
2021 Annual Report



A PURPOSEFUL
MUTUAL
INSURANCE
GROUP

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.







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A group with extensive expertise

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

A group built around three complementary brands



Mutual insurer with its own distribution network providing general insurance for individuals and small businesses.



A mutual insurer with a third party operated distribution network providing multispecialist 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 mutuels and a provident institution

At 31 December 2021



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



Non-life, group health and protection insurance.



Covéa is France's leading property and casualty insurer¹.



Property and casualty



Savings and pensions



Health and protection



Legal protection



Assistance



Reinsurance



Asset management

¹ Source: France Assureurs - 2020 data.

Key CSR figures

At 31 December 2021

WORKFORCE

Headcount



23,000

employees

21,000

in France

Resources



2,425

points of sale

Diversity

65.8% women

34.2% men

54.2% women in managerial positions

Training

94.6% of employees received training

ENVIRONMENT



Waste²

745 tons

(paper, card and non-hazardous industrial waste)
+98.1% on 2020

Water consumption

95,921 m³

-24.4% on 2020

Energy consumption

Operating property

86,556,086 kWh

-1.5% on 2020

146 kWh/m²

-0.9% on 2020

Investment property³

40,723,920 kWh

+5.6% on 2020

102 kWh/m²

+75.8% on 2020

Carbon footprint (scopes 1 & 2)

Operating property

8,615.6 t CO₂ eq^{*}

14.6 kg CO₂ eq/m^{2**}

+3.8% on 2020

Investment property³

6,127.3 t CO₂ eq^{*}

15.3 kg CO₂ eq/m^{2**}

+85.79% on 2020

² Broader scope than in 2020.

³ The number of m² is different to that used in 2020, which explains the large change.

^{*} Ton of CO₂ equivalent.

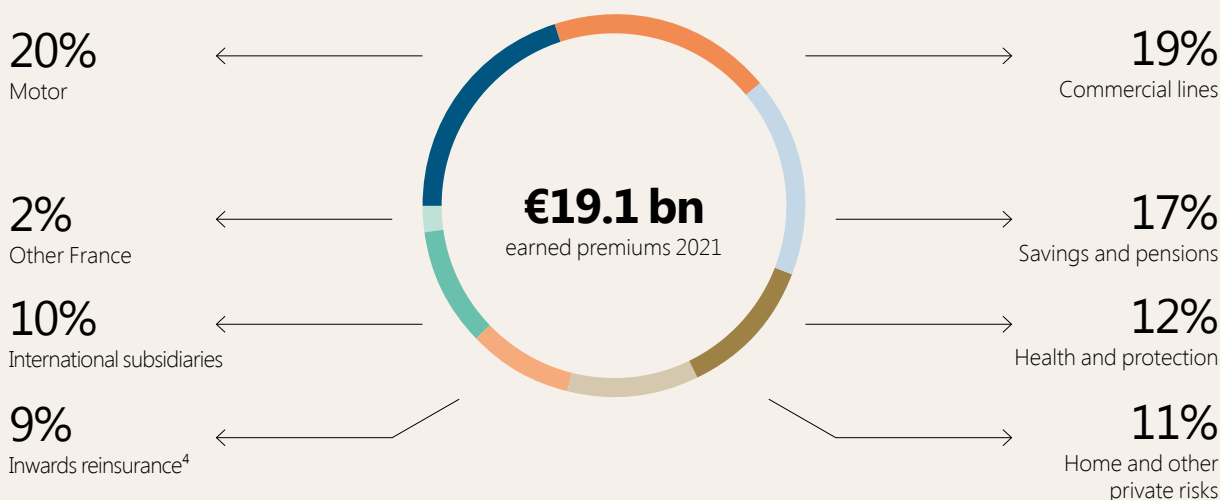
^{**} Kilogram of CO₂ equivalent/m².

Activities

At 31 December 2021

DIVERSE EXPERTISE

Breakdown of earned premiums



LEADING POSITIONS IN FRANCE⁵

(by market share)

No. 1

Motor ⁶	18.2%
Home ⁷	16.9%
Legal protection	17.1%

No. 2

Commercial
11%

No. 4

Individual health
4.8%

PORTFOLIOS IN FRANCE



11.6
million customers
and members



10.8
million vehicles
insured⁶



8
million homes insured



3
million health
beneficiaries

⁴ Covéa Coopérations' reinsurance business.

⁵ Source: Motor, Legal protection, Commercial - France Assureurs - 2020 data.
Home: Argus de l'assurance (ranking) and France Assureurs (market share) - 2020 data. Individual Health: Argus de l'assurance (ranking) and internal source (market share) - 2020 data.

⁶ Including corporate fleets.

⁷ Comprehensive home insurance.

Financial position

At 31 December 2021

KEY FIGURES

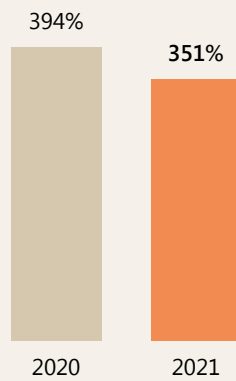
Net income
(Group share)



Group equity



Solvency ratio



RATING

**STANDARD
& POOR'S**

AA-

MOODY'S

Aa3

A M BEST

A (Excellent)

"Under review with positive implications"

Investments

(realisable value)

55%

Government bonds and related

2%

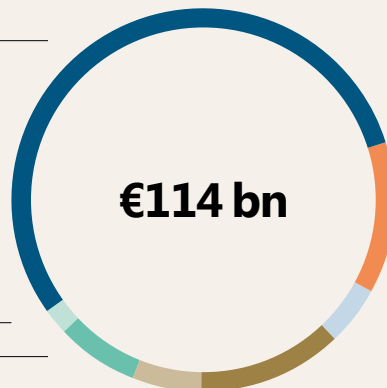
Deposits and loans

7%

Unit-linked

6%

Property⁸



€114 bn

13%

Corporate bonds

5%

Bond mutual funds

12%

Equities & equity mutual funds

⁸ Including operating property.

* 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

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1.1 History

Covéa, a group two centuries in the making

The first mutuals: The mutual societies that flourished during the 19th century and the first half of the 20th 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 20th 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, at the institutional level, 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: Beginning of 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: Further development in France and abroad

- The provident institution (*institution de prévoyance*) 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 (*société mutuelle interprofessionnelle*) 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.

2021: Acquisition of PartnerRe

- In December 2021, a definitive agreement was signed with Exor under which Covéa is to acquire PartnerRe, one of the world's leading reinsurance companies. This acquisition, which is fully aligned with Covéa's long-term strategy, will enable it to build a leading European insurance and rein-

surance group. Subject to regulatory authorisations first being obtained, in particular prudential and competition-related authorisations, the acquisition should be finalised in mid-2022.

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.

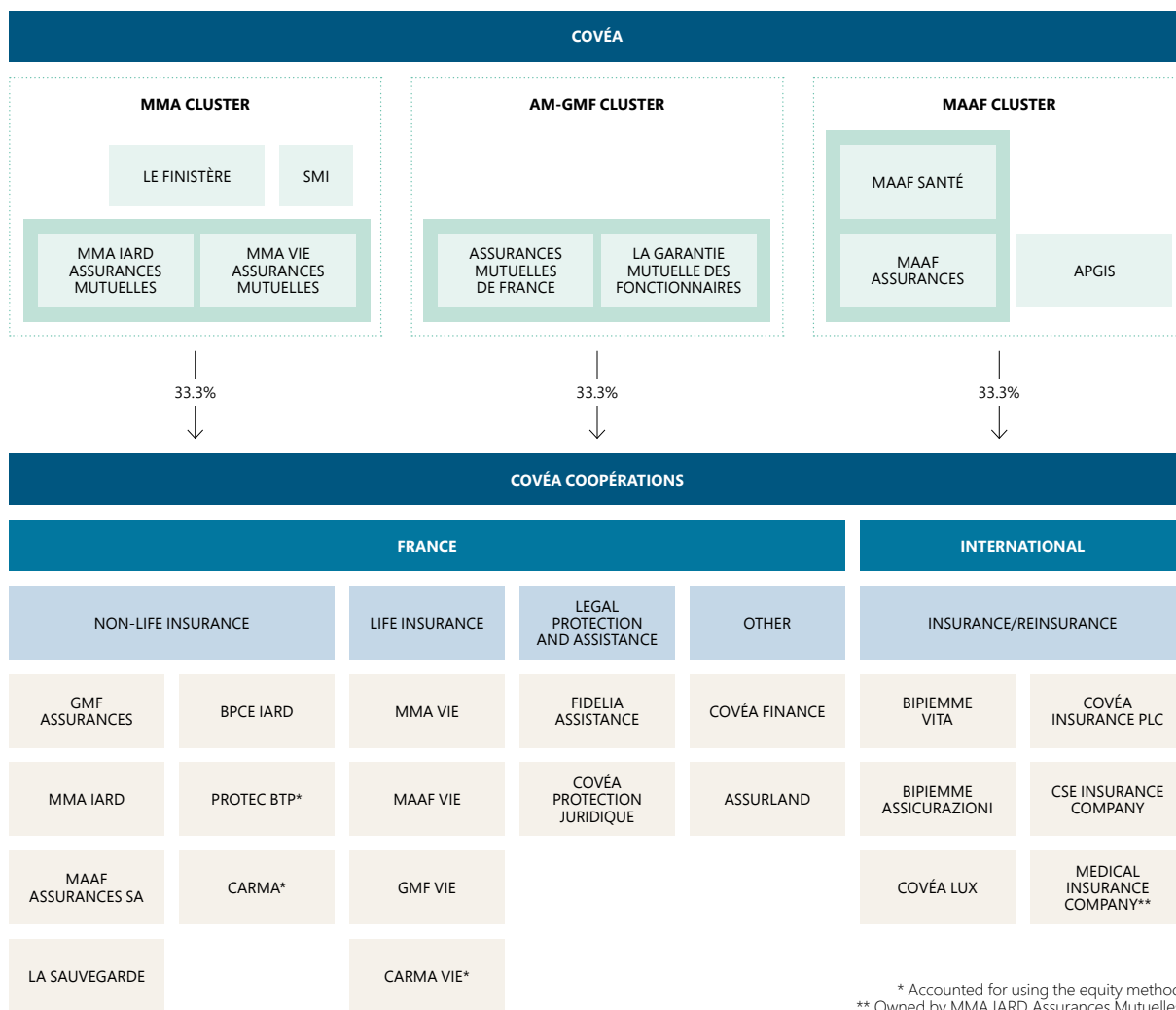
The Covéa Group's parent company is a SGAM (*Société de Groupe d'Assurance Mutuelle*), a French legal structure for a group of insurance mutuals. It exercises dominant influence, co-ordinating the decisions made (including in financial affairs) by its affiliates and possessing control powers. It establishes 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 between Covéa SGAM's affiliated entities and the Group's operational companies.

Simplified organisational chart of the Covéa Group at 31 December 2021



The Group is intending to transfer Assurances Mutuelles de France's portfolio to La Sauvegarde and to merge Assurances Mutuelles de France into La Garantie Mutuelle des Fonctionnaires. This plan, which was approved by the Boards of Directors of Assurances Mutuelles de France and La Garantie Mutuelle des Fonctionnaires on 18 March 2022, would enable the Group to continue simplifying its legal structure. The portfolio disposal and merger transactions could take effect in the second half of 2022, subject to conditions precedent involving approval by representatives of La Garantie Mutuelle des Fonctionnaires and Assurances Mutuelles de

France's members in their 2022 Annual General Meetings, along with authorisation from the supervisory authorities.

Covéa is a mutual insurance group registered in France, and is overseen by the French insurance supervisory authority (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*, 4 Place de Budapest, CS 92459, 75436 Paris Cedex 09). It prepares combined financial statements according to French GAAP. Its statutory auditors are PricewaterhouseCoopers Audit, represented by Gérard Courrèges, and Mazars, represented by Christophe Berrard.

1.3

Activities and distribution networks

1.3.1 French entities

1.3.1.1 Activities

Insurance

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, 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.

The Group also operates through APGIS and SMI, which are present in the health and protection market, and through Le Finistère operating in particular in the home insurance and commercial risk market.

Through MAAF, MMA, GMF, APGIS, SMI and Le Finistère, the Group offers a complete range of products to best meet all the needs of its customers and members and give them 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 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 products. The Group's **pension** solutions primarily comprise individual pension savings products called Plan d'Épargne Retraite (PER), which were launched by MAAF and MMA in the first half of 2020.

Reinsurance

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

- An international non-life inwards reinsurance activity, chiefly property damage, motor and engineering lines. Insured risks are located in 47 countries on four continents. Direct business with ceding insurers accounted for 46% of premiums, compared with 54% via reinsurance brokers.
- A life and health inwards reinsurance activity which continues to develop in France and internationally. Its growth has been supported by two quota share treaties with SCOR Life Ireland and SCOR Global Life Reinsurance Ireland, which have diversified Covéa Coopérations' business both in geographical terms and as regards products covered. Life risks account for 90% of earned premiums and health risks account for 10%.

Asset management

Covéa Finance is the Covéa Group's asset management company. It has more than €102.9 billion in assets under management. It had equity holdings worth close to €20.7 billion in the 52 funds it managed at 31 December 2021.

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-2021, the value of Covéa's portfolio of investment properties totalled €6 billion. It was made up of 212 properties located in the Greater Paris region, with commercial buildings representing 67% of the portfolio and residential buildings 33%.

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 customers and members.

Principal third-party-operated networks

All MMA's products and services are sold via tied agents, i.e. 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 has 1,600 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 has over 3,000 employees dedicated to building relationships with its customers and members from its 510 points of sale and 10 call centres. GMF's distribution network has almost 2,400 employees, 311 points of sale and 11 call centres.

Partnerships

In 1996, the Covéa Group and Banques Populaires formed BPCE IARD in which each held a 50% stake. BPCE IARD distributed non-life insurance products through the networks of Banques Populaires (including BRED), Caisses d'Épargne and Foncia.

As part of changes to the partnership with the BPCE group negotiated in 2020, BPCE IARD stopped underwriting new business and replacements of personal motor and comprehensive home insurance products (excluding the BRED and Foncia networks). BPCE IARD has gradually shifted its focus to expanding its business in the commercial market. At the same time, it is continuing to sell certain products aimed at personal customers (motor and comprehensive home insurance via the BRED and Foncia networks, and legal protection), and continues to manage policies still in the portfolio.

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, Covéa 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 individual life insurance market, mainly offering euro-denominated and unit-linked savings products. Bipiemme Assicurazioni provides a range of property and casualty cover for individuals, including motor, home and creditor insurance products.

On 25 June 2021, Covéa signed an agreement to extend its partnership with the Italian bank Banco BPM through Bipiemme Vita and Bipiemme Assicurazioni. The main changes to the partnership as a result of this agreement concern Covéa and Banco BPM's optional exit mechanisms.

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.

On 2 September 2021, Covéa signed an agreement to sell GMF Financial Services Corp., which owns the CSE group, to the US company Porch. Subject to regulatory authorisations first being obtained, the acquisition should be finalised in 2022.

Luxembourg

Covéa Lux, a Luxembourg-registered reinsurance company, provides the Group with solutions to manage its retention capacity and, when necessary, additional reinsurance capacity to supplement reinsurance programmes. Covéa Lux

reinsures the insurance and reinsurance companies that are part of the Covéa Group's combination scope.

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 cover risks outside France, in particular through inwards reinsurance and affinity insurance under the freedom to provide services in EU countries. MMA also provides coverage for the foreign operations of its French business customers.

1.4 Strategy

Covéa's business model is to provide effective, long-term support to its customers and members. Building on its fundamental strengths – the commitment of its employees, customer satisfaction, business diversification and a solid technical and financial base – it plans for the future through its 2022-2024 strategic plan called "Growing together".

Leadership

Covéa is the leading player in the French property and casualty insurance market, offering excellent value for money, and is continuing to grow in that market. In personal lines, the Group is seeking to achieve profitable growth and develop its portfolio in its core markets of motor and home insurance, which are essential products for its customers and members.

For all stakeholders, Covéa supplements these core products with complementary ones, i.e. life, health and protection insurance, and legal protection. These products effectively address the needs of customers and members, and help to strengthen the Group's foundations for the long term.

Covéa also wants to continue developing its affinity insurance business by adding to its portfolio outside of the motor insurance sector.

In commercial lines, the Group is aiming to increase its profitability while bolstering its position as a leading insurer for SMEs and pursuing controlled growth in the small business market.

Transformation

Against a background of technological, social and environmental change, Covéa is continuing to transform its business in order to anticipate the needs of its customers and members and address emerging challenges.

The Covid-19 crisis has accelerated the shift from in-person to remote interactions. This also forms part of a broader trend in which customers and members increasingly expect a modular, multi-channel relationship that adapts to address their specific needs at all times and offers speed, simplicity and advice in a way that is tailored to their needs. More generally, the Group is seeking to make its solutions more personal in terms of the products themselves and their distribution, prompting Covéa and its brands to enhance their products, services and customer pathways.

Accordingly, Covéa is bolstering its offering by adding cover and service packages, forging closer ties with customers across all channels, stepping up process automation efforts, increasing its use of artificial intelligence, and developing its B2B2C distribution capabilities. The strategic transformation programmes associated with these changes are being accompanied by ongoing changes to information systems in order to maintain a high level of security.

At the same time, the landscape in terms of risks and how they are managed in our society is changing: this is due to the rise of high-intensity risks in absolute and relative terms, especially as a result of climate change, demographic and economic developments leading to greater concentration, and technological change that is creating more interdependence and causality between risks. In addition, there is an increasing overlap between insurance and reinsurance, not only in commercial lines, with international non-professional players starting to distribute insurance in partnership with risk professionals, particularly in motor and home insurance. In these circumstances, in order to be present across the whole value chain and become more robust through multi-dimensional diversification, Covéa is expanding in the reinsurance market.

To accelerate that shift, in late 2021 Covéa signed the acquisition of PartnerRe, one of the world's leading reinsurers. As a result, as well as transforming its insurance business in France, Covéa is adjusting its operating model to address the challenges arising from this new phase in its development.

Committed

Covéa is committed to its customers and members, committed as a member of society, and committed alongside and for its staff.

Offering appropriate, reliable and competitive products and a high-quality service combining the immediacy and simplicity of digital customer pathways with the empathy of human staff members able to accommodate customer needs: these are the fundamentals on which the satisfaction of Covéa's customers and members is built. Those fundamentals are central to the Group's role in society, its long-term solidity and the commitment of its people.

In addition, as well as the social utility of providing high-quality products and services on a large scale, Covéa pays particular attention to the example it sets and its impact in terms of the environment, equality and inclusion. Covéa is committed to women's rights, with an ambitious gender equality programme and efforts to combat violence against women. The Group is developing a programme that favours the integration of people with disabilities into its workforce and supports entities that promote their inclusion. Covéa also has a low-carbon strategy, aiming to reduce its emissions by 3% per year within the scope of its operations.

The Group's strength derives from its collective, and from recognising the individuals within it. Accordingly, Covéa relies on and develops the qualities of its people by strengthening its systems for listening to and interacting with its staff, and by adjusting each staff member's working conditions to

changes in the world of work. Covéa also empowers each staff member in terms of their career development, helping them to realise their potential and providing training in the occupations of the future.

Setting high standards in a responsible way

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

As a result, in order to think long-term and collectively, and to enable each staff member to achieve fulfilment, Covéa promotes the values of simplicity, respect, pragmatism and high standards.

02

Governance framework

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The Covéa Group is a mutual insurance group whose parent company, Covéa, is a French mutual insurance group company (SGAM) governed by the French Insurance Code. Nine mutual companies are affiliated to Covéa SGAM, including six mutual insurance companies governed by the French Insurance Code, two "1945 mutuals" governed by the French Mutual Insurance Code and a provident institution governed by the French Social Security Code.

All companies affiliated to Covéa have a non-commercial or non-profit-making purpose, and a governance structure that is representative of their members. Their Boards of Directors are appointed by elected members' representatives constituting their General Meetings.

In accordance with its corporate purpose, Covéa defines the Group's strategy, which the affiliate companies and majority-controlled companies within its combination scope use to build their own strategy, taking into account the interests of all entities and the way in which those interests contribute to the Group's common aims over the long term. Covéa carries out centralised oversight work to ensure that the strategy is implemented.

Covéa organises the Group's governance and supervision, co-ordinates financial solidarity within its affiliate companies, exercises effective control over affiliate companies through reporting documents, audits and key functions, and prepares the Group's combined financial statements.

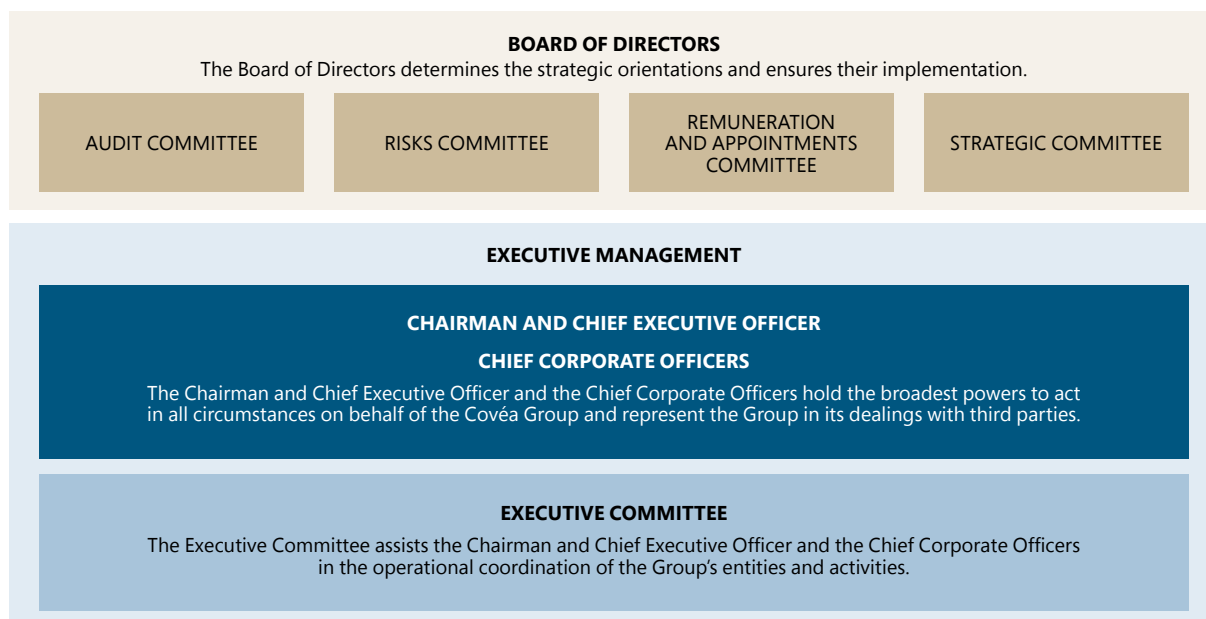
Covéa is governed by a Board of Directors, mostly consisting of directors from the affiliate companies' Boards of Directors, which are all represented in its General Meeting. As a result, Covéa's governance stems from that of its affiliate companies, ensuring the representation of members.

