health, biodiversity, soil quality, understanding, social ties and urban agriculture. The "46 Breteuil" buildings earned HQE certification.

- Since 2012, more than 170,000 m<sup>2</sup> of Covéa's redeveloped commercial property assets have received a construction/renovation or operational environmental quality label or certification, including 95% of commercial buildings redeveloped (at constant scope).
- The carbon footprint of property investment assets in 2020 came out at 8.3 kg CO<sub>2</sub> eq/m<sup>2</sup>, down 18.6% on the previous year.

## Limiting the environmental impact of new products, services and reconstruction work

The CESVI technocentre drives progress in auto repair techniques, encouraging garages to repair and reuse certain vehicle parts instead of replacing them. It also trains people to repair electric vehicles.

Covéa closely monitors the quality of service provided by its third-party partners involved in handling motor claims, and examines in particular the environmental performance and certifications of its recycling partners, scrap yards and tow services. The Group works first and foremost with auto glaziers that repair windscreens rather than replacing them, offset their carbon emissions and work with businesses within the social and solidarity economy. Covéa also put in place services to eliminate the need for customers, repair technicians and experts to be physically present in certain places and thereby minimise their carbon footprint. After serious hailstorms, mobile dent repair platforms are stationed near affected customers to repair hail damaged vehicles. When policyholders make claims on their motor insurance, they can take their own standardised photos of the damage to send to the accredited repair garage for assessment. Similarly, the repair garage can send their photos on to the assessor, which saves time and reduces the need for people to physically move about. Covéa has also set up partnerships with major paint manufacturers to procure solvent-free paint.

## Protecting the environment through partnerships and sponsorship

GMF has partnered and sponsored the French national park network PNF since 2008 to promote a shared joy of nature and make it easier for people, especially disabled people, to access nature, preserve biodiversity as well as prevent natural, ecological and climate risks.

Since the start of the partnership, GMF has supported over 100 initiatives, including the following in 2020:

- The new decor in the Maison du Parc de Briançon in the Ecrins national park.
- The campaign to explore the Grand Aboumani in Papaïchton, French Guiana.
- The mobile app MonRDVnature, which offers users a virtual breath of fresh air in one of France's 11 national parks.

# 04.

## Board of Directors' management report to the General Meeting

<b>4.1</b>	<b>Market environment</b>	<b>36</b>
4.1.1	Financial and property markets	36
4.1.2	Insurance markets in France	37
<b>4.2</b>	<b>Significant events</b>	<b>38</b>
<b>4.3</b>	<b>Results and financial position</b>	<b>40</b>
4.3.1	Group activities and financial results	40
4.3.2	Activities and results in France	41
4.3.3	International activities and results	45
4.3.4	Combined balance sheet	46
4.3.5	Other information	47
<b>4.4</b>	<b>Subsequent events</b>	<b>47</b>
<b>4.5</b>	<b>Outlook</b>	<b>47</b>

# Board of Directors' management report to the General Meeting

## 4.1 Market environment

### 4.1.1 Financial and property markets

2020 was heavily affected by the Covid-19 pandemic. In order to relieve the pressure on hospitals and national health services, governments around the world imposed lockdowns, travel restrictions and the closure of businesses deemed to be non essential. These unprecedented measures led to the near total shut-down of entire industries and a significant contraction in the global economy.

The drastic lockdowns imposed in the euro zone provoked a brutal economic shock, causing GDP to fall 7.5% across the bloc as a whole. Member states sustained varying levels of economic decline, and France was hit particularly hard with GDP down 8.2%. In order to mitigate the economic impact of the crisis, public authorities deployed a range of economic recovery plans as well as policies to support employees and businesses, in particular through furlough schemes and loan guarantees. The European Union put in place a €750 billion recovery plan, made up of €390 billion in grants and €360 billion in loans. Moreover, the European Central Bank announced a widescale easing of its monetary policy, in particular adding temporary envelope of additional net asset purchases of €120 billion until the end of the year and setting up a €1,850 billion pandemic emergency purchase programme.

The United States approved a range of monetary and budgetary measures on an unprecedented scale. The Fed lowered its benchmark interest rate by 150 basis points and put in place an unlimited asset purchase programme. Congress passed its largest ever relief package, worth over \$2.5 trillion, to offer financial aid to people and businesses struggling as a result of the pandemic. These measures helped to limit the contraction in the United States economy to 3.5%.

China was the only major global economy to grow GDP, with the post-pandemic boom generating a 2.3% rise after the first lockdown and the sustained strength of exports.

#### Bond markets

In 2020, the eurozone bond market experienced three main phases – firstly a continuous drop in rates over the first quarter in anticipation of an accommodative monetary policy, followed by a sharp increase at the start of the pandemic. The unprecedented measures taken by the European Central Bank revived the downward trend over the following months and sovereign bond yields fell considerably to reach record lows. French 10-year

government bond yields dropped 40 basis points, ending the year at -0.33%, while Italian 10-year government bond yields fell 87 points to 0.54% at end-2020. The significant divergence in spreads observed in the European corporate bond market when tension in financial markets was at its pinnacle completely reconverged later in the year.

#### Equity markets

The emergence of the pandemic at the start of the year caused equity markets to crash, which led to stock market indices plummeting 40% in value on average. Relief measures taken by governments and central banks enabled the financial markets to bounce back by early June, although the degree of recovery differed across countries. Following the relapse triggered by the second wave of the pandemic towards the end of October, markets recovered strongly when announcements came regarding the successful vaccine development. Over the year, European indices sustained a rather limited contraction, with Euro STOXX 50 down 5.1%. France's CAC 40 index ended the year down 7.1% on 2019. Conversely, in the United States, the S&P 500 ended the year up 16.3%, boosted primarily by the GAFAM tech giants.

#### Foreign exchange markets

The sustained weakness of the dollar and stability of the single currency drove a strong 9% rise in the EUR/USD exchange rate, with the pairing ending the year at 1.22. The pound sterling also weakened in relation to the euro, in particular as a result of Brexit trade negotiations. At end-2020, the EUR/GBP exchange rate came out at 0.9, compared with 0.85 the previous year.

#### Property markets

The French property market was also affected by the Covid-19 pandemic. In 2020, investment in commercial property (offices, retail and industrial assets) fell nearly 30% from the record highs reached in 2019. In an environment with negative bond yields, institutional investors did not completely turn away from property assets, preferring to place their interest in safe, defensive assets with long leases and solid counterparties. The yield on these assets compressed further to 2.8% at end-2020.

The commercial rental market felt the full force of the economic crisis and the waiting game played by users as remote working increasingly became the new normal. In 2020, activity fell significantly in the Greater Paris region office market, with less than 1.3 million m<sup>2</sup> used by businesses, which represents a drop of 45%

on the previous year. Vacancy rates rose over the year, due to tenants triggering early release clauses for certain office premises and developments being delivered after work was slowed by the pandemic at the start of the year. In Paris, this vacancy rate proved relatively low and rents remain stable.

#### Investment performance

In a market where bond yields decreased and share revenue fell due to the pandemic, average investment yield came out at 1.9%<sup>9</sup>. Unrealised capital gains totalled €14.4 billion, up 2.8% on 2019.

### 4.1.2 Insurance markets in France<sup>10</sup>

The **savings** market was heavily affected by the Covid-19 pandemic as households preferred to place their savings in deposit accounts and easy-access accounts instead of insurance products. As a result, premiums fell 20% in 2020 to €116 billion following the 27% drop in euro-denominated products. Gross inflows on unit linked policies remained relatively stable at €40 billion, representing 34% of contributions. Net life insurance outflows totalled €6.5 billion, which broke down as inflows of €18.3 billion in unit-linked policies and outflows of €24.9 billion in euro-denominated products.

#### Position in the savings and pensions market

In France, gross inflows fell 16.2% to €2.7 billion, with unit-linked policies representing 20.5% of gross inflows compared with 16% at 31 December 2019.

#### Rates credited to policyholders

In 2020, the rates credited to holders of the Group's main policies decreased slightly but continued to exceed the market average at 1.65% for GMF and MAAF and 1.30% to 1.85% for MMA.

In the health and protection market, premiums grew 1.8%, at a slower pace than claims, which were up 4.4% on the previous year. In **health**, the lockdowns imposed by the French government caused people in the country to postpone or cancel healthcare interventions due to the prevailing uncertainty, thereby leading to a drop in medical expenses paid. France's Social Security Finance Law required complementary healthcare providers to make exceptional contributions to fund the expenses incurred in managing the Covid-19 pandemic. At end-2020, claims<sup>11</sup> reached €10.9 billion, compared with €10.7 billion at end-2019. In **protection**, the pandemic triggered an increase in claims for sick leave cover, totalling €8.9 billion overall, up €0.7 billion on the previous year.

#### Position in the health and protection market

The Group continued to expand its health and protection business, notching up a 3.4% increase in earned premiums, which totalled €2.4 billion. Group insurance policies rose nearly 6%, representing 37% of Covéa's business in this market.

The **property and casualty insurance** market were also hit hard by the pandemic. In commercial lines, the measures taken by the French government to stem the spread of the virus (especially the forced closure of shops, bars and restaurants) led to an increase in claims in respect of coverage for business interruption losses. Growth in personal lines was not as strong as in 2019 – coming out at 1.1% for motor insurance and 3.2% in home insurance. The various lockdown periods and travel restrictions resulted in fewer claims on motor insurance, although average costs continued to rise.

#### Maintaining a leading position in the French property and casualty market

- No. 1 in **motor insurance**, with 19.2%<sup>12</sup> of market share<sup>12</sup>. Earned premiums on personal lines totalled €3.7 billion at 31 December 2020.
- No. 1 in **comprehensive home insurance**, with 17.0%<sup>13</sup> of market share. Earned premiums totalled €2.0 billion at 31 December 2020.
- No. 2<sup>12</sup> in **commercial lines**, with earned premiums of €3.3 billion.
- No. 1 in **legal protection insurance**, with 17.5%<sup>12</sup> of market share.

<sup>9</sup> Average return on investments from insurance activities came out at 2.0%.

<sup>10</sup> Source: French Insurance Federation (FFA).

<sup>11</sup> Including exceptional contributions required from insurers to cover costs related to the pandemic.

<sup>12</sup> Source: French Insurance Federation (FFA) – 2019 base.

<sup>13</sup> Source: Argus de l'assurance – 2019 base.

# Board of Directors' management report to the General Meeting

## 4.2 Significant events

### Covid-19 pandemic

After emerging in December 2019, the Covid-19 pandemic rapidly spread throughout the world during the first quarter of 2020. The virus caused state authorities to declare a public health emergency and impose lockdown measures, which led to a sudden contraction in economic activity and considerable uncertainty about the outlook for growth, provoking a high level of volatility in financial markets.

In March, Covéa made it a priority to implement all the necessary measures to safeguard its employees, maintain business continuity, and deliver services to its members and customers. Business continuity plans, monitoring procedures and communication campaigns were rolled out throughout the year, including making working from home a priority for employees. All these measures enabled the Group to ensure the smooth running of its operations, meaning the Covid-19 pandemic did not have a material impact on business across its various distribution networks in 2020.

In addition, further to the contractual coverage provided, the Covéa group, through its three brands, implemented exceptional measures to support its members and customers, many of whose work is of critical importance to the country. The Group's supportive measures included in particular offering premium rebates for individual and professional customers, health crisis benefits for professional and commercial customers, support measures for service providers and extended insurance cover. The Group also made contributions to the solidarity fund set up by the French State to support VSEs and SMEs.

Earned premiums from non-life insurance were mainly affected by the measures taken to support policyholders, and by lower premiums in certain commercial line market segments due to the reduced activity of businesses insured. In life insurance, the Group recorded a substantial drop in inflows on euro-denominated policies, as policyholders tended to place their savings in deposit and savings accounts given the widespread uncertainty in the economy and in respect of the pandemic.

Covid-19 directly affected the Group's technical performance, primarily due to increased non-life insurance claims in relation to business interruption losses and events cancellations, in accordance with contractual coverage. The estimated amount recoverable through the reinsurance programme will partly offset the expense incurred through these claims. The supportive effort made

by the Group, in particular to support its customers, members and partners, also affected income for 2020. This unfavourable impact was partially offset by the improvement in current claims experience in certain markets, in particular in motor insurance, which saw a drop in frequency due to the lockdowns and curfews imposed.

Furthermore, the reduction in share revenue caused by a significant number of companies deciding to lower or suspend dividend payments as a result of the pandemic, combined with the low interest rate environment, led to a drop in financial performance.

At 31 December 2020, the direct impact of the Covid-19 pandemic on the Group's financial condition included in particular:

- Contractual coverage being triggered, totalling an estimated €456 million after reinsurance, primarily in relation to business interruption cover eligible in the event of a pandemic, event cancellations, sick leave and healthcare costs.
- Measures to support policyholders and service providers, corresponding to €357 million, including:
  - Premiums rebates offered to individual and professional customers equating to €107 million.
  - Health crisis benefits paid to professional and commercial customers equating to €231 million.
  - Measures put in place to support service providers and insurance coverage extensions equating to €19 million.
- Measures taken to support the French economy and society totalling €100 million, including:
  - A €33 million contribution to the solidarity fund set up by the French State to support VSEs and SMEs, via the French Insurance Federation (FFA).
  - Exceptional taxes on health premiums, introduced by the French government totalling €60 million.
  - Financial donations and rent relief corresponding to €7 million

Moreover, the Group pledged to invest €101 million in the French government initiative to support business recovery.

The main risks associated with the Covid-19 pandemic concern in particular the impact on insurance coverage, the amount recovered through reinsurance treaties, business growth and the changes in financial markets. These risks, along with their consequences on the Group's solvency and financial condition, continue to be permanently monitored through the Group's risk management framework.



### Cyberattacks

There has been a surge in ransomware attacks over recent years, and the MMAIT system found itself the target of such a cyberattack in July 2020. The action taken by IT system security services meant the attack was rapidly contained and did not cause the theft or loss of any customer data, neither did it have any material impact on the business. Following this attack, the Group bolstered its efforts to control cyber risks through a three-year action plan.

### Planned acquisition of PartnerRe

On 3 March 2020, Covéa announced it had agreed a memorandum of understanding with Exor to acquire 100% of the ordinary shares making up the capital of PartnerRe, a major global reinsurance company.

Given the change in circumstances and the considerable uncertainty regarding the global economic outlook, Covéa informed Exor on 12 May 2020 that the current context meant it would not be possible to complete the acquisition of PartnerRe as initially planned and put an end to the acquisition process.

### Investment cooperation with the Exor group

On 3 August 2020, Covéa concluded a framework cooperation agreement with the Exor group regarding an investment cooperation. The agreement harnesses a long-term view to take advantage of opportunities to diversify investments in a rapidly changing economy.

Within this cooperation, the Covéa Group will allocate a total of €750 million by the end of 2023 for investment in funds managed or sponsored by the Exor group and will invest a further €750 million over a period of five years in dedicated investment vehicles having as underlying assets PartnerRe's reinsurance activities.

### Sale of the stake in the Caser group

On 23 January 2020, Covéa Coopérations finalised an agreement to sell its 20% stake in the Caser group to Helvetia. The transaction was finalised on 25 June 2020 after obtaining approval from the relevant control and oversight bodies. The agreed sale price of €239 million led to a capital gain of €38 million being recognised in the financial statements at 31 December 2020.

### Scor

On behalf of the Covéa Group, Covéa Coopérations proposed to Scor in August 2018 to discuss a potential merger between the two parties. Given the reaction with which the proposal was met, the

Covéa Group retracted its proposal, affirmed its intention to respect the "standstill", before stating on 29 January 2019 that it no longer considered a merger with Scor a realistic strategic option. Immediately afterwards, Scor announced it was bringing civil and criminal actions against the Covéa Group (Covéa, Covéa Coopérations and their Chairman). At their meetings of 30 January 2019, the boards of directors of Covéa and Covéa Coopérations took note of this information, rejected the unfounded accusations and confirmed that the Covéa Group would exercise its legal rights.

On 10 November 2020, the Paris commercial court ruled against Covéa SGAM, Covéa Coopérations and their Chairman. This decision is not to be executed as appeal was brought by the defendants, who stated it was now up to the Court of Appeal to restore the truth and state the law. At their meeting on 20 November 2020, the boards of directors of Covéa SGAM and Covéa Coopérations strongly contested the arguments made by the court, which contained serious and multiple errors of appreciation, both in fact and in law, reiterating that Covéa SGAM, Covéa Coopérations and their Chairman were not guilty of the accusations made against them.

At the date at which the 2020 financial statements were authorised for issue, given the progress of these procedures and given the Covéa Group refutes all allegations made against it by Scor, no expense was recognised in respect of this litigation.

### Ratings

On 4 March 2020, **Moody's Investors Service** affirmed Covéa Coopérations' Aa3 financial strength rating with a stable outlook.

On 18 December 2020, **A.M. Best** affirmed the financial strength rating of A (Excellent) and the Long-Term Issuer Credit Rating of a+ of Covéa Coopérations. The outlook of these ratings is stable.

On 28 January 2021, **S&P Global Ratings** affirmed the AA-financial strength rating of all Covéa Group companies rated, with a stable outlook.

