Extracts

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF CNP ASSURANCES FOR THE YEAR ENDED 31 DECEMBER 2016

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1. Significant events of the year

1.1. First half

US$500 million private placement

On 15 January 2016, CNP Assurances placed a $500 million subordinated note with a major institutional investor. The note was issued in response to a specific request from the investor. The proceeds will support business growth and strengthen the Group's balance sheet. This success once again demonstrates the quality of CNP Assurances' signature.
The fixed-for-life issue will pay a 6% coupon in dollars which, after being swapped for euros, is in line with the interest rate of the last notes issued by CNP Assurances in December 2015. The final maturity is 33 years, with a first call date after 13 years.
The issue has been structured to qualify as equity and will be eligible as Tier 2 capital under Solvency II.

CNP Assurances' A rating affirmed with a stable outlook

Following its annual rating review, Standard & Poor's affirmed CNP Assurances' A rating with a stable outlook.
In its report, Standard & Poor's highlighted the Group's strong competitive position as leader of France's life insurance market, its significant financial headroom evidenced by the capital support of its core shareholders and its proven ability to raise funds on the bond markets. The A rating with a stable outlook extends to CNP Caution, which is wholly owned by CNP Assurances and is considered as a core subsidiary by Standard & Poor's.

Developments concerning the partnership with the Crédit Agricole Group

On 9 March 2016, the Crédit Agricole Group announced its "Strategic ambitions for 2020" plan, which includes in-sourcing the Regional Banks' term creditor insurance business.
For information, regarding CNP Assurances, the average contribution from the partnership with Crédit Agricole to the recurring EBIT of CNP Assurances has been €30 million over the last three years, i.e., around 2% of EBIT France.

Distribution partnerships between CNP Assurances and La Banque Postale

In December 2015, CNP Assurances and La Banque Postale announced the signature of a preliminary memorandum of understanding for the renewal of their partnership as of 2016 for a further period of 10 years.
The framework partnership agreement was signed on 25 March 2016.
The framework agreement covers the following aspects:

- in life insurance:
    - renewal of the partnership for a period of 10 years as of 1 January 2016, with the scope widened to include BPE, La Banque Postale's wealth management subsidiary.
- in personal risk/protection insurance:
    - implementation with La Banque Postale of a 10-year direct partnership in term creditor insurance for mortgage loans, with CNP Assurances substituted for La Banque Postale Prévoyance for this segment;
    - sale to La Banque Postale on 28 June 2016, after the conditions precedent were met, of CNP Assurances' stake in La Banque Postale Prévoyance, which will continue to write individual personal risk business.

The renewed partnership between CNP Assurances and La Banque Postale is fully in keeping with their respective strategies.

Developments concerning the partnership between AG2R LA MONDIALE and CNP Assurances

Following the signature of a framework contract on 11 December 2015, CNP Assurances and AG2R LA MONDIALE announced on 4 April 2016 the start of operations in the field of private pensions of their strategic partnership joint venture, Arial CNP Assurances.

The operation has been approved by France's insurance supervisor (*Autorité de contrôle prudentiel et de résolution* – ACPR) and anti-trust authorities (*Autorité de la concurrence* – ADLC).

The partnership has taken the form of a 39.95% investment by CNP Assurances in Arial Assurance, a subsidiary of AG2R LA MONDIALE.

Renamed Arial CNP Assurances, the company combines the teams, resources and business portfolios of the two partners, who have also signed management agreements covering support services. The employees of CNP Assurances' Pension Solutions BU (excluding Préfon) will be made available to Arial CNP Assurances, which aims to become the leading company retirement savings plan provider. The purpose of the joint venture is to manage private pension schemes for nearly 20,000 companies ranging from SMEs to companies leading the CAC40, i.e., almost €12 billion in technical reserves. For its development, Arial CNP Assurances will take advantage of the financial strength and expertise of its two shareholders: AG2R LA MONDIALE, the number-one social protection group and leader in the field of private pensions, and CNP Assurances, the number-one provider of personal insurance in France.

The governance of Arial CNP Assurances reflects the balance between the two groups within the joint venture, with the composition of the Board of Directors representing the respective stake of each partner. Frédéric Lavenir, CEO of CNP Assurances, serves as Chairman and André Renaudin, CEO of AG2R LA MONDIALE, as Vice Chairman. Operational governance is shared between the two groups.

Signature of an agreement to acquire 51% of Pan Seguros and Pan Corretora

On 21 April 2016, CNP Assurances announced that it had entered into an agreement to acquire a 51% stake in Pan Seguros (excluding its large risks P&C portfolio) and Pan Corretora from Banco BTG Pactual ("BTGP"). Caixa Econômica Federal ("CEF") indirectly holds 49% in both companies.

Acquisition of Barclays Vida & Pensiones business in Italy

In June 2016, CNP Partners, the Spanish subsidiary of CNP Assurances which also has operations in Italy through its CNP Partners Italia branch, announced that it had completed the acquisition of the insurance book of BVP Italia, the Italian branch of Barclays Vida & Pensiones.

The transaction concerns BVP Italia's entire business, which mainly comprises the savings business (including unit-linked contracts for 40%) and a term creditor insurance book managed on a run-off basis, representing total assets of some €700 million.

It is in line with CNP Partners' strategic goal of stepping up the pace of growth in Italy, in both the protection segment (term creditor insurance, personal risk insurance) and the premium savings market. Representing an investment of less than €10 million, the transaction will make a positive contribution to CNP Partners' bottom line from day one.

Agreements with the Bank of Cyprus

Following the financial crisis in Cyprus in March 2013 and the subsequent restructuring of the banking sector, including the winding up of Laiki Bank, a dispute arose when the Bank of Cyprus refused to recognise the agreements in place with CNP Assurances and to distribute CNP CIH products via its network. The dispute was put to arbitration and was heard by the International Court of Arbitration (ICA) in London in June 2016.

The ruling handed down by the ICA in September 2016 dismissed CNP Assurances' claim.

1.2. Second half

Memorandum of understanding with Klesia concerning a proposed distribution agreement

On 7 July 2016, CNP Assurances and Klesia, a multi-occupational social insurance provider, announced that they had signed a memorandum of understanding concerning a future agreement for the distribution of insurance products and services based on a shared understanding of the two groups' strategic concerns.

Through this agreement, Amétis – CNP Assurances' in-house network of 230 insurance advisors spanning the whole of France, including 70 qualified wealth managers – will offer a comprehensive range of pension, personal risk and health insurance products and related services to self-employed individuals and to Klesia's client base of very small enterprises.

Closing of Meridiam Transition, a pioneering new fund set up to make long-term investments in the energy transition

On 23 August 2016, Meridiam, a leading French asset management company specialized in long-term private investment in public infrastructure in Europe and North America, and CNP Assurances announced the closing of the Meridiam Transition fund, after raising €425 million from French institutional investors in six months. The fund's objective is to invest in infrastructure projects dedicated to the environmental and energy transition.

Successful Tier 3 subordinated notes issue

On 12 October 2016, CNP Assurances successfully completed the first issue of Tier 3 euro-denominated subordinated notes by a European insurer, raising €1 billion.

The 6-year, 1.875% subordinated bullet notes due October 2022 are rated BBB+ by Standard & Poor's and rank *pari passu* with the Tier 2 subordinated notes issued in first-half 2016. The interest rate is the lowest fixed rate paid since the Group's inaugural subordinated notes issue in 1999. It is also the lowest rate ever paid by a European insurer for a subordinated notes issue denominated in euros.

The issue is designed to increase the capital available to support asset growth in Europe and Latin America, by taking advantage of the Solvency II directive which came into effect on 1 January 2016 and recognised Tier 3 notes as the least expensive form of regulatory capital. It has reduced the Group's average cost of debt by around 40 bps to 4.5%.

The notes were placed with 335 investors and the order book totalled €7 billion.

CNP Assurances named second best SBF 120 company for the quality of its digital communications

The Silver Medal awarded by Le Revenu magazine recognised the quality of the Individual Shareholder pages of the Group's website.

At the awards ceremony held at Palais Brongniart on 1 December 2016 and attended by representatives of the largest companies listed on the Paris stock exchange, CNP Assurances received the Silver Medal for Best Digital Communications among companies included in the SBF 120 index of the 120 largest French market capitalisations.

CNP Assurances named "Best French LP, Regional Strategy" for its performance in private equity

At the 7th Private Equity Exchange & Awards ceremony organised by the Leaders League on 8 December 2016, CNP Assurances was named Best French LP in the Regional Strategy category, in recognition of the long-term performance of its private equity portfolios. CNP Assurances is a responsible investor dedicated to financing the economy. It is one of the world's top 50 private equity investors and one of the largest in France. The results achieved through its long-term private equity strategy and the expertise of its private equity team were once again recognised at the Private Equity Exchange & Awards, with the jury of 80 international experts naming the company as Best French LP in the Regional Strategy category.

Prize for the "Best Internal Digital Transformation Strategy" awarded to CNP Assurances at the Trophées Argus de l'Assurance Digitale 2016

At the 2nd Argus de l'Assurance Digitale awards ceremony, organised by L'Argus de l'Assurance magazine on 13 December 2016, CNP Assurances received the prize for the "Best Internal Digital Transformation Strategy".

For the second year in a row, L'Argus de l'Assurance recognised the insurance companies with the most successful digital innovation strategies. The "Best Internal Digital Transformation Strategy" prize awarded to CNP Assurances recognises the contribution of groundbreaking actions and initiatives by individual people, teams and departments in driving the Group's digital transformation.

The Group was singled out for its innovative approach that consists primarily of considering individual employees as the main driver of the transformation process.

Signature by EDF, Caisse des Dépôts and CNP Assurances of a binding agreement for the acquisition by Caisse des Dépôts and CNP Assurances of a combined 49.9% stake in Réseau de Transport d'Electricité (RTE)

On 14 December 2016, EDF entered into a binding agreement with Caisse des Dépôts and CNP Assurances setting the terms and conditions of the acquisition by Caisse des Dépôts and CNP Assurances of a 49.9% indirect stake in RTE (with 29.9% to be held by Caisse des Dépôts and 20% by CNP Assurances), as well as the terms and conditions of a long-term partnership to foster the development of RTE.

The final agreed value for 100% of RTE's equity was set at €8.2 billion. Under the proposed deal structure, Caisse des Dépôts and CNP Assurances will become core shareholders of RTE alongside EDF, through the creation of a joint venture that will be 50.1%-owned by EDF and 49.9%-owned by Caisse des Dépôts and CNP Assurances.

EDF transferred all the shares making up RTE's issued capital to the new joint venture before the end of the year. The joint venture will partly finance this operation with external debt. EDF will then sell 49.9% of the joint venture's capital to Caisse des Dépôts and CNP Assurances. This second stage is expected to be completed in the first half of 2017, once anti-trust approval has been obtained.

1.3. Subsequent events

Negotiations with BTC Pactual in Brazil

On 2 February 2017, the two parties noted that the agreement was no longer valid because some of the conditions precedent had not been met.

2. Market and Business Review

2.1. Economic and financial environment

2016: the start of a new era?

A chaotic start to the year shaped by a steep correction of high risk asset prices

2016 was a year of uncertainty. Hopes of an improved economic environment that were glimpsed in late 2015 were dashed once again and fears of a recession dominated the first part of 2016. The early January announcement of a further devaluation of the yuan combined with a sharp drop in commodity prices (with oil falling to below $30 a barrel in February 2016) and slower US growth triggered a wave of panic on the stock markets which lost 15% to 20% by mid-February 2016. The steep correction was accompanied by widening credit spreads, especially in the US mining and energy sectors and in emerging markets.

A spring rebound driven by central bank intervention

As has regularly been the case in recent years, it took central bank intervention to bring volatility back under control. The announcement in mid-February 2016 by the governor of the People's Bank of China that the Chinese authorities were determined to stabilise the yuan represented a turning point. Then in March 2016, the Fed's decision to leave interest rates unchanged, followed by the ECB's decision to step up its bond purchases and increase its lending provided a measure of relief to investors. These decisions, combined with resilient US employment figures and improved European growth (0.7% in the first quarter) helped to drive a recovery in the prices of assets that had been under the greatest pressure (stocks, commodities and emerging market assets).

Renewed fears triggered by the UK referendum allayed by a macro-economic upturn

The spring revival quickly came up against escalating political risks in the run-up to the UK referendum and, above all, the lack of momentum in the manufacturing sector which weighed heavily on global economic activity due to massive inventory drawdowns and a decline in international trade. These two components – inventories and exports – adversely affected growth statistics for the second quarter and depressed leading indicators, triggering fears of a post-referendum slump in economic activity in the event of a vote in favour of Brexit.

With the announcement of the UK's decision to leave the European Union, stock prices did indeed fall as investors switched to safe-haven assets (gold, government bonds) in the last week of June 2016. Fortunately, the sharp rebound in the real economy, as illustrated by indicators such as the 270,000 jobs created in the United States, acted as a counter-weight to this period of political uncertainty as from early July. In addition, the strong improvement in leading indicators (ISM manufacturing index, Purchasing Managers Index, IFO business climate index) and retail sales figures presaged a marked improvement in third-quarter growth not only in the United States (where annualised growth was 3.2% versus 1.2% in the first half) but also in Japan and in the UK despite the vote in favour of Brexit. The trend continued in September 2016 and gained momentum in November 2016 when global PMIs reached their highest level for the year.

A promising outlook supported by Donald Trump's programme to revive the US economy

The macro-economic rebound enabled the markets to overcome the political risks and enter a new phase during the summer, shaped by higher inflation (led by commodity prices), steeper yield curves (due to rising long-term interest rates) and renewed growth in corporate earnings projections. The trend accelerated with the surprise victory of Donald Trump whose budgetary and fiscal stimulus programme is viewed as having the potential to drive faster growth in 2017 and 2018.

An outperformance by bond markets, which was less pronounced in the latter part of the year

The bond markets significantly outperformed the other financial markets in first-half 2016 before losing part of their advance following the increase in US rates. The 10-year rate rose from 1.35% in July 2016 to 2.45%, while the 2-year rate surged from 0.58% at the end of June 2016 to 1.20%, reflecting a 25-bps hike in the Fed Funds rate in December 2016. The uptick spread to all of the world's yield curves, even though the ECB announced in December 2016 a 9-month extension of its bond-buying programme to December 2017, albeit with a reduced monthly ceiling (€60 billion versus €80 billion previously). The OAT rate increased from 0.10% in July 2016 to 0.69% (after peaking at 0.80%) and the 2/10-year spread widened from 65 to 135 bps. Credit indices fell consistently from their mid-February peaks, with the euro Investment Grade index narrowing from 120 bps to 72 bps (versus 80 bps at the end of 2015) and the euro High Yield index falling from 480 bps to 288 bps (versus 320 bps at end-2015). The trend was amplified in the dollar credit market, with High Yield bond prices gaining 15%.

A spurt in stock prices at the end of the year, with US indices hitting new record highs

The US stock markets took off following Donald Trump's election as President, beating one record after another. The SP500 gained nearly 12%, the Dow Jones gained 14% and midcap indices were up 20%. The rally spread to other regions, allowing core stock indices to post gains over the year (0.7% for the Eurostoxx index, 5% for France's CAC 40 index, and 3.6% for Japan's Nikkei index) despite spending most of the year in negative territory. The recovery was accompanied by a strong shift in investor focus away from defensive stocks and towards cyclical stocks, and by the outperformance of industry stocks that had previously fallen out of favour (energy, metals, financial services). Lastly, investors turned their backs on Europe in the early part of the year to invest in emerging markets. However, part of the gain in these markets was lost following the US elections and they ended the year up 9%, with the surge in the Brazilian and Russian markets offsetting the fall in the Chinese market.

Volatility was very high in the currency and commodity markets with the return to a strong dollar

Part of the fluctuation in stock values was due to exchange rates. The dollar's weakness in first-half 2016 penalised European and Japanese stocks, while its rebound at the end of the year (hitting a 15-year high against the dollar index) was good news for developed market stocks but bad news for emerging markets. The US currency ended the year up 4% against the euro and 15% against sterling but down 3% against the yen.

Lastly, the recovery in global market activity supported commodity prices, particularly energy (with oil prices rising 52% to $56) and metals (with gains of 81% for iron ore, 20% for copper and 15% for aluminium). After rallying strongly in the first half, gold prices fell back in the second and ended the year up by just 8%, while agricultural commodity prices (excluding sugar and soya) were adversely affected by last year's abundant crops. Commodity-producing emerging countries looked a lot healthier, particularly Brazil, which was helped by an 18% gain in the real against the dollar and a 50-bps decrease in the prime interest rate to 13.75%. Conversely, some countries were hit by the dollar's strength. They included Mexico, which was affected by retaliatory trade measures implemented by the United States (leading to a 15% fall in the peso and a 125-bps rise in the prime interest rate), and Turkey, which was exposed to geopolitical risks and experienced a 17% fall in its currency against the dollar.

A year that ended better than it had started despite some political surprises

2016 will go down as a year of political surprises, with the UK's vote in favour of Brexit and Donald Trump's election victory. Paradoxically, a year that started in a climate of economic and financial anxiety and stress ended with an economic upturn and a rally in high risk asset prices, fuelling optimistic predictions about global economic growth in 2017 that have yet to be confirmed.

2.2. 2016 business review

Consolidated premium income amounted to €31.5 billion, down by a slight 0.2% as reported (but up 1.4% like-for-like).

In **France**, premium income dipped by 2.1% to €24.3 billion, primarily due to the deconsolidation of La Banque Postale Prévoyance (LBPP). Led by the new CNP One range of innovative wealth management products, CNP Patrimoine's premium savings business generated premium income of €958 million (up 121%), of which 33% came from unit-linked sales to this new customer segment. Savings/Pensions net new money reflected a €1.9 billion net inflow to unit-linked contracts and a €2.1 billion net outflow from traditional savings/pensions products. In group death/disability insurance, the continuing drive to improve underwriting results led to certain employee benefits policies being terminated. The margin on new business (APE margin) held up well in an environment shaped by historically low interest rates, standing at 10.0% thanks to the improved contribution of operations.

In **Latin America**, premium income totalled €3.6 billion, an increase of 11.5% (16.9% as reported), reflecting robust demand across all business segments. In a Brazilian insurance market[(1)] up 9%, Caixa Seguradora increased its market share to 5.9%. Savings/Pensions net new money rose by 13% to €0.8 billion, substantially all of which came from sales of unit-linked contracts. The 100%-digital insurance platform, YOUSE[(2)], was successfully launched in Brazil. The new business margin (APE margin) increased by 3 points to 29.1%.

In **Europe excluding France**, premium income came to €3.7 billion, an increase of 3.0% (5.9% as reported). Savings/Pensions net new money reflected a €0.5 billion net inflow to unit-linked contracts and a €0.1 billion net outflow from traditional savings/pensions products. The new business margin (APE margin) stood at 19.3%, reflecting the solid performance by CNP Santander.

(1) Source: SUSEP

(2) **www.youse.com.br**

Premium income by country

	Premium income and revenue from other activities			
(in € millions)	2016	2015	% change (reported)	% change (like-for-like)
France	**24,251.3**	**24,776.7**	**-2.1**	**-1.3**
Italy	2,770.7	2,756.2	+0.5	+2.7
Brazil	3,548.6	3,161.1	+12.2	+16.9
Germany	431.2	357.2	+20.7	+20.7
Spain	242.0	217.7	+11.1	+18.0
Cyprus	139.0	137.0	+1.4	+1.4
Poland	56.8	47.4	+20.0	+20.0
Argentina	47.5	65.0	-26.9	+16.5
Denmark	12.9	5.8	+124.5	+124.5
Norway	11.9	14.2	-16.1	-16.1
Portugal	7.5	36.7	-79.7	-17.8
Austria	7.5	1.2	+516.5	+516.5
Ireland	0.1	0.9	-92.6	-92.6
Other International	9.3	7.7	+20.9	+20.9
Total International	**7,284.9**	**6,808.1**	**+7.0**	**+11.2**
Total	**31,536.2**	**31,584.8**	**-0.2**	**+1.4**

Average exchange rates:

At 31 December 2016: Brazil: €1 = BRL 3.86; Argentina: €1 = ARS 16.35

At 31 December 2015: Brazil: €1 = BRL 3.70; Argentina: €1 = ARS 10.25

Premium income by segment

	Premium income and revenue from other activities			
(in € millions)	2016	2015	% change (reported)	% change (like-for-like)
Savings	21,629.4	21,493.0	+0.6	+1.1
Pensions	3,299.7	3,358.7	-1.8	+0.7
Personal Risk	1,762.6	2,056.3	-14.3	-5.6
Term Creditor Insurance	4,001.0	3,806.8	+5.1	+7.2
Health Insurance	498.1	531.8	-6.4	-0.8
Property & Casualty	345.4	338.2	+2.1	+5.9
Total	**31,536.2**	**31,584.8**	**-0.2**	**+1.4**

Average exchange rates:

At 31 December 2016: Brazil: €1 = BRL 3.86; Argentina: €1 = ARS 16.35

At 31 December 2015: Brazil: €1 = BRL 3.70; Argentina: €1 = ARS 10.25

2.3. Acquisitions of controlling and other interests (Article L.233-6 of the French Commercial Code)

In 2016, the Company acquired the following controlling and other interests within the meaning of Article L.233-6 of the French Commercial Code:

	% interest at 31 December 2016	% interest at 31 December 2015
HIT 2	5.00%	0.00%
SAGARD 3	5.01%	0.00%
ALVEN CAPITAL V	6.00%	0.00%
MBO CAPITAL 4 FPCI	6.00%	0.00%
XPANSION 2	6.25%	0.00%
EMZ 8	6.67%	0.00%
ACTIPIERRE EUROPE	7.20%	1.56%
ABENEX V	8.24%	0.00%
SCPI PIERRE PLUS	8.90%	0.60%
CEREA CAPITAL II	10.00%	0.00%
NOVESS - LE FONDS ESS	10.00%	0.00%
LDX SME II	14.00%	0.00%
ARIAL CNP ASSURANCES	39.95%	0.00%
GEOSUD	98.00%	0.00%
RESIDAVOUT	99.90%	0.00%
SONNE	99.95%	0.00%
IRELAND PROPERTY INVESTMENT FUND	99.99%	0.00%
107 BOETIE ELYSEES	100.00%	0.00%
CNP PRIVATE EQUITY FOR PERSONA	100.00%	0.00%
DAS GOETHE	100.00%	0.00%
INFRA-INVEST FRANCE	100.00%	0.00%
KLEBER 46	100.00%	0.00%
LYFE	100.00%	0.00%
NEUILLY PILOT	100.00%	0.00%
NEW SIDE	100.00%	0.00%
OPCI RASPAIL	100.00%	0.00%
OPEN CNP	100.00%	0.00%
PANTIN LOGISTIQUE	100.00%	0.00%
YBRY PONT DE NEUILLY	100.00%	0.00%

3. 2016 financial review

3.1. Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) formulated by the International Accounting Standards Board (IASB), the recommendations of the French National Accounting Board (CNC 2005-R-01) concerning the presentation of the IFRS financial statements of insurance undertakings, and the guidelines contained in the reports of the CNC work groups set up to examine the specific issues arising from the application of IFRS by insurance undertakings (see notes to the consolidated financial statements).

Review of results

Key earnings figures are as follows:

(in € millions)	Geographical area			Own-funds portfolios	**Total 2016**	Total 2015	Change *(%)*	Like-for-like change *(%)* [(1)]
	France	Latin America	Europe excluding France					
Premium income	**24,251**	**3,596**	**3,689**	**-**	**31,536**	**31,585**	**-0.2**	**+1.4**
Net insurance revenue	1,599	938	245		2,782	2,514	+10.7	+14.9
Revenue from own-funds portfolios				771	771	774	-0.3	+1.4
Administrative costs					(916)	(862)	+6.3	+8.5
EBIT					**2,638**	**2,426**	**+8.7**	**+12.8**
Finance costs					(248)	(192)	+29.1	+29.1
Share of profit of equity accounted companies					6	3	+83.9	+49.6
Income tax expense					(865)	(811)	+6.7	+12.8
Non-controlling interests					(293)	(303)	-3.3	+14.5
Fair value adjustments and net gains and losses					159	319	n/a	n/a
Non-recurring items					(195)	(312)	n/a	n/a
ATTRIBUTABLE PROFIT FOR THE YEAR					**1,200**	**1,130**	**+6.2**	**+10.7**

(1) For the determination of like-for-like comparatives the contributions of CNP Caution (France), Arial CNP Assurances (France), Voronezh (Brazil) and the digital company (Brazil) have been excluded from 2016 figures. The contributions of CNP BVP (Europe excluding France), La Banque Postale Prévoyance (France) and the digital company (Brazil) have been excluded from 2015 figures.

EBIT is a key performance indicator used by the Group, because it is not affected by the timing and magnitude of profit-taking on equities and investment property (as reflected in realised capital gains attributable to owners of the parent) or by changing market prices.

EBIT corresponds to attributable net profit before:

- finance costs;
- share of profit of equity accounted companies;
- income tax expense;
- non-controlling interests;
- fair value adjustments and capital gains and losses;
- non-recurring items.

The two main business indicators are:

- **premium income** (and revenue from other activities), representing €31.5 billion in 2016 (see comments in section 2.2);
- average technical reserves (excluding the deferred participation reserve but including ceded reserves), which rose by 2.8% in 2016. The increase reflected premium income for the year, the amount set aside for policyholder dividends, claim and benefit payments and contract withdrawals.

Net insurance revenue rose by 10.7% as reported (14.9% like-for-like), to €2,782 million in 2016. Net insurance revenue increased 15.4% in France, 1.8% (7.1% like-for-like) in Latin America and 18.2% (25.1% like-for-like) in Europe excluding France.

Net insurance revenue France

Net insurance revenue generated in France rose by €213 million to €1,599 million in 2016. The increase reflected growth in the contributions of the Savings and Pensions businesses of €141 million and €104 million respectively, which offset the €34 million decline in net insurance revenue from Term Creditor Insurance business.

In 2015, Savings and Pensions net insurance revenue was affected by significant transfers to guaranteed yield reserves, which had a negative impact of €234 million.

Term Creditor Insurance net insurance revenue for 2016 was weakened by a €41 million transfer to general administrative expense reserves.

Net insurance revenue Latin America

Net insurance revenue in Latin America amounted to €938 million, an increase of just 1.8% due to unfavourable exchange rates for the Brazilian real and Argentine peso. Excluding the currency effect, the year-on-year increase was 7.1%.

Like-for-like growth was led by the Personal Risk/Protection and Savings/Pensions businesses. Net insurance revenue from Personal Risk/Protection business was up 7.0% overall, with the 16.2% growth reported for the Term Creditor Insurance business partly offset by flat net insurance revenue from Personal Risk business, while Savings and Pensions net insurance revenue was 7.8% higher.

Net insurance revenue Europe excluding France

Excluding the effects of the 2015 divestment of the Group’s stake in CNP BVP, net insurance revenue in the Europe excluding France region rose 25.1% in 2016 to €245 million. Net insurance revenue generated by Term Creditor Insurance business was 110.6% higher like-for-like, reflecting the expansion of CNP Santander Insurance’s business which accounted for 96% of the increase.

The €771 million in **revenue from own-funds portfolios** was down by just 0.4% on 2015 as reported, while the like-for-like change was an increase of 1.3%:

- in France, revenue from own-funds portfolios contracted by 6.2%, reflecting a decline in revenue from the bond portfolio (due to lower interest rates) and the portfolio of forward financial instruments, and increased impairment losses;

- in Latin America, the increase was 26.4% as reported (29.5% like-for-like), reflecting income from the reinvestment of Caixa Seguradora dividends in Brazil;

- in the Europe excluding France region, the improvement in revenue from own-funds portfolios was primarily due to the lower amortisation charge on intangible assets recognised on first-time consolidation of CNP Santander Insurance.