The Group's governance, the operating principles and arrangements of its governance bodies and their responsibilities are governed in particular by its Articles of Association, by affiliation and combination agreements, and by the internal rules of the Board of Directors. The overall framework is summarised by a document on the "Covéa Group's institutional governance framework" adopted by the Board of Directors.

Persons taking part in the governance system (members of Boards of Directors, persons who effectively run the Group and its entities, persons in key functions) must meet fit and proper standards. The requirements and procedures adopted within Covéa in this area are set out in its "Fit and proper" policy. This policy is approved annually by the Board of Directors and applies to Covéa, its affiliate entities and all European insurance and reinsurance companies over which it has majority control and that are subject to the Solvency II regulation.

The Group's governance framework is aligned with its business model and activities, and supports the implementation of its strategy. It ensures that its business is managed in a healthy, prudent way.

The following chart presents the Covéa Group's governance structure at 31 December 2021:



2.1 The Board of Directors

Composition of the Board of Directors

Covéa is governed by a Board of Directors, which was made up of 28 members at 31 December 2021. The Chairman of the Board of Directors is also Covéa's Chief Executive Officer.

Name	Role within the Board of Directors
Thierry Derez	Chairman of the Board of Directors Chairman of the Strategic Committee
Christian Baudon	Director and Deputy Director Member of the Strategic Committee
Jean-Pierre Jouyet	Director and Lead Director Member of the Remuneration and Appointments Committee
Jean-Michel Banlier	Director Member of the Risks Committee
Bernard Barbottin	Director Member of the Remuneration and Appointments Committee Member of the Strategic Committee
Hélène Béjui-Hugues	Director Chair of the Remuneration and Appointments Committee Member of the Strategic Committee
Luce Berille	Director
Sophie Biou	Director
Xavier Dejaiffe	Director Member of the Remuneration and Appointments Committee
Christian Delahaigue	Director Member of the Remuneration and Appointments Committee
Jean Fleury	Director Chairman of the Risks Committee Member of the Audit Committee Member of the Remuneration and Appointments Committee
Anne-José Fulgéras	Director Member of the Risks Committee Member of the Strategic Committee
Myriam Garrec	Director
Karine Gilbert-Belhomme	Director
André Martinez	Director Member of the Strategic Committee
Hélène Martini	Director Member of the Strategic Committee
Marie-France Orti	Director Member of the Audit Committee
Jean-Louis Reynet	Director
Laurent Trouvé	Director
Annick Wexler	Director
Assurances Mutuelles de France represented by Jean-Marie Meckler	Director Member of the Risks Committee
APGIS represented by Agnès Bekourian	Director
La Garantie Mutuelle des Fonctionnaires represented by Bernadette Le Bourgeois	Director
MAAF Assurances represented by Jean-Pierre Paquien	Director Member of the Risks Committee
MAAF Santé represented by Michel Gougard	Director Chair of the Audit Committee Member of the Risks Committee
MMA IARD Assurances Mutuelles represented by Michel Coursat	Director Member of the Audit Committee
MMA Vie Assurances Mutuelles represented by Christophe Guettier	Director Member of the Risks Committee
SMI represented by Philippe Bailly	Director Member of the Audit Committee

On 7 April 2021, Jean-Claude Seys was appointed Honorary Chairman of Covéa. As such, he takes part in meetings of the Board of Directors in an advisory capacity.

Changes to the composition of the Board of Directors and its committees in 2021

	Departures	Appointments
Board of Directors	Carole Brandicourt (24 June 2021) Françoise Croguennec (28 Nov. 2021) Valérie Denni (8 Oct. 2021) Jean-Pierre Gualezzi (29 July 2021) Diane Hamen (24 June 2021) Hubert Ivanoff, permanent representative of La Garantie Mutuelle des Fonctionnaires (26 May 2021) Christiane Maurech (14 Sep. 2021) Jean-Claude Seys (7 April 2021)	Sophie Biou (16 Dec. 2021) Valérie Denni (24 June 2021) Myriam Garrec (16 Dec. 2021) Jean-Pierre Jouyet (7 April 2021) Bernadette Le Bourgeois, representative of La Garantie Mutuelle des Fonctionnaires (26 May 2021) André Martinez (7 April 2021) Jean-Louis Reynet (14 Sep. 2021) Laurent Trouvé (24 June 2021) Annick Wexler (14 Sep. 2021)
Remuneration and Appointments Committee		Jean-Pierre Jouyet (7 April 2021)
Audit Committee		SMI, represented by Philippe Bailly (1 Jan. 2021) MMA IARD Assurances Mutuelles, represented by Michel Coursat (1 Jan. 2021) Jean Fleury (1 Jan. 2021) Patrice Forget (1 Jan. 2021) MAAF Santé, represented by Michel Gougard (1 Jan. 2021) Marie-France Orti (1 Jan. 2021) Jean-Jacques Vouhé (1 Jan. 2021)
Risks Committee		Jean-Michel Banlier (1 Jan. 2021) Jean Fleury (1 Jan. 2021) Anne-José Fulgèras (1 Jan. 2021) MAAF Santé, represented by Michel Gougard (1 Jan. 2021) MMA Vie Assurances Mutuelles, represented by Christophe Guettier (1 Jan. 2021) Assurances Mutuelles de France, represented by Jean-Marie Meckler (1 Jan. 2021) MAAF Assurances, represented by Jean-Pierre Paquien (1 Jan. 2021)
Strategic Committee	Jean-Claude Seys (6 April 2021)	André Martinez (7 April 2021)

Roles and responsibilities of the Board of Directors

Subject to the powers expressly granted to General Meeting and within the remit of the corporate purpose, the Board of Directors 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 remit of the Board of Directors includes:

- setting the Group's strategy, including as regards financial matters, on which affiliate companies base their own strategy, and monitoring the Group's activities;
- determining the Group's business direction and ensuring that it is followed, endorsement of the parent company and combined financial statements, approving regulated agreements, setting the remuneration of corporate officers including apportioning the sum approved by the General Meeting for director remuneration, and making decisions on apportioning Covéa SGAM's costs;
- approving the written policies required under Solvency II,

which are then applied to the Group's entities;

- approving the Group's own risk and solvency assessment (ORSA) report, actuarial report, Regular Supervisory Report and Solvency and Financial Condition Report, and any other regulatory report falling within its remit;
- determining the composition and duties of Board committees, which carry out their duties under its responsibility;
- ensuring compliance with the rights and obligations set forth in affiliation agreements and the Articles of Association, and if it finds that an affiliate company is not complying with its undertakings, taking the measures provided for in the Articles of Association;
- being involved in implementing and monitoring the financial solidarity provided for in affiliation agreements (establishing solidarity mechanisms in particular);
- exercising effective control over affiliate companies and over majority-controlled companies within the combination scope, and acting as arbitrator between Group companies;

- authorising certain non-group transactions by affiliate companies that may involve more than 10% of their equity and that do not form part of the investment programme validated by the Board of Directors.

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

The Board of Directors assesses its own operating procedures. As part of that assessment, the Board examines its composition and organisation as well as the discussions that take place within the Board, the individual and collective expertise of directors, and attendance at meetings.

The Board of Directors meets as often as the company's interests may require. In 2021, it met 11 times, with an attendance rate of 95.08%.

Roles within the Board of Directors

The Board of Directors appoints a Chairman, a Deputy Director and a Lead Director from among its members. Their roles are defined in the Articles of Association.

The Board of Directors has not opted to separate the roles of Chairman and Chief Executive Officer. The role of Chief Executive Officer is entrusted to the Chairman of the Board of Directors.

The **Chairman** of the Board of Directors organises and directs the Board's work, on which he reports to the General Meeting. The Chairman is responsible for ensuring that the corporate bodies operate correctly and that directors are able to fulfil their duties. He is responsible for the quality of discussions and the collegial nature of decisions made by the Board of Directors. He is also responsible for ensuring that the General Meeting is kept properly informed.

The **Deputy Director** is appointed by the Board of Directors and assists the Chairman. If the Chairman is absent from a Board meeting, the Deputy Director chairs the meeting. If the role of Chairman is vacant, he becomes acting chairman.

The **Lead Director** is appointed by the Board of Directors. He is responsible for ensuring that Covéa's institutional bodies operate correctly. This includes:

- being consulted about the agenda of Board meetings, with the ability to request that items be added to the agenda,
- in an emergency and/or at the request of a third of directors, convening a Board meeting and determining its agenda,
- considering, on his own initiative or following a referral by

the directors, any situation that could be viewed as a conflict of interest, and if he believes that it could be designated as such, informing the Board of Directors about it; the Board of Directors will then decide which steps, if any, to take.

Activities of the Board of Directors

In 2021, the activities of the Board of Directors included:

- regular monitoring of the Group's activities, strategy implementation and financial investment management;
- changes in governance and in the composition of the Board of Directors and the Board committees;
- approval of the new 2022-2024 strategic plan: "Covéa 2024 – Growing together";
- the review and approval of the plan to acquire global reinsurance company PartnerRe;
- oversight over international subsidiaries, particularly changes in the partnership with Banco BPM in Italy and the plan to sell US subsidiary CSE Insurance company;
- the strategy for transforming information systems and using artificial intelligence;
- the approval of key points in the settlement agreement with SCOR;
- the renewal of the reinsurance programme;
- the endorsement of Covéa SGAM's annual financial statements and management report;
- the endorsement of the Group's annual financial statements and management report;
- the presentation of combined interim financial statements;
- work conducted in application of prudential regulations: approval of the Regular Supervisory Report (RSR) and the Solvency and Financial Condition Report (SFCR), written policies, key function reports, in particular the Own Risk and Solvency Assessment (ORSA) report, the Pre-emptive Recovery Plan and the internal control report on efforts to combat money laundering and terrorist financing;
- the review of reports by Board committees.

In 2021, members of the Board of Directors took part in two one-day events organised by the French association of mutual insurers (AAM), on the themes of mutual commitments and emerging risks. Four training sessions were also organised in relation to governance in the Solvency II context, actuarial matters regarding personal property and casualty products, life insurance and performance indicators for insurance activities.

2.2 Board Committees

2.2.1 Audit Committee

The remit of the Audit 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 2021, Covéa's Audit Committee had seven members:

- MAAF Santé represented by Michel Gougnard, Chair,
- SMI represented by Philippe Bailly, member,
- MMA IARD Assurances Mutuelles represented by Michel Coursat, member,
- Jean Fleury, member,
- Patrice Forget, member,
- Marie-France Orti, member,
- Jean-Jacques Vouhé, member.

The duties of the Audit Committee include:

- monitoring the preparation of financial information and overseeing the financial statements of the Group and its entities;
- ensuring that the statutory auditors perform the required work;
- examining, for the Group and its entities and in conjunction with the Risks Committee, Regular Supervisory Reports (RSRs), Solvency and Financial Condition Reports (SFCRs), Own Risk and Solvency Assessment (ORSA) reports and actuarial reports;
- ensuring the effectiveness of internal control and risk management systems, relying in particular on work done by the statutory auditors;
- monitoring internal audit work;
- ensuring the independence of the statutory auditors and taking part in the process of appointing statutory auditors and renewing their appointments;
- authorising services other than certification of the financial statements provided by the statutory auditors.

The Chair of the Audit Committee regularly reports on the Committee's work to the Board of Directors. In 2021, the Audit Committee met six times. Its attendance rate was 95.23%.

2.2.2 Risks Committee

The remit of the 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 2021, the Risks Committee had seven members:

- Jean Fleury, Chairman,
- Jean-Michel Banlier, member,
- Anne-José Fulgéras, member,
- MAAF Santé represented by Michel Gougnard, member,
- MMA Vie Assurances Mutuelles represented by Christophe Guettier, member,
- Assurances Mutuelles de France represented by Jean-Marie Meckler, member,
- MAAF Assurances represented by Jean-Pierre Paquien, member.

The duties of the Risks Committee include:

- monitoring the risk management policy, procedures and systems by making sure that they exist, are deployed and are appropriate;
- hearing reports from the key risk management, compliance and actuarial functions;
- examining the asset management and reinsurance protection strategy and more generally any transaction that affects the risk profile or solvency;
- examining, for the Group and its entities and in conjunction with the Audit Committee, Regular Supervisory Reports (RSRs), Solvency and Financial Condition Reports (SFCRs), Own Risk and Solvency Assessment (ORSA) reports, and actuarial reports.

The Chairman of the Risks Committee regularly reports on the Committee's work to the Board of Directors. In 2021, the Risks Committee met seven times. Its attendance rate was 97.95%.

2.2.3 Remuneration and Appointments Committee

The Remuneration and Appointments Committee, which operates under the authority of Covéa's Board of Directors, covers Covéa, its affiliate entities and all European insurance and reinsurance companies over which it has majority control and that are subject to the Solvency II regulation.

At 31 December 2021, the Remuneration and Appointments Committee had six members:

- Hélène Béjui-Hugues, Chair,
- Bernard Barbottin, member,
- Xavier Dejaiffe, member,
- Christian Delahaigue, member,
- Jean Fleury, member,
- Jean-Pierre Jouyet, member.

The duties of the Remuneration and Appointments Committee include:

- ensuring, on behalf of the Board of Directors, that the remuneration policy is properly applied;
- recommending the amount of remuneration awarded to corporate officers and reviewing the remuneration paid to holders of key functions and other key positions;
- offering advice regarding the composition of management bodies (including the Board of Directors, Chairman, Deputy Director, Lead Director, Chief Executive Officer, Chief Corporate Officer and persons who effectively run 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 holders of key functions;
- putting forward the succession plan for the Group's effective management;
- 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 and analyse, 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 2021, the Remuneration and Appointments Committee met 11 times. Its attendance rate was 98.17%.

2.2.4 Strategic Committee

The Strategic Committee is positioned at Group level and reports on its work to the Covéa's Board of Directors.

At 31 December 2021, the Strategic Committee had seven members:

- Thierry Derez, Chairman,
- Bernard Barbottin, member,
- Christian Baudon, member,
- Hélène Béjui-Hugues, member,
- Anne-José Fulgéras, member,
- André Martinez, member,
- Hélène Martini, member.

The duties of the Strategic Committee include:

- taking the lead, on behalf of the Covéa's Board of Directors, on matters regarding the Group's strategy, including:
 - assessing the Group's strategic positioning in the market;
 - reviewing strategy-related proposals made by Executive Management before they are put to the Covéa's Board of Directors;
- monitoring the implementation of the Group's strategy as adopted by the Board of Directors;
- reviewing any planned mergers, acquisitions, investments and divestments that may have a material impact on the Group;
- ensuring, through the committee's discussions, a constant dialogue with the Group's Executive Management team regarding strategic changes, in particular with regard to the international expansion policy and strategic partnerships.

In 2021, the Strategic Committee met five times. Its attendance rate was 100%.

2.3

Executive management

Thierry Derez, Chairman and Chief Executive Officer, is assisted by two Chief Corporate Officers (*Directeur général délégué*), Maud Petit and Paul Esmein, who is also the Covéa Group's Deputy Chief Executive Officer. The Chief Corporate Officers are appointed by the Board of Directors.

The Chairman and Chief Executive Officer and the Chief Corporate Officers hold the broadest powers to act in all circumstances on behalf of Covéa. 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 co-ordination of all Group's 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, as well as the General Managers (*Directeur général*) and persons who effectively run the main insurance companies and heads of the Group's support functions.

At 31 December 2021, the Executive Committee was made up of 13 members:

- Thierry Derez, Chairman and Chief Executive Officer;
- Paul Esmein, Chief Corporate Officer, Deputy Chief Executive Officer and General Secretary;
- Maud Petit, Chief Corporate Officer and Chief Financial Officer;
- Laurent Tollié, Chief Customer Relationships Officer, General Manager;
- Stéphane Duroule, General Manager MAAF;
- Éric Lécuyer, General Manager MMA;
- Jérôme Roncoroni, General Manager GMF;
- Thierry Francq, Chief Transformation and International Activities Officer, General Manager;
- Valérie Cohen, Chief Offers and Services Officer, General Manager;
- Amaury de Hauteclocque, Chief Human Co-operations Officer, General Manager;
- Olivier Le Borgne, Chief Investment Officer, General Manager;
- Lionel Calvez, Chief Risk Officer, General Manager;
- Béatrice Savouré, Chief Life Insurance Officer.

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 applies to Covéa, its affiliate entities and all European insurance and reinsurance companies over which it has majority control and that are subject to the Solvency II regulation. It sets forth the rules for determining the compensation and/or remuneration of all corporate officers, senior executives and employees.

The policy is consistent with the overarching goal of promoting sound, prudent and effective risk management that does not encourage risk-taking beyond that which 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 is approved annually by Covéa's 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 Committee, the Risks Committee, the Remuneration and Appointments Committee and the Strategic Committee.

At 31 December 2021, the Board of Directors had 28 members, the Audit Committee and the Risks Committee had seven members, the Remuneration and Appointments Committee had six members and the Strategic Committee had seven members.

The directors and Board Committee members receive:

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

In 2021, 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 and Lead Director);

- Audit Committee, Risks Committee, Remuneration and Appointments Committee and Strategic Committee: a fixed annual sum of €4,000 (€8,000 for the Chairman of a Committee) plus €2,000 per meeting;
- Deputy Director and Lead Director: a fixed payment of €60,000 before tax and charges paid at the end of the year, to which attendance fees in respect of their participation in the Board of Directors 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's Board of Directors in respect of their directorships at all Covéa Group entities for 2021 (including affiliate companies and consolidated subsidiaries) was €1,485,985 (including €1,165,167 for their directorships at Covéa). Directors' travel and accommodation costs are also reimbursed.

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

2.4.2 Executive management remuneration

2.4.2.1 Chairman and Chief Executive Officer

The gross remuneration paid to the Covéa Group Chairman and Chief Executive Officer in respect of 2021 totalled €1,680,000¹, including fixed and variable remuneration.

The remuneration 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 remuneration 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 is not awarded any shares or stock options.

¹ The overall gross remuneration paid to the Chairman and Chief Executive Officer in respect of 2020 was €1,673,146.

2.4.2.2 Other executive corporate officers

The two Chief Corporate Officers (*Directeur général délégué*) receive a fixed sum for their Covéa appointments, which in 2021 represented a gross amount of €66,741. This remuneration 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 corporate officers.

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 remuneration² of €5,491,234 in respect of 2021. There were an average of 12.08³ 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 recharged pursuant to Article 261 B of the French General Tax Code (*Code général des impôts*).

2.4.3 Other remuneration components

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 the Group's senior managers⁴ and senior executives.

The Committee determined the new pension plan on the basis of a study conducted by an independent firm⁵ 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 all the Group's senior managers⁴.

Enabling beneficiaries to build up savings to supplement retirement income, the new supplementary pension plan combines:

- a mandatory defined-contribution pension savings plan (PER). This collective plan 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 mandatory pension savings plans (PERs);
 - an annuity from the employer contributions, paid to beneficiaries and subject to all applicable social charges and tax.
- a voluntary defined contribution "Article 82" pension plan. This collective 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.

These defined contribution plans do not guarantee the level of retirement income. 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.

² Fixed and variable components set out in their employment contracts.

³ In 2020, there were an average of 11.58 senior executives.

⁴ Senior managers from the Covéa D consortium of employers.

⁵ Willis Towers Watson.

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 employees⁶.

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 General Risks Department has overall responsibility for implementing the risk management system.

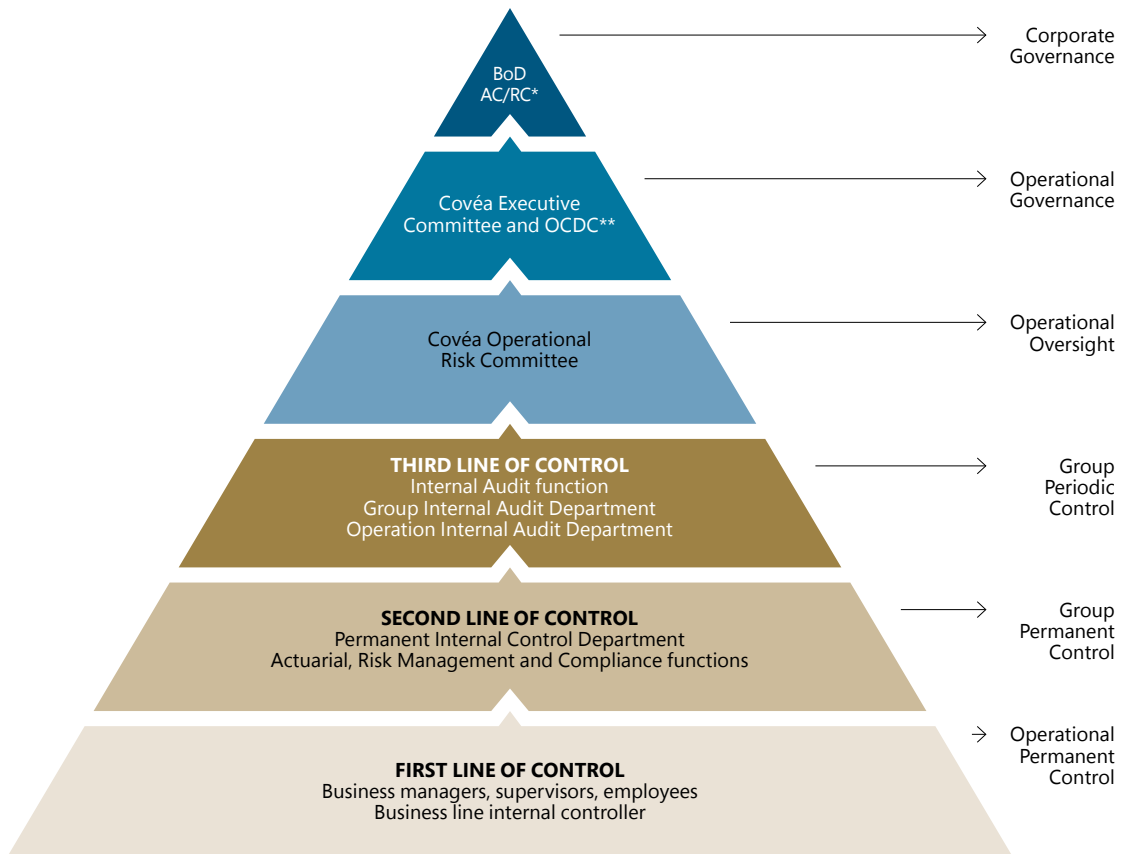
The risk management system:

- covers the risks included, partially included and not included in the solvency capital requirement under Solvency II standards, risk mitigation 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 ORSA⁷ processes to conduct internal risks and solvency assessments. The risk management system produces reports on each company'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 must guarantee the suitability of its risk appetite. It includes a critical review of the business plans pursued by the Group's entities to ensure that they comply with the Covéa Group's overall risk appetite limits and that the risks inherent in these business plans 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 the survival of the Covéa Group or its entities, or the protection of those insured.

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

⁶ Senior executives are also entitled to an annual medical check-up.
⁷ ORSA: Own Risk and Solvency Assessment.