# Board of Directors' management report to the General Meeting

## 4.3 Results and financial position

### 4.3.1 Group activities and financial results

At 31 December 2020, net income (Group share) totalled €415 million compared with €858 million the previous year:

In € millions	2020	2019
Earned premiums	16,622	17,400
Recurring economic operating income from insurance activities	736	1,406
Of which non-life insurance	413	975
Of which life insurance	323	431
Recurring economic operating income from other activities	11	27
Income from companies accounted for using the equity method	4	18
Other non-technical items	(80)	(40)
Income tax	(256)	(553)
<b>Net income (Group share)</b>	<b>415</b>	<b>858</b>

**Earned premiums** totalled €16,622 million, compared with €17,400 million at 31 December 2019:

In € millions	2020	2019
Property and casualty insurance	9,560	9,623
Life, health and protection insurance	5,169	5,616
<b>Total insurance – France</b>	<b>14,729</b>	<b>15,239</b>
<b>Total insurance – International</b>	<b>1,893</b>	<b>2,161</b>
<b>Total insurance activities</b>	<b>16,622</b>	<b>17,400</b>

- **In France**, the dip in earned premiums primarily came as a result of the decrease in life, health and protection insurance, where gross inflows in euro-denominated policies fell, and to a lesser extent the decrease in property and casualty insurance premiums due to the measures taken to support individual and commercial policyholders through the pandemic.
- Earned premiums from **international subsidiaries** totalled €1,893 million, representing 11.4% of the Group's premiums at 31 December 2020. The 12.4% year-on-year contraction was principally due to the decrease in gross inflows in savings contracts in Italy.

**Recurring economic operating income from insurance activities** came out at €736 million, down €670 million on 31 December 2019, in particular due to the impact on the technical performance of the Group's non-life insurance business, measures taken by the Group to support its policyholders through the pandemic and the contractual coverage provided mainly in respect of business interruption losses, despite the improvements made in current claims experience observed over the year. The combined ratio therefore came out at 100.8%, compared with 98.1% at 31 December 2019. The reduction in financial income, which was affected by the low interest rate environment and the pandemic, also contributed to the decrease in recurring economic operating income.

**Recurring economic operating income from other activities** totalled €11 million, compared with €27 million in 2019, primarily as a result of an unfavourable exchange rate effect and the reclassification of a gain as non technical, which did not affect income.

**Income from companies accounted for using the equity method** came out at €4 million, down €14 million following the disposal of Covéa's stake in the Caser group, which added €13 million at 31 December 2019.

**Other non-technical items** represented an expense of €80 million compared with a €40 million expense at 31 December 2019,

primarily due to an exceptional expense of €33 million in respect of the Group's contribution to the solidarity fund set up by the French State to support VSEs and SMEs through the pandemic and the residual goodwill recognised in the life insurance business in Italy, which was fully amortised in the financial statements at 31 December 2020.

**Income tax** fell €297 million compared with 2019, in line with the decrease in pre-tax income and the reduction in the tax rate payable in France.

## 4.3.2 Activities and results in France

### Activities

#### Group earned premiums

In € millions	2020	2019
Motor insurance	3,726	3,802
Home and other personal risks	2,017	1,954
Commercial lines	3,287	3,346
Legal protection and assistance	300	292
International reinsurance	176	164
Other	54	64
<b>Total property and casualty insurance</b>	<b>9,560</b>	<b>9,623</b>
Health and protection	2,436	2,356
Savings and pensions	2,733	3,260
<b>Total life, health and protection insurance</b>	<b>5,169</b>	<b>5,616</b>
<b>Total insurance activities</b>	<b>14,729</b>	<b>15,239</b>

Earned premiums from **property and casualty insurance** decreased 0.7% to €9,560 million, from €9,623 million in 2019. Excluding the direct impact of the pandemic, which primarily involve premium rebates granted to individual and commercial customers, premiums actually increased 0.7% on the year.

- Earned premiums from **personal lines** were level on 2019, totalling €5,743 million, due to the premium rebates offered to motor insurance policyholders as a result of the pandemic. Restated to strip out this impact, earned premiums increased

1.2%, boosted by the home insurance market. Premiums remained stable in the motor insurance market, with growth in the policy portfolio offsetting the freeze on MAAF tariffs in 2020.

- Earned premiums in the **commercial lines** market dropped 1.8% to €3,287 million. Excluding the direct impact of the pandemic, premiums fell 0.4%, principally due to the lower levels of non-motor underwriting in the affinity and partnership market. Earned premiums from other market segments remained level year on year, with contrasting performance across the various

# Board of Directors' management report to the General Meeting

business segments. The contraction in premiums from construction and commercial fleets was offset by sustained growth in the ICSPL<sup>14</sup> market.

- Earned premiums in the **legal protection** market rose 3.3% to €256 million, driven by an increase in volumes, in particular on optional guarantees. **Assistance insurance** generated €44 million in earned premiums, level on 31 December 2019.
- Earned premiums in **international non-life inwards reinsurance** rose 7.0%, primarily in the property segment as a result of continuously expanding business relations and increasing deployed capacity in European and Asian markets.

Regarding **life, health and protection insurance**, earned premiums dropped 8% on the year to €5.169 billion:

- In **savings**, gross inflows were down 17.5%, primarily due to the 22% fall in inflows into euro denominated policies, which were affected by the uncertainty in the economy and public health. The Group continued to grow unit-linked policies, with gross inflows up 6%. Premiums from the **pension** market soared 28%, in line with the PER plans launched by MAAF and MMA in the first half of 2020. Unit-linked policies accounted for 20.5% of total inflows, compared with 16% at 31 December 2019.
- In the **health and protection** segment, the Group continued its development, with premiums up 3.4% driven by both markets. Premiums from group insurance policies rose 6%, primarily boosted by health, while the 1.9% growth in individual policies mainly came in protection, where premiums increased 6%.

## Earned premiums<sup>15</sup> generated by the main non-life and mixed entities in France

In € millions	2020	2019
MMA IARD	4,883	4,944
MAAF Assurances SA	2,588	2,625
GMF Assurances	1,776	1,758
FIDELIA Assistance	458	454
MAAF Santé	510	437
APGIS	496	482
Covéa Coopérations	363	325
Covéa Protection Juridique	261	264
SMI	169	170

In 2020, earned premiums at **MMA IARD** were down 1.2% on 31 December 2019, first and foremost due to the reduction in commercial lines premiums resulting from the premium rebates offered to policyholders and the recognition of additional impairment in respect of policyholder receivables in light of the pandemic. Earned premiums on personal lines decreased 2% due to the decision to terminate a portfolio in the broker network. MMA IARD registered 2% growth in earned premiums, driven by group health and personal protection insurance.

Earned premiums at **MAAF Assurances SA** decreased 1.4% on 2019, mainly as a result of exceptional premium rebates offered on motor insurance policies and measures put in place to support commercial customers through the pandemic. Restated to strip out this effect, earned premiums were up 0.5%, as the increase in home insurance and protection was somewhat dampened by the decrease in the motor market caused by the freeze in tariffs in 2020.

In 2020, earned premiums at **GMF Assurances** grew 1% compared with 31 December 2019. Motor premiums fell 2.5% as a result of premium rebates offered to policyholders working in public sector jobs on the front line in tackling Covid-19. GMF Assurances continued its expansion in other business segments,

<sup>14</sup> ICSPL: industry, retail, services and independent professionals.

<sup>15</sup> Company financial statements.

increasing premiums 2.8% in home insurance and 8% in health and protection insurance.

Earned premiums at **Fidélia Assistance** grew 0.9% in 2020, driven in particular by changes in inwards reinsurance tariffs. Premiums from direct business totalled €33 million.

**MAAF Santé** saw premiums surge 16.6% to reach €510 million at 31 December 2020 boosted by the inwards reinsurance after reinsurance treaties were put in place on 1 January 2020 covering MMA group insurance policies. Earned premiums from direct business grew 1%, spurred by a 2.4% rise in individual health insurance due to the greater number of beneficiaries and the increase in average premiums.

Earned premiums at **Covéa Coopérations** totalled €363 million, up 12% from €325 million at end-2019. Premiums in international non-life inwards reinsurance increased €12 million as a result of continuously expanding business relations and increasing

deployed capacity in European and Asian markets. Growth continued in the inwards reinsurance portfolio in the health and protection segment, with premiums soaring €27 million, in particular by expanding inwards health reinsurance.

**APGIS** generated €489 million in earned premiums, up 2.7% on 2019, principally as a result of a 3% increase in the health market following the change in the monthly social security ceiling and the reference salary, as well as new business in the portfolio.

**Covéa Protection Juridique** continues to expand its business in the legal protection market, its core business, with earned premiums rising 3.3% as a result of positive changes in its portfolio of contracts. Premiums continue to suffer downward pressure after the company withdrew from the financial loss market.

**SMI** generated €169 million in earned premiums, level on 2019, conducting 93% of business in the health segment, primarily in group insurance.

### Premiums<sup>16</sup> generated by life insurance entities

In € millions	2020	2019
MAAF VIE	616	780
GMF VIE	1,046	1,278
MMA VIE	1,270	1,391

**MAAF Vie** premiums fell 21% at end-2020 caused by lower levels of gross inflows on euro-denominated savings policies. Gross inflows from unit-linked policies remained level on the year at €110 million. Premiums in the pension market notched up a considerable increase of nearly 27%, boosted by the launch of the PER plan in January 2020. Unit-linked policies accounted for 21% of gross inflows in savings and pensions, compared with 16% at end-2019. MAAF Vie continued to expand its protection business, growing premiums 4%.

Similarly, **GMF Vie** premiums fell 18.2%, due to the decline in gross inflows on euro-denominated savings products. GMF Vie further developed its unit-linked policies, substantially increasing gross inflows 23.6%. At end-2020, such policies accounted for

10.2% of total gross inflows in savings and pensions, up from 6.6% at end-2019. GMF Vie also continued to expand its protection business, growing premiums 3.3%.

**MMA Vie** saw premiums decrease 8.7% as a result of the 16% reduction in gross inflows from euro-denominated savings policies. Gross inflows from unit-linked savings policies rose 3.9%. Premiums in the pensions market notched up a considerable 29.7% increase, boosted by the launch of the PER plan in June 2020. Unit-linked policies accounted for 28.5% of total gross inflows in savings and pensions, up from 24.3% at end-2019. MMA Vie recorded 7.8% growth in protection revenue, driven by both group and individual contracts.

<sup>16</sup> Company financial statements.

# Board of Directors' management report to the General Meeting

## Revenue<sup>17</sup> from other activities

In € millions	2020	2019
Covéa Finance	100	98
Other	13	13
<b>Total</b>	<b>113</b>	<b>111</b>

**Covéa Finance**, the asset management company of the Covéa Group's French insurance entities, accounted for the majority of revenue from other activities. It generated revenue of €100 million (excluding intercompany sales), up 2.3% on 2019, driven by the increase in assets under management which increased fund management fees.

## Results

Net income (Group share) from Covéa's business activities in France totalled €491 million, compared with €856 million in 2019.

## Income from insurance activities

In € millions	2020	2019
Earned premiums	14,729	15,239
Recurring economic operating income from insurance activities	756	1,378
Of which non-life insurance	466	995
Of which life insurance	290	383
Income from entities accounted for using the equity method	4	4
Other non-technical items	(49)	(20)
Income tax	(243)	(528)
<b>Net income (Group share)</b>	<b>468</b>	<b>834</b>

Recurring economic operating income from insurance activities came out at €756 million, compared with €1,378 million at 31 December 2019:

- Recurring economic operating income from **non-life insurance** came out at €466 million, compared with €995 million at 31 December 2019. The €529 million decrease came as a result of the measures put in place by the Group to support its policyholders through the pandemic and the contractual coverage provided in respect of business interruptions. Improvements in current claims experience, in particular as a result of fewer claims on motor insurance, were partially counterbalanced with the annuities provisioning expense caused by continuous reductions in the discount rate. The combined ratio therefore came out at 100%, compared with 97.3% to the previous close. Financial income also fell, in particular due to further erosion of bond yields in a persistently low interest rate environment, reduced

dividends received throughout the pandemic and a lower level of capital gains realised.

- Recurring economic operating income from **life insurance** came out at €290 million, compared with €383 million at 31 December 2019. The €93 million decrease came as a result of lower financial margins, in line with the drop in financial income, which were hit by the persistently low interest rate environment and the pandemic. The policyholders' profit sharing reserve<sup>18</sup> totalled €2,972 million at end-2020, representing 6.2% of technical reserves in euro-denominated savings and pensions policies.

In 2020, **companies accounted for using equity method** (essentially Carma and Protec BTP) contributed €4 million to income.

**Income tax** fell €285 million compared with 2019, in line with the decrease in pre-tax income and the reduction in the tax rate payable in France.

<sup>17</sup> Contribution of companies to revenue from other activities.

<sup>18</sup> Including deferred profit sharing.

**Net income (Group share)** from insurance activities in France totalled €468 million, compared with €834 million at 31 December 2019.

#### Income from other activities

In € millions	2020	2019
Covéa Finance	22	22
Other	1	-
<b>Net income (Group share)</b>	<b>23</b>	<b>22</b>

Mainly generated by Covéa Finance, net income (Group share) from other activities totalled €22 million, level on 2019.

### 4.3.3 International activities and results

#### Activities

Outside France, earned premiums from insurance activities came out at €1,893 million, compared with €2,161 million at 31 December 2019. Italy and the United Kingdom, the Group's two largest international markets, accounted for 47% and 45%, respectively, of the Group's total business outside France.

In € millions	2020	2019
United Kingdom	849	904
Italy	886	1,064
Other countries	158	193
<b>Total insurance activities</b>	<b>1,893</b>	<b>2,161</b>

In **Italy**, the Group operates through its subsidiaries Bipiemme Vita and Bipiemme Assicurazioni, whose products are distributed by Banco BPM. Bipiemme Vita's life insurance premiums fell 17%, mainly due to lower inflows on euro-denominated policies and, to a lesser extent, unit-linked policies, which accounted for 23.8% of total inflows compared with 22.5% at end-2019. In the non-life insurance segment, Bipiemme Assicurazioni generated earned premiums of €29 million at 31 December 2020.

In the **United Kingdom**, the motor insurance market caused a 6% decrease in premiums, primarily through its direct distribution

channel, in line with the strategy pursued by Covéa Insurance to diversify into affinity distribution channels. Furthermore, Covéa Insurance continued to expand in home insurance and commercial lines, increasing premiums by 7% in each of these markets.

The decrease in earned premiums generated in **other countries**, essentially CSE, Covéa's subsidiary in the United States, came as a result of recovery measures taken by the company.

# Board of Directors' management report to the General Meeting

## Contribution to Group income

### Insurance activities

In € millions	2020	2019
United Kingdom	(40)	(8)
Italy	(4)	23
Other countries	(17)	(7)
<b>Total insurance activities</b>	<b>(61)</b>	<b>8</b>

In the **United Kingdom**, Covéa Insurance made a lesser contribution to the Group in 2020 due to a lower net technical margin caused by rising overheads after the company transformed its IT system to enable it to take advantage of a more effective operational model that better suits affinity distribution channels. Exceptional claims experience in respect of coverage for business interruption losses arising as a result of the pandemic were generally offset by the improvement in motor claims experience as the number of claims fell during the lockdown periods.

In **Italy**, the contribution made by Bipiemme Vita and Bipiemme Assicurazioni fell €27 million from €23 million at 31 December 2019 to -€4 million, primarily as a result of fully amortising the residual goodwill recognised in respect of Bipiemme Vita. Stripping out the consolidation impact, the contribution made by Italian subsidiaries fell by €5 million year on year following the

decline in recurring financial income given negative net inflows and low interest rates, which affected the margin on technical reserves in euro-denominated policies.

At 31 December 2020, the contribution of **other countries** came from CSE, the Group's subsidiary in the United States, and the Medical Insurance Company, its subsidiary in Ireland. After restating the 2019 figures to strip out the contribution of Covéa's stake in the Caser group, which was disposed of in June 2020, income improves a further €3 million on the previous year.

### Other business

Other business is generated in particular through GMF Financial Services Corp., CSE's holding company based in the United States, and MMA Holding UK plc, which owns Covéa Insurance.

## 4.3.4 Combined balance sheet

- **Group equity:** Covéa's combined equity (after net income for the year) totalled €16.4 billion compared with €16.0 billion at 31 December 2019.
- **Debt:** subordinated liabilities, which mainly correspond to non-voting stock integrated within the employee savings

scheme, totalled €195 million, representing 1.2% of Group equity at 31 December 2020.

- **Technical reserves:** Technical reserves totalled €91.1 billion, compared with €90.4 billion at 31 December 2019.

In € millions	2020	2019
Non-life technical reserves	27,814	26,976
Life technical reserves	63,328	63,472
<b>Total technical reserves</b>	<b>91,142</b>	<b>90,447</b>

- **Investments:** the net book value of investments (in property, financial assets and companies) accounted for using the equity method represented €97.6 billion, level on the previous year.

- **Unrealised capital gains:** Unrealised capital gains totalled €14.4 billion, compared with €14.0 billion at 31 December 2019.



In € millions	2020	2019
Property	3,008	2,817
Equities & equity UCITS	3,366	3,789
Bonds & bond UCITS	8,008	7,383
Other	4	4
<b>Total unrealised capital gains</b>	<b>14,386</b>	<b>13,994</b>

### 4.3.5 Other information

As a “combining entity” under Article 173-6 of the French Ecological and Energy Transition Act, Covéa prepares a separate report on how it incorporates environmental, social and governance criteria in its investment process. This report will be accessible on its website.

## 4.4 Subsequent events

No event that would have a material impact on the Covéa Group’s financial statements at 31 December 2020 occurred after the financial statements were authorised for issue.

## 4.5 Outlook

In addition to the special measures put in place by Covéa to protect its employees, support its members and customers and monitor the risks arising from the Covid-19 pandemic, the Group continues to work towards the strategic and operational objectives defined in the Cové@venir 2021 plan. Rooted in Covéa’s commitment as a mutual insurer, its aim is to create ever more value for its members, employees and the Group. This strategic orientation is structured around high quality services for members and the Group’s financial strength, which is reflected in its high solvency ratio that allows Covéa to apply a long-term view to its business model.