Administrative costs
Administrative costs were 6.3% higher than in 2015 as reported (8.5% like-for-like).

In France, excluding Operational Excellence Plan costs, administrative expenses contracted by 3.3% as reported (0.9% like-for-like) to €577 million. The decline was mainly attributable to a reduction in information system costs for the individual insurance business, which was partly offset by an increase in development costs.

In Latin America, administrative costs amounted to €175 million, an increase of 7.5% as reported (7.4% like-for-like). In Brazil, excluding costs associated with developing the digital company, the underlying increase of 6.5% was in line with the country's inflation rate of 6.3%. Digital company costs were €13 million higher than in 2015.

In the Europe excluding France region, administrative costs increased 9.9% as reported (13.7% like-for-like), due mainly to the creation of a European economic interest grouping and the acquisition of BVP Italia.

EBIT
Consolidated EBIT rose by 8.7% as reported (12.8% like-for-like).

Finance costs
Higher finance costs reflected 12 months of interest on the €750 million subordinated notes issue carried out in December 2015 as well as interest from the issue date on the subordinated notes issued in January 2016 (US$ 500 million) and October 2016 (€1 billion).

Income tax expense
The effective tax rate was stable, at 36.2% in 2016 *vs.* 36.3% in 2015, with the downward effect of a reduction in the French statutory rate to 34.43% from 38% offsetting the upward effect of a 5-point rise in the Brazilian rate to 45%.

Net gains and losses on equities and property and non-recurring items
The main capital gain was on the sale of the Group's interest in La Banque Postale Prévoyance, representing €161 million after tax.

Non-recurring items
Non-recurring items in 2016 corresponded primarily to additions to technical reserves for €195 million (€299 million before tax). Similarly, in 2015 the main non-recurring items consisted of additions to technical reserves for €309 million (€498 million before tax).

Profit attributable to owners of the parent
Attributable net profit for the year totalled €1,200 million, an increase of 6.2% compared with 2015. The like-for-like increase was 9.2%.

Operations in France contributed €904 million, up 9.1% on 2015.

Attributable net profit from the Latin American businesses contracted by 6.5% as reported (0.3% like-for-like), to €249 million, representing 21% of the consolidated total. At €48 million, attributable net profit from the Europe excluding France region represented approximately 4% of the total.

Consolidated balance sheet at 31 December 2016

Total assets amounted to €419.1 billion at 31 December 2016 *vs.* €393.7 billion at 31 December 2015, representing a 6.5% increase.

- Insurance investments

Insurance investments grew 3.3% year-on-year to €383.3 billion at 31 December 2016.

Available-for-sale financial assets at 31 December 2016 represented 78.1% of total insurance investments and financial assets at fair value through profit (trading securities) represented 19.4%. Held-to-maturity investments and other investments (mainly investment property, loans and derivative instruments) accounted for 2.5%.

For more information, see Notes 8 and 9 to the consolidated financial statements.

- Equity

Equity attributable to owners of the parent rose by €420.5 million over the year, to €17,533.5 million at 31 December 2016. The net increase mainly reflected recognition of profit for the year (€1,200.3 million increase), payment of dividends (€528.7 million decrease), fair value adjustments recognised directly in equity (€482.2 million increase), deeply-subordinated debt repayments (€870 million decrease) and exchange differences on translating foreign operations (€237.9 million increase).

Equity includes €1,765.2 million in deeply-subordinated debt reclassified from debt in accordance with the IFRIC's interpretation published in November 2006.

For more information, see Notes 4 and 9 to the consolidated financial statements.

- Technical reserves

Insurance and financial liabilities totalled €361.7 billion, a 3.4% increase compared with 31 December 2015.

Excluding the change in the deferred participation reserve, the increase was 3.2% *vs.* a 2.5% rise in average insurance and financial liabilities over the year.

For more information, see Note 10 to the consolidated financial statements.

- Financing liabilities

Financing liabilities amounted to €5,427.1 million at 31 December 2016 versus €3,996.0 million at the previous year-end. The increase corresponded to the subordinated notes issues carried out in January 2016 (US$ 500 million) and October 2016 (€1 billion).

For more information, see Note 11 to the consolidated financial statements.

Solvency capital

At 31 December 2016, the Group's SCR coverage ratio was 177% (192% at 31 December 2015). This ratio is determined in accordance with Directive 2009/138/EC of the European Parliament and Council dated 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and the guidelines issued by France's insurance supervisor (ACPR).

Asset portfolio and financial management

Insurance investments grew 3% year-on-year to €383.3 billion at 31 December 2016.

Available-for-sale financial assets at 31 December 2016 represented 78.1% of total insurance investments and financial assets at fair value through profit (trading securities) represented 19.4%. Held-to-maturity investments and other investments (mainly investment property, loans and derivative instruments) accounted for 2.5%.

3.2. Financial statements of the Company (French GAAP)

Premium income

(in € millions)	**2016**	**2015**	**2016/2015**	**2014**
Individual insurance premiums	19,480	19,354	+0.6%	19,030
Group insurance premiums	4,564	4,990	-9.3%	2,959
Total	**24,044**	**24,344**	**-1.2%**	**21,989**

<u>Individual insurance products</u>

Individual insurance premiums remained stable in 2016 compared with the previous year.

<u>Group insurance products</u>

The 9.3% decline in group insurance premiums in 2016 was primarily due to three factors:

- In pensions:
  - An increase in quota share for a pensions contract in 2015, which created a high basis of comparison.
  - The non-renewal of a plan that expired at 31 December 2015.
- In death/disability insurance
  - Cancellation of certain mutual insurers' portfolios in late 2015.

Group insurance premiums by business segment

In € millions	**2016**	**2015**	**2016/2015**	**2014**
Death	1,819	1,966	-8.1%	1,905
Pensions	669	953	-42.5%	1,034
Bodily injury insurance	2,076	2,071	0.2%	20
Total	**4,564**	**4,990**	**-9.3%**	**2,959**

Profit for the year

The net profit of CNP Assurances contracted by 14% to €1,094.9 million in 2016, from €1,274.8 million the previous year.

Note that 2015 profit included the €442 million merger surplus arising from the merger of CNP IAM into CNP Assurances SA.

Equity

Equity at 31 December 2016 amounted to €10,492.5 million *vs.* €9,911.8 million at the previous year-end. The year-on-year change primarily reflected payment of the 2015 dividend (€528.5 million negative impact), inclusion of 2016 profit (€1,094.9 million positive impact) and changes in the capitalisation reserve (€14.3 million positive impact).

Supplier payment terms

Suppliers are paid within 45 days of the month end, in accordance with the law. Shorter payment terms may be agreed depending on the circumstances.

Summary of investments

At 31 December 2016 *(In € thousands)*	Cost	Carrying amount	Realisable value
Investments (detail of captions 3 & 4 in the balance sheet)			
1) Property investments and property in progress	11,274,064	10,955,624	13,810,166
2) Equities and other variable income securities, other than mutual fund units	25,113,972	22,437,019	27,331,378
3) Mutual fund units (other than those in 4)	27,772,899	27,320,752	32,711,097
4) Mutual fund units invested exclusively in fixed-income securities	27,218,961	27,218,961	27,429,807
5) Bonds and other fixed income securities	195,875,282	197,620,316	221,887,463
6) Mortgage loans	69	69	69
7) Other loans	168,000	168,000	178,011
8) Deposits with ceding insurers	0	0	0
9) Cash deposits (other than those in 8) and guarantees and other investments	624,730	624,730	624,730
10) Assets backing unit-linked contracts	29,833,560	29,833,560	29,833,560
11) Other forward financial instruments	0	0	0
TOTAL	**319,208,916**	**316,885,435**	**353,269,275**

The share of investments held to back the Company's commitments towards insureds and policy beneficiaries that would be transferred if the underlying policies were to be transferred amounted to €317,119,346 thousand at 31 December 2016, representing 89.77% of total insurance investments at realisable value.

3.3. Review of subsidiaries

Caixa Seguradora

The Caixa Seguradora group's contribution to consolidated premium income for 2016 totalled €3.5 billion, up 12% as reported (17% like-for-like) compared with 2015. The increase reflected dynamic pensions business (up 20% like-for-like) and personal risk business (with increases of 13% like-for-like for risk insurance and 14.4% like-for-like for term creditor insurance despite a slowdown in this latter segment due to the below-market cap on loan originations applied during a few months in 2016).

Over the year, Caixa Seguradora outperformed the Brazilian market, delivering 21% growth in new money *vs.* 9% for the market. This translated into a 0.5-point increase in market share to 5.9%.

Caixa Seguradora's contribution to consolidated profit was adversely affected by the 4.1% depreciation of the Brazilian real against the euro. In 2016, the average euro/real exchange rate was BRL 3.86 versus BRL 3.70 in 2015.

Net insurance revenue generated by the Caixa Seguradora group increased by 2.4% (6.6% like-for-like), led by 19.6% like-for-like growth in Pensions and 16.3% like-for-like growth in Term Creditor Insurance business. Revenue from own-funds portfolios was 22.7% higher, reflecting income from CNP Assurances dividends reinvested in Brazil. Administrative costs rose by 11.3% as reported (6.5% like-for-like, excluding digital company costs). EBIT was 3% higher at €862 million.

The sub-group's contribution to attributable profit for the year amounted to €236 million. The 8.7% decline compared with 2015 was due to higher income tax expense and unfavourable exchange rates.

CNP UniCredit Vita

CNP UniCredit Vita's premium income was relatively stable compared with 2015 at €2.5 billion, in an Italian market that contracted by 11% over the first eleven months of 2016. The €224 million increase in premiums from traditional savings contracts was offset by a €234 million decline in unit-linked sales. CNP UniCredit Vita's market share rose by 0.2 points to 2.1% at end-November 2016.

In last year's low interest rate environment in Europe, CNP UniCredit Vita's contribution to consolidated net insurance revenue dipped by 0.1% to €90 million. Administrative costs amounted to €33 million, an increase of 2.9% due to IT spending. EBIT came in at €66 million, up 3.2% on 2015 as a result of higher revenue from own-funds portfolios.

The company's contribution to consolidated net profit attributable to owners of the parent (under IFRS) stood at €30 million, a decrease of 4% compared with 2015 due to the non-recurring tax expense recorded in 2016.

CNP Santander Insurance

CNP Santander Insurance generated premium income of €605 million in 2016, an increase of 23% compared with the previous year. The strongest growth rates were recorded in the Nordic countries and the new Austrian market.

Net insurance revenue, in the amount of €68 million, was derived primarily from business written in Germany (62% of net insurance revenue), Spain (25%) and Poland (7%). Administrative costs were 27.8% higher at €15.1 million, reflecting an increase in employee numbers and the cost of moving to new offices. EBIT before amortisation of acquired In-Force business and distribution agreements amounted to €55 million. EBIT after amortisation of these intangibles was €33 million.

The company's contribution to attributable profit under IFRS, after amortisation of intangibles and earn-out liabilities, was €3 million.

CNP Cyprus Insurance Holdings

CNP Cyprus Insurance Holdings' premium income totalled €142 million in 2016, an increase of 1.2% that was led by growth in personal risk, property & casualty and health insurance business. Savings premium income was stable.

Net insurance revenue declined by 3% to €36 million, with revenue from own-funds portfolios unchanged from 2015. Administrative costs increased by 0.8% over the year. In all, EBIT after amortisation of acquired In-Force business was down 8% at €13 million.

The company's contribution to attributable profit under IFRS, after amortisation of acquired In-Force business, was €5.2 million.

4. Growth outlook

Following 2016's renewal of the distribution agreements with its two leading partners, BPCE and La Banque Postale, and signature of two new partnership agreements with AG2R La Mondiale and Klesia, the Group is in good shape to continue pursuing its strategic objectives.

Its strategic growth priorities are to:

- Support development of the personal risk/protection insurance business;
- Strengthen operations in the Group's second largest geographical market, Brazil;
- Continue to expand the business in Europe.

Deployment of the digital action plan and continuing investment in innovative value-creating start-ups will also help to drive business growth.

5. Risk factors

Introduction: Macro-economic environment

The 2016 economic and financial environment is described in section 2.1.

The risks described below are inherent to the economic, competitive and regulatory environment in which the Group operates.

Their impact cannot always be reliably measured, due to the many contingencies and uncertainties related to these risks. Risk management processes, procedures and controls have nonetheless been set up to track and manage the risks on an ongoing basis. These processes, procedures and controls are discussed in the report of the Chairman of the Board of Directors.

Although the main risks to which the Group is exposed are set out in this section, the list is by no means exhaustive and other risks that are currently unknown or are considered minor or not material may prove to have a material impact on the Group in the future.

The Group may also be exposed to emerging risks, corresponding to new or continually evolving risks whose impact is very difficult to measure. Risks that are currently unknown or considered of minor importance may have a material adverse effect on the Group in the future.

Specific processes exist to identify and analyse emerging risks. These include keeping abreast of relevant scientific publications, market trends, regulatory developments, case law, etc. and performing annual reviews to identify those risks that should be incorporated into the routine risk management process. These may include for example risks related to developments in synthetic biology, or any currently unknown toxic effects of products using nanotechnology. There may also be risks related to the development of big data, which could result in increased data security risks.

This “Risk factors” section presents the Group’s risk exposures by type of risk, level of materiality and potential impact on consolidated results and assets.

In addition to the sections covering the overall Group risk management system and internal control procedures in the report of the Chairman of the Board of Directors of CNP Assurances, the following are successively dealt with:

- **underwriting risk factors linked to the insurance business:** insurance risk on savings, pension and personal risk products, concentration of insurance risk, reinsurance risk and liability adequacy risk due to changes in assumptions;
- **risk factors linked to the financial markets:** asset/liability mismatch risk, interest rate risk, credit risk, sovereign debt risk, country risk, liquidity risk, equity risk, real estate risk, infrastructure risk, private equity risk, currency risk and hedging adequacy risk;
- **risk factors linked to the business:** operational risk, business continuity risk, compliance risk, litigation risk, money-laundering and fraud risk, information systems risk, employee-related risk and environmental risk;
- **other risk factors:** tax risk, rating downgrade risk, partner risk, regulatory and antitrust risk, model risk.

This presentation should be read in conjunction with the tables illustrating and quantifying these risks that are included in the consolidated financial statements and have been audited by the Statutory Auditors.

5.1. Underwriting risk factors linked to the insurance business

The Group offers a full range of insurance products both inside and outside France.

The main individual insurance products are savings products and deferred annuity contracts with or without contingency insurance. The Group also markets products that combine a traditional savings component and one or several unit-linked components.

Group policies are mainly defined contribution pension plans, points-based pay-as-you-go pension plans for which the value of the point is guaranteed, employee benefits plans and term creditor insurance.

In addition, the Group's subsidiaries in Brazil (Caixa Seguradora) and in Cyprus and Greece (CNP Cyprus Insurance Holdings) write property & casualty and liability insurance. Commitments under property & casualty and liability insurance are marginal in relation to those arising from the life and protection insurance written by the Group.

CNP Assurances is exposed to the risks inherent in marketing and pricing new products. These risks are managed through specific processes and by dedicated committees.

The insurer's risks differ depending on the type of policy:

Savings contracts give rise to mainly financial risks
Savings contracts fall into two broad categories:

- Traditional savings contracts where the insurer may offer a capital guarantee plus a share of the investment yield. The insurer may also commit to paying a guaranteed yield topped up with a share of the investment yield. The yield guarantee is for a fixed period. These guarantees give rise to financial risks (see section 5.2 – Risk factors linked to the financial markets and Note 24.4 to the consolidated financial statements – Risk of guaranteed yields on insurance and financial liabilities)

  Most savings contracts include an early surrender option for a contractually fixed amount. The policy surrender rate will depend on financial market performance, the performance of competitors' products, policyholder behaviour (e.g., a need to raise cash), customer confidence, tax considerations and related factors. A wave of surrenders could materially impact earnings or even solvency in extreme conditions. Traditional savings products are exposed to surrender risk in the event of a sharp increase in interest rates. This could result in investments having to be sold at a loss, financed in part by equity, with an adverse effect on both earnings and solvency (see section 5.6.2 – Interest rate risk).

- Unit-linked contracts, where the policyholder bears the financial risk and the insurer's commitment is limited to guaranteeing the liquidity of the underlying assets. If the underlying assets cannot be sold on the market, this may result in a loss for the insurer who would have an obligation to settle the amount due to the policyholder (in the event of death, surrender of the policy or otherwise) without being able to finance the payout using the proceeds from the sale of the assets.

  In addition, because the policyholder bears the financial risk, the presentation of the product is governed by detailed rules, giving rise to a compliance risk (see section 5.3 – Compliance risk). Lastly, the insurer is also exposed to a financial risk to the extent that a fall in value of the assets held in the unit-linked portfolio reduces the calculation base for the asset loading.

  The various risks have been identified and unit-linked products are subjected to an internal analysis and selection process before being marketed.

  Unit-linked contracts also expose the Group to the surrender risk described above, to the extent that surrenders also reduce the calculation base for the asset loading.

For this type of contract, the insurer's commitment is limited to the additional cover provided under the contract, consisting generally of a guaranteed death benefit. A bear market combined with higher-than-expected losses could have an adverse effect on unit-linked earnings.

Pension products give rise to mainly financial and underwriting risks

Risks associated with annuity-based pension portfolios depend on:

- the benefit payment period, which is not known in advance
- the interest rate, corresponding to the return on the funds managed by the insurer.

For these contracts, results are determined by long-term financial management policies and actual mortality rates compared with assumptions. Technical reserves are generally calculated using regulatory mortality tables based on statistical data on population trends. In certain cases, experience-based data is also used. Earnings or equity are potentially exposed to the risk that actual demographic trends may turn out to be significantly different to those predicted in the mortality tables or the risk that yields on plan assets will fall significantly short of the valuation rate of interest used in the pricing model.

Personal risk policies give rise to mainly underwriting risks

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment.

The Group establishes risk selection and reinsurance policies and monitors statistical data concerning the policyholder base and related loss ratios. A strategy to improve the profitability of personal risk business is currently being developed, with the aim of organising product pricing reviews based on observed loss ratios.

The increase in the legal retirement age in France has had an adverse impact on the business's profitability as benefits are payable until the policyholder retires.

Asymmetric information available to policyholders and insurers gives rise to a risk of anti-selection although this is attenuated by the use of medical questionnaires, deferred periods and other measures.

The Group's business may be affected by the occurrence of natural or man-made catastrophes. Although CNP Assurances' business model focuses primarily on personal insurance, a wave of global extreme weather events, acts of terrorism, the spread of pandemics such as the H5N1 virus, or fallout from global warming, aside from the immediate damage that such events would cause, could also significantly impact the results of certain personal insurance businesses.

The term creditor insurance business also exposes the Group to a surrender risk in connection with the early repayment of the insured loan (which is all the more likely during a period of low interest rates) or a cancellation risk (since the Hamon Act came into effect in 2014, policyholders are free to cancel their policy during the first year of the loan). An unexpectedly high surrender rate would modify the average contract duration and could adversely affect the business's profitability.

In addition, personal risk contracts with potentially long benefit payment periods, such as long-term care insurance, give rise to financial risks because part of the related profit is derived from the investment income generated during the benefit payment period and may be adversely affected by unfavourable financial market trends (such as declining interest rates).

The Group is exposed to concentration risk

The Group is potentially exposed to concentration risk which could arise from:

- one or a number of Group entities underwriting the same risk;
- one or a number of Group entities underwriting different risks likely to result in claims arising from the same loss event or primary cause.

Identifying and containing concentration risk is part of the product development and approval procedure and the product portfolio management process, which includes managing the related reinsurance cover (see Note 24.5 to the consolidated financial statements – Concentration of insurance risk).

The Group has set up a reinsurance programme to limit risk exposure

The reinsurance programme is an important part of managing both the insurance business and the related risk. It has the following features and objectives:

- overall underwriting results are protected by non-proportional treaties that are geared to the size of the Group and its claims-paying ability;
- risks are shared on large-scale new Personal Risk business.

Other reinsurance treaties have been set up for strategic and commercial reasons.

The reinsurance policy is implemented throughout the Group, covering business written by the Company and by its subsidiaries.

Applications have been developed to monitor reinsurance results. As explained in Note 10.5 to the consolidated financial statements – Credit risk on reinsured business, the Group's exposure to its main reinsurers is also analysed to ensure that cumulative exposure remains within defined limits. Even if all relevant exposure limits are complied with, certain reinsurers may be unable to honour their financial obligations and this could adversely affect the Group's consolidated earnings.

The availability, amount and cost of reinsurance also hinge on numerous factors and may vary considerably over time. An increase in the cost of reinsurance may affect Group earnings either directly via the reinsured business or because a reduction in the reinsurance rate increases the risk of losses.

A change in assumptions may result in inadequate technical reserves or adversely affect earnings or solvency

The approach used to ensure that technical reserves are adequate focuses on:

- managing the risks associated with a fall in interest rates;
- taking into account any increase in life expectancies compared with the periods reflected in regulatory mortality tables, by using an approved, internally developed experience-based table;
- regularly assessing risks via:
  - prospective monitoring of yield commitments
  - detailed analyses and statistical studies of personal risk and group death/disability contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of reserve utilisation rates.

The main categories of technical reserves are disclosed in Note 24.3 to the consolidated financial statements – Valuation of insurance liabilities.

Statistical and actuarial approaches are used to:

- develop new products;
- determine technical reserves, their adequacy (via liability adequacy tests), deferred participation reserves and assets and the latter's recoverability;
- measure certain indicators such as new business value or embedded value (see Embedded Value report);
- measure the value of In-Force business and cash flow projections used for goodwill impairment testing;
- determine potential shock scenarios in order to assess the Group's risk exposure.

Certain assumptions use data extrapolated from past experience or prospective data that draw upon:

- economic, demographic, social, legislative, regulatory or financial trends;
- policyholder behaviour (e.g., surrender rate, renewal/non-renewal rate, etc.);
- factors specific to life insurance such as mortality, morbidity or longevity.

While the assumptions used appear reasonable at the measurement date, actual future experience may be significantly different. In particular, changes in technical assumptions or in the financial markets may affect reserving rates, embedded value and new business value, and negatively impact the Group's consolidated earnings and solvency (see Note 22.4 to the consolidated financial statements – Sensitivity of MCEV© to market risks). Similarly, unreliable estimates of future contract administration costs may have an adverse effect on the Group's results and solvency.

The statistical and actuarial methods used to determine assumptions may contain errors. These methods (and models) are increasingly complex, due to the growing complexity of the products, assets and regulations. For this reason, the Group has developed dedicated processes and governance structures to oversee and validate the models. Any inadequacies in this system may have an adverse effect on the Group's results and solvency and may also unfavourably influence decisions made on the basis of indicators calculated using these models.

5.2. Risk factors linked to the financial markets

The Group must always maintain a match between asset and liability durations and yields

See Note 23 to the consolidated financial statements – Liquidity risk and asset/liability management.

The Group has established management information systems to optimise its asset allocation strategies and to measure asset/liability mismatch risk. Asset/liability management (ALM) strategies match the structures of asset portfolios to policyholder commitments while seeking to maximise investment yields for a given level of risk.

ALM techniques use deterministic and stochastic modelling of (i) financial market behaviour to measure assets and (ii) changes in insurance commitments under various different scenarios to measure liabilities.

This allows asset durations to be matched to the profiles of the Group's different liabilities. However, as with all modelling techniques, there are inherent risks. If any assumptions were to be materially invalidated by actual events or if a situation not provided for under any of the models were to arise, CNP Assurances could be forced to sell assets at a loss or could have insufficient amounts of profitable assets to meet its yield commitments to policyholders.

The Group is exposed to the risk of a fall in interest rates

The impact of a possible fall in interest rates on the Group's ability to fulfil its commitments to policyholders is analysed at regular intervals.

During a period of falling interest rates, yields on reinvested premiums decline, leading to a gradual erosion of portfolio yields (see Note 22.3 to the consolidated financial statements – Interest rate risk on financial assets).

A prolonged fall in interest rates makes contractual loadings more difficult to apply and exposes the insurer to a risk of lower margins, especially on traditional life insurance products.

In more extreme scenarios, despite the relatively low proportion of contracts with a guaranteed yield, there is a risk that asset yields will be insufficient to cover contractually guaranteed yields, forcing the Group to eat into its own-funds portfolio to pay the guaranteed amount.

Pension products – especially group pension plans – as well as certain personal risk and group death/disability contracts are particularly exposed to the risk of a fall in interest rates.

Given the size of its life insurance business via traditional savings contracts with a capital guarantee, CNP Assurances is sensitive to reductions in interest rates and also to a prolonged very low interest rate environment which, if it were to continue, could adversely affect the Group's earnings and capital.

For several years, CNP Assurances has followed a policy of setting aside a portion of the investment income generated by its assets in the policyholder surplus reserve, which could be used in such a situation. In addition, initiatives have been taken to modify new products in order to adapt the Group's liabilities over time to the new very low interest rate environment.

The Brazilian business is significantly less sensitive to interest rates given the main types of products sold. These are predominantly personal risk contracts and Property & Casualty products that are generally more exposed to underwriting risks, and unit-linked pension products that are also less exposed to interest rate fluctuations.

A change in projected interest rate assumptions, for example to take negative rates into account, could have an impact on own funds and required capital calculations under Solvency II.

In 2016, very low interest rates across all of Europe increased the Group's exposure to this risk.

A rapid increase in interest rates increases policy surrender risk

In the event of a rapid increase in interest rates, yields on the Group's investment portfolios may lag behind the market, generating a mismatch between the yields paid on the Group's products and those available on other financial products.

The Group may then have to contend with an increase in life insurance policy surrenders as policyholders seek higher yields elsewhere.

A spike in the surrender rate could force the Group to sell off bonds at a loss. This could then trigger a negative spiral whereby such losses accentuate the mismatch between the yield being paid to the Group's policyholders and those available on the market, thus pushing the surrender rate even higher (see Note 22.4 to the consolidated financial statements – Sensitivity of MCEV© to market risks),

The risk associated with an increase in interest rates is closely monitored and this is a key focus of the Group's asset/liability management strategy.

Liabilities:

- traditional savings products with a unit-linked formula include contractual clauses limiting or banning transfers between portfolios in the event of an unfavourable change in market conditions;
- the duration and level of yield guarantees is limited thereby allowing asset managers to reduce the weighting of long-dated bonds in the managed portfolios.

Assets:

- investment strategies include investing in floating rate and index-linked bonds;
- investment strategies include investing in bonds with diversified maturities;
- part of the portfolio is invested in money market funds;
- part of the portfolio of fixed-rate bonds is hedged using caps (see Note 9.6 to the consolidated financial statements – Derivative instruments).

The Group has set up a hedging programme to attenuate the risk associated with an increase in interest rates. Under this programme, in the event of a rapid increase in interest rates to above certain trigger points, the hedges acquired by the Group would generate additional revenues corresponding to the difference between the trigger rate and actual long-term interest rates on the financial markets, thereby improving the yield on the hedged assets in a period of rising interest rates.

The hedging programme is extended each year to keep pace with growth in assets under management.

As a long-term investor, CNP Assurances is exposed to credit risk (or counterparty risk) on its investments

See Note 9.8 to the consolidated financial statements – Credit risk.