* Board of Directors, Audit Committee and Risks Committee.
 ** Operational Co-ordination and Development Committee of Group's brands.

The Risk Management function reports on its work to Executive Management, the Risks Committee, the 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.

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 relevance and performance of the associated risk management system;
- procedures to prevent internal and external fraud, and corruption;
- 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 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 regular assessment by an independent body as part of IFACI Certification, which was most recently renewed in 2021. 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 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 and their impact on Group activities, and co-ordinate or oversee the operational implementation of regulatory requirements. It also relies on a framework covering the main legal and regulatory requirements applicable to insurance and reinsurance companies.

A compliance plan is prepared every year, based on themes arising from the compliance policy. The Compliance Function prioritises the themes of compliance and the scope of checks. Independent compliance checks are carried out by the Permanent Internal Control Department on behalf of the Compliance Function. The conclusions of those checks (results and actions to ensure compliance) are presented jointly by the Compliance Function and the Permanent Internal Control Department to Covéa's Risks Committee at least once per year.

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 COSO⁸ framework, the internal control system comes under the responsibility of the Permanent Internal Control Department, which reports to the General 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.

⁸ 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 Department, ensures that technical provisions 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 co-ordination 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 provisions and issues an opinion on the underwriting and reinsurance policies. This annual report is sent to the Audit Committee and the Risks Committee and is subject to approval by the Board of Directors.

03

A proactive and
responsible group

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3.1

CSR strategy and social impact

Covéa is a leading insurance provider that takes its vocation to protect even further by bringing about the social and environmental transition. The Group works to build a sustainable growth model that benefits its stakeholders, members, customers, employees, and society at large.

The new social impact strategy, launched in 2020, structured our goal to develop a tangible, credible and commendable social impact. This strategy compels us to draw on our core responsibilities, those which make Covéa a responsible employer, insurance provider, investor and buyer, and to advance in five areas for action: equal opportunities, knowledge, risk prevention, regional development and the environment.

To achieve this goal, the Group's social impact programme served as a springboard for some 30 projects involving nearly 200 internal contributors from across 95% of its major departments.

As an extension of this programme, the Group embedded into its new strategic plan, Covéa 2024 – Growing together, its targets for people with disabilities, women's rights, its low-carbon pathway, and the creation of a foundation.

The governance of Covéa's social commitment is overseen by the CSR Strategy Committee, which acts within the Group's Executive Committee to coordinate the priorities of the social commitment strategy, and by the CSR Committee, which is the operational body responsible for social impact projects.

The Social Engagement Department, under the authority of the Group Deputy Chief Executive Officer, sets the strategic priorities defined by the CSR Strategy Committee and is responsible for keeping members of the Board of Directors informed of progress on commitments.

Within this department, the social and environmental transition branch steers the approach and pursues social and environmental initiatives on behalf of all the Group's brands or in addition to the efforts made by the brands themselves. In all, it organises action involving Covéa's 21,000 employees in France.

This branch harnesses its network of nearly 80 regional correspondents and business line correspondents, as well as its specific disability and gender equality networks. These networks are tasked with deploying and adapting Covéa's policy and initiatives to its various sites within different departments.

3.2

Our sustainability challenges

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.

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 A responsible company

3.2.1.1 Promoting equal opportunities for a more inclusive society

Covéa and its brands believe firmly in taking action to promote gender equality and professional integration while fighting discrimination.

Improving gender equality at the Group is one of our priorities, already as an intrinsic objective within our business but also as a duty to society. In addition, the Group pledges to promote the inclusion of people with disabilities.

By developing sponsorship programmes and partnerships, Covéa increases its impact on diversity and equal opportunities in such a way that promotes a more inclusive society.

Our sponsorship and partnerships to promote inclusion and equal opportunities

Taking action for women's rights with the Fondation des Femmes

A partner to the Fondation des Femmes, Covéa donated an initial €500,000 to the organisation at the beginning of the lockdown in 2020 in the urgent call to action to protect women against violence. Covéa currently supports two new programmes.

The first involves helping organisations to put together projects, for example to create women's shelters or develop hot-lines available 24/7, as more of these are needed nationwide.

The second programme aims to raise general awareness about women's rights, mainly through an observatory and travelling exhibition that will be accessible everywhere in France throughout 2022.

Facilitating girls' education and career development

Under its partnership with the non-profit organisation Capital Filles, 85 women employees from Covéa provided educational and career guidance to female high school students from disadvantaged or isolated rural areas across 14 academic districts for the 2020-2021 school year.

Promoting the professional integration of young people through partnerships with schools

As part of its social commitment to young people, Covéa has signed several partnerships with top schools, such as Paris Dauphine University, EFREI and the Web School Factory.

Events were held throughout the year to connect students with Group employees and managers working in professions covered these schools' educational programmes.

Improving disability support

The Group's foundations

The MMA and MAAF brands created two foundations to further inclusion and guidance for people with disabilities. Under the aegis of the Fondation de France, the MMA Solidarity Foundation supports community projects that improve the capability, well-being, self-fulfilment and social inclusion of disabled people, in particular young people who have suffered serious accidents.

In total, the MMA Solidarity Foundation invested €462,174 in 2021, which helped fund 54 new projects. Since it was set up in 1983, the MMA Solidarity Foundation has supported over 2,300 projects and helped more than 22,000 people with disabilities.

Meanwhile, the MAAF Foundation finances and contributes to innovative projects to improve the daily lives of disabled people. For example, it backs communication and awareness efforts, participates in funding medical studies and research, and helps develop device prototypes, cultural initiatives and integration projects.

In 2021, the foundation launched a call for proposals around old age and disability, followed by a crowdfunding campaign to raise money for the 10 innovative projects chosen. Contributions totalled €69,904 and were matched by the MAAF Foundation to raise an additional €34,952.

Since it was set up, the organisation has supported over 80 projects and distributed over €2 million in grants.

French national park network

The French national park network, the French Office for Biodiversity and GMF continued their partnership and sponsorship programme to promote a shared joy of nature. Over the next three years, its projects will focus on enabling all people, including disabled people, to access and understand nature, preserving biodiversity and preventing risks.

Since the start of the partnership, GMF has supported almost 120 initiatives with action, especially in 2021, to help people with disabilities.

3.2.1.2 Providing access and passing down expertise to all

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 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.

Supporting the Festival Atmosphères

For the fourth year running, in 2021 Covéa continued its partnership to sponsor the Festival Atmosphères, which harnesses cinema, culture and science to boost sustainable development. The Group's commitment shows through employee awareness actions and support for the festival. At this event, our network of CSR Ambassador employees put our social impact policy into action and participated in "Company Day" on equal opportunities, in line with the festival programme.

Strengthening education and culture through our partnerships

GMF takes account of the educational impact of its partnerships. As such, many Covéa partners are involved in sharing knowledge and celebrating culture. For example, Includ develops educational tools for school children who are deaf or hard of hearing; Le Cartable Fantastique produces resources for children with dyspraxia; and the French national park network creates its own educational materials.

3.2.1.3 Contributing to the social and economic development of local communities

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.

Impact on the local active working population

In 2018 (latest figures from INSEE):

- MMA employed 3.3% of the active population in Le Mans;
- MMA employed 2.2% 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 of 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 (MAAF, MMA and GMF) stay close at hand to serve its customers through their regional network bringing together 2,421 points of sale throughout France.

Contributing to the social and economic development of local communities

The Group aims to increase its close collaboration with start-ups innovating in digital technology, in particular in Insur-Tech.

- MAAF is a member of the solutions accelerator French AsurTech, which acts as a catalyst in bringing to the fore the insurance solutions of tomorrow. The platform aims to fast-track the growth of insurance tech start-ups, facilitate the sharing of experience and cooperation between mutual insurance companies, and contribute to the development of digital technology in the region around Niort.
- MMA is a founding member of the organisation Le Mans Tech, which accelerates the development of clean transport and energy start-ups by enabling them to take advantage of a local, national and international ecosystem.

MMA Future Entrepreneurs Foundation

The MMA Future Entrepreneurs Foundation focuses its ideas and action around the entrepreneur, the physical and mental forms entrepreneurs can take, and the interactions they have with their company and region in adapting to change. The foundation also hopes to drive responsible and socially conscious entrepreneurial endeavours in regions. It encourages entrepreneurs and their networks of elected officials and non-profit organisations to implement innovative solutions in partnership with regional ecosystems.

One of the foundation's main areas of action is producing and distributing robust content, especially research, and organising events to support entrepreneurs.

3.2.1.4 Reducing the environmental footprint of the Group's operations

The Group pledges to work towards sustainable growth, aiming to reduce its direct greenhouse gas emissions by 3% per year. Using Science Based Targets methodology, Covéa's sources of emissions were identified and the levers and pathway were set to reduce them.

This low-carbon strategy sets out the Group's pathway towards reducing its environmental footprint, with three key milestones and global targets set by the COP21 and COP26 agreements for 2024, 2034 and 2050.

Covéa has maintained its commitment to reduce the environmental impact from its employees' commuting and business travel.

Moreover, Group employees learnt more about environmentally friendly transport via a large-scale bicycle plan: presentations on the identification system, repairs, test rides on electric-assist bikes, and the "Pedal to plant 1,000 trees" challenge to support a reforestation project in Mondoubleau.

In 2021, Covéa Immobilier moved forward in deploying and coordinating its sustainable development policy.

To reduce energy consumption, Covéa Immobilier implemented the Tertiary Eco Energy project in 2021 to reduce the energy consumption of commercial property by 40% to 60%. It also cut back the amount of time that windows spend lit at the 800 MAAF and GMF branches. This measure has reduced GHG emissions by 4 tonnes per year, scaling back both energy consumption and light pollution, which is harmful to nocturnal biodiversity.

As part of its commitment to reduce its environmental footprint, Covéa Immobilier is working to obtain environmental certification for all the buildings it owns and/or an environmental label for all construction projects.

→ By the end of 2021, over 62,840 m² (unchanged from 2020) of the operational buildings on the Group's main sites had received a Construction quality label or certification and over 68,000 m² (65,770 m² in 2020) had received an Operations quality label or certification.

Circular economy practices were developed by using materials at worksites and seeking out reused materials as an alternative to new resources, under the Booster programme. A worksite waste management policy was also defined.

A regulatory analysis was conducted on waste traceability in preparation for rolling out a log of all the Group's waste in 2022 and defining a strategy for bringing our suppliers and service providers on board with requirements.

In 2021, Covéa upheld its strong commitment made in 2020 to reduce its non-worksite waste.

The Zero Plastic project was expanded with more reusable cups distributed. A solution was also implemented at several central sites to collect and recycle cigarette butts, and a mask recycling project was trialled.

For the European Week for Waste Reduction, Covéa led an unprecedented drive to collect unused computer hardware in partnership with Les ateliers du bocage, a non-profit organisation recognised for its expertise in sorting, reuse and its environmental and community digital activities.

For the Group's food services, measures to fight food waste were implemented in collaboration with the service provider SODEXO at all restaurants, and the range of non-meat dishes was expanded.

Biodiversity is also a priority issue for Covéa Immobilier. A three-year transformation project is under way at its Chartres site to preserve biodiversity, and the Niort site has obtained the EcoJardin label for its ecological and differentiated management approach.

→ Covéa's energy greenhouse gas emissions per m²: 14.53 kg CO₂ eq/m² (14 kg CO₂ eq/m² in 2020).

Sponsorship programmes to understand the challenges of the energy and ecological transition

The Covéa Group has become a sponsor to the Avenir Commun Durable – Environnement, énergie, société (Together for a sustainable future – Environment, Energy, Society). This initiative was launched by Collège de France professors to provide interdisciplinary scientific responses to climate change issues and to disseminate evidence-based data to inform general reflection.

Concretely, this sponsorship programme has led to the creation of an Avenir Commun Durable research chair whose lectures are free and open to the general public.

3.2.1.5 Promoting CSR in business conduct

In setting its social commitment strategy, the Group takes its responsibilities seriously, which cover business ethics, responsible purchasing, duty of care, and anti-corruption and anti-fraud measures.

Social commitment

In order to enable its employees to better understand core CSR priorities and apply them in Covéa, the Group implemented an interactive training module, which had been taken by 36% of employees by the end of 2021 (31% at end-2020).

Responsible purchasing

- including companies from the sheltered employment sector and/or disabled self-employed professionals in its consultation and tendering processes whenever possible;
 - 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.
- 118% increase in orders from the sheltered employment sector and 11% with SMEs in 2021 compared to 2020 (scope of indirect purchases: general expenses).

In addition, the global Third-Party Programme was implemented within the Group to evaluate third parties and provide a framework for Covéa's relations with its external stakeholders. Under this programme, third-party suppliers and service providers are monitored more closely to manage supplier risk.

Duty of care

Covéa has developed, implemented and published its duty of care plan, having identified risks in relation to human rights, fundamental freedoms, personal health and safety and environmental protection arising from the Group's insurance and reinsurance activities.

Covéa has deployed a system to handle any red flags in relation to these risks. The system is available in three languages (French; English and Italian) through a platform that can be accessed worldwide. Reports are collected and reviewed with the utmost confidentiality by the Group's whistleblowing champion to protect whistleblowers.

Business ethics

Introduced in 2016, Covéa's Ethics Charter was fully updated in 2021 to bring fully in line with the Group's new goals, in particular to integrate components from its social and environmental responsibility policy.

This charter is the reference document that sets out the Group's ethical values and provides common guidelines enabling all individuals to embody its values and carry out their professional duties with peace of mind.

It is intended to guide employees in the behaviour expected of them and the behaviour that should be avoided or are prohibited.

Anti-corruption

The Group has a zero-tolerance policy on corruption and condemns corruption in all its forms.

Covéa implements a corruption prevention and detection programme, which includes in particular a corruption risk map, an anti-corruption code of conduct appended to the rules and regulations, a log of gifts and invitations, a professional whistleblowing procedure, a specific anti-corruption training programme to raise employees' awareness about combating corruption, accounting procedures and an accounting control plan, and measures to assess and monitor the effectiveness of the anti-corruption system.

→ 82% of managers have undergone anti-corruption training (81% in 2020).

Anti-money-laundering and countering financing of terrorism (AML/CFT)

Special procedures are reviewed annually to ensure compliance with regulatory requirements and continuous moni-

toring of AML/CFT matters and freezing of assets. These procedures cover:

- entering into business relationships and complying with know-your-customer procedures, particularly for politically exposed persons (PEPs), and keeping this information up to date;
- detecting individuals whose assets have been frozen;
- monitoring suspicious transactions and applying surveillance measures throughout the business relationship;
- enhancing examination of risk situations and reporting suspicious activity to Tracfin;
- training staff on all these measures to comply with AML/CFT regulations and the freezing of assets;
- implementing internal controls to check the effective implementation of these measures within the Group.

In 2021, all networks and staff exposed to AML/CFT risk were asked to update their AML/CFT information through an e-learning programme.

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. This procedure complies with regulations governing privacy and data protection (GDPR and data protection laws)

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.

3.2.1.6 Security of data and IT systems

Covéa pays extremely close attention to privacy and data protection, the transparency of information provided for data subjects, the compliance of its data collection and processing procedures and the security of IT systems.

In 2021, Covéa continued implementing GDPR, working via a five-person team dedicated to data protection and correspondents appointed in the main operational departments handling personal data. Their efforts focused on incorporating privacy by design principles into its projects and carrying out the required Data Protection Impact Analyses (DPIA).

The Group has also taken steps to comply with new cookie regulations and to obtain consent for trackers that require it.

→ 93% of Covéa employees underwent GDPR training in 2021 (unchanged from 2020).

Covéa's cyber risk prevention policy helps protect the continuity of the Group's essential activities. The comprehensive policy to safeguard Information Systems Security (INFOSEC) sets out basic IT security principles.

This policy includes the CyberSafe programme to raise awareness among all employees. It covers:

- a progress report on the programme to the management committees of the MAAF, MMA and GMF brands;
- a communications campaign on the intranet, the Group's social network, emails, competitions and phishing exercises aimed at all employees, to raise awareness about how to identify a phishing attempt and recommend the right steps to take;
- a training course comprising several modules including remote work situations, passwords, updating IT equipment, links and attachments, and more.

→ 32% of Covéa employees followed at least one module of the INFOSEC programme (29% in 2020).

3.2.2 A responsible employer

3.2.2.1 Ensuring employee health and quality of life at work

Covéa's occupational risk prevention and occupational health policy is designed to improve the quality of life at work, 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.

Following on from 2020, 2021 was also impacted by the health crisis. Covéa supported employees to promote vaccination and maintained its major action plans, such as:

- enabling all employees to work from home wherever possible during the two lockdown periods in 2020. In 2021, the Group fitted out 291 work stations for people working from home who required special ergonomic setups (270 in 2020);
- communication via intranet ("Stay in touch", FAQ, social media, e-letters, best practice handbooks and remote work guidelines during lockdown periods, etc.);
- counselling programme and psychological support for managers and employees experiencing mental health issues.

→ 77.6% of employees who worked remotely (out of eligible employees) (43.4% in 2020).

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

Career-long training and career management are essential components of the Group's competitive strategy. In the Group's new collective bargaining agreement on strategic workforce planning for 2021-2023, Covéa pledged to maintain and develop the skills of its employees. By harnessing foresight to anticipate the direction jobs are taking and dedicating the resources needed to plan ahead of time, the Group is also committed to enhancing employee mobility.

As part of the strategic workforce plan, the list of the 15 professions that will be recruiting the most over the next three years is updated every year. Using advanced foresight, Covéa can therefore better anticipate future recruitment needs and help 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 continues to develop a range of multi-modal solutions, including an expanded selection of self-study courses, virtual classes, virtual situation simulators to practise for real-life discussions with customers.

→ Percentage of employees who benefited Covéa's ongoing learning programme: 94.6% (89.6% in 2020).

→ Average number of hours each Covéa employee spends in training: 18.1 hours (17.1 hours in 2020).

3.2.2.3 Promoting diversity and equal opportunities

Covéa pledges to promote through an inclusive approach, which values each employee as an individual, whatever their unique qualities, differences and opinions. This goal is broken down into five key areas:

- promoting diversity and inclusion;
- preventing and combating discrimination and all forms of violence;
- equal opportunities and equal treatment for all in access to employment, hiring, career development and the day-to-day working environment;
- gender equality and diversity in the workplace;
- hiring and retaining people with disabilities.

Employing and integrating people with disabilities

- Signed for a three-year period (2021-2023), Covéa's disability agreement takes a more inclusive approach to integrating people with disabilities, by contributing to their employability and hiring 150 disabled people by the end of 2023;
- 5.2% of the workforce was made up of people with disabilities in 2020⁹;
- 49 people with disabilities were recruited (compared with 25 in 2020).

Preventing and combating discrimination

Covéa has developed its range of training courses to prevent discrimination and has deployed specific modules for certain businesses:

- the "Getting inclusiveness right" module, added to the "Diversity makes the difference" programme online since 2019. 55% of employees took the e-learning course in 2021;
- continued deployment of the "Hiring without discrimination" module for recruitment officers. 40 recruitment officers trained;
- the new training module "Communicating inclusively" developed for communication professionals.

Promoting gender equality

- A new three-year agreement (2021-2023) was signed on gender equality in the workplace, covering six areas of action: promotion at work and recruitment outside the Group, professional training, work/life balance, effective remuneration, and sexist and sexual violence.

These areas of action are structured into strong goals and commitments, along with implementation plans to chart progress towards achieving targets.

A number of impactful measures have been taken:

- 57% women managers;
- increase in the budget allocated to reducing pay gaps to €600,000 over the period of the agreement;
- paternity leave compensation that exceeds statutory requirements, increased to the employee's net salary over the entire leave period.
- A new training module entitled "Acting against sexist and sexual violence", designed for human resources staff and employee representatives, will be rolled out over three years.

In 2021, Covéa's gender equality score stood at 92/100, remaining stable on 2020, or 88/100 when the Covéa ESU scope is taken into account.

Covéa's total percentage of women employees remained stable, at 65.8%.

⁹ 2021 employment rate for people with disabilities not available at the time the document was finalised.

Facilitating the professional integration of young people

Covéa is committed to helping young people find work, to enhance and refresh the company's skill sets, and support widespread access to training. To this end, 400 work/study students were recruited for the start of the 2021-2022 school year across all of the Group's business sectors, i.e. twice as many as in 2020.

By 2022, Covéa's aims for 3% of the Group's total workforce to be on work/study programmes, i.e. around 600 new employees on work/study contracts. A complete set of tools has set up to better support them, including a community dedicated to supporting and uniting them.

3.2.2.4 Maintaining constructive social dialogue

Covéa takes steps to engage in constructive social dialogue. This is maintained 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.

All the meetings held with employee representative bodies accounted for 53% of the total annual workload of Covéa's Employee and Labour Relations Department.

3.2.3 A responsible insurance provider

3.2.3.1 Creating a supportive customer experience that goes beyond insurance

Through its brands, Covéa wants to be on the forefront of the guarantees and services that customers seek – for example, new technologies, longer life expectancy, social networks and scientific progress.

That is why Covéa has created faster, simpler, more reliable offers and services, adapting to social changes via its platform.

Monitoring customer satisfaction

Satisfaction is measured through a next-day survey, a more traditional satisfaction survey and any customer complaints.

Real-time feedback is in the form of a questionnaire sent the day after contact with the brand to ask customers about their overall satisfaction with the experience.

Next-day satisfaction scores for the brands (MAAF, MMA and GMF) vary between **8.6** and **8.9** out of **10**.

Supporting customers day in, day out through a service platform

Covéa supports its customers day in, day out through the range of services available on the customer account page.

In 2021, the service platform was enhanced with new offers focusing on mobility, the home, well-being and health, and occupational risk prevention, including:

- discounts from retail chains, for example to buy bicycles and scooters to promote environmentally friendly modes of transport;
- preferential rates on fire safety and prevention offers;
- access to the energy saving scheme by installing heat pumps at discounted rates;
- a new health coaching programme based on physical activity, a balanced diet and quality of sleep to reduce stress and improve quality of life.

And for self-employed professionals and corporate customers:

- road safety tools for car fleets to improve employees' driving safety;
- a tool that companies can use to create their own Single Occupational Risk Assessment Document, with prevention measures to reduce risks by type of business.

→ 1,313,000 MAAF, MMA and GMF customers logged into the service platform in 2021 (1,258,000 in 2020).

A proactive policy to support victims of personal injury

The multidisciplinary teams of the Personal Injury Department work to provide victims of personal injury with in-kind solutions on top of monetary compensation. They collaborate with internal and external experts, such as occupational therapists, architects and social workers, to give advice and offer solutions for social reintegration, home adaptations and transport solutions.

In addition, 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 can set up mobile units on site in the damaged area with the help of a local representative. The mobile 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.

3.2.3.2 Adapting our offers, services and compensation to social and environmental issues

The range of insurance solutions available through Covéa brands is evolving to respond to current social changes and new customer needs.

Covéa worked with its operational departments to identify the characteristics of social and environmental impact insurance. The idea is to develop insurance products that meet customer expectations while improving their social and environmental impact over the contract duration.