Furthermore, in line with the Cové@venir 2021 plan, the Group started work this year on preparing its next strategic plan. This enables the Group to anticipate any potential deep-rooted shifts in the market or the expectations of Covéa’s members and customers, as well as consider the best way to effectively adopt or adapt to transformations in technology, society or the Group’s business that may already be under way, starting to emerge or deemed probable. The Group will use this work as a foundation to set operational objectives, priorities and action plans that need to be deployed between 2022 and 2024.



# 05.

## Financial statements

<b>5.1</b>	<b>Combined financial statements and notes</b>	<b>50</b>
5.1.1	Combined balance sheet	50
5.1.2	Commitments received and given	51
5.1.3	Combined income statement, all activities	52
5.1.4	Notes to the combined financial statements	53
<b>5.2</b>	<b>Statutory Auditors' report on the combined financial statements</b>	<b>93</b>

## 5.1 Combined financial statements and notes

### 5.1.1 Combined balance sheet

In € thousands

<b>Assets</b>	Notes	Gross amount	Depreciation, amortisation and provisions	Net amount 2020	Net amount 2019
<b>Goodwill</b>	Note 8	<b>526,349</b>	<b>(523,006)</b>	<b>3,343</b>	<b>40,035</b>
<b>Intangible assets</b>	Note 9	<b>476,468</b>	<b>(197,390)</b>	<b>279,078</b>	<b>279,884</b>
Value of insurance business purchased		149,022	(99,047)	49,975	49,975
Other		327,446	(98,343)	229,103	229,909
<b>Investments from insurance undertakings</b>	Note 10.1	<b>91,881,040</b>	<b>(1,369,963)</b>	<b>90,511,347</b>	<b>90,737,891</b>
Land and buildings		4,406,962	(650,901)	3,756,061	3,487,897
Investments in associates and affiliates		1,215,605	(200,345)	1,015,260	903,679
Other investments		86,258,473	(518,447)	85,740,026	86,346,315
<b>Investments held to cover unit-linked liabilities</b>	Note 10.4	<b>6,770,631</b>		<b>6,770,631</b>	<b>6,415,886</b>
<b>Investments from other undertakings</b>	Note 10.5	<b>268,119</b>	<b>(56,687)</b>	<b>211,432</b>	<b>158,472</b>
<b>Investments accounted for using the equity method</b>	Note 10.6	<b>85,436</b>		<b>85,436</b>	<b>283,716</b>
<b>Reinsurers' share in technical reserves</b>	Note 18	<b>2,958,689</b>		<b>2,958,689</b>	<b>2,780,788</b>
<b>Receivables arising from insurance or reinsurance operations</b>	Note 11	<b>4,394,671</b>	<b>(128,854)</b>	<b>4,265,817</b>	<b>4,011,022</b>
<b>Receivables from banking sector companies</b>	Note 12	<b>3,630,442</b>		<b>3,630,442</b>	<b>3,264,234</b>
<b>Other receivables</b>	Note 13	<b>1,843,767</b>	<b>(33,104)</b>	<b>1,810,663</b>	<b>1,257,758</b>
<b>Other assets</b>	Note 14	<b>436,618</b>	<b>(295,530)</b>	<b>141,088</b>	<b>161,467</b>
<b>Accruals – assets</b>	Note 15	<b>2,835,780</b>		<b>2,835,780</b>	<b>2,993,936</b>
Deferred acquisition costs		1,017,130		1,017,130	1,021,687
Deferred tax assets		889,377		889,377	915,074
Other		929,273		929,273	1,057,175
<b>Total assets</b>		<b>116,108,010</b>	<b>(2,604,264)</b>	<b>113,503,746</b>	<b>112,385,089</b>

In € thousands

<b>Liabilities</b>	Notes	2020	2019
<b>Group equity</b>	Note 16.1	<b>16,356,064</b>	<b>15,968,048</b>
Share capital or equivalent		1,132,856	1,129,698
Additional paid-in capital		6,358	6,358
Reserves		14,801,773	13,973,511
Net income		415,077	858,481
<b>Minority interests</b>	Note 16.2	<b>97,714</b>	<b>90,737</b>
<b>Subordinated debt</b>	Note 17	<b>194,755</b>	<b>192,885</b>
<b>Gross technical reserves</b>	Note 18	<b>84,332,619</b>	<b>84,004,502</b>
Life technical reserves		56,518,959	57,028,885
Non-life technical reserves		27,813,660	26,975,617
<b>Technical reserves for unit-linked policies</b>	Note 18	<b>6,808,713</b>	<b>6,442,705</b>
<b>Provisions for risks and charges</b>	Note 19	<b>747,495</b>	<b>817,398</b>
<b>Payables arising from insurance or reinsurance operations</b>	Note 20	<b>1,357,505</b>	<b>1,208,430</b>
<b>Debt with banking sector companies</b>	Note 21	<b>279,664</b>	<b>394,920</b>
<b>Other payables</b>	Note 22	<b>1,924,382</b>	<b>1,903,828</b>
<b>Accruals – liabilities</b>	Note 23	<b>1,404,835</b>	<b>1,361,636</b>
<b>Total liabilities</b>		<b>113,503,746</b>	<b>112,385,089</b>

## 5.1.2 Commitments received and given

In € thousands

	2020	2019
<b>Commitments received</b>		
Insurance undertakings	1,031,517	383,811
Other undertakings	1,155	964
<b>Commitments given</b>		
Insurance undertakings	2,490,693	961,288
Other undertakings	631,717	762
<b>Pledged securities received from reinsurers</b>	<b>1,556,861</b>	<b>1,453,784</b>
<b>Outstanding derivative financial instruments</b>		

## 5.1.3 Combined income statement, all activities

In € thousands	Notes	Non-life insurance activities	Life insurance activities	Other activities	2020	2019
Written premiums		12,670,199	3,896,202		16,566,401	17,491,728
Change in unearned premiums		55,099			55,099	(92,142)
<b>Earned premiums</b>	Note 28.5	<b>12,725,298</b>	<b>3,896,202</b>		<b>16,621,500</b>	<b>17,399,586</b>
Revenue or income arising from other activities				113,463	113,463	111,198
Other operating income		15,433	57,300	5,069	77,802	90,758
Net financial income (expense)	Note 26	565,458	1,232,745	(3,116)	1,795,087	3,184,911
<b>Total recurring operating profit</b>		<b>13,306,189</b>	<b>5,186,247</b>	<b>115,416</b>	<b>18,607,852</b>	<b>20,786,453</b>
Claims expenses		(9,656,457)	(4,482,657)		(14,139,114)	(15,530,726)
Net income (expense) arising from outwards reinsurance		62,159	3,768		65,927	(58,617)
Expenses arising from other activities				(133,627)	(133,627)	(148,241)
General expenses		(3,262,838)	(390,926)		(3,653,764)	(3,615,532)
<b>Total recurring operating expenses</b>		<b>(12,857,136)</b>	<b>(4,869,815)</b>	<b>(133,627)</b>	<b>(17,860,578)</b>	<b>(19,353,116)</b>
<b>Recurring operating income</b>	Note 28	<b>449,053</b>	<b>316,432</b>	<b>(18,211)</b>	<b>747,274</b>	<b>1,433,337</b>
Inter-segment transfers		(35,749)	6,415	29,334		
<b>Recurring economic operating income</b>		<b>413,304</b>	<b>322,847</b>	<b>11,123</b>	<b>747,274</b>	<b>1,433,337</b>
Other net income (expense)					(11,613)	(10,591)
Non-recurring income (expense)	Note 27				(20,852)	989
Income tax	Note 24				(255,577)	(552,742)
<b>Net income of consolidated undertakings</b>					<b>459,232</b>	<b>870,993</b>
Group share in net income from discontinued operations						
Group share in net income from companies accounted for using the equity method					3,527	17,910
Amortisation of goodwill					(36,467)	(14,156)
<b>Combined net income</b>					<b>426,292</b>	<b>874,747</b>
Minority interests					(11,215)	(16,266)
<b>Net income (Group share)</b>					<b>415,077</b>	<b>858,481</b>

## 5.1.4 Notes to the combined financial statements

### Contents

<b>1. Significant events</b>	<b>54</b>
<b>2. Subsequent events</b>	<b>55</b>
<b>3. Notes on accounting principles</b>	
Note 1 — Accounting standards	55
Note 2 — Combination methods	56
Note 3 — Valuation methods and rules	57
Note 4 — Preferential methods	63
Note 5 — Adjustments relating to the main differences between French and foreign regulations	63
Note 6 — Elimination of intra-Group transactions	63
Note 7 — Combination scope	63
<b>4. Notes to the balance sheet</b>	<b>66</b>
Note 8 — Goodwill	66
Note 9 — Intangible assets	67
Note 10 — Investments	67
Note 11 — Receivables arising from insurance or reinsurance operations	72
Note 12 — Receivables from banking sector companies	73
Note 13 — Other receivables	74
Note 14 — Other assets	74
Note 15 — Accruals – assets	75
Note 16 — Group equity	76
Note 17 — Subordinated debt	77
Note 18 — Technical reserves	78
Note 19 — Provisions for risks and charges and contingent liabilities	79
Note 20 — Payables arising from insurance or reinsurance operations	80
Note 21 — Debt with banking sector companies	80
Note 22 — Other payables	81
Note 23 — Accruals – liabilities	81
Note 24 — Income tax	82
Note 25 — Commitments received and given	83
<b>5. Notes to the income statement and segment reporting</b>	<b>84</b>
Note 26 — Net financial income (expense)	84
Note 27 — Non-recurring income (expense)	85
Note 28 — Segment reporting	85
Note 29 — Staff costs and headcount	91
Note 30 — Remuneration of corporate officers	91
Note 31 — Statutory Auditors' fees	92

## 1. Significant events

### Covid-19

After emerging in December 2019, Covid-19 pandemic rapidly spread throughout the world during the first quarter of 2020. The virus caused state authorities to declare a public health emergency and impose lockdown measures, which led to a sudden contraction in economic activity and considerable uncertainty about the outlook for growth, provoking a high level of volatility in financial markets.

In response to these circumstances, Covéa made it a priority to implement all the necessary measures to safeguard its employees, maintain business continuity, and deliver services to its members and customers. Business continuity plans, monitoring procedures and communication campaigns were rolled out, including making working from home a priority for employees. All these measures enabled the Group to ensure the smooth running of its operations.

The effects of the Covid-19 crisis on the results of the Group's operations for the year ending 31 December 2020 are of several types. The presentation below uses a targeted approach to highlight the main impacts deemed relevant.

For non-life insurance business, the direct impacts of the crisis resulted in a negative contribution of €903 million to recurring economic operating income, net of reinsurance, which breaks down as follows:

- triggering of contractual coverage, primarily in relation to business interruption cover eligible in the event of a pandemic, event cancellations, sick leave and healthcare costs: €456 million, net of reinsurance;
- benefits paid to professional and commercial customers in excess of the contractual coverage initially agreed, coverage extensions and support for service providers: €249 million;
- premium rebates offered to individual and commercial customers: €107 million;
- additional impairment on policyholder receivables and unpaid premiums: €31 million;
- exceptional taxes on premiums due by complementary health insurance providers in respect of France's Social Security Finance Law for 2021: €60 million.

These impacts were partially offset by an improvement in the loss ratio for certain lines, particularly motor, given the lockdown measures.

In life insurance, the crisis resulted in a decrease in written premiums for euro-denominated policies.

In addition, the Group made a €33 million contribution to the solidarity fund set up by the French state to support VSEs and SMEs, via the French Insurance Federation (FFA). These amounts were recognised in non-recurring expenses.

Financial donations were also made specifically in relation to Covid-19, in the amount of €5 million.

Furthermore, rent relief was granted in the amount of €2 million.

Lastly, the Group pledged to invest €101 million in the French government initiative to support business recovery via specific funds. At 31 December 2020, commitments under this pledge totalled €81 million, with €13 million already paid and €68 million remaining to be called, the latter included under off-balance sheet commitments. An additional commitment of €20 million was given in January 2021.

### Planned acquisition of PartnerRe

On 3 March 2020, Covéa announced it had agreed a memorandum of understanding with Exor to acquire 100% of the ordinary shares making up the capital of PartnerRe, a major global reinsurance company.

The employee representative bodies were then consulted to request their opinion on this planned transaction before the signing of the acquisition contract. The transaction was also subject to the approval of the relevant competition and regulatory authorities.

Given the change in circumstances and the considerable uncertainty regarding the global economic outlook, Covéa informed Exor on 12 May 2020 that the current context meant it would not be possible to complete the acquisition of PartnerRe as initially planned and put an end to the acquisition process.

### Investment cooperation with Exor

On 3 August 2020, Covéa entered into a framework cooperation agreement with the Exor group regarding an investment cooperation.

Within this cooperation, the Covéa Group will allocate a total of €750 million by the end of 2023 for investment in funds managed or sponsored by the Exor group and will invest a further €750 million over the next five years in dedicated investment



vehicles having as underlying assets PartnerRe's reinsurance activities.

At 31 December 2020, the Group had off-balance sheet commitments of €1,500 million in respect of investments in funds and reinsurance vehicles.

#### **Sale of the stake in the Caser group**

On 23 January 2020, Covéa Coopérations finalised an agreement to sell its 20% stake in the Caser group to Helvetia. The transaction

was finalised on 25 June 2020 after obtaining approval from the relevant control and oversight bodies. The agreed sale price of €239 million reflects the price adjustment agreed in the second half of 2020.

Previously accounted for using the equity method, Caser is thus no longer included in the combination scope, with a capital gain of €38 million recognised in the Group's financial statements at 31 December 2020.

## 2. Subsequent events

No event that would have a material impact on the Covéa Group's financial statements at 31 December 2020 occurred after the financial statements were authorised for issue.

## 3. Notes on accounting principles

### Note 1

### Accounting standards

The Covéa Group's combined financial statements are drawn up in accordance with Regulation 2000-05 of 7 December 2000, issued by France's accounting standards authority at the time, the *Comité de la Réglementation Comptable* (CRC), relating to the rules for the consolidation and combination of undertakings governed by the French Insurance Code, including subsequent changes made thereto by other accounting regulations, issued either by the CRC or by the current accounting standards authority, the *Autorité des Normes Comptables* (ANC).

Subject to the specific provisions provided for in the above-mentioned consolidation and combination rules:

- the financial statements of the Covéa Group's French insurance

undertakings are prepared in accordance with the rules set by ANC Regulation 2015-11 of 26 November 2015 relating to the annual financial statements of insurance undertakings;

- the financial statements of the Covéa Group's other French companies are prepared in accordance with the rules set by ANC Regulation 2014-03 relating to the French general chart of accounts.

The main impacts of the Covid-19 event on the financial statements at 31 December 2020 are presented in section 1, "Significant events" in application of the targeted approach provided for in the Covid-19 recommendations issued by the ANC in relation to financial statements for reporting periods beginning on or after 1 January 2020.

## Note 2

### Combination methods

#### 2.1 Combination and consolidation methods

Combination by aggregation applies to mutual and protection insurers.

Companies over which the Group has exclusive control are fully consolidated. Exclusive control exists when a majority of the voting rights at general meetings are held directly or indirectly.

Companies for which there is a shareholder agreement in place giving joint control to a limited number of shareholders are proportionately consolidated.

Companies over which the Group exerts significant influence are accounted for using the equity method. Significant influence is considered to exist when the Group's stake is at least 20%, provided that these companies do not meet the criteria defined above.

#### 2.2 Goodwill and intangible assets (policy portfolios)

##### 2.2.1 Goodwill

Goodwill on initial consolidation is recognised when a company enters the combination scope. It represents the difference between the acquisition cost of the securities and the parent company's interest in the equity of the company concerned. This difference is recognised as a valuation adjustment if it relates to identifiable tangible and intangible items. Any unallocated balance is recognised as goodwill.

In accordance with ANC Regulation 2015-09 of 23 November 2015, applicable for reporting periods beginning on or after 1 January 2016, goodwill with a limited useful life is amortised on a straight-line basis over the period during which it will provide the Group with economic benefits or, if it cannot be reliably determined, over a 10-year period. Conversely, goodwill with an unlimited useful life is not amortised.

Goodwill concerning a company with unfavourable indicators is tested for impairment based on its business outlook. If its discounted value is lower than its consolidated net value, an impairment loss is recognised and the amortisation schedule is adjusted accordingly. Goodwill with an unlimited useful life is

tested for impairment every financial year, whether or not there is any evidence of impairment.

With regard to goodwill recognised on the opening combined balance sheet for the 2016 financial year, the Group opted to use the first-time application measures provided for in ANC Regulation 2015-09 of 23 November 2015 by maintaining the existing amortisation schedule for the remaining period.

Badwill generally corresponds to either a potential capital gain resulting from a bargain purchase or insufficient profitability of the company acquired. It is recognised in profit or loss over a period that reflects the assumptions used and the objectives set at the time of the acquisition.

##### 2.2.2 Intangible assets

###### 2.2.2.1 Values of non-life insurance business purchased

Non-life insurance business values arise from various contributions and acquisitions of P&C activities. They correspond to portfolio values representing identifiable intangible assets recognised at acquisition cost.

As there are no legal or contractual limits on the acquiring companies' use of these insurance portfolios and because of their absorption into these companies' other portfolios and these companies' ability and intention to continue developing them, they are considered to have an unlimited useful life, in accordance with ANC Regulation 2015-06.

They are tested for impairment when there is evidence of impairment, i.e. if significant events impact the portfolios. If the gross carrying amount is higher than the forecast economic value over 10 years, an impairment loss is recorded for the difference between these two values.

###### 2.2.2.2 Values of life insurance business purchased

Life insurance business values result from the acquisition of life insurance activities.