The credit risk (or counterparty risk) on a bond is the risk of issuer default.

This depends on the issuer's financial bill of health as reflected in agency ratings (which can range from AAA to D). The credit spread is the risk premium – in other words, the difference between the yield on a bond and that on a risk-free government bond with the same characteristics.

Credit spreads vary according to investor perceptions of the counterparty risk represented by the issuer.

Historically, spreads on corporate bonds tend to narrow in periods of growth and widen during a recession when the number of issuer defaults tends to increase.

The Group would be exposed to losses in the event of one or a number of issuer defaults.

But even without an actual default, during certain periods there may be an inflated perception of risk and spreads in general may reflect excessively gloomy corporate failure projections that negatively affect the value of the investment portfolio.

Changes in credit spreads therefore have a direct impact on the fair value of bonds held in the portfolio and consequently on the level of unrealised gains or losses.

The Group manages this risk by applying a series of exposure limits, diversifying the portfolio and continuously monitoring the exposed investments. The Group may also attenuate the risk of losses on exposed investments by setting up hedging programmes to generate additional revenues if spreads widen to above certain trigger points.

Counterparty risk also extends to derivative instruments (such as interest rate swaps – i.e., caps and floors – and swaptions), reinsurance and repos. Margin calls and overcollateralisation arrangements are used to reduce counterparty risk through an exchange of collateral.

See the tables in the following notes to the consolidated financial statements: Note 9.3 – Repurchase agreements, Note 9.4 – Lent securities, and Note 9.6 – Derivative instruments.

A significant portion of the Group's investment portfolio is invested in government bonds and exposed to sovereign risk

See Note 9.9 to the consolidated financial statements – Classification of investments by type of asset and by region.

Sovereign risk is the risk that a sovereign issuer defaults and that bondholders are unable to recover part or all of their investment.

Due to the nature of the assets in the portfolio, the Group has significant exposure to this type of risk.

During periods of increased government borrowing, there may be growing concern about the ability of certain sovereign issuers to continue to service their debt, leading to investor distrust of the corresponding bonds and significantly wider spreads. In extreme situations, the Group may be faced with an actual default or a debt restructuring and have to take a significant haircut on the securities in question.

Having invested heavily in French and other European government bonds, the Group is naturally sensitive to any widening of spreads. A rise in interest rates coupled with a large number of policy surrenders would trigger losses on the sale of bonds which could in turn impact the Group's equity. Since 2011, exposure to sovereign debt issued by "peripheral" euro zone governments has been closely monitored and the Group has also paid very close attention to the sovereign debt of two of its host countries, Spain and Italy. It has stepped up its oversight of developments in these countries, and increased its monitoring of their sovereign debt.

Outside the euro zone, the Group's investments may be subject to country risk due to restrictions on asset transfers

The Group has developed a significant international presence and may be confronted with various different country risks culminating in an inability to repatriate the capital it has invested abroad. This risk mainly concerns the Group's investment in its South American subsidiaries.

In the event of a sharp rise in the policy surrender rate, the Group would be exposed to significantly higher liquidity risk

See Note 23.1 to the consolidated financial statements – Liquidity risk.

Liquidity measures a debtor's ability to pay its debts and honour its obligations as and when they fall due in a going concern situation. For CNP Assurances, liquidity risk is the risk that it will be unable to pay policyholders in the event of a sharp rise in surrender rates.

Liquidity risk varies inversely with policyholder confidence; in the event of a loss of confidence, the Group could find that it has insufficient liquid assets to deal with a wave of surrenders. A lack of confidence in the Group could also mean that it is no longer able to find any takers on the market for its subordinated notes.

In practice, liquidity risk may arise if net new money becomes sharply negative, forcing the Group to sell off investments to make policyholder payments. In order to deal with such an eventuality, the Group maintains liquidity reserves and holds portfolios of liquid investments. Although these are for large amounts, they could still prove to be insufficient under extreme conditions.

The Group's subordinated notes issues are not subject to any covenants.

CNP Assurances is exposed to the risk of a fall in the value and dividend yield of its equity portfolio
See Note 20 to the consolidated financial statements – Investment income.

Equity risk measures the sensitivity of the equity portfolio to changes in stock market prices. By extension, the definition of equities also includes investments in private equity and equity funds. Volatility measures the extent of equity price changes and is used to quantify the yield and price risk. High volatility means high potential gains but also a higher risk of losses.

In the case of a prolonged fall in value, impairment provisions may have to be set aside for unrealised losses on certain securities, with an adverse effect on earnings.

For example, the Group may hold shares in a heavily leveraged company whose value is underpinned by forecasts of future profitable growth. If the company fails to meet its growth target or has difficulty making debt repayments, the share price may take a big hit.

See Note 22.4 to the consolidated financial statements – Sensitivity of MCEV© to market risks.

Moreover, while the Group may not be directly affected by a fall in the value of unit-linked portfolios, there is still a risk that its margins will suffer.

See Note 23.3 to the consolidated financial statements – Reconciliation of unit-linked assets and liabilities.

In 2016, prices increased on European and non-European stock markets and volatility declined overall on these markets.

CNP Assurances has invested in real estate, infrastructure and private equity funds and is exposed to the risk of a fall in the value or yields of these asset classes
Real estate risk measures the sensitivity of property portfolio values to changes in real estate market prices and concerns all property regardless of use, i.e., owner-occupied and rental or investment property.

The rental income from a property portfolio is exposed to market risk (e.g., excess of supply over demand, increased vacancy rates and their impact on rental value) as well as to the risk of tenant default and declines in rent adjustment indices.

The value of real estate owned directly or through a fund is exposed to the risk of changes in rental income and in the investment market itself, as well as to the potential risk that certain buildings will be rendered obsolete by new regulations (on energy use, for example) resulting in losses in the event of sale or additional costs to bring the assets back into compliance.

CNP Assurances' property portfolio has been renewed and enhanced over the last five years and now includes a significant number of office buildings in the greater Paris region in particular. Property prices have clearly increased over recent years and there are no signs to suggest that the Group should be concerned about rental income or vacancy rates in its properties. Nevertheless, the market is traditionally extremely volatile and a sharp fall in prices could have a negative impact on the value of the portfolio.

The current very low interest rate environment and the high levels of liquidity invested in the property market represent an additional risk factor (in the event of rate increases for example) highlighted by the French authority on financial stability, the *Haut Conseil de Stabilité Financière*. Although property companies are rarely exposed to leverage risks, they should also be taken into consideration given the current environment.

See Note 8 to the consolidated financial statements – Investment and owner-occupied property.

Private equity involves investors acquiring part of the capital of unlisted companies. This is a much more complex activity than buying shares in listed companies.

Most investments of this type are made through venture-capital and innovation funds and, to a lesser degree, venture capital companies in France.

There are two types of risk inherent to private equity: the return on equity and the illiquid nature of these investments which require a medium-term perspective.

All told, a decline in the value of such investments (equities, property, infrastructure, private equity or unlisted investments) may have an adverse impact on consolidated earnings due to the provisions that must be set aside under the French Insurance Code.

CNP Assurances is exposed to currency risk
See Note 9.10 to the consolidated financial statements – Foreign currency balances.

CNP Assurances presents its consolidated financial statements in euros. Most of the Group's currency risk is centred around the Brazilian subsidiary, Caixa Seguros Holding, which keeps its accounts in local currency. The Brazilian subsidiary's contribution to the Group's financial performance – in terms of both premium income and earnings – is already substantial and continuing to grow, meaning that fluctuations in the euro/real exchange rate have a material impact on both consolidated net profit and cash flows. The Group has purchased currency hedges to manage this risk; however these are based on analyses and forecasts and may prove inadequate or ineffective.

In 2016, the currency effect (the Brazilian real gained 20% against the euro) was favourable for the Group.

With the exception of Caixa Seguros Holding, the bulk of asset portfolios are invested in the securities of euro zone issuers. As a result, the portfolios' exposure to currency risks is very limited. In addition, exposures are governed by a currency standard. Consequently, the exchange rate volatility observed for sterling in 2016 following the Brexit referendum did not have any material adverse effect on the Group's results.

The report of the Chairman of the Board of Directors of CNP Assurances analyses the Group's currency risk exposure.

CNP Assurances has issued subordinated notes denominated in US dollars and in sterling. The currency risk on three of these issues is hedged and the fourth issue has been match-funded to investments denominated in the same currency.

See the tables in the following notes to the consolidated financial statements: Note 11 – Subordinated debt and Note 9.7 – Derivative instruments qualifying for hedge accounting.

The hedging programmes set up by CNP Assurances may prove inadequate or incomplete
See the following notes to the consolidated financial statements: Note 9.6 – Derivative instruments, and Note 9.7 – Derivative instruments qualifying for hedge accounting.

The Group tracks all types of financial market risk very closely and manages the exposure of both its assets and its liabilities through various hedging programmes.

However, these programmes may prove incomplete, ineffective or only partially effective in protecting the Group against increased exposure under extreme conditions or against losses that it wanted to attenuate, all of which could negatively affect the Group's business, earnings and financial position.

Even the most comprehensive and sophisticated hedging strategies cannot remove all risks of losses. Moreover, the Group may incur losses if any of its various hedging instruments or strategies proves to be ineffective.

Any unexpected market developments may lessen the effectiveness of hedging strategies and recognition of gains and losses arising on the ineffective portion of certain hedges may subject the Group's reported results to greater volatility.

5.3. Risk factors linked to the business

Operational risk is defined as "the risk of loss resulting from inadequate or failed processes, people and systems or from external events". This definition includes legal and compliance risks.

Operational risk management systems are tailored to the type of risk. They are designed to enhance operating managers' risk management capabilities and to be clearly identifiable in order to facilitate the crucial work of monitoring. The operational risk management system is deployed across the Group and round outs the Group's internal control system – which could prove fallible – by addressing risks by category instead of focusing on individual risks identified by process. The system also includes a risk mapping process.

Certain activities outsourced to partners or outside contractors may give rise to a risk of non compliance with insurance regulations or to service quality risks

Outsourcing risk – as defined under Solvency II – has been highlighted as a significant risk inherent to the Group's business model. Activities may be outsourced to partners (certain management operations, notably asset management) as well as to outside contractors (policy administration, information system management).

The main outsourcing risks, i.e., quality and compliance of the outsourced activities, regulatory compliance including the ban on price bargaining, dependence, loss of internal know-how and conflicts of interest, are reviewed on a regular basis. An internal outsourcing policy is helping to gradually increase employee understanding, monitoring and control of the related risks.

The policy's main principles are as follows:

- Maintain operational control of the outsourced activity: the Group retains the ability to assess contractors' activities, largely through formal documentation of the outsourced processes and service performance procedures.
- Deploy adequate resources to manage the risks, in order to maintain the expected level of outsourcing efficiencies and gains: the resources deployed to monitor the outsourced activity are in proportion to the importance of the activity and the cost it represents for CNP Assurances.
- Maintain or increase quality and productivity levels compared to performing the activity in-house.
- Apply the Group's general purchasing policy to outsourcing contracts.
- Comply with all of the ethical and professional guidelines set out in the Group's code of ethics, including the Ethical Purchasing Charter, the Code of Conduct for Group employees, the professional standards applicable to each business, such as fund management standards, the Internal Control Charter, and the 10 principles of the United Nations Global Compact upheld by CNP Assurances.

The outsourcing policy is rolled down to the operating units in the form of the following procedures:

- The procedure for deciding if a function or activity is critical or important;
- The procedure for choosing a contractor and determining the details to be included in the written outsourcing agreement;
- The procedure for monitoring the outsourced activities, covering the method and frequency of contractor performance and results assessments (the various methods include but are not limited to continuous monitoring by a committee, random on-site and desk audits, and review of contractors' own reports on their internal control and risk management systems);
- The procedure for examining business contingency plans and exit strategies.

CNP Assurances' products and services may expose the Group to compliance risk
A number of changes have been made recently to the regulatory framework governing insurance activities. These mainly address customer protection issues, with the introduction of many new regulations on such topics as complaint processing and advertising materials.
By constantly monitoring regulations and industry standards, CNP Assurances keeps abreast of potential compliance risks throughout its diverse range of businesses.

Under the CNP Assurances business model in France, presentations of life insurance operations are generally prepared by the partner networks although these operations are the responsibility of the insurer. The products offered by the Group and the contractual and marketing documents presented to customers must be legally watertight and provide policyholders with clear information about the content and scope of the purchased cover or the insurance proposal. The Group has a robust product launch procedure that includes checks to ensure that the product and the marketing process are in full compliance with regulatory requirements.

There are also numerous regulatory and contractual obligations throughout the life of a policy.

Dealing with unclaimed life insurance settlements is a key concern and after France's Eckert Act came into force the Group's administrative processes were revised to comply with the requirement to reduce the time taken to find beneficiaries.

In the interests of customer service quality, over the past few years the Group has obtained quality certifications for core processes from recognised professional standards bodies (ISO 9001 for key management or marketing processes, CMMI or ITIL for IT processes). Regulatory texts and the recommendations published by France's insurance supervisor (ACPR) are incorporated into the Group's internal procedures which also describe the controls to be performed by the employees concerned by each process. Particular attention is paid to compliance risks at the time of new product launches.

The number of lawsuits brought by French policyholders has remained stable over the past three years. Recourse to procedures of this type concern only a very small proportion of the total number of policies managed by the Group.

As a financial intermediary, the Group is exposed to the risk of money laundering and fraud
Combating money laundering and the financing of terrorism is a constant concern for the Group which is exposed to these risks due to the nature of its business.
The Group's business model, in which many transactions are performed by partners, has shaped the related controls. The tasks performed by partners on the Group's behalf are described in the distribution agreements between CNP Assurances and its partners.

When policyholder relations are handled by partners, they also play a key role in data gathering and know-your-customer procedures. Nearly all transactions go through policyholders' accounts with the partner banks which are responsible for performing background checks on cash flows.

The Group has set up an internal work group and takes part in industry studies with a view to pro-actively adapting its processes in response to comments by France's insurance supervisor (ACPR), the expected adoption of new regulations and the need to strengthen its risk prevention mechanisms.

The Group is also exposed to fraud risk. For example, the Group may have to contend with a misappropriation of funds by an asset manager or by an external party through identify theft. It may also be faced with a false declaration by a customer when the policy is purchased or a claim is settled. In addition to leveraging the processes and expertise already deployed to combat money laundering, action has been taken to beef up controls performed by partners and the Group's own in-house policy administration teams, as well as processes for analysing data on contractual financial flows. Any suspicion of fraud by persons inside or outside the Group that is detected by the policy administration teams or any instances of ethically questionable practices or abuse of vulnerable people by sales personnel are subject to an in-depth investigation by a specialised unit within the Group. The investigation is followed by a detailed report and recommendations where necessary. The risk may be aggravated by an economic crisis and the Group has therefore strengthened the system of delegations of powers and signature authority, as well as its controls over payments.

As a major insurance company, any security incident exposes CNP Assurances' IT system and data to risk

The Group's sales and marketing and underwriting operations are all organised around information systems. These mission-critical systems must be capable of being adapted to a rapidly changing environment.
Granting access to the systems to partners and outside contractors exposes the Group to risks of intrusion and malicious acts that could result in the disclosure of sensitive data.

Although considerable resources have been invested in ensuring that IT systems and processes are secure and fluid and that data integrity is protected, systems could still be hit by technical problems that may have an adverse impact on operations.

Changes in tax legislation may have a material impact on the Group's situation

Tax risk covers all taxes and levies payable by the Group or collected on behalf of the government.
It concerns the prospective or retrospective application and interpretation of existing and new tax rules and the risk of failure to comply with the Group's tax obligations.

Poor management of tax risks can result in claims for additional taxes or penalties.

When new insurance products are being developed, particularly life insurance products, many factors are taken into account, including the product's tax treatment under current tax rules. Any changes in tax rules, particularly the removal of tax relief or the application of higher rates of taxation or new rules, may have a material adverse effect on current and future premium income, technical reserves, net profit, the Group's cash position and financial position and possibly even its share price.

The Group could be exposed to employee-related risk

The Group is exposed to risks in the event of failures in its management of human resources. The Group is attentive to these risks, which may be due to structural factors (risks related to working conditions) or business factors (risks arising in connection with the business's development), and regular constructive dialogue is maintained between employee representatives and management.
The Group also has a well-established strategy for preventing psychosocial risks and measures addressing this issue were implemented under an agreement signed in 2012. The strategy will be pursued in 2017 with the implementation of a new work-life quality agreement currently being negotiated, which addresses such issues as gender equality and prevention of psychosocial risks. An action plan covering the proposed measures will be implemented in 2017 even if the agreement has not been signed by then.

Group entities have set up insurance programmes and contingency plans to mitigate operational risks

The Group has designed a series of measures to ensure that all potential risks are efficiently managed, reduce the probability that they will occur and limit their impact. These include two cross-functional measures: the insurance programme and the contingency plan.

As part of the risk assessment process, property and casualty insurance has been taken out to protect most of the Group's assets and cover liability risks. The insurance programme comprises both Group-wide policies and subsidiary-level policies.

The levels of cover and of self-insurance are determined according to the type of business, the size and the claims experience of the main Group entities.

A contingency plan has been drawn up describing the immediate action to be taken in a crisis situation.

The plan seeks to minimise the disruption to operations and to continue to offer customers and partners an adequate level of service. It is updated regularly and tested in real conditions to take into account the Company's changing needs and check that the earmarked human and technical resources are adequate.

5.4. Other risk factors

If CNP Assurances' credit rating were to be downgraded, this could lead to an increase in borrowing costs

One of the key criteria used by investors to estimate risk is a potential investee's credit rating, particularly in increasingly globalised financial markets where it is becoming harder to obtain reliable information and to manage all aspects of risk.

Consequently, any ratings downgrade could drive up the Group's borrowing costs and this in turn could have an adverse effect on its future earnings.

CNP Assurances' rating is reviewed by Standard & Poor's at regular intervals. The Group seeks to maintain a healthy rating as proof of its financial strength.

See Note 11 to the consolidated financial statements – Subordinated debt.

Risks related to the Group's strategic partnerships

To consolidate its presence in certain markets, the Group makes strategic investments, directly or through subsidiaries, in the form of partnerships.

These strategic partnerships are a means for the Group to share its business and financial risk. They may simply be commercial arrangements, such as a distribution agreement, or involve the investment of capital in a joint subsidiary.

Joint ownership and operating arrangements both reduce the Group's investment risk and act as an incentive for the effective participation and involvement of the partner.

As part of its external growth strategy, whenever the Group identifies a potential acquisition, it commissions an in-depth audit of the target's financial position. In addition, each key stage of the process is framed by governance procedures to assess the acquiree's strategic fit and enable the relevant decision-making body to establish the conditions and parameters for completing the deal.

Integrating these partnerships into the Group can sometimes take longer, be more difficult and require bigger teams of employees and managers than originally expected, and this may negatively affect consolidated earnings.

The constantly evolving nature of the business means that there is no guarantee that the financial performance of acquirees or partners will come in on plan and underperformance may result in impairment losses being recognised on goodwill or other intangible assets that will negatively affect the Group's financial position. See Note 7.1 to the consolidated financial statements – Intangible assets by category.

It may be necessary to rethink a partnership in the event of changes either to the project itself or to the local political and economic situation or the partner's own financial situation, or because of a disagreement between partners.

In order to manage all of these risks, the investment (or long-term partnership) is integrated into the Group's financial reporting system. Its performance is monitored, any necessary adjustments are made and corrective action taken, jointly with the distribution partner if appropriate.

The Group pays close attention to anticipating the expiry of its long-term partnerships as the ending of the strategic relationship may affect its earnings, financial position or business model.

To limit these risks, the Group ensures that the necessary anticipatory action is taken in good time.

Risks related to the Group's host countries

The Group has operations in many countries, in Europe and Latin America. The sustainability and development of its businesses depends in part on these countries' economic health and political stability.

Macro-economic indicators and political developments in the Group's host countries are continuously monitored. In addition, the annual business review conducted at each subsidiary is an opportunity to review in detail the situation of the host country and any implications for the Group's business.

In 2016, Brazil remained in recession and the political situation was turbulent. This situation did not augur well for the development of the local subsidiary, Caixa Seguradora, which nonetheless continued to post high margins.

The Group could be exposed to environmental risk

The Group's image could be tarnished by poor environmental management of its forestry assets or property portfolios, or by the environmental footprint of its investments. The Group's environmental initiatives and procedures are described in the corporate social responsibility report and the report of the Chairman of the Board of Directors of CNP Assurances.

Risks related to new regulations

The introduction of new regulations in Europe or the Group's other host countries could prove both complex and costly for the Group. Many different departments may be concerned by the change, information systems may have to be adapted and significant costs may have to be incurred for staff training to ensure compliance with the new regulatory framework.

In 2016, the Solvency II directive came into effect, creating a more sophisticated regulatory framework for the Group's businesses. Many new procedures and reporting systems have had to be developed, which have given rise to new operational risks for the Group. In addition, due to its highly complex nature, Solvency II has created a compliance risk arising from possible differences of interpretation of certain provisions between CNP Assurances and France's insurance supervisor (ACPR). With the integration of Solvency II processes into the internal control system and completion of numerous exercises to test the new processes, the Group has deployed the necessary resources to attenuate these new risks.

In 2017, potential regulatory developments such as a change in the statutory retirement age or new regulations allowing insureds to cancel their term creditor insurance cover may have an adverse effect on the Group's results. The Group is already preparing for the 2018 implementation of the new regulations on Packaged Retail and Insurance-based Investment Products (PRIIPs) and the revised Insurance Intermediation Directive, which will give rise to operational risks and additional compliance risks in the same way as Solvency II.

CNP Assurances' highly competitive market is a source of constant risks for both its business and earnings

CNP Assurances does business in a fiercely competitive market comprising diverse types of players (insurance companies, mutual insurers, employee benefits institutions, commercial and investment banks, etc.) subject to different regulations and using many different distribution channels to market alternative products, some of which may be cheaper than the Group's offering.

This competitive pressure may force the Group to cut prices for certain products and services, which could put a strain on margins and negatively affect its earnings and financial position.

Any harm done to the Group's image or reputation could have an adverse impact on future earnings.

6. Corporate social responsibility: labour, social and environmental information

The following report presents the Group's Corporate Social Responsibility (CSR) action plan, including the priorities for each component of the CSR policy and related additional initiatives, with the corresponding figures. Information on governance and CSR risks is provided in Chapter 5 "Corporate Governance and Internal Control".

The report covers all consolidated entities in the CNP Assurances Group and therefore features examples of initiatives carried out across all Group entities (see "Methodology"). It was drafted in accordance with the provisions of Articles R.225-104 to R.225-105-2 of the French Commercial Code (*Code de commerce*), and the concordance table makes it possible to find the regulatory information. An independent third party body has performed an analysis to verify the existence and fair presentation of information that falls within the scope of Article 225 of the French Commercial Code. The most material data were subject to detailed tests. The other data were reviewed for overall consistency as indicated in the concordance table at the end of the section, including those identified by the √ symbol to show that they were reviewed to obtain reasonable assurance as to their accuracy.

The CSR indicators are broken down by entity and published in the appendix to our 2016 CSR Report. The Caixa Seguradora group also publishes a sustainable development report that is available online at **http://www.caixaseguradora.com.br/institucional/Paginas/relatorios-de-sustentabilidade.aspx**.

6.1. Corporate social responsibility at CNP Assurances

6.1.1. The story of our CSR commitment

2003: the fundamental first step, pledging to uphold the Global Compact

CNP Assurances has always upheld human rights and citizens' rights, in line with the Universal Declaration of Human Rights, and more specifically has always complied with the labour standards of the International Labour Organization and the national labour laws of each host country.

In pledging to uphold the Global Compact in 2003, we reaffirmed our commitment to respecting these fundamental principles, and also to combating corruption and protecting the environment. CNP Seguros de Vida, the Caixa Seguradora group and CNP UniCredit Vita have also pledged to uphold the Global Compact.

2009: helping to promote the adoption of these principles throughout the insurance sector

We played an active role in launching the *Association Française de l'Assurance*'s sustainable development charter in 2009 and have pledged to pursue its core aims of reducing social vulnerability, combating climate change, supporting economic development and promoting socially responsible investment.

2011: deepening our commitment to acting as a responsible insurer and a responsible investor

In 2011, we pledged to uphold the United Nations' Principles for Responsible Investment (PRI), ushering in a new phase in our commitment as a responsible investor. In 2015, Caixa Seguradora signed the Principles for Sustainable Insurance (PSI).

2015: commitments in favour of the energy and environmental transition

A signatory of the Montreal Carbon Pledge, CNP Assurances published the carbon footprint of the financial portfolio of directly held listed equities in December 2015. It also made a public commitment to reduce its footprint by 20% by 2020. Ambitious commitments were also made in respect of its real estate portfolio and its “coal” assets.

Coordinated deployment in subsidiaries alongside our partners
Under the Group’s business model, each subsidiary develops CSR policies in line with Group principles. They are shared with shareholders and local partners, generally the banks that distribute their products.

The ten principles of the Global Compact

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

6.1.2. Components of the CSR approach

For CNP Assurance, being a responsible insurer means acting as a value-adding financial intermediary for policyholders looking to protect themselves by minimising their exposure to the risks of everyday life and for the economy by providing funding. Our excellent risk assessment skills and our responsible and long-term investment strategy nurture these commitments, which are central to our insurance offer.

CNP Assurances offers genuine social value-added built on four strong commitments:

- Offer protection for everyone:
    - promote access to insurance;
    - design socially responsible products and services;
    - better satisfy policyholders.
- Contribute to a sustainable economy:
    - be a responsible investor;
    - be a responsible purchaser.
- Be an attractive employer:
    - develop skills in line with the Group’s strategy;
    - provide a working environment that fosters well-being and performance;
    - roll out a robust policy on gender equality in the workplace.
- Foster a sustainable society and environment:
    - optimise the environmental footprint of the Group’s internal workings;
    - reduce the carbon and environmental impact of products;

- manage the local impact.

6.1.2.1. Stakeholder dialogue

CNP Assurances maintains regular dialogue with its main stakeholders, and conducts periodic surveys.

In 2015, CNP Assurances launched La Fabrique d'Assurance, which brings together insurers and experts in various fields to discuss trends in social issues and their impact on insurance. The resulting white paper outlines several avenues for action to develop the microinsurance market in Western countries, and particularly in France.

Satisfaction surveys are conducted regularly among policyholders and our distribution partners in France and worldwide. These surveys help enhance the Company's customer service process. In addition, CNP Assurances and its main subsidiaries conduct qualitative and quantitative studies to anticipate the needs resulting from social and demographic change (see section 6.2.3 – Better satisfying policyholders).

CNP Assurances also engages in constructive dialogue with companies in which it is a shareholder whenever a problem is revealed in the course of the quarterly SRI screening process via our asset managers or directly during the lead-up to Shareholders' Meetings. CNP Assurances plays an active role in the work of the French Insurance Association (*Association française de l'assurance* – AFA) on CSR issues. We are also a member of ORSE, a French CSR think-tank, and its Finance Club, which brings together companies and stakeholders (NGOs and unions). In 2014, CNP Assurances joined the Institutional Circle of Novethic, a French media and research centre specialising in responsible investment. In addition, CNP Assurances' Data Protection Officer is the Secretary General of the French association of personal data officers, while our Director of Sustainable Development has been appointed to the SRI certification committee established by the Ministry of Economy and Finance.

