

Group tax policy

CNP Assurances

May 2024



Summary

CNP Assurances Group's tax policy aims to harmonise tax practices at Group level, while preserving specific local practices and observing the Group's compliance rules. The Group's tax policy covers all taxes and duties provided for by the tax regulations of the countries in which CNP Assurances operates.

1. Principles.....	3
1.1. Description of CNP Assurances Group and context	3
1.2. Scope	3
1.3. Guiding principles.....	4
1.4. Role of the CNP Assurances Group Tax Department.....	5
 2. GOVERNANCE AND CONTROL PROCEDURES	6
2.1 In France.....	6
<i>2.1.1 First-level controls within the Group Tax Department.....</i>	<i>6</i>
<i>2.1.2 First-level controls within the company's business divisions and subsidiaries</i>	<i>6</i>
2.2 In the Group	7
 3. IMPLEMENTATION PROCEDURES	8
3.1 Implementation strategy.....	8
3.2 Transfer pricing	8
3.3 Fiscal transparency	9
<i>3.3.1 Compliance with national and international tax rules.....</i>	<i>9</i>
<i>3.3.2 Compliance with investment rules in high-risk countries.....</i>	<i>10</i>
<i>3.3.3 Other tax transparency commitments.....</i>	<i>11</i>
3.4 Tax monitoring	12

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1. PRINCIPLES

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1.1. Description of CNP Assurances Group and context

A leading player in the French personal insurance market, CNP Assurances operates in several countries in Europe and Latin America, where it is very active in Brazil.

As an insurance, coinsurance, and reinsurance provider, CNP Assurances designs innovative personal risk/protection and savings/retirement solutions. At the end of 2023, the company had 36 million policyholders in personal risk/protection insurance worldwide and 14 million in savings/retirement. In accordance with its business model, its solutions are distributed by multiple partners and adapt to their physical or digital distribution method and to the needs of customers in each country.

CNP Assurances Group is a significant taxpayer with more than €700m in corporate tax paid around the world in 2023, around half of which in France¹. CNP Assurances is also a major tax collector with more than €1000m in taxes payable by policyholders in France alone in 2023.

CNP Assurances is strongly committed to corporate social responsibility through its signing of the United Nations Global Compact in 2003. It defines its tax policy by seeking to comply with the rules applicable in the countries in which the Group operates.

1.2. Scope

This policy applies to CNP Assurances and all of its consolidated insurance subsidiaries that are more than 50%-owned.

This tax policy is in line with the key guidelines set by La Banque Postale.

Some French subsidiaries are managed directly by the Group Tax Department, while others manage their own tax production (tax return and payment of taxes on their own behalf and of taxes collected from clients).

The local executive managers of the subsidiaries are wholly responsible for tax decisions made with regard to their tax authorities.

¹ Tax paid in France to the lead company (La Poste SA) of the tax consolidation group of which CNP Assurances and its subsidiaries are members.

1.3. Guiding principles

CNP Assurances Group's tax policy aims to harmonise tax practices at Group level, while preserving specific local practices and observing the Group's compliance rules. The Group's tax policy covers all taxes and duties provided for by the tax regulations of the countries in which CNP Assurances Group operates (income tax, taxes on insurance premiums, the corporate Social Security and Solidarity Contribution (C3S) in France, etc.).

CNP Assurances' tax policy is in line with that of its parent company, La Banque Postale.

Limiting the tax burden

For all transactions, the Group Tax Department seeks the least expensive solution for CNP Assurances and its subsidiaries, while excluding transactions performed primarily for tax purposes. This principle applies both to corporate taxes and for the taxes payable by clients.

Prohibiting transactions performed primarily for tax purposes

These are transactions or series of transactions that are either fictitious or which have no real (i.e. substantial and justified) economic or asset management purpose. Accordingly, the purpose of the transaction, be it performed for economic or asset management reasons, must be non-artificial, consistent, credible and in compliance with the intentions of the legislator.

Acting as a responsible taxpayer

CNP Assurances acts as a responsible taxpayer under the different laws of the countries in which it operates.

Consequently, CNP Assurances and its subsidiaries are obliged to comply with all French or foreign tax regulations applicable to transactions performed on behalf of its clients (client taxation) and on its own behalf (corporate taxation).