Insurance coverage and services are adapting to new uses and practices. For example in motor insurance, Covéa brands encourage their customers to limit their environmental impact when travelling, with pay-per-mile cover or discounts for drivers of more environmentally friendly vehicles and for regular users of public transport.

Brands are also careful to limit the environmental impact in handling motor claims. Customers are encouraged to choose sustainable repair options such as repair over replacement, reused parts, partners specialised in eco-friendly repairs.

In family and leisure insurance, special focus has been on mental health after the sharp decline due to the health crisis. As a result, our customers and employees were given access to the TIPI technique for the sensory identification of unconscious fears, to free them from stressful and negative emotions and improve their well-being.

3.2.3.3 Sharing expertise to increase safety awareness and risk prevention

Covéa and its brands leverage their knowledge of safety to help members and customers to prevent risks arising from health, mobility, life at home and at work. For example, the Group shares its expertise to boost its preventive action with its customers. This commitment is also put into practice through a policy of substantial funding for research to prevent new technology, climate or public health risks.

Raising awareness to everyday risks: in the home and in the car

Covéa has developed several risk prevention tools, including:

- Climate alerts: warning messages sent to policyholders via text, emails, social media posts, with the aim of facilitating potential claims filings.

- In 2021, Covéa's brands sent more than 3.5 million text messages to their customers about severe weather events (in 2020, nearly 2 million).
- Covisiomap: a tool for preventing and assessing occupational risks, providing disaster models for the 10 main climate and natural risks.
- Coventéo: modelling of climate risks – hail, drought, storms – to better understand and measure their impact on insurance and assistance portfolios.

Road safety

Each Covéa's brand raises customer awareness about the dangers of the road through a variety of actions and communication campaigns.

- MMA IARD encourages all individuals, both drivers and pedestrians, to take an active role in their own prevention and as a leading figure in offering advice to their friends and family. MMA communicates via its digital prevention platforms to reach as many people as possible. In 2021, the brand launched a road risk campaign for professionals during Occupational Road Safety Days (opinion poll, awareness videos, educational tools). Moreover, MMA's website zerotracas.mma logged 640,000 visits as at the end of October 2021.
- In addition to its regular initiatives, GMF organised its sixth consecutive "Trace ta route avec Max" game on road safety, designed for elementary and middle school children and their teachers. After completing the programme, pupils can obtain their first road safety certificate. In all, 119 classes have signed up for the 2021/2022 edition.
- In 2021, MAAF continued its initiatives to raise awareness about danger on the road, in particular through "Vigiarotte" campaigns to promote the safety of young people after clubbing, and its Alcool mobile app, which has registered almost 1 million downloads.

Preventive healthcare for our customers

Through its brands, the Group continued its coverage of the flu vaccine for all its health insurance policyholders.

With its three brands, Covéa has partnered with four other social protection leaders in France to introduce an all-new addiction prevention programme. The overwhelming increase in addictive practices related to stress, social isolation and pandemic restrictions has prompted the Group to take strong action in addressing this health issue and develop a prevention campaign in the form of a digital escape game called "Addict'Town".

In 2021, Santéclair introduced new services for the health insurance policyholders of Covéa's three brands: a symptom analysis and guidance tool, a directory of recognised alternative medicine professionals, an assistance programme for

purchasing eyeglasses, and a network of dental surgeons specialising in adult orthodontics.

Sponsorship and partnerships to prevent risks more effectively

Innovating through research

Covéa has been supporting the biomedical researchers from Clinatéc research centre since 2018, as a way of promoting long-term research programmes.

In partnership with the French technological research organisation CEA, Grenoble Alpes University Hospital, Inserm (French National Institute of Health and Medical Research), and Université Grenoble Alpes, no less than 90 clinicians, researchers, biologists, and micro/nanotechnology and electronics experts are contributing to the implementation of a new biomedical research model.

Two particularly innovative programmes in the international arena are supported by the Group and demonstrate again this year our resolve to provide better care for disabled people:

- Covéa NeuroTec, a project that uses infrared light to slow the progression and effects of Alzheimer's disease;
- the Brain Computer Interface (BCI) project to help tetraplegic patients gain autonomy at home through the development of an exoskeleton.

Research into healthy ageing

In 2021, Covéa continued its support to improve knowledge about risk prevention, especially related to ageing. Our research partners in this field are the Prevent'Horizon Chair (preventive healthcare), the BiomecAM Innovation and Disability Chair (osteoarticular pathologies) and the Demographic and Economic Transitions Chair (healthy ageing).

3.2.4 A responsible investor

3.2.4.1 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.

In 2021, Covéa Finance more than ever believes in the importance of achieving a balance between the three Environmental, Social and Governance (ESG) pillars in its sustainability risk analysis.

Therefore, while actively preparing to meet future regulatory requirements (SFDR and EU Taxonomy), which aim to provide greater transparency about environmental impacts, climate change and biodiversity, Covéa Finance also continued to make progress on employee-related issues throughout the year in 2021.

The Covéa Perspectives Entreprises and Covéa Renouveau funds were awarded the Relance label. Created in October 2020 as part of a special mediation protection agreement, this label aims to support the French economy after the health crisis and enable all savers who wish to do so to contribute to the recovery of the French economy, by giving meaning to their savings. But above all, Relance is designed to support companies that are committed to creating jobs in France. These two labels were followed by a shareholder engagement campaign aimed at the securities in these two funds, urging executives of these companies to be more transparent and deploy greater efforts to boost employment in France.

Covéa Finance also joined the Just Transition Coalition. Launched by Finance for Tomorrow, this collaborative platform brings together asset managers and asset owners from the French financial ecosystem and teams up with corporates to promote a socially acceptable transition to low-carbon economies. Becoming a member of this coalition aligns with our intention to participate in the transition to a sustainable economy while mitigating any potentially negative impact.

The Covéa Actions Solidaires fund was awarded the trusted Finansol label, which helps investors make more secure, informed investment decisions and validates our solidarity-based approach. This predominantly equity-based fund combines economic development and social progress.

In 2021, Covéa Finance exercised its right to vote in respect of 43% 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. Covéa Finance voted at 115 General Meetings and organised 48 meetings with issuers about corporate ESG practices.

→ 81% of eligible assets under management¹⁰ underwent ESG analysis in 2021.

3.2.4.2 Investing in property responsibly

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

To implement this policy, 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.

Covéa Immobilier continued to optimise consumption management, which involved taking the following concrete measures:

- digitising commercial building maintenance, with coverage of 100% of commercial properties occupied by multiple tenants;
- setting up the Tertiary Eco Energy project, with collection of 91% of the mandates authorising access to our tenants' personal consumption data, and identifying action plans to save energy;

¹⁰ Money market securities and funds held in our mandates and mutual funds are not covered by these ESG assessment methods.

- deploying 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;
- developing a feasibility study to install geothermal energy for each eligible project and thereby diversify the portfolio's energy mix;
- systematically installing water-saving systems for housing renovations.

As a founding member of CircoLab (circular economy in the building industry), Covéa Immobilier's Investment Department pledged to step up the reuse of materials by joining "Booster for reuse" in 2021. As part of this initiative, and to take further steps towards the circular economy, five projects per year will integrate the accelerator for three years, starting in 2022. The target is to use as many materials as possible from previous construction sites and to develop new reuse channels.

A programme was also set up with our maintenance companies to reuse spare parts recovered from our construction and maintenance sites.

In addition, Covéa Immobilier systematically conducts a sustainable development audit prior to every major redevelopment project.

Biodiversity, waste management and water management are also key concerns. As such, we have introduced:

- an action plan to enhance green spaces, improve access to them, and develop "greening" of outdoor spaces;
- action plans to promote environmentally friendly transport;
- a waste management inventory to measure Covéa Immobilier's compliance with regulations;
- a Biodiversity rating tool approved and tested on sites;
- a draft white paper on biodiversity for Covéa was initiated to define the Group's policy.

Lastly, Covéa Immobilier joined forces with the OID and Gécinca to found a programme that accelerates and coordinates biodiversity initiatives.

→ Since 2012, more than 162,000 m² of Covéa's commercial property assets have received a construction/renovation or operation environmental quality label or certification, including 97% of the commercial buildings redeveloped.

→ Covéa's energy greenhouse gas emissions per m²: 15.33 kg CO₂ eq/m² (8.25 kg CO₂ eq/m² in 2020).

¹¹ Changes in greenhouse gas emissions relating to energy/m² are mainly due to a change in methodology with the aim of not taking floor areas that do not use energy into account in 2021.

3.2.5 Taxonomy

The new EU Taxonomy regulation

On 18 June 2020, the European Parliament passed the EU Taxonomy regulation (2020/852) on the establishment of a framework to identify sustainable economic activities within the European Union and to direct financing towards a resilient, more environmentally friendly economy.

The Taxonomy classification covers six environmental objectives that economic activities must carry out to qualify as sustainable:

1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of water and marine resources;
4. the transition to a circular economy;
5. pollution prevention and control;
6. protection and restoration of biodiversity and ecosystems.

For financial year 2021, only the first two climate change targets are applicable.

The Disclosures Delegated Act under Article 8 of the EU Taxonomy regulation (2021/2178) clarifies the content, methodology and presentation of disclosures on sustainable investments for reporting companies.

The Climate Delegated Act (2021/2139) specifies the technical screening criteria used to qualify economic activities as sustainable in light of the first two environmental objectives. The technical criteria for the other four environmental objectives have not yet been published.

To qualify as environmentally sustainable, an economic activity must meet the following criteria:

- is eligible, or explicitly mentioned in the delegated acts of the Taxonomy regulation;
- contributes substantially to one or more of the aforementioned environmental objectives;
- does no significant harm to any of the other objectives;
- is carried out in compliance with the minimum safeguards;
- complies with technical screening criteria established by the Commission.

Non-life insurance and reinsurance services are listed under the economic activities eligible to qualify as contributing substantially to the environmental objective "climate change adaptation".

For insurance companies, this means disclosing indicators on investments and on the economic activities of non-life insurance.

The regulation sets out a gradual timetable for application of reporting requirements. For the 2021 and 2022 financial years, only the following indicators must be disclosed:

- proportion of investments intended to finance or associated with taxonomy-eligible economic activities out of total investments;
- proportion of gross taxonomy-eligible non-life premiums out of total non-life premiums.

As from 2024, reporting entities will have to comply with technical screening criteria, in addition to taxonomy eligibility requirements, and ensure that their activities do no significant harm to any of the other environmental objectives. Disclosures will therefore cover:

- proportion of investments intended to finance or associated with taxonomy-aligned economic activities out of total investments;
- proportion of gross taxonomy-aligned non-life premiums out of total non-life premiums.

Due to its legal status as a mutual insurance group, the Covéa Group is not subject to the EU Taxonomy reporting requirements.

However, in the same way that Covéa voluntarily chooses to publish a Non-Financial Performance Statement, the Group – through its insurance companies subject to these requirements at their respective levels – is reporting information for the first time on its proportion of taxonomy-eligible activities.

3.2.5.1 Assessment of 2021 taxonomy-eligible investments

Covéa, which aims to guide everyone towards a world of sustainable growth, believes that investors have a crucial role to play in ensuring the transition to a low-carbon economy.

The tables below present the results based on all investment assets for MAAF Assurances SA, MMA IARD (SA), GMF Assurances and Fidélia Assistance, Group subsidiaries required to disclose a Non-Financial Performance Statement.

	MAAF Assurances (SA)				MMA IARD (SA)				GMF Assurances				Fidélia Assistance			
	Regulatory ratio		Voluntary ratio*		Regulatory ratio		Voluntary ratio*		Regulatory ratio		Voluntary ratio*		Regulatory ratio		Voluntary ratio*	
	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%	Amount** (in €M)	%
Share of taxonomy-eligible investments	745	14.64	1,153	22.65	1,204	22.47	1,559	29.1	877	24.54	1,086	30.39	8.5	8.91	17.7	18.63
Share of non-taxonomy-eligible investments	4,229	83.11	3,821	75.1	4,026	75.14	3,671	68.51	2,647	74.11	2,438	68.26	84.3	88.45	75.1	78.73
Relative share of derivatives***	9	0.18	9	0.18	4	0.08	4	0.08	2	0.05	2	0.05	0.0	0.01	0.0	0.01
Share of exposures to undertakings not subject to the NFRD****	105	2.07	105	2.07	124	2.31	124	2.31	46	1.3	46	1.3	2.5	2.63	2.5	2.63
Total assets subject to the taxonomy	5,088	100	5,088	100	5,358	100	5,358	100	3,572	100	3,572	100	95.3	100	95.3	100
Share of exposures to local (sovereign) governments, central governments, central banks and supranational issuers***** out of total assets invested	6,099	54.52	6,099	54.52	8,029	59.98	8,029	59.98	2,499	41.17	2,499	41.17	145.7	60.44	145.7	60.44
Total assets invested	11,187	100	11,187	100	13,387	100	13,387	100	6,071	100	6,071	100	241	100	241	100

* With estimate from the service provider ISS.

** At realization value.

*** Derivatives held indirectly by funds.

**** Estimate based on a "small caps" category within the total assets managed by Covéa Finance, this ratio was then applied to the share of assets managed by Covéa Finance of the entities required to disclose a Non-Financial Performance Statement.

***** Categories covered: government bonds, supranational bonds.

3.2.5.2 Assessment of 2021 taxonomy-eligible written premiums – Non-life insurance

Covéa has long been fully committed to combating climate change. Firstly, out of conviction, as finding solutions is the core to our work as a committed mutual insurer, but also out of responsibility, as a leading provider of motor and home insurance in France.

The Group has been investing in the modelling of climate risk and extreme events in particular for over a decade. In January 2022, it published a white paper on climate change and insurance, and the effect it will have on claims between now and 2050.

We aim to persist with our research so we can continue to protect our members in a sustainable way. That will be a priority for the Group in the years to come.

The table below shows both the proportion of gross reinsurance written premiums eligible for the taxonomy out of total written premiums, and the amount of gross reinsurance written premiums eligible for the taxonomy.

Subsidiary	Percentage of eligible premiums (%)	Amount of eligible premiums (in €M)	Total amount of written premiums (in €M)
MAAF Assurances SA	84	2,294	2,727
MMA IARD (SA)	63	3,284	5,180
GMF Assurances	81	1,517	1,876
Fidélia Assistance	75	351	470

The methodology used to calculate the ratios and the description of the scope of eligible and non-eligible activities are set out in the respective Non-Financial Performance Statements of MAAF Assurances SA, MMA IARD (SA), GMF Assurances (section 3.5) and Fidélia Assistance (section 3.4).

04

Board of Directors' management report to the General Meeting

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Market environment

4.1.1 Financial and property markets

Following the record recession in 2020, 2021 was characterised by solid global economic recovery, albeit affected on a number of occasions by the emergence of new Covid-19 variants. This recovery was supported in particular by central banks' accommodating monetary policy and unprecedented stimulus plans. Economies opening up again and increased demand resulted in global supply chain disruption and bottlenecks, leading to price tensions and a very sharp rise in inflation. Against this backdrop of inflation, central banks were prompted to rethink their monetary policy and begin a gradual normalisation process.

In the eurozone, although rates of recovery varied in each member state, overall GDP increased by 5% in 2021. France outperformed the eurozone as a whole, with GDP growth of 7%. Having maintained a policy of supporting economic recovery, the European Central Bank tightened its monetary policy slightly in response to higher inflation, announcing a gradual reduction in asset purchases and giving itself the option of intervening in the event of a further shock relating to the pandemic or tightening of financing conditions.

In the United States, the first year of Joe Biden's presidency was marked by the introduction of major fiscal proposals. For example, Congress cleared a \$1.9 trillion stimulus package at the start of the year, followed by a \$1 trillion package to improve infrastructure over 10 years. In view of rising inflationary pressure, the Federal Reserve was forced to bring forward normalising its monetary policy. The Federal Open Market Committee decided to ramp up the reduction in its asset purchase programme initiated in spring 2020, and is now planning a key rate hike in the first half of 2022.

Having been one of the few economies to have grown in 2020, China entered a slowdown as a result of regulatory constraints, price acceleration, difficulties in the property sector and temporary health restrictions. Against this backdrop, contrary to other central banks, the People's Bank of China decided to ease its monetary policy by cutting a number of key rates.

Bond markets

On the bond markets, 2021 saw the return of a certain level of volatility, particularly in the second half of the year, as well as

a significant increase in long-term rates in the eurozone, which are nevertheless still at record lows. A combination of factors, including increasing yields in the US, with the 10-year US Treasury yield ending the year up 60 basis points at 1.51%, concerns about inflation, as well as the anticipation of central banks adopting less accommodative monetary policy caused tensions on the bond markets. French 10-year government bond yields rose by 54 basis points, ending the year at 0.20%, while Italian 10-year government bond yields climbed 63 points to 1.17% at the end of 2021. On the eurozone corporate bond market, the risk premium remained stable despite a record level of bond issuances.

Equity markets

In 2021, the main equity indices were boosted by the continuation of the extraordinary monetary and fiscal support measures adopted in 2020, coupled with the economic upturn and solid corporate earnings. European indices rose sharply over the year, with the CAC 40 and the EURO STOXX delivering annual performances of 29% and 21% respectively. US indices also gained over 20% in 2021, with the S&P 500 and the NASDAQ ending the year up 27% and 21% respectively. The UK and Japan saw more moderate increases over the year.

Foreign exchange markets

On the foreign exchange market, the US dollar rose in anticipation of the Federal Reserve tightening its monetary policy. The US currency gained 7% against the euro, giving a EUR/USD exchange rate of 1.14 at the end of 2021. The pound sterling also rose 6% against the euro, with a EUR/GBP exchange rate of 0.84 as at 31 December 2021.

Property markets

The health crisis continued to affect and remodel the French property market in 2021. Despite an upward trend since the summer, investment volumes were still down slightly relative to 2020. Investors have adopted a very cautious stance, favouring high quality properties in good locations and offering secure rental income. The yield on these defensive assets fell to 2.75%.

While 2020 and the successive lockdowns resulted in a freeze in commercial property activity, companies' wait-and-see stance seems to have been replaced by the adoption of new property strategies. With working from home set to

continue, the preference now seems to be for smaller but higher quality spaces. Demand for offices increased in 2021 but at a slower rate than before the crisis, with preference given to central business districts.

Investment performance

The Group's average investment yield was 2.2% compared with 1.9% at end-2020. Unrealised capital gains totalled €13.1 billion at end-2021.

4.1.2. Insurance markets in France¹²

The **property and casualty insurance** market showed signs of a return to pre-crisis levels, having been severely affected by the Covid-19 health crisis in 2020. Personal insurance premiums rose by 4.1% and 3.2% respectively in the motor and comprehensive home insurance markets. The gradual lifting of lockdown measures and the return to more normal travel resulted in an 18.1% increase in claims frequency in the motor insurance market relative to 2020, although still below the levels seen in 2019. In the home insurance market, claims frequency also rose by 4.5% relative to 2020, mainly due to the significant increase in the frequency of water damage. Average costs also increased, primarily as a result of higher commodities prices and repair costs.

Covéa maintains its leading position in the French property and casualty market

- No. 1 in **motor** insurance, with 18.2% market share¹³. Earned premiums on personal lines totalled €3.9 billion at 31 December 2021;
- No. 1 in comprehensive **home** insurance, with 16.9% market share¹⁴. Earned premiums totalled €2.1 billion at 31 December 2021;
- No. 2¹³ in commercial lines. Earned premiums came to €3.5 billion;
- No. 1 in legal protection insurance, with 17.1% market share¹⁵.

The **savings** market achieved record inflows of €151.1 billion in 2021, up 30% relative to 2020, which was heavily affected by the health crisis. Gross inflows in unit-linked policies totalled €58.5 billion, an increase of 44%. This represents 39% of total inflows compared with 35% in 2020. Gross inflows in euro-denominated policies also rose by 22% to €92.6 billion.

¹² Source: France Assureurs.

¹³ Source: France Assureurs – 2020 data; corporate fleets are included in the motor insurance market.

¹⁴ Source: Argus de l'Assurance – 2020 data.

¹⁵ Excluding Covéa Coopérations reinsurance.

Net life insurance inflows totalled €23.7 billion in 2021, which broke down as inflows of €34.7 billion in unit-linked policies and outflows of €11 billion in euro-denominated products. In the **pensions** market, the PER (*Plan d'Épargne Retraite*) pension savings plans introduced by the Pacte law have enjoyed growing success, with net inflows of €5.6 billion and technical reserves of around €50 billion at end-2021.

Covéa in the savings and pensions market

In France, gross inflows totalled €3.2 billion, an increase of 16.2%. Unit-linked policies represented 25.3% of total gross inflows compared with 20.5% at 31 December 2020.

Rates credited to policyholders

In 2021, the rates credited to holders of the Group's main policies decreased but continued to exceed the market average. For the Group's flagship products, the rates were 1.5% for GMF and MAAF, and 1.2% to 1.65% (depending on the bonus) for MMA.

In the **health and protection** market, premiums grew 4.3%, at a slower pace than claims, which were up 9.4% on the previous year. In the health market, claims increased by 15.3%, mainly as a result of the entry into force of the final part of the "100% santé" healthcare reform, providing full reimbursement of hearing and dental devices, and catching up on procedures that were delayed or cancelled during lockdown. After 2020 was affected by the increase in claims for sick leave cover due to the health crisis, claims in the protection market rose by 1.1% compared with an increase of 9.5% in 2020. Premiums rose by 3.1% and 5.7% in the health and protection market, respectively.

Covéa in the health and protection market¹⁵

The Group continued to expand its health and protection business, notching up a 4.6% increase in earned premiums, which totalled €2.4 billion. Group insurance policies rose 8.9%, representing 34% of Covéa's business in this market.

4.2

Significant events

Acquisition of PartnerRe

Covéa announced the signing of a memorandum of understanding on 28 October 2021, followed by a definitive agreement on 16 December 2021 with Exor concerning the acquisition of PartnerRe, a leading global reinsurer.

The amount due for this transaction is \$9.15 billion¹⁶, adjusted to take account of PartnerRe's consolidated common shareholders' equity as at 31 December 2021, in accordance with the terms of the definitive agreement. This amount will be paid entirely in cash and fully financed by Covéa's own resources on the closing of the transaction. The agreement does not include the preferred shares issued by PartnerRe listed on the New York Stock Exchange.

Founded in 1993, PartnerRe is a global reinsurer that boasts a renowned brand and significant technical expertise. With \$6.9 billion in gross premiums written at year-end 2020, it offers a wide range of products and enjoys a strong presence in property and casualty and speciality lines, which account for approximately 80% of its business, as well as a life and health reinsurance business. Its portfolio is also spread across a wide geographic footprint, covering North America, Europe and the rest of the world. PartnerRe presents a high level of financial strength and has demonstrated robust technical and financial performance throughout market cycles. The company employs over 1,000 people who are mainly based in Europe.