The cnp.fr website, which is accessible to all, had nearly 465,000 unique visitors in 2016, nearly a third of which to the section devoted to individuals. In 2016, CNP Assurances put great emphasis on promoting interaction with stakeholders on social networks. Having opened Twitter, LinkedIn, Viadeo and Facebook accounts in late 2015, it was managing a community of 33,000 Facebook fans on topics relating to living better together for longer by the end of December 2016. Caixa Seguradora also uses social networks to raise awareness about sustainable development and conscious consumption. CNP Seguros de Vida uses them to air short films devoted to prevention, health, sustainable mobility and protection of the environment.

In addition to institutional labour relations, diagnostic reviews of psychosocial risks performed in 2015 helped improve our understanding of how employees perceive their work environment. In 2016, CNP Assurances rolled out its "Dialog" approach to all employees with a view to encouraging exchanges on working conditions between each manager and his or her team.

The international subsidiaries also participate in local professional bodies. In 2016, the Caixa Seguradora group joined *Forum Aliança Cerrado*, which brings together companies and stakeholders to discuss environmental issues. Similarly, CNP Seguros de Vida joined the "Sustainable Mobility" group in Buenos Aires.

Generation Y Observatory

To increase its visibility among digital natives and meet their emerging needs in terms of protection and support, CNP Assurances has implemented a “test and learn” approach to co-construct new solutions, notably with the launch of an online community platform. It has initiated a dialogue with 400 young people by launching a platform for exchanges and conversations around themes of protection and customer service. Accessible 24/7 for an initial period of seven months on tablets, computers and smartphones, the new platform permits the creation, hosting and sharing of all types of content. SRI and CSR surveys have been conducted to gain a clearer view of how this generation perceives these issues. The results of the work of the Generation Y Observatory will be used in designing CNP Assurances’ future offers.

6.1.2.2. The CSR management bodies

CNP Assurances has a Sustainable Development department, which reports directly to the Chief Executive Officer and relies on support departments. It also reports to the Board of Directors and the Chairman on its activities and its objectives.

CNP UniCredit Vita set up a CSR department in 2015. It boasts an ideas laboratory, *l’Orto delle idee*, made up of volunteer employees. Sustainable development indicators are included in the quarterly indicators reviewed by the Management Committee.

In 2013, the Caixa Seguradora group established the Caixa Seguradora Institute, in addition to its Sustainable Development Committee, thereby reinforcing its social, environmental and cultural programmes.

Since the end of 2014, the CSR actions undertaken by CNP Seguros de Vida have been blended with broader strategic objectives. In July 2015, the company launched its “Multiplicar” CSR programme and created a Sustainability Committee.

As part of a pilot talent development initiative, a group of CNP Partners employees has worked on defining the Group’s CSR strategy.

6.1.3 A measure of CSR performance

6.1.3.1 Key CSR objectives and indicators

We strive to create value for all CNP Assurances stakeholders as a responsible insurer and investor.

2020 climate targets: a very satisfactory performance in the period to end-2016

Objective	% of target achieved at end-2016
20% reduction of the carbon footprint of the portfolio of directly held listed equities between 2014 and 2020	70%
Double green investments to €1.6 billion between 2015 and 2017	117%
Reduce energy consumption of real estate assets by 20% between 2006 and 2020	68%
Prohibit the acquisition of businesses deriving over 25% of their revenue from thermal coal	100%

Significant progress was made on the key planks of the CSR approach in 2016

Examples of the integration of ESG criteria

- In the Business Units:
  - ✓ disclosure of the environmental impact of product digitisation in borrower insurance;
  - ✓ training on the requirement under Article 173 of the French Energy Transition law to communicate on responsible investing;
  - ✓ creation of a laboratory on "CSR and digital strategy in the insurance sector" at CNP UniCredit Vita.
- In investment policy:
  - ✓ preparation of the Responsible Investment Report pursuant to Article 173 of the French Energy Transition law;
  - ✓ publication of a first moot climate report shortlisted for the 2 Degrees Invest Award by the 2 Degrees Investing Initiative in 2016.
- In purchasing and subcontracting:
  - ✓ evaluation of suppliers' CSR performance (51% of purchases rated at end-2016).

6.1.3.2 The external CSR evaluation

The quality of CNP Assurances' Corporate Social Responsibility policy has been recognised by SRI rating agencies. We obtained particularly high scores for our performance in the areas of human resources management and community outreach.

Summary of CSR ratings of CNP Assurances shares (unsolicited)

Rating agency	CSR rating	Comment	Methodology
Sustainalytics	83/100 (2014)	5/94 (global insurance)	**http://www.sustainalytics.com/**
Oekom	Prime C+ (2015)	1/128 (global insurance)	**http://www.oekom-research.com/ index_fr.php?content=corporate-rating**
Vigeo	54/100 (2016)	6/42 (European insurance)	**http://www.vigeo.com**
MSCI	AAA (2016)		
CDP	B (2016)		

SRI indices that include CNP Assurances shares

CNP Assurances' shares are included in several European SRI indices. In particular, its presence in the Ethibel Sustainability Index Excellence Europe, the Euronext Vigeo – Eurozone 120 and Europe 120 indexes and the MSCI Global Sustainability Indexes has been confirmed. Since 2015, the share has been part of the FTSE4Good Index.

Awards and other external recognition in 2016

Caixa Seguradora was designated by the Negocios da Communicacao magazine as one of the insurance companies that communicates best with journalists on the basis of such criteria as access, the availability of information and the ease of verification.

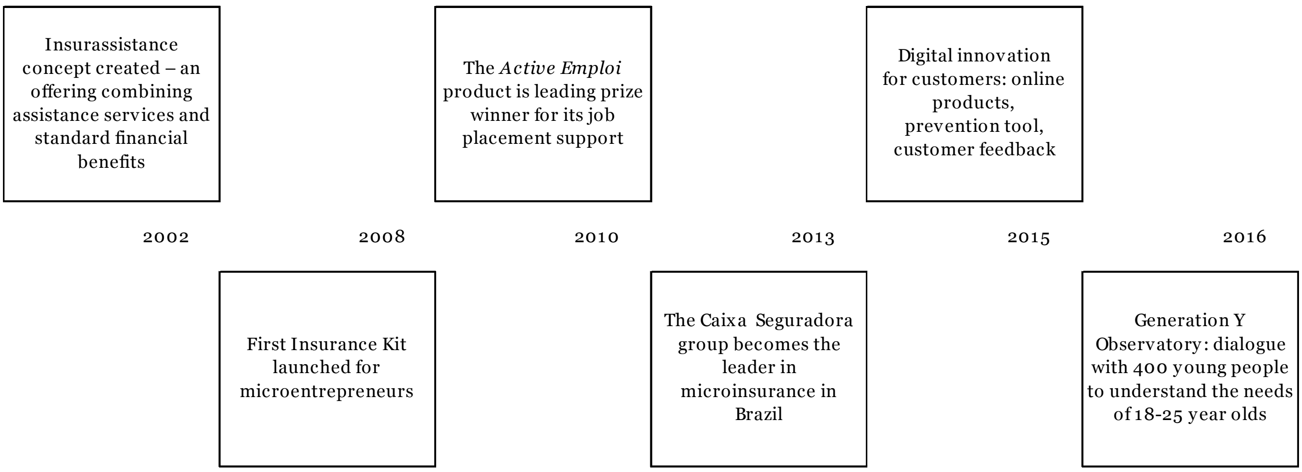
International Award for Best Climate Reporting Investors – 2 Degrees Investing Initiative: CNP Assurances was awarded a special mention for its first report on the integration of CSR factors in asset management (pursuant to Article 173-VI of the French Energy Transition law on its data for the year ended 31 December 2015).

CNP Cyprus Insurance Holdings was recognised for the transparency of its products and the implementation of an innovative method to personalise the needs of its policyholders.

6.2 Offer protection for everyone

CNP Assurances aims to offer all policyholders guarantees that match their daily lives, needs and budgets as closely as possible. This is an ambitious goal because of the very wide-ranging situations in our various markets.
By applying this approach to everyone, CNP Assurances contributes to the fight against the financial exclusion of the most disadvantaged. In some cases, that means going beyond simply settling an insurance claim to offer policyholders innovative services to help them overcome difficulties.

- Priority No. 1: promote access to insurance
- Priority No. 2: design socially responsible products and services
- Priority No. 3: better satisfy policyholders



6.2.1 Priority No. 1: promote access to insurance

6.2.1.1 Products for all

In France, an offer aligned with the needs of people with low incomes

In agreement with our distribution partners, we deliberately offer products with low minimum premiums or investment amounts, despite the weight of fixed administrative costs. The €30 tranche represented 19% of new money invested in life insurance contracts in 2016, and 45% of regular deposits.

Since 2010, CNP Assurances has been the insurer for loans granted by Procilia, a partner to the French government’s *1% Logement* low-income housing loan scheme. This cooperation with social economy stakeholders such as *Action Logement*, local welfare committees (*comités sociaux*) and microfinance institutions operating according to the pawnbroker principle (*crédits municipaux*) was pursued in 2016, with the launch of a term creditor insurance offer with Crédit Municipal de Marseille.

As the leader in the group life insurance segment, CNP Assurances enables companies, non-profits, local authorities and hospitals to offer all their employees the same insurance cover at the same price, by pooling risks and covering different generations under the same policy.

CNP Assurances is a founding member of the Entrepreneurs de la Cité foundation, which aims to help microentrepreneurs obtain insurance. It is also one of the co-insurers for the foundation’s Basic Insurance Kit contracts offering death/disability and health cover. A total of 193 new Basic Insurance Kit contracts were sold in 2016. In view of the slow take-up of this offer, CNP Assurances launched La Fabrique d’Assurance in 2015, which brings together insurers and experts in various fields to discuss trends in social issues and their impact on insurance. The first workshop focused on microinsurance, identifying needs, and examining obstacles and levers for development.

2016 was marked by the launch by *ATD Quart Monde* and CNP Assurances of a funeral insurance contract for people living below the poverty line. Having been drawn up with the help of the persons concerned, this contract takes into account their real needs, offering a basket of guarantees necessary to finance dignified funerals. The challenge was to set a monthly fee within the budgets of very poor people (€0.50 per month for young people up to 30 years old, €13 per month for people aged over 70). Unlike conventional contracts, the monthly payments do not change according to the policyholder's age. People aged up to 80 can take out this insurance, and the guarantee comes to an end when the policyholder turns 90, when the solidarity fund created for the contract takes over.

In Brazil, innovative microinsurance products

In Brazil, the Caixa Seguradora group was the first insurer to enter the Brazilian funeral microinsurance market, with the *Amparo* contract launched in 2011. More than 200,000 *Amparo* contracts have been sold to date. In 2015, Caixa Seguradora launched a microcredit insurance product, *Familia Tranquila*, which covered 61,200 microentrepreneurs at 31 December 2016.

6.2.1.2 Risk selection adapted to each policyholder's health profile

CNP Assurances draws on its exceptionally deep understanding of risks, acquired over its many years' experience in personal insurance, to regularly update and refine its risk selection policy. A key aim of this policy, which takes into account the state of health of individual policyholders, is to accept and pool invalidity and disability cover to as great an extent as possible. In addition, since 2012, the conditions of eligibility for the premium cap applicable to low-income borrowers have been relaxed.

Our creditor insurance rejection rate has been less than 0.2% for the past eight years.

CNP Assurances, covering aggravated health risks

We are resolutely committed to ensuring that individuals representing an aggravated risk have access to credit and insurance in line with the provisions of the AERAS Convention. Disability cover is being offered on the terms laid down in the convention to customers denied incapacity or disability cover under standard policies. In addition to these regulatory obligations, we offer disability cover to civil servants and self-employed workers.

CNP Assurances has also been involved in the implementation of the revised AERAS Convention to incorporate the provisions of the January 2016 French Health Act on the right to be forgotten. 2016 marked a decisive turning point for cancer patients, with the legal recognition of a "right to be forgotten" and the adoption by professional bodies of a grid standardising the conditions governing their access to insurance. These new schemes should under certain conditions avoid their having to declare in the future an old disease that has since been cured, thereby saving them from higher premiums or exclusions. As such, when taking out creditor insurance, former cancer patients are covered in accordance with the general conditions of the contract, without being imposed a higher rate or being excluded, five years after the end of the treatment protocol for cancers diagnosed in people aged under 18, and ten years after the end of the treatment protocol for other cancers. Health questionnaires have been modified so as to draw the attention of clients to this scheme. Moreover, CNP Assurances applies a reference grid allowing it to bring the rates offered to people having been affected by certain diseases, including cancer, closer to the standard rate, and is working with other insurance companies to draw up a new, extended version.

6.2.1.3 Access to information

Information and product transparency

In 2015, CNP Assurances drew up a standard creditor insurance information leaflet. In accordance with regulations, this customised leaflet, provided to prospects before the contract is signed, sets out the guarantees offered in a clear and legible manner so as to improve the future policyholder's understanding and to facilitate comparison with policies offered by other companies.

On all CNP Assurances products, the level of transparency in respect of the information provided to the public is subject to specific validation by the Compliance department. Since 2015, the inclusion of a legible and balanced presentation of the benefits and risks has been a further requirement. Moreover, a dedicated survey has been carried out since 2015 on the degree of clarity of the letters sent to policyholders. Assuristance was in this way able to improve and simplify the communication of guarantees to policyholders in 2016.

CNP Partners was selected in 2015 in the category of Best B2C campaign for its communication around the customised *Tu Vida* life insurance solution designed for women in Spain, where family solidarity rests heavily on their shoulders. The winning website allows users to test the product's various options in a quirky, modern and colourful way.

CNP Seguros de Vida has been awarded a prize for its promotion of the social role played by life insurance in protecting families.

Access to communication

Insuring all our futures also means providing access to information for all. After audit, the cnp.fr website was declared 95%-compliant with France's RGAA web accessibility standards, which cover such aspects as colour contrasts, keyboard accessibility, alternative texts to images, infobubbles, page titles and prioritisation of information.

6.2.2 Priority No. 2: design socially responsible products and services

CNP Assurances continuously updates its offer to adapt to the latest developments in society, by enhancing existing offers and developing targeted prevention services.

6.2.2.1 An offer aligned with customer needs

Anticipating policyholder needs

In addition to studies carried out with distribution partners, the Group's entities analyse the needs arising from emerging social and demographic trends in order to anticipate them. For CNP Assurances, these studies focused in large part in 2015 and 2016 on how the heads of microenterprises perceive their activity and their environment, as well as on their expectations in respect of online service. The Generation Y Observatory set up in 2016 aims to increase knowledge of the 18-25 age bracket so as to identify the associated risks and offer appropriate protection solutions.

Assuristance took a number of actions in 2016, ranging from an analysis of reasons for application refusals to the use of customer survey feedback, to redesign an innovative and comprehensive health assistance offer.

Innovative guarantees are available covering the problems of loss of autonomy, job loss and ageing. In France, for example, in addition to the preventive advice issued by Filassistance International and Lyfe, we offer an unemployment insurance product with a reduced premium or with advisory services to help the policyholder find a new job. *Protection Active Emploi* provides financial support for 6 or 24 months, plus personalised assistance, such as career reviews, training and logistical support.

Since 2016, CNP Assurances has offered psychological support service for the return to work. It also offers a preferential tariff for entrepreneurs and young self-employed workers.

Since 2014, Caixa Seguradora has offered assistance in finding a new job to policyholders who lose their jobs, including distribution of CVs and online career advice. Policyholders in the late stages of a critical illness can claim benefits without reducing the capital built up under their policy, as well as free medication in the event of hospitalisation or emergency care.

A major innovation: in July 2016, Caixa Seguradora launched a fully digital company, Youse

Built with Brazil's leading InsurTech in a collaborative entrepreneurship model, Youse offers 100% online car and life insurance policies, with over 1,000 possible combinations to suit each customer.

6.2.2.2 Promoting good health

A structure dedicated to prevention: Filassistance International

Making life-long support for policyholders its mission, in 2003 CNP Assurances pioneered the integration of targeted assistance and prevention services in life insurance and long-term care insurance contracts, in particular through its Filassistance International subsidiary.

Filassistance offers insurance against the loss of autonomy and cardiovascular risks. It also provides listening and support services for carers and people with long-term illnesses – specifically women with cancer – both medically and socially. In 2015, Filassistance International implemented solutions designed to prevent absenteeism among the 12,000 employees of a large company. Solutions include assistance in the event of unexpected unavailability of childcare to allow employees to get to work. Moreover, its *Aide aux Aidants* (Assistance to Caregivers) offer was included on SIACI's "My Prevention" website, which has received numerous awards for innovation. In 2016, Filassistance International continued to digitise its offerings by creating, developing and promoting 24 digital sites for its partners.

Lyfe, the CNP Assurances health services platform

More than a year after its launch, the Lyfe platform, an e-health prototype, offers nine exclusive services around health, well-being and ageing well, such as 24/7 health advice giving policyholders access to a doctor online and *Allo Expert Dépendence*, a preventative support service targeting loss of independence in the elderly. Its new partnership with MonDocteur.fr allows Lyfe to offer online registration for appointments throughout France. Eighty-two percent of members are satisfied with the site according to a survey carried out in 2016.

Specific prevention campaigns

CNP Assurances deploys numerous workplace programmes to promote the health and well-being of local government employees. The Caixa Seguradora dental care subsidiary runs a programme to prevent tooth decay among young children. In Argentina, CNP Seguros de Vida uses social networks to post prevention information.

Prevention for everyone in everyday life

In 2015, CNP Assurances launched "cespetiteschoses.fr", a digital platform offering information and support and spreading awareness on the theme of "living better together for longer". It was designed to raise awareness, in a fun and interactive manner, of the impact that small, seemingly insignificant everyday gestures can have on people's lives.

6.2.2.3 Service quality aids

Shared applications: the workstations used by distribution partners of the Group's entities enhance the quality and efficiency of policyholder services, while incorporating the duty to provide advice. New shared and convergent quality initiatives have been developed with CNP Assurances' partners to improve the quality of service for insurance advisors and policyholders.

A single platform for processing health questionnaires: the use of the CNPNet platform by banking partners over the last seven years enabled 69% of health questionnaires to be processed electronically in 2016. Since 2013, policyholders have been able to complete the questionnaire at home. In 2016, the application once again saw numerous technical developments aimed at facilitating its use. This is how we make life easier for customers, particularly those who do not have time to visit their bank branch, who need their personal medical file to fill out the form, or who are joint borrowers.

The deployment of new technologies makes life easier for policyholders. For example, a website for filing term creditor insurance claims set up in 2012 allows policyholders to submit scanned claim documents electronically and to track the claim's status, including by text message.

Stealing a lead on the competition, CNP Assurances has since January 2014 offered a full-online term creditor insurance purchasing process for home-buyers who obtain finance from Boursorama Banque, with a legally valid electronic signature system. As well as reducing the time required to complete the process, the system also offers a secure storage solution for insurance applications and the related documents.

Recognised as a pioneer of full-online service in creditor insurance, CNP Assurances was selected in 2015 by ING Direct, France's leading online bank, for the launch of an online mortgage.

On top of its fully digital Youse solution (see text box above), the Caixa Seguradora group has expanded online assistance at the request of customers. Service delivery and subscriptions are possible on the Internet, with specialists available via a forum to assist customers during the process.

CNP UniCredit Vita's website gives policyholders direct access to their insurance accounts, as well as to downloadable information and claim forms.

A business continuity plan has been drawn up to prepare for the risk of downtime following an incident. Tests are performed each year, using different scenarios, to ensure that in all the various departments, normal business operations can be quickly and efficiently restored.

6.2.3 Priority No. 3: better satisfy policyholders

6.2.3.1 Doubling up satisfaction monitoring

Group entities periodically carry out surveys among both policyholders and distribution partners so as to obtain a comprehensive picture of customer satisfaction.

In 2016, CNP Assurances conducted three quantitative satisfaction surveys on individual policy administration processes.

Whether they are carried out as part of a quality certification process, pursuant to a service level agreement or for other purposes, these surveys help to improve customer responsiveness and to provide feedback to our distribution partners. This year, the survey on the substance and form of the annual statements of the Amétis network yielded a satisfaction rate of 86%.

In 2016, an online survey software package allowed the Group to conduct simple surveys of policyholders from a computer, tablet or smartphone. The software is also used by Amétis advisers to send weekly questionnaires to improve the new contract acquisition process.

CNP Assurances carries out an annual satisfaction survey of over 1,000 local authorities and hospitals holding health, death and disability insurance contracts. Average satisfaction scores are stable at between 7 and 8 out of 10 depending on the local authority.

Satisfaction surveys are also conducted in the CNP UniCredit Vita and CNP CIH subsidiaries, and as often as monthly in all the business units in South America. CNP Partners has for several years held monthly meetings with distribution partners in order to gauge their view of service quality. The customer satisfaction score averaged 4.3 out of 5 in 2016.

6.2.3.2 Following up policyholder requests

CNP Assurances regularly reviews a sample of letters sent to customers in response to requests for information or complaints in order to assess the quality of such letters. Fifteen checkpoints on their substance and form are used to identify any anomalies. The results are presented in reports that are given to the departments that issued the letters to help them constantly improve their service quality. The system's digitisation is planned in 2017.

Processing complaints more quickly

In 2013, CNP Assurances committed to replying within two months of a complaint being filed. A complaint is any expression of discontent by a customer as regards the perceived quality of a product or service, whether justified or not.

Processing times have been reduced thanks to a major reorganisation carried out in coordination with our distribution partners. Tools have been implemented to fine-tune follow-up, to improve the analysis of complaints and to identify ways to enhance service quality. Complaints received by CNP Assurances mainly concern the purchase and claim management processes.

With 10,800 complaints lodged in personal insurance in the first half of 2016 (a similar volume to 2015), the number of grievances remains marginal, involving less than 0.1% of policyholders. Nonetheless, each one is analysed in order to understand how we can improve our service quality using the tools referred to above. In 60% of cases, CNP Assurances' position was maintained.

In accordance with the marketplace decision, mediation involving CNP Assurances has since this year been provided by the French Federation of Insurance Companies (*Fédération française des assurances* – FFA).

Unclaimed contracts at CNP Assurances

The entry into force of the French Eckert law on 1 January 2016 reinforced provisions in respect of unclaimed contracts. In practice, the new provisions have prompted insurance companies to increase their efforts to find beneficiaries when policyholders die.

In addition to continuing the efforts and maintaining the resources deployed since 2014 to settle unclaimed contracts, CNP Assurances has developed an internal mechanism to consolidate and publish data, allowing it to prepare the regulatory reports required under the Eckert law as of the first quarter of 2017.

In addition to this work and in order to comply with the obligation to transfer to the Caisse des Dépôts any amounts unclaimed ten years after the death of policyholders or the expiry of contracts, CNP Assurances this year fulfilled its obligation to inform policyholders of these provisions. It transferred 19,334 insurance contracts or capitalisation stocks in the amount of €156.1 million to the Caisse des Dépôts in 2016. Transfers to the Caisse des Dépôts will continue on a monthly basis in 2017.

The publication of the first Eckert report on CNP Assurances' website is scheduled for April 2017, as required by the law.

Disputes

There were 1,488 disputes in progress at CNP Assurances at the end of 2016. Seventy-two percent of cases were won in the first instance in 2016, 71% on appeal and 73% on submission to the highest court of appeal.

6.2.4 Other initiatives

6.2.4.1 Protecting policyholders

Protecting policyholders' personal data

Personal insurance is based on knowledge of sensitive personal data. At CNP Assurances, protecting the confidentiality of policyholder data is central to our administrative processes and the obligations laid down in our code of conduct. Customers' medical and personal information is protected by procedures that comply with local regulations in each host country, and a dedicated system has been set up to keep abreast of regulatory changes. A privacy-by-design approach is being mainstreamed when designing new products. The new version of the CNPNet platform is a prime example: the requirements of the French Data Protection Act were factored in from the outset.

Requests by policyholders for access to their personal information are facilitated by an application available on the cnp.fr website.

CNP Assurances has a Data Protection Officer tasked with ensuring the protection of the personal data of its prospects, customers and employees. Systematically consulted before any application involving personal data is launched, the Data Protection Officer takes part in industry discussions, leads an in-house network and circulates procedures, notably through a dedicated Intranet. Controls are performed to ensure that the procedures are applied, and the Data Protection Officer presents an annual report to the Executive Committee. The work performed by the Data Protection Officer increased further in 2016, with the organisation of a conference on social networks and the presence of an information stand on protecting corporate and personal data in a showroom. A dedicated "data protection" panel discussion emerged on the Yammer corporate network.

In addition, policyholders must give their consent to the use of their personal email address for communications managed in a dedicated information system. The Company has undertaken, through the signing of the French Union of Advertisers' Charter on Responsible Communication, to "respect customers' private data when used for marketing and commercial purposes".

Cybersecurity

CNP Assurances, which has boasted a structured approach to securing its information system for over ten years, uses a security framework aligned with the best practices of ISO 27001 and the associated guidelines. Each new IT project is subject to an analysis of the information security risks, which is reviewed and validated by a dedicated committee before the new service goes into production. All health data are encrypted for storage in all information systems and for all transfers to our partners. Since 2008, customers have been able to make contact with the Data Protection Officer via the cnp.fr corporate website.

In 2015, CNP Assurances undertook a major shift in its cybersecurity approach with a view to addressing the sharp increase in cybercrime without undermining its digital transformation. In 2016, this process was reflected importantly in the strengthening of defensive mechanisms geared towards fighting new threats, the contribution of the digital management team to all new projects, a review of governance arrangements and the running of numerous communication campaigns for users.

In 2016, the Group also updated the charter governing the use of the information system resources to take into account the numerous technological, usage, regulatory and legal developments, and to set out the rights and duties of information system users. Moreover, in its new information systems policy, the Group outlines its security approach and the key provisions thereof at Group-level and sets out governance principles. The policy can therefore be applied across the Group.

Implementation in subsidiaries

The European subsidiaries comply with the European Data Protection directive (95/46/EC) as transposed into national law. Some, such as CNP Cyprus Insurance Holdings, have included its provisions in their code of conduct. All employees in Cyprus received IT security training in 2016. MFPrévoyance, where medical confidentiality is a particular concern, has a dedicated Data Protection Officer. Employees must sign a formal pledge to uphold their obligation to maintain professional secrecy. Medical confidentiality training courses are regularly given to MFPrévoyance employees by the medical officer.

The data security policy at Caixa Seguradora is also regularly updated, and all information is categorised by level of confidentiality to ensure appropriate treatment. Regular intrusion tests are conducted to assess the efficacy of the security measures. Its health subsidiary has established exclusive channels for the exchange of sensitive information with partners.

CNP Seguros de Vida has drawn up a good practice guide on data privacy, notably including its legal aspects, in the aim of entrenching a culture of personal data protection as a component of service quality.

CNP UniCredit Vita updates its security policy governing the protection of customer data in its data protection document on an annual basis. It has a Chief Information Security Officer (CISO). In 2016, its Compliance department commissioned further internal and external checks.

Product and service compliance

All of the Group’s entities verify that contractual, marketing and advertising documents are compliant at every stage of the development of new products. Dedicated teams, working closely with legal experts, ensure that insurance products are compliant, and that changes in the legal framework are taken into account.

CNP Assurances and several subsidiaries have obtained ISO 9001 certification of their main business processes. The scope of certification is expanded every year, while ensuring that previously acquired certifications are renewed (in 2016, two activities upgraded to ISO 9001 V 2015). At Caixa Seguradora, the quality management system is subject to regular audits.