Recognised at acquisition cost, they include the following:

- Values of business in force, which are amortised as profits emerge over the lifetime of the portfolios, because these policies were written before the date of acquisition and the resulting intangible assets have a limited useful life.
- Values of new business, which are not amortised but tested for impairment if there is any evidence of loss of value, given that

these intangible assets are considered to have an unlimited useful life in the absence of a foreseeable limit on the consumption of the expected economic benefits, in accordance with ANC Regulation 2015-06. If the gross carrying amount is higher than the forecast economic value over 10 years, an impairment loss is recorded for the difference between these two values.

There are no Covéa Group companies located in high-inflation countries.

The share of currency translation differences attributable to the Group is recognised in equity, and the share attributable to third parties in minority interests.

## 2.3 Translation methods

The financial statements of non-eurozone foreign subsidiaries are translated into euros using the closing rate method, with assets, liabilities and commitments received and given translated at the year-end exchange rate, and income and expenses translated at the average exchange rate for the period.

## 2.4 Year-end

All combined and consolidated entities prepare their financial statements as at 31 December.

## Note 3

# Valuation methods and rules

## 3.1 Investments

### 3.1.1 Property assets

Land, buildings and shares of unlisted property companies are presented under "Land and buildings" and recorded at their acquisition cost or cost price.

Transaction costs are recognised as an expense for the year. In accordance with the legislation in force on 1 January 2005 relating to the component-based approach (restated in ANC Regulation 2014-03), the Covéa Group breaks down the overall cost price of buildings (excluding land) into four components: structure, envelope, technical installations, and fixtures and fittings.

Depreciation periods vary depending on the type of building and the components; they correspond to the technical lifespan of components rather than their actual period of use, and do not take into account residual values.

#### Impairment

Property assets are tested for impairment based on their market value or value in use.

With regard to investment property, the realisable value is based on the market value (generally as indicated by the most recent mandatory appraisal) when the property is intended to be sold

in the short term. For assets intended to be retained, the realisable value corresponds to the value in use determined on the basis of the expected future economic benefits.

The value in use of long-term operating property is generally equal to its carrying amount, except when the asset is intended to be sold in the short term.

### 3.1.2 Investments in associates and affiliates

Investments in associates and affiliates are measured at their cost of acquisition. Impairment may be recognised if the historical cost is higher than the realisable value.

### 3.1.3 Equities and units in UCITS – Variable-income securities

Equities are recorded at their acquisition cost, based on the purchase price and excluding transaction costs.

Their realisable value is calculated in accordance with Article R.343-11 of the French Insurance Code, in other words:

- for listed securities, using their last price on the closing date;
- for unlisted securities, based on their value in use for the Group.

Units in UCITS are recognised at their last published redemption price.

## Impairment

For securities governed by Article R.343-10 of the French Insurance Code (equities, other variable-income securities, etc.), a provision for long-term impairment is recognised, line by line, if their value in use or market value shows a significant discount relative to their cost price.

The methods used to calculate the long-term impairment provision are set out in Articles 123-6 *et seq.* of ANC Regulation 2015-11.

Unrealised capital losses are presumed to be long term in the following cases:

- where there was already a provision for impairment of this investment line at the previous year-end;
- where, in the case of non-property investments, the investment constantly had a significant unrealised capital loss position relative to its book value over a period of six consecutive months;
- where there is objective evidence that the company will be unable to recover all or part of the historical value of the investment in the foreseeable future.

Depending on the level of market volatility observed, the criterion for a significant capital loss can be generally defined, for French and European equities, as 20% of the book value if the markets are experiencing low volatility, rising to 30% in volatile market situations.

Considering the market volatility observed over the past financial year, the criterion for significant impairment applied at 31 December 2020 was 30%.

In addition to this assumption, all securities showing a significant unrealised capital loss were subject to a specific review. If any evidence of impairment was noted, a provision was set aside, based on the realisable value.

The carrying amount of an investment is determined by taking into account the company's intention and ability to hold the investment for a given period. Where applicable, a provision is recognised for securities based on:

- their market value at 31 December 2020;
- the recoverable amount of the investment at the end of the intended holding period.

The impairment provision is equal to the difference between the cost price and the carrying amount defined above.

## 3.1.4 Fixed-income securities

Bonds are recognised at their acquisition cost excluding accrued interest. The difference between the acquisition cost and the redemption value is recognised in profit or loss over the remaining term of the securities based on an actuarial or straight-line calculation, depending on the entity. This difference is recorded on the balance sheet under investments. The realisable value of these securities corresponds to their last quoted price or, by default, their market value.

In accordance with Article R.343-9 of the French Insurance Code and Articles 123-1 *et seq.* of ANC Regulation 2015-11, a provision for impairment is recognised if the debtor is unable to meet its commitments (interest payment and principal repayment).

In accordance with Article 123-7 of ANC Regulation 2015-11, the Group applies the following provisioning methods for amortisable securities governed by Article R.343-10 of the French Insurance Code:

- if the company has the ability and intention to hold the investment to maturity, only the corresponding proven counterparty default risk is provisioned, with no impairment set aside for any unrealised capital loss linked to an increase in risk-free rates;
- if the company does not have the ability or intention to hold the investment to maturity, the provision is calculated by analysing all the risks identified over the intended holding period.

In accordance with Article R.343-9 of the French Insurance Code and Article 121-9 of ANC Regulation 2015-11, the option for recognition under the terms of Article R.343-10 of the French Insurance Code is applied for bonds convertible into shares with a negative yield to maturity on acquisition.

## 3.1.5 Investments held to cover unit-linked liabilities

Investments held to cover unit-linked liabilities are recognised on the balance sheet at market value.

## 3.1.6 Other investments

Loans and other receivables are subject to specific impairments in the event of a counterparty default risk.

## 3.2 Derivative financial instruments

The Covéa Group does not use hedging strategies involving derivative financial instruments.

### 3.3 Receivables

Receivables are recognised at their nominal value.

An impairment is recognised when their recoverable amount is less than their net book value.

Receivables arising from insurance operations mainly comprise debit balances on policyholders' accounts and earned premiums that have not yet been written.

### 3.4 Foreign currency receivables and payables

Foreign currency receivables and payables are translated into euros based on the closing exchange rates.

In accordance with the regulations in force for insurance companies, currency translation differences relating to long-term investments are recognised on the balance sheet and currency translation differences relating to operating items on the income statement.

In 2020, all the differences were recognised in profit or loss.

### 3.5 Other assets

Other assets consist mainly of operating equipment. They are recorded as assets on the balance sheet at their acquisition cost and are depreciated annually over periods ranging from four to 15 years.

### 3.6 Asset and liability accruals

Asset and liability accruals primarily include deferred tax assets, accrued interest, rent accrued but not due, deferred acquisition costs, other deferred expenses, prepaid expenses and technical reinsurance valuations.

#### Deferred acquisition costs

##### Non-life deferred acquisition costs

In non-life insurance, the portion of acquisition costs not attributable to the financial year is recognised as an asset on the balance sheet and amortised on a basis consistent with that used to defer unearned premiums.

Covéa's French entities apply the provisions of Article 151-1 of ANC Regulation 2015-11, taking into account the termination probabilities to determine the period for allocating acquisition costs.

#### Life deferred acquisition costs

In life insurance, the deferrable acquisition costs for all life insurance policies (excluding term life insurance) corresponding to the operating costs and fees incurred to produce new policies and associated directly with a given generation of policies are carried forward based on the pattern of recognition for future profit margins, and within the limits of these margins.

These future margins are calculated by grouping together products with similar characteristics.

They take into account product management costs and the related financial margin.

Loadings for acquisition costs are recorded as income to be deferred over several years and recognised in profit or loss at the same rate.

Deferred taxes are recorded in connection with the recognition of these deferred acquisition costs and loadings.

### 3.7 Capitalisation reserve

Article 19 of Decree 2015-513 of 7 May 2015 rescinded the capitalisation reserve mechanism for French non-life insurance companies.

This reserve, which is now specific to French life insurance companies, is classified in the Group's combined equity. Allocations to and reversals from the capitalisation reserve are cancelled through profit or loss in the consolidated financial statements. If a capital loss is highly likely to be recorded on the sale of securities that are subject to this reserve, these restatements result in the recognition of deferred profit sharing, net of related deferred tax.

### 3.8 Technical reserves

Reserves are calculated gross of reinsurance, with the share payable by the reinsurers shown as an asset.

For foreign companies, the local rules for calculating technical reserves are applied (use of the risk tables and discount rates that are recognised locally as appropriate).

## Non-life unearned premium reserves

For all outstanding policies, unearned premium reserves reflect the portion of written premiums that relates to the period between the closing date and the next premium payment date or otherwise the policy maturity date.

## Non-life claims reserves

In accordance with paragraph 4 of Article R.343-7 of the French Insurance Code, claims reserves represent the estimated value of expenses in principal and fees, both internal and external, required to settle all incurred claims that are not yet paid, including those that might be paid in annuities. They are estimated with a sufficiently conservative approach to cover costs incurred in connection with adverse developments or scenarios. They reflect an estimated ultimate cost of settling insurance claims and include case-by-case reserves for reported claims, reserves for claims incurred but not reported, reserves for recoveries to be collected and reserves for claims handling costs.

Reported claims cases are valued at their estimated actual cost, including both principal and ancillary amounts. For certain types of risks, cases are opened on a fixed-cost basis. The valuations are revised periodically in view of any relevant new information obtained.

An ultimate value is estimated for reserves for claims incurred but not reported and for changes in reported claims using statistical methods such as claims development triangles.

Reserves for recoveries to be collected are estimated with reference to historical collection rates.

For construction risks, the reserves recorded are as a minimum equal to the sum of the total cost of outstanding incurred claims, whether reported or not, and the estimated cost of future claims expected to occur by the end of the 10-year limitation period.

A claims handling costs reserve is calculated to cover future expenses associated with outstanding claims. This reserve takes into account the Group's internal costs.

In accordance with the provisions of ANC Regulation 2020-11, the exceptional tax established by Articles 3 and 13 of France's Social Security Finance Law for 2021, which is set to 2.6% of complementary health insurance premiums in respect of 2020 and 1.3% of those in respect of 2021, was recognised under claims reserves at 31 December 2020.

## Non-life other technical reserves

Mathematical reserves for annuities (French entities — paragraph 1 of Article R.343-7 of the French Insurance Code)

In accordance with Article 143-2 of ANC Regulation 2015-11, the table used to calculate mathematical reserves for annuities arising from policies covering risks referred to in paragraph 3 of Article L.310-1 of the French Insurance Code is the regulatory mortality table TD 88-90, and the discount rate is capped at 60% of the *taux moyen des emprunts d'État* (TME) — the average yield on French government bonds — over the last 24 months, plus 10 basis points, i.e. a maximum 0.12% for the year ended 31 December 2020. In light of the anticipated decline in the TME bringing it closer to zero, the Group has applied a discount rate of 0% at 31 December 2020.

For accidents having occurred on or after 1 January 2013, upward revisions of the annuities awarded to victims are exclusively payable by the insurers. This transfer of expenses from the insurance guarantee fund (*Fonds de Garantie des Assurances Obligatoires de dommages*, FGAO) to insurers makes it necessary to set aside reserves in the financial statements for future revaluations. The inflation rate used in the financial statements is set at 2%, in accordance with Article 143-2 of ANC Regulation 2015-11, amended by ANC Regulation 2018-08.

In accordance with Article 143-12 of ANC Regulation 2015-11, the tables used to calculate mathematical reserves for annuities arising from policies covering risks referred to in paragraph 2 of Article L.310-1 of the French Insurance Code are the regulatory incapacity and disability tables, and the discount rate is capped at 75% of the TME over the last 24 months, i.e. 0.02% for the year ended 31 December 2020.

## Unexpired risk reserve

The unexpired risk reserve represents future losses, i.e. the portion of claims, inclusive of management costs, that exceeds the fraction of the premium carried forward to the next financial year and subsequent financial years, plus financial income on premiums received. The calculation is carried out using a statistical method on an overall basis for each category of insurance.

## Equalisation reserves

Equalisation reserves, intended to deal with fluctuations in the loss ratio relating to risks such as natural events, atomic risks and pollution risks, and extended to include terrorist risks since 2001, are recorded in the companies' individual financial statements. They are eliminated in the consolidated financial statements if they are not intended to offset future risks and events characterised by a low frequency and high unit cost.

## Life insurance reserves

Mathematical reserves are calculated in accordance with the French and foreign regulations in force and represent the

difference between the present value of the commitments made by insurers and policyholders respectively.

For French life insurance companies, mathematical reserves are non-Zillmerised, where appropriate, in the consolidated financial statements. Deferred acquisition costs and associated reserves for deferred acquisition costs are eliminated on consolidation (see also Note 3.6 on the recognition of deferred acquisition costs in the consolidated financial statements).

The Covéa Group has opted not to apply the preferential method provided for in the applicable regulations, under which life insurance reserves must be determined using discount rates no higher than the conservatively estimated expected rates of return on assets backing policyholder liabilities. The difference between the technical reserves calculated using the two methods is not material.

#### Unit-linked policies

Mathematical reserves for unit-linked policies are valued with reference to the underlying assets. Gains and losses resulting from the remeasurement of these assets are recognised in profit or loss in order to eliminate the impact of the change in the technical reserves.

#### Life annuities

Mathematical reserves for life annuities are calculated based on the mortality tables established by the French ministerial order of 1 August 2006 (tables TGH05 and TGF05 for annuities taken out between 1 January 2007 and 20 December 2012; table TGF05 for life annuities taken out since 20 December 2012).

#### Policyholders' profit-sharing reserves

These reserves correspond to profit sharing allocated to policyholders, but not included in the mathematical reserves.

They comply with the minimum allocation provided for by the French Insurance Code (90% of the technical profits and 85% of the financial profits to be distributed within eight years), as well as the contractual clauses and the discretionary policies approved by the boards of directors.

In the cases provided for by regulations, this reserve may be supplemented with deferred profit sharing calculated on consolidation adjustments.

#### Reserves for management costs

These reserves make provisions for future management expenses not covered by the loadings on premiums or the financial margin, in accordance with the calculation methods specified in

Article 142-6 of ANC Regulation 2015-11. They are calculated by grouping together policies with similar characteristics.

#### Reserve for financial contingencies

If, at the closing date, the actual rate of return on assets reduced by one-fifth is less than the quotient obtained by dividing the total amount of the guaranteed interests on policies by the average amount of the mathematical reserves, an addition is made to the reserve for financial contingencies pursuant to Article 142-8 of ANC Regulation 2015-11.

#### Non-life and life liquidity risk reserves

Intended to cover commitments in the event of unrealised capital losses on the assets referred to in Article R.343-10 of the French Insurance Code, liquidity risk reserves are calculated in accordance with Article R.343-5 of the French Insurance Code.

These reserves are recognised in the individual company financial statements if appropriate, but are eliminated on consolidation.

### 3.9 Provisions for risks and charges and contingent liabilities

Provisions for risks and charges are determined by each combined and consolidated entity. These provisions are intended to cover clearly identifiable risks and charges that past or ongoing events make likely to occur (see Note 19).

Provisions for risks and charges include provisions for deferred tax liabilities, litigation, goodwill and long-term employee benefits as well as other provisions for risks and charges.

#### Provisions for long-term employee benefits

##### Post-employment benefits (defined benefit plans)

The Group applies the preferential method and recognises provisions for all post-employment benefit obligations using Method 2 and the corridor approach in accordance with ANC Recommendation 2013-02 of 7 November 2013, subject to the changes of methods introduced for the 2019 financial year.

From 1 January 2019, past service costs arising from the introduction or modification of plans are to be recognised immediately on the balance sheet and in profit or loss. In addition, the actuarial gains and losses for the year are restated for the change in provisions and recognised in off-balance sheet commitments. From 1 January 2020, a percentage of these gains and losses is to be recognised in profit or loss. This percentage corresponds to the amount of aggregate actuarial gains and losses not recognised at the start of the year that

exceeds 10% of the actuarial liability, divided by the average remaining period until retirement.

Provisions recognised in liabilities correspond to the actuarial valuation of commitments, less actuarial gains and losses that have not yet been recognised, and less, where applicable, the value of non-Group life insurance policies taken out as cover for pension benefits.

The actuarial valuation of post-employment benefits covered by common agreements is based on the following main assumptions:

- discount rate: iBoxx € Corporates AA 10+ rate at 31 December 2020;
- mortality tables: INSEE 2012-2014 tables;
- future pay growth rate (including long-term inflation): 1.80% to 3.00%.

Contributions to pension time savings accounts are payable by the employer:

- in the event of early announcement of retirement, depending on the notice period;
- in the event of liquidation of pension time savings accounts for full early retirement, depending on the number of days saved.

The actuarial valuation of French defined benefit pension plans covered by Law 2019-486 of 22 May 2019 (PACTE law) takes into account the freezing of conditional benefits under these plans at the level reached on 31 December 2019.

#### Post-employment benefits (defined contribution plans)

Contributions are recognised in profit or loss as an offset to the current service cost for staff members enrolled in the plans, in accordance with ANC Recommendation 2013-02 of 7 November 2013.

#### Other long-term benefits

Long-term commitments giving rise to the payment of benefits during the working life of employees, such as long-service awards and long-service leave, are not treated as post-employment commitments. They are covered by the specific provisions from section 7 of CNC Recommendation 2003-R-01 of 1 April 2003, referred to by ANC Recommendation 2013-02, which requires actuarial gains and losses and past service costs to be recognised immediately in profit or loss.

Provisions for liabilities correspond to the actuarial valuation of commitments.

#### Contingent liabilities

Contingent liabilities correspond to an obligation that is neither probable nor certain on the reporting date, or a probable obligation for which no outflow of resources is likely. Contingent liabilities, which are not provisioned, are presented in the notes to the financial statements (see Note 19).