The acquisition of PartnerRe fits in fully with Covéa's long-term strategy, anticipating changes in the global insurance industry by diversifying its product range, risks and the regions in which it operates. This enables it to create a leading European insurance and reinsurance group that is positioned at the forefront of property and casualty insurance in France and as a major diversified reinsurer operating throughout the world. This transaction will enable the Group to offer its customers and members products and services that are better tailored to meet their needs by building on a clearer understanding of emerging risks (such as cyber risks) or changing risks (such as climate risks where the rising intensity requires a larger risk pool, or the risk of societal change, which covers certain forms of inflation). It will also allow Covéa to better support its business customers looking to expand their foreign operations. Moreover, it will bring a number of economic benefits by further diversifying operations, bolstering the Group's solidity and generating an additional source of revenue, which will ultimately benefit the Group's customers and members.

Subject to regulatory authorisations first being obtained, in particular prudential and competition-related authorisations, the acquisition should be finalised in mid-2022.

Following the announcement on 28 October 2021 of the signing of a memorandum of understanding with Exor, S&P Global Ratings affirmed the 'AA-' long-term insurer financial strength rating of rated Covéa Group companies and Moody's affirmed the Aa3 insurance financial strength rating of Covéa Coopérations. On 22 December 2021, AM Best placed under review with positive implications the financial strength rating of A (Excellent) of Covéa Coopérations.

Settlement agreement between Covéa and SCOR

On 10 June 2021, Covéa and SCOR, wishing to restore peaceful relations, announced the signing of a settlement agreement. The purpose of the settlement agreement, which was drawn up under aegis of the French insurance supervisory authority (ACPR) and implies no admission of liability on either side, is to create the conditions for a return to a mutually beneficial relationship over the long term.

The key points of the agreement are:

- Covéa and SCOR will immediately abandon, with regard to all persons concerned, all legal actions and claims linked to the combination proposal made by Covéa in 2018;
- Covéa has granted SCOR a call option on the shares it holds at an exercise price of €28 per share and for a period of five years. Covéa agrees, for a period of seven years, not to purchase SCOR shares and to renounce any submission of an offer relating to a takeover of SCOR;
- Covéa agrees to pay SCOR a sum of €20 million;
- On 30 June 2021, Covéa and SCOR signed quota share retrocession treaties with effect as of 1 January 2021, whereby Covéa will underwrite and SCOR will cede 30% of all in force business carried by SCOR Life Ireland and SCOR Global Life Reinsurance Ireland as of 31 December 2020, for a purchase price of \$1,014 million before adjustment for interest rate and foreign exchange movements between 31 December 2020 and the date of signature of the contracts.

The effects of the settlement agreement on the financial statements at 31 December 2021 are described in the "Significant events" section of the notes to the financial statements.

¹⁶ Including a price adjustment of \$150 million, taking account of the increase in PartnerRe's consolidated common shareholders' equity relative to the equity position of \$7,020 million on which the transaction was based.

Extended partnership between Covéa and Banco BPM

On 25 June 2021, Covéa signed an agreement to extend until 31 December 2023 its partnership with the Italian bank Banco BPM through Bipiemme Vita, of which Covéa owns 81% and Banco BPM owns 19%, and Bipiemme Assicurazioni, which is wholly owned by Bipiemme Vita.

The main changes to the partnership as a result of this agreement concern Covéa and Banco BPM's optional exit mechanisms:

- Banco BPM has an option to purchase the Covéa's stake until 31 December 2023.
- If this option is not exercised and if Banco BPM decides not to continue the partnership, Covéa will have an option to sell its stake, which can be exercised in early 2024.

- If these options are not exercised, the partnership between Covéa and Banco BPM will be extended until 31 December 2028, when Banco BPM's and Covéa's purchase and sell options will bring it to an end.

Sale of CSE Insurance Company

On 2 September 2021, Covéa signed an agreement to sell GMF Financial Services Corp., which owns the California-based CSE group, to the US group Porch. Subject to regulatory authorisations first being obtained, the acquisition should be finalised in 2022.

The agreement offers CSE Insurance Company and its employees new opportunities within a growing business, in particular in CSE Insurance Company's core markets.

4.3

Results and financial position

4.3.1 Group activities and result

Net income (Group share) totalled €838 million compared with €415 million at 31 December 2020.

<i>In € millions</i>	2021	2020
Earned premiums	19,064	16,622
Economic operating income ¹⁷ from insurance and reinsurance activities	1,305	736
— Of which non-life insurance and reinsurance	933	413
— Of which life insurance and reinsurance	372	323
Economic operating income from other activities	32	11
Income from companies accounted for using the equity method	3	4
Other non-technical items ¹⁸	(105)	(80)
Income tax	(397)	(256)
Net income (Group share)	838	415

Earned premiums totalled €19,064 million, up 14.7% compared with €16,622 million at 31 December 2020.

<i>In € millions</i>	2021	2020
Property and casualty insurance and reinsurance	10,053	9,560
Life, health and protection insurance and reinsurance	7,057	5,169
Total insurance and reinsurance - French entities	17,111	14,729
Total insurance - International entities	1,953	1,893
Total insurance and reinsurance activities	19,064	16,622

¹⁷ Corresponding to "Economic operating income before goodwill amortisation and impairment" in the income statement.

¹⁸ Including minority interests.

- The Group's entities in **France** continued to develop their insurance business, with premiums up 7.0% relative to 31 December 2020. In property and casualty insurance, premiums rose by 4.8% with growth in the Group's main business segments and taking account of support measures provided for customers in 2020 during the health crisis. In life, health and protection insurance, premiums increased by 10.9%, mainly as a result of higher gross inflows in savings and pensions. Life and health reinsurance saw strong growth, with treaties underwritten in 2021 with SCOR Life Ireland and SCOR Global Life Reinsurance Ireland.
- Earned premiums from **international subsidiaries** totalled €1,953 million, representing 10.2% of the Group's premiums at 31 December 2021. The 3.2% increase in premiums stems from business development in the United Kingdom and the rise in gross inflows in unit-linked policies in Italy.

Economic operating income from insurance and reinsurance activities came out at €1,305 million, up €569 million compared with 31 December 2020. This was mainly due to improvement in the technical performance of non-life insurance and reinsurance activities relative to 2020, which was affected by the measures put in place by the Group to support its policyholders and the contractual coverage provided, particularly in respect of business interruption losses, in

connection with the health crisis. The combined ratio therefore came out at 97.1%, compared with 100.8% at 31 December 2020. The increase in financial income also contributed to growth in economic operating income, mainly thanks to a higher level of realised capital gains than in 2020 and a favourable currency effect.

Economic operating income from other activities totalled €32 million in 2021, primarily due to the contribution from Covéa Finance, the asset management company of the Group's French insurance and reinsurance entities.

Income from companies accounted for using the equity method came to €3 million. This corresponds to the share of income from Carma, Carma Vie and Protec BTP.

Other non-technical items correspond mainly to non-recurring expenses of €82 million at 31 December 2021. They include in particular a provision to take account of the sale price of GMF Financial Services Corp., as well as the amount paid by Covéa in relation to the settlement agreement with SCOR.

The €141 million increase in **income tax expense** was mainly due to the higher level of pre-tax income, partly offset by the lower tax rate payable in France.

4.3.2 Activities and result of French entities

Activities

Group earned premiums

<i>In € millions</i>	2021	2020
Motor	3,874	3,726
Home and other private risks	2,055	2,017
Commercial lines	3,542	3,287
Legal protection and assistance	310	300
International reinsurance	216	176
Other	56	54
Total property and casualty insurance and reinsurance	10,053	9,560
Health and protection	2,392	2,287
Savings and pensions	3,177	2,733
Life and health reinsurance ¹⁹	1,489	148
Total life, health and protection insurance and reinsurance	7,057	5,169
Total insurance and reinsurance activities	17,111	14,729

¹⁹ Covéa Coopérations reinsurance business.

In property and casualty insurance and reinsurance, earned premiums totalled €10,053 million, up 5.2% compared with €9,560 million in 2020.

- **In personal lines**, earned premiums came to €5,929 million, up 3.3% relative to 2020. In motor insurance, premiums grew by 4.0% relative to 2020, a year that was affected by premium rebates granted to customers during the health crisis. Restated to strip out this impact, earned premiums increased by 1.9% on the back of growth in the policy portfolio coupled with pricing measures. In home and other private risks insurance, earned premiums rose by 1.9%.
- **In commercial lines**, earned premiums came to €3,542 million, an increase of 7.8% relative to 2020. Excluding the direct impact of the pandemic in 2020, of which premium rebates granted to customers, premiums increased by 6.3%, mainly driven by the development of business in the construction and ICSPL²⁰ markets, as well as a favourable impact of premiums estimates for prior years. In the affinity and partnerships market, premiums fell by 1.6% due to lower levels of non-motor underwriting.
- Earned premiums in the **legal protection** market rose 3.8% to €265 million, driven primarily by growth in the policy portfolio. Non-Group **assistance** insurance activities generated €45 million in earned premiums, stable relative to 2020.
- Earned premiums on **international inwards reinsurance** rose 22.7%, mainly in property damage. This growth was as a result of continuously expanding business relations

and increasing deployed capacity, predominantly in Europe, Asia and Israel.

In life, health and protection insurance and reinsurance, earned premiums increased by 36.5% year-on-year to €7,057 million.

- **In health and protection**, earned premiums grew by 4.6%, driven by both markets with premiums up 3.6% and 6.7% respectively. The Group continued its development in group insurance policies, with premiums up 8.9% at €811 million. Individual policy premiums rose by 2.5% to €1,581 million, primarily in the protection market.
- **In savings**, the Group saw further growth in unit-linked policies, with gross inflows up 37.5%. In euro-denominated policies, gross inflows were 7.3% higher than in 2020. Premiums from the **pensions** market soared 77.0% on the back of the PER (*Plan d'Épargne Retraite*) pension savings plans launched by MAAF and MMA in the first half of 2020. Overall, unit-linked policies accounted for 25.3% of total inflows, compared with 20.5% in 2020.
- **Life and health reinsurance** premiums came to €1,489 million in 2021, thanks in particular to the underwriting of two new treaties with SCOR Life Ireland and SCOR Global Life Reinsurance Ireland. Excluding these treaties, business continued to grow with premiums up 42.6% as a result of the development of new business and partnerships in France and abroad, particularly in Asia.

Earned premiums²¹ of the main non-life and mixed insurance and reinsurance entities

In € millions	2021	2020
MMA IARD	5,161	4,883
MAAF Assurances SA	2,721	2,588
GMF Assurances	1,854	1,776
Covéa Coopérations	1,760	363
MAAF Santé	543	510
APGIS	532	496
Fidélia Assistance	470	458
Covéa Protection Juridique	270	261
SMI	163	169

²⁰ ICSPL: Industry, retail, services and independent professionals.

²¹ Company financial statements.

Earned premiums at **MMA IARD** rose by 5.7% relative to 2020. This was due first and foremost to the 10.4% increase in commercial lines premiums, mainly as a result of the development of business in the construction and ICSPL²² markets, the effect on 2020 premium rebates granted to customers during the health crisis and a favourable impact of premiums estimates for prior years. In personal lines, the 1.7% increase in earned premiums stemmed mainly from the motor insurance market. In health and protection, MMA IARD continued its development in group insurance policies, with premiums up 21.4%.

MAAF Assurances SA's earned premiums rose 5.1% in 2021, primarily thanks to growth in personal lines and including the effect in 2020 of premium rebates on motor insurance policies as well as measures to support business customers during the health crisis.

GMF Assurances saw a 4.4% increase in earned premiums relative to 2020. Motor insurance premiums rose by 5.6%, mainly as a result of growth in the policy portfolio and premium rebates granted in 2020 to customers during the health crisis. GMF Assurances continued its expansion in its other business segments, with a 2.2% increase in premiums in home insurance and a 7.5% increase in health and protection insurance.

Covéa Coopérations reported earned premiums of €1,760 million in 2021, thanks in particular to the underwriting

of two new treaties with SCOR Life Ireland and SCOR Global Life Reinsurance Ireland. Excluding these treaties, business continued to grow with premiums up 33.0%, driven primarily by property damage, health and life protection.

MAAF Santé's premiums rose 6.5% to €543 million in 2021, mainly thanks to inwards reinsurance covering MMA group insurance policies. Earned premiums on direct business remained stable at €442 million.

APGIS achieved an increase in earned premiums, mainly as a result of new business and a favourable impact of premiums estimates for prior years. All of APGIS's business segments contributed to this growth.

Fidélia Assistance's earned premiums rose 2.7% in 2021, mainly due to inwards reinsurance from the Group's three brands. In non-Group activities, premiums totalled €45 million.

Covéa Protection Juridique continued to expand its business in the legal protection market, its core business, with earned premiums up 3.8%, chiefly as a result of growth in the policy portfolio.

The 3.8% fall in earned premiums at **SMI** was mainly due to the cancellation of group health insurance policies and the reduction in the individual health insurance policy portfolio.

Premiums²³ of life insurance entities

In € millions	2021	2020
MMA Vie	1,453	1,270
GMF Vie	1,134	1,046
MAAF Vie	798	616

MMA Vie saw an 8.7% increase in gross inflows in savings, primarily in unit-linked policies. Premiums in the pensions market notched up a strong 87.6% increase, in connection with the launch of the PER pension savings plan in June 2020. Unit-linked policies accounted for 34.3% of total gross inflows in savings and pensions, up from 28.5% in 2020. MMA Vie also continued to expand its protection business. Premiums grew by 13.8%, with contributions from individual and group policies.

The increase in premiums at **GMF Vie** stems primarily from the 58.0% rise in savings and pensions gross inflows relating to unit-linked policies. In euro-denominated policies, gross inflows also rose by 3.7% relative to 2020. Unit-linked policies

accounted for 14.7% of total gross inflows in savings and pensions, up from 10.2% in 2020. In the protection market, GMF Vie saw a 1.5% increase in premiums, with all products contributing to this growth.

In savings, the 30.6% increase in premiums at **MAAF Vie** stems from the 26.6% rise in gross inflows in euro-denominated policies and the 45.7% rise in unit-linked policies. Premiums in the pensions market notched up a considerable 55.1% increase, boosted primarily by the PER pension savings plan. Unit-linked policies accounted for 23.4% of total gross inflows in savings and pensions, up from 20.8% in 2020. MAAF Vie continued to expand its protection business, with premiums up 4.4%.

²² ICSPL: Industry, retail, services and independent professionals.

²³ Company financial statements.

Revenue²⁴ from other activities

<i>In € millions</i>	2021	2020
Covéa Finance	115	100
Others	11	13
Total	126	113

Covéa Finance, the asset management company of the Covéa Group's French insurance and reinsurance entities, accounted for the majority of revenue from other activities. It generated revenue of €115 million excluding intercompany sales, up

15.5% on 2020, mainly as a result of growth in the equity markets over the period, coupled with the renegotiation of certain pricing conditions.

Results

Net income (Group share) from Covéa's business activities in France totalled €795 million, compared with €491 million in 2020.

Income from insurance and reinsurance activities

<i>In € millions</i>	2021	2020
Earned premiums	17,111	14,729
Economic operating income from insurance and reinsurance activities	1,183	756
— Of which non-life insurance and reinsurance	858	466
— Of which life insurance and reinsurance	325	290
Income from companies accounted for using the equity method	3	4
Other non-technical items	(59)	(49)
Income tax	(358)	(243)
Net income (Group share)	768	468

Economic operating income from insurance and reinsurance activities came out at €1,183 million, compared with €756 million in 2020:

- **In non-life insurance and reinsurance**, economic operating income increased by €392 million, primarily as a result of improvement in technical performance relative to 2020. That year was affected by the measures put in place by the Group to support its policyholders and contractual coverage provided, particularly in respect of business interruption losses. 2020 was also marked by lower frequency in the motor market and delayed healthcare interventions: in 2021, current claims bounced back close to 2019 levels. This was partly offset by favourable developments in the prior years reserves, particularly in view of the higher annuities provisioning expense in 2020. Non-life reinsurance integrated the non-recurring expense caused by severe bad weather in central

Europe in 2021. The combined ratio therefore came out at 97.4%, compared with 100.0% the previous year. The Group's financial performance also contributed to growth in economic operating income.

- **In life insurance**, economic operating income rose by €75 million relative to 2020, primarily thanks to the €188 million increase in net financial income, mainly as a result of higher realised capital gains and a favourable currency effect. The profit sharing reserve²⁵ totalled €2,904 million at end-2021, representing 6.1% of mathematical reserves in euro-denominated savings and pensions policies. **In life reinsurance**, economic operating income fell by €40 million, primarily due to a provision in respect of Covid-19 to take account of the risk of an increase in death benefits claims.

²⁴ Contribution of companies to revenue from other activities.

²⁵ Excluding deferred profit sharing. The profit sharing reserve represented 5.8% of mathematical reserves as at 31 December 2020.

Income tax expense was €115 million higher than in 2020, due to the increase in pre-tax income, partly offset by the lower tax rate payable in France.

Net income (Group share) from insurance and reinsurance activities in France totalled €768 million, compared with €468 million in 2020.

Income from other activities

<i>In € millions</i>	2021	2020
Covéa Finance	31	22
Other	(4)	1
Net income (Group share)	27	23

Net income (Group share) from other activities corresponds primarily to the contribution from Covéa Finance, which was €9 million higher than in 2020, mainly in connection with the increase in revenue.

4.3.3 Activities and result of international entities

Activities

Outside France, earned premiums from insurance activities totalled €1,953 million, compared with €1,893 million in 2020. Italy and the United Kingdom are the Group's two main markets outside France, accounting for 93% of earned premiums in 2021.

<i>In € millions</i>	2021	2020
United Kingdom	913	849
Italy	912	886
Other countries	128	158
Total insurance activities	1,953	1,893

In the **United Kingdom**, Covéa Insurance's premiums grew by 4.1% at constant exchange rates. This was thanks to momentum in home insurance and commercial lines, reflected by growth in policy portfolios. Premiums continued to decrease in the motor insurance market due to the decline in the direct distribution channel, in line with Covéa Insurance's strategy of diversifying into affinity distribution channels.

In **Italy**, the Group operates through its subsidiaries Bipiemme Vita and Bipiemme Assicurazioni, whose products are distributed by the Italian bank Banco BPM. In life insurance, Bipiemme Vita saw a 3% increase in premiums relative to the previous year. Gross inflows in unit-linked policies increased by

92% on the back of the commercial success of new products launched in 2021. This increase was partly offset by the strategy of limiting inflows in euro-denominated policies against the backdrop of low interest rates. The share of unit-linked policies in total gross inflows increased substantially, reaching 44% compared with 24% at end-2020. In the non-life insurance segment, Bipiemme Assicurazioni's earned premiums remained stable at €29 million.

The change in earned premiums generated in **other countries** was due to the reduction in policy portfolio of US subsidiary CSE Insurance Company as a result of the technical recovery plan in place since 2019.

Contribution to Group income

Insurance activities

<i>In € millions</i>	2021	2020
United Kingdom	14	(40)
Italy	35	(4)
Other countries	(3)	(17)
Total insurance activities	46	(61)

In the United Kingdom, the increase in the contribution from Covéa Insurance was mainly due to the improvement in technical performance as a result of the effects of the health crisis in 2020. The rise in motor insurance claims frequency compared with 2020, which was subject to lockdowns, and the higher level of weather-related claims partly offset this favourable effect. The overheads rate improved, with 2020 having been subject to costs relating to the transformation of the company's IT system and non-recurring costs connected with the health crisis.

In **Italy**, Bipiemme Vita and Bipiemme Assicurazioni contributed €35 million compared with a loss of €4 million in 2020, which included a non-recurring cost corresponding to the amortisation of all residual goodwill relating to Bipiemme Vita. Excluding this exceptional impact, the contribution from the Group's Italian subsidiaries increased by €18 million, primarily thanks to a higher level of realised capital gains than in 2020.

In 2021, the contribution from **other countries** rose by €14 million year-on-year. The Group's Luxembourg subsidiary Covéa Lux made a contribution of €22 million, having reached the maximum amount of provision for fluctuations in claims²⁶ as at 31 December 2021. The contribution from US subsidiary CSE Insurance Company decreased by €13 million as a result of provisions of €36 million taking into account the company's

disposal price. Excluding this effect, the contribution increased by €23 million, mainly due to favourable developments in the prior years reserves and an improvement in current claims experience.

Other activities

Other business is generated 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 €17.2 billion compared with €16.4 billion at 31 December 2020.
- **Debt:** subordinated liabilities, which mainly correspond to non-voting securities integrated within the employee savings scheme, totalled €179 million, representing 1.0% of Group equity at 31 December 2021.
- **Technical reserves:** technical reserves totalled €94.4 billion, compared with €91.1 billion at 31 December 2020.

<i>In € millions</i>	2021	2020
Non-life technical reserves	28,548	27,814
Life technical reserves	57,769	56,519
Technical reserves for unit-linked policies	8,083	6,809
Total technical reserves	94,400	91,142

- **Investments:** the net book value of investments (property²⁷, financial assets and investments accounted for using the equity method) was €101.3 billion, compared with €97.6 billion at 31 December 2020.

- **Unrealised capital gains:** unrealised capital gains totalled €13.1 billion, compared with €14.4 billion at 31 December 2020.

²⁶ Regulatory provision to equalise future fluctuations in claims rates.

²⁷ Including operating property.

<i>In € millions</i>	2021	2020
Property ²⁸	3,193	3,008
Equities & equity mutual funds	4,526	3,366
Bonds & bond mutual funds	5,344	8,008
Other	3	4
Total unrealised capital gains	13,068	14,386

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 gover-

nance criteria in its investment process. This report will be accessible on its website.

4.4 Subsequent events

Ukraine conflict

The invasion of Ukraine by Russia on 24 February 2022, and the sanctions imposed on Russia by a number of countries in reaction to this invasion have created economic and financial instability, the effect of which on the global economy remains uncertain. This constitutes a subsequent event with no financial impact on the financial statements for the period ended 31 December 2021, insofar as this event relates to a new situation.

Initial analysis of the Group’s exposure has not demonstrated any significant financial impact to date; in particular, its financial asset portfolios remain resilient at this stage. The consequences of the crisis are constantly assessed as part of the risk management system set up within the Group.

4.5 Outlook

In its insurance activities – covering in particular MAAF, MMA and GMF – the Group is deploying its new 2022-2024 strategic plan, “Growing together”, which draws on its three core values of leadership, based on the professionalism of its staff and supporting profitable growth, transformation, particularly in its digital and distribution activities, and responsibility with regard to its customers and members, and more generally all of its stakeholders.

The Group will also focus in 2022 on finalising the acquisition of PartnerRe and integrating it into its key processes.

As part of its risk management approach, the Group will monitor the development of the conflict in Ukraine and continue to analyse any consequences for its financial position.

²⁸Including operating property.