Measures in support of policyholder health

The CNP Assurances Group’s core business does not have a direct effect on customers’ health. Nevertheless, the Filassistance International subsidiary has developed a series of preventive measures to assist individuals in everyday health and safety issues, in the form of loss of independence and memory loss prevention assessments, as well as ergonomic assistance, information services and psychological support (see section 6.2.2.2 for a discussion of all health prevention services).

6.2.4.2 Encouraging policyholder commitment to sustainable development

SRI offering

In personal insurance, direct action by policyholders in support of a responsible economy and the fight against climate change is reflected in the selection of SRI funds in savings products. They are offered in each of the flagship unit-linked products available in the individual insurance offerings from CNP Assurances, such as:

- LBPAM Responsable (**http://www.labanquepostale-am.fr/isr/notre_offre_isr.html**);
- Ecureuil Bénéfice (**https://www.caisse-epargne.fr/ecureuil-benefices-resp.aspx**);
- CNP développement durable (**http://www.fongepar.fr/DOCS/na_400001.pdf**).

SRI funds were once again promoted by CNP Assurances' two major partners in 2016. At the end of the year, nearly 157,000 life insurance policies included an SRI fund. SRI assets totalled €592 million at that date, an increase of more than 9% compared with 2015.

The inclusion of environmental, social and governance criteria in the management of the assets underlying all our traditional savings products and own-funds portfolios is highlighted to policyholders (see section 6.3.1). A brochure on "CNP Assurances' CSR Commitment" was sent to several thousand policyholders and included in the main materials used to present CNP Assurances' offers to its partners.

In its wealth management offering developed in 2015, CNP Assurances offers unit-linked products comprising directly held securities. Eligible securities offered to policyholders are also selected by taking into account exclusion rules on environmental (coal), social (Global Compact) and governance (sensitive countries) issues applicable to financial assets (see section 6.3.1 – Be a responsible investor).

Solutions to raise awareness among policyholders and partners

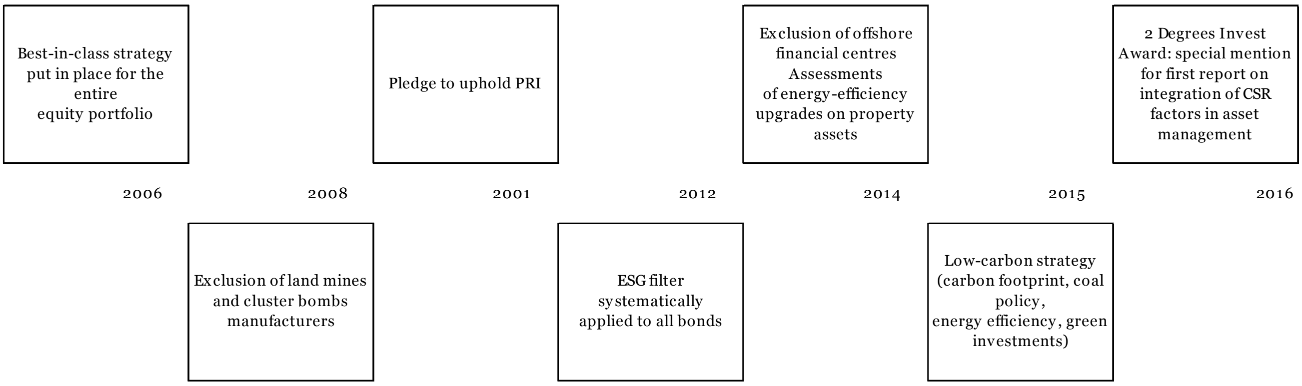
- The Caixa Seguradora group describes the social and environmental challenges it is facing and presents its results on its website. For several years, it has provided its policyholders with information on responsible consumption. In 2015, it extended the process to social networks.
- The launch of the fully digital company Youse in 2016 allowed Caixa Seguradora to promote collaborative entrepreneurship by donating R$1 for every policy sold to a fund financing entrepreneurship projects.
- CNP Seguros de Vida also uses social networks to raise the awareness of policyholders and brokers on the issues of prevention and health, as well as sustainable mobility and protection of the environment.
- Every year, CNP Assurances' pledge to uphold the United Nations Global Compact and its responsible investing strategy are highlighted in more than 19 million letters sent to policyholders (postal mail, email or position papers available online). Since 2011, the message is communicated to all holders of endowment policies (other than unit-linked contracts), including on the annual policyholder statements. Similarly, Caixa Seguradora places the "Carbon Free" seal on its printed materials, thereby informing its policyholders that the CO_2 emissions of its operations are offset.
- In 2014 for SRI Week, we organised an awareness campaign for investors with our partner La Banque Postale. We proposed a special offer for any investment in products from the SRI range. Our network of 300 travelling advisors also got involved in explaining the Group's investment approach and its SRI offer.
- In 2016, CNP Assurances rolled out a new communications tool, dubbed the *Lettre de CNP Patrimoine*, to showcase its responsible investor approach and support for the energy transition to partners.

6.3 Contribute to a sustainable economy

Our Group's primary financial responsibility is to secure the commitments made to policyholders. The second is to guarantee a steady, optimised performance year after year. In line with the belief that including socially responsible investment criteria in the investment selection process optimises the yield-to-risk ratio over the long term, ESG screens have for many years been applied to the majority of CNP Assurances' assets and those of its French subsidiaries.
This commitment also extends to suppliers. An audit and improvement programme has been launched by CNP Assurances to steadily enhance its suppliers' CSR performance.

- Priority No. 1: be a responsible investor
- Priority No. 2: be a responsible purchaser

6.3.1 Priority No. 1: be a responsible investor



* PRI: United Nations Principles for Responsible Investment

6.3.1.1 In France, a strategy combining ESG and Carbon monitoring defined by CNP Assurances and implemented by asset managers

CNP Assurances is an insurance group. As such, it manages the assets backing the rights of its policyholders and its own assets, but does not manage assets for third parties and delegates their operational management to external management companies. For CNP Assurances, the responsible investor approach is defined and managed internally by drawing on the SRI expertise of asset management companies Natixis AM and LBPAM. CNP Assurances' strategy is applied to all of its assets and those of its French subsidiaries. The Group's commitment to socially responsible investing was strengthened in 2011 when we pledged to uphold the Principles for Responsible Investment (PRI).

In line with our responsible investing strategy, ESG screens are gradually being applied to all asset classes across the entire portfolio, rounded out in 2015 by the integration of a low-carbon strategy. At 31 December 2016, the ESG filter covered 81% of the financial assets held by CNP Assurances and its French subsidiaries (for details of policyholder investments in SRI funds, see section 6.2.4.2).

Listed equities

The approach is based on best-in-class management. The establishment of a quarterly monitoring process has facilitated dialogue on securities at risk and the prevailing challenges with SRI analysts at Natixis AM since 2006 and LBPAM since 2009. Dialogue is engaged with companies held in these funds when ESG issues are identified, either through our asset managers or directly during the lead-up to the Shareholders' Meetings. When dialogue fails to produce results, other measures can be taken, potentially including a suspension of purchases of the company's securities or even their sale or exclusion.

CNP Assurances' responsible investor approach in the listed equity compartment supports the goal of energy and environmental transition, particularly through the development of a carbon risk and opportunity approach.

Since 2008, CNP Assurances has chosen to exclude equities issued by arms manufacturers whose products include land mines or cluster bombs from its portfolios. Since 2015, it has additionally excluded all extractive companies producing coal and coal-based energy when more than 15% of their revenue is derived from thermal coal.

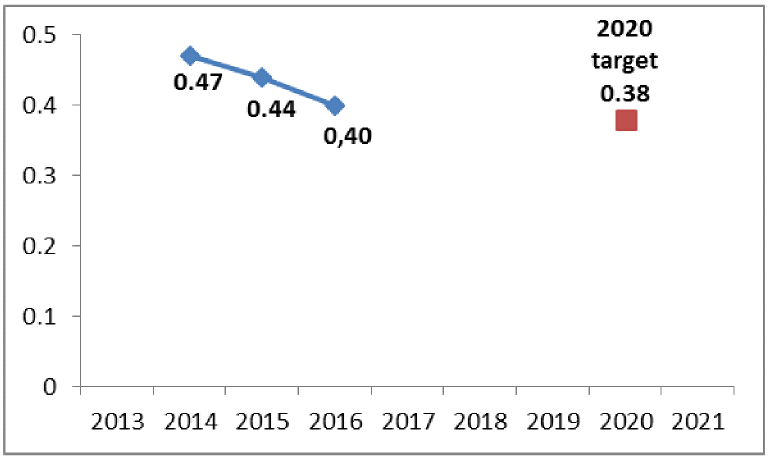
Carbon footprint of the financial portfolio

In line with its commitment under the Montreal Carbon Pledge in May 2015, CNP Assurances measures and publishes the carbon footprint of its financial portfolio. The measure initially concerns the portfolio of directly held listed equities.

At 31 December 2016, the footprint is estimated at 0.405 tonnes of CO_2 equivalent per thousand euros invested. CNP Assurances has set the goal of reducing the end-2014 level by 20% by 2020 (a slightly faster pace than the commitments made by the European Union in the Paris agreement), notably through dialogue with the companies whose shares it holds. While this indicator is useful for tracking the reduction in the portfolio's carbon footprint, it is flawed by the fact it does not necessarily reflect the positive action taken by companies to further the energy transition. CNP Assurances therefore supports methodological developments in measuring companies' carbon impact and their impact in respect of the environmental and energy transition, including those related to avoided emissions.

NOTE: This calculation is an estimate of Scope 1 and 2 greenhouse gas emissions by portfolio companies at the end of 2015 (most recent published data) without adjustment for overlap, based on the portfolio's asset value. These estimates are volatile, and depend notably on the scope and data collection methods used in the various companies and changes in reference emission factors. As such, while the 2016 results are very encouraging, CNP Assurances remains vigilant and is pursuing its carbon reduction efforts.

ESTIMATE OF THE CARBON FOOTPRINT OF THE PORTFOLIO OF DIRECTLY HELD LISTED EQUITIES



Bonds

- Government bonds and equivalents: ESG screening excludes sensitive countries rated as "not free" and "partly free" by Freedom House, and countries rated as "corrupt" by Transparency International, as well as tax havens.
- Corporate bonds: issuers are given quarterly ESG ratings, and can be excluded from the portfolio or have their weighting limited on the basis of their compliance with the principles of the Global Compact. Since 2008, CNP Assurances has chosen to exclude bonds issued by arms manufacturers whose products include land mines or cluster bombs. Since 2015, it has additionally excluded all extractive companies producing coal and coal-based energy when more than 15% of their revenue is derived from thermal coal.

Withdrawal from the coal sector

Since 2015, CNP Assurances has sold nearly €300 million in corporate bonds issued by companies that extract coal and produce coal-based energy. Since end-2015, its portfolio has included no directly held listed entities or bonds issued by companies deriving more than 25% of their revenue from thermal coal.

Mutual fund units

The decision on which mutual funds to include in the portfolio is made by taking into account management companies' ESG commitments and by complying with the Group's general investment principles: companies speculating on agricultural commodities and producers of cluster bombs and land mines are excluded. Since 2015, exclusion has been extended to the securities of companies that fail to comply with the principles of the Global Compact and to the issue of coal, as described in the approach taken on bonds (see above).

The issue of sensitive countries is also monitored: investigation on the treatment of tax havens and embargoes in 2015, inclusion in the due diligence questionnaire and exclusion from new dedicated mutual funds.

Furthermore, CNP Assurances has purchased SRI mutual funds in the amount of €2.8 billion, or 10% of assets of all non-dedicated mutual funds held at 31 December 2016. For details of policyholder investments in SRI funds (unit-linked), see section 6.2.4.2.

6.3.1.2 A responsible shareholder

Since 2005, CNP Assurances has followed a policy of shareholder activism by systematically voting at the Shareholders' Meetings of the listed companies in its portfolio. In 2016, CNP Assurances voted at the Shareholders' Meetings of 99.9% of the French companies in its portfolio. The voting scope was extended in 2016 to European companies presenting environmental and carbon risks, reaching 57.5% of assets held. It reviewed 1,726 resolutions proposed at 92 meetings, voting against 19.4% of them. When we had issues with proposed resolutions, we endeavoured to talk to the companies concerned ahead of the meetings.

Voting principles are laid down by senior management. The core objective is to protect the rights of minority shareholders who are investing to support the investee's long-term growth. Shaped in part by investor concerns, these principles are pragmatically applied to all companies in the portfolio, taking into account each one's characteristics, industry and regulatory environment.

6.3.1.3 Sustainably managing property assets

With €12 billion in property assets in France based on net book values, CNP Assurances is an important player in this market. Management of its property assets is entrusted to specialised companies on the basis of strict specifications that address the need to preserve the environment and ensure the safety of the properties' users. These include the Sustainable Property Management Charter adopted with Icade in 2008, and the establishment in 2014 of a "green works charter" to factor in the impact of all co-owned property management agreements on the environment, and on the health and safety of users.

Property assets: improved energy performance

CNP Assurances' maintenance and renovation programmes for the property assets in its portfolio constantly aim to make the properties more energy efficient. Renovation projects are carried out to the highest environmental standards (21% of property assets under direct management were certified to HQE, THPE, BBC or Bream Very Good standards at the end of 2016, a significant increase compared with 2015).

Since 2009, an environmental audit has been systematically carried out on all newly acquired properties. In 2015, as part of its low-carbon strategy, CNP Assurances signed the Energy Efficiency Charter for Commercial Buildings, thereby illustrating its desire to become more involved in the green building sector.

A general audit to determine an energy performance target

In advance of the requirements introduced by France's Grenelle I and II laws, and pending the publication of the relevant enabling documents, 143 of CNP Assurances' wholly owned property assets have already been assessed to measure their energy efficiency. Action plan scenarios adapted to each building have been defined in order to reduce CO_2 emissions and energy use.

CNP Assurances has already rolled out a €150 million work programme within this framework. Ultimately, this work will reduce the energy consumption of the entire property portfolio by 20% by 2020, in comparison with 2006.

In 2016, CNP Assurances launched a pilot scheme to track health, safety and environment (HSE) compliance by one of its property management companies. Following a five-pronged diagnostic, the company's response to the observations made during the diagnostic was monitored, yielding a completion rate of 44% at end-2016. The objective is to carry out an audit of all assets over three years and track the work that is subsequently carried out.

6.3.1.4 Infrastructure and unlisted equities, the right vehicles for future challenges

Social information used to manage private equity and infrastructure investments since 2010

ESG ratings are awarded based on the due diligence process carried out ahead of any investment in a new private equity fund. A total of 27 private equity funds were rated in 2016. In addition, CNP Assurances had invested in several socially beneficial funds in a total amount of nearly €135 million at 31 December 2016. Examples include financing small businesses that have trouble raising capital due to social barriers, and supporting SMEs facing financial hardship.

CSR reporting is also used for new infrastructure investments. In 2016, 56% of our infrastructure funds took part in this reporting or voluntarily provided us with their own CSR reporting.

Investments in funds supporting the energy and environmental transition

At 31 December 2016, CNP Assurances had €34 million invested in private equity funds in the clean energy, clean industry and cleantech sectors. Direct and indirect investments in renewable energy infrastructure, sustainable mobility and water and waste treatment represented total assets of €651 million at 31 December 2016. An additional €902 million is invested directly in green bonds funding specific environmental projects.

At the end of 2015, with management company Meridiam, CNP Assurances launched the "Meridiam Transition" infrastructure fund to finance innovative development projects related to the energy transition, local services such as heating systems or energy from recovered waste, electricity and gas networks, and innovative renewable energy. A total of €100 million had been committed at 31 December 2015, plus an additional €49 million in 2016.

Thanks to progress in its low-carbon strategy, CNP Assurances achieved its initial goal of tripling its investments in the energy and environmental transition sector a full year ahead of target, with assets reaching €1.7 million at 31 December 2016.

MFPrévoyance has meanwhile invested €5 million in funds supporting renewable energy projects.

CNP Assurances received a special mention in the first international awards for the best climate reporting for investors in October 2016.

Support for SMEs

Operating in the private equity business since 1992, CNP Assurances is one of the world's top 50 institutional investors (number two in France) in private equity funds (2015 EPI ranking). Be they innovative start-ups or SMEs with an established presence in their market, operating in the high-tech sector or established industrial segments, these companies play a strategic role in strengthening France's economic fabric, creating jobs and attracting foreign investment. Under the OPEN CNP programme launched in 2016, CNP Assurances plans to devote €100 million over five years to developing partnerships with innovative start-ups in businesses close to its own. Three investments of various kinds were made in 2016. After supporting a crowdlending platform for SMEs, CNP Assurances chose to support a telemedicine solution to fight against social and geographical inequalities in access to healthcare. Lastly, a few months ago, it gave support to a new online health insurance company dedicated to start-ups and SMEs.

CNP Assurances also supports businesses in difficulty through specific funds, with €128 million committed in 2016. Again in 2016, CNP Assurances partnered with a long-term loan fund on behalf of around 100 European SMEs. It also supports the NovESS fund, whose objective is to support the transition and change of dimension of the Social and Solidarity Economy.

6.3.1.5 Forests: an environmental opportunity

Integrating environmental issues in woodland management processes

CNP Assurances is France's largest private owner of woodland, with 54,077 hectares at 31 December 2016. Société Forestière, a 50%-owned subsidiary, applies sustainable management techniques that help to prevent fires, promote biodiversity and anticipate the effects of climate change. In 2003, in addition to ISO 9001 certification, all of CNP Assurances' woodland assets were certified by the Pan European Forest Council (PEFC), which guarantees that the timber comes from sustainably managed forests.

Carbon sinks in France and Brazil

In 2016, the growth of CNP Assurances' trees served to sequester 529,191 tonnes of carbon dioxide. After deducting timber sold or cut down during the year, a net 236,988 tonnes of carbon dioxide was added to the sequestered total.

Since 2007, the Caixa Seguradora group has been offsetting its carbon emissions by financing NGO Green Initiative's tree-planting programmes in the Atlantic forest. The Carbon Free programme has planted nearly 40,000 trees in the space of seven years. The management of these forests in accordance with biodiversity principles also provides an income for disadvantaged local communities and an opportunity for them to acquire new skills. Operations organised by CNP Assurances with employees have added 5,704 trees to these plantations.

Anticipating climate change

In 2001, in compliance with France's Forestry Act, CNP Assurances approved a sustainable management charter defining the commitments of Société Forestière, the company in charge of managing its woodland. These commitments include managing woodland sustainably, protecting biodiversity and proactively planning for the impact of climate change.

The climate change issue is a key factor in managing our forests. In order to ensure the long-term health and value of the woodland, the management company selects transitional tree species adapted to current and future climates and pays increasing attention to the soil moisture reserves in areas where new trees are being planted.

Protecting biodiversity

Société Forestière continued its actions in favour of biodiversity in 2015. It regularly strives to maintain dead trees in forests, whether they are still standing or have fallen. Dead trees are home to very specific biodiversity – more than a quarter of animal and fungal forest species – and are of major interest for scientists and NGOs working to protect nature. Another example is the management of the Fayez forest in north-eastern France, which aims to gradually renew beech stands, which are representative of habitats that must be protected on this site.

CNP Assurances' woodland management also prevents soil erosion and ensures water filtration and purification. The Caixa Seguradora group's reforestation operations promote biodiversity, protect water resources and contribute to soil conservation.

6.3.1.6 Deploying ESG screening in international subsidiaries

The Caixa Seguradora group excludes certain industries from its equity and government and corporate bond portfolios. At CNP Seguros de Vida, when choosing between investments with equivalent risk and yield profiles, priority is given to those with the best social and/or environmental profile. At end-2016, 16% of its assets were dedicated to supporting SMEs or social infrastructure projects. CNP UniCredit Vita has applied the exclusion rules defined by CNP Assurances covering sensitive securities and countries to its euro-denominated portfolio, representing 46% of financial assets at end-2016, as has MFPrévoyance.

6.3.2 Priority No. 2: be a responsible purchaser

The Group's larger entities, CNP Assurances and the Caixa Seguradora group, were the first to integrate CSR principles into their sourcing policy.

6.3.2.1 CNP Assurances – Fulfilling a commitment on an everyday basis

CNP Assurances' CSR principles are also put into practice by the Purchasing department, with all buyers aware of these issues and most of them trained in CSR compliance. The Group's Ethical Purchasing Charter and the code of ethics govern buying practices.

The main calls for tenders and consultations include a CSR component that proposals must address in order to be considered.

Having pledged to uphold the United Nations Global Compact, CNP Assurances systematically promotes its commitment to human rights among subcontractors and suppliers. Agreements include contractual clauses to protect workers. A CSR assessment of key suppliers is performed by EcoVadis (see section 6.3.2.3).

Nearly all CNP Assurances' suppliers of goods and intellectual and other services are located in France. The use of subcontractors is mostly limited to intellectual services, as well as printing, mailing, enveloping, archiving, bulk data entry, call centre and maintenance services.

Average supplier payment terms were 49 days in 2016, a gain of two days compared with 2015, thanks to the various optimisation measures undertaken, such as indexing invoices when received and sending targeted reminders depending on the payment deadline. This puts CNP Assurances' "supplier payment terms" indicator for 2016 within the standard period of "45 days end of month", which shows that CNP Assurances respects its commitments to its suppliers by paying them within a reasonable time.

6.3.2.2 The Caixa Seguradora group – CSR clauses in all contracts

The Caixa Seguradora group includes CSR clauses in its supplier contracts based on the Global Compact principles (ILO, the fight against organised crime and drug trafficking, the environment, combating fraud and money laundering).

6.3.2.3 A platform for supplier ESG audits

CNP Assurances is partnering with EcoVadis in order to have a comprehensive, shared approach to monitoring its suppliers' environmental, social and ethical performance. The information is compiled on a collaborative platform that includes 150 business sectors and 95 countries.

Following the audit, suppliers receive detailed feedback on their CSR practices, including a rating in four categories (environment, social, ethics, and responsible purchasing) and a list of their strengths and areas for improvement.

The main suppliers in the Top 200 (CNP Assurances' 200 biggest suppliers) are subject to assessment by EcoVadis. In 2016, 145 suppliers representing 51% of total purchases were assessed. The average rating was 58/100. In 2017, with the deployment of the e-purchasing tool, major tenders and listings will be systematically asked for an EcoVadis rating, which has become one of the rating criteria of our offers.

The "CNP Assurances' CSR Commitment" leaflet has also been included in tender documents since last December.

6.3.3 Other initiatives

6.3.3.1 Combating money laundering, terrorism and fraud

A shared requirement

As a player in the financial sector, CNP Assurances is deeply involved in the fight against money laundering, the financing of terrorism and fraud. Our business model, in which a lot of transactions are performed by intermediaries, has shaped the related controls. The tasks entrusted by the Group to intermediaries are described in the distribution agreements between CNP Assurances and its partners. Caixa Seguradora, the Group's main subsidiary, carries out an annual external audit of the risk of fraud.

Dedicated teams

Supported by 22 employees, a specific unit is dedicated to these controls at CNP Assurances, and any employee can check the Group-wide anti-money laundering procedures on the Intranet. Similar arrangements are in place in all subsidiaries, in compliance with local constraints and the principles adopted by the Group. CNP Partners has an anti-money laundering committee.

Work to bolster the system

As part of the new guidelines in the fight against money laundering and the financing of terrorism, CNP Assurances has launched a project aimed at bolstering its system with all of its partners. The aim is to consolidate the organisation of operations controls and to implement the new requirements set out in the fourth and fifth directives.

CNP UniCredit Vita adopted an organisation and management model consistent with the new Italian rules in 2016. The application is monitored by a specialised committee.

Specific training

Newcomers and employees who have changed jobs are systematically trained at CNP Assurances (72 employees in 2016). Moreover, an e-learning module developed in partnership with the French Federation of Insurance Companies (*Fédération française des assurances* – FFA) and several major insurers, taken in 2014 by CNP Assurances employees in accordance with their exposure profile, has been rolled out to partners offering high-end products.

Training on money laundering has been extended to subsidiaries in recent years. The Cypriot subsidiary annually trains the relevant employees and the branch network on KYC procedures.

6.3.3.2 Ethics and anti-corruption measures

All subsidiaries provide ethical guidelines through their standard operating procedures, charters or codes.

Codes for all entities

The prevention of corruption requires the establishment of procedures and training.

CNP Assurances' code of conduct, appended to the internal rules, is one of the Group's tools in the fight against corruption. It notably contains rules governing gifts and benefits within the Company. It is posted on the Intranet and features in the Employee Orientation Guide for new hires. Flashes are regularly placed on the Intranet to remind employees of the main rules. All other entities in the Group also have guidelines, specifications and regulations.

Some more exposed professions have specific codes (purchasing management and sales management):

- an ethical purchasing guide provides practical guidance for key situations encountered by the Company's purchasers;
- similarly, a specific code of ethics spells out standards for sales representatives of the Amétis network.

None of the Group's entities makes donations to political parties. In countries where such donations are not illegal, subsidiaries specifically prohibit them in their code of ethics or conduct.
Furthermore, a new anti-corruption policy is being implemented at Group level to round out the existing system in accordance with the provisions of the French Sapin 2 law.

In addition to ethics training, which has been in place for many years, corruption risk training was increasingly offered in subsidiaries in 2016, notably in Brazil and Italy following the enactment of new anti-corruption laws.

Procedures governing financial management and purchases

This ethical vigilance also applies to CNP Assurances' asset management, particularly for government bonds where the country's position in the Transparency International index is one of three exclusionary criteria.

At CNP Assurances, the fight against corruption extends to purchasing, and purchasing contracts include a standard CSR clause requiring suppliers to commit to combating corruption, including on the part of their own suppliers and subcontractors.

6.3.3.3 Corporate income tax

The CNP Assurances Group is primarily made up of insurance companies and companies that provide services to individuals, as well as a number of financial investment vehicles.

Corporate income tax payments

2016 *(in € millions)*	**France**	**Latin America**	**Europe excluding France**	**Total**
Corporate income tax	(353)	(366)	(25)	(744)

In addition, the Group's insurance companies in France paid more than €800 million in taxes on behalf of policyholders in 2016.

Exclusion of sensitive countries

CNP Assurances formalised its policy of excluding offshore financial centres at the end of 2014. In line with its commitment as a responsible insurer and investor, and its status as a public company, CNP Assurances has drawn up a list of prohibited countries covering all of its activities, extending the exclusion beyond the list of countries prohibited as part of the fight against money laundering, terrorist financing and non-cooperation in tax matters to include countries identified as tax havens based on the Tax Justice Network indices, as well as those posing serious problems with regard to democracy, human rights and corruption, as determined by Freedom House and Transparency International.

All operations in these countries are excluded, and purchases are prohibited across all asset segments. The divestment of the remaining assets is planned by 2017.

6.4 Be an attractive employer

By promoting each employee's professional development as part of a human resources planning process, CNP Assurances develops the skills that will make the Group successful today and tomorrow. The Group's active professional equality policy is used to train young people, notably through combined work-study programmes, to help people with disabilities enter the workforce and to promote gender equality within teams.

- Priority No. 1: develop skills in line with the Group's strategy
- Priority No. 2: create a working environment that fosters well-being and performance
- Priority No. 3: pursue a robust policy on gender equality in the workplace

6.4.1 Priority No. 1: develop skills in line with the Group's strategy

The human resources planning process, initiated in 2014 and involving all stakeholders, took shape in the autumn of 2016 with the signing of CNP Assurances' maiden human resources planning agreement.

The human resources planning process irrigates a wide range of HR policies, including three-year employment management, career development and management training.

6.4.1.1 Human resources planning – prudent employee management

Number of Group employees

The CNP Assurances Group had a total of 5,035 employees at 31 December 2016, representing an increase of 4.8% compared with 2015 (at constant scope).