### 3.10 Deferred tax

Income taxes include all taxes on income, both current and deferred. A temporary difference, which gives rise to deferred tax, arises when the carrying amount of an asset or liability is different from its tax value.

Deferred tax assets and liabilities are recognised separately on the combined balance sheet under "Accruals – assets" and "Provisions for risks and charges" respectively.

Deferred taxes are calculated using the balance sheet approach based on temporary differences between the carrying amounts and tax values of assets and liabilities, referring to the tax rules and rates in force at the end of the reporting period and applicable when the temporary differences are reversed. The main temporary differences correspond to:

- Temporary differences between the accounting result and the taxable result, particularly on the realisable values of UCITS and certain technical reserves for non-life insurance companies;
- Differences between the consolidated carrying amount and the tax value of assets and liabilities;
- Tax loss carryforwards;
- Capital gains subject to deferred taxation;
- Consolidation adjustments.

In the event of a net tax liability position, deferred taxes are systematically recorded. However, for a net tax asset position, deferred tax is recognised only when the company expects to generate sufficient taxable profits against which the deductions represented by deferred tax assets can be offset.

As from 1 January 2008, Covéa SGAM opted for the tax group regime provided for in the second paragraph of Article 223 A of the French Tax Code.

### 3.11 Segment accounts: net investment income

The breakdown of combined net investment management income between the technical and non-technical income share for each company is determined in proportion to the consolidated technical reserves and the contribution to consolidated equity before elimination of securities, except where there are segregated assets for which the associated financial income is allocated to equity.



## Note 4

### Preferential methods

As stated in CRC Regulation 2000-05, certain methods are considered preferential in the combined financial statements. The Covéa Group has thus opted to apply the preferential method for the cost of post-employment benefits (see Note 3.9).

Regarding life insurance reserves, non-application of the preferential method has no significant impact (see Note 3.8).

## Note 5

### Adjustments relating to the main differences between French and foreign regulations

The financial statements of subsidiaries located abroad are restated to make them compliant with French regulations.

With regard to subsidiaries in the United Kingdom, Ireland and Italy, local regulations require a portion of investments to be measured at market value, with changes in value recognised in profit or loss.

In accordance with French accounting rules, these investments were restated at historical cost and the changes in value recognised by the subsidiary, net of deferred tax, were eliminated on consolidation. In addition, a provision for long-term impairment was recorded for these securities in accordance with French regulations and the Group's rules set out in Note 3.1.3.

## Note 6

### Elimination of intra-Group transactions

The following intra-Group transactions are eliminated:

- Current accounts recording the use of shared goods and services in particular.
- Dividends paid by subsidiaries to parent companies or between subsidiaries.
- Intra-Group lending transactions.
- Intra-Group reinsurance transactions.
- Capital gains and losses on intra-Group disposals (the assets sold are kept at their historical value).
- Provisions for impairment of shares in consolidated subsidiaries and affiliates (with no impact on deferred tax).

## Note 7

### Combination scope

The Covéa Group presents combined financial statements in accordance with regulations, which state that when insurance undertakings constitute a group whose cohesion does not result from capital ties, one of them must prepare and publish combined financial statements.

The combining agreement appoints Covéa SGAM as the combining undertaking. At 31 December 2020, it linked the following companies: Covéa SGAM, APGIS, Assurances Mutuelles de France, La Garantie Mutuelle des Fonctionnaires, Le Finistère, MAAF Assurances, MAAF Santé, MMA IARD Assurances Mutuelles, MMA Vie Assurances Mutuelles and Mutuelle Interprofessionnelle SMI.

These entities have close relationships in many areas, such as:

- Common management
- Shared operational services
- Joint subsidiaries
- Co-insurance or reinsurance agreements

**The following undertakings are consolidated:**

- Companies that one or more parties to the combination agreement control exclusively or jointly.
- Companies over which one or more parties to the combination agreement exert significant influence, which is presumed to exist when they directly or indirectly hold more than 20% of the voting rights.
- “Special-purpose” entities created specifically to manage a transaction or group of similar transactions on an undertaking’s behalf. These entities must be included in the combination scope if one or more of the Group’s entities control them and are shareholders or associates thereof.

**The following are not included in the combination scope:**

- Investments considered immaterial at Group level, with materiality assessed in relation to the Group’s equity, income and revenue.
- Companies in which the Group holds an interest of 20% or higher, but which are being liquidated and are not material.
- Undertakings for collective investment in transferable securities, as they are held for the purpose of covering insurance technical commitments and are therefore excluded pursuant to CRC Regulation 2000-05.
- Property investment companies (*sociétés civiles immobilières*, SCIs) whose income for the financial year is included in their holders’ accounts at the same financial year-end.
- Companies that are held temporarily or in which the Group is not entitled to participate in their financial and operational policies.
- Economic interest groups (*groupements d’intérêt économique*, GIEs).

The tangible and intangible assets of the economic interest groups formed by Group companies to pool and operate their IT resources (GIE MMA SI, GIE Europex and GIE AGSI), manage

customer relations (GIE Atlas), manage claims (GIE Europac and GIE Européenne de Règlement), manage in-house operating property (GIE Cibail) and manage procurement (GIE Logistic and GIE Covéa Agora) are excluded from the combined balance sheet, while their net income is recorded in the Group companies’ individual financial statements.

These exclusions do not affect the true and fair view given by the combined financial statements.

**Main changes in the Covéa Group’s combination scope**

- Caser, which was accounted for using the equity method until 31 December 2019, was removed from the combination scope following its disposal, which was completed in the first half of 2020 (see section 1, “Significant events”).
- CoPaRex, a company formed to administer the investment commitments arising from the cooperation agreement with Exor, and Covéa MAB, which centralises the Covéa Group’s investments in economic recovery funds (see section 1, “Significant events”), were added to the combination scope as from 1 January 2020. Both of these companies are fully consolidated.
- Covéa D, a non-profit organisation and employer group, which hires employees and makes them available to Group companies, has also been fully consolidated since 1 January 2020.

For each entity in the scope, the following table presents its area of activity, the consolidation method, the country where its head office is located and its business segment (see Note 28, “Segment reporting”).

Name	Area of activity	Head office location	Consolidation method	Business segment	% control	% interest
SGAM Covéa	Mutual holding company	France	Cmb	Other		
Assurances Mutuelles de France	Non-life insurance	France	C	Non-life		
Le Finistère	Non-life insurance	France	C	Non-life		
La Garantie Mutuelle des Fonctionnaires	Non-life insurance	France	C	Non-life		
MAAF Assurances	Non-life insurance	France	C	Non-life		
MAAF Santé	Complementary health insurance	France	C	Life/Non-life		
MMA IARD Assurances Mutuelles	Non-life insurance	France	C	Non-life		
MMA Vie Assurances Mutuelles	Life insurance	France	C	Life		
Appgis	Group health and protection insurance	France	C	Life/Non-life		
SMI	Protection insurance	France	C	Life/Non-life		
Covéa Coopérations	Holding and reinsurance activities	France	F	Life/Non-life	100.00	100.00
Covéa PJ	Legal protection insurance	France	F	Non-life	100.00	100.00
Fidélia Assistance	Assistance insurance	France	F	Non-life	99.99	99.99
GMF Assurances	Non-life insurance	France	F	Non-life	100.00	100.00
La Sauvegarde	Non-life insurance	France	F	Non-life	99.99	99.99
MAAF Assurances SA	Non-life insurance	France	F	Non-life	100.00	100.00
MMA IARD SA	Non-life insurance	France	F	Non-life	100.00	100.00
BPCE IARD	Non-life insurance	France	F	Non-life	49.98	49.98
CSE Insurance Company	Non-life insurance	United States	F <sup>1</sup>	Non-life	100.00	100.00
Covéa Insurance plc	Non-life insurance	United Kingdom	F	Non-life	100.00	100.00
Bipiemme Assicurazioni	Non-life insurance	Italy	F	Non-life	100.00	81.00
GMF Vie	Life insurance	France	F	Life	100.00	100.00
MMA Vie SA	Life insurance	France	F	Life	100.00	100.00
MAAF Vie	Life insurance	France	F	Life	100.00	100.00
Bipiemme Vita SpA	Life insurance	Italy	F	Life/Non-life	81.00	81.00
Covéa Lux	Reinsurance	Luxembourg	F	Life/Non-life	100.00	100.00
Medical Insurance Company	Non-life insurance	Ireland	F	Non-life	99.90	99.90
Covéa Finance	Third-party asset management	France	F	Other	100.00	100.00
Midepp	Asset management	France	F	Other	100.00	100.00
Assurland	Online insurance price comparison	France	F	Other	100.00	100.00
GMF Financial Services Corp.	Holding company	United States	F	Other	100.00	100.00
MMA Holdings UK plc	Holding company	United Kingdom	F	Other	100.00	100.00
SA Immobilière des MMA	Property company	France	F	Life	100.00	100.00
SCI Flèche Mizola	Property company	France	F	Life	100.00	100.00

Name	Area of activity	Head office location	Consolidation method	Business segment	% control	% interest
SCI Boissy Royale	Property company	France	F	Non-life	100.00	100.00
SCI Sécurité Pierre	Property company	France	F	Non-life	100.00	100.00
Covéa MAB	Investments and acquisitions of equity interests	France	F	Other	100.00	100.00
CoParEx	Investments and acquisitions of equity interests	France	F	Other	100.00	100.00
Covéa D	Non-profit organisation	France	F	Other	100.00	100.00
Prifinance	Defeasance company	France	F <sup>1</sup>	Other	62.00	62.00
Carma	Partnership with Carrefour – Personal property & casualty insurance	France	EM		49.99	49.99
Carma Vie	Partnership with Carrefour – Credit insurance	France	EM		49.99	49.99
Protec BTP	Non-life insurance	France	EM		35.00	35.00

Cmb: Combining entity  
C: Combined entity

F: Full consolidation  
EM: Equity method

<sup>1</sup> Companies consolidated based on their consolidated financial statements.

## 4. Notes to the balance sheet

### Note 8 Goodwill

In € thousands	2020	2019
Gross value	526,349	693,087
Amortisation and impairment	(523,006)	(653,052)
<b>Net value</b>	<b>3,343</b>	<b>40,035</b>

Net values break down as follows:

	2020	2019
MMA IARD SA		2,722
GMF Financial Services Corp.		3,069
Covéa Insurance	3,343	4,379
Bipiemme Vita SpA <sup>1</sup>		29,865
<b>Total</b>	<b>3,343</b>	<b>40,035</b>

<sup>1</sup> The change for the year includes an exceptional amortisation expense in respect of residual goodwill

## Note 9

## Intangible assets

## 9.1 Breakdown by category

In € thousands	2020			2019
	Gross	Amortisation and impairment	Net	Net
<b>Value of insurance business purchased</b>	<b>149,022</b>	<b>(99,047)</b>	<b>49,975</b>	<b>49,975</b>
<b>Other intangible assets</b>	<b>327,446</b>	<b>(98,343)</b>	<b>229,103</b>	<b>229,909</b>
Compensation paid for agencies and share of agents' licensing fees financed by the Group	195,756	(4,524)	191,232	187,679
Software	77,096	(71,683)	5,413	8,877
Lease rights	11,399	(449)	10,950	12,131
Other	43,195	(21,687)	21,508	21,222
<b>Total</b>	<b>476,468</b>	<b>(197,390)</b>	<b>279,078</b>	<b>279,884</b>

## 9.2 Intangible assets of unconsolidated economic interest groups

In € thousands	2020			2019
	Gross	Amortisation	Net	Net
<b>Fixed assets</b>				
Intangible assets				
Software and development costs	813,307	(607,290)	206,017	181,671

## Note 10

## Investments

## 10.1 Summary of investments from insurance undertakings

In € thousands	2020				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property	4,406,962	(650,901)	3,756,061	6,726,879	2,970,818
Equities and other variable-income securities	4,390,575	(205,532)	4,185,043	5,821,060	1,636,017
Units of equity UCITS	5,096,941	(42,861)	5,054,080	6,773,438	1,719,358
Bonds and other fixed-income securities	71,934,270	(459,986)	71,474,284	79,045,704	7,571,420
Units of bond UCITS	2,885,157		2,885,157	3,320,024	434,867
Other investments <sup>2</sup>	3,167,135	(10,413)	3,156,722	3,162,518	5,796
<b>Total</b>	<b>91,881,040</b>	<b>(1,369,693)</b>	<b>90,511,347</b>	<b>104,849,623</b>	<b>14,338,276</b>
Total listed investments	83,493,004	(483,185)	83,009,819	94,268,392	11,258,573
Total unlisted investments	8,388,036	(886,508)	7,501,528	10,581,231	3,079,703
Share of non-life insurance investments	32,606,842	(943,649)	31,663,193	36,652,714	4,989,521
Share of life insurance investments	59,274,198	(426,044)	58,848,154	68,196,909	9,348,755

<sup>2</sup> Other investments mainly comprise deposits with banks and loans (mortgage loans and loans to associates or affiliates)

In € thousands	2019				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property	4,109,267	(621,370)	3,487,897	6,271,875	2,783,978
Equities and other variable-income securities	3,809,280	(195,259)	3,614,021	5,852,100	2,238,079
Units of equity UCITS	4,863,345	(35,984)	4,827,361	6,372,558	1,545,197
Bonds and other fixed-income securities	67,360,560	(291,184)	67,069,376	74,036,712	6,967,336
Units of bond UCITS	8,848,340		8,848,340	9,262,476	414,136
Other investments <sup>2</sup>	2,899,759	(8,863)	2,890,896	2,896,904	6,008
<b>Total</b>	<b>91,890,551</b>	<b>(1,152,660)</b>	<b>90,737,891</b>	<b>104,692,625</b>	<b>13,954,734</b>
Total listed investments	84,281,329	(303,603)	83,977,726	95,019,426	11,041,693
Total unlisted investments	7,609,222	(849,057)	6,760,165	9,673,199	2,913,041
Share of non-life insurance investments	31,974,011	(847,135)	31,126,876	36,286,347	5,159,473
Share of life insurance investments	59,916,540	(305,525)	59,611,015	68,406,278	8,795,261

**NB:** For policies with a profit-sharing clause, the realisation of capital gains generates rights for the beneficiaries.

## 10.2 Investments in associates and affiliates

In € thousands	2020				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
<b>Investments from insurance undertakings</b>	<b>1,215,605</b>	<b>(200,345)</b>	<b>1,015,260</b>	<b>1,183,490</b>	<b>168,230</b>
Equities and other variable-income securities	885,533	(200,345)	685,188	853,333	168,145
Other investments	330,072		330,072	330,157	85
<b>Investments from other undertakings<sup>1</sup></b>	<b>88,983</b>	<b>(36,000)</b>	<b>52,983</b>	<b>59,421</b>	<b>6,438</b>
Equities and other variable-income securities	79,702	(36,000)	43,702	50,140	6,438
Other investments	9,281		9,281	9,281	
<b>Total</b>	<b>1,304,588</b>	<b>(236,345)</b>	<b>1,068,243</b>	<b>1,242,911</b>	<b>174,668</b>

<sup>1</sup> Included in "Investments from other undertakings" on the balance sheet.

## 10.3 Investments in unconsolidated entities

The information below covers investments in unconsolidated entities for which the Group's investment exceeds €1 million.

### 10.3.1 Shares in property companies

Securities recorded under "Land and buildings" on the asset side of the balance sheet of insurance companies.

In € thousands

Company	Head office location	Percentage held by the Group	Group investments		Equity <sup>2</sup>	Net income (loss) at 100% <sup>2</sup>	Realisable value <sup>1</sup>	Revenue <sup>2</sup>
			Gross	Impairment				
SCI Marble Haussmann	France	100.00%	413,219		11,593	8,980	444,197	18,774
SCI Core Long Terme	France	100.00%	220,859		99,750		225,600	
SCI Immobilière Générale Française	France	100.00%	166,310		63,019	24,103	285,295	9,130
SCI Core 102 Charonne	France	100.00%	158,650	(3,529)			155,121	
SA SPI	France	89.15%	166,396		198,058	13,623	341,178	13,618
SCI 6 Avenue Kléber	France	100.00%	150,213		40,540	5,540	207,090	8,524
SCI Prony Bureaux	France	100.00%	141,832		146,310	7,369	360,822	14,594
SCI Séquana Rive Gauche	France	100.00%	140,229		96,731	6,731	177,666	11,229
SC Breteuil Ségur	France	100.00%	116,400		25,720	(4,280)	166,119	322
SCI Califimmo	France	100.00%	114,911		122,568	4,438	152,712	6,874
SAS Prony Habitation	France	100.00%	83,962		87,880	1,195	178,341	7,218
SARL MDM Kellermann	France	100.00%	76,860		12,951	966	104,878	
SCI Le Tropic	France	100.00%	66,591		15,652	3,652	92,149	6,975
SCI Foncière Opéra Gaillon	France	100.00%	66,248	(8,810)	44,542	2,170	77,169	4,200
SCI Silverseine	France	100.00%	63,868		16,386	6,386	111,001	10,463
SCI Dalle 1	France	100.00%	56,284		37,782	2,828	95,799	5,328
SCI Dalle 2	France	50.00%	53,650		77,222	8,687	110,525	13,763
SCI Londres Athènes	France	100.00%	33,989		38,321	3,468	88,420	
SCI MGF Immobilier	France	100.00%	26,225		8,622	674	28,489	1,113
SCI Cored	France	100.00%	24,080		23,913	(167)	28,927	
SCI Espace Performance	France	100.00%	23,581		24,503	551	24,113	1,219
SCI Cital Wacken	France	100.00%	17,809	(963)	13,040	1,844	17,555	3,436
SARL Boulogne Ailes MDM	France	100.00%	8,897		8,976	481	17,327	1,170
SCI Placements de Covéa PJ	France	100.00%	8,661		8,685	23	11,865	202
SARL Lyon MDM	France	100.00%	8,067		7,959	504	21,275	1,114
SCI 36 Bd St Marcel	France	100.00%	6,582		784	784	14,872	1,007
SCI MDM Vie	France	100.00%	5,641		6,272	632	12,052	946
SCI Maison des quatre	France	100.00%	4,504		2,441	(122)	5,290	233
SARL Le Mans 37 Chanzy	France	100.00%	4,334	(350)	3,973	10	3,984	
SCI Groupe MMA	France	100.00%	3,681		2,696	(983)	4,165	4,041
SA Chauray Valeur	France	100.00%	2,020		2,317	136	5,713	380
SAS Le Grand Bleu	France	100.00%	1,734		1,302	276	4,002	525
<b>Total</b>			<b>2,436,287</b>	<b>(13,652)</b>				

<sup>1</sup> Group share.<sup>2</sup> Equity, net income and revenue for the 2019 financial year.