05

Financial statements

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5.1

Combined financial statements

5.1.1 Combined balance sheet

In € thousands

Assets	Notes	Gross amount	Depreciation, amortisation and provisions	Net amount 2021	Net amount 2020
[Goodwill]¹	Note 8				3,343
Intangible assets¹	Note 8	981,648	(701,401)	280,247	279,078
— Goodwill ¹		526,911	(524,193)	2,718	
— Value of insurance business purchased		149,983	(100,008)	49,975	49,975
— Other		304,754	(77,200)	227,554	229,103
Investments from insurance undertakings	Note 9.1	93,157,834	(1,291,986)	91,865,848	90,511,347
— Land and buildings		4,437,443	(681,678)	3,755,765	3,756,061
— Investments in associates and affiliates		1,238,302	(206,490)	1,031,812	1,015,260
— Other investments		87,482,089	(403,818)	87,078,271	85,740,026
Investments held to cover unit-linked liabilities	Note 9.4	8,063,642		8,063,642	6,770,631
Investments from other undertakings	Note 9.5	1,340,827	(59,890)	1,280,937	211,432
Investments accounted for using the equity method	Note 9.6	87,636		87,636	85,436
Reinsurers' share in technical reserves	Note 17	2,951,881		2,951,881	2,958,689
Receivables arising from insurance or reinsurance operations	Note 10	3,395,214	(168,868)	3,226,346	4,265,817
Receivables from banking sector entities	Note 11	2,241,289		2,241,289	3,630,442
Other receivables²	Note 12	2,640,107	(29,820)	2,610,287	1,810,663
Other assets	Note 13	413,013	(285,751)	127,262	141,088
Accruals – assets²	Note 14	4,517,362		4,517,362	2,835,780
— Deferred acquisition costs		2,348,413		2,348,413	1,017,130
— [Deferred tax assets] ²					889,377
— Other		2,168,949		2,168,949	929,273
Total assets		119,790,453	(2,537,716)	117,252,737	113,503,746

¹ Goodwill is presented under intangible assets in the balance sheet for reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01 of 9 October 2020.

² Deferred tax assets are reclassified from asset accruals to other receivables in the balance sheet for reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01 of 9 October 2020.

In € thousands

Liabilities	Notes	2021	2020
Group equity	Note 15.1	17,231,364	16,356,064
— Share capital or equivalent		1,136,313	1,132,856
— Additional paid-in capital		6,358	6,358
— Reserves		15,250,826	14,801,773
— Net income		837,867	415,077
Minority interests	Note 15.2	104,742	97,714
Subordinated liabilities	Note 16	178,630	194,755
Gross technical reserves	Note 17	86,316,788	84,332,619
— Life technical reserves		57,769,240	56,518,959
— Non-life technical reserves		28,547,548	27,813,660
Technical reserves for unit-linked policies	Note 17	8,082,867	6,808,713
Provisions for risks and charges³	Note 19	739,169	747,495
Payables arising from insurance or reinsurance operations	Note 20	1,193,567	1,357,505
Debt with banking sector entities	Note 21	285,476	279,664
Other payables³	Note 22	2,504,668	1,924,382
Accruals – liabilities	Note 23	615,466	1,404,835
Total liabilities		117,252,737	113,503,746

³ Deferred tax liabilities are reclassified from provisions for risks and charges to other payables in the balance sheet for reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01 of 9 October 2020. They represented an amount of €55 million at 31 December 2020, recorded in provisions for risks and charges.

5.1.2 Commitments received and given

In € thousands

	2021	2020
Commitments received		
Insurance undertakings	8,634,567	1,031,517
Other undertakings	540,925	1,155
Commitments given		
Insurance undertakings	10,299,333	2,490,693
Other undertakings	664,140	631,717
Pledged securities received from reinsurers	1,530,737	1,556,861
Derivative financial instruments		
Commitments received	3,355,112	
Commitments given	3,301,294	

5.1.3 Combined income statement, all activities

<i>In € thousands</i>	Notes	Non-life insurance activities	Life insurance activities	Other activities	2021	2020
Written premiums		13,492,982	5,684,890		19,177,872	16,566,401
Change in unearned premiums		(114,200)			(114,200)	55,099
Earned premiums	Note 30.5	13,378,782	5,684,890		19,063,672	16,621,500
Revenue or income arising from other activities				126,352	126,352	113,463
Other operating income		15,832	61,644	6,347	83,823	77,802
Net financial income (expense)	Note 28	628,260	2,031,867	4,619	2,664,746	1,795,087
Total operating profit		14,022,874	7,778,401	137,318	21,938,593	18,607,852
Claims expenses		(9,293,637)	(6,881,693)		(16,175,330)	(14,139,114)
Net income (expense) arising from outwards reinsurance		(394,140)	(11,063)		(405,203)	65,927
Expenses arising from other activities				(114,619)	(114,619)	(133,627)
General expenses		(3,378,653)	(527,499)		(3,906,152)	(3,653,764)
Total operating expenses		(13,066,430)	(7,420,255)	(114,619)	(20,601,304)	(17,860,578)
Operating income before goodwill amortisation and impairment	Note 30	956,444	358,146	22,699	1,337,289	747,274
Inter-segment transfers		(22,901)	13,480	9,421		
Economic operating income before goodwill amortisation and impairment		933,543	371,626	32,120	1,337,289	747,274
Goodwill amortisation and impairment ⁴					(839)	
Other net non-technical income (expense)					(10,174)	(11,613)
Operating income after goodwill amortisation and impairment⁴					1,326,276	
Non-recurring income (expense)	Note 29				(81,812)	(20,852)
Income tax	Note 24				(396,661)	(255,577)
Net income of consolidated undertakings					847,803	459,232
Group share in net income from discontinued operations						
Group share in net income from companies accounted for using the equity method					2,551	3,527
<i>[Goodwill amortisation]⁴</i>						(36,467)
Combined net income					850,354	426,292
Minority interests					(12,487)	(11,215)
Net income (Group share)					837,867	415,077

⁴The line item "Operating income after goodwill amortisation and impairment" is added in the income statement for reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01 of 9 October 2020. Goodwill amortisation and impairment are recognised in this line item.

5.1.4 Notes to the combined financial statements

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Significant events

Covid-19

The continuation of the Covid-19 health crisis resulted in a negative contribution before tax of €14 million net of reinsurance in 2021, arising mainly from:

- an ultimate cost for business interruption coverage in direct business revised down by €18 million net of reinsurance;
- an additional expense of €73 million for Covéa Coopérations' inwards reinsurance business, resulting mainly from the provisioning of an additional cost in respect of the risk of loss from adverse mortality experience in the United States and a reassessment of business interruption losses;
- a €31 million reversal of provisions for unpaid premiums, as government assistance programmes helped limit business insolvency;
- a €7 million downward revision to the cost of event cancellations net of reinsurance, based in particular on expert reports.

Settlement agreement with SCOR

On 10 June 2021, Covéa and SCOR, wishing to restore peaceful relations, announced the signing of a settlement agreement. The purpose of the settlement agreement, which was drawn up under aegis of the French insurance supervisory authority (ACPR) and implies no admission of liability on either side, is to create the conditions for a return to a mutually beneficial relationship over the long term.

Withdrawal of legal actions and claims

SCOR and Covéa have agreed to immediately abandon, with regard to all persons concerned, all legal actions and claims linked to the combination proposal made by Covéa in 2018.

Covéa's ownership interest in SCOR

Covéa has granted SCOR a call option on the shares it holds at an exercise price of €28 per share and for a period of five years. Covéa has also agreed, for a period of seven years, not to purchase SCOR shares and to renounce any submission of an offer relating to a takeover of SCOR.

This call option had no impact on the Group's financial statements for the year ended 31 December 2021.

Indemnity settlement

Covéa has paid SCOR a sum of €20 million. This amount was recorded as a non-recurring expense in Covéa's financial statements for the year ended 31 December 2021.

Commercial relations – Underwriting of life reinsurance treaties

On 30 June 2021, Covéa and SCOR signed quota share reinsurance treaties with effect as of 1 January 2021, whereby Covéa underwrites and SCOR cedes 30% of all in-force life business carried by the entities SCOR Life Ireland (SLI) and SCOR Global Life Reinsurance Ireland (SGLRI) at 31 December 2020.

The purchase price, which amounts to \$1,014 million, before adjustment for interest rate and foreign exchange movements between 31 December 2020 and the signature date of the contracts, is equal to the corresponding best estimate liability (BEL) at 31 December 2020, as certified by the auditors in the Solvency II reporting. The payment was made on 1 July 2021.

The implementation of these treaties was reflected in the balance sheet through the following items:

- net deferred acquisition costs of €1,121 million, under asset and liability accruals;
- portfolio entries of €268 million, corresponding to the IBNR transferred to Covéa at the inception date of the treaties, recognised in the form of technical reserves.

The net amount represents the conversion of the price of \$1,014 million at the exchange rate prevailing at 30 June 2021, i.e. €853 million.

The inwards reinsurance flows for the period were recognised and the mathematical reserves estimated on the basis of the initial data available when the treaties were concluded. Work to implement the target operating procedures continues, in collaboration with SLI and SGLRI.

Extension of the partnership between Covéa and Banco BPM

On 25 June 2021, Covéa entered into an agreement to extend its partnership with the Italian bank Banco BPM through the joint ventures Bipiemme Vita, 81% of which is owned by Covéa with the remaining 19% owned by Banco BPM, and Bipiemme Assicurazioni, which is wholly owned by Bipiemme Vita, until 31 December 2023. Banco BPM has an option to purchase Covéa's stake until 31 December 2023.

If this option is not exercised and if Banco BPM decides not to continue the partnership, Covéa will have an option to sell its stake, which can be exercised in early 2024. If neither of these options are exercised, the partnership between Covéa and Banco BPM will be extended until 31 December 2028, when Banco BPM's and Covéa's purchase and sell options will bring it to an end.

This agreement had no material impact on the financial statements for the year ended 31 December 2021.

Sale of CSE

On 2 September 2021, Covéa signed an agreement to sell GMF Financial Services Corp., which owns the California-based CSE group, to the US group Porch. Subject to the approval of regulatory authorities, the transaction is expected to close in 2022.

The 2021 financial statements include net provisions of €35.8 million to ensure the consolidated net position reflects the sale price adjusted for additional costs.

PartnerRe

Covéa announced it had signed a memorandum of understanding on 28 October 2021, followed by a definitive agreement on 16 December 2021, with Exor relating to the acquisition of PartnerRe, a major global reinsurance company. The price to be paid by Covéa to Exor amounts to \$9.15 billion, following an adjustment to take into account PartnerRe's consolidated common shareholders' equity at 31 December 2021, in accordance with the terms of the definitive agreement. Subject to the approval of regulatory authorities, and in particular prudential regulation and competition authorities, the transaction should be finalised in mid-2022.

The conclusion of this agreement had no material impact on the Group's earnings at 31 December 2021.

2 Subsequent events

No event that would have a material impact on the Covéa Group's financial statements at 31 December 2021 occurred after the financial statements were authorised for issue.

Russia's invasion of Ukraine on 24 February 2022 has no financial impact on the financial statements for the year ended 31 December 2021, given that it is an event relating to a

new situation. The initial analyses of the Group's exposure indicate a non-material financial impact to date; in particular, the Group's portfolios of financial assets are showing resilience at this stage.

Notes on accounting principles

Note 1

Accounting standards

The Covéa Group's combined financial statements are drawn up in accordance with Regulation 2020-01 of 9 October 2020, issued by the French accounting standards authority, the Autorité des Normes Comptables (ANC), relating to consolidated financial statements, which repeals, with effect from 1 January 2021, Regulation 2000-05 of 7 December 2000, issued by the former accounting standards authority, the Comité de la Réglementation Comptable (CRC), relating to the rules for the consolidation and combination of undertakings governed by the French Insurance Code.

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 entities are prepared in accordance with the rules set by ANC Regulation 2014-03 relating to the French general chart of accounts.

Note 2

Combination methods

2.1 Combination and consolidation methods

Combination by aggregation applies to mutual entities and provident institutions.

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 Intangible assets (including goodwill and 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 at least once 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 Other 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:

- the values of in-force business, 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;
- the 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.

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.

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.

2.4 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.

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 considered 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 considered 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 mutual funds – Variable-income securities

Equities are recorded at their acquisition cost, based on the purchase price.

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 mutual funds 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 2021 was 20%.

In addition to this assumption, all securities showing a material unrealised capital loss are subject to a specific review. If any evidence of impairment is noted, a provision is set aside, based on a value taking into account the company's intention and ability to hold the investment for a given pe-

riod. Accordingly, a provision is recognised for securities based on:

- their market value at 31 December 2021;
- or 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 considered value.

3.1.4 Bonds – 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 measured 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 rules applicable to insurance undertakings for the recognition of derivative financial instruments are set out in CRC Regulation 2002-09 of 12 December 2002 and for the recognition of currency derivatives in CRC Regulation 2007-09 of 14 December 2007.

Derivative financial instruments are included in off-balance sheet commitments given or received at their notional amount. Their accounting treatment on the balance sheet and the income statement depends on the type of hedging strategy.

The aim of an investment or divestment strategy is to set the value of a future investment or a planned divestment. During the life of the derivative financial instrument, premiums, margin calls and intermediate flows are recorded with a balancing entry in asset or liability accruals, with no impact on profit or loss. When the strategy is unwound, the realised losses or gains on the derivative financial instrument are included in the purchase or sale price.

The aim of a return strategy is to secure the return or change the return profile of an investment or group of investments. The impact of the strategy is spread over the life of the investment and does not affect the recognition of the assets or liabilities concerned by the strategy. Income and expenses that arise from the derivative financial instrument, whether realised or unrealised, are recorded in the income statement over the duration of the strategy, taking into account the effective return on the instrument.

As regards currency derivatives, off-balance sheet commitments in foreign currencies are remeasured using the exchange rate at the balance sheet date. Any gains or losses arising on this remeasurement are recorded in the balance sheet as currency translation differences, with a balancing entry in accruals. When the derivative financial instrument relates to a structural position (e.g. long-term investments), the currency translation differences are shown on the balance sheet until the date of realisation of the position. When the derivative financial instrument is part of an investment strategy, the currency translation differences are shown on the balance sheet until the investment date. When the derivative financial instrument relates to an operating item, as

part of a divestment or return strategy, the currency translation differences are taken to profit or loss.

Interest differences relating to forward exchange transactions, i.e. premiums or discounts, are recorded as interest income or expenses over the effective period of the hedged transaction.

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.

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 three to 15 years.

3.6 Asset and liability accruals

Asset and liability accruals primarily include deferred acquisition costs and loadings, accrued interest and rents not yet due, prepaid income and expenses, other deferred income and expenses, estimates of inwards reinsurance flows for ceding company reports to be received, and accruals relating to derivative financial instruments.

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 financial margin.

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

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

At 31 December 2021, life deferred acquisition costs also included the commissions paid to SLI in respect of inwards reinsurance treaties (see "Significant events"), which are amortised in line with the pattern of recognition for future margins as anticipated at the inception of the treaties.

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.

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 annu-

ties 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 0.08% for the year ended 31 December 2021. As was the case for the year ended 31 December 2020, the Group has applied a discount rate of 0% at 31 December 2021.

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. -0.03% for the year ended 31 December 2021, with the option introduced by ANC Regulation 2020-11 to apply a zero floor in the event of a negative discount rate. The Group therefore applied this discount rate of 0% at 31 December 2021.

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 direct business, or by the reinsurer and the reinsureds respectively for inwards reinsurance.

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 does not apply the optional method provided for in Article 273-4 of ANC Regulation 2020-01, under which life insurance reserves can be determined using discount rates no higher than the conservatively estimated expected rates of return on assets backing policyholder liabilities.

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 but are eliminated on consolidation if appropriate.

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 litigation, badwill 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 reference method and recognises provisions for all post-employment benefit obligations using Method 2, the corridor approach and the attribution of benefit from the date of entry into service, in accordance with ANC Recommendation 2013-02.

Past service costs arising from the introduction or modification of plans are recognised immediately on the balance sheet and in profit or loss. Actuarial gains and losses for the period are restated for the change in provisions and recognised in off-balance sheet commitments. A percentage of these gains and losses is 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 Covéa's common agreements is based on the following main assumptions:

- discount rate: iBoxx € Corporates AA 10+ rate;
- mortality tables: INSEE 2012-2014 tables;
- future pay growth rate (including long-term inflation): 1.80% to 2.50%.

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 on the combined balance sheet under "Other receivables" and "Other payables" respectively. Deferred tax assets and liabilities of consolidated subsidiaries included in Covéa's tax consolidation group are aggregated and presented as net amounts. 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 mutual funds 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 sufficient taxable profits against which the deductions represented by deferred tax assets can be offset are anticipated.

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 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

Mandatory, reference and optional accounting methods

As indicated in ANC Regulation 2020-01, or by referral to ANC Regulation 2014-03, certain methods are mandatory, optional or considered as reference methods for combined financial statements.

Thus, the capitalisation of development costs and acquisition costs (transfer duties, fees or commissions, and registration expenses) for tangible, intangible and financial assets covered by ANC Regulation 2014-03 is mandatory at the level of the consolidated financial statements.

Setting aside provisions for long-term employee benefits is a reference method applied by the Covéa Group (see Note 3.9).

With respect to life insurance reserves, ANC Regulation 2020-01 provides the option for their determination using discount rates no higher than the conservatively estimated expected rates of return on assets backing policyholder liabilities. Covéa does not apply this option (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 invest-

ments are restated at historical cost. In addition, a provision for long-term impairment is 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 2021, 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 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 earned premiums.
- Companies in which the Group holds an interest of 20% or higher, but which are being liquidated and are not material.
- Mutual funds, as they are held for the purpose of covering insurance technical commitments and are therefore excluded pursuant to ANC Regulation 2020-01.

- 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, GIE Eurodem and GIE AGSI), manage claims (GIE Europac, GIE Européenne de Règlement and GIE Euro Gestion Santé), manage in-house operating property (GIE CIBail) and manage procurement (GIE Logistic and GIE Covéa Agora) are excluded from the combined balance sheet, as their expenses are charged to the Group entities.

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

- No additions to or removals from the combination scope occurred in the 2021 financial year.

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 30, “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		
Apgis	Group health and protection insurance	France	C	Life/Non-life		
SMI	Health and protection insurance	France	C	Life/Non-life		
Covéa Coopérations	Holding and reinsurance activities	France	F	Life/Non-life	100.00	100.00
Covéa Protection Juridique	Legal protection insurance	France	F	Non-life	100.00	100.00

Name	Area of activity	Head office location	Consolidation method	Business segment	% control	% interest
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	50.00	50.00
CSE Insurance Company	Non-life insurance	United States	F ¹	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
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 Invest	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 ¹	Other	62.00	62.00
Carma	Partnership with Carrefour – Personal property insurance	France	EM		49.99	49.99
Carma Vie	Partnership with Carrefour – Creditor 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

¹ Companies consolidated based on their consolidated financial statements.

4 Notes to the balance sheet

Note 8

Intangible assets (including goodwill)

8.1 Breakdown by type

<i>In € thousands</i>	2021			2020
	Gross	Amortisation and impairment	Net	Net
Goodwill	526,911	(524,193)	2,718	3,343
Value of insurance business purchased	149,983	(100,008)	49,975	49,975
Other intangible assets	304,754	(77,200)	227,554	229,103
Compensation paid for agencies and share of agents' licensing fees financed by the Group	195,590	(3,839)	191,751	191,232
Software	52,847	(48,855)	3,992	5,413
Lease rights	10,906	(167)	10,739	10,950
Other	45,411	(24,339)	21,072	21,508
Total	981,648	(701,401)	280,247	282,421

Net values of goodwill break down as follows:

	2021	2020
Covea Insurance	2,718	3,343
Total	2,718	3,343

8.2 Intangible assets of unconsolidated economic interest groups

<i>In € thousands</i>	2021			2020
	Gross	Amortisation and impairment	Net	
Fixed assets				
Intangible assets				
Software and development costs	873,376	(646,566)	226,810	206,017

Note 9

Investments

9.1 Summary of investments from insurance undertakings

<i>In € thousands</i>	2021				
	Gross value ⁵	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property ¹	4,437,443	(681,678)	3,755,765	6,908,553	3,152,788
Equities and other variable-income securities	4,379,402	(210,709)	4,168,693	6,428,820	2,260,127
Units of equity mutual funds ²	4,082,257	(46,606)	4,035,651	6,282,376	2,246,725
Bonds and other fixed-income securities	72,689,382	(345,969)	72,343,413	77,242,645	4,899,232
Units of bond mutual funds ^{3/4}	5,288,422		5,288,422	5,732,769	444,347
Other investments ^{3/4}	2,280,928	(7,024)	2,273,904	2,278,565	4,661
Total	93,157,834	(1,291,986)	91,865,848	104,873,728	13,007,880
Total listed investments	84,826,574	(351,662)	84,474,912	94,132,720	9,657,808
Total unlisted investments	8,331,260	(940,324)	7,390,936	10,741,008	3,350,072
Share of non-life insurance investments	33,743,030	(947,306)	32,795,724	37,715,300	4,919,576
Share of life insurance investments	59,414,804	(344,680)	59,070,124	67,158,428	8,088,304

¹ Investment property mainly comprises land, operating and investment properties, and shares in unlisted property companies and related current accounts.

² Of which, reclassification of a net carrying amount at 31 December 2020 of €849 million in units of equity mutual funds to units of bond mutual funds, in view of the composition of underlying assets at 31 December 2021.

³ Mortgage loans in the amount of €407 million, held directly and shown under other investments at 31 December 2020, were transferred to a dedicated specialised financing entity, of which Covéa is the shareholder, included in units of bond mutual funds at 31 December 2021.

⁴ Other investments mainly comprise deposits with banks (term deposits, in particular) for €1,175 million and mortgage loans held directly for €381 million.

⁵ Gross value, including shares not fully paid up in companies recorded as assets on the balance sheet to offset the recognition of debt (under "Other payables") for €28 million at 31 December 2021 and €25 million at 31 December 2020.

<i>In € thousands</i>	2020				
	Gross value ⁵	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property ¹	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 mutual funds	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 mutual funds	2,885,157		2,885,157	3,320,024	434,867
Other investments	3,167,135	(10,413)	3,156,722	3,162,518	5,796
Total	91,881,040	(1,369,693)	90,511,347	104,849,623	14,338,276
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

¹ Investment property mainly comprises land, operating and investment properties, and shares in unlisted property companies and related current accounts.

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

9.2 Investments in associates and affiliates

<i>In € thousands</i>	2021				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investments from insurance undertakings	1,238,302	(206,490)	1,031,812	1,181,288	149,476
Equities and other variable-income securities	909,863	(206,490)	703,373	852,764	149,391
Other investments	328,439		328,439	328,524	85
Investments from other undertakings	95,116	(38,518)	56,598	57,769	1,171
Equities and other variable-income securities	85,298	(38,518)	46,780	47,951	1,171
Other investments	9,818		9,818	9,818	
Total	1,333,418	(245,008)	1,088,410	1,239,057	150,647

9.3 Investments in unconsolidated entities

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

9.3.1 Shares in property companies

Shares in property companies are recorded under "Land and buildings" on the asset side of the balance sheet.