CNP Assurances and its subsidiaries strive to implement national and international standards that promote greater transparency and efficiency in the fight against tax evasion and avoidance. CNP Assurances carries out the due diligence required to implement the recommendations of the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), its implementation at European level through the Directive on Administrative Cooperation (DAC), and the US Foreign Account Tax Compliance Act (FATCA).

No Group offices may be established in the Non-Cooperative States and Territories referred to in Article 238-0 A of the French General Tax Code. Group entities must also comply with any equivalent list provided for in local legislation. They must also comply with rules relating to investments or financial transactions with high-risk countries (see Chapter 3.3.2).

1.4. Role of the CNP Assurances Group Tax Department

The tax function is centralised within the CNP Assurances Group Tax Department, a support function reporting to the Finance Department, and is independent of the company's business lines and subsidiaries.

The Group Tax Department ensures compliance with the tax rules applicable to the company, tax return and the payment of taxes and duties on its own behalf, as well as the payment of taxes due by policyholders and collected by the company.

The Group Tax Department assists the business lines in structuring the tax aspects of their activity, particularly in connection with external growth plans.

If necessary, the Group Tax Department may request external assistance from consultancies.

With regard to the tax authorities, the Group Tax Department:

- Is **the main point of contact** in the event of a tax audit of CNP Assurances or of companies for which it submit tax returns. Strives to maintain a high-quality professional relationship while defending the company's rights and duties in compliance with the regulations.
- Handles prior claims to the tax authorities on behalf of CNP Assurances or the companies for which it manages tax filings. Ongoing disputes may be the subject of litigation proceedings, and the procedure will be initiated by the Group Head of Tax.

Finally, the Group Tax Department oversees the management of tax risks at Group level (see Chapter 2).

For the scope of CNP Assurances alone, the Group Legal Department is responsible for interpreting tax rules concerning the taxation of insurance products, their exact wording in documents intended for policyholders and the associated tax monitoring.

The Group Tax Department ensures that the principles of the tax policy relating to the taxation of insurance products are communicated to the Legal Department, in particular

regarding the ban on marketing products primarily for tax purposes and compliance with tax evasion regulations (FATCA/CRS, etc.).

The Group Tax Department is also responsible for filing tax returns and paying the taxes borne by policyholders.

2. GOVERNANCE AND CONTROL PROCEDURES

The necessary controls, including level one and level two controls as per the periodic review, are proportionate to the risks incurred and the effective implications of each transaction in financial and image terms.

2.1 In France

2.1.1 First-level controls within the Group Tax Department

First-level controls are performed through hierarchical reviews within the Group Tax Department for tax-related activities directly managed by the department, including monitoring, advisory services to business units and subsidiaries, as well as tax filings and payments.

These controls are documented by approvals on each memo, document, tax return, or payment issued by the Group Tax Department, according to the four-eyes principle.

2.1.2 First-level controls within the company's business divisions and subsidiaries

First-level controls in the company's business divisions and subsidiaries:

- First-level control is carried out in the Business Divisions and in the Divisions of the subsidiaries in accordance with the internal control procedures they normally apply;
- These controls must be documented so that they can be reviewed and so as to provide an audit trail.

Ensuring the accuracy of tax filings and payments under the responsibility of the Group Tax Department requires, as a prerequisite, first- and/or second-level controls, understood as periodic reviews of data provided by contributing departments.

The contributing departments are those in possession of the basic or aggregated data that are used and/or transformed by the Group Tax Department to comply with the applicable tax rules. These departments must ensure at their level that the data transmitted are traceable and that audit trails are maintained.

The Group Tax Department must be systematically notified of any proposed modification of the management or accounting systems that directly or indirectly affects tax returns so that it can be involved in the work.

Any anomaly detected by the contributing departments must be reported to the Group Tax Department, with the corrective action plans to be implemented and the corresponding completion dates.

The contributing departments for the Group Tax Department include (non-exhaustive list):

- Accounting Department;
- Performance Oversight Department;
- Human Resources Department;
- Group Legal Department;
- Business Units;
- Client Experience, Digital Services and Data Department;
- Investment Department.

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2.2 In the Group

CNP Assurances has a Group Tax Department to ensure the management of tax matters at the level of the Group, which comprises the insurance subsidiaries based in France, Brazil, Argentina, Italy, Spain, Ireland, Cyprus, Greece, and Luxembourg and their branches.