## 10.3.2 Other equity interests

Securities included under "Investments in associates and affiliates" on the asset side of the balance sheet of insurance companies

In € thousands

Company	Head office location	Percentage held by the Group	Group investments		Equity <sup>2</sup>	Net income (loss) at 100% <sup>2</sup>	Realisable value <sup>1</sup>	Revenue <sup>2</sup>
			Gross	Impairment				
Covivio <sup>4</sup>	France	7.16%	385,360		8,297,645	746,987	512,172	888,813
GMF Recouvrement	France	100.00%	136,008	(72,860)	63,147	105	63,147	121
IENA Investissements Participations	France	100.00%	126,165		50,333	2,441	136,599	
Lagune International	Luxembourg	25.25%	58,278		201,734	1,295	63,125	
AME Life Lux	Luxembourg	100.00%	35,910	(35,910)	26,170	(270)	0	41,927
Appenin	France	100.00%	7,038		323	43	7,353	92
Covéa Next	France	100.00%	6,023	(2,568)	20,822	(4)	3,452	
Eurazur <sup>3</sup>	Luxembourg	100.00%	5,916	(3,483)	3,750	91	2,433	
CESVI France	France	90.00%	5,501		6,509	6	5,858	2,806
MMA Participations	France	100.00%	5,414		5,311	2,413	6,648	
AZ Plus	France	100.00%	5,268	(9)	4,635	14	4,610	
Gespré Europe	France	80.00%	3,808	(492)	3,988	241	3,318	4,218
Covéa Solution Prévention	France	100.00%	3,482	(3,013)	723	(26)	469	1,049
MMA Gestion	France	100.00%	3,095		3,984	115	4,067	13,751
SC Holding	France	50.00%	2,908		13,582	1,461	4,780	
Humensis	France	7.52%	2,629	(323)	5,250	265	2,306	51,565
OCG	France	100.00%	2,005		2,262	634	2,450	280
Cored II	France	100.00%	1,540	(6)	13	(3)	2,256	
RL Finance	France	18.36%	1,453		10,170	402	1,868	
CAT S.A.	France	100.00%	1,417		6,612	5,186	5,573	17,853
Darva	France	22.57%	1,042		18,736	627	4,514	28,583
Fidélia Services	France	100.00%	1,011		1,313	87	1,577	785
Other	France		84,263	(81,681)				
<b>Total investment in unconsolidated associates and affiliates recorded under "Equities and other variable income securities"</b>			<b>885,534</b>	<b>(200,345)</b>				

<sup>1</sup> Group share.

<sup>2</sup> Equity, net income and revenue for the 2019 financial year.

<sup>3</sup> Company in liquidation with licence withdrawn in 2011 (equity for the 2011 financial year).

<sup>4</sup> Consolidated equity, net income and revenue.



## 10.4 Investments held to cover unit-linked liabilities

Investments held to cover unit-linked liabilities are measured at market value.

In € thousands	2020	2019
Investment property	58,924	59,647
Equities and other variable-income securities		
Units of bond UCITS	1,662,473	1,436,465
Units of other UCITS	4,855,207	4,753,370
Bonds and other fixed-income securities	194,027	166,404
<b>Total</b>	<b>6,770,631</b>	<b>6,415,886</b>

## 10.5 Investments from other undertakings

In € thousands	2020				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property	28,847	(14,689)	14,158	51,947	37,789
Equities and other variable-income securities	87,159	(36,115)	51,044	59,142	8,098
Units of equity UCITS	41,099		41,099	43,412	2,313
Bonds and other fixed-income securities	90,844	(894)	89,950	91,493	1,543
Units of bond UCITS	2,536		2,536	2,536	
Other investments	17,634	(4,989)	12,645	10,816	(1,829)
<b>Total</b>	<b>268,119</b>	<b>(56,687)</b>	<b>211,432</b>	<b>259,346</b>	<b>47,914</b>

In € thousands	2019				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property	28,839	(14,246)	14,593	47,622	33,029
Equities and other variable-income securities	91,865	(38,133)	53,732	59,874	6,142
Units of equity UCITS					
Bonds and other fixed-income securities	87,342	(800)	86,542	88,146	1,604
Units of bond UCITS					
Other investments	8,580	(4,975)	3,605	1,775	(1,830)
<b>Total</b>	<b>216,626</b>	<b>(58,154)</b>	<b>158,472</b>	<b>197,417</b>	<b>38,945</b>

## 10.6 Investments accounted for using equity method

In € thousands	Share capital	Equity	Including 2020 net income at 100%	Consolidated balance sheet value <sup>1</sup>	
				2020	2019
<b>Non-life insurance companies</b>					
Carma	23,270	80,959	4,345	61,276	58,796
Protec BTP	28,140	54,366	2,367	19,028	18,780
<b>Life insurance companies</b>					
Carma Vie	6,100	10,266	1,054	5,132	4,913
<b>Mixed (life and non-life) insurance</b>					
Caser <sup>2</sup>					201,227
<b>Total</b>	<b>57,510</b>	<b>145,591</b>	<b>7,766</b>	<b>85,436</b>	<b>283,716</b>

<sup>1</sup> Percentages held presented in Note 7, "Combination scope".

<sup>2</sup> Removal from the combination scope in the 2020 financial year.

## Note 11

### Receivables arising from insurance or reinsurance operations

#### 11.1 Breakdown by type

In € thousands	2020			2019
	Gross	Provisions	Net	
Earned premiums not written	280,794		280,794	457,296
Other receivables arising from direct insurance operations	3,567,201	(124,586)	3,442,615	3,293,398
Receivables arising from reinsurance operations <sup>1</sup>	546,676	(4,268)	542,408	260,328
<b>Total</b>	<b>4,394,671</b>	<b>(128,854)</b>	<b>4,265,817</b>	<b>4,011,022</b>

<sup>1</sup> The change in the reinsurers' share of claims reserves and of receivables arising from reinsurance operations includes the likely coverage of business interruption losses currently under discussion with the reinsurers.

#### 11.2 Breakdown by activity

In € thousands	2020			2019
	Life	Non-Life	Total	
Earned premiums not written	11,161	269,633	280,794	457,296
Other receivables arising from direct insurance operations	33,975	3,408,640	3,442,615	3,293,398
Receivables arising from reinsurance operations	1,958	540,450	542,408	260,328
<b>Total</b>	<b>47,094</b>	<b>4,218,723</b>	<b>4,265,817</b>	<b>4,011,022</b>

### 11.3 Breakdown by maturity

In € thousands	2020			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Earned premiums not written	280,794			280,794
Other receivables arising from direct insurance operations	3,411,842	26,117	4,656	3,442,615
Receivables arising from reinsurance operations	541,075	1,333		542,408
<b>Total</b>	<b>4,233,711</b>	<b>27,450</b>	<b>4,656</b>	<b>4,265,817</b>

## Note 12 Receivables from banking sector companies

### 12.1 Breakdown by type

In € thousands	2020			2019
	Gross	Provisions	Net	
Current accounts and cash	3,630,442		3,630,442	3,264,234
<b>Total</b>	<b>3,630,442</b>		<b>3,630,442</b>	<b>3,264,234</b>

### 12.2 Breakdown by activity

In € thousands	2020				2019
	Non-life	Life	Other	Total	
Current accounts and cash	2,069,011	705,764	855,667	3,630,442	3,264,234
<b>Total</b>	<b>2,069,011</b>	<b>705,764</b>	<b>855,667</b>	<b>3,630,442</b>	<b>3,264,234</b>

### 12.3 Breakdown by maturity

In € thousands	2020			Total	2019
	Within 1 year	Between 1 and 5 years	After 5 years		
Current accounts and cash	3,630,442			3,630,442	3,264,234
<b>Total</b>	<b>3,630,442</b>			<b>3,630,442</b>	<b>3,264,234</b>

## Note 13

### Other receivables

#### 13.1 Breakdown by type

In € thousands	2020			2019
	Gross	Provisions	Net	
Staff and related accounts	13,442		13,442	12,423
State and social security organisations	575,437	(410)	575,027	299,688
Other receivables	1,254,888	(32,694)	1,222,194	945,647
<b>Total</b>	<b>1,843,767</b>	<b>(33,104)</b>	<b>1,810,663</b>	<b>1,257,758</b>

#### 13.2 Breakdown by activity

In € thousands	2020			Total
	Non-Life	Life	Other	
Staff and related accounts	12,879	539	24	13,442
State and social security organisations	131,725	179,409	263,893	575,027
Other receivables	971,283	228,537	22,374	1,222,194
<b>Total</b>	<b>1,115,887</b>	<b>408,485</b>	<b>286,291</b>	<b>1,810,663</b>

#### 13.3 Breakdown by maturity

In € thousands	2020			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Staff and related accounts	13,442			13,442
State and social security organisations	570,114	4,913		575,027
Other receivables	1,197,191	8,933	16,070	1,222,194
<b>Total</b>	<b>1,780,747</b>	<b>13,846</b>	<b>16,070</b>	<b>1,810,663</b>

## Note 14

### Other assets

#### 14.1 Breakdown by type

In € thousands	2020			2019
	Gross	Provisions	Net	
Deposits and sureties	16,873		16,873	6,208
Inventory and work in progress				
Other property, plant and equipment	419,745	(295,530)	124,215	155,259
<b>Total</b>	<b>436,618</b>	<b>(295,530)</b>	<b>141,088</b>	<b>161,467</b>

## 14.2 Breakdown by activity

In € thousands	2020			Total
	Non-Life	Life	Other	
Deposits and sureties	16,166	707		16,873
Inventory and work in progress				
Other property, plant and equipment	122,164	317	1,734	124,215
<b>Total</b>	<b>138,330</b>	<b>1,024</b>	<b>1,734</b>	<b>141,088</b>

## 14.3 Tangible assets of unconsolidated economic interest groups

In € thousands	2020			2019
	Gross	Depreciation	Net	
<b>Fixed assets</b>				
Property, plant and equipment				
IT hardware and other equipment	309,362	(177,633)	131,729	114,096

## Note 15

### Accruals – assets

In € thousands	2020				2019
	Non-Life	Life	Other	Total	Total
Deferred tax assets	859,413	23,684	6,280	889,377	915,074
Accrued interest and rents not yet due	154,785	465,918		620,703	695,058
Deferred acquisition costs	609,384	407,746		1,017,130	1,021,687
Other deferred expenses	972			972	987
Prepaid expenses	4,453	1,308	4,335	10,096	10,668
Technical reinsurance valuations – assets	154,527			154,527	128,852
Other accruals – assets	132,162	10,813		142,975	221,610
<b>Total</b>	<b>1,915,696</b>	<b>909,469</b>	<b>10,615</b>	<b>2,835,780</b>	<b>2,993,936</b>

## Note 16 Equity

### 16.1 Group equity

In € thousands	Initial capital	Additional paid-in capital	Consolidated reserves	Net income	Total equity capital
<b>Equity capital at 31 December 2018</b>	<b>1,124,386</b>	<b>6,358</b>	<b>13,125,985</b>	<b>939,729</b>	<b>15,196,458</b>
Appropriation of 2018 net income			939,729	(939,729)	
Net income for 2019				858,481	858,481
Additional capital raised	5,312				5,312
Currency translation differences			24,939		24,939
Changes in scope					
Other <sup>1</sup>			(117,142)		(117,142)
<b>Total changes</b>	<b>5,312</b>		<b>847,526</b>	<b>(81,248)</b>	<b>771,590</b>
<b>Equity capital at 31 December 2019</b>	<b>1,129,698</b>	<b>6,358</b>	<b>13,973,511</b>	<b>858,481</b>	<b>15,968,048</b>
Appropriation of 2019 net income			858,481	(858,481)	
Net income for 2020				415,077	415,077
Additional capital raised	3,158				3,158
Currency translation differences			(29,361)		(29,361)
Changes in scope					
Other			(858)		(858)
<b>Total changes</b>	<b>3,158</b>		<b>828,262</b>	<b>(443,404)</b>	<b>388,016</b>
<b>Equity capital at 31 December 2020</b>	<b>1,132,856</b>	<b>6,358</b>	<b>14,801,773</b>	<b>415,077</b>	<b>16,356,064</b>

<sup>1</sup> Impact of the transition to Method 2 for long-term employee benefits in 2019.

Equity capital at 31 December 2020 includes €1,132,856 thousand corresponding on the one hand to the initial capital of affiliated entities and on the other hand to Covéa SGAM's initial capital of €20,590 thousand.

## 16.2 Minority interests

In € thousands	Consolidated reserves	Net income	Total equity
<b>Equity capital at 31 December 2018</b>	<b>68,803</b>	<b>13,869</b>	<b>82,672</b>
Appropriation of 2018 net income	13,869	(13,869)	
Net income for 2019		16,266	16,266
Additional capital raised			
Currency translation differences	(7,367)		(7,367)
Changes in scope			
Other	(834)		(834)
<b>Total changes</b>	<b>5,668</b>	<b>2,397</b>	<b>8,065</b>
<b>Equity capital at 31 December 2019</b>	<b>74,471</b>	<b>16,266</b>	<b>90,737</b>
Appropriation of 2019 net income	16,266	(16,266)	
Net income for 2020		11,215	11,215
Additional capital raised			
Currency translation differences	(4,238)		(4,238)
Changes in scope			
Other			
<b>Total changes</b>	<b>12,028</b>	<b>(5,051)</b>	<b>6,977</b>
<b>Equity capital at 31 December 2020</b>	<b>86,499</b>	<b>11,215</b>	<b>97,714</b>

## Note 17 Subordinated debt

In € thousands	Maturity			2020	2019
	Within 1 year	Between 1 and 5 years	After 5 years		
<b>Insurance undertakings</b>					
Non-voting stock			160,705	160,705	158,835
Redeemable subordinated notes		26,050	8,000	34,050	34,050
<b>Total</b>		<b>26,050</b>	<b>168,705</b>	<b>194,755</b>	<b>192,885</b>

## Note 18 Technical reserves

### 18.1 Technical reserves by type

In € thousands	2020			2019
	Non-Life	Life	Total	
<b>Gross reinsurance reserves</b>				
Unearned premium reserves	3,055,513		3,055,513	3,142,789
Life insurance reserves		52,818,732	52,818,732	53,328,765
Claims reserves	21,036,188	613,277	21,649,465	20,836,036
Policyholders' profit-sharing reserves	104,536	2,971,543	3,076,079	3,156,424
Equalisation reserves	979,958	95,279	1,075,237	1,021,809
Mathematical reserves for annuities	2,418,794		2,418,794	2,307,005
Other technical reserves	218,671	20,128	238,799	211,674
<b>Subtotal gross technical reserves</b>	<b>27,813,660</b>	<b>56,518,959</b>	<b>84,332,619</b>	<b>84,004,502</b>
Technical reserves for unit-linked policies		6,808,713	6,808,713	6,442,705
<b>Total</b>	<b>27,813,660</b>	<b>63,327,672</b>	<b>91,141,332</b>	<b>90,447,207</b>
<b>Reinsurers' share in technical reserves</b>				
Unearned premium reserves	27,310		27,310	26,580
Life insurance reserves		232,314	232,314	228,847
Claims reserves <sup>1</sup>	2,200,351	9,537	2,209,888	2,048,686
Policyholders' profit-sharing reserves	916		916	733
Equalisation reserves	1,572	82,996	84,568	82,958
Mathematical reserves for annuities	400,501		400,501	389,957
Other technical reserves	1,930	1,262	3,192	3,027
<b>Total</b>	<b>2,632,580</b>	<b>326,109</b>	<b>2,958,689</b>	<b>2,780,788</b>
<b>Net technical reserves</b>			<b>88,182,643</b>	<b>87,666,419</b>

<sup>1</sup> The change in the reinsurers' share of claims reserves and of receivables arising from reinsurance operations includes the likely coverage of business interruption losses currently under discussion with the reinsurers.

### 18.2 Breakdown of policyholders' profit-sharing reserves (net of reinsurance and excluding unit-linked policies)

In € thousands	2020	2019
Due reserves	2,897,427	2,987,199
Unconditional deferred reserves		
Conditional deferred reserves	177,736	168,492
<b>Total</b>	<b>3,075,163</b>	<b>3,155,691</b>



## Note 19

# Provisions for risks and charges and contingent liabilities

In € thousands	2019 year-end	Changes in scope	Currency translation differences	Allocations	Reversals	Reclassi- fications	2020 year-end
Provision for deferred tax liabilities	47,051			7,892		30	54,973
Provisions for long-term employee benefits <sup>1</sup>	541,641		(195)	24,344	(43,596)		522,194
Provision on receivables	5,568			1,095	(906)		5,757
Provision for tax inspections	122,060			12,594	(42,673)		91,981
Provision for commitments to subsidiaries, divested companies	9,025			7,664	(1,751)		14,938
Badwill							
Other provisions	92,053		(961)	17,556	(27,870)	(23,126)	57,652
<b>Total</b>	<b>817,398</b>		<b>(1,156)</b>	<b>71,145</b>	<b>(116,796)</b>	<b>(23,096)</b>	<b>747,495</b>

<sup>1</sup> Provisions for long-term employee benefits reflect the amount of long-term employee benefits not covered by a non-Group life insurance policy, including those of economic interest groups, after deducting unrecognised actuarial gains and losses recorded off-balance sheet. These commitments cover pension benefits, contributions to pension time savings accounts, other pension benefits, long-service awards and long-service leave.