<i>In € thousands</i>	Company	Head office location	Percentage held by the Group	Group investments		Equity at 100% ²	Net income (loss) at 100% ²	Realisable value ¹	Revenue at 100% ²
				Gross ⁴	Impairment				
	SCI Marble Haussmann	France	100.00%	396,889		12,128	9,515	434,445	19,071
	SCI Covéa Real Estate Long Terme (CoreLT)	France	100.00%	226,259		95,520	(8,229)	240,130	
	SA Sécurité Pierre Investissements	France	89.92%	170,057		204,819	6,761	359,882	13,445
	SCI Immobilière Générale Française	France	100.00%	166,310		53,674	14,771	289,787	9,319
	SCI Core 102 Charonne	France	100.00%	158,650				161,318	
	SCI 6 Avenue Kléber	France	100.00%	150,213		41,298	6,298	210,170	9,291
	SCI Prony Bureaux	France	100.00%	141,832		150,430	11,490	383,064	17,401
	SCI Séquana Rive Gauche	France	100.00%	140,229		95,420	5,420	180,609	10,152
	SCI Califimmo	France	100.00%	114,911		121,785	4,327	153,187	7,163
	SAS Prony Habitations	France	100.00%	83,962		87,937	2,231	181,842	7,333
	Breteil Ségur	France	100.00%	77,400		26,816	(3,184)	139,557	112
	SARL MDM Kellermann	France	100.00%	76,860		12,710	(19)	105,390	

In € thousands Company	Head office location	Percentage held by the Group	Group investments		Equity at 100% ²	Net income (loss) at 100% ²	Realisable value ¹	Revenue at 100% ²
			Gross ⁴	Impairment				
SCI Le Tropic	France	100.00%	66,591		16,344	4,344	85,028	7,162
SAS Foncière Opéra Gaillon	France	100.00%	61,248	(7,312)	46,444	1,901	76,609	4,186
SCI Silverseine	France	100.00%	58,468		16,664	6,664	104,155	10,761
SCI Dalle 1	France	100.00%	56,040		37,927	2,972	97,048	5,369
Covivio Alexander Platz SARL	France	25.00%	51,044				51,047	
SCI Dalle 2	France	50.00% ³	41,697		80,247	11,712	111,069	13,499
SCI Londres Athènes	France	100.00%	33,989		39,547	4,679	88,845	
SCI MGF Immobilier	France	100.00%	26,225		8,126	521	28,206	1,113
SCI Covéa Real Estate Développement	France	100.00%	24,080		37,039	13,126	28,501	
SCI Espace Performance	France	100.00%	23,581		24,147	566	24,479	1,276
SCI Cital Wacken	France	100.00%	17,809	(422)	12,663	1,467	18,546	3,090
SARL Boulogne Ailes MDM	France	100.00%	8,897		9,315	797	13,165	1,637
SCI de Placements de Covéa Protection Juridique	France	100.00%	8,661		8,580	(82)	12,234	180
SARL Lyon MDM	France	100.00%	8,067		7,984	504	21,257	1,105
SCI 36 Boulevard Saint Marcel	France	100.00%	6,582		803	802	15,364	1,030
SCI MDM Vie	France	100.00%	5,641		6,328	687	12,663	968
SCI Maison des quatre	France	100.00%	4,380		2,438	(124)	5,213	239
SARL Le Mans 37 Chanzy MDM	France	100.00%	4,334	(332)	3,988	15	4,002	
SCI du Groupe des Mutuelles du Mans Assurances	France	100.00%	3,681		2,214	(1,465)	4,144	3,233
SAS Chauray Valeur	France	100.00%	2,020		2,500	183	6,152	413
SAS Covéa Real Estate Résidentiel	France	100.00%	1,200				1,200	
SAS Le Grand Bleu	France	100.00%	1,734		1,566	264	4,138	506
Others			4,455					
Total			2,423,996	(8,066)				

¹ Group share.

² Equity, net income (loss) and revenue for the 2020 financial year.

³ The percentage held by the Group directly is 50%, but control by the Group is 100% taking into account both direct and indirect holdings.

⁴ Gross value, including shares not fully paid up in companies recorded as assets on the balance sheet to offset the recognition of debt (under "Other payables") for €14 million at 31 December 2021.

9.3.2 Other equity interests

Other equity interests are recorded under “Investments in associates and affiliates” on the asset side of the balance sheet.

In € thousands Company	Head office location	Percentage held by the Group	Group investments		Equity at 100% ²	Net income (loss) at 100% ²	Realisable value ¹	Revenue at 100% ²
			Gross ⁴	Impairment				
Covivio ³	France	7.16%	385,360		8,582,202	359,767	490,761	776,076
GMF Recouvrement	France	100.00%	136,008	(72,851)	63,157	10	63,157	83
IENA Investissements Participations	France	100.00%	126,164		127,845	(688)	143,739	
Lagune International	Luxembourg	25.25%	58,278		187,324	12,110	61,863	
AME Life Lux ⁵	Luxembourg	100.00%	35,910	(35,910)	30,940	(5,230)	0	30,606
Covéa Real Estate Développement II	France	100.00%	25,982		1,499	(13)	32,537	
Appenin	France	100.00%	7,038	(3,977)	6,151	(1,172)	3,180	64
Covéa Next	France	100.00%	6,023	(2,505)	18,436	(2,385)	3,515	
Cesvi France	France	90.00 %	5,501		6,514	5	5,863	2,561
MMA Participations	France	100.00%	5,414		6,059	3,412	4,963	
AZ Plus	France	100.00%	5,268		4,650	14	4,639	
Gespré Europe	France	80.00%	3,808	(1,010)	4,149	162	2,800	3,414
MMA Gestion	France	100.00%	3,095		3,888	(39)	3,840	14,141
SC Holding	France	50.00%	2,908		13,579	(3)	6,375	
Humensis	France	7.52%	2,629	(871)	3,634	(1,608)	1,758	45,731
Occidentale de conseils et de gestion (OCG)	France	100.00%	2,005		2,419	157	2,476	133
RL Finance	France	18.36%	1,453		10,616	446	1,949	
CAT SA	France	100.00%	1,417		5,569	4,143	3,940	15,320
Darva (Développement d'applications sur réseaux à valeur ajoutée)	France	22.57%	1,042		18,183	(481)	4,514	26,815
Fidélia Services	France	100.00%	1,011		675	263	686	671
Others			93,549	(89,366)				
Total investments in unconsolidated associates and affiliates recorded under “Equities and other variable income securities”			909,863	(206,490)				

¹ Group share.

² Equity, net income (loss) and revenue for the 2020 financial year.

³ Consolidated equity, net income and revenue.

⁴ Gross value, including shares not fully paid up in companies recorded as assets on the balance sheet to offset the recognition of debt (under “Other payables”) for €2 million at 31 December 2021.

⁵ Entity sold in early 2022.

9.4 Investments held to cover unit-linked liabilities

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

<i>In € thousands</i>	2021	2020
Investment property	57,181	58,924
Equities and other variable-income securities		
Bonds and other fixed-income securities	1,936,434	1,662,473
Units of bond mutual funds	240,957	194,027
Units of other mutual funds	5,829,070	4,855,207
Total	8,063,642	6,770,631

9.5 Investments from other undertakings

<i>In € thousands</i>	2021				
	Gross value	Depreciation, amortisation and impairment adjustments	Net value	Realisable value	Unrealised capital gain/loss
Investment property	28,955	(14,830)	14,125	53,880	39,755
Equities and other variable-income securities ¹	834,473	(38,517)	795,956	797,792	1,836
Units of equity mutual funds ¹	331,819	(850)	330,969	348,030	17,061
Bonds and other fixed-income securities	25,329	(493)	24,836	24,836	
Units of bond mutual funds	97,139	(201)	96,938	97,690	752
Other investments	23,112	(4,999)	18,113	16,284	(1,829)
Total	1,340,827	(59,890)	1,280,937	1,338,512	57,575

¹ Change from 2020 due to the expansion in 2021 of CoPaRex's investment activity in vehicles having reinsurance activities as underlying assets for €749 million and in funds for €271 million.

<i>In € thousands</i>	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 mutual funds	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 mutual funds	2,536		2,536	2,536	
Other investments	17,634	(4,989)	12,645	10,816	(1,829)
Total	268,119	(56,687)	211,432	259,346	47,914

9.6 Investments accounted for using the equity method

<i>In € thousands</i>	Share capital at 100%	Equity at 100%	Including 2021 net income (loss) at 100%	Consolidated balance sheet value ¹	
				2021	2020
Non-life insurance companies					
Carma	23,270	119,913	1,977	63,022	61,276
Protec BTP	28,140	54,749	2,044	19,162	19,028
Life insurance companies					
Carma Vie	6,100	10,906	1,696	5,452	5,132
Total	57,510	185,568	5,717	87,636	85,436

¹ Percentages held presented in Note 7, "Combination scope".

Note 10

Receivables arising from insurance or reinsurance operations

10.1 Breakdown by type

<i>In € thousands</i>	2021			2020
	Gross	Provisions	Net	
Earned premiums not written	399,156		399,156	280,794
Other receivables arising from direct insurance operations ¹	2,442,815	(109,560)	2,333,255	3,442,615
Receivables arising from inwards and outwards reinsurance operations ²	553,243	(59,308)	493,935	542,408
Total	3,395,214	(168,868)	3,226,346	4,265,817

¹ In 2020, other receivables arising from direct insurance operations included the release of premiums due the following year. Beginning in 2021, these premiums are recognised at the inception date of the contracts. On a pro forma basis, the balance of other receivables arising from direct insurance operations would have been €2,308 million at 31 December 2020.

² The reinsurers' share of claims reserves (see Note 17, "Technical reserves") and receivables arising from reinsurance operations include the likely or certain coverage of business interruption losses in respect of Covid-19.

10.2 Breakdown by activity

<i>In € thousands</i>	2021			2020
	Non-life	Life	Total	
Earned premiums not written	383,201	15,955	399,156	280,794
Other receivables arising from direct insurance operations	2,307,180	26,075	2,333,255	3,442,615
Receivables arising from inwards and outwards reinsurance operations	491,103	2,832	493,935	542,408
Total	3,181,484	44,862	3,226,346	4,265,817

10.3 Breakdown by maturity

<i>In € thousands</i>	2021			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Earned premiums not written	399,156			399,156
Other receivables arising from direct insurance operations	2,313,791	18,357	1,107	2,333,255
Receivables arising from inwards and outwards reinsurance operations	492,051	1,884		493,935
Total	3,204,998	20,241	1,107	3,226,346

Note 11

Receivables from banking sector companies

11.1 Breakdown by type

<i>In € thousands</i>	2021			2020
	Gross	Provisions	Net	
Current accounts and cash	2,241,289		2,241,289	3,630,442
Total	2,241,289		2,241,289	3,630,442

11.2 Breakdown by activity

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Current accounts and cash	1,761,904	375,059	104,326	2,241,289	3,630,442
Total	1,761,904	375,059	104,326	2,241,289	3,630,442

11.3 Breakdown by maturity

<i>In € thousands</i>	2021			Total	2020
	Within 1 year	Between 1 and 5 years	After 5 years		
Current accounts and cash	2,241,289			2,241,289	3,630,442
Total	2,241,289			2,241,289	3,630,442

Note 12

Other receivables

12.1 Breakdown by type

<i>In € thousands</i>	2021			2020
	Gross	Provisions	Net	
Staff and related accounts	7,549		7,549	13,442
State and social security organisations	285,171	(538)	284,633	575,027
Deferred tax assets ¹	979,110		979,110	
Other receivables	1,368,277	(29,282)	1,338,995	1,222,194
Total	2,640,107	(29,820)	2,610,287	1,810,663

¹ For reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01, deferred tax assets are reclassified from "Accruals – assets" to "Other receivables". At 31 December 2020, they represented an amount of €889 million included under "Accruals – assets" (see Note 14, "Accruals – assets").

12.2 Breakdown by activity

<i>In € thousands</i>	2021			
	Non-life	Life	Other	Total
Staff and related accounts	6,562	617	370	7,549
State and social security organisations	124,037	158,356	2,240	284,633
Deferred tax assets	962,840	10,740	5,530	979,110
Other receivables	1,085,295	208,693	45,007	1,338,995
Total	2,178,734	378,406	53,147	2,610,287

12.3 Breakdown by maturity

<i>In € thousands</i>	2021			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
Staff and related accounts	7,549			7,549
State and social security organisations	284,633			284,633
Deferred tax assets	344,719	481,360	153,031	979,110
Other receivables	1,331,123	4,747	3,125	1,338,995
Total	1,968,024	486,107	156,156	2,610,287

Note 13

Other assets

13.1 Breakdown by type

<i>In € thousands</i>	2021			2020
	Gross	Provisions	Net	
Deposits and sureties	15,466		15,466	16,873
Inventory and work in progress				
Other tangible assets	397,547	(285,751)	111,796	124,215
Total	413,013	(285,751)	127,262	141,088

13.2 Breakdown by activity

<i>In € thousands</i>	2021			
	Non-life	Life	Other	Total
Deposits and sureties	15,455	11		15,466
Inventory and work in progress				
Other tangible assets	110,477	305	1,014	111,796
Total	125,932	316	1,014	127,262

13.3 Tangible assets of unconsolidated economic interest groups

<i>In € thousands</i>	2021			2020
	Gross	Depreciation	Net	
Fixed assets				
Property, plant and equipment				
IT hardware and other equipment	339,758	(209,353)	130,405	131,729

Note 14

Accruals – assets

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Deferred tax assets ¹					889,377
Accrued interest and rents not yet due	135,310	437,373		572,683	620,703
Deferred acquisition costs ²	625,756	1,722,657		2,348,413	1,017,130
Other deferred expenses					972
Prepaid expenses	4,830	1,700	4,862	11,392	10,096
Technical reinsurance valuations ³	197,709	1,175,699		1,373,408	154,527
Other accruals – assets ⁴	204,398	6,535	533	211,466	142,975
Total	1,168,003	3,343,964	5,395	4,517,362	2,835,780

¹ For reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01, deferred tax assets are reclassified from "Accruals – assets" to "Other receivables" (see Note 12, "Other receivables").

² Commissions paid and received at the implementation of inwards life reinsurance treaties with SLI and SGLRI (see "Significant events") were recorded, in euros, under deferred acquisition costs for €1,291 million and under liability accruals for €170 million (see Note 23, "Accruals – liabilities"). These commissions are amortised in line with the pattern of recognition for future profit margins as anticipated at the inception of the treaties.

³ Technical reinsurance valuations recognised as assets and technical reserves related to inwards reinsurance recognised as liabilities (see Note 17, "Technical reserves") include the estimates of receivables from ceding insurers. The increase in 2021 is due in particular to the implementation of inwards life reinsurance treaties with SLI and SGLRI.

⁴ Of which accruals on derivative financial instruments (see Note 26, "Derivative financial instruments").

Note 15

Equity

15.1 Group equity

<i>In € thousands</i>	Initial capital	Additional paid-in capital	Consolidated reserves	Net income	Total equity capital
Equity capital at 31 December 2019	1,129,698	6,358	13,973,511	858,481	15,968,048
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)
Total changes	3,158		828,262	(443,404)	388,016
Equity capital at 31 December 2020	1,132,856	6,358	14,801,773	415,077	16,356,064
Appropriation of 2020 net income			415,077	(415,077)	
Net income for 2021				837,867	837,867
Additional capital raised	3,457				3,457
Currency translation differences			31,608		31,608
Changes in scope					
Other			2,368		2,368
Total changes	3,457		449,053	422,790	875,300
Equity capital at 31 December 2021	1,136,313	6,358	15,250,826	837,867	17,231,364

Equity capital at 31 December 2021 includes €1,136,313 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.

15.2 Minority interests

<i>In € thousands</i>	Consolidated reserves	Net income	Total
Position at 31 December 2019	74,471	16,266	90,737
Appropriation of 2019 net income	16,266	(16,266)	
Net income for 2020		11,215	11,215
Currency translation differences			
Distribution	(4,238)		(4,238)
Changes in scope			
Other			
Total changes	12,028	(5,051)	6,977
Position at 31 December 2020	86,499	11,215	97,714
Appropriation of 2020 net income	11,215	(11,215)	
Net income for 2021		12,487	12,487
Currency translation differences			
Distribution	(5,434)		(5,434)
Changes in scope			
Other	(25)		(25)
Total changes	5,756	1,272	7,028
Position at 31 December 2021	92,255	12,487	104,742

Note 16

Subordinated liabilities

<i>In € thousands</i>	Maturity			2021	2020
	Within 1 year	Between 1 and 5 years	After 5 years		
Insurance undertakings					
Non-voting securities			144,580	144,580	160,705
Redeemable subordinated notes	26,050 ¹		8,000	34,050	34,050
Total	26,050		152,580	178,630	194,755

¹ Subordinated note issued by Bipiemme Vita and redeemed at maturity in March 2022.

Note 17

Technical reserves

17.1 Technical reserves by type

<i>In € thousands</i>	2021			2020
	Non-life	Life	Total	
Gross technical reserves				
Unearned premium reserves	3,205,632		3,205,632	3,055,513
Life insurance reserves		52,564,538	52,564,538	52,818,732
Claims reserves ^{1/2}	21,632,335	1,997,975	23,630,310	21,649,465
Profit-sharing reserves	98,826	3,096,565	3,195,391	3,076,079
Equalisation reserves	976,953	91,429	1,068,382	1,075,237
Mathematical reserves for annuities	2,453,244		2,453,244	2,418,794
Other technical reserves	180,558	18,733	199,291	238,799
Subtotal gross technical reserves	28,547,548	57,769,240	86,316,788	84,332,619
Technical reserves for unit-linked policies		8,082,867	8,082,867	6,808,713
Total	28,547,548	65,852,107	94,399,655	91,141,332
Reinsurers' share in technical reserves				
Unearned premium reserves	37,576		37,576	27,310
Life insurance reserves		213,619	213,619	232,314
Claims reserves ³	2,189,223	17,622	2,206,845	2,209,888
Profit-sharing reserves	1,078		1,078	916
Equalisation reserves	1,277	80,312	81,589	84,568
Mathematical reserves for annuities	407,300		407,300	400,501
Other technical reserves	2,187	1,687	3,874	3,192
Total	2,638,641	313,240	2,951,881	2,958,689
Net technical reserves			91,447,774	88,182,643

¹ Of which €268 million (\$319 million) of reserves recorded at the implementation of inwards reinsurance treaties with SLI and SGLRI in respect of portfolio entries (see "Significant events").

² Technical reinsurance valuations recognised as assets (see Note 14, "Accruals – assets") and technical reserves related to inwards reinsurance recognised as liabilities include the estimates of receivables from ceding insurers. The increase in life business in 2021 is due in particular to the implementation of inwards reinsurance treaties with SLI and SGLRI.

³ The reinsurers' share of claims reserves and receivables arising from reinsurance operations (see Note 10, "Receivables arising from insurance or reinsurance operations") include the likely or certain coverage of business interruption losses in respect of Covid-19.

17.2 Breakdown of profit-sharing reserves (net of reinsurance and excluding unit-linked policies)

<i>In € thousands</i>	2021	2020
Due reserves	3,023,245	2,897,427
Unconditional deferred reserves		
Conditional deferred reserves	171,068	177,736
Total	3,194,313	3,075,163

Note 18

Legally ring-fenced operations

The Covéa Group's legally ring-fenced insurance operations mainly comprise the pension savings plans PERPs (*Plan d'Épargne Retraite Populaire*) of life entities in France and separate accounts in Italy. These ring-fenced operations correspond to the following amounts in the combined balance sheet:

<i>In € thousands</i>	2021	2020
Unit-linked investments	67,029	67,852
Other investments	4,857,059	4,964,556
Unit-linked technical reserves	67,098	68,406
Other technical reserves	4,743,445	4,929,957

Note 19

Provisions for risks and charges and contingent liabilities

<i>In € thousands</i>	2020 year-end	Changes in scope	Currency translation differences	Allocations	Reversals	Reclassifications	2021 year-end
<i>[Provision for deferred tax liabilities¹]</i>	54,973					(54,973)	
Provisions for long-term employee benefits ²	522,194		122	41,632	(33,865)		530,083
Provision for disputes	5,757			5,427	(9,116)	26,113	28,181
Provision for tax inspections and tax	91,981			27,922	(26,409)	(15,578)	77,916
Provision for commitments to subsidiaries, divested companies	14,938		2,063	47,814	(8,420)	6,564	62,959
Badwill							
Other provisions	57,652		967	1,210	(2,700)	(17,099)	40,030
Total	747,495		3,152	124,005	(80,510)	(54,973)	739,169

¹ For reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01, deferred tax liabilities are reclassified from "Provisions for risks and charges" to "Other payables" (see Note 21, "Other payables").

² 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 retirement benefits, long-service awards and long-service leave.

Contingent liabilities

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 executive 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 re-

leasing 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 as inadmissible the action brought by Fides, which has filed an appeal against this decision.

At 31 December 2021, there were no objective grounds for raising a provision in connection with this litigation.

Note 20

Payables arising from insurance or reinsurance operations

20.1 Breakdown by activity

<i>In € thousands</i>	2021			2020
	Non-life	Life	Total	
Payables arising from direct insurance operations ¹	691,860	61,514	753,374	930,340
Payables arising from reinsurance operations	278,763	4,393	283,156	272,653
Liabilities for cash deposits received from reinsurers	145,682	11,355	157,037	154,512
Total	1,116,305	77,262	1,193,567	1,357,505

¹ After adjustment for commissions due the following year, in the same manner as premiums (see Note 10, "Receivables arising from insurance or reinsurance operations"), the balance of payables arising from direct insurance operations would have amounted to €779 million at 31 December 2020.

20.2 Breakdown by maturity

<i>In € thousands</i>	2021			
	Within 1 year	Between 1 and 5 years	After 5 years	Total
Payables arising from direct insurance operations	749,013	4,351	10	753,374
Payables arising from reinsurance operations	283,156			283,156
Liabilities for cash deposits received from reinsurers	157,037			157,037
Total	1,189,206	4,351	10	1,193,567

Note 21

Debt with banking sector entities

21.1 Breakdown by activity

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Debt owed to credit institutions	232,561	50,906	2,009	285,476	279,664
Total	232,561	50,906	2,009	285,476	279,664

21.2 Breakdown by maturity

<i>In € thousands</i>	2021			
	Within 1 year	Between 1 and 5 years	After 5 years	Total
Debt owed to credit institutions	275,094	8,763	1,619	285,476
Total	275,094	8,763	1,619	285,476

Note 22

Other payables

22.1 Breakdown by activity

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Deferred tax liabilities ¹			158	158	
Other borrowings, deposits and sureties received	71,462	11,395	42,442	125,299	129,424
Staff and related accounts	308,094	21,140	25,998	355,232	296,975
State and social security organisations	399,021	92,211	172,184	663,416	416,029
Other payables	1,055,407	264,001	41,155	1,360,563	1,081,954
Total	1,833,984	388,747	281,937	2,504,668	1,924,382

¹ For reporting periods beginning on or after 1 January 2021, in accordance with ANC Regulation 2020-01, deferred tax liabilities are reclassified from "Provisions for risks and charges" to "Other payables". At 31 December 2020, they represented an amount of €54 million recorded under "Provisions for risks and charges" (see Note 19, "Provisions for risks and charges and contingent liabilities").