Headcount by entity √	Country	2016	2015	2014
CNP Assurances	France	2,992	3,006	3,009
Caixa Seguradora group	Brazil	1,179	863	799
CNP UniCredit Vita	Italy	170	163	163
CNP Cyprus Insurance Holdings	Cyprus/Greece	284	285	283
CNP Partners	Spain, Italy, France	204	176	164
MFPrévoyance	France	75	76	76
CNP Santander Insurance	Ireland, Italy	61	44	-
CNP Seguros de Vida	Argentina	62	65	69
CNP Europe Life	Ireland	8	8	10
CONSOLIDATED TOTAL – GROUP		**5,035**	**4,740**	**4,705**

√ Data reviewed to obtain reasonable assurance

CNP Assurances manages its workforce carefully in line with its human resources planning process. CNP Assurances' permanent workforce contracted by 0.9% in 2016, although targeted recruitments and higher qualifications mean that this did not undermine the Group's capacity to continue growing in line with its strategy.

The decline in the permanent workforce resulted from contrasting trends:

- a persistently sizeable number of retirements in view of the age structure and changes in regulations relating to pensions;
- constant vigilance in replacing people who leave the Company, depending on changes within the Company, in a constrained and swiftly changing economic environment;

- external recruitment targeting new or specific technical and commercial skills relating to digital and skills-based developments and changes in our growth strategy;
- an active policy of internal mobility, with most vacant positions filled by internal candidates.

Caixa Seguradora data now include its Odonto subsidiary, which explains the increase in its workforce between 2015 and 2016. For CNP Santander Insurance, the increase reflects business growth.

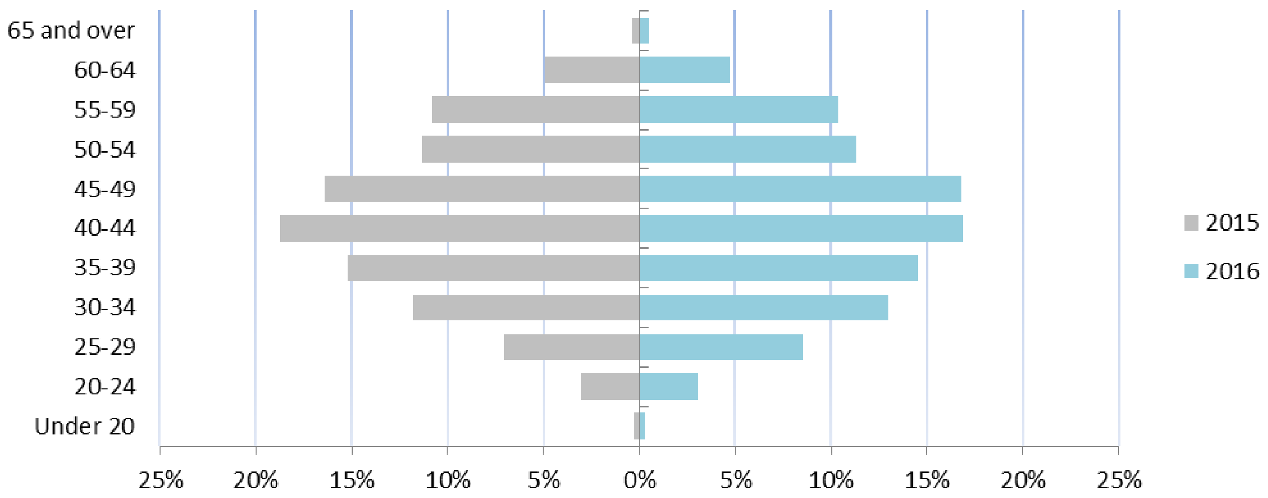
Characteristics of the Group's workforce

	2016	**2015**	Change	Level of coverage
Percentage of employees with permanent employment contracts √	96%	96%	0%	98%
Percentage of women √	59%	60%	- 2%	100%
Average age of permanent employees	43.2 years	43.4 years	- 0.5%	100%

√ Data reviewed to obtain reasonable assurance

Virtually all of the Group's employees (98%) are covered by local insurance industry collective bargaining agreements.

Age pyramid √



√ Data reviewed to obtain reasonable assurance

CNP Assurances' workforce includes 117 civil servants seconded from Caisse des Dépôts, 60% of whom have management status. The average length of service within the Group is 13 years, and is stable compared with 2015.

With the age pyramid showing a mean age of 46.2 years for employees with permanent contracts, CNP Assurances strives to employ young people and retain seniors. The share of young people in the workforce is edging up, while the rate of employees aged over 55 exceeds 21%. The end-of-career measurement included in the human resources planning agreement will increase CNP Assurances' visibility on projected retirements in coming years, thereby increasing its capacity to manage the transition.

A targeted hiring policy for CNP Assurances

CNP Assurances has for several years had a policy focused on internal mobility. Its twofold objective is to combine the need to manage the workforce in a more constrained environment that requires more careful management of internal career paths and to capitalise on in-house knowledge and expertise. This policy is reflected by the fact that the vast majority of vacant positions are filled by drawing on the skills available within the organisation. Any skills that are lacking are recruited externally.

As such, internal mobility is boosted by helping employees to develop and implement their career plans, particularly those who wish to pursue a degree (see section 6.4.1.2 on training) or those who wish to move to or train for a new position. In 2016, 68% of permanent positions were filled by internal candidates, leaving scope for external hiring to strengthen core skills in order to fill new positions or open up new areas of development (high-end digital skills), or to secure processes and comply with tougher regulatory requirements.

In 2016, most of the positions open to external candidates related to sales, finance, policy management, actuarial analysis, risk management and compliance.

With a view to ensuring growth in digital technologies, CNP Assurances increased its visibility as an employer brand on social networks in 2016, and is now present on LinkedIn, Twitter and Viadeo. It has also integrated the practice of remote job interviews.

Entries into the Group

	2016	**2015**	Change	Level of coverage
Number of new hires √	651	535	+22%	100%
Percentage of new hires with permanent employment contracts	73%	67%	+9%	100%

√ Data reviewed to obtain reasonable assurance

Departures from the Group

	2016	**2015**	Change	Level of coverage
Total departures √	**440**	**462**	**-5%**	**100%**
• dismissals √	95	88	+8%	100%
• terminations by mutual agreement	14	21	-33%	100%
• resignations	112	125	-10%	100%
• retirements	67	64	+5%	100%
• departures at the end of fixed-term contracts	137	154	-11%	100%
Turnover rate √	**5.8%**	**6.4%**	**-9%**	**98%**

√ Data reviewed to obtain reasonable assurance

Turnover within the Group's entities reflects varying situations. It is low at CNP Assurances (4.1%), and declined within several entities in 2016. CNP Seguros de Vida, for instance, saw the rate slow from 22% in 2015 to 13%, while CNP Partners logged a drop from 13% to 5% (a rate which is well below the 2015 average for the Spanish insurance sector, which was 8.12%). CNP Cyprus Insurance Holdings reported a turnover rate of 3%, the same as in 2015, despite the economic climate. More than one departure of a permanent employee out of every two at CNP Assurances was a retirement, which is consistent with the age structure.

Mergers/acquisitions/disposals/restructuring

As part of the merger between AG2R La Mondiale and CNP Assurances, 31 employees were seconded to Arial CNP Assurances.

Under the Pergolesi project, all employees at the Italian branch CNP Italia on 31 May 2016 were transferred to the CNP Partners group as of 1 June 2016 through the transfer of individual employment contracts between the two companies, with the prior consent of each employee.

6.4.1.2 Skills development – continuous investment in line with changes to jobs

The human resources planning agreement lists the commitments made by CNP Assurances to develop the skills essential to the implementation of its strategy and to support its employees in their career development. Various mechanisms are in place to make each employee an actor in his or her skills development, to foster dynamic career management and to ensure that the age structure remains unconstrained.

Constant monitoring of changes to jobs

Analysis of the impact on jobs of the Group's growth strategy and economic, regulatory, technological (particularly via process digitisation) and socio-demographic changes has allowed stable jobs not exposed to noteworthy change to be ring-fenced from those in which significant quantitative or qualitative changes have been observed or are likely within a three-year timeframe.

Jobs defined at being "at risk" receive special attention, depending on whether the underlying challenge is to learn new skills within the Company, to upgrade skills or to redeploy employees. All affected employees receive personalised support.

The construction of career paths

Alongside the stated policy of opening vacant positions to internal candidates, the professional development of all employees is backed up by a set of mechanisms focused on making each employee an actor in his or her own skills development. Every year, managers are asked to conduct a performance review with each member of their team.

Across the Group, 92% of employees had a performance review in 2016. At CNP Assurances, for instance, the annual appraisal interview, now paperless, is a special opportunity for dialogue between manager and employee. It allows participants to summarise the events of the past year, to highlight strengths and areas for improvement, and to agree on expectations and objectives for the coming year.

At CNP Assurances, in 2016 323 employees benefited from internal mobility and 110 were promoted.

In order to update the skills base, CNP Assurances supports its employees in developing their career paths and drawing up training plans. In 2016, it focused on management professions and managerial skills. Employees' professional practices are key in this approach.

Sustained efforts to bolster the professional skills of employees and managers

	2016	2015	Change	Level of coverage
Number of training hours	112,055	103,346	+8%	100%
Percentage of employees who received training	84%	88%	-5%	100%

At CNP Assurances, the total number of training hours was stable in 2016 compared with 2015, despite the non-inclusion this year of training delivered within the framework of the qualitative criterion in the incentive agreement, which provides for an awareness/training module on a negotiated topic.

The development of employees' skills is central to CNP Assurances' priorities, as a means of capitalising on its image and expertise, and facilitating internal mobility. This is evidenced by training budgets, which average approximately 5% of the payroll. In 2016, almost 75% of employees attended a training course, and 43 employees were able to work towards a diploma, with a view to achieving their professional goals. Over the past two years, nearly 4% of permanent employees across all levels of the Company and all areas have benefited from individual training leading to a diploma.

At CNP Assurances, training provided in 2016 covered:

- managerial topics, including the launch of the first class of the new management training course for the digital age (ULM);
- support for the implementation of strategic development and for the commercial business lines and the associated customer relationship workshops; training for new CRM tools and products; and particular support this year for management profiles through technical insurance training;
- personal skills training for employees through a range of cross-cutting courses.

An online training platform was launched in the autumn of 2016. At the end of the year, 38 training courses had been delivered to various audiences via this channel. Their content was varied, ranging from anti-money laundering to support for people with disabilities to events in the life of contracts in individual management.

Lastly, the 2016 incentive scheme resulted in further awareness raising for all employees about digital culture via a MOOC deployed in partnership with the Caisse des Dépôts.

Elsewhere in the Group, more people received training in all entities in 2016. The main training areas were insurance techniques and Solvency II, followed by computer/office systems, sales and marketing, personal development, management skills and languages. In addition, during the last four years, targeted training initiatives have been organised to expand the risk management skills base. Individual training needs and requests are generally discussed during annual performance reviews. Group training needs are analysed when the annual training plans are drawn up.

Since 2015, the Caixa Seguradora group has offered training programmes in behavioural studies, in organisational culture and in an online course system.

In 2016, CNP Partners developed training courses in project management, IT security and management following the establishment of working groups with employees. CNP UniCredit Vita also continues to provide mandatory training, notably in the fields of anti-money laundering, ethics and compliance. The number of training hours increased considerably in Cyprus due to the delivery of two mandatory training courses for all staff (anti-money laundering and IT security).

6.4.1.3 Use of outside contractors – limited and supervised outsourcing

CNP Assurances makes limited use of outside contractors for non-core business activities. There are 44 security staff, 65 cleaners (regional offices included), 23 maintenance workers and nine receptionists. The total was 149 people, compared with 157 in 2015. IT operations have been transferred to an intercompany partnership established in 2012 (CNP TI), which employs 367 people.

The use of temporary staff has increased in volume since 2015 to support internal teams in the many changes planned within the Company.

Use of outside contractors is largely confined to the Caixa Seguradora group and CNP Partners, which outsource their IT operations (249 contractors). Like CNP Assurances, both entities ensure that the employees concerned are accorded the full protection of applicable labour legislation (see section 6.3.2 – Be a responsible purchaser).

6.4.2 Priority No. 2: create a working environment that fosters well-being and performance

The Group's human resources policy focuses consistently on developing conditions that foster employee well-being at work and promoting personal enrichment and group performance. It relies on a significant social component and the deployment of personalised support measures for employees, and employee/employer relations combining a variety of channels.

6.4.2.1 Employee/employer relations combining a variety of channels

Employee representation and protection

Social dialogue is a priority throughout the CNP Assurances Group. There is at least one employee representative in all subsidiaries except CNP Europe Life, which has only eight employees, and the new subsidiary CNP Santander Insurance, acquired in 2014, which has 61 employees. The Caixa Seguradora group does not have a staff delegate. However, in accordance with the rules set out in the union of insurance workers' agreement, an employee representative and the union president participate in meetings between employee and management representatives. Ninety-eight percent of the Group's employees are covered by an insurance industry collective bargaining agreement (except in Ireland and for some employees in Argentina due to local regulations). A total of 120 meetings between employees and management were held at the Group's various entities.

Working with employee representative bodies at CNP Assurances

In keeping with CNP Assurances' tradition and past agreements on union rights, the Human Resources department maintains regular, high-quality dialogue with the various employee representative bodies

(National and European Works Councils, employee representatives and Occupational Health, Safety and Working Conditions Committee) and with union representatives, giving due consideration to the roles of everyone involved and going beyond compliance with regulatory requirements.

Employee representative elections were held at CNP Assurances in the autumn of 2016.

Agreements to improve employment conditions

CNP Assurances has agreements covering the main areas, including classification and remuneration through the labour adjustment agreement, working hours (ARTT agreement), gender equality, employees with disabilities, union resources, psychosocial risks, a PERCO voluntary pension plan and profit-sharing. In 2016, CNP Assurances signed a new discretionary profit-sharing agreement, an agreement on human resources planning and agreements relating to the coverage of healthcare costs for managers and non-managers.

MFPrévoyance signed an intergenerational contract in 2016. It has 14 collective agreements covering such key social issues as working hours, the exercise of union rights, work-life balance and profit-sharing. In 2016, CNP UniCredit Vita signed an agreement with union representatives on variable bonuses and the Caixa Seguradora group signed a profit-sharing agreement.

Spending on social matters for Group employees represented 1.5% of the payroll in 2016.

The European dimension

The European Works Council met twice in 2016 to present the report on the Group's activities, projects and results.

CNP Assurances' focus on managerial communication

Since 2015, four principles of action, namely initiative, creativity, customer focus and trust, have guided the behaviour of managers and their teams.

In addition to the HR Intranet, which centralises information from the Group on its various human resources activities, managerial communication is crucial for fostering relations with employees. Over the last three years, CNP Assurances has rolled out a number of initiatives to promote the role of managers and help them to communicate with their teams. As such, various management circles have been identified and communication processes established. They include conference calls with the Chief Executive Officer, special seminars and employee discussion forums. In 2016, the CEO twice had the opportunity to take part in online chats with all employees.

In 2016, a new management approach was rolled out to all employees, called "Dialog" in reference to the principle it promotes. Based on a short questionnaire containing eight questions focused on each employee's experience at work, this agile approach encourages managers to open dialogue three times a year with their teams on eight different dimensions of quality of work life, as they relate to expected performance. From the very outset of the campaign, and to help managers appropriate the process, 23 workshops bringing together 143 managers were held in December. This support will continue with each campaign throughout 2017.

6.4.2.2 Prevention of psychosocial risks and promotion of support systems at CNP Assurances

As a service company, CNP Assurances has paid particular attention to preventing stress and psychosocial risks over the last ten years. Through its various managerial training and other more specific initiatives (in-house social mediation, outside counselling available to all employees, independent occupational health service, etc.), it has created an environment that helps limit the occurrence of situations of risk. Since 2016, the new management training offer has included a chapter on "quality of work life and prevention of psychosocial risks" offered by the Human Resources department.

CNP Assurances remains attentive to trends in business conduct, both in terms of information systems and expected behaviour – as regards digitisation for instance – in a changing work environment. The results of the 2012-2015 agreement with trade unions on this subject highlight the actions taken to identify, prevent and manage psychosocial risks, including support for organisational change, communication processes that ensure fairness in human resources practices, and opportunities for telecommuting subject to certain conditions.

In addition, the in-house mediation service aims to prevent and deal with allegations of harassment and discrimination, stress and everyday conflicts. In 2016, it received approximately 40 referrals concerning requests for advice and support.

Lastly, all employees also have 24/7 access to a toll-free hotline (Filassistance) all year round if they need to talk to someone.

In 2016, CNP Assurances initiated negotiations on the quality of work life aimed notably at factoring in its commitments in terms of psychosocial risks, the right to disconnect and professional equality. A telecommuting experiment is also underway.

The "Dialog" approach described above (see section 6.4.2.1) now contributes to this vigilance on working conditions.

6.4.2.3 Multiple initiatives in each subsidiary

All CEOs worldwide follow stress management training. The Caixa Seguradora group has developed broad well-being at work programmes, and organises a "health in the workplace" week every year. It also has an internal committee tasked with preventing accidents, identifying risks and implementing preventive actions.

MFPrévoyance's Occupational Health, Safety and Working Conditions Committee pays particular attention to psychosocial risks, and a special training course has been included in the management training programme. CNP Seguros de Vida's code of ethics provides for the implementation of accident and occupational illness prevention programmes. The subsidiary also assesses its workplace health monitoring programme annually. CNP Cyprus Insurance Holdings has a team dedicated to regularly communicating on workplace health and safety risks, and has supported the Ministry of Labour's "health and safety week" for several years. CNP UniCredit Vita introduced stress management workshops in 2016, organised by a group of volunteer employees. Lastly, a mutual insurer covers occupational risk prevention measures for CNP Partners employees.

6.4.2.4 Organisation of working hours

Annual number of hours

Annual working hours within the Group range from 1,575 to 2,007, depending on local legislation. At CNP Assurances and MFPrévoyance, full-time corresponds to 1,575 hours per year (ARTT agreement of November 2001).

	2016	2015	Change	Level of coverage
Percentage of employees working part time	13%	14%	-7%	100%
Number of overtime hours	31,122	30,534	+2%	100%
Percentage of overtime hours	0.37%	0.38%	-3%	100%

Overtime hours doubled at MFPrévoyance due to the migration of the management IT system and a period of heightened activity resulting from the renegotiation of loan rates.

Development of part-time work and flexitime

Apart from one employee at CNP Partners, all employees who work part time within the Group's entities choose to do so. At Group level, part-time employees represent 13% of the workforce. For CNP Assurances, 20.9% of the employees worked part time in 2016, with almost all of them choosing to work 80% or more of the total working time. Part-time employees are entitled to all of the same benefits as full-time employees.

In addition, 63.6% of the workforce at CNP Assurances have personalised working hours to help them achieve a better work-life balance and organise their working hours in accordance with their professional obligations.

In 2016, CNP UniCredit Vita experimented with a new way of working, called smart working. Its aim is to increase productivity while promoting a better work-life balance. The experiment involved allowing beneficiaries to work from a place of their choice four days every six months. This could be their home, a private place (a friend's house, a holiday house) or a co-working space located anywhere in the country. Each employee is provided with the necessary technology to work remotely. The results of these analyses were presented to the Executive Committee and then to internal trade union organisations.

CNP Partners has also set up a telecommuting experiment following the signing of an agreement.

6.4.2.5 Remuneration

Average gross salary by country (permanent employees)	2016	2015	Change	Average annual increase by country
France [(1)]*	EUR 58,795	EUR 57,698	+2%	0.49%
Brazil	BRL 78,946	BRL 66,029	+19% [(2)]	10.6%
Italy	EUR 55,911	EUR 55,008	+2%	0%
Cyprus/Greece	EUR 36,837	EUR 37,133	-1%	0%
Spain	EUR 50,913	EUR 49,099	+4%	2.6%
Ireland	EUR 68,153	EUR 66,933	+2%	1.5%
Argentina	ARS 516,618	ARS 382,680	+35%	35%

(1)* CNP Assurances and MFPrévoyance

(2) The increase is in part the result of a change in the calculation method

For the consolidated CNP Assurances Group, the average pay rise was 3% across the board, with variations among countries due to inflation, particularly in Argentina.

At CNP Assurances, €6,494,775 was paid out under the discretionary profit-sharing plan in 2016, €17,960,483 under the statutory profit-sharing plan, and €446,778 in profit-related bonuses to seconded civil servants. All CNP Assurances and MFPrévoyance employees are covered by supplementary health and death/disability insurance, a separate long-term care insurance policy and a life insurance/pension plan with matching employer contributions. They are also eligible to participate in a “time savings account” and invest in a PERCO voluntary pension plan.

At 31 December 2016, CNP Assurances employees (excluding seconded civil servants) had invested €104,646,600 million in employee savings plans. A total of 1,448 employees held registered shares, of whom 1,171 via the employee savings plan, representing 0.21% of share capital.

In 2016, the Group’s remuneration policy was revisited in the context of Solvency II to integrate the “Fit and Proper” standards.

A report detailing the remuneration and benefits received during the year was issued to every employee in at CNP Assurances in 2016. This report is now a key component of HR policy. Through its customised information, it reflects the Company’s determination to make its remuneration and benefits policy comprehensible, as part of its commitment to its employees.

In 2016, an electronic safe that can be used to store paperless payslips and employees’ other administrative documents was made available to all staff at CNP Assurances.

6.4.2.6 Health and safety

CNP Assurances has an autonomous health service. In 2016, it implemented new software incorporating digitised medical records.

Absenteeism

The Group absenteeism rate fell slightly in 2016.

	2016	2015	Change	Level of coverage
Absenteeism rate	6.20%	6.35%	-2%	100%
Absenteeism rate excluding maternity leave	5.21%	5.39%	-3%	100%

Health and safety

There were no deaths resulting from a workplace accident or occupational illness in 2016.

	2016	2015	Change	Level of coverage
Number of workplace accidents (with or without lost time)	28	28	0%	100%
Occupational illnesses	1	0	n.m.	100%

Number of workplace accidents within the Group

Almost all workplace accidents took place at CNP Assurances, and two-thirds of them resulted in lost time.

The lost-time accident frequency rate for 2015 measured by Cramif Ile-de-France was 3.58% for Paris (up significantly compared with 2014), with a severity rate of 0.23%. The rate for 2016 will not be published by Cramif until later in 2017.

CNP Assurances is committed to ensuring the health and safety of its employees. Numerous health improvement programmes have been established by Group entities: CNP Assurances has an Occupational Health department on each of its main sites, and offers employees additional preventative care from specialist doctors. A social worker is also available during office hours. The Company's training programme includes road safety training modules for travelling insurance advisors. Prevention programmes are organised on a regular basis, and include flu vaccination campaigns.

Similar initiatives are organised by Caixa Seguradora, including consultations with an on-site nutritionist, assessments of the programme to prevent workplace risks, and on-site medical check-ups. CNP Cyprus Insurance Holdings has teams in both Cyprus and Greece responsible for informing employees about health and safety risks. CNP UniCredit Vita uses as a reference an important Italian law that lays down a strict health and safety framework in the workplace. CNP Partners has outsourced the prevention of health and safety risks to a specialised mutual insurer.

Workplace health and safety agreements

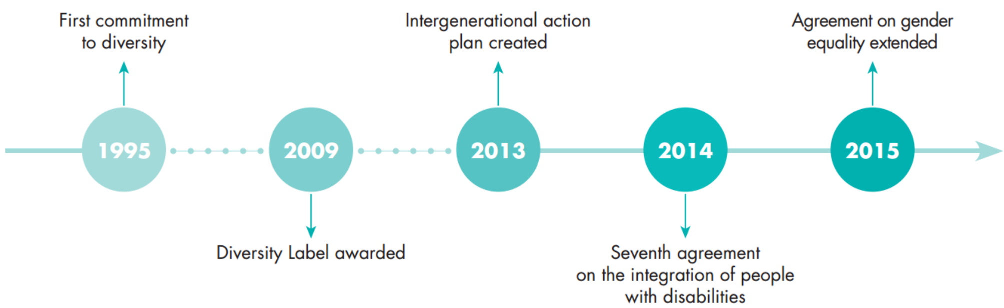
In all, 98% of the Group's employees are covered by collective agreements dealing with the main health and safety issues.

The Occupational Health, Safety and Working Conditions Committee acts on behalf of all CNP Assurances' employees as well as outside service providers working on its premises. It meets once a month. Every year, a programme is drawn up to prevent risks and improve working conditions. A member of the Occupational Health, Safety and Working Conditions Committee is now the point person on psychosocial risks and meets with the in-house mediation team at least once a quarter. Another member is in charge of a prevention plan for outside service providers. In 2016, agreements concluded with the trade unions on the coverage of healthcare costs resulted in the existing scheme being made compliant with regulations.

In addition to supplementary health insurance, CNP Assurances employees are covered by death/disability insurance with an optional long-term care formula. Collective agreements with MFPrévoyance's Occupational Health, Safety and Working Conditions Committee also include supplementary health and death/disability insurance. CNP Partners also has an Occupational Health, Safety and Working Conditions Committee, which met twice in 2016.

6.4.3 Priority No. 3: pursue a robust policy on gender equality in the workplace

Timeline



6.4.3.1 A strong Group-wide policy

CNP Assurances is dedicated to integrating young people and people with disabilities into the workplace, supporting people with disabilities and promoting professional equality. It also constantly strives to prevent all forms of discrimination.

CNP Assurances received the Seal of Diversity in 2009 for its clear diversity and anti-discrimination policy, and has consistently managed to keep the distinction since then. The status study conducted in 2015, prior to the audit for the renewal of the Seal of Diversity, confirmed the degree of maturity attained by the Company in the implementation of its policy to promote diversity and prevent discrimination.

This policy is based in particular on three company agreements on gender equality, disabilities and union resources, as well as an action plan on the intergenerational contract initiative.

The results of this policy are illustrated not only by the Seal of Diversity but also by several indicators:

- in 2016, CNP Assurances rose from eighth (2015 ranking) to second place in the annual list of French companies with the highest proportion of women executives (number one in the insurance sector) published by the Ministry of Social Affairs, Health and Women's Rights, which highlights the most advanced companies in terms of gender equality;
- on disability, employees with disabilities represented 7.36% of CNP Assurances' workforce at 31 December 2016, an increase of nearly 1 percentage point compared with 2015. In late 2014, it signed its seventh internal agreement on this subject with three union organisations for 2015-2018 – a testimony to its enduring commitment;

- in accordance with the agreement, employee representatives who devote more than half of their working time to these duties receive a salary increase each year at least equal to the average of the individual pay rises of all the employees in their professional category.

A continuous improvement initiative: every year an internal Diversity Steering Committee, put in place in 2010 at CNP Assurances, reviews the actions undertaken in each area of the business to ensure that consistent policies are applied throughout the organisation. Career management and performance review processes uphold the principle of non-discrimination. Conferences on the Arcueil and Angers sites helped managers understand and become aware of stereotypes and how to combat them. Over 300 managers received training, particularly on equal opportunity in hiring. Various mechanisms have been put in place to ensure that application of the diversity policy is regularly monitored and an annual diversity report is presented to employee representatives.