## Contingent liabilities

### Le Crédit Martiniquais

Beginning in May 2000, MMA Vie Assurances Mutuelles, as a former director of the bank Crédit Martiniquais (now called Financière du Forum) between March 1990 and December 1994, had been involved in proceedings commenced by the Fonds de Garantie des Dépôts et de Résolution (FGDR) against former de jure and de facto corporate officers, statutory auditors and all directors of Crédit Martiniquais.

The purpose of these proceedings was to obtain repayment from all the parties concerned of a sum estimated at €178.5 million, corresponding to the difference between payments made by FGDR to address the bank's situation and those that it was able to recover.

On 9 January 2019, the Court of Cassation ruled in favour of the defendants, definitively settling these proceedings, thereby releasing MMA Vie Assurances Mutuelles from any further legal action. No provision had been recorded in the financial statements given the degree of uncertainty in the case for MMA Vie Assurances Mutuelles.

Alongside this, on 27 April 2018, new proceedings to cover liabilities were filed in the commercial court by Fides, the liquidator of Financière du Forum, in which MMA Vie Assurances Mutuelles is involved with other parties.

The purpose of these proceedings is to obtain payment by MMA Vie Assurances Mutuelles of a maximum sum of €100 million.

In a ruling handed down on 16 February 2021, the Paris commercial court dismissed the claim brought by Fides, which has filed an appeal against this decision.

At 31 December 2020, there were no objective grounds for raising a provision in connection with this litigation.

### Scor

On 10 November 2020, Covéa SGAM, Covéa Coopérations and their Chairman were ordered by the Paris commercial court to pay Scor SE €20 million. They responded that this decision contained serious and multiple errors of appreciation, both in fact and in law. This decision is not to be executed as appeal was brought before the Paris Court of Appeal.

At the date at which the 2020 financial statements were authorised for issue, given the progress of these procedures and given that the Covéa Group refutes all allegations made against it by Scor, no expense was recognised in respect of this litigation.

The proceedings are the result of the events described in the Management Report.

## Note 20

### Payables arising from insurance or reinsurance operations

#### 20.1 Breakdown by activity

In € thousands	2020			2019
	Non-Life	Life	Total	
Payables arising from direct insurance operations	857,504	72,836	930,340	845,745
Payables arising from reinsurance operations	267,858	4,795	272,653	264,504
Liabilities for cash deposits received from reinsurers	145,825	8,687	154,512	98,181
<b>Total</b>	<b>1,271,187</b>	<b>86,318</b>	<b>1,357,505</b>	<b>1,208,430</b>

#### 20.2 Breakdown by maturity

In € thousands	2020			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Payables arising from direct insurance operations	925,884	4,446	10	930,340
Payables arising from reinsurance operations	272,199	454		272,653
Liabilities for cash deposits received from reinsurers	154,512			154,512
<b>Total</b>	<b>1,352,595</b>	<b>4,900</b>	<b>10</b>	<b>1,357,505</b>

## Note 21

### Debt with banking sector companies

#### 21.1 Breakdown by maturity

In € thousands	2020				2019
	Non-Life	Life	Other	Total	
Debt owed to credit institutions	211,327	61,878	6,459	279,664	394,920
<b>Total</b>	<b>211,327</b>	<b>61,878</b>	<b>6,459</b>	<b>279,664</b>	<b>394,920</b>

#### 21.2 Breakdown by maturity

In € thousands	2020			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Debt owed to credit institutions	273,235	5,093	1,336	279,664
<b>Total</b>	<b>273,235</b>	<b>5,093</b>	<b>1,336</b>	<b>279,664</b>

## Note 22 Other payables

### 22.1 Breakdown by activity

In € thousands	2020				2019
	Non-Life	Life	Other	Total	
Other borrowings, deposits and sureties received	76,165	11,273	41,986	129,424	131,183
Staff and related accounts	254,534	18,008	24,433	296,975	305,278
State and social security organisations	324,596	79,438	11,995	416,029	608,537
Other payables	787,641	218,094	76,219	1,081,954	858,830
<b>Total</b>	<b>1,442,936</b>	<b>326,813</b>	<b>154,633</b>	<b>1,924,382</b>	<b>1,903,828</b>

### 22.2 Breakdown by maturity

In € thousands	2020			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Other borrowings, deposits and sureties received	84,188	40,262	4,974	129,424
Staff and related accounts	296,975			296,975
State and social security organisations	416,029			416,029
Other payables	1,053,788	28,032	134	1,081,954
<b>Total</b>	<b>1,850,980</b>	<b>68,294</b>	<b>5,108</b>	<b>1,924,382</b>

## Note 23 Accruals – liabilities

In € thousands	2020				2019
	Non-Life	Life	Other	Total	
Deferred income	47	127,754		127,801	133,666
Other accruals – liabilities	1,233,257	17,290	1,332	1,251,879	1,202,983
Prepaid income	24,066	372	717	25,155	24,987
<b>Total</b>	<b>1,257,370</b>	<b>145,416</b>	<b>2,049</b>	<b>1,404,835</b>	<b>1,361,636</b>

## Note 24

### Income tax

#### 24.1 Breakdown of the tax expense

In € thousands	2020				2019
	Non-Life	Life	Other	Total	
Current tax expense	(126,731)	(87,654)	(7,028)	(221,413)	(628,395)
Deferred tax expense	(28,092)	(5,643)	(429)	(34,164)	75,653
<b>Total</b>	<b>(154,823)</b>	<b>(93,297)</b>	<b>(7,457)</b>	<b>(255,577)</b>	<b>(552,742)</b>

#### 24.2 Deferred tax

In € thousands	2020	2019
Deferred tax arising from temporary differences	(856,971)	(884,218)
Deferred tax arising from consolidation adjustments	22,567	16,195
<b>Total deferred tax recognised in the balance sheet</b>	<b>(834,404)</b>	<b>(868,023)</b>
Of which:		
• assets (accruals – assets)	(889,377)	(915,074)
• liabilities (provisions for risks and charges)	54,973	47,051

Deferred tax assets are shown as negative amounts.

#### 24.3 Analysis of the tax expense

In € thousands	2020	2019
<b>Consolidated net income</b>	<b>426,292</b>	<b>874,747</b>
Goodwill amortisation	(36,467)	(14,156)
Group share in net income from companies accounted for using the equity method	3,527	17,910
Income tax	(255,577)	(552,742)
<b>Income before tax</b>	<b>714,809</b>	<b>1,423,735</b>
Theoretical current tax rate	32.02%	34.43%
<b>Theoretical tax expense</b>	<b>(228,903)</b>	<b>(490,192)</b>
Impact of tax rate differences	(14,646)	(56,554)
Impact of permanent differences	(11,942)	(1,710)
Impact of adjustments and other items	(86)	(4,286)
<b>Group tax expense</b>	<b>(255,577)</b>	<b>(552,742)</b>
<b>Effective tax rate</b>	<b>35.75%</b>	<b>38.82%</b>

The impact of tax rate differences on the theoretical tax expense reflects the difference between the tax calculated for each entity using the standard rate applicable locally and the tax calculated using the rate in force in France.

The standard income tax rate in France for 2020 is 32.02%, including the social security contribution on earnings, for taxpayers with revenue in excess of €250 million.

## Note 25

### Commitments received and given

#### Commitments received and given by insurance undertakings

In € thousands	2020	2019
<b>Commitments received</b>	<b>1,031,517</b>	<b>383,811</b>
<b>Commitments given</b>	<b>2,490,693</b>	<b>961,288</b>
Guarantees, sureties and credit collateral given <sup>1</sup>	13,836	203,452
Long-term employee benefits	50,311	52,855
Commitments on securities, assets or income <sup>2</sup>	2,022,706	303,890
Other commitments	403,840	401,091
<b>Pledged securities received from reinsurers</b>	<b>1,556,861</b>	<b>1,453,784</b>
<b>Outstanding derivative financial instruments</b>		
<b>Securities conferred by reinsured organisations with joint guarantee or with substitution</b>		
<b>Securities belonging to provident institutions</b>		
<b>Other securities held on behalf of third parties</b>		

<sup>1</sup> Change mainly due to reclassifications to "Commitments on securities, assets or income".

<sup>2</sup> Including off-balance sheet commitments relating to the PartnerRe/Exor investment partnership (see section 1, "Significant events").

#### Commitments received and given by other undertakings

In € thousands	2020	2019
<b>Commitments received</b>	<b>1,155</b>	<b>964</b>
<b>Commitments given</b>	<b>631,717</b>	<b>762</b>
Long-term employee benefits	6,921	762
Commitments on securities, assets or income <sup>3</sup>	592,993	
Other commitments	31,803	

<sup>3</sup> Including off-balance sheet commitments relating to the PartnerRe/Exor investment partnership and investments in economic recovery funds (see section 1, "Significant events").

Commitments in respect of pension benefits and contributions to pension time savings accounts of entities having signed the common employment agreements, including economic interest groups, are covered by hedging assets or give rise to the recognition of provisions for risks and charges and/or off-balance sheet commitments at 31 December 2020, as follows:

In € thousands	Pension benefits		Employers' contributions to pension time savings accounts		Total	
	2020	2019	2020	2019	2020	2019
<b>Commitments</b>	<b>347,172</b>	<b>322,736</b>	<b>138,598</b>	<b>144,084</b>	<b>485,770</b>	<b>466,820</b>
<b>Non-Group plan assets (insurance policies)</b>	<b>1,930</b>	<b>2,139</b>			<b>1,930</b>	<b>2,139</b>
<b>Provisions for risks and charges</b>	<b>299,036</b>	<b>292,617</b>	<b>135,111</b>	<b>130,324</b>	<b>434,147</b>	<b>422,941</b>
<b>Off-balance sheet</b>						
Commitments given	46,206	27,980	3,487	13,759	49,693	41,739
Commitments received						

## 5. Notes to the income statement and segment reporting

### Note 26

#### Net financial income (life and non-life)

In € thousands	2020			2019
	Non-Life	Life	Total	
Investment income	529,307	1,225,016	1,754,323	2,041,849
Other investment income	21,383	60,854	82,237	94,181
Internal and external investment management costs and interest	(137,926)	(77,412)	(215,338)	(103,067)
Other investment expenses	(159,543)	(203,811)	(363,354)	(332,990)
<b>Net investment income</b>	<b>253,221</b>	<b>1,004,647</b>	<b>1,257,869</b>	<b>1,699,973</b>
Realised gains on investments	578,930	592,180	1,171,110	958,828
Realised losses on investments	(266,693)	(449,254)	(715,947)	(229,316)
<b>Realised gains and losses on investments</b>	<b>312,237</b>	<b>142,926</b>	<b>455,163</b>	<b>729,511</b>
Adjustments on unit-linked policies (capital gains)		496,552	496,552	785,827
Adjustments on unit-linked policies (capital losses)		(411,380)	(411,380)	(33,725)
<b>Adjustments on unit-linked policies</b>		<b>85,172</b>	<b>85,172</b>	<b>752,102</b>
<b>Net financial income</b>	<b>565,458</b>	<b>1,232,745</b>	<b>1,798,203</b>	<b>3,181,586</b>
<b>Of which total investment income</b>	<b>1,129,620</b>	<b>2,374,602</b>	<b>3,504,222</b>	<b>3,880,685</b>
<b>Of which total investment expenses</b>	<b>(564,162)</b>	<b>(1,141,857)</b>	<b>(1,706,019)</b>	<b>(699,099)</b>

## Note 27

## Non-recurring income (expense)

In 2020, the main components of non-recurring income (expense) were as follows:

In € thousands	2020
Tax and social security (URSSAF) litigation	12,828
FFA Covid-19 solidarity fund contribution	(33,578)
Other non-recurring income and expenses	(102)
<b>Non-recurring income (expense)</b>	<b>(20,852)</b>

## Note 28

## Segment reporting

## 28.1 Non-life insurance technical account

In € thousands	2020					2019
	Gross transactions	Outwards reinsurance	Net transactions	Inter-segment transfers	Transactions after elimination of inter-segment transfers	
<b>Earned premiums</b>	<b>12,725,298</b>	<b>(1,029,976)</b>	<b>11,695,322</b>		<b>11,695,322</b>	<b>11,840,362</b>
Premiums	12,670,199	(1,032,445)	11,637,754		11,637,754	11,930,068
Change in unearned premiums	55,099	2,469	57,568		57,568	(89,706)
<b>Net financial income</b>	<b>427,437</b>		<b>427,437</b>	<b>5,187</b>	<b>432,624</b>	<b>550,349</b>
Allocated investment income	427,437		427,437	5,187	432,624	550,349
<b>Other technical income</b>	<b>15,483</b>		<b>15,483</b>	<b>(51)</b>	<b>15,432</b>	<b>7,297</b>
<b>Claims expenses</b>	<b>(9,440,488)</b>	<b>988,941</b>	<b>(8,451,547)</b>		<b>(8,451,547)</b>	<b>(8,436,708)</b>
Claims and related expenses paid	(8,644,917)	796,601	(7,848,316)		(7,848,316)	(7,990,919)
Change in claims reserves	(795,571)	192,340	(603,231)		(603,231)	(445,789)
<b>Other technical reserve expenses</b>	<b>(127,644)</b>	<b>(1,044)</b>	<b>(128,688)</b>		<b>(128,688)</b>	<b>(61,859)</b>
<b>Profit sharing</b>	<b>(27,978)</b>	<b>182</b>	<b>(27,796)</b>		<b>(27,796)</b>	<b>(15,533)</b>
<b>Acquisition and administrative costs</b>	<b>(2,862,960)</b>	<b>105,300</b>	<b>(2,757,660)</b>		<b>(2,757,660)</b>	<b>(2,763,432)</b>
Acquisition costs	(1,644,777)		(1,644,777)		(1,644,777)	(1,689,356)
Administrative costs	(1,218,183)		(1,218,183)		(1,218,183)	(1,177,792)
Commissions received from reinsurers		105,300	105,300		105,300	103,716
<b>Other technical expenses</b>	<b>(386,729)</b>		<b>(386,729)</b>	<b>26,953</b>	<b>(359,776)</b>	<b>(307,261)</b>
<b>Change in equalisation reserves</b>	<b>(60,347)</b>	<b>(1,244)</b>	<b>(61,591)</b>		<b>(61,591)</b>	<b>4,844</b>
<b>Non-life technical income</b>	<b>262,072</b>	<b>62,159</b>	<b>324,231</b>	<b>32,089</b>	<b>356,320</b>	<b>818,059</b>
Employee profit sharing			(40,101)		(40,101)	(57,568)
Net investment income excluding share allocated to technical income			129,174	3,660	132,834	253,500
<b>Recurring operating income</b>			<b>413,304</b>	<b>35,749</b>	<b>449,053</b>	<b>1,013,991</b>
Inter-segment transfers				(35,749)	(35,749)	(38,683)
<b>Recurring economic operating income</b>			<b>413,304</b>		<b>413,304</b>	<b>975,308</b>

## 28.2 Life insurance technical account

In € thousands

	2020					2019
	Gross transactions	Outwards reinsurance	Net transactions	Inter-segment transfers	Transactions after elimination of inter-segment transfers	
<b>Premiums</b>	<b>3,896,202</b>	<b>(57,574)</b>	<b>3,838,628</b>		<b>3,838,628</b>	<b>4,529,543</b>
<b>Investment income</b>	<b>1,878,069</b>		<b>1,878,069</b>	<b>(19)</b>	<b>1,878,050</b>	<b>2,018,914</b>
<b>Adjustments on unit-linked policies (capital gains)</b>	<b>496,552</b>		<b>496,552</b>		<b>496,552</b>	<b>785,827</b>
<b>Other technical income</b>	<b>72,701</b>		<b>72,701</b>	<b>(15,401)</b>	<b>57,300</b>	<b>52,322</b>
<b>Claims expenses</b>	<b>(4,721,485)</b>	<b>55,176</b>	<b>(4,666,309)</b>		<b>(4,666,309)</b>	<b>(4,734,808)</b>
Claims and related expenses paid	(4,622,878)	49,831	(4,573,047)		(4,573,047)	(4,693,321)
Change in claims reserves	(98,607)	5,345	(93,262)		(93,262)	(41,487)
<b>Technical reserve expenses</b>	<b>1,162,816</b>	<b>2,079</b>	<b>1,164,895</b>		<b>1,164,895</b>	<b>(273,281)</b>
Change in life insurance reserves	1,491,985	2,027	1,494,012		1,494,012	704,964
Change in unit-linked reserves	(329,422)		(329,422)		(329,422)	(976,829)
Change in other reserves	253	52	305		305	(1,416)
<b>Profit sharing</b>	<b>(923,987)</b>		<b>(923,987)</b>		<b>(923,987)</b>	<b>(1,150,570)</b>
<b>Acquisition and administrative costs</b>	<b>(301,312)</b>	<b>4,088</b>	<b>(297,224)</b>		<b>(297,224)</b>	<b>(295,748)</b>
Acquisition costs	(181,174)		(181,174)		(181,174)	(184,759)
Administrative costs	(120,138)		(120,138)		(120,138)	(115,529)
Commissions received from reinsurers		4,088	4,088		4,088	4,540
<b>Other technical expenses</b>	<b>(87,557)</b>		<b>(87,557)</b>	<b>690</b>	<b>(86,867)</b>	<b>(79,443)</b>
<b>Investment expenses</b>	<b>(738,792)</b>		<b>(738,792)</b>	<b>8,315</b>	<b>(730,477)</b>	<b>(393,280)</b>
<b>Adjustments on unit-linked policies (capital losses)</b>	<b>(411,380)</b>		<b>(411,380)</b>		<b>(411,380)</b>	<b>(33,726)</b>
<b>Investment income transferred</b>	<b>(77,369)</b>		<b>(77,369)</b>	<b>(632)</b>	<b>(78,001)</b>	<b>(96,701)</b>
<b>Life technical income</b>	<b>244,458</b>	<b>3,769</b>	<b>248,227</b>	<b>(7,047)</b>	<b>241,180</b>	<b>329,049</b>
Employee profit sharing			(2,749)		(2,749)	(3,825)
Net investment income excluding share allocated to technical income			77,369	632	78,001	96,701
<b>Recurring operating income</b>			<b>322,847</b>	<b>(6,415)</b>	<b>316,432</b>	<b>421,925</b>
Elimination of inter-segment transfers				6,415	6,415	8,785
<b>Recurring economic operating income</b>			<b>322,847</b>		<b>322,847</b>	<b>430,710</b>