22.2 Breakdown by maturity

<i>In € thousands</i>	2021			
	Within 1 year	Between 1 and 5 years	After 5 years	Total
Deferred tax liabilities	158			158
Other borrowings, deposits and sureties received	83,466	37,220	4,613	125,299
Staff and related accounts	355,232			355,232
State and social security organisations	663,416			663,416
Other payables	1,353,079	7,484		1,360,563
Total	2,455,351	44,704	4,613	2,504,668

Note 23

Accruals – liabilities

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Deferred income	20	124,466		124,486	127,801
Other accruals – liabilities ^{1/2/3}	282,981	183,621	178	466,780	1,251,879
Prepaid income	22,273	159	1,768	24,200	25,155
Total	305,274	308,246	1,946	615,466	1,404,835

¹ After adjustment for premiums and commissions due the following year, the balance of other liability accruals would have amounted to €269 million at 31 December 2020. See Note 10, "Receivables arising from insurance or reinsurance operations".

² Commissions paid and received at the implementation of inwards life reinsurance treaties with SLI and SGLRI (see "Significant events") were recorded, in euros, under deferred acquisition costs for €1,291 million (see Note 14, "Accruals – assets") and under liability accruals for €170 million. These commissions are amortised in line with the pattern of recognition for future profit margins as anticipated at the inception of the treaties.

³ Of which accruals on derivative financial instruments: see Note 26, "Derivative financial instruments".

Note 24

Income tax

24.1 Breakdown of the tax expense

<i>In € thousands</i>	2021				2020
	Non-life	Life	Other	Total	
Current tax expense	(425,040)	(95,131)	(15,918)	(536,089)	(221,413)
Deferred tax expense	100,255	39,853	(680)	139,428	(34,164)
Total	(324,785)	(55,278)	(16,598)	(396,661)	(255,577)

24.2 Deferred tax

<i>In € thousands</i>	2021	2020
Deferred tax arising from temporary differences	1,020,670	856,971
Deferred tax arising from consolidation adjustments	(41,718)	(22,567)
Total deferred tax recognised in the balance sheet	978,952	834,404
Of which:		
— assets (other receivables)	979,110	889,377
— liabilities (other payables)	(158)	(54,973)

24.3 Analysis of the tax expense

<i>In € thousands</i>	2021	2020
Consolidated net income	850,354	426,292
Goodwill amortisation	(839)	(36,467)
Group share in net income from companies accounted for using the equity method	2,551	3,527
Income tax	(396,661)	(255,577)
Income before tax	1,245,303	714,809
Theoretical current tax rate	28.41%	32.02%
Theoretical tax expense	(353,759)	(228,903)
Impact of tax rate differences	(32,160)	(14,646)
Impact of permanent differences	(2,047)	(11,942)
Impact of adjustments and other items	(8,695)	(86)
Group tax expense	(396,661)	(255,577)
Effective tax rate	31.85%	35.75%

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 2021 is 28.41%, 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

<i>In € thousands</i>	2021	2020
Commitments received^{1/2}	8,634,567	1,031,517
Commitments given	10,299,333	2,490,693
Guarantees, sureties and credit collateral given	41,773	13,836
Long-term employee benefits ³	29,279	50,311
Commitments on securities, assets or income ²	9,961,439	2,022,706
Other commitments ¹	266,842	403,840
Pledged securities received from reinsurers	1,530,737	1,556,861
Derivative financial instruments		
Commitments received	3,355,112	
Commitments given	3,301,294	
Securities conferred by reinsured organisations with joint guarantee or with substitution		
Securities belonging to provident institutions		
Other securities held on behalf of third parties		

Commitments received and given by other undertakings

<i>In € thousands</i>	2021	2020
Commitments received²	540,925	1,155
Commitments given	664,140	631,717
Long-term employee benefits	3,435	6,921
Commitments on securities, assets or income ²	625,695	592,993
Other commitments	35,010	31,803

¹ The transfer of a portion of mortgage loans to a specialised dedicated financing entity, of which Covéa is the shareholder (see Note 9.1, "Summary of investments from insurance undertakings"), led to decreases in commitments received, in the form of mortgage guarantees, and commitments given, in the form of commitments for additional loans, in the amount of €498 million and €100 million respectively between 31 December 2020 and 31 December 2021.

² The planned acquisition of PartnerRe was reflected in several off-balance sheet commitments, including the following:

- the commitment given to pay \$9,150 million (€7,892 million) and the commitment received to receive the corresponding securities on the execution of the acquisition;
- the mutual commitment to deliver €3,301 million and to receive a foreign currency amount equivalent to €3,355 million, at the closing exchange rate, in connection with the hedging arrangement put in place (see Note 26, "Derivative financial instruments");
- the commitment given to dispose of investments made or to be carried out in vehicles having the reinsurance activities of PartnerRe as underlying assets, for €639 million at the closing exchange rate, and the commitment received for the corresponding inflow.

³ Long-term employee benefit commitments of insurance undertakings comprise in particular 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. These 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 2021, as shown in the table below.

<i>In € thousands</i>	Pension benefits		Employers' contributions to pension time savings accounts		Total	
	2021	2020	2021	2020	2021	2020
Commitments	326,447	347,172	142,297	138,598	468,744	485,770
Non-Group plan assets (insurance policies)	1,935	1,930			1,935	1,930
Provisions for risks and charges	306,552	299,036	139,688	135,111	446,240	434,147
Off-balance sheet						
Commitments given	21,638	46,206	6,328	3,487	27,966	49,693
Commitments received	3,677		3,720		7,397	

Note 26

Derivative financial instruments

At the end of the 2021 financial year, the Covéa Group, through its subsidiary Covéa Coopérations, put in place an investment strategy in preparation for an investment transaction. The aim is to hedge a portion of the purchase price for PartnerRe (see "Significant events"), in the amount of \$3,800 million, against foreign exchange risk.

The hedging instruments are over-the-counter forward foreign exchange contracts, contingent upon the execution of the acquisition.

At 31 December 2021, the following were recognised under off-balance sheet commitments in this regard: a commitment given to deliver a specified amount in euros, €3,301 million in

view of the estimated forward rate, and a commitment received to receive a specified amount in US dollars, \$3,800 million, equivalent to €3,355 million at the closing exchange rate. The currency translation difference on the derivatives in the amount of €54 million at the closing exchange rate was recognised with a balancing entry in accruals, with no impact on profit or loss. The differential between the spot rate and the forward rate (premium or discount) is recognised in net financial income on a pro rata basis over the term of the contracts, with an entry in the amount of €1.6 million at 31 December 2021.

Note 27

Related parties

As defined in Article R.123-199-1 of the French Commercial Code, parties are considered to be related if one of them (whether an entity or a person) controls, jointly controls or has significant influence over the other, or if the same third party (whether an entity or a person) controls, jointly controls or has significant influence over both of them. Key executive officers and directors are also considered to be related parties.

However, in accordance with Article 282-15 of ANC Regulation 2020-01, disclosures in notes to financial statements are only required for material related-party transactions that have not been entered into on an arm's length basis and are not between entities under exclusive control and therefore eliminated on consolidation.

For the Covéa Group, the transactions described below fell within the scope of the disclosure requirement at 31 December 2021.

Transactions with directors and general managers

Base remuneration and other components of remuneration (including pension benefits, if any) awarded by Covéa SGAM to its directors and general managers in respect of their corporate mandates, where applicable, their employment contracts, are described in section 2.4, "Remuneration policy", within chapter 2, "Governance framework", of this Annual Report.

Directors and general managers of Covéa SGAM are also likely to subscribe life and non-life insurance policies offered by the Group as part of its ordinary business. Their terms and conditions are for the most part similar to those granted to the Group's customers, members or other employees.

Transactions with entities accounted for using the equity method

The Group entities Protec BTP, Carma and Carma Vie are accounted for using the equity method. They paid a total of €1 million in dividends to the Group in the 2021 financial year.

Other internal transactions mainly comprise intra-Group invoicing of services for €14 million and reinsurance mechanisms with the Group for a reinsurance balance of €7 million in 2021.

Transactions with controlled unconsolidated entities, in accordance with the principles presented in Note 7, "Combination scope"

Economic interest groups are formed by some Group entities to pool and operate resources or to centralise activities. Their expenses are invoiced on the basis of the cost for their members, which are mainly consolidated or combined entities, and are therefore reflected in the Group's net income. Invoices issued by these economic interest groups to consolidated and combined entities amounted to €1,197 million in 2021.

The other controlled unconsolidated entities mainly comprise:

- property investment companies covered by a clause for immediate transfer of their income to their partners, with total income in this respect included in the Group's combined financial statements for the year ended 31 December 2021 of €88 million;
- other structures considered as non-material for the Group, which are presented in Note 9.3.1, "Shares in property companies" and Note 9.3.2, "Other equity interests".

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Notes to the income statement
and segment reporting

Note 28

Net financial income (life and non-life)

<i>In € thousands</i>	2021			2020
	Non-life	Life	Total	
Investment revenues	499,615	1,216,862	1,716,477	1,754,323
Other investment income	32,281	71,978	104,259	82,237
Internal and external investment management costs and interest	(70,844)	(62,470)	(133,314)	(215,338)
Other investment expenses	(149,922)	(187,052)	(336,974)	(363,354)
Net investment income	311,130	1,039,318	1,350,448	1,257,869
Realised gains on investments	494,529	501,858	996,387	1,171,110
Realised losses on investments	(177,399)	(155,549)	(332,948)	(715,947)
Realised gains and losses on investments	317,130	346,309	663,439	455,163
Adjustments on unit-linked policies (capital gains)		716,213	716,213	496,552
Adjustments on unit-linked policies (capital losses)		(69,973)	(69,973)	(411,380)
Adjustments on unit-linked policies		646,240	646,240	85,172
Net financial income	628,260	2,031,867	2,660,127	1,798,203
Of which total investment income	1,026,425	2,506,911	3,533,336	3,504,222
Of which total investment expenses	(398,165)	(475,044)	(873,209)	(1,706,019)

Note 29

Non-recurring income (expense)

The main components of non-recurring income (expense) were as follows:

<i>In € thousands</i>	2021	2020
Tax and social security (URSSAF) litigation	(18,002)	12,828
Indemnity settlement ¹	(20,000)	
Provision for impairment	(46,341)	
FFA Covid-19 solidarity fund contributions		(33,578)
Other non-recurring income and expenses	2,531	(102)
Non-recurring income (expense)	(81,812)	(20,852)

¹ Resulting from the settlement agreement with SCOR (see "Significant events").

Note 30

Segment reporting

30.1 Non-life insurance technical account

<i>In € thousands</i>	2021					2020
	Gross transactions	Outwards reinsurance	Net transactions	Inter-segment transfers	Net transactions after elimination of inter-segment transfers	
Earned premiums	13,378,782	(1,125,432)	12,253,350		12,253,350	11,695,322
Premiums	13,492,982	(1,133,579)	12,359,403		12,359,403	11,637,754
Change in unearned premiums	(114,200)	8,147	(106,053)		(106,053)	57,568
Net financial income	449,223		449,223	6,683	455,906	432,624
Allocated investment income	449,223		449,223	6,683	455,906	432,624
Other technical income	15,884		15,884	(53)	15,831	15,432
Claims expenses	(9,295,796)	657,828	(8,637,968)		(8,637,968)	(8,451,547)
Claims and related expenses paid	(8,786,062)	705,706	(8,080,356)		(8,080,356)	(7,848,316)
Change in claims reserves	(509,734)	(47,878)	(557,612)		(557,612)	(603,231)
Other technical reserve expenses	3,867	(85)	3,782		3,782	(128,688)
Profit sharing	(6,397)	163	(6,234)		(6,234)	(27,796)
Acquisition and administrative costs	(2,956,320)	127,350	(2,828,970)		(2,828,970)	(2,757,660)
Acquisition costs	(1,691,367)		(1,691,367)		(1,691,367)	(1,644,777)
Administrative costs	(1,264,953)		(1,264,953)		(1,264,953)	(1,218,183)
Commissions received from reinsurers		127,350	127,350		127,350	105,300
Other technical expenses	(368,599)	(54,778)	(423,377)	11,671	(411,706)	(359,776)
Change in equalisation reserve	4,689	814	5,503		5,503	(61,591)
Non-life technical income	1,225,333	(394,140)	831,193	18,301	849,494	356,320
Employee profit sharing			(65,404)		(65,404)	(40,101)
Net investment income excluding share allocated to technical income			167,754	4,600	172,354	132,834
Operating income before goodwill amortisation and impairment			933,543	22,901	956,444	449,053
Inter-segment transfers				(22,901)	(22,901)	(35,749)
Economic operating income before goodwill amortisation and impairment			933,543		933,543	413,304

30.2 Life insurance technical account

<i>In € thousands</i>	2021					2020
	Gross transactions	Outwards reinsurance	Net transactions	Inter-segment transfers	Net transactions after elimination of inter-segment transfers	
Premiums	5,684,890	(54,192)	5,630,698		5,630,698	3,838,628
Investment income	1,790,730		1,790,730	(32)	1,790,698	1,878,050
Adjustments on unit-linked policies (capital gains)	716,213		716,213		716,213	496,552
Other technical income	86,785		86,785	(25,141)	61,644	57,300
Claims expenses	(5,718,493)	44,666	(5,673,827)		(5,673,827)	(4,666,309)
Claims and related expenses paid	(4,349,801)	51,297	(4,298,504)		(4,298,504)	(4,573,047)
Change in claims reserves	(1,368,692)	(6,631)	(1,375,323)		(1,375,323)	(93,262)
Technical reserve expenses	(107,704)	(5,040)	(112,744)		(112,744)	1,164,895
Change in life insurance reserves	1,129,856	(5,214)	1,124,642		1,124,642	1,494,012
Change in unit-linked reserves	(1,237,568)		(1,237,568)		(1,237,568)	(329,422)
Change in other reserves	8	174	182		182	305
Profit sharing	(1,055,495)		(1,055,495)		(1,055,495)	(923,987)
Acquisition and administrative costs	(433,367)	3,503	(429,864)		(429,864)	(297,224)
Acquisition costs	(294,207)		(294,207)		(294,207)	(181,174)
Administrative costs	(139,160)		(139,160)		(139,160)	(120,138)
Commissions received from reinsurers		3,503	3,503		3,503	4,088
Other technical expenses	(89,901)		(89,901)	(147)	(90,048)	(86,867)
Investment expenses	(416,911)		(416,911)	11,840	(405,071)	(730,477)
Adjustments on unit-linked policies (capital losses)	(69,973)		(69,973)		(69,973)	(411,380)
Investment income transferred	(96,287)		(96,287)	(873)	(97,160)	(78,001)
Life technical income	290,487	(11,063)	279,424	(14,353)	265,071	241,180
Employee profit sharing			(4,085)		(4,085)	(2,749)
Net investment income excluding share allocated to technical income			96,287	873	97,160	78,001
Operating income before goodwill amortisation and impairment			371,626	(13,480)	358,146	316,432
Elimination of inter-segment transfers				13,480	13,480	6,415
Economic operating income before goodwill amortisation and impairment			371,626		371,626	322,847

30.3 Income from other activities

<i>In € thousands</i>	2021			2020
	Net transactions	Other inter-segment transfers	Net transactions after elimination of inter-segment transfers	
Revenue	164,114	(37,762)	126,352	113,463
Other operating income	6,347		6,347	5,069
Operating expenses	(142,960)	28,341	(114,619)	(133,627)
Operating income	27,501	(9,421)	18,080	(15,095)
Net financial income (expense)	4,619		4,619	(3,116)
Operating income before goodwill amortisation and impairment	32,120	(9,421)	22,699	(18,211)
Elimination of inter-segment transfers		9,421	9,421	29,334
Economic operating income before goodwill amortisation and impairment	32,120		32,120	11,123

30.4 Technical reserves by category

30.4.1 Gross life technical reserves by category

<i>In € thousands</i>	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	3,808		28,428	458,353	26,650	20,481	7,032
Insurance reserves	1,272,549		31,261	48,578,191	1,751,215	215,118	327,041
Equalisation reserves				106		81,333	9,990
Technical reserves for unit-linked policies							
Profit-sharing reserve				3,073,239		109	2
Other technical reserves			5,062	432	3,936		1,634
Total	1,276,357		64,751	52,110,321	1,781,801	317,041	345,699

30.4.2 Gross non-life technical reserves by category

<i>In € thousands</i>	Direct business							
	Personal injury		Motor		Property damage		Natural catastrophes	General third-party liability
	Individual policies	Group policies	Third party liability	Damage	Personal	Commercial		
Unearned premium reserves	230,333	57,947	331,206	815,280	626,021	266,031	63,610	27,461
Claims reserves	460,598	307,508	7,936,088	1,315,302	1,697,954	2,168,949	1,017,635	1,565,783
Equalisation reserves		74,159		64,792	294,115	48,338	1,291	73
Profit-sharing reserve		8,450		38,420		5,246		
Other technical reserves	99,687	474,637	1,779,334	7,545	74,361	83,858	16,148	86,714
Total	790,618	922,701	10,046,628	2,241,339	2,692,451	2,572,422	1,098,684	1,680,031

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			
1,066		275	6,671			552,764	1,445,211	1,997,975	
136		208,324	471			52,384,306	180,232	52,564,538	
						91,429		91,429	
7,773,738	242,031	67,098				8,082,867		8,082,867	
		1,588				3,074,938	21,627	3,096,565	
		600	7,019			18,683	50	18,733	
7,774,940	242,031	277,885	14,161			64,204,987	1,647,120	65,852,107	

Direct business									Inwards reinsurance	Total
Legal protection	Assistance	Miscellaneous financial loss	Transport	Construction		Surety	Freedom to provide services	Total Direct business		
				Damage	Third party liability					
89,985	80,198	49,647	13,813		39,745		436,118	3,127,395	78,237	3,205,632
190,460	16,925	71,772	69,305	637,456	3,315,446	4,459	100,488	20,876,128	756,207	21,632,335
								482,768	494,185	976,953
1,237	2,518	17,655					25,290	98,816	10	98,826
			410		46		4	2,622,744	11,058	2,633,802
281,682	99,641	139,074	83,528	637,456	3,355,237	4,459	561,900	27,207,851	1,339,697	28,547,548

30.5 Breakdown of earned premiums

By geographical area (according to the head office location of Group entities)

In € millions

Earned premiums	France ¹	International	Of which Italy	Of which United Kingdom	Of which other	Total
2020	14,729	1,893	886	849	158	16,622
2021	17,111	1,953	912	913	128	19,064

¹ Including SLI/SGLRI inwards reinsurance carried by the French entity Covéa Coopérations in 2021.**By type of cover**

In € millions

Earned premiums	LIFE											Inwards reinsurance	Overall total
	Direct business										Total		
	Capitalisation policies		Individual insurance			Group insurance		Unit-linked policies		Pension savings plans (PERPs)			
	Single/flexible premium	Recurring premium	Protection	Savings (single/flexible premium)	Savings (recurring premium)	Protection	Savings	Single/flexible premium	Recurring premium				
2020	109		146	2,595	122	70	14	739	10	36	3,841	55	3,896
2021	44		152	2,708	109	74	16	1,162	9	53	4,327	1,358	5,685
% 2021 overall total	0.78		2.67	47.63	1.92	1.31	0.28	20.44	0.15	0.93		23.89	100.00

Primes acquises	NON-LIFE											Inwards reinsurance	Overall total
	Direct business										Total		
	Personal injury		Motor		Property damage		Third party liability	Transport	Construction	Other			
	Individual	Group	Third party liability	Damage	Personal	Commercial							
2020	1,266	848	1,300	3,455	2,060	1,282	339	50	439	1,287	12,326	400	12,726
2021	1,293	896	1,340	3,523	2,122	1,394	385	57	559	1,314	12,883	496	13,379
% 2021 overall total	9.66	6.70	10.02	26.33	15.86	10.42	2.88	0.42	4.18	9.82		3.71	100.00

Note 31

Staff costs and headcount

	2021 ¹	2020
Staff costs (in € thousands)^{1/2}	1,493,452	1,344,051
Headcount (full-time equivalents) ^{1/2}	18,078	16,736
— Non-managerial employees	9,409	8,275
— Managerial employees	8,669	8,461

¹ Staff costs and headcount for combined and fully consolidated companies.² At 31 December 2021, staff costs and headcount included transfers of staff from unconsolidated to consolidated entities as a result of mergers of structures. With an equivalent scope at 31 December 2020, staff costs would have been €1,431 million for a headcount of 18,222 staff, including those working under apprenticeship or professional development contracts.³ Headcount expressed in full-time equivalents (FTEs), calculated as an average over the months of the accounting year, referring to the updated procedures as set out in Article D.123-200 of the French Commercial Code applicable at 31 December 2021, henceforth excluding staff working under apprenticeship or professional development contracts (210 FTEs in 2020).

The headcount of unconsolidated entities dedicated to management activities, whose staff are not included in the above data, is 4,554 employees.

The breakdown of this headcount is as follows:

- MAAF economic interest groups: 2,801 employees;
- MMA Gestion: 70 employees;
- Covéa Insurance Services Limited: 1,683 employees.

Note 32

Remuneration of corporate officers

Remuneration paid to members of Covéa's board 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 €3,299 thousand.

Note 33

Statutory Auditors' fees

Amounts excluding taxes,
in € thousands

	2021				Total
	PwC ¹		Mazars ¹		
	Statutory Auditors in France	Members of the Statutory Auditors' network ²	Statutory Auditors in France	Members of the Statutory Auditors' network ²	
Statutory audit of financial statements					
— Covéa SGAM	231		231		462
— Fully or proportionally consolidated subsidiaries	2,565	962	892	23	4,442
Subtotal	2,796	962	1,123	23	4,904
Other services					
— Covéa SGAM	67		50		117
— Fully or proportionally consolidated subsidiaries	309	682	123		1,114
Subtotal	376	682	173		1,231
Total	3,172	1,644	1,296	23	6,135

¹ Statutory Auditors of Covéa's combined financial statements.

² Fees recorded for the statutory audit of subsidiaries' financial statements and for other services provided to subsidiaries 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, 2021)

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, 2021.

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, 2021 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, 2021 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. Some of these 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 €21,632 million in the Group balance sheet as at December 31, 2021. 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 methods such as development triangle 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 business interruption claims settlement related to the Covid-19 pandemic occurred in 2020.

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 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 likely to affect cost forecasts for the financial year.
- 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 €60,648 million at December 31, 2021, of which €52,565 million for policies in Euros and €8,083 million for unit-linked policies.

These reserves, mostly consisting of mathematical reserves, represent the difference between the present value of commitments respectively made by the insurer and those made by policyholders, in direct business, or by the reinsurer and the reinsured companies, in assumed business. 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 (global management reserve, minimum guarantee reserve).

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, 2021 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 €7,391 million at December 31, 2021.

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, 2021, our firms were in the nineteenth consecutive year of their engagement and the fourth 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 14, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Courrèges

MAZARS
Christophe Berrard

Printing

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 CO₂ 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.



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GROUP

MUTUAL GROUP INSURANCE COMPANY

governed by the French Insurance Code

RCS Paris 450 527 916

86-90, rue Saint-Lazare - 75009 Paris

www.covea.eu

@groupecovea on    