The Group Tax Department's objective is to provide CNP Assurances' senior management with a Group-wide tax vision by:

- Managing tax risks at Group level;
- Anticipating tax issues in cross-border transactions;
- Establishing shared practices at Group level;
- Sharing best practices.

Tax risk means: a risk incurred by CNP Assurances and its subsidiaries in the course of their activities due in particular to:

- A failure or delay in the filing of tax returns or payment of the taxes to which they are subject;
- A failure or misinterpretation in the application of the regulations;
- Failure or incorrect implementation of new tax systems: regulations, legal developments, filing/reporting obligations, etc.

Tax risk management is pursued through a comprehensive system that includes the following components:

- *Pre-closing* review (for the most significant subsidiaries listed by the Group Tax Department) and *Closing* review for insurance subsidiaries of the Group;
- Detailed analysis of the key transactions carried out by these subsidiaries;
- Exchanges on country-specific tax regulatory changes;
- Dedicated workshops on tax topics of specific interest to the Group.

The Group Tax Department thus exercises a second-level control over its subsidiaries in order to anticipate tax risks and inform the Group functions and the management of the subsidiaries concerned of corrective action if necessary.

This control can be carried out directly by members of the Group Tax Department, but it also relies on an external service provider operating through its local correspondents in countries relevant to CNP Assurances and possesses the tax expertise required to address local issues. This service provider issues a report at the end of each *Pre-Closing* and *Closing* review phase.

Each subsidiary appoints a tax manager who is the contact of the Group Tax Department for the subsidiary or a set of subsidiaries and sub-subsidiaries, in particular for the preparation of reports and the accompanying exchanges.

The Group Tax Department is informed of ongoing tax audits of subsidiaries, notably through the bilateral exchanges with their correspondents or feedback via *Pre-Closing* and *Closing* reviews.

An annual seminar is also organized by the Group Tax Department, in person or by videoconference, with the main subsidiaries. These exchanges improve the alignment of the subsidiaries' approaches to common tax issues and enable the sharing of best practices within the Group.

3. IMPLEMENTATION PROCEDURES

3.1 Implementation strategy

The location of subsidiaries is primarily justified by an economic and business interest, and most often by the presence of a local business partner.

As a result, the Group's international expansion is mostly achieved by establishing long-term joint ventures with partners – generally banks – that are well established in their markets and boast an extensive distribution network. This is the case with Caixa Econômica Federal in Brazil, UniCredit in Italy, and Santander Consumer Finance in Ireland, for example.

Overall, CNP Assurances Group performs relatively few cross-border transactions involving transfer pricing. These cross-border transactions are mainly carried out to provide assistance to certain subsidiaries on request, when they do not have the necessary resources to develop some of their activities.

The main transactions concern:

- Reinsurance treaties ;
- Financial operations related to advances or loans ;
- The provision of staff (managers and technical experts) ;
- The provision of IT tools, particularly within the framework of Solvency II ;
- Various forms of assistance (office management, internal audit, etc.).

In terms of transfer pricing, CNP Assurances is committed to complying with OECD principles (in particular arm's length price) as well as all the requirements laid down by local tax regulations.

The Master file to be produced annually, which describes the Group's transfer pricing policy, goes back to the level of the lead entity of the group, which, from a tax point of view, is La Poste.

3.3 Fiscal transparency

3.3.1 Compliance with national and international tax rules

CNP Assurances strives to implement the latest national and international tax standards that promote a greater transparency and efficiency in the fight against tax evasion and avoidance.

In addition to the aforementioned elements, CNP Assurances carries out the due diligence required to implement the recommendations of the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), its implementation at European level through the DAC, and the US tax regulation FATCA.

The BEPS action plan consists of a set of recommendations proposed by the OECD under the OECD/G20 BEPS Project for a coordinated international approach to combating tax avoidance by multinational companies.

These measures aim to establish a single set of international tax rules to put an end to the erosion of tax bases and the artificial transfer of profits to certain countries or territories in order to avoid tax.