A commitment applied across the Group: the commitment to fighting discrimination is shared across the Group, and features in the Caixa Seguradora group’s code of ethics and conduct, and in CNP Seguros de Vida’s Code of Ethics. CNP Cyprus Insurance Holdings’ code of service addresses the issues of discrimination, privacy, freedom of religion, and respect for each employee. A collective agreement on this subject was also signed by MFPrévoyance in 2011. A working group to promote diversity at UniCredit Vita once again implemented numerous initiatives, including dedicated training, in 2016.

6.4.3.2 Promoting gender equality in the workplace

	2016	**2015**	Change	Level of coverage
Proportion of female management-grade staff	50%	50%	0%	100%
Proportion of female senior executives √	33%	33%	0%	99%
Average male/female income ratio by category	110%	109% *	+1%	98%

* The 2015 data have been recalculated due to a methodological difference compared with previous years. The level has remained unchanged since 2014.

√ Data reviewed to obtain reasonable assurance

CNP Assurances constantly strives to reduce any observed gender gaps in remuneration and promotion.

At 31 December 2016, 44% of Board members were women. The proportion of women directors has increased steadily in recent years, and women now also occupy 38% of positions on the Executive Committee. To advance the cause of women in the workplace, CNP Assurances belongs to Financi’Elles, a network for female management-grade employees in banking, finance and insurance, and Alter Égales, the network for female management-grade employees within the Caisse des Dépôts group. Continuing the actions taken in the previous year, the Company pursued its active membership of both networks in 2016.

After signing the corporate parenthood charter in 2012 and joining the Corporate Parenthood Observatory in 2013, CNP Assurances held a Family Day at its headquarters for the first time in 2016. Aimed at strengthening ties between employees and managers through parenthood and helping facilitate change in the representations of parenthood in corporate settings, it was a successful initiative attended by 150 children and their parents.

6.4.3.3 The employment and integration of employees with disabilities

Number of employees with disabilities

	2016	2015	Change	Level of coverage
Number of employees with disabilities (permanent employment contracts)	160	140	+14%	99%

CNP Assurances' disability programme has now been in place for 20 years. During these years, the Company has implemented a proactive policy to help people with disabilities enter the workforce. A seventh agreement was signed in 2014, committing the Company to helping people with disabilities enter and stay in the workforce over a period of four years from 2015 to 2018. Including the 141 disabled employees on permanent contracts (up 13.7% compared with 2015) and the employees of the 199 sheltered workshops used by the Company, the proportion of disabled employees was 7.36% of the workforce at 31 December 2016.

Disabled access audits have been conducted at all CNP Assurances' facilities, in liaison with the Occupational Health, Safety and Working Conditions Committee. An accessibility audit carried out in 2011 at the two main Paris sites found that they were respectively 77% and 73% accessible to the disabled. In 2014, before CNP Assurances employees moved into a new building in Paris, an accessibility audit was carried out and the audit recommendations were implemented.

The Caixa Seguradora group frequently uses organisations that promote employment of people with disabilities to circulate job offers. It develops awareness initiatives to help teams welcome these employees, and has also established partnerships with institutions that support their integration. At CNP UniCredit Vita, employees with disabilities represented 5.4% of the workforce in 20196. As of 2016, CNP Partners employs two people with disabilities.

6.4.3.4 Fighting age discrimination

Hiring young people

CNP Assurances makes every effort to help young people to find employment. In 2016, permanent employees aged under 25 accounted for 3.6% of the workforce, a slight increase on the previous year. The human resources planning agreement sets out the Company's commitments to employ young people for permanent positions and on combined work-study programmes. In 2016, CNP Assurances continued the efforts that it has made in this area over recent years, hiring 12 young people aged under 25 on permanent contracts, a hundred on combined work-study contracts and 73 as interns. MFPrévoyance signed a new intergenerational contract with employee representatives in 2016.

Employing seniors

The human resources planning agreement is based on the goals set for hiring or retaining seniors previously laid down in the intergenerational contract. CNP Assurances had 29 seniors on fixed-term contracts at end-2016. Seventeen seniors with expertise were hired in 2016.

6.4.3.5 Promoting diversity through communication

The internal diversity communication plan is reviewed annually. Employees may also report any complaints or problems involving suspected or actual discrimination. The procedure is available on the Intranet. Various articles on the implementation of the diversity policy, as well as external links, are also available on the CNP Intranet.

Awareness initiatives and training are conducted to fight stereotypes, prejudice, discriminatory language and attitudes, and to convince employees of the advantages of having a diversity policy. To maintain this momentum, which is now well entrenched, the "40 minutes to understand discrimination" self-training module, originally released in 2011 as part of the incentive campaign, has been updated. It is distributed to all new arrivals.

6.4.4 Compliance with and promotion of the fundamental ILO conventions

In keeping with their commitment to the Global Compact, CNP Assurances, CNP Seguros de Vida, the Caixa Seguradora group and CNP UniCredit Vita ensure that laws and regulations are complied with in each country where they operate.

All of the subsidiaries share the four overriding principles of respect for human rights, freedom of association, the right to collective bargaining, long-term support for employees and the promotion of equal opportunity. Each one submits an annual report on their HR performance to the parent company, with a special focus on these four criteria. Measures guaranteeing respect for civil and political rights at CNP Assurances include the Company's internal code of conduct, the appointment of a liaison officer for dealings with the French data protection agency (CNIL) and agreements on union rights.

Employees are covered by an insurance industry collective bargaining agreement (excluding Ireland and certain categories in Argentina due to local regulations). CNP Assurances ensures that employee representatives enjoy the same training and promotion opportunities as other staff members.

Furthermore, compliance with ILO standards is reflected in dealings with suppliers and their own subcontractors (see section 6.3.3), the inclusion of CSR criteria in the investment strategy (81% of financial assets of the French entities, 100% of the Brazilian entity, 46% in Italy) and the management of property assets.

The abolition of forced or compulsory labour and effective abolition of child labour

Neither CNP Assurances nor its subsidiaries are directly concerned by forced or child labour. However, the Group pays particularly close attention to this issue in its purchasing policy (see section 6.3.2).

6.4.5 Building employee awareness of sustainable development issues through training

6.4.5.1 Awareness raising

Sustainable development challenges are the subject of awareness/training initiatives to embed them in the corporate culture and everyday practices.

Several Group entities have a section on their Intranet dedicated to sustainable development. For several years, regular events and activities have been organised in each entity to raise employee awareness about sustainable development challenges:

- each year, CNP Assurances organises competitions, surveys and conferences, shares guidelines and raises awareness on eco-driving. In 2015, 900 employees took part in an interactive serious game on issues related to the environmental and energy transition. In 2016, a conference was held in Paris for all employees on the results of a study on the life-cycle assessment of an insurance product;
- in 2016, a toy drive in favour of charity Rejoué was organised during Sustainable Development Week on CNP Assurances sites (Paris, Arcueil, Angers). The toys collected were subsequently given to underprivileged children at a Christmas charity event. On top of the items collected from employees, the Company made a donation to Rejoué, as well as to Initiativa Verde, an NGO working in favour of the reforestation of the Atlantic forest;
- the 2016 Responsible Finance Week was marked by the publication of information on current affairs via the Intranet: video to raise awareness on the concept of ethical investments in employee savings plans, results of an online survey of Generation Y members on responsible investment, and integration of ESG and climate issues into asset management;
- the 2015 Sustainable Development Week was also an opportunity to raise employee awareness on the issue of discrimination in employment through the launch our partnership with "Our Neighbourhoods Have Talent" (*Nos quartiers ont des talents* – NQT). This association connects young graduates from priority or disadvantaged neighbourhoods with volunteer sponsors in the Company. Their aim is to help and guide them in their search for their first job;
- various awareness campaigns focused on eco-gestures within the Group's entities: MFPrévoyance raised its employees' awareness about waste sorting. The Caixa Seguradora group rolls out intense

employee awareness campaigns every year and in 2016 focused its efforts on electronic waste and plastic cups. CNP UniCredit Vita created an online campaign to encourage its employees to reduce energy, paper and water consumption, and holds monthly diversity workshops. In Argentina, the "Multiplicar" programme established in 2015 aims to reinforce responsible employee behaviour through awareness raising and training;

- MFPrévoyance hosts a "Quality of Work Life" page on its Intranet.

6.4.5.2 Training

CNP Assurances offered 25 employees two half-day workshops on responsible investment in 2016.

The Caixa Seguradora group offers e-learning courses on socio-environmental responsibility for all staff, with 878 people trained in 2016. In Argentina, all employees received training or attended lectures at monthly staff meetings on such issues as waste sorting, mobility, microinsurance and the UN sustainable development goals.

CNP UniCredit Vita continued to provide diversity training during the year and also offered courses on CSR, ethics and responsible finance. In 2016, it also launched its first digital laboratory, under the name "CSR and digital strategy", in collaboration with the University of Milan. The project's dual purpose was to train young talents on issues related to CSR and the world of insurance, and to raise employee awareness on the importance of sustainable development in corporate strategy. Students and staff worked together to come up with a project, which they then presented to the Executive Committee. The most innovative ideas were chosen to form the foundations of a new commercial offer.

6.5 Foster a sustainable society and environment

Every year, when renewing their membership of the UN Global Compact, CNP Assurances and its main signatory subsidiaries confirm their determination to manage their impact on civil society and the environment.

The implementation of environmental policies within the Group, the desire to disclose its environmental impact on a very comprehensive basis, the annual monitoring of greenhouse gas emissions and the activity of the CNP Assurances Foundation and the Caixa Seguros Institute underscore the importance the Group places on its impact on the world around it.

- Priority No. 1: optimise the environmental footprint of the Group’s internal workings
- Priority No. 2: reduce the carbon and environmental impact of products
- Priority No. 3: manage the local impact

6.5.1 Priority No. 1: optimise the environmental footprint of the Group’s internal workings

Reducing the environmental footprint is a goal shared across the entire CNP Assurances Group. Its main focus is managing the three major sources of direct emissions: business travel, office building management and paper use. Employees have adopted a number of waste-sorting practices. Similarly, train travel is being used more instead of air travel, and video conferencing has become another regular habit.

6.5.1.1 Structures for addressing environmental issues

Environmental issues are handled locally with a system structured in accordance with the size of the entity. Group subsidiaries report to the parent company on their environmental performance on an annual basis.

CNP Assurances has a Sustainable Development department, which reports directly to the Chief Executive Officer. It assists the support departments in charge of environmental issues, namely purchasing, workplace environment and property investment. The Building Management department monitors regulatory developments. Each year an external audit firm prepares an assessment of regulatory compliance and a monitoring tool for equipment at risk.

To mark the launch of its new “Multiplicar” CSR policy, CNP Seguros de Vida has established a Sustainability Committee comprising employees who take part in the development of proposals for action.

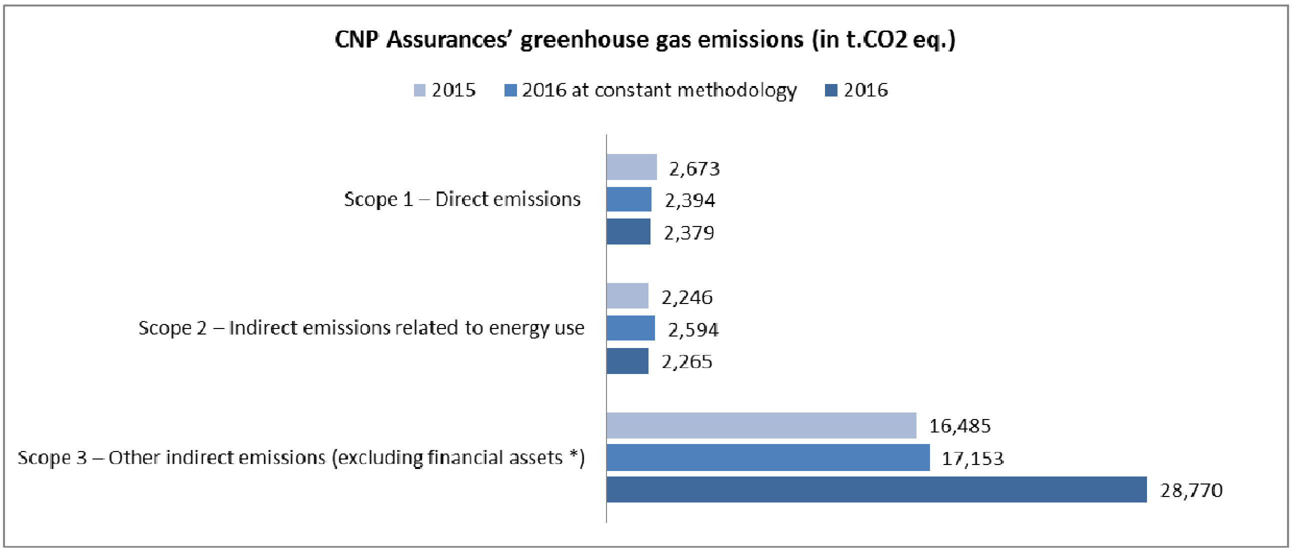
CNP UniCredit Vita entrusts its approach to the CSR department tasked with handling environmental issues in collaboration with other services, including the *l’Orto delle idee* (formerly Green Group) ideas laboratory, which is made up of volunteer employees. Since 2013, key CSR indicators have been included in the Company’s management reports.

The Caixa Seguradora group set up a Sustainable Development Committee in 2007 to address environmental issues. This Committee, comprising 11 representatives from various sectors within the group, is led by the chairman of the group’s Executive Committee. The initiatives in the environmental programme help to instil a culture of sustainable development within the group.

6.5.1.2 Greenhouse gas emissions audit

CNP Assurances’ greenhouse gas emissions

CNP Assurances’ emissions of CO_2 equivalent have been monitored for six years. Since 2012, they have been measured in accordance with Article 75 of France’s Grenelle II law of 12 July 2010. In 2016, ADEME very significantly revised the baseline emission factors used for the audit. As such, to highlight variations between 2015 and 2016, the chart below shows the 2016 emissions measured with the same method as in 2015 and the 2016 emissions measured using the new method.



* See section 6.5.2.2

Scope 1 and Scope 2 emissions are immaterial. Even after optimisation efforts, their volatility is inevitable: lower direct GHG emissions (Scope 1) are the result of the renegotiation of the contract with EDF in connection with the supply of fuel oil to Parisian generators. The slight increase in indirect GHG emissions related to energy use (Scope 2) is attributable to climate events.

For other indirect emissions (Scope 3, excluding financial assets), 93% of the gap between 2015 and 2016 stemmed from the upward revaluation (between 200% and 300%) of emission factors associated with services and the provision of intellectual services. At constant methodology, Scope 3 emissions would have amounted to 17,153 tonnes of CO_2 equivalent in 2016, a level close to that of 2015.

Major emissions sources at CNP Assurances	2016 emissions for CNP Assurances	Share in total emissions	Level of uncertainty
Purchase of services and provision of intellectual services (Scope 3)	17,690 t.eq.CO_2	53%	High (> 50%)
Computer hardware (Scope 3)	3,376 t.eq.CO_2	10%	Average (20-50%)
Business travel (Scopes 1 and 3)	3,030 t.eq.CO_2	9%	Low (< 20%)
Energy (Scope 2)	2,265 t.eq.CO_2	7%	Low (< 20%)
Paper (Scope 3)	735 t.eq.CO_2	2%	Low (< 20%)
Total		**81%**	

Other than the proportion attributable to the purchase of services and the provision of intellectual services, the key sources of CNP Assurances' emissions are the use of computer hardware, business travel and the consumption of electricity and paper. These emissions sources are consistent for a company operating in the service industries.

Detailed information by source as reported to the French authorities is available in French at www.cnp.fr. In addition, CNP Assurances has reported its greenhouse gas emissions to the Carbon Disclosure Project since 2005.

Caixa Seguradora group's greenhouse gas emissions

The Caixa Seguradora group's carbon footprint, measured in terms of emissions related to business travel and buildings (based on the GHG Protocol), totalled 2.07 tonnes of CO_2 equivalent per employee. With its emissions offset by reforestation in the Atlantic forest carried out with Iniciativa Verde, Caixa Seguros Holding has earned Carbon Free certification for several years in a row.

6.5.1.3 Analysis of the main sources of GHG emission and action taken to reduce them

6.5.1.3.1 Business travel

Car travel is a big part of CNP Assurances' carbon footprint. As the potential economic and environmental gain is significant, training and awareness campaigns on road risks and eco-driving were established for all employees in 2013. In 2014, new employees in the sales network attended specific personalised modules.

Expanding video conferencing

The use of video and audio conferencing is now widespread within the Group to limit business travel. The Caixa Seguradora group encourages its employees to reduce travel and to use any alternatives available to them. Since 2013, CNP UniCredit Vita has included tracking indicators for video and audio conferencing hours, as well as for air and train travel, in its quarterly report presented to the Management Committee.

In 2016, 15,470 hours of video conferencing were recorded across the Group, an increase of 32%.

Commuting

As part of its Business Travel Plan, CNP Assurances updated the commuting survey in 2013. Commuting by car was down (by between 9% and 30% depending on the site), while journeys by motorcycle or scooter and carpooling were up (by 8% for employees working at Paris Montparnasse). In all, greenhouse gas emissions related to commuting have been reduced by 13% in three years.

Business travel

	2016	**2015**	Change	Level of coverage
Million km travelled by plane	16.1	15.6	+3%	97%
Million km travelled by train	4.6	3.7	+24%	97%
Million km travelled by car	8.7	10.2	-15%	90%

The increase in air travel is attributable chiefly to CNP Assurances and Caixa Seguradora. Air travel was either steady or down at the other Group entities. In Brazil, air travel is justified by business expansion and the size of the country.

CNP Assurances has prepared a written travel policy, providing a framework for employee practices to reduce their impact on the environment, while continuing to ensure the comfort and safety of travellers. Train travel relates mainly to CNP Assurances. Employees travelled 4.4 million kilometres by train, of which more than 40% between the Company's main sites in Angers and Paris. CNP Assurances encourages the use of public transport. Taxis can be used under certain conditions, and in this case, hybrid vehicles have been given priority by the booking office since May 2013. Accordingly, hybrid vehicles accounted for 42% of taxi journeys in 2016, up from 40% in 2015.

This year, a large number of subsidiaries again cut back on business travel or opted for cleaner modes of transport. As such, CNP UniCredit Vita continues its work to raise employee awareness (train vs plane and public transport), offering staff annual subscriptions at reduced rates.

The nature of business travel by CNP Partners employees has changed since 2015 following the establishment of a travel policy in the previous year. The use of planes and cars has been reined in (kilometres travelled down 22% and 4% respectively) in favour of trains.

6.5.1.3.2 Consumption of office supplies

The CNP Assurances Group's operations are entirely in the field of insurance. As with other financial services, paper is the principal raw material consumed. For several years now, many initiatives have been deployed by Group entities to reduce paper use. Since 2013, for instance, CNP UniCredit Vita has made paper consumption a key indicator in the monthly report presented to the Management Committee. Since 2014, CNP Partners has posted a guide to good practice on its Intranet to reduce paper use by employees.

A reduction in Group-wide paper use for internal operations

	2016	2015	Change	Level of coverage
Paper use for internal operations (equivalent A4 sheets)	29.4 million *	32.6 million	-10%	99%
Proportion of recycled paper used for internal purposes	14.9%	19.4%	-23%	97%

* Estimate

At CNP Assurances, following a steady reduction over several years thanks to the commitment of employees (savings of 11% in 2012, 5% in 2013 and 6% in 2015), the deployment of multifunction printers across all sites helped further reduce paper use in 2016, by several million sheets. The implementation of such equipment also has a positive impact on energy consumption due to its better performance.

The paperless management of claims and services within CNP Partners enabled the subsidiary to reduce its paper use by 39%.

CNP UniCredit Vita and CNP Europe Life use only recycled paper for internal purposes.

Green office supply purchasing

This year, 37% of office supplies ordered by CNP Assurances were labelled “green”.

6.5.1.3.3 Office building environmental management

Controlling energy use

Energy use by the CNP Assurances Group corresponds to heating and cooling systems in its office buildings, office equipment used by employees and IT servers. Electricity is the main type of energy used.

	2016	2015	Change	Level of coverage
Electricity consumption √	22.7 million kWh	22.1 million kWh	+3%	99%
Gas consumption	2.18 million kWh	2.21 million kWh	-1%	99%
Fuel oil consumption	11,953 litres	87,945 litres	-86%	59%

√ Data reviewed to obtain reasonable assurance

A total of 6 million kWh of heating supplied by the CPCU district heating network in Paris was used to heat CNP Assurances’ Paris offices in 2016. Fuel oil consumption, which is occasional and not material, relates exclusively to the power generators at the main sites in France. The significant decline in fuel oil consumption this year resulted from the renegotiation of the contract with EDF.

CNP Assurances has adopted energy-saving measures designed to help buildings operate more efficiently. For example, improving how heating (French sites except Arcueil), air conditioning and ventilation systems are controlled requires the expert management of programmable time settings. The Group has also established room temperature guidelines and the regulation of fan coil units, whose efficiency has been improved by the closure of the doors.

CNP Assurances now also routinely includes energy performance clauses in contracts for the operation and maintenance of air conditioning equipment. The objective is to optimise the management of facilities with a view to reducing consumption and sharing the financial gains made in this way between the owner and the operator.

The concept of energy efficiency is systematically integrated into work and maintenance specifications.

Significant work has been carried out to reduce energy use. For example:

- as part of a comprehensive plan to reduce energy costs at the Saint Serge building in Angers, and on the basis of the energy performance assessment, a four-year programme (2014-2018) has begun with renovation work on the refrigeration system. The work will allow compliance with regulations, via the removal of R-22 and the replacement of open air-cooling towers, which consume large amounts of water, with closed towers, which, by virtue of their design, do not consume water. A new stage of the project began in 2015, with the aim of fully renovating the ventilation and air conditioning system. For this, a management system and control equipment have been established. This year, the waterproofing of the terraces of the Saint Serge building was restored, with the addition of high-performance thermal insulation;

- following the purchase of a new office building in Paris in 2014, multi-annual renovations of the control system continued, with the installation on three levels of new terminal units to control fan convectors and the replacement of flexible heating water supply pipes on six levels as part of work to stop water leakage;
- replacement of lighting in IT rooms, office areas and part of the technical area at SIC Beaucouzé by the installation of LED lighting resulting in lower power consumption and reduced heat emission.

Furthermore, in accordance with Article L.233-1 of the French Energy Code, CNP Assurances conducted an energy audit of its operating buildings before 5 December 2015. This audit was carried out at the headquarters and on the site in Angers, thereby covering 65% of energy bills paid by the Company. The operation of buildings was studied, and measurements of their consumption were taken.

CNP Assurances' subsidiaries have also gradually adopted measures to reduce electricity use, notably for lighting, heating and IT servers. The Caixa Seguradora group moved its headquarters to a more energy-efficient building equipped with presence detectors, LED lighting, glass façades (less artificial light) and a more efficient air conditioning system. CNP Seguros de Vida's buildings were renovated in 2015 and 2016. They are now more open, more user-friendly and more energy efficient. New features include natural light, LED bulbs, double glazed windows and doors, and a more efficient air conditioning/heating system.

The installation of photovoltaic panels on the roof of Caixa Seguradora's headquarters has resulted in the establishment of a renewable energy plant. The buildings housing the other Group entities are not currently equipped with systems for generating renewable energy.

Awareness campaigns have also been conducted among employees in the Group's entities (see section 6.4.5 – Building employee awareness of sustainable development issues through).

Water use

	2016	**2015**	Change	Level of coverage
Water consumption in cubic metres	63,491	63,205	+0.5%	99%

The cleaning of the water supply facilities of CNP Partners' buildings has contributed to the reduction of water consumption, with losses and leaks have been identified and repaired.

The Group's consumption fell significantly between 2014 and 2015, following the modernisation of the air conditioning system at the headquarters of the Caixa Seguradora group, before stabilising in 2016. The very slight increase observed this year can be ascribed to the very hot summer in France.

Waste management and commitment in favour of the circular economy

	2016	**2015**	Change	Level of coverage
Proportion of employees with access to waste sorting	99%	95%	+4%	98%
Tonnes of waste paper and cardboard recycled	235	237	-1%	83%

Waste-sorting systems allow Group entities to recycle printer cartridges and paper used in offices for internal purposes. The financial benefits of recycling are donated to NGOs in France. Each Group entity has conducted campaigns to teach employees about recycling. Caixa Seguradora's move into a new building in late 2014 provided an opportunity for a diagnostic review of waste management.

The CNP Assurances recycling system was extended in 2011, with the addition of a dedicated process for office furniture. The main sites have established systems for the collection of batteries and light bulbs. This year, the volume of waste batteries increased sharply on the Paris site due to the scrapping of numerous accumulators and batteries used to protect computer equipment in the event of power outages.

Computer equipment is also a significant source of waste. CNP Assurances sells or gives away nearly 40% of its obsolete equipment, and the rest is dismantled for recycling by a specialised firm.

CNP Seguros de Vida has made waste management one of the major planks of its new CSR policy. To raise employee awareness, training on sorting was given by an association employing people with disabilities. The subsidiary also organised a campaign to replace individual bins with collective bins, and it gives all waste computer hardware to a specialised association.

CNP UniCredit Vita has set up a plastic bottle compaction system, including caps, in one of its communal areas.

Pollution

Given the nature of its business, CNP Assurances causes no water or soil pollution, and emits very few greenhouse gases other than CO_2. In the management of its woodland assets, it uses techniques that prevent soil erosion and ensure water filtration and purification.

The Group’s entities do not cause noise or other forms of pollution. Several entities have installed lighting in their offices that switches off automatically.

None of the Group’s entities have been convicted of any environmental violations or have been the subject of any non-monetary environmental sanctions.

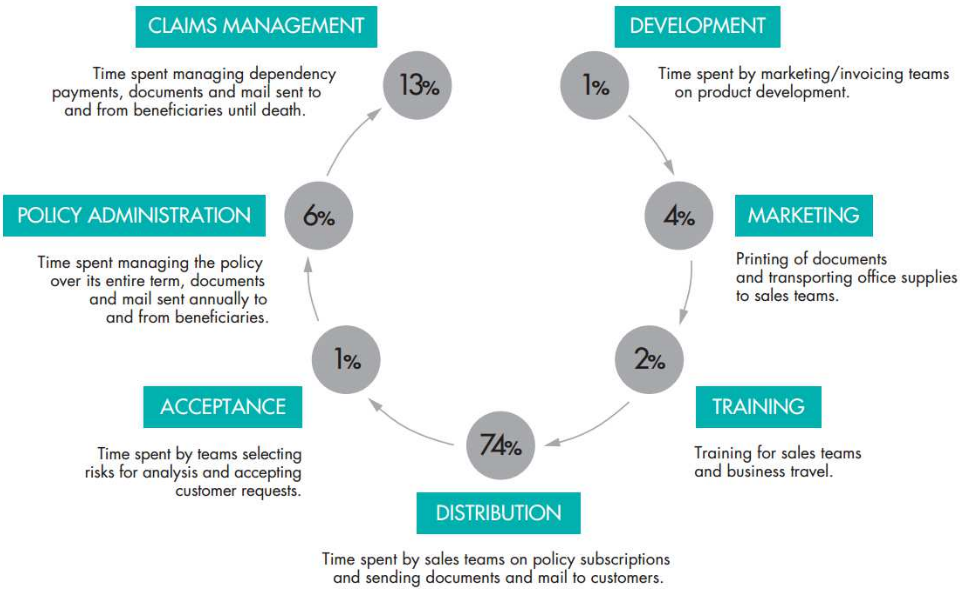
6.5.2 Priority No. 2: reduce the carbon and environmental impact of products

The fight against climate change is only effective if it is made central to business. A signatory to the Kyoto Statement of the Geneva Association, CNP Assurances has worked hard since 2015 to gain the fullest picture possible of the carbon impact of its products, on the insurance side and on the investment side alike. It also gave noteworthy support to the “Declaration on climate change by the Paris financial marketplace”.