## 28.3 Income from other activities

In € thousands	2020			2019
	Net transactions	Inter-segment transfers	Transactions after elimination of inter-segment transfers	
Revenue	161,332	(47,869)	113,463	111,198
Other operating income	5,069		5,069	31,139
Operating expenses	(152,162)	18,535	(133,627)	(148,241)
<b>Operating income</b>	<b>14,239</b>	<b>(29,334)</b>	<b>(15,095)</b>	<b>(5,904)</b>
Net financial income (expense)	(3,116)		(3,116)	3,325
<b>Recurring operating income</b>	<b>11,123</b>	<b>(29,334)</b>	<b>(18,211)</b>	<b>(2,579)</b>
Elimination of inter-segment transfers		29,334	29,334	29,898
<b>Recurring economic operating income</b>	<b>11,123</b>		<b>11,123</b>	<b>27,319</b>

## 28.4 Technical reserves by category

### 28.4.1 Gross life technical reserves by category

In € thousands

	Direct business						
	Capitalisation policies (single/flexible premium)	Capitalisation policies (recurring premium)	Personal protection insurance	Individual savings policies (single/flexible premium)	Individual savings policies (recurring premium)	Group protection insurance	Group savings insurance
Claims reserves	2,954		22,896	455,252	27,513	3,541	5,982
Insurance reserves	1,255,304		30,853	48,912,409	1,787,335	225,488	356,818
Equalisation reserves				106		84,620	10,553
Technical reserves for unit-linked policies							
Policyholders' profit-sharing reserve	3,697		292	2,951,586	13,904	823	1
Other technical reserves	79		5,062	4,863	1,089		471
<b>Total</b>	<b>1,262,034</b>		<b>59,103</b>	<b>52,324,216</b>	<b>1,829,841</b>	<b>314,472</b>	<b>373,825</b>

### 28.4.2 Gross non-life technical reserves by category

In € thousands

	Direct business							
	Personal injury		Motor		Property damage		Natural disasters	General third party liability
	Individual policies	Group policies	Third party	Damage	Personal	Commercial		
Unearned premium reserves	218,620	54,806	319,791	793,750	590,232	221,278	61,989	29,267
Claims reserves	466,169	294,420	7,950,780	1,246,894	1,581,625	2,266,790	935,588	1,507,503
Equalisation reserves		72,658		60,789	262,537	50,900	17,769	65
Policyholders' profit-sharing reserve	1,385	7,559		35,801		10,743		
Other technical reserves	99,912	455,393	1,780,786	7,746	85,571	90,190	26,129	87,922
<b>Total</b>	<b>786,086</b>	<b>884,836</b>	<b>10,051,357</b>	<b>2,144,980</b>	<b>2,519,965</b>	<b>2,639,901</b>	<b>1,041,475</b>	<b>1,624,757</b>

Direct business							Inwards reinsurance	Total
Unit-linked insurance (single/flexible premium)	Unit-linked insurance (recurring premium)	Pension savings plans (PERPs)	Personal injury (individual policies)	Personal injury (group policies)	Financial loss	Total Direct business		
1,094		168	8,061			527,461	85,816	613,277
387		214,087	674			52,783,355	35,377	52,818,732
						95,279		95,279
6,477,507	252,865	78,341				6,808,713		6,808,713
		1,240	0			2,971,543		2,971,543
		558	6,049			18,171	1,957	20,128
<b>6,478,988</b>	<b>252,865</b>	<b>294,394</b>	<b>14,784</b>			<b>63,204,522</b>	<b>123,150</b>	<b>63,327,672</b>

Direct business								Inwards reinsurance	Total	
Legal protection	Assistance	Miscellaneous financial loss	Transport	Construction		Surety	Freedom to provide services			Total Direct business
				Damage	Third party					
88,210	78,872	48,174	12,162		27,878		442,275	2,987,304	68,209	3,055,513
183,062	16,450	78,987	58,859	595,905	3,110,106	6,945	77,170	20,377,253	658,935	21,036,188
								464,718	515,240	979,958
4,433	2,666	22,049					19,862	104,498	38	104,536
		8	817		68		97	2,634,639	2,826	2,637,465
<b>275,705</b>	<b>97,988</b>	<b>149,218</b>	<b>71,838</b>	<b>595,905</b>	<b>3,138,052</b>	<b>6,945</b>	<b>539,404</b>	<b>26,568,412</b>	<b>1,245,248</b>	<b>27,813,660</b>

## 28.5 Breakdown of earned premiums

By geographical area

In € millions

Earned premiums	France	International	Of which Italy	Of which United Kingdom	Of which other	Total
2019	15,239	2,161	1,064	904	193	17,400
2020	14,729	1,893	886	849	158	16,622

By type of cover

In € millions

### LIFE

Earned premiums	Direct business										Inwards reinsurance	Overall total	
	Capitalisation policies			Individual insurance		Group insurance		Unit-linked policies					Total
	Single/flexible premium	Recurring premium	Protection	Savings (single/flexible premium)	Savings (recurring premium)	Protection	Savings	Single/flexible premium	Recurring premium	Pension savings plans (PERPs)			
2019	130		141	3,283	127	66	16	725	12	34	4,534	51	4,585
2020	109		146	2,595	122	70	14	739	10	36	3,841	55	3,896
% 2020 overall total	2.79		3.75	66.62	3.14	1.79	0.36	18.97	0.25	0.92		1.41	100.00

### NON-LIFE

Earned premiums	Direct business										Inwards reinsurance	Overall total	
	Personal injury		Motor		Property damage		Third party	Transport	Construction	Other			Total
	Individual	Group	Third party	Damage	Personal	Commercial							
2019	1,264	794	1,375	3,582	2,038	1,278	339	50	481	1,254	12,455	360	12,815
2020	1,266	848	1,300	3,455	2,060	1,282	339	50	439	1,287	12,326	400	12,726
% 2020 overall total	9.95	6.66	10.22	27.15	16.19	10.07	2.66	0.39	3.45	10.12		3.14	100.00

## Note 29 Staff costs and headcount

	2020	2019
Staff costs (in € thousands) <sup>1</sup>	1,344,051	1,335,554
Headcount (full-time equivalents)	16,736	16,862
Non-managerial employees	8,275	8,564
Managerial employees	8,461	8,298

<sup>1</sup> Staff costs for combined and fully consolidated companies.

Headcount includes the staff of combined and fully consolidated companies.

The headcount of unconsolidated entities dedicated to management activities, whose staff are not included in the above data, is 6,280 employees. The breakdown of this headcount is as follows

- MAAF economic interest groups: 3,522 employees
- Téléassurances and MMA Gestion: 910 employees
- Covéa Insurance Services Limited: 1,848 employees

## Note 30 Remuneration of corporate officers

Remuneration paid to members of boards of directors and management bodies in respect of their mandates in the combining entity, affiliated entities and consolidated subsidiaries amounted to a gross total of €3,094 thousand.

## Note 31

### Statutory Auditors' fees

The following table shows the fees recorded in the consolidated income statement for the financial year for each of the Group's Statutory Auditors, distinguishing between fees for the statutory audit of the financial statements and for other services provided.

In € thousands

2020

	PwC <sup>1</sup>		Mazars <sup>1</sup>		Total
	Statutory Auditors in France	Members of the Statutory Auditors' network <sup>2</sup>	Statutory Auditors in France	Members of the Statutory Auditors' network <sup>2</sup>	
<b>Statutory audit of financial statements</b>					
Covéa SGAM	213		213		426
Fully or proportionally consolidated subsidiaries	2,274	898	1,027		4,199
Subtotal	2,487	898	1,240		4,625
<b>Other services</b>					
Covéa SGAM	66		50		116
Fully or proportionally consolidated subsidiaries	305	652	110		1,067
Subtotal	371	652	160		1,183
<b>Total</b>	<b>2,858</b>	<b>1,550</b>	<b>1,400</b>		<b>5,808</b>

<sup>1</sup> Statutory Auditors of Covéa's combined financial statements.

<sup>2</sup> Fees recorded for the statutory audit of subsidiaries' financial statements and for other services provided to subsidiaries and affiliates by the Statutory Auditors.

Other services provided by the Statutory Auditors of the Group's financial statements to Covéa SGAM and its subsidiaries and affiliates are as follows:

- Consulting in relation to the financial statements and financial information;
- Services other than audit required of statutory auditors by law;
- Services other than audit required of statutory auditors by French or foreign supervisory authorities responsible for insurance, competition and tax;
- Limited review of financial statements;
- Certification;
- Services relating to social and environmental information;
- Solvency II review;
- Review of regulatory compliance;
- Review of and advice on accounts closing practices and procedures;
- Preparation of tax returns outside France;
- Findings arising from the agreed procedures.

## 5.2 Statutory Auditors' report on the combined financial statements

(For the year ended December 31, 2020)

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Meeting  
COVEA SGAM  
86 - 90, rue Saint-Lazare  
75009 PARIS

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying combined financial statements of COVEA SGAM for the year ended December 31, 2020.

In our opinion, the combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting rules and principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis of our 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the combined financial statements" section of our report.

#### Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

#### Justification of assessments – Key audit matters

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 relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the combined financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the combined financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the combined financial statements.

## Key audit matter 1:

### Valuation of the Non-Life claims reserves

#### Risk identified

According to the insurance code and accounting regulations, Non-Life insurance companies must estimate the claims reserves required for settlement of both principal and incidental amounts including management expenses of all claims incurred but not paid, whether or not advised at year-end.

Reserves for Non-Life claims amount to €21,036 million in the Group balance sheet as at December 31, 2020. They represent one of the largest liability items and assessment of their value involves a number of assumptions. They therefore constitute a key audit matter.

Different methodologies may be used to value these reserves; the main methods are explained in the Note 3.8 in the notes to the combined financial statements:

- Valuation of known claims is performed case by case at actual cost or at a fixed rate;
- In order to estimate the ultimate cost of all known and unknown claims, these reserves are supplemented using statistical and actuarial methods requiring a high degree of judgment, making it possible to cover adverse liquidation scenario;
- In the construction segment, claims not yet reported are valued according to methods provided by law by applying coefficients defined by regulation to premiums or known claims.

The judgment is greater in long-tail segments (Motor third-party liability, General third-party liability and Construction). Estimating claims reserves therefore entails a significant degree of judgment and special attention had to be paid to the level of audit procedures implemented.

We also paid particular attention to the assessment of business interruption claims related to the Covid-19 pandemic.

#### Our audit approach

In order to assess the reasonableness and adequacy of the estimate of claims reserves and their compliance with regulations, our audit approach was based on the information provided to us and involved the following work carried out jointly with our actuarial experts.

- Obtaining an understanding of the internal control system for claims management and testing the design and effectiveness of the key controls identified.
- Assessing the relevance of statistical and actuarial methods and the appropriateness of the actuarial assumptions made by the Group, and compliance of those assumptions and methods with those prescribed by regulations.
- Checking the reliability of the statements prepared by your Group in terms of the integrity of data produced and used to estimate claims reserves, and testing source documents.
- Assessing how significant events and management actions likely to affect cost forecasts for the financial year are considered, especially the assessment of business interruption claims linked to the health crisis.
- Carrying out an independent estimate of claims reserves in a selection of segments and in particular those with long tails.
- Analysing the liquidation of provisions booked at the previous year-end in the light of actual charges in order to check whether they support previous estimates provided by the Group.
- Assessing the consistency of methods for calculating the adequacy of the reserves for claims recorded.
- Finally, we also checked the appropriateness of the financial information in the Notes to the combined financial statements.

## Key audit matter 2:

### Estimate of Life technical reserves

#### Risk identified

Life technical reserves amount to €59,628 million at December 31, 2020, of which €52,819 million for policies in Euros and €6,809 million for unit-linked policies.

These reserves, mostly consisting of mathematical reserves, represent the difference between the present value of commitments made by the insurer and those made by policyholders. The estimation methods and assumptions used to determine the mathematical reserves are set out in the Note 3.8 to the combined financial statements.

The mathematical reserves created by policyholder contributions net of withdrawals and revaluations paid by the insurer (policies in euros) or changes in the value of investment vehicles (unit-linked policies) must, where necessary, be supplemented by additional reserves to cover the insurer's other commitments.



Calculation of these additional reserves, even though governed by regulations, involves the use of actuarial assumptions and management judgment (see the Note 3.8 to the combined financial statements).

Given the preponderance of these mathematical reserves in the balance sheet at December 31, 2020 and the required judgment to estimate the additional reserves, we considered this item a key audit matter.

## Our audit approach

In order to assess the adequacy of the estimate of life insurance reserves, we carried out the following work jointly with our actuarial experts:

- Updating of our knowledge and testing of the control system for the underwriting management and claims payment processes.
- Control of management data transfers in the accounting system.
- Assessment of the consistency of methods used and compliance with the requirements of applicable regulations.
- Checking the roll-over of mathematical reserves and analysis of the sources of margin (fees, financial margin).
- Assessment of the methodology and assumptions used to estimate the additional reserves covering Group commitments.
- Recalculation of mathematical reserves relating to certain products or annuities.
- Control of compliance with regulations in the calculation of overall reserves.

### Key audit matter 3:

#### Valuation of insurance companies' unlisted financial and property investments

### Risk identified

The net book values, on the asset side of the balance sheet, of insurance companies' unlisted financial and property investments are €7,502 million at December 31, 2020.

According to insurance sector accounting regulations, these assets must be valued at each year-end in order to ensure there is no loss of value that could lead to an impairment.

These assets are difficult to value because their market value is not easily discoverable or there is no market value, and their valuation therefore requires professional judgment on the assumptions used.

The Note 3.1 to the combined financial statements sets out the valuation methods for investment assets and in particular the methods and assumptions used for the various types of unlisted assets.

The weight of these unlisted assets in the Group's balance sheet and the high degree of judgment required for their valuation led us to consider this a key audit matter.

## Our audit approach

In order to assess the reasonableness of the valuations used for the various types of unlisted assets, and any resulting impairments, we specifically carried out the following checks:

- Evaluation and testing of the design and effectiveness of key controls on valuation methods.
- Assessment of the methodologies used to value unlisted assets.
- Assessment of the relevance of assumptions used for these valuations compared with market practices.
- Comparison with available external valuations, particularly for property assets (property and shares in property companies).
- Analysis of the consistency of changes in valuations in comparison with the preceding year-end and the global economic context.
- Checking of the calculation of any impairments required.

## Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the combined financial statements.

## Other verifications and information pursuant to legal and regulatory requirements

### Appointment of the Statutory Auditors

Our firms were appointed Statutory Auditors of COVEA SGAM by the Annual General Meeting held on June 18, 2003.

At December 31, 2020, our firms were in the eighteenth consecutive year of their engagement and the third year since the SGAM came under the framework of Public Interest Entities as defined by European law.

## Responsibilities of management and persons responsible for corporate governance for the combined financial statements

Management is responsible for preparing combined financial statements giving a true and fair view in accordance with French accounting rules and principles and for implementing the internal control procedures it deems necessary for the preparation of combined financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the combined 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 expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The combined financial statements were adopted by the Board of Directors.

## Responsibilities of the Statutory auditors for the audit of the combined financial statements

### Audit objective and approach

Our role is to issue a report on the combined financial statements. Our objective is to obtain reasonable assurance about whether the combined financial statements as a whole are free of 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 taken by users on the basis of these combined financial statements.

As specified in Article L.823 10 1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the combined financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the Notes to the combined financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the combined financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the combined financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within

the Group to express an opinion on the combined financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the combined financial statements and for the opinion expressed thereon.

### **Report to the Audit Committee**

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the combined financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, April 15, 2021

The Statutory Auditors

PricewaterhouseCoopers  
Audit

MAZARS

G rard Courr ges

Nicolas Dusson







## Printing

980 copies of this report were printed, 870 of which in French and 110 in English.

It was printed in France on FSC-certified paper. Ink ratio was limited to 50% for four colour printing.

Low Energy UV inks do not contain volatile organic compounds (VOCs) and reduce the amount of energy used by machines during production.



## Environmental impact

The printer operates the only fully CO<sub>2</sub> neutral production chain in France. The carbon footprint generated through the production and distribution of this report has been entirely offset by purchasing carbon credits to finance reforestation projects.

Covéa — June 2021

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A COMMITTED  
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