BEPS includes recommendations adopted by the European Union and aimed at:

- Establishing a framework for administrative cooperation in the field of taxation (DAC),
- Proposing the automatic exchange of information on certain categories of income (DAC 1),
- Implementing the automatic exchange of information on financial accounts (Common Reporting Standard, CRS, DAC 2),
- Automatically exchanging tax decisions (BEPS action 12, DAC 3),
- Automatically exchanging information on Country-By-Country Reporting by multinational companies (CBCR, BEPS Action 13, DAC 4),
- Identifying the beneficial owners (access to AML/CFT information by tax authorities, DAC 5),
- Identifying potentially tax-aggressive cross-border arrangements and exchanging information between tax authorities (DAC 6),
- Strengthening tax cooperation for digital platforms (DAC 7).

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3.3.2 Compliance with investment rules in high-risk countries

CNP Assurances implements several codes and policies to enhance its business ethics, including efforts to combat tax fraud, which apply at Group level, and rules relating to investments in (or financial transactions with) high-risk countries.

These rules are intended to meet the following objectives:

- Ensure compliance with embargo regulations;
- Ensure compliance with AML/CFT regulatory obligations;
- Ensure compliance with regulations on tax havens and CNP Assurances' responsible investor policy;
- Incorporate country governance criteria and comply with the principles of the Global Compact.

Nine lists are used to draw up the list of sensitive countries:

- List of Countries subject to international financial sanctions;
- List of high-risk countries published by Caisse des Dépôts;
- FATF list of High-Risk Jurisdictions subject to a Call for Action (FATF list 1);
- FATF list of Jurisdictions Under Increased Monitoring (FATF list 2);
- List of high-risk third countries;
- Non-Cooperative States and Territories as referred to in Article 238-0 A of the French General Tax Code;
- European Union tax havens blacklist;
- Additional list of tax havens;

- Non-democratic or corrupt countries.

The full list of prohibitions can be found in the Compliance and CSR Supervisory Standards for investments and insurance activities in sensitive countries.

Regarding compliance with regulations on tax havens and CNP Assurances' responsible investor policy, the Group bans any investment in:

- **Non-Cooperative States and Territories (NCSTs) as referred to in Article 238-0 A of the French General Tax Code:** States and Territories whose situation with regard to transparency and the exchange of information in tax matters has been examined by the Organization for Economic Cooperation and Development and which, at the date, have not concluded with France, or with at least twelve other States or territories, an agreement on administrative assistance permitting the exchange of any information necessary for the application of the tax legislation of the parties, are considered as non-cooperative.
The list of NCSTs is set by a decree issued by the Ministers of the Economy and the Budget after consultation with the Minister for Foreign Affairs.
- **The EU blacklist of non-cooperative jurisdictions for tax purposes:** these are countries that have refused to engage in dialogue with the EU or to remedy shortcomings in terms of good tax governance.

In addition to the ban on investing in these NCSTs and countries mentioned on the EU's blacklist of non-cooperative jurisdictions for tax purposes, CNP Assurances refrains from developing any business activity there.

3.3.3 Other tax transparency commitments

CNP Assurances publishes its tax proof at Group level in the notes to its consolidated financial statements. The tax proof accounts for the difference between the theoretical income tax expense (profit before tax multiplied by the current tax rate), and the actual income tax expense.

CNP Assurances also discloses the corporate tax expense by geographical area in its Universal Registration Document.

CNP Assurances produced Country-By-Country-Reporting (CbCR) for the Group for the fiscal years from 2016 to 2019. Since 2020, the CNP Assurances Group declaration has been produced by the head of the tax consolidation group, which is La Poste.

CNP Assurances also fulfils its reporting obligations relating to the US FATCA regulations and the Common Reporting Standard (**CRS**).

CNP Assurances has complied with DAC 6 for the reporting of potentially tax-aggressive cross-border tax arrangements since 2021.

3.4 Tax monitoring

The Group Tax Department strives to keep its knowledge up to date to ensure it delivers the best services, notably thanks to active tax monitoring.

It regularly distributes its analysis of each regulatory change impacting CNP Assurances' activities to the business lines.

Tax monitoring on the countries in which the Group operates is set up and shared with the subsidiaries and branches. This monitoring identifies changes that may impact the Group's entities in their business sector.

The Group's entities organize local tax monitoring. CNP Assurances recommends that they call upon external advice as necessary to ensure that tax rules are properly understood and correctly applied.

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a more
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