Caixa Seguradora incorporated the management of environmental risk resulting from its activities and operations into its sustainable development policy in 2015, which covers identification, assessment of negative impacts, mitigation and control.

6.5.2.1 Impact of an insurance product

The estimated cradle-to-grave greenhouse gas emissions associated with a death and disability insurance product were revised in 2015, in line with the carbon analysis method®. For example, a *Trésor Prévoyance Garantie Autonomie* policy generates 22 kilograms of CO_2 over its lifetime, as follows.



We used the results of this analysis to set priorities for action, resulting in ongoing work to reduce the environmental footprint of our internal operations, and promote paperless solutions and online tracking.

These findings were confirmed in 2015 by measuring the environmental impact of the online subscription in place in creditor insurance for over a year. The results are very positive, particularly in terms of greenhouse gas emission reductions.

Paper use for communication with customers

	2016	2015	Change	Level of coverage
Paper consumption for customers (1) (equivalent A4 sheets)	128.5 million*	116 million	+11%	99%
Proportion of paper certified as environmentally sustainable (2)	91%	89%	+2%	97%

*(1) Including paper used for contractual documents and claims management *Estimated number of sheets*
(2) All paper, excluding chemical carbon paper required for contractual documents

The increase in the consumption of paper products is the result of several factors. For CNP Assurances, the change in corporate identify and the launch of a new product line requiring a large volume of prints accounted for most of the increase observed.

At CNP UniCredit Vita, increased paper consumption was attributable chiefly to an increase in customer correspondence (account statements, new products or contract liquidation). Two actions were undertaken in 2016 by the Italian subsidiary to reduce its paper consumption: lobbying with the National Association of Italian Insurers on the number of pages of account statements and an awareness raising campaign among customers to promote the use of their private space on the Company’s website to obtain personal information.

In 2009, the switch to double-sided printing for informative documents sent to CNP Assurances customers helped reduce the volume, with the number of printed sheets down 42% in 2009 and 26% in 2010. Customer correspondence has been printed in part on recycled paper for the last three years.

For several years, some Group entities, including the Caixa Seguradora group, CNP Partners and MFPrévoyance, have outsourced the printing of their contractual documents and/or customer correspondence.

Moreover, 91% of paper used by the Group (including for internal purposes) has a sustainable management label such as FSC, PEFC or EU Ecolabel. For the first time, CNP Seguros de Vida used paper sourced from sustainably managed forests in 2016.

Paperless operations – a rapidly expanding approach

The digital conversion of certain documents and procedures has increased at CNP Assurances: the Amétis network started going paperless for marketing correspondence in 2011. Virtually all applications for La Banque Postale products are now paperless. This has helped eliminate the use of carbon paper (a saving of 1 million sheets). Semi-annual customer statements are now paperless, reducing the number of items sent by the Caisse d’Epargne and La Banque Postale networks by 3 million and 1.9 million respectively. CNP UniCredit Vita launched two projects to make its contractual and aftermarket documents paperless in 2015. CNP Seguros de Vida sharply reduced the printing of contractual documents last year, notably by establishing a customer extranet.

6.5.2.2 The environmental footprint of financial assets

As a financial intermediary, CNP Assurances’ main challenge in respect of controlling CO_2 emissions is its assets.

The environment as an investment criterion

CNP Assurances applies environmental screens to all of its equity and corporate bond portfolios, thereby prioritising, in the same way as CNP Seguros de Vida, companies with a good environmental performance and taking into account the carbon risks and opportunities (see section 6.3.1 – Be a responsible investor). It has also developed CNP Développement Durable, an SRI fund focusing on environmentally responsible investments, which is marketed through the Amétis network.

Since mid-2009, Green Rating energy efficiency assessments have been carried out on all newly acquired properties in order to estimate the cost of upgrading the properties to meet the current standards. The Caixa Seguradora group has a policy of not investing in property projects that pose a potential danger to the environment.

As the largest private owner of woodland in France, CNP Assurances helps to capture a significant quantity of CO_2. As a reminder (see section 6.3.1.5 – Forests: an environmental opportunity), the growth of CNP Assurances trees allowed the sequestering of 529,191 tonnes of carbon dioxide in 2016. After deducting timber sold or cut down during the year, a net 236,988 tonnes of carbon dioxide was added to the sequestered total in 2016. The Company responsible for managing CNP Assurances' forestry assets has been considering how these woodlands can be adapted to cope with projected climate change over the coming decades.

A first measurement of the carbon footprint and strong commitments to fight against climate change

After nearly ten years of monitoring the carbon well formed by its forests, CNP Assurances has elected to measure the greenhouse gas emissions from its equity securities since 2015. These emissions, despite being indirect, are far more significant than the carbon footprint emissions. Their measurement highlights the role of investors in the fight against climate change. It is a symbol more than a scientific measure. Nevertheless, CNP Assurances has set itself the goal of reducing the level reached on 31 December 2014 by 20% by 2020. At end-2016, the carbon footprint of its directly held equities was 0.405 tonnes of CO_2 equivalent per thousand euros invested (see section 6.3.1.1).

As there is still scope to improve the methodology, CNP Assurances supports the Carbone 4 methodological developments, notably with a view to better identifying companies that emit large amounts of greenhouse gases while at the same time being highly committed to CSR, via the "avoided emissions" approach. Furthermore, this measure and the associated reduction commitment strengthen the Group's role as a responsible shareholder and reinforce dialogue with issuers. Investor leverage is becoming credible with the proliferation of market commitments to which CNP Assurances has subscribed since 2015: gold sponsor of the "climate finance days", signatory to the Montreal Carbon Pledge, actor in the "Declaration on climate change by the Paris financial marketplace", pioneer alongside the Caisse des Dépôts group in its commitment to provide multi-year data on the reduction in its GHG emissions, and direct dialogue in 2016 with the major French energy companies.

Continuing its commitment to the Montreal Carbon Pledge, CNP Assurances calculated the carbon footprint of all its corporate assets in 2016, estimating the share held directly in shares and bonds in proportion to the balance sheets of the respective companies. Greenhouse gas emissions were estimated by taking solely into account the disclosures made by portfolio companies in respect of their Scope 1 and 2 emissions, without adjusting for overlap. As a large number of companies do not provide this data, the estimate covers 62% of the portfolio. It amounted to 0.120 tonnes of CO_2 equivalent per thousand euros invested at 31 December 2016.

A special report outlining the provisions of Article 173-VI of the French Energy Transition Law requiring institutional investors to integrate CSR issues into their asset management strategy will be available before June 2017 on the cnp.fr website.

6.5.3 Priority No. 3: manage the local impact

6.5.3.1 Local impact

Local employment

CNP Assurances has been providing employment in its host regions for close to a century: 91% of CNP Assurances employees work at either the Paris, Arcueil or Angers facilities. Expatriate workers represent 0.5% of headcount at foreign subsidiaries. These companies also participate in their local job markets, including for senior management positions: at 31 December 2016, 84% of Executive or Management Committee members had been hired locally. Its Age d'Or Services subsidiary, which for over 25 years has specialised in personal services (home help, transport support, meal deliveries, remote assistance, etc.), has more than 1,600 employees and created more than a hundred jobs in 2016.

CNP Assurances is a founding member of the Entrepreneurs de la Cité foundation. In addition, the new focus of CNP Assurances' sponsorship – supporting the inclusion of young people in education and civic service – and the partnership established with Our Neighbourhoods Have Talent (NQT) offer practical solutions in finding jobs. Similarly, the Caixa Seguradora group has for several years been organising expression and entrepreneurship workshops for young people from disadvantaged areas (1,700 in 2014 and 2015). Its events and discussion groups attracted nearly 14,000 participants in 2014. In 2015, the Company established a partnership with various Brazilian institutions to support small and microenterprises, and in 2016, it sponsored the Brazilian start-up movement.

Lastly, and less directly, several insurance products include assistance in finding work. Examples include, in France, an unemployment insurance product with a reduced premium or advisory services to help the policyholder find a new job and, in Brazil, the job search support service offered by Caixa Seguradora.

Impact as an insurer and long-term investor

By making its products widely accessible, in terms of both affordability and medical screening, the Group is helping to combat financial exclusion. These topics, which are an essential part of the Group's CSR approach, are discussed further in section 6.2.1.

With over €300 billion in investments, CNP Assurances plays a major role in financing the economies of it host countries. It stepped up the pace of its support for SMEs sharply in 2016 with the OPEN CNP project, and by supporting SME loan funds and NovESS funds designed to help companies in the Social and Solidarity Economy (see section 6.3.1). The NovESS project also includes the creation of a monitoring tool for measuring social impact.

All sectors of the economy receive support to foster long-term development. CNP Assurances promotes Corporate Social Responsibility among the companies in the portfolio, through its policy of being a responsible investor and shareholder (see section 6.3). Similarly, Caixa Seguradora's financial investments are carried out entirely in Brazil.

Initiatives to support local communities

The Group's entities also contribute to resolving current social issues. For example:

- Filassistance's assistance and prevention services meet the needs of people made vulnerable by age, disability or illness (see section 6.2.2.2);
- the Caixa Seguradora group actively helps local communities, with programmes such as *Jovem de Expressao*, which is supporting human development during the current period of demographic and epidemiological transition in Brazil (see **www.jovemdeexpressao.com.br**). Through this campaign, the Group seeks to reduce violence by fostering access to jobs, and to cut exposure to sexually transmitted diseases among young people. This programme was recognised in 2010 for its innovative character, and received an award for its actions in the fight against AIDS/HIV in 2015. These actions were shared internationally at the 2015 United Nations Congress on Crime Prevention in Doha and a conference on sex education in the United States. The related fund, "positHIVo", which Caixa Seguradora co-founded, funded 15 projects carried out by youth organisations throughout Brazil in 2016;
- in 2014, CNP Assurances invested in DomusVi, a major provider of residential and home care services for the elderly;
- in 2016, the Caixa Seguradora group joined *Forum Alança Cerrado*, which brings together companies and stakeholders to discuss environmental issues related to the Cerrado, the Brazilian savannah (regulation, research and funding);
- in Cyprus, Cyprus CNP Assurance Holdings supports local actions in favour of fire prevention and road safety in schools.

Lobbying

Group companies participate in their local insurance industry's professional bodies and the international subsidiaries also attend events organised by the local French consulate, but they do not conduct any lobbying *per se*. The Group helps to address the challenges facing society by contributing to research and discussion, notably on the topics of retirement and long-term care in France.

CNP Assurances never acts alone. It systematically acts through industry organisations, in particular the FFA and European bodies in the insurance sector. Experts sit on its specific committees. Since January 2015, the Director of Sustainability at CNP Assurances has chaired the FFA's Sustainable Development Committee.

CNP Assurances is also involved in the Paris Europlace SRI Commission, and is also a member of ORSE, a French CSR think-tank, and its Finance Club, which brings together various stakeholders (NGOs, unions and trade associations).

By way of illustration, CNP Assurances took an active part in development of the "Declaration on climate change by the Paris financial marketplace" signed by seven associations, including ORSE, Paris Europlace and the FFA, in 2015.

None of the Group's entities makes donations to political parties. In countries where such donations are not illegal, subsidiaries, such as CNP Seguros de Vida, specifically prohibit them in their code of ethics.

6.5.3.2 Corporate philanthropy and outreach partnerships

Corporate philanthropy operations are carried out in partnership with non-profit organisations following calls for projects. In France, some projects are partly driven by employees, or by higher education institutions. Employees in Brazil and Italy take part in organising corporate philanthropy initiatives. Furthermore, the Caixa Seguradora Institute, which manages the philanthropic work of the Brazilian group, has cooperation agreements with UNODC and UNESCO as well as service agreements with the NGO Iniciativa Verde.

The subsidiaries are involved in many philanthropy programmes, essentially social ones: CNP Partners sponsors a solidarity association, CNP Seguros de Vida undertook to assist a disadvantaged community through its "Multiplicar" programme in 2015, and CNP Cyprus Insurance Holdings supports local actions in the fields of fire and accident prevention. A high level of cultural and artistic patronage completes the many actions taken by Caixa Seguradora.

Specific initiatives

- Training/research:

CNP Assurances maintains close relations with ENASS, France's leading business school specialised in the insurance sector. It also finances training centres and apprenticeship centres (CFAs) such as IFPASS and ADAPT, and helps schools through the apprenticeship tax. As part of its philanthropic activities, CNP Assurances finances several research chairs, including the Risk Foundation's "Demographic Transitions, Economic Transitions" chair. It is also supporting Institut Europlace de Finance in the creation of a research initiative devoted to long-term asset allocation. In 2015, CNP Assurances also supported a 3D cardiac imaging technology research project that will ultimately help develop faster and more effective diagnostic tools in oncology, cardiology and neurology.

CNP UniCredit Vita in 2016 launched its "CSR and digital strategy in the insurance sector" laboratory in collaboration with the Catholic University of Milan. Four days of training and working groups brought together staff and students to identify the new opportunities offered by digital technology.

- Integration:

The CNP Assurances Group has a long history of introducing young people to the world of work. At the end of 2016, CNP Assurances had 109 employees on combined work-study or apprenticeship contracts, as well as 190 interns and 197 young people on insertion contracts.

Since 2015, CNP Assurances has also supported Our Neighbourhoods Have Talent (NQT), an association that aims to foster informal exchanges between young graduates from priority neighbourhoods or disadvantaged backgrounds. Over 20 CNP Assurances employees voluntarily and willingly work with the association to help these young people find employment. CNP Assurances is also a founding member of the Entrepreneurs de la Cité foundation, and co-insures the entrepreneurs helped by the foundation. The Group is also involved in the Cités Partenaires II Business Angels investment fund dedicated to helping entrepreneurs from disadvantaged areas.

The Caixa Seguradora group is heavily involved in the *Jovem de Expressao* programme (see Local impact), and signed a cooperation agreement with UNESCO in 2011 to develop community-based communication and promote youth health initiatives as part of this outreach programme. In October 2016, the associated training programme trained 25 young people on policy and technical issues relating to sustainable development goals.

CNP Seguros de Vida supported an NGO working in the poor districts of Buenos Aires in 2016, notably by donating school supplies and computer hardware.

Similarly, the group of CNP UniCredit Vita employees in charge of sponsorship devoted its 2016 budget to the education of children and adolescents around the world.

CNP Assurances Corporate Foundation

CNP Assurances made a significant commitment in 2016 in favour of public health through its corporate foundation. Extended for three years, its new €2.4 million multi-year action programme is devoted exclusively to the projects it supports in two areas:

- a foundation aimed at helping to reduce social inequalities in healthcare:

By promoting prevention and better health and acting on its social determinants, the Foundation aims to help promote better living and health among young people at risk of social vulnerability. In this context, the Foundation has adopted a dynamic approach to the joint development of national projects with partner organisations such as Unis-Cité, Bibliothèque Sans Frontières, FAGE and the Alliance for Education (*Alliance pour l'Éducation*).

- a foundation committed to the treatment of cardiac arrest:

Since 2009, the CNP Assurances Corporate Foundation has initiated and provided support for projects emanating from French local authorities wishing to install defibrillators in public places and to provide first aid training to larger numbers (financing the implementation of more than 3,200 defibrillators and raising people's awareness of the importance of first aid in more than 2,200 cities and towns).

- a foundation close to CNP Assurances employees:

The CNP Assurances Corporate Foundation also calls for projects in which CNP Assurances employees are personally involved (such as projects in the areas of social inequalities in respect of healthcare, education and disability).

6.5.3.3 Human rights

The guiding principles of the Global Compact

In line with the 2003 pledge to uphold the UN Global Compact, CNP Assurances ensures that each local organisation complies with human rights laws and regulations. Following the lead of CNP Seguros de Vida and the Caixa Seguradora group, CNP UniCredit Vita also pledged to uphold the Compact in 2010. The Caixa Seguradora group commissions annual CSR audits by Ethos to verify compliance with the Global Compact principles. It signed up to the UN PSI (principles for sustainable insurance) in 2015.

Each year, these companies reaffirm their commitment to upholding the Compact's principles and encourage their asset managers and suppliers to follow suit.

This commitment is reflected in the integration of environmental, social and governance criteria into financial asset management strategies. Respect for human rights has been one of the criteria used to select equity and bond investments, as well to determine "sensitive countries", since 2014. In line with its commitment as a responsible insurer and investor, and its status as a public company, CNP Assurances has drawn up a list of prohibited countries covering all of its activities, extending beyond the list of countries prohibited as part of the fight against money laundering and terrorist financing or non-cooperation in tax matters to include countries identified as tax havens based on the Tax Justice Network indices and those posing serious problems with regard to democracy, human rights and corruption, as determined by Freedom House and Transparency International.

A message communicated to stakeholders

The signing of the Principles for Responsible Investment reinforces CNP Assurances' commitment, notably among issuers and companies of which it is a shareholder.

The signing of the French Union of Advertisers' Charter on Responsible Communication confirms and promotes responsible communication by developing and implementing fair and ethical practices, including respect for diversity and a commitment to respect customers' private data when using it for marketing and commercial purposes. CNP Assurances discloses details of actions implemented each year.

In addition, in supplier relations, the standard CSR clause in CNP Assurances' purchase contracts stipulates that the supplier must undertake to combat human rights violations, notably by upholding the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child, as well as the conventions of the International Labour Organization.

The Human Resources Intranet provides information for CNP Assurances employees about their rights, and includes sections on the collective bargaining agreement, social dialogue, professional diversity and stress management. A union section on the Intranet allows continuous communication from the unions to staff.

Dedicated procedures

All of the subsidiaries share the four overriding principles of respect for human rights, freedom of association and the right to collective bargaining, long-term support for employees and the promotion of equal opportunity. Each subsidiary submits an annual report on their CSR performance to the parent company, with a special focus on these fundamental criteria.

Neither CNP Assurances nor the Group's subsidiaries have recourse to forced or child labour. The Group pays particularly close attention to this issue in its purchasing policy (see section 6.3.2) and in its property management processes.

CNP Assurances Group procedures to guarantee respect for civil and political rights include internal codes and standard operating procedures, agreements on union rights, and data protection procedures.

6.6 Methodology

Group reporting methodology

Progress in sustainable development performance is tracked through the use of dedicated indicators and by identifying outstanding accomplishments. The CNP Assurances Group discloses its CSR indicators in accordance with the provisions set out in Articles R.225-104 to R.225-105-2 of the French Commercial Code. The notes to the 2016 Corporate Social Responsibility Report set out these indicators in detail for each country.

Guidelines and definition

The indicators and reporting processes have been defined for all Group entities. This process serves as a reference for the various people involved in preparing this section at CNP Assurances and at all subsidiaries. It describes the issues, roles, indicators and data collection processes, as well as the main identified risks and the system for controlling and managing these risks.

The process was set up using Global Reporting Initiative (GRI) guidelines. The reference indicators are presented on the GRI website: **https://www.globalreporting.org**.

Scopes

The indicators cover all fully consolidated entities in the CNP Assurances Group, namely, unless otherwise stated, CNP Assurances (for environmental data excluding 2,054 sq.m. at regional sites), CNP IAM, Previposte, ITV, CNP International, MFPrévoyance, CNP Partners (for environmental data excluding offices in Italy and France), CNP Seguros de Vida, Caixa Seguradora group, CNP UniCredit Vita, CNP Cyprus Insurance Holdings, CNP Europe Life and CNP Santander Insurance and their consolidated subsidiaries. Indicators for the Group's consolidated subsidiaries are presented on a 100% basis. La Banque Postale Prévoyance was deconsolidated in 2015.

The term "CNP Assurances" covers the legal entities CNP Assurances, CNP IAM, Previposte, ITV and CNP International. The scope for water and energy use includes the facilities in Paris, Angers and Arcueil, but excludes regional offices; this corresponds to 91% of CNP Assurances employees.

From 2016, The Caixa Seguradora data include the Odonto sub-subsidiary acquired in 2014. In addition, the Italian branches of CNP Assurances and BVP Italia are now consolidated by the CNP Partners group.

The level of coverage for each indicator is presented in the tables. It represents the headcount of entities included in the calculation of the indicator divided by the total headcount of the consolidated Group, excluding the branches in Italy and Denmark and the Previsul sub-subsidiary. Section 4 therefore covers a total of 96.5% of the consolidated Group's employees at 31 December 2016.

Change is the percentage difference between 2015 and 2016. It was noted that the aforementioned change of scope did not materially influence the rate of change. In the event of major adjustments to the scope explaining a particular rate of change, the rate of change is also presented at constant scope.

Reporting period

Indicators mapping movements cover the period from 1 January 2016 to 31 December 2016 (excluding CNP Assurances business travel and certain environmental data for Caixa Seguradora, which are presented over trailing 12-month periods from 1 November 2015 to 30 October 2016 and from 1 December 2015 to 30 November 2016 respectively). Indicators of stocks are as at 31 December 2016.

Historical data and changes in scope

La Banque Postale Prévoyance was deconsolidated in 2015. Slight variations in scope can appear when indicators have not been provided for an entity or sub-entity in 2015, but have been in 2016.

Reporting, control and consolidation method

Indicators are reported by operational departments (HR, Building Management and Purchasing), and are broken down by facility where necessary. The accounting consolidation system is also used for CSR reporting. A CSR Officer is appointed for each entity (a total of 15 CSR Officers) and prepares the first level of consolidation within the entity concerned. Twelve validators check the data from their entities. The

CNP Assurances Sustainable Development department is responsible for overall consolidation and carries out consistency checks on all the information collected from these CSR officers.

Implementing CSR reporting in 2006 has led to a steady improvement in the quality of non-financial data, particularly environmental data. Certification by the Statutory Auditors and use of the Group consolidation system for CSR reporting in the past four years have served to secure quality standards. A dedicated collaborative web platform was set up in 2015. These developments have helped to drive progress in the Group's CSR programme by making it easier to manage initiatives within each business.

Consolidated ratios for all entities are calculated by weighting reported ratios based on each entity's headcount.

Limitations to the completeness and reliability of information

Estimates have been used for certain environmental data where more exact information is not available (for instance when consumption is included in the rental charges). This applies in particular to water and energy consumption data for buildings, which are sometimes estimated on a pro-rata basis based on the number of square metres (Arcueil, CNP Europe Life sites). Furthermore, the definitions of social indicators may differ slightly between countries. However, the consolidated indicators used are consistent and material. The guidelines were deployed in 2014 in foreign subsidiaries, and certain definitions, such as those for absenteeism, training and remuneration, were harmonised from one subsidiary to the next.

Verification

An independent third party body performed an analysis to verify the existence and fair presentation of information that falls within the scope of Article 225 of the French Commercial Code. The most material data were subject to detailed tests; the other data were reviewed for overall consistency. The audit report is provided at the end of this section.

6.7 Concordance table for labour, social and environmental data

The table below reviews in detail the indicators found in Articles R.225-104 to R.225-105-2 of the French Commercial Code and specifies the sections that cover these indicators in this report. All the sections mentioned in the table fall within the scope of the verification; the level of verification is specified in the table.

Labour indicators (Articles R.225-104 to R.225-105-2 of the French Commercial Code)	Level of verification	Relevant section
a) Workforce		
• Total workforce and breakdown by age, gender and geographical region	Detailed tests	6.4.1.1
• Hires and terminations	Detailed tests	6.4.1.1
• Remuneration and changes in remuneration	Detailed tests	6.4.2.5
b) Working hours		
• Organisation of working hours	Detailed tests	6.4.2.4
• Absenteeism	Detailed tests	6.4.2.6
c) Employee relations		
• Organisation of social dialogue (employee information and consultation procedures and negotiation processes)	Detailed tests	6.4.2.1
• Review of collective agreements	Detailed tests	6.4.2.1
d) Health and safety		
• Workplace health and safety conditions	Detailed tests	6.4.2.6
• Health and safety agreements signed with trade unions and other employee representatives	Consistency	6.4.2.6
• Workplace accidents, frequency, severity and occupational illnesses	Detailed tests	6.4.2.6
e) Training		
• Training policies	Detailed tests	6.4.1.2
• Total number of training hours	Detailed tests	6.4.1.2
f) Equal opportunity		
• Measures taken to promote gender equality	Detailed tests	6.4.3.2
• Measures taken to promote the employment and integration of people with disabilities	Consistency	6.4.3.3
• Anti-discrimination policy	Detailed tests	6.4.3.1
g) Promotion of and compliance with the International Labour Organization's fundamental conventions concerning:		
• The right to exercise freedom of association and the right to collective bargaining	Consistency	6.4.4 and 6.4.2.1
• The elimination of discrimination in respect of employment and occupation	Consistency	6.4.4 and 6.4.3
• The elimination of forced and compulsory labour	Consistency	6.4.4
• The effective abolition of child labour	Consistency	6.4.4

Environmental indicators (Articles R.225-104 to R.225-105-2 of the French Commercial Code)	Level of verification	Relevant section
a) General environmental policy		
• Structures for addressing environmental issues	Consistency	6.5.1.1
• Employee training and awareness initiatives for the protection of the environment	Consistency	6.4.1.2 and 6.4.5
• Resources allocated to preventing pollution and other environmental risks	Excluded in view of the Group's activities as a service provider	
• Environmental provisions and warranties	Consistency	No provisions or guarantees
b) Pollution		
• Measures to prevent, reduce and remedy air, water and soil pollution seriously affecting the environment	Excluded in view of the Group's activities as a service provider	
• Measures to address noise and other forms of pollution specific to an activity	Consistency	6.5.1.3
c) Circular economy		
i) Prevention and waste management		
• Prevention, recycling, reuse, other forms of recovery and elimination of waste		6.5.1.3
• Initiatives to combat food waste	Excluded in view of the Group's activities as a service provider	
ii) Sustainable use of resources		
• Water use and supply in relation to local restrictions	Consistency	6.5.1.3
• Raw materials use and the measures taken to use them more efficiently	Detailed tests	6.5.1.3 and 6.5.2.1
• Energy use and the measures taken to improve energy efficiency and increase the use of renewable energies	Detailed tests	6.5.1.3
• Land use	Consistency	6.3.1.5
d) Climate change		
• Significant sources of greenhouse gas emissions generated due to the Company's operations, including the use of goods and services it produces.	Detailed tests	6.5.1.2 and 6.5.2
• Measures taken to adapt to climate change	Consistency	6.3.1.5
e) Biodiversity protection		
• Measures taken to protect or develop biodiversity	Consistency	6.3.1.5

Social indicators (Articles R.225-104 to R. 225-105-2 of the French Commercial Code)	Level of verification	Relevant section
a) Territorial, economic and social impact of the Company's operations		
• In terms of employment and regional development	Consistency	6.5.3.1
• On local residents and communities	Consistency	6.5.3.1
b) Relations with people or organisations that have an interest in the Company's operations		
• Dialogue with these people and organisations	Consistency	6.5.3.2
• Partnership or philanthropy initiatives	Detailed tests	6.5.3.2
c) Subcontractors and suppliers		
• Integration of social and environmental issues in purchasing policy	Detailed tests	6.3.2
• Outsourcing and the importance of including CSR in dealings with suppliers and subcontractors	Detailed tests	6.3.2
d) Fair practices		
• Action taken to prevent corruption	Detailed tests	6.3.3.2
• Measures taken to promote the health and safety of consumers	Consistency	6.2.2.2 and 6.2.4.1
e) Other action taken to promote human rights	Consistency	6.5.